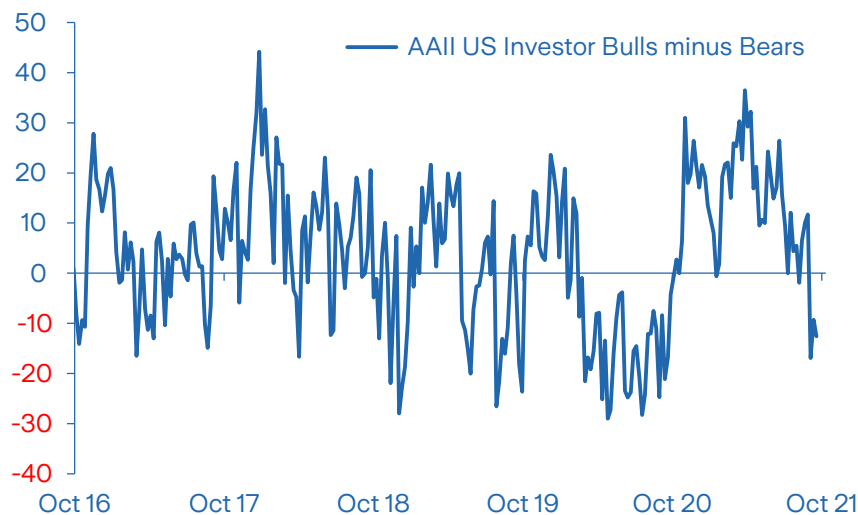


# Monthly Investment Insights

Pervasive downbeat sentiment suggests a bottoming out in stocks



Source: Bloomberg, American Association of Individual Investors

We believe investor pessimism is likely to ebb in coming weeks.

Equity markets are suffering sharper falls than have been seen for many months, although we would argue that 5% to 10% stock market corrections are hardly unusual within a bull market. It is quite critical, however, that the psychologically important support levels hold. The S&P 500 index has broken through both its 50-day and 100-day moving averages and a recovery above these is crucial to confirm the upward momentum. Investor pessimism abounds as seen in the sentiment readings from the survey conducted by the American Association of Individual Investors (AAII). Normally, excessive pessimism is a contrarian indicator, and we expect this to be the case this time due to two key reasons: our view on Evergrande and fundamentals.

Firstly, we do not believe a potential default at Evergrande is likely to pose systemic risks to developed equity and credit markets. Distress at Evergrande, the largest Chinese property developer, seems to be a result of the longer-term government policy of curbing an excessive build-up of leverage. Hence, a deleveraging of some sectors could even be healthy for the long-term growth prospects of the economy. In the short term, we don't expect a systemic fallout as our base case view is for a managed restructuring of debt rather than an outright liquidation. We believe the banking and property sectors are far too important for the Chinese economy and a liquidation would be harsh for both. We also believe the risk of social unrest could emerge if the liabilities are not managed well, especially those to homeowners, wealth management product investors and suppliers. Bond creditors are unlikely to be bailed out, but bond pricing already reflects this, while the exposure of international banks seems to be limited. We conclude that this is not a 'Lehman moment' for China as it has been brought about almost by design and the fallout is likely to be managed.

Secondly, our view regarding fundamentals is that while economic and profit growth is likely to decelerate from current levels, we still expect a robust earnings environment. A rise in bond yields was overdue while central banks have reaffirmed their inflation fighting credentials. Despite the rise, bond yields remain low in a historical context with negative real yields. Hence, both credit and stocks appear to be attractive alternatives to sovereign bonds. All in all, the current correction should prove to be simply a refreshing pause.

## Market Assessment

### Key developments

- Global growth slows while China sees a sharp deterioration in activity
- Despite stability in credit, volatility returns to stocks on concerns about Evergrande and hawkish central banks
- Bond yields rise sharply due to a turning tide in monetary policy amid elevated inflationary pressures

### Zurich's view

The global economy is still expected to grow at a robust pace, although it is likely to continue moderating from its recent peak. The slowdown in China needs monitoring, but long-term growth prospects are unlikely to be derailed. Short-term inflationary pressures have become elevated in some areas but should ease over time. That said, inflation is likely to be higher than during pre-Covid times.

The outlook for risk assets remains constructive, and both equities and credit will probably see further upside, although credit returns are expected to lag those of equities.

Credit markets have been remarkably stable with low sovereign bond yields driving demand. As a gauge of systemic risk, this is an encouraging signal at a time when distress at Evergrande is knocking risk appetite in stocks. Credit market fundamentals also continue to improve, supporting investor sentiment.

The recent rise in bond yields has been somewhat overdue as they had become excessively low due in part to technical issues over the summer. Given the hawkishness of central banks, especially the Fed, yields should continue to drift higher over time, although the path is likely to see overshoots on both sides.

