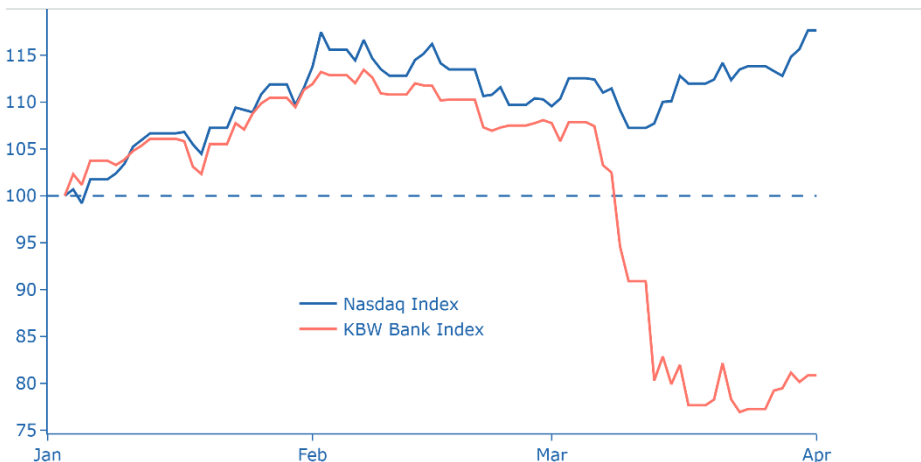


# Monthly Investment Insights

4 April 2023



## Banking stress is not systemic, but indicative of dislocations following record rate hikes



Source: Bloomberg (Rebased to 100 January 1, 2023)

A challenging quarter for investors closed with equities outperforming, though government bonds gave them a run for their money, while credit suffered in recent weeks. Though the Dow Jones Index made it back into positive territory in the last few hours of the quarter, the tech heavy Nasdaq Index charged ahead, up 17%. European stocks were also notably strong, but it was choppy trading, with most of the gains being made in January on hopes of a policy 'pivot'. While sticky core inflation globally prevented a true pivot, the pace of rate hikes eased, but it was challenges in the banking sector that were most notable, with the US KBW Banking Index down 19% in Q1.

With US policy rates up 475bps in the last 12 months, and the ECB and BoE taking a similarly aggressive approach, it seemed inevitable that something would break. Households and businesses globally had become accustomed to a decade of low and even negative rates. Some questionable business models were kept alive and the dependence on cheap credit was ubiquitous. While the recent banking woes were a surprise, the potential for shocks from the surge in rates should not have been. 16 years after the last banking crisis, the sector is in much better shape. Capital and liquidity ratios are strong, balance sheet assets robust and regulatory oversight has led to greater transparency. But vulnerabilities remain. Deposit flight and counterparty confidence remain the Achilles heel, as Credit Suisse illustrated, while poor business models and the desire for yield pickup led to the demise of others. This is a painful reminder of how important confidence is for banks, but we don't see this as the start of another systemic crisis, though the risks are not negligible. It is likely to herald increasing stresses, however, with tighter lending standards and much higher refinancing costs, particularly for smaller companies. Commercial property is already suffering from the spike in rates and is also exposed to some of the more vulnerable regional lenders. The significant underperformance of the Russell 2000 Index of smaller companies vs. the S&P 500 gives some indication of growing investor concerns and this will also come back and hit the banks as defaults rise. US High Yield defaults this year are already greater than in all of 2021 and 2022 combined while European bankruptcies are now rising quickly.

In aggregate, with core inflation continuing to press many central banks into remaining hawkish and the long and variable lags of prior tightening still having to take full effect on economic conditions, risks to both economic and financial market health have risen. Market pricing in equities and parts of the credit markets do not reflect this, but we are not expecting a calamitous implosion. Investors have had a year and a quarter of disappointing returns despite recent gains and seem far from euphoric. Nevertheless, at a time when volatility, uncertainty and headwinds are high and government bond yields attractive, being cautious remains appealing.

