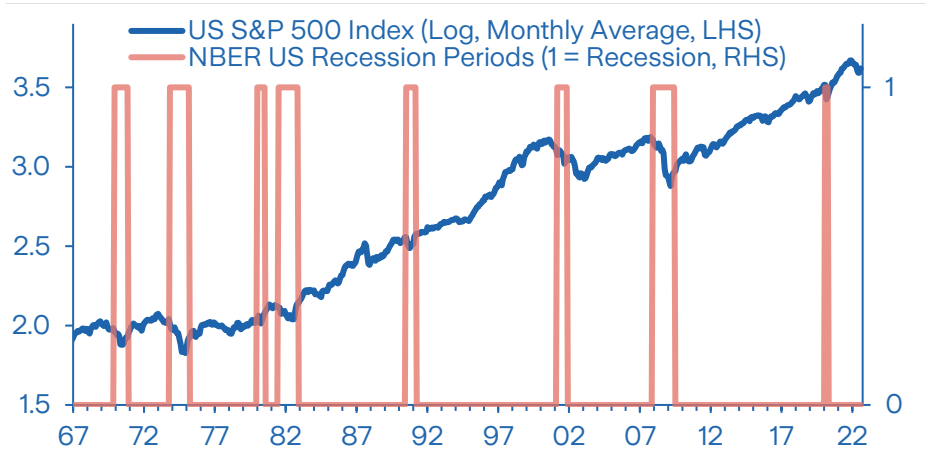


# Monthly Investment Insights

1 September 2022



## Unusual for stocks to bottom prior to recession



Source: NBER, Bloomberg

Both stocks and credit have enjoyed a profitable rally over the summer months as investor sentiment shifted from angst around imminent recession to hopes of more dovish policy and a 'soft landing' of key economies. We have been happy to play the momentum higher in both equities and credit, feeling that it was the timing of the anticipated recessions that had been misplaced rather than the ultimate outcome. Unfortunately, angst will likely return as the reality of recessions in the UK, Eurozone and the US are re-priced, making it hard for market momentum to be maintained. Consequently, we have neutralised our asset class exposures. As the chart above shows, while most financial assets are down substantially this year, it is unusual for equity markets to bottom prior to recessions.

What is particularly unusual about the current economic cycle is that central banks are showing a steely resolve to hike rates and honour inflation targets, despite prospects of recession. Fed Chair Powell warned of 'some pain' ahead as the Fed will 'use our tools forcefully'. On the growth/inflation balance, taming inflation is winning out and investors can no longer rely on easing monetary policy in response to financial market setbacks. Indeed, it is becoming clear that the reverse may be true. The rally in stocks, credit and bonds since the summer eased financial conditions, working against the policy framework, and arguably forced a more hawkish signalling on rates.

The investment landscape is going to be challenging in the months ahead, volatile with risks tipping to the downside, and not helped by the unpredictability of the ongoing European energy crisis. European natural gas futures spiked to EUR 340 per megawatt-hour last week, versus a long-term average of around EUR 20 and EUR 150 only two months ago, fuelling the inflation spike, slashing disposable incomes, and further derailing the growth dynamic. Despite this and the uncertainty as winter approaches, the ECB is mulling over a possible 75bp hike next week, though we suspect 50bps more likely. Clearly this exemplifies the dilemma of the central banks.

For now, inflation and policy will dominate market moves, and while investor positioning in equities and credit appears light and conducive to periodic rallies, caution is warranted.

## Market Assessment

### Key developments

- European natural gas prices surge to new record-highs
- Central banks affirm resolve to bring inflation back to targets
- Equity bounce comes unstuck as rising rates and slowing growth provide a harsh reality check for investors

### Zurich's view

The moment of truth has come for central banks as they show clear signals that reining in inflation through tightening policy takes priority over resisting recession. With inflation still rising in most regions, further substantial rate hikes should be expected. Global growth has already slipped below trend, creating an unusually challenging environment for both central banks and investors. Consequently, when considering the rally in risk assets since mid-June, we believe the upside is limited. Resistance levels were not breached, and we see the balance of risk rising for both stock and credit markets.