## Key developments

## Zurich's view

### Global

- Global growth slips but remains above trend as rising infections, ongoing restrictions and supply chain issues weigh on activity and output
- Inflation is brisk as new pinch points emerge, though underlying price pressures and wage development remain contained
- Central banks focus on inflation, with further rate hikes and hawkish signalling forthcoming

The pace of expansion has eased as momentum in services weakens and supply chain issues weigh on manufacturing output. While services activity has improved compared to last year, a much hoped for rebalancing of demand from goods to services has disappointed, with global goods demand still brisk and services still struggling. Price pressures are strong and new pinch points have emerged, particularly around gas supply in Europe, where prices have shot up. Not surprisingly, central banks have turned notably more hawkish, with further rate hikes in emerging markets and the Fed signalling tapering and a steeper rate path ahead. This will weigh on global financial conditions and should help to contain the expansion and underlying inflation pressures.

### US

- The Fed is ready to taper its asset purchases and is signalling a rather steep hiking path
- The stock market falls back but rebounds from important support levels
- Business activity is strong while consumer sentiment remains under pressure

The S&P 500 suffered its biggest setback since March though rebounded from important support levels and quickly recouped part of the losses. The fundamental picture for equities remains positive with solid growth in earnings and business activity as well as abundant liquidity. Some potential headwinds may develop as the Fed is becoming increasingly hawkish and is likely to soon start tapering its asset purchases. The latest dot plot points to a rather steep hiking path in the coming years, one that may be difficult to achieve in our view. The Fed has significantly lowered its growth forecast for the current year from 7% to 5.9%, which is now basically in line with our own forecast of 5.8%. The fact that the Fed expects inflation to remain above 2% until at least 2024 underlines its willingness to pursue its average inflation target of 2%.

### UK

- Growth momentum slows further but remained solid in September
- Inflation reaccelerates with the annual rate reaching the highest level since 2012
- The BoE keeps a hawkish tilt, making a rate hike in the first half of 2022 increasingly likely

Growth momentum slowed further in September with the Composite PMI receding to 54.1 from 54.8. New orders ticked down but remain significantly above pre-crisis levels indicating a continuation of solid business activity. The overall slowdown was more pronounced in manufacturing where production rose only modestly as severe supply-chain disruptions weighed on activity. Job creation remains brisk, particularly in the service sector, supporting employment and consumer spending. Meanwhile, inflationary pressures show few signs of abating, with input costs rising sharply. Headline inflation picked up in August with the annual rate rising to the highest level since 2012. The BoE confirmed its more hawkish outlook making a rate hike in the first half of 2022 increasingly likely.

### Eurozone

- The SPD wins the most votes in the German election, but weeks of negotiation are likely before a new government is formed
- Eurozone inflation hits its highest rate in a decade, with more increases likely as gas prices spike
- Business confidence surveys fall further, but are still consistent with growth

Inflation hit its highest pace in a decade in July. We expect it to move higher in the near-term as various base effects continue to kick-in and the recent increase in natural gas prices adds to energy inflation. However, we expect the ECB to look through this and continue with a large number of asset purchases into 2022, despite announcing a modest reduction in the pace of PEPP. Meanwhile, business confidence took another dip according to various surveys, but these are still consistent with growth in the region. Furthermore, consumer confidence remains high and unemployment is falling, which should support household spending in the region. Finally, the German elections saw the SPD win the most votes, but there are likely to be weeks of negotiations before a coalition government is formed.

### Switzerland

- The economy is expanding at a solid pace and leading indicators signalling further strength ahead, though growth is likely to have peaked
- Inflation rises further but underlying price pressures, along with wages, remain benign
- The SNB leaves policy unchanged and publishes a dovish inflation forecast, though signals that further house price appreciation and mortgage lending is a concern

Economic conditions are favourable despite slowing global growth and supply chain issues. The latest GDP data show growth at 1.8% QoQ in Q2, following mild contractions in Q4 and Q1. Services activity and consumption rose strongly as restrictions were eased and a supportive fiscal stance added to the upswing. Looking forward, conditions remain favourable, with strong global goods demand likely to underpin the expansion. Job growth has also strengthened, which will benefit consumer sentiment and domestic spending. A dovish SNB left policy unchanged in September, with only a minor upward tweak to the inflation forecast. It reiterated concerns around the housing markets, though, and a reactivation of the countercyclical capital buffers remains likely.

## Japan

- New Covid Delta infections have slowed significantly, enabling an end to state-of-emergencies
- Ex foreign minister Kishida won the LDP Presidential election, following PM Suga's resignation
- Japanese equities rally and outperform global equities

New Covid Delta infection cases are receding while vaccinations are progressing, enabling authorities to end the state-of-emergency in several prefectures, even though the hospitalisation rate is lagging. This is likely to spur an improvement in consumer sentiment, followed by stronger consumption in Q4. Meanwhile, the manufacturing sector is still suffering from supply chain bottlenecks, as the latest PMI for September reveals. On the political front, ex foreign minister Kishida was elected as new LDP President and will become Japan's Prime Minister. Lower House elections are likely to take place in November. Japanese equities have rallied and are outperforming global equities following hopes for a substantial fiscal stimulus program and that the economy will start to recover in Q4.