### Market Assessment

#### Key developments

- Banking turmoil erupts on both sides of the Atlantic, highlighting a still fragile banking universe
- Central banks tighten policy further on troubling core inflation prints while providing support for the banking sector
- Financial markets show resilience, though equity and government bond prices reflect differing economic prospects

#### Zurich's view

Banking stress is a reminder of the unintended consequences of unprecedented global monetary tightening. While money clearly has a price again, risks are still being mis-priced despite recent events. That noted, we are encouraged by the circuit breakers put in by the authorities to limit contagion and don't believe another systemic banking crisis is likely, though vulnerabilities persist. What is clear is that lending standards will continue to tighten and the cost of debt will rise, impacting smaller companies and many households in particular, with recessionary prospects rising in a number of countries.

From a market perspective, bond yields and futures pricing seem increasingly aligned with this view and we see fairly modest falls in yields near term. Credit and equity markets are vulnerable, with few consequences from the surge in the cost of money currently priced in.

While the relief that a banking crisis has been averted could push risk assets higher in the short term, we suspect that there are other shoes to drop a little further out that still favour bonds on a risk adjusted basis.

	Key developments	Zurich's view
Global	<ul style="list-style-type: none"> <li>• Global growth is supported by strong services while manufacturing and housing remain under pressure</li> <li>• Aggressive policy tightening is yet to be reflected in broader economic activity, but credit conditions are now tightening rapidly</li> <li>• Central banks are expected to maintain their focus on inflation despite banking issues, but peak rates are approaching</li> </ul>	<p>A combination of sticky core inflation and resilient economic activity has forced central banks to hike rates further. While stresses within the financial system and banking sector turmoil highlight vulnerabilities and complicate the policy outlook, a systemic crisis is not expected. Those stresses will, however, lead to a further tightening in credit conditions and add to the slowdown that we anticipate. Economic activity is also highly divergent with weak manufacturing, housing, and trade while China's reopening is adding to already strong services dynamics. Although central banks will maintain their focus on inflation, we expect policy rates to have reached their peak in key regions. Indeed, the policy outlook has already been repriced in financial markets, with yields and rates sharply lower.</p>
US	<ul style="list-style-type: none"> <li>• Service activity is holding up so far, but manufacturing remains in contraction</li> <li>• The Fed lifts its target rate by 25bps to a range of 4.75-5% and is signalling further rate hikes</li> <li>• Lower bond yields and an increasingly uncertain economic outlook are supporting the stocks of large tech companies</li> </ul>	<p>While activity in the service sector is holding up reasonably well, manufacturing keeps contracting with new orders pointing at further headwinds. Meanwhile, the labour market remains tight though there are increasing signs of a slowdown, which would be welcome news for the central bank. As expected, the Fed lifted its target rate by 25bps to a range of 4.75% to 5% as inflation remains significantly above target despite the recent cooling in price pressures. Although the FOMC keeps signalling higher rates for longer we strongly doubt it will sit tight once the expected recession hits the economy later this year. Lower bond yields and the turmoil in the banking sector have benefitted the stocks of large tech companies, helping the Nasdaq to outperform most of its peers over the past month.</p>
UK	<ul style="list-style-type: none"> <li>• Business activity expands at a moderate pace in March</li> <li>• Headline inflation re-accelerates to 10.4% YoY in February</li> <li>• Given high inflation and a tight labour market, the BoE lifts the Bank Rate to 4.25%</li> </ul>	<p>The latest PMI surveys point at a moderate expansion of business activity in March, slowing from February. Like the previous month, manufacturing contracted while the service sector held up better. Overall price pressure in the pipeline has eased further, although this is not yet visible in consumer prices. Headline CPI inflation re-accelerated to 10.4% YoY in February from 10.1% the month before. Given elevated inflation rates and a still very tight labour market, the BoE further tightened its policy by lifting the Bank Rate from 4% to 4.25%. The extension of the Energy Price Guarantee announced by Chancellor Hunt will help mitigate the pressure on households, but tighter financial conditions and high inflation rates will continue to weigh on consumers in the coming months.</p>
Eurozone	<ul style="list-style-type: none"> <li>• 2022 Q4 GDP is revised down to 0.0% QoQ, business surveys pick up in Q1</li> <li>• The ECB raises rates but drops forward guidance</li> <li>• Headline inflation falls sharply, but core remains sticky</li> </ul>	<p>Despite the recent banking stresses, the ECB raised policy rates by another 50bps in March as it had previously committed to do, taking the deposit rate to 3%. However, it dropped its previous forward guidance commitment to continue raising interest rates and instead said that it would remain 'data-dependent' taking into account 'incoming economic and financial data, the dynamics of underlying inflation, and the strength of monetary policy transmission'. Meanwhile, however, core inflation remained extremely high at 5.7%. We therefore expect the ECB to maintain a hawkish bias. The risk is that in trying to deal with inflation, the ECB chokes off the modest economic recovery from the energy crisis and winter slowdown. Business surveys such as the PMIs have improved in Q1, but this could be as good as it gets.</p>
Switzerland	<ul style="list-style-type: none"> <li>• Weaker growth is expected in Switzerland as banking issues weigh on the economy</li> <li>• Inflation surprises on the upside in early 2023, forcing an additional rate hike from the SNB</li> <li>• Slowing growth should contain inflation and limit the need for further tightening</li> </ul>	<p>The SNB hiked rates by 50bps in March and left the inflation forecast above 2% by the end of 2025, signalling that more tightening may be needed. The growth outlook was raised, with growth in 2023 expected to be around 1%, double the previous forecast of 0.5%. While the economy is resilient given its diversified nature and strong household finances, we expect demand and activity to weaken as a result of banking sector turmoil and the sale of Credit Suisse to UBS. Elevated uncertainty and tighter credit conditions, along with a softening job market, will likely weigh on domestic demand in the coming months. New data also show that the economy was downshifting before these events. The upshot is that slowing growth should help to contain inflation and limit the need for further monetary tightening.</p>