Government bonds are becoming attractive as the rising inflation data and policy rates have pushed yields higher, most notably in Europe. Less emphasis is currently on the slowing growth dynamic, which we think will come back into focus in coming months dragging yields lower once again. European Investment Grade (IG) credit spreads are reflective of recession risks, though this is not the case for US IG, while we believe that High Yield credit on both sides of the Atlantic is stretched and vulnerable. Admittedly, investor positioning is light and pessimism prevails, however, our macro view suggests it will be difficult for stocks to resume their ascendancy until clear evidence of falling inflation and moderating policy tightening are evident.

	Key developments	Zurich's view
Global	<ul style="list-style-type: none"> <li>Global growth falls below trend in Q3 as policy tightening and elevated energy prices weigh on demand</li> <li>Central banks reiterate their commitment to the inflation targets, with aggressive rate hikes forthcoming</li> <li>Sovereign bond yields rebound despite slowing growth with volatility remaining high</li> </ul>	<p>Global growth has slumped as activity remains weak in China while policy tightening and surging gas prices have triggered a slowdown in the US and Europe. The Composite PMI indicates that global growth has fallen slightly below trend. Inflation remains uncomfortably high but global price pressures have eased, helped by rapidly falling demand and lower commodity prices. Surging gas prices in Europe will push inflation higher near term though, while US inflation appears to be peaking, with further declines expected for Q4. With labour markets extremely tight, we expect central banks to maintain their hawkish stance for the time being. Sovereign bond yields have rebounded, particularly in Europe, as the focus has shifted from growth risk towards the challenging energy and inflation situation.</p>
US	<ul style="list-style-type: none"> <li>Solid business activity and strong payrolls mitigate worries about an imminent recession</li> <li>Inflation rates show signs of easing but still have a long way to go</li> <li>The S&amp;P 500 recovers more than 18% from recent lows before hitting some resistance</li> </ul>	<p>A pickup in service activity helped to dissipate worries about an imminent recession despite another drop in GDP in Q2 following the dip in Q1. Trade and inventories distorted the measure while underlying activity remained robust. Underlining the current strength of the economy, 528'000 new nonfarm payrolls were created in July while the unemployment rate ticked down to 3.5%, a new post-pandemic low. Meanwhile, inflation shows signs of easing as pandemic-related distortions continue to unwind and energy costs fell substantially in recent weeks. While we expect that inflation has peaked, it still has a long way to go and some sticky components remain elevated for now. The Fed is therefore unlikely to switch to a much more dovish stance in the very near term.</p>
UK	<ul style="list-style-type: none"> <li>GDP shrinks by 0.1% in Q2 as consumers and the government reduce spending</li> <li>Headline inflation accelerates to 10.1% YoY in July, the highest since 1982</li> <li>The BoE lifts the Bank Rate by 50bps to 1.75%, the largest increase since 1995</li> </ul>	<p>While business investment has been holding up reasonably well, weaker spending by consumers and the government has led to a small decline in GDP in Q2. Soaring inflation rates keep weighing on households' minds with consumer confidence falling to the lowest on record in August. Energy prices remain the main driver for the surge in inflation with headline CPI reaching 10.1% YoY in July, up from 9.4% in June. Core inflation remains more contained but has also picked up to 6.2% YoY from 5.8% the month before. Given the indicated increase in the energy price cap, headline inflation is expected to rise further in the months ahead. Substantially raising its own inflation forecast, the BoE also lifted the Bank Rate by 50bps to 1.75%, the biggest step since 1995.</p>
Eurozone	<ul style="list-style-type: none"> <li>Inflation hits fresh record highs and natural gas prices rise even further</li> <li>PMIs and other business surveys point to recession ahead</li> <li>The ECB confirms that it still plans further rate hikes, even if there is a recession</li> </ul>	<p>Natural gas prices in Europe hit fresh record highs in August. The benchmark Dutch natural gas futures contract breached EUR 300 /MWh towards the end of the month, more than triple its price in mid-June, just before Russia reduced the flow of gas to Europe to around 20% of normal levels. Energy bills will rise further over the winter months, and some form of rationing of gas usage in the industrial sector will likely be needed in Germany. Eurozone inflation hit 8.9% YoY in July, and the spike in natural gas prices could push inflation even higher over the winter months. The latest PMIs showed that the economy is rapidly losing momentum and likely to fall into recession later this year. However, the ECB is still likely to continue with rate hikes given how high inflation is.</p>
Switzerland	<ul style="list-style-type: none"> <li>Economic activity is resilient with both manufacturing and services expanding at a solid pace</li> <li>Inflation is contained with benign domestic price pressures and a strong franc that weighs on import prices</li> <li>Further rate hikes are expected in Q3 despite a challenging global economic backdrop</li> </ul>	<p>Economic activity is holding up despite sharply slowing global growth and a strong franc. Job growth appears to be slowing, but labour markets remain tight and the overall situation is favourable. While consumer sentiment has slumped, robust household income should support consumption in the coming months, helping to offset external weakness and giving resilience amid the challenging energy situation. Price pressures have eased, though inflation rates remain elevated compared to the past decade. The hawkish shift from the SNB has reduced inflation risk and confirms their preference for low inflation, with further rate hikes expected in the second half of the year.</p>