## China

- China's economy has been hit by weak consumption following lockdowns
- Major property company Evergrande faces default, hitting investor sentiment
- Chinese equities continue to suffer, though domestic 'A'-shares are doing better

Weaker retail sales and property investment are the two major drags on China's growth. In August, retail sales were up only 2.5% YoY, impacted by strict lockdown measures following the spread of the Covid Delta variant to several provinces. Services consumption such as dining, entertainment and domestic travel were severely impacted. Government measures to control the property sector have not only hit mortgage lending and property investment, but also caused major property developer Evergrande to come close to default, hitting global investor confidence. Meanwhile, exports and consequently industrial production and manufacturing investment are still faring well. While Hong Kong traded, internet heavy 'H'-shares continued to suffer, domestic 'A'-shares held up better.

## Australia

- Employment drops amid lockdowns, but the recovery is likely to be swift once the economy reopens in Q4
- The RBA starts tapering its QE, but delays the next tapering talk until mid- February 2022
- Equity markets experience some volatility, but the underlying trend remains resilient

Labour data start to show some cracks on the back of prolonged lockdowns. The unemployment rate appears artificially low due to a decline in the participation rate. However, other indicators such as the number of worked hours and employment change reveal a fragile job market. On a brighter note, vaccination rates are on track to meet the reopening timeline in October. Consumer confidence indices are showing signs of bottoming out. We suspect the rebound in activity in Q4 will be swift. The RBA began with its QE tapering plan in September, with little impact on the financial markets. Most importantly, the RBA continues to commit keeping its cash rate low until 2024. The ASX 200 Index twice experienced setbacks driven by material stocks but recovered quickly each time.

## ASEAN

- Several countries ease restriction levels given a decline in Covid cases
- Bank Indonesia announces additional debt monetisation to support the government's budget deficits
- Equities recover amid good news around the easing of lockdowns but with weak momentum

Mobility data show that traffic in Indonesia is moving closer to pre-pandemic levels. New cases in Malaysia and Thailand are trending down. While still in lockdown, Vietnam is slowly starting to relax some restrictions. This is good news for the supply chains in the region, given the production and supply disruptions caused by lockdowns in the last few months. Indeed, the Manufacturing PMIs have started to turn up. Although the worst seems to have passed, much still depends on vaccination rates. Bank Indonesia (BI) announced it would purchase a further IDR 575trn (3.4% of GDP) of government debt in the primary market, raising concerns about BI's independence. However, investors seem to have given BI the benefit of the doubt, as inflation is still low and fiscal support is needed.

## LatAm

- The Central Bank of Brazil raised the Selic again by 100bps to 6.25%, with another similar hike expected
- Chile's GDP forecast for 2021 continues to be revised upward, closing the output gap and forcing a more hawkish Central Bank
- MSCI LatAm continues to fall, mainly explained by Brazil, while Argentina was the best performing market

In Brazil, the tension between the judiciary and the government intensified, adding volatility to the financial markets. The GDP for the Q2 was -0.1% QoQ, slightly below market expectations. Retail sales surprised to the upside rising 1.2% MoM in July. Headline inflation continued to rise, reaching 9.7% YoY in August, and core inflation maintains an upward trend forcing the Central Bank to continue to tighten and announcing further movements to achieve a restrictive level for the Selic. In Chile, monthly economic activity remains solid, with most sectors recovering to pre-pandemic levels, highlighting commerce, which is ~29% above the pre-pandemic level. The government sent Congress the budget proposal for 2022, with a proposal to reduce public spending by 22.5%.