Key developments	Zurich's view
<p>Japan</p> <ul style="list-style-type: none"> <li>The services sector keeps driving the economy</li> <li>Manufacturing industries continue to suffer, though the short-term outlook is encouraging</li> <li>The performance of Japanese equities remains rangebound versus global equities</li> </ul>	<p>Japan's economic recovery continues to be driven by the services sector, which is benefitting from the post-Covid catch up effect and public subsidies for domestic travelling. Inbound travel of foreign tourists is also picking up steam. The manufacturing sector has suffered, as is visible in a more than seven-point drop in the Manufacturing PMI since early last year. The 48.4 reading for March remains below the 'boom/bust' level of 50. However, industrial production picked up more than expected in February and corporate projections for March and April are encouraging. Japanese equities performance versus global stocks as well as the yen/dollar rate remained in a volatile sideways channel in Q1.</p>
<p>China</p> <ul style="list-style-type: none"> <li>Services consumption and public infrastructure investments support growth in Q1</li> <li>The new government has outlined its policy tasks following the end of the National People's Congress (NPC)</li> <li>Chinese equities performance remains rangebound versus global equities</li> </ul>	<p>Economic statistics remain distorted due to the seasonal impact of Lunar New Year and the sudden end of the zero-Covid policy, but indicators suggest that the services consumption, mainly related to travelling and entertainment, as well as public infrastructure investments have been the driving force of economic growth in Q1. Though private property investments remain soft, new home sales have picked up steam in the last few weeks both in the primary and secondary markets. The MSCI China was rangebound versus global equities in March, but both domestic and foreign interest in Chinese stocks has picked up following the reorganization announcement of Alibaba, the internet giant and index heavyweight, which intends to list its various business lines separately on the Hong Kong market.</p>
<p>Australia</p> <ul style="list-style-type: none"> <li>The central bank raises its cash rate by 25bps while softening its forward guidance</li> <li>Q4 GDP prints suggest a notable slowdown in economic activity</li> <li>Stock markets are under pressure while bond yields fall sharply</li> </ul>	<p>With CPI suggesting that inflation had passed its peak, the Reserve Bank of Australia turned more dovish on its forward guidance in March following a 25bp hike, bringing its cash rate to 3.6% as widely expected. Real household disposable income dropped by 2.1% QoQ in Q4, with the savings rate plunging from 7.1% to the pre-pandemic rate of 4.5%. This indicates that households have used excess savings to support consumption amid rising mortgage rates and an elevated cost of living. The banking turmoil prompted a notable repricing in the bond market, with 10yr Australian government bond yields plunging from above 3.8% to roughly 3.3% in March. The ASX200 dropped sharply given the high share of the banking sector in Australia. However, the contagion risks to Australian banks remain limited thus far.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> <li>PMI new export orders improve, hinting at a better outlook for regional exports</li> <li>The central banks of Thailand and the Philippines hike their policy rate by 25bps</li> <li>Financial markets are broadly resilient despite the global risk-off sentiment amid the banking turmoil</li> </ul>	<p>While the improvement in February PMI new export orders signals better prospects, hard trade data remain very weak across the region. Vietnam's GDP for Q1 came in much weaker than expected, dragged by a slump in exports. So far, China's reopening has not shown much positive impact, but the holiday season might have a delayed effect. Even then, we do not expect China's reopening to lead to a significant acceleration in ASEAN exports. The Bank of Thailand and the Bangko Sentral ng Pilipinas raised their policy rates by 25bps respectively. While inflation remains unsettled in the Philippines, CPIs are trending down in other countries, allowing most central banks to pause their rate hikes. Despite an episode of global risk-off sentiment, the spillover effect to ASEAN financial markets remains contained so far.</p>
<p>LatAm</p> <ul style="list-style-type: none"> <li>The service sector continues to support economic activity, but the labour market is softening</li> <li>The central bank of Brazil remains hawkish, while Banxico in Mexico moves to a neutral tone</li> <li>The equity market in Brazil seems to have largely priced in expected downside risk</li> </ul>	<p>In a volatile month, the MSCI LatAm Index closed in positive territory with a performance of 3.0% YTD. In Brazil, the delay in the easing cycle and local investor sentiment continued to negatively impact the equity market. Nevertheless, the new fiscal framework proposal is expected to reduce the equity risk premium, supporting the equity market. The Central Bank kept the Selic rate unchanged at 13.75%, signalling high rates for longer. The BCB recognized that while action taken by the government on fiscal policy could help to lower inflation, it will not automatically translate into a lowering of rates. Economic activity is surprising to the upside in Mexico and Chile due to the services sector. Headline inflation is decelerating in most countries while in Argentina inflation reached 102.5% and the outlook is negative.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