Key developments	Zurich's view
<p>Japan</p> <ul style="list-style-type: none"> <li>Record high Covid infections negatively impact consumer confidence and demand</li> <li>The manufacturing sector is caught between weaker overseas demand and easing supply chain issues</li> <li>Japanese equities are holding up well while the yen is weakening again</li> </ul>	<p>New Covid infections and mortality have reached record highs and currently mark the highest level globally on a per capita basis together with South Korea. Even though the authorities are refraining from taking any new emergency measures, domestic consumption is taking a beating. The manufacturing sector is starting to suffer from weaker overseas demand, though a relaxation of supply chain issues is helping, as the surge in industrial production in June and the solid reading in July has shown, supported by a recovery in auto and machinery production. Major equity indices remain rangebound though outperform global equities. Currency markets are again focussing on the different trajectory of monetary policy in the US and Japan, resulting in a weaker yen with USDJPY approaching 140.</p>
<p>China</p> <ul style="list-style-type: none"> <li>Covid infections, power shortages and the ailing property market remain headaches for policy makers</li> <li>Both monetary and fiscal measures are being taken to support the economy</li> <li>Chinese equities are bottoming out on a relative basis, following weeks of underperformance versus global equities</li> </ul>	<p>Based on economic statistics for July and early leading indicators for August, China's economy remains in a fragile shape. Covid infections keep popping up here and there, though not as much as in March/April, resulting in limited mobility restrictions. Public support measures will need time for home buyer confidence to slowly improve, as the property sector remains in the doldrums. The PBoC has cut the 1yr LPR by 5bps, the 1yr MLF rate by 10bps and the 5yr LPR by 15bps, with the latter being relevant for mortgage loans. Meanwhile, the Cabinet Office has announced fiscal stimulus measures worth RMB 1tn, with a focus on modern infrastructure investments. The MSCI China kept losing value in July and August but appears to be bottoming out relative to global equities.</p>
<p>Australia</p> <ul style="list-style-type: none"> <li>The RBA increased its headline inflation forecast for '22 and '23 as the unemployment rate falls to 3.4%</li> <li>The cash rate was hiked by 50bps to 1.85% in August, with a further 50bps rate hike expected for September</li> <li>Australia's FY22 earnings season slightly exceeded market expectations</li> </ul>	<p>In the quarterly Statement of Monetary Policy, the RBA increased its inflation forecast for 2022 to 7.8% and for 2023 to 4.3%, with both revisions higher than analyst expectations. The bank also raised its cash rates by 50bps in August to 1.85%, with a further 50bps increase expected for September. The RBA is concerned about inflationary pressures from a strong labour market, as Australia's unemployment fell to 3.4% in July. Australia's FY22 (ending June 30) earnings results have been slightly better than market expectations, though there is a concern that slowing growth could negatively impact earnings in the second half of this year.</p>
<p>ASEAN</p> <ul style="list-style-type: none"> <li>Indonesia changes its stance and joins peers in raising rates</li> <li>Headline and core inflation continue to pressure central banks</li> <li>Potential early election in Malaysia as it brings forward its budget announcement</li> </ul>	<p>Bank Indonesia raised its borrowing costs for the first time since 2018, now expecting inflation to breach its target range, and pivoted away from the earlier calm narrative that there was no rush to hike rates and risk derailing the economy's recovery. We expect two more rate hikes in Q4 given that the government is considering raising subsidised fuel prices. Malaysia's inflation numbers also continued to accelerate at its quickest pace, which may force Bank Negara Malaysia to frontload its rate hikes for the two remaining MPC meetings of the year. Notably, as the finance minister will be tabling the country's 2023 budget three weeks earlier in October, talks have been rife of a potential parliament dissolution shortly after the budget announcement, paving way for an early general election.</p>
<p>LatAm</p> <ul style="list-style-type: none"> <li>The presidential election race has begun in Brazil, with Lula leading the polls</li> <li>The tightening cycle is close to its end in Brazil, while continuing in Chile and Mexico</li> <li>Argentina's monthly inflation jumped to 7.4%, the highest in twenty years</li> </ul>	<p>Inflation in LatAm showed mixed results, decelerating in Brazil due to the lower energy and fuel prices but remaining troubling in the rest of the region. In Chile, the current account deficit widened, reaching 8.5% of GDP, which we expect will decline as consumption is normalising. In Brazil, the central bank signalled the tightening cycle is close to its end, leading the equity market to outperform other EMs. Economic activity indicators remain resilient, with a robust labour market and service sector still on an uptrend. Furthermore, tax cuts and the increase in the social program will likely support consumption in H2. Nevertheless, we expect a deceleration in economic activity in 2023 due to the sizable tightening in monetary policy and higher inflation.</p>