## Valuation snapshot (MSCI Indices)

Current trailing valuations

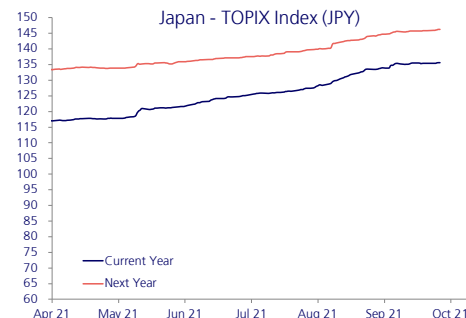
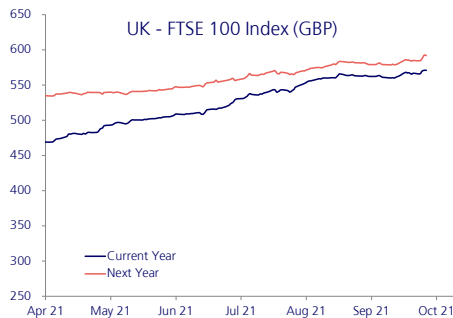
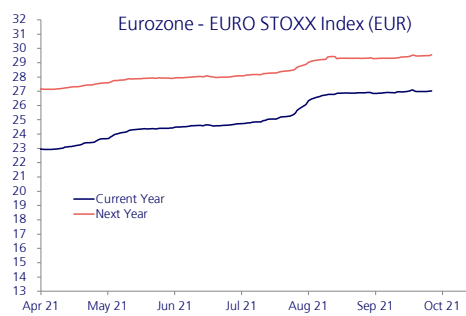
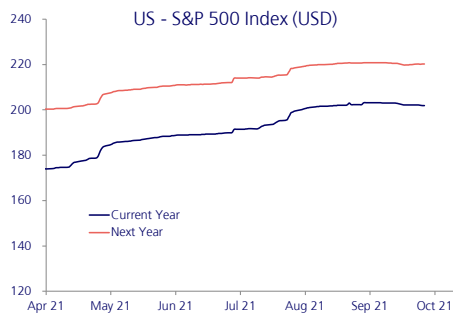
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	26.38	19.97	23.02	22.18	17.03	19.15	15.47	7.57	14.87
12m Trailing P/B	4.92	2.30	1.86	3.62	1.47	2.03	1.91	2.07	2.22
12m Trailing P/CF	21.69	8.50	5.20	11.99	11.34	10.52	8.17	4.63	7.40
Dividend Yield	1.29	2.09	3.68	2.41	2.07	2.11	1.61	4.15	2.22
ROE	18.65	11.51	8.07	16.32	8.62	10.61	12.35	27.29	14.94

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.17	0.89	1.02	0.98	0.76	0.85	0.69	0.34	0.66
12m Trailing P/B	1.60	0.75	0.60	1.18	0.48	0.66	0.62	0.67	0.72
12m Trailing P/CF	1.70	0.67	0.41	0.94	0.89	0.83	0.64	0.36	0.58
Dividend Yield	0.75	1.22	2.15	1.41	1.21	1.23	0.94	2.43	1.30
ROE	1.37	0.84	0.59	1.20	0.63	0.78	0.91	2.00	1.10

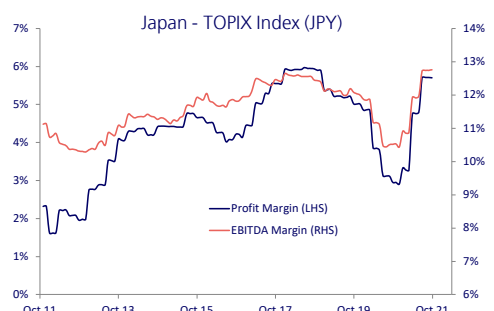
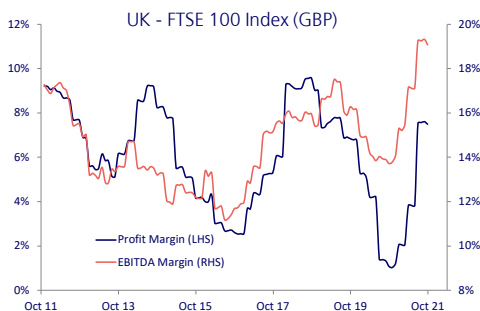
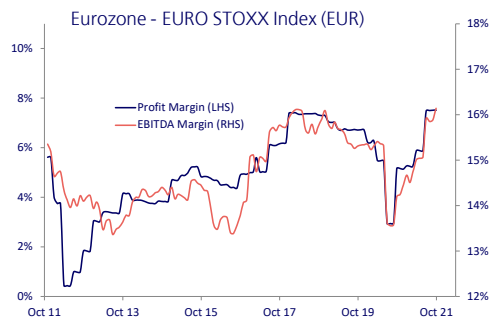
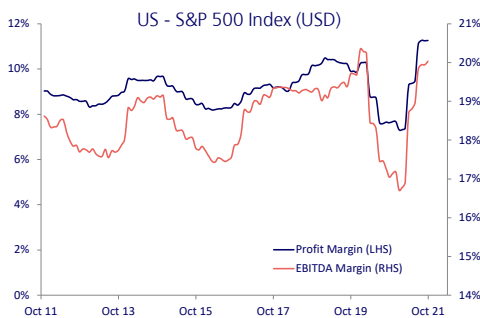
Source: Datastream