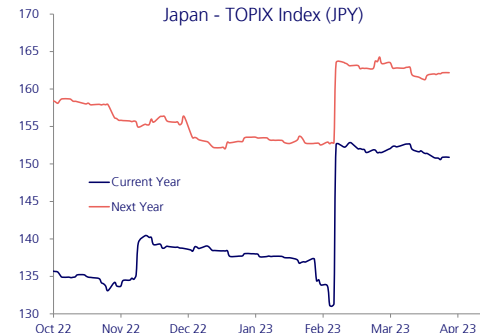
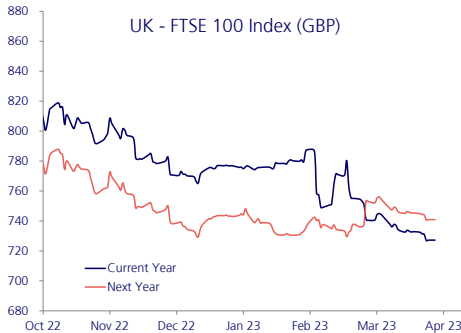
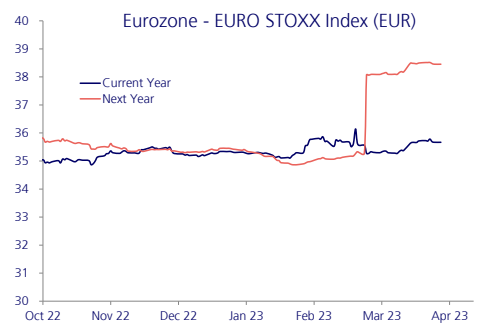
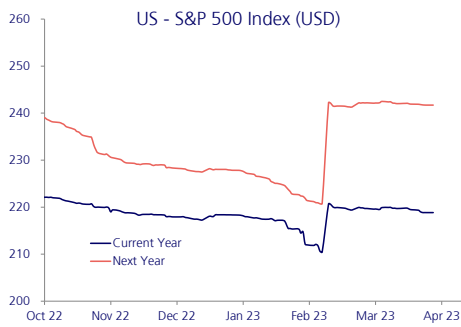
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02	2.53	3.06	2.40	13.04	3.82
ROE	18.70	12.91	15.37	17.10	8.26	11.39	9.74	27.43	15.13

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34	1.05	5.74	1.68
ROE	1.26	0.87	1.04	1.15	0.56	0.77	0.66	1.85	1.02