Valuation snapshot (MSCI Indices)

Current trailing valuations

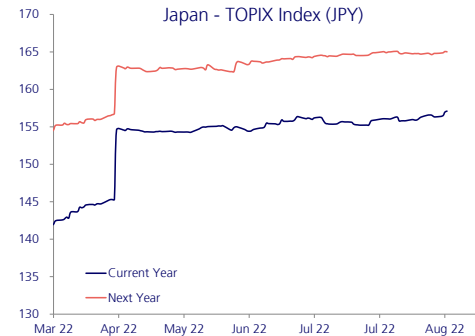
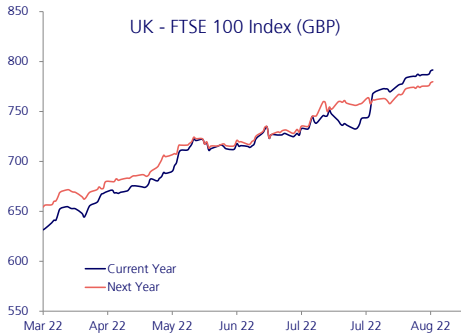
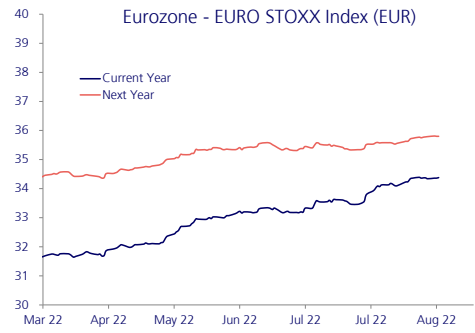
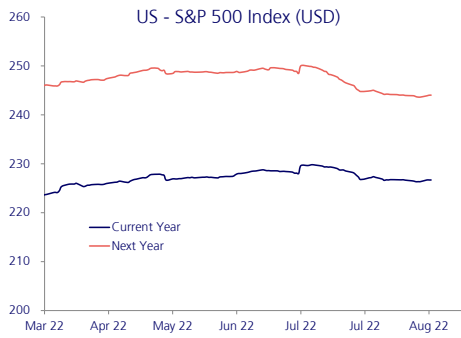
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.83	15.55	13.10	16.80	14.74	14.33	14.54	5.15	13.84
12m Trailing P/B	4.15	1.89	1.78	3.10	1.34	1.64	1.39	1.52	1.85
12m Trailing P/CF	15.99	7.73	7.91	11.10	9.63	8.76	7.87	5.55	6.26
Dividend Yield	1.55	3.04	3.85	2.85	2.50	3.09	2.40	11.30	3.72
ROE	19.92	12.15	13.58	18.42	9.11	11.42	9.53	29.53	13.34

Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.18	0.88	0.74	0.95	0.84	0.81	0.83	0.29	0.79
12m Trailing P/B	1.55	0.71	0.66	1.16	0.50	0.61	0.52	0.57	0.69
12m Trailing P/CF	1.33	0.64	0.66	0.93	0.80	0.73	0.66	0.46	0.52
Dividend Yield	0.71	1.40	1.77	1.31	1.15	1.42	1.10	5.19	1.71
ROE	1.31	0.80	0.89	1.21	0.60	0.75	0.63	1.94	0.88

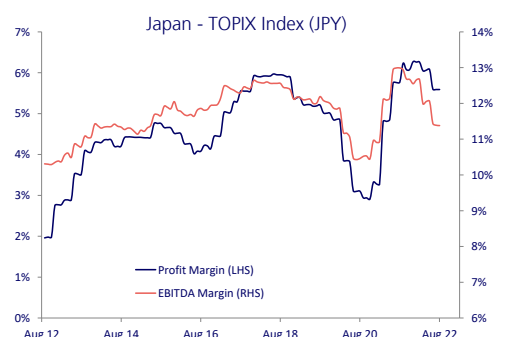
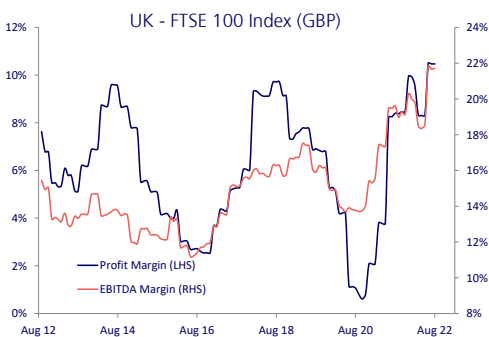
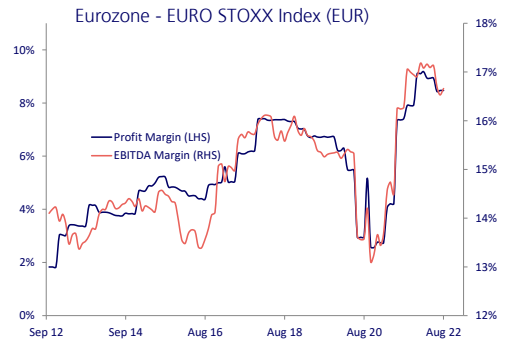
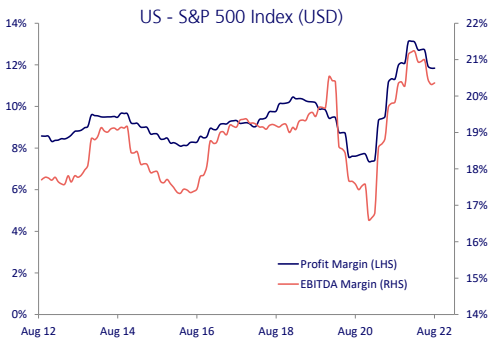
Source: Datastream

Earnings estimates - Full fiscal years



Historical margins