## Earnings estimates - Full fiscal years



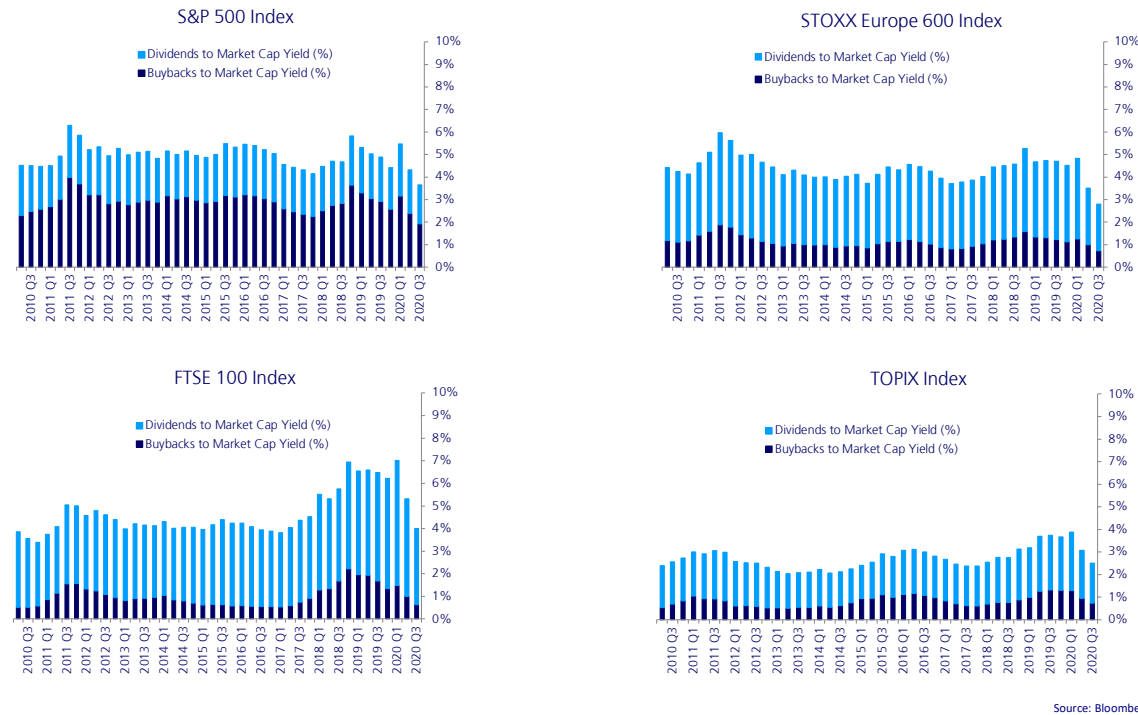
## Historical margins

Source: Bloomberg



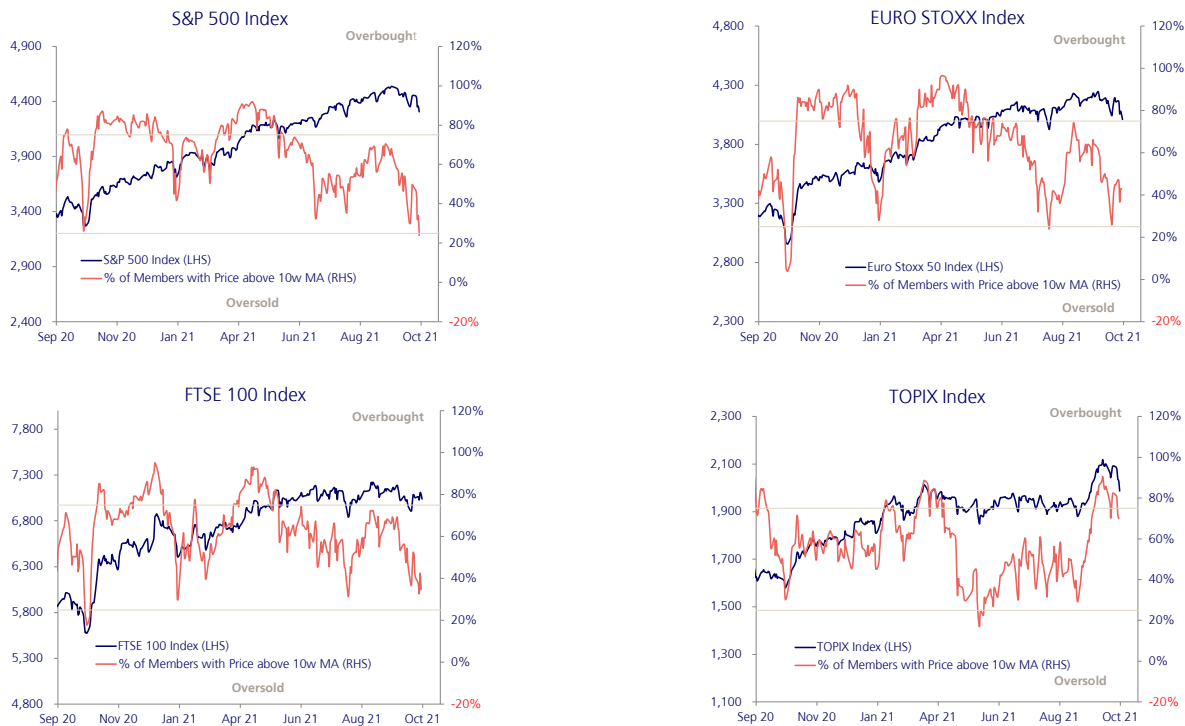
Source: Bloomberg

## Dividends and shares buybacks



Source: Bloomberg

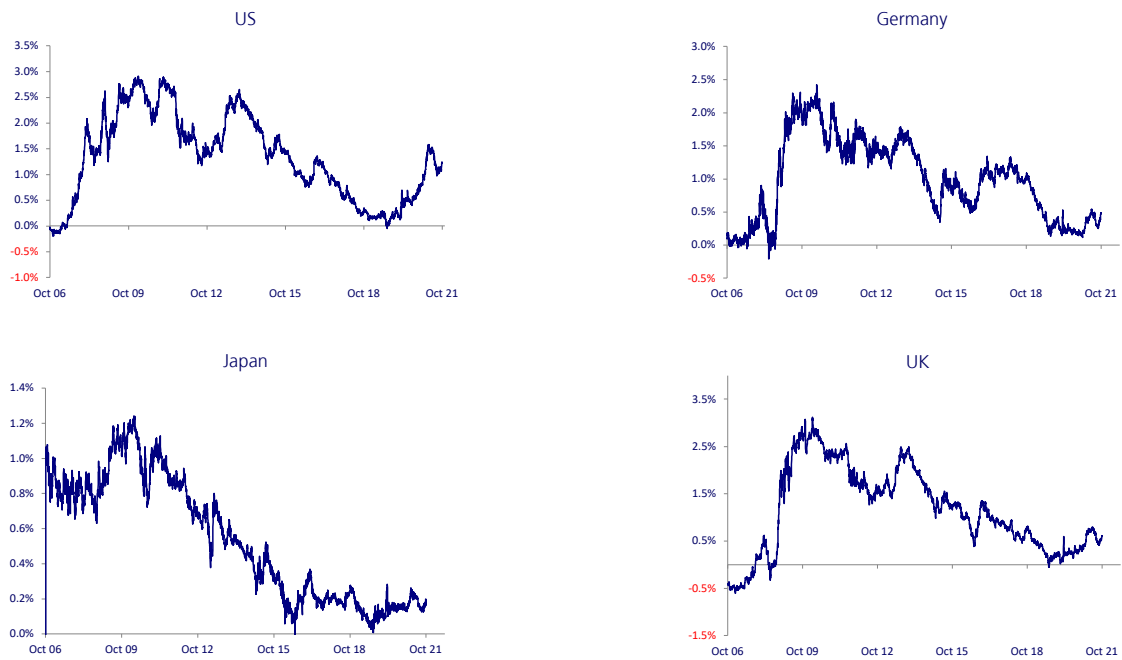
## Overbought / Oversold



Source: Bloomberg

## Appendix 3

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



Source: Bloomberg

### Spread Snapshot

#### Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Oct-21	1m ago	3m ago	1yr ago
UK	-48	-59	-72	-44
Germany	-171	-169	-166	-121
Switzerland	-167	-163	-166	-118
Japan	-144	-128	-138	-66
Australia	-1	-15	5	22
China	138	154	166	247
South Korea	74	60	68	75
Malaysia	188	190	182	200
Indonesia	473	476	516	625
Thailand	36		32	65
Philippines	257	n/a	n/a	n/a
Brazil	961	920	n/a	704
Mexico	589	568	562	546
Colombia	617	591	n/a	n/a
Peru	494	477	406	363

#### Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Oct-21	1m ago	3m ago	1yr ago
France	36	35	33	28
Netherlands	12	13	11	12
Belgium	33	33	30	23
Austria	23	23	20	18
Ireland	39	39	37	37
Italy	106	109	101	136
Spain	66	72	61	77
Portugal	56	59	58	78