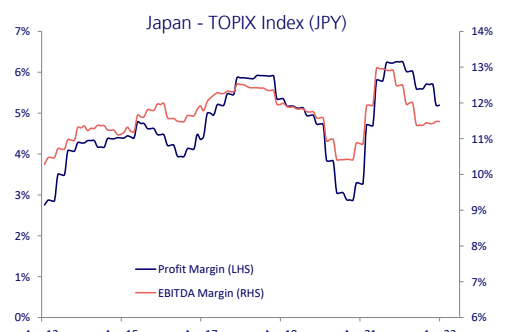
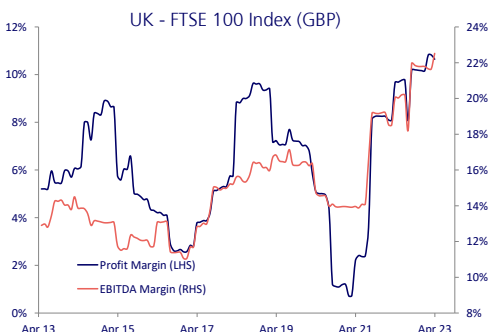
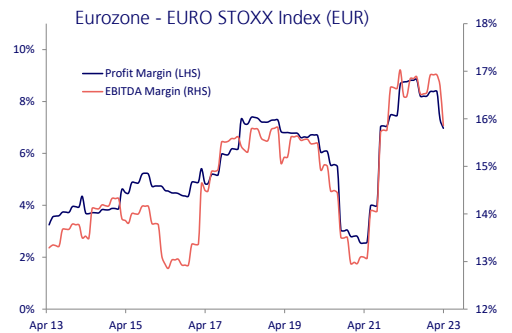
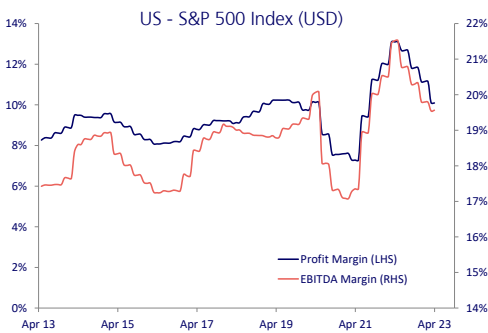
Source: Datastream

Earnings estimates - Full fiscal years



Source: Bloomberg

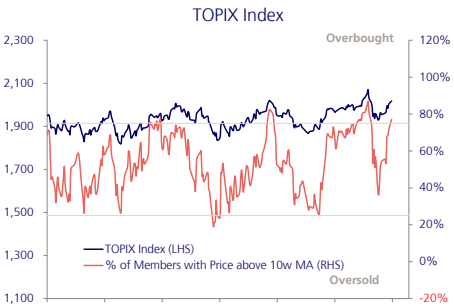
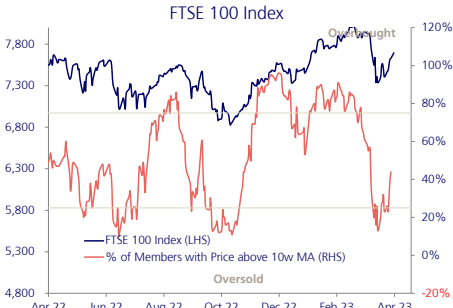
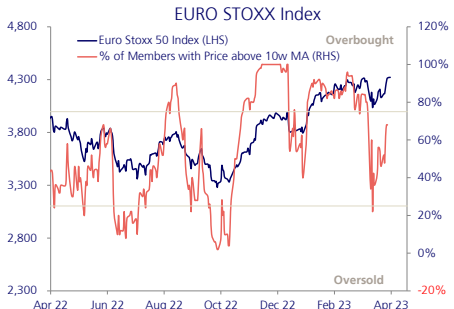
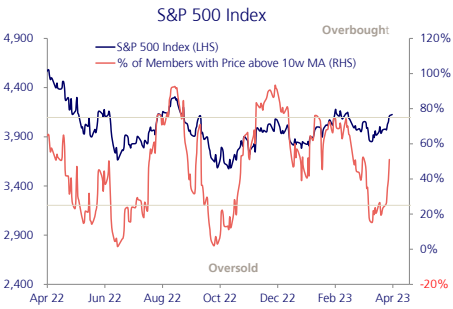
Historical margins