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
ISM Manufacturing (Index)	55.7	58.8	57.7	60.5	58.7	60.8	64.7	60.7	61.2	60.6	59.5	59.9		down
ISM Non-Manufacturing (Index)	57.2	56.2	56.8	57.7	58.7	55.3	63.7	62.7	64.0	60.1	64.1	61.7		down
Durable Goods (% MoM)	1.6	1.0	2.2	1.5	2.4	1.3	1.3	-0.7	3.2	0.8	0.5	1.8		down
Consumer Confidence (Index)	101.3	101.4	92.9	87.1	87.1	95.2	114.9	117.5	120.0	128.9	125.1	115.2	109.3	down
Retail Sales (% MoM)	6.0	5.6	3.8	2.3	9.4	6.5	29.7	53.4	28.0	18.9	15.1	15.1		down
Unemployment Rate (%)	7.8	6.9	6.7	6.7	6.3	6.2	6.0	6.1	5.8	5.9	5.4	5.2		down
Avg Hourly Earnings YoY (% YoY)	4.6	4.5	4.7	5.5	5.3	5.2	4.6	1.2	2.4	3.8	4.8	4.8		up
Change in Payrolls ('000, MoM)	716.0	680.0	264.0	-306.0	233.0	536.0	785.0	269.0	614.0	962.0	1053.0	235.0		up
PCE (% YoY)	1.6	1.4	1.4	1.5	1.5	1.5	2.0	3.1	3.5	3.6	3.6			down
GDP (% QoQ, Annualized)	33.8			4.5			6.3			6.7				
<b>UK</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
PMI Services (Index)	56.1	51.4	47.6	49.4	39.5	49.5	56.3	61.0	62.9	62.4	59.6	55.0	54.6	down
Consumer Confidence (Index)	-25.0	-31.0	-33.0	-26.0	-28.0	-23.0	-16.0	-15.0	-9.0	-9.0	-7.0	-8.0	-13.0	up
Unemployment Rate (%)	4.8	5.0	5.1	5.2	5.1	5.0	4.9	4.8	4.8	4.7	4.6			down
CPI (% YoY)	0.5	0.7	0.3	0.6	0.7	0.4	0.7	1.5	2.1	2.5	2.0	3.2		up
GDP (% YoY)	-8.1			-7.1			-5.8			23.6				
<b>Eurozone</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
PMI Manufacturing (Index)	53.7	54.8	53.8	55.2	54.8	57.9	62.5	62.9	63.1	63.4	62.8	61.4	58.7	down
PMI Services (Index)	48.0	46.9	41.7	46.4	45.4	45.7	49.6	50.5	55.2	58.3	59.8	59.0	56.3	up
IFO Business Climate (Index)	92.4	92.6	91.3	92.7	90.8	92.9	96.7	96.7	99.4	101.9	100.8	99.6	98.8	up
Industrial Production (% MoM)	0.3	2.5	2.0	0.0	1.1	-1.2	0.7	0.7	-1.1	-0.1	1.5			up
Factory Orders GE (% MoM)	2.0	3.5	2.8	-1.7	0.5	1.9	2.9	1.5	-3.3	4.6	3.4			up
Unemployment Rate (%)	8.6	8.4	8.1	8.1	8.2	8.1	8.1	8.2	8.0	7.8	7.6	7.5		down
M3 Growth (% YoY, 3 months MA)	10.4	10.5	11.0	12.3	12.5	12.2	10.0	9.2	8.5	8.3	7.6	7.9		down
CPI (% YoY)	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	3.0		up
Core CPI (% YoY)	0.2	0.2	0.2	0.2	1.4	1.1	0.9	0.7	1.0	0.9	0.7	1.6		up
GDP (% QoQ)	12.6			-0.4			-0.3			2.2				
<b>Switzerland</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
KOF Leading Indicator (Index)	112.6	107.7	106.0	105.7	96.3	103.1	119.4	135.4	143.6	132.7	130.2	113.5	110.6	down
PMI Manufacturing (Index)	52.8	52.9	54.5	57.3	59.4	61.3	66.3	69.5	69.9	66.7	71.1	67.7	68.1	up
Real Retail Sales (% YoY)	2.3	5.6	2.7	5.5	-1.1	-7.1	23.2	38.7	2.6	0.1	-2.6			down
Trade Balance (Billion, CHF)	3.0	3.9	4.5	2.8	5.0	3.7	5.7	3.7	4.8	5.5	5.3	5.1		up
CPI (% YoY)	-0.8	-0.6	-0.7	-0.8	-0.5	-0.5	-0.2	0.3	0.6	0.6	0.7	0.9		up
<b>Japan</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
Nomura Manufacturing PMI (Index)	47.7	48.7	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4	53.0	52.7	51.5	down
Machine Orders (% YoY)	-11.5	2.8	-11.3	11.8	1.5	-7.1	-2.0	6.5	12.2	18.6	11.1			up
Industrial Production (% YoY)	-9.1	-3.4	-4.1	-2.9	-5.3	-2.0	3.4	15.8	21.1	23.0	11.6	9.3		up
ECO Watchers Survey (Index)	48.7	53.6	46.1	36.5	30.1	40.7	49.5	39.4	36.4	45.4	47.7	34.3		up
Jobs to Applicants Ratio (Index)	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2	1.1		up
Labour Cash Earnings (% YoY)	-0.9	-0.7	-1.8	-3.0	-1.3	-0.4	0.6	1.4	1.9	0.1	0.6			down
Department Store Sales (% YoY)	-33.6	-1.7	-14.3	-13.7	-29.7	-10.7	21.8	167.0	65.2	-1.6	4.2	-11.7		down
Money Supply M2 (% YoY)	9.0	9.0	9.1	9.2	9.4	9.6	9.5	9.3	8.0	5.9	5.3	4.7		down
CPI Ex Food & Energy (% YoY)	-0.3	-0.4	-0.4	-0.5	0.1	0.1	0.0	-1.2	-1.1	-1.1	-0.8	-0.7		down
Exports (% YoY)	-4.9	-0.2	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6	48.6	37.0	26.2		up
<b>China</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
PMI Manufacturing (Index)	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	down
Industrial Production (% YoY)	6.9	6.9	7.0	7.3			14.1	9.8	8.8	8.3	6.4	5.3		down
Retail Sales (% YoY)	3.3	4.3	5.0	4.6			34.2	17.7	12.4	12.1	8.5	2.5		down
PPI (% YoY)	-2.1	-2.1	-1.5	-0.4	0.3	1.7	4.4	6.8	9.0	8.8	9.0	9.5		up
Exports (% YoY)	9.4	10.9	20.6	18.1	24.6	154.7	30.5	32.2	27.8	32.2	19.3	25.6		down
CPI (% YoY)	1.7	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1	1.0	0.8		up
RRR (%)	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.0	12.0	12.0	down
GDP (% YoY)	4.9			6.5			18.3			7.9				down
PMI Non Manufacturing (Index)	51.5	51.4	52.1	51.9	51.3	50.6	51.9	51.1	51.0	50.9	50.4	50.1	49.6	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m

## Appendix 5

### Economic data

<b>Australia</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
AiG Manufacturing (Index)	46.7	56.3	52.1	55.3	55.3	58.8	59.9	61.7	61.8	63.2	60.8	51.6	51.2	down
AiG Service (Index)	36.2	51.4	52.9	54.3	54.3	55.8	58.7	61.0	61.2	57.8	51.7	45.6		down
Westpac Consumer Confidence (% MoM)	18.0	11.9	2.5	4.1	-4.5	1.9	2.6	6.2	-4.8	-5.2	1.5	-4.4	2.0	up
Building Approvals (% YoY)	10.2	21.6	20.0	20.4	25.3	24.5	53.8	46.1	55.4	51.1	21.0	31.2		down
Employment Change ('000, MoM)	-45.4	159.9	87.5	37.3	29.1	81.3	75.0	-30.1	116.7	28.0	3.1	-146.3		down

<b>Brazil</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
CPI (% YoY)	3.1	3.9	4.3	4.5	4.6	5.2	6.1	6.8	8.1	8.4	9.0	9.7		up
Industrial Production (% YoY)	-2.4	3.8	0.3	2.6	8.3	2.4	0.3	10.5	34.8	24.1	12.0	1.2		down
Retail Sales (% YoY)	6.2	7.3	8.4	3.6	1.3	-0.4	-3.9	2.2	23.7	15.9	6.3	5.7		up
Trade Balance (Millions, USD)	5083.4	4404.0	2488.3	2703.1	-205.1	1834.6	6423.4	9881.8	8594.5	10466.2	7478.0	7637.5		up
Budget Balance Primary (Billions, BRL)	-103.4	-30.9	-20.1	-75.8	17.9	-41.0	-44.5	30.0	-37.4	-75.6	-55.4	-29.7		down

<b>Chile</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
IMACEC Economic Activity Index (% YoY)	-4.76	-0.92	0.98	-0.07	-2.95	-2.02	6.22	14.58	19.18	20.61	18.08			down
CPI (% YoY)	3.09	2.95	2.73	2.97	3.12	2.85	2.88	3.32	3.65	3.80	4.54	4.78		up
Retail Sales (% YoY)	19.79	24.80	9.67	5.87	3.67	23.46	43.26	72.06	64.89	61.78	25.07			down
Industrial Production (% YoY)	1.95	3.54	-0.42	-3.61	-2.40	-3.40	2.90	5.10	3.50	6.00	4.83	4.24		up
Unemployment (%)	12.30	11.60	10.80	10.30	10.20	10.30	10.40	10.20	10.00	9.50	8.90	8.50		down

<b>Mexico</b>	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Trend*
PMI (Index)	46.9	49.8	49.1	48.8	49.7	49.9	51.1	50.7	52.2	52.2	51.9	51.3		up
CPI (% YoY)	4.0	4.1	3.3	3.2	3.5	3.8	4.7	6.1	5.9	5.9	5.8	5.6		up
Retail Sales (% YoY)	-6.9	-7.1	-5.1	-5.7	-7.5	-6.4	2.6	30.5	29.4	17.0	9.9			down
Industrial Production (% YoY)	-3.1	-1.3	-2.2	2.5	-3.4	-4.7	6.3	52.0	48.1	16.4	6.2			down
Remittances (Millions, USD)	3570.0	3601.7	3387.3	3650.1	3287.4	3170.7	4157.3	4048.3	4525.8	4457.5	4540.3			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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