Source: Bloomberg

Source: Bloomberg

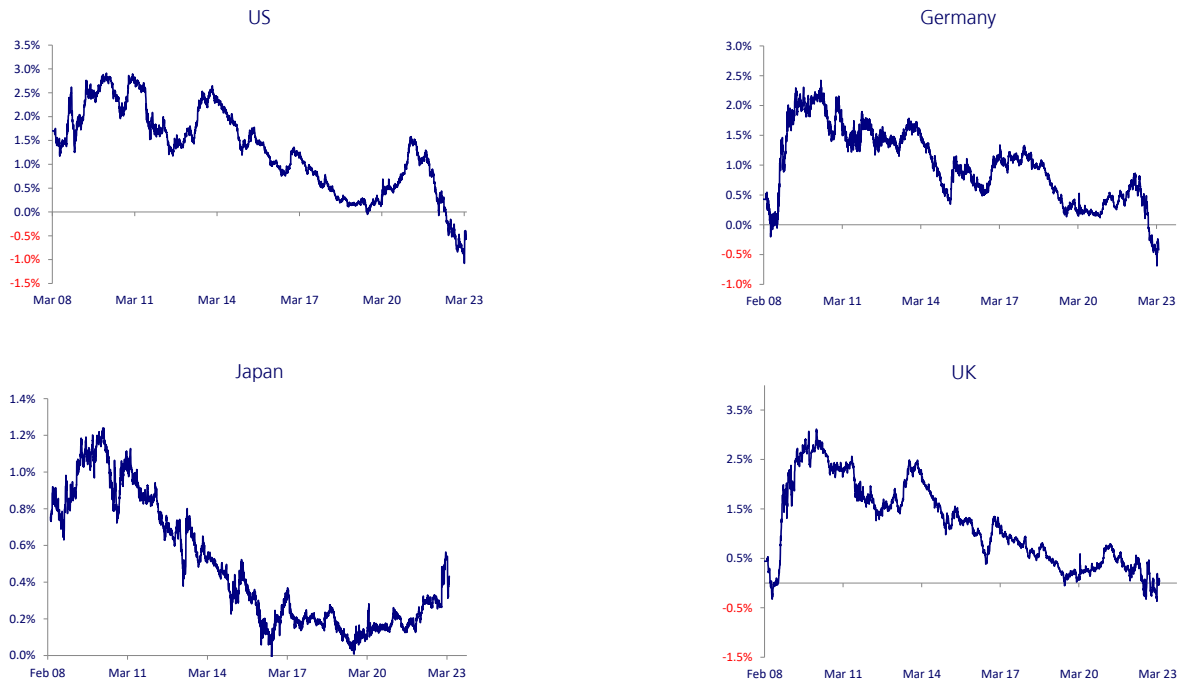
### Overbought / Oversold



Source: Bloomberg

# Appendix 3

## Yield Curve Steepness (2yr-10yr)



Source: Bloomberg

## Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Apr-23	1m ago	3m ago	1yr ago
UK	-1	-10	-9	-77
Germany	-117	-124	-135	-183
Switzerland	-218	-240	-228	-177
Japan	-303	-345	-332	-216
Australia	-10	-5	26	45
China	-55	-103	-91	39
South Korea	-3	-18	-7	62
Malaysia	50	11	28	149
Indonesia	336	303	331	436
Thailand	-96		-110	-5
Philippines	64	n/a	n/a	n/a
Brazil	941	972	946	n/a
Mexico	547	536	522	592
Colombia	884	922	961	n/a
Peru	413	422	426	437

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Apr-23	1m ago	3m ago	1yr ago
France	50	48	53	47
Netherlands	35	35	33	26
Belgium	66	59	64	50
Austria	65	65	65	48
Ireland	46	50	52	n/a
Italy	185	182	211	152
Spain	102	95	107	92
Portugal	84	86	101	82

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
ISM Manufacturing (Index)	57.0	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4	47.4	47.7	46.3	down
ISM Non-Manufacturing (Index)	58.4	57.5	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1		down
Durable Goods (% MoM)	0.7	0.4	0.8	2.3	-0.1	0.2	0.2	0.7	-1.8	5.1	-5.0	-1.0		down
Consumer Confidence (Index)	107.6	108.6	103.2	98.4	95.3	103.6	107.8	102.2	101.4	109.0	106.0	103.4	104.2	up
Retail Sales (% MoM)	7.1	7.8	8.7	8.8	10.0	9.7	8.4	8.0	5.9	6.2	7.7	5.4		down
Unemployment Rate (%)	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6		down
Avg Hourly Earnings YoY (% YoY)	7.0	6.9	6.7	6.7	6.6	6.2	5.9	5.7	5.7	5.4	5.2	5.3		down
Change in Payrolls ('000, MoM)	414.0	254.0	364.0	370.0	568.0	352.0	350.0	324.0	290.0	239.0	504.0	311.0		up
PCE (% YoY)	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6	4.7	4.6		down
GDP (% QoQ, Annualized)	-1.6			-0.6			3.2			2.6				
<b>UK</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
PMI Services (Index)	62.6	58.9	53.4	54.3	52.6	50.9	50.0	48.8	48.8	49.9	48.7	53.5	52.8	up
Consumer Confidence (Index)	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0	up
Unemployment Rate (%)	3.7	3.8	3.8	3.8	3.6	3.5	3.6	3.7	3.7	3.7	3.7			down
CPI (% YoY)	7.0	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4		down
GDP (% YoY)	10.6			3.8			2.0			0.6				
<b>Eurozone</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
PMI Manufacturing (Index)	56.5	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	up
PMI Services (Index)	55.6	57.7	56.1	53.0	51.2	49.8	48.8	48.6	48.5	49.8	50.8	52.7	55.6	up
IFO Business Climate (Index)	90.5	92.0	93.1	92.4	88.9	89.0	85.1	84.7	86.3	88.6	90.2	91.1	93.3	up
Industrial Production (% MoM)	-1.0	-1.0	2.2	2.0	-3.3	2.5	0.4	-1.8	1.4	-1.3	0.7			down
Factory Orders GE (% MoM)	-4.8	-1.7	-0.1	-0.2	1.3	-2.0	-2.9	0.6	-4.4	3.4	1.0			up
Unemployment Rate (%)	6.8	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.7	6.7	6.6	6.6		down
M3 Growth (% YoY, 3 months MA)	6.3	6.1	5.8	5.8	5.7	6.1	6.3	5.1	4.8	4.1	3.5	2.9		down
CPI (% YoY)	7.4	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9	down
Core CPI (% YoY)	3.0	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0	5.2	5.3	5.6	5.7	up
GDP (% QoQ)	0.6			0.9			0.4			0.0				
<b>Switzerland</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
KOF Leading Indicator (Index)	101.7	103.9	97.7	98.3	96.4	93.1	92.2	90.9	89.3	91.5	97.4	98.9	98.2	up
PMI Manufacturing (Index)	63.3	61.6	59.8	59.1	58.0	56.7	56.8	55.4	54.4	54.5	49.3	48.9	47.0	down
Real Retail Sales (% YoY)	-6.2	-5.7	-2.0	0.1	2.5	1.6	2.2	-2.5	-1.7	-3.2	-1.7	0.3		down
Trade Balance (Billion, CHF)	2.8	4.1	3.1	3.6	3.4	3.7	4.4	4.2	2.2	2.4	4.8	3.3		down
CPI (% YoY)	2.4	2.5	2.9	3.4	3.4	3.5	3.3	3.0	3.0	2.8	3.3	3.4	2.9	up
<b>Japan</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
Nomura Manufacturing PMI (Index)	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	down
Machine Orders (% YoY)	7.6	19.0	7.4	6.5	12.8	9.7	2.9	0.4	-3.7	-6.6	4.5			down
Industrial Production (% YoY)	-1.7	-4.9	-3.1	-2.8	-2.0	5.8	9.6	3.0	-0.9	-2.4	-3.1	-0.6		down
ECO Watchers Survey (Index)	48.9	50.7	52.6	51.8	43.5	44.8	49.6	51.1	49.7	49.0	46.5	51.0		down
Jobs to Applicants Ratio (Index)	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.3		up
Labour Cash Earnings (% YoY)	2.0	1.3	1.0	2.0	1.3	1.7	2.2	1.4	1.9	4.1	0.8			down
Department Store Sales (% YoY)	4.6	19.0	57.8	11.7	9.6	26.1	20.2	11.4	4.5	4.0	15.1	20.4		up
Money Supply M2 (% YoY)	3.5	3.4	3.1	3.3	3.4	3.4	3.3	3.1	3.1	2.9	2.7	2.6		down
CPI Ex Food & Energy (% YoY)	-1.6	0.1	0.2	0.2	0.4	0.7	0.9	1.5	1.5	1.6	1.9	2.1		up
Exports (% YoY)	14.7	12.5	15.8	19.2	19.0	22.0	28.9	25.3	20.0	11.5	3.5	6.5		down
<b>China</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
PMI Manufacturing (Index)	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	up
Industrial Production (% YoY)	5.0	-2.9	0.7	3.9	3.8	4.2	6.3	5.0	2.2	1.3				down
Retail Sales (% YoY)	-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5	-5.9	-1.8				up
PPI (% YoY)	8.3	8.0	6.4	6.1	4.2	2.3	0.9	-1.3	-1.3	-0.7	-0.8	-1.4		down
Exports (% YoY)	14.3	3.5	16.4	17.1	18.1	7.4	5.6	-0.3	-9.0	-9.9	-10.5	-1.3		down
CPI (% YoY)	1.5	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0		down
RRR (%)	11.5	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.0	11.0	11.0	10.8	down
GDP (% YoY)	4.8			0.4			3.9			2.9				down
PMI Non Manufacturing (Index)	49.5	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



## Appendix 5

### Economic data

<b>Australia</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
AiG Manufacturing (Index)	55.7	58.5	52.4	54.0	52.5	49.3	50.2	49.6	44.7					down
AiG Service (Index)	56.2	57.8	49.2	48.8	51.7	53.3	48.0	47.7	45.6					down
Westpac Consumer Confidence (% MoM)	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	3.0	5.0	-6.9	0.0	up
Building Approvals (% YoY)	-34.4	-24.4	-19.9	-16.3	-23.2	-6.7	-11.3	-4.6	-9.5	-3.7	-8.1	-31.1		down
Employment Change ('000, MoM)	33.8	30.6	59.7	90.4	-17.5	52.8	13.1	43.5	58.4	-16.6	-10.9	64.6		down

<b>Brazil</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
CPI (% YoY)	11.3	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6		down
Industrial Production (% YoY)	-2.6	-1.9	-0.1	-0.3	-0.6	-0.4	1.8	-1.0	1.2	0.8	-0.4	0.3		down
Retail Sales (% YoY)	-1.5	1.3	4.9	4.5	-0.2	-0.1	-5.3	1.6	3.2	2.7	1.4	0.4		up
Trade Balance (Millions, USD)	7613.2	8226.8	4957.7	8889.9	5357.3	4106.7	3694.6	3375.4	6200.3	4533.4	2278.9	2833.2		down
Budget Balance Primary (Billions, BRL)	-26.5	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5	-70.4	-70.8	46.7	-90.6		up

<b>Chile</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
IMACEC Economic Activity Index (% YoY)	6.74	5.96	6.08	3.41	0.39	0.80	-0.57	-1.46	-3.33	-2.02	0.09	-0.52		up
CPI (% YoY)	9.41	10.52	11.55	12.49	13.12	14.09	13.73	12.81	13.34	12.79	12.33	11.95		down
Retail Sales (% YoY)	19.86	-5.29	-6.00	-11.17	-13.14	-14.54	-12.39	-15.39	-11.10	-10.43	-9.18			up
Industrial Production (% YoY)	0.93	-3.51	1.60	-1.54	-5.08	-5.06	-1.43	-4.24	-5.02	-1.21	0.47	-1.09		up
Unemployment (%)	7.80	7.70	7.80	7.80	7.90	7.90	8.00	8.00	7.90	7.90	8.00	8.40		up

<b>Mexico</b>	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Trend*
PMI (Index)	51.7	52.3	50.8	49.5	51.2	49.5	50.4	50.2	51.1	51.5	50.2	51.3		up
CPI (% YoY)	7.5	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8	7.8	7.9	7.6		down
Retail Sales (% YoY)	3.7	4.6	5.1	4.0	5.0	4.7	3.3	3.8	2.4	2.5	5.3			down
Industrial Production (% YoY)	3.3	3.6	6.6	5.2	5.4	8.1	8.4	5.3	4.7	2.7	4.8			down
Remittances (Millions, USD)	4692.5	4707.8	5141.9	5144.0	5301.4	5123.8	5036.8	5361.4	4817.6	5353.0	4406.1	4348.4		down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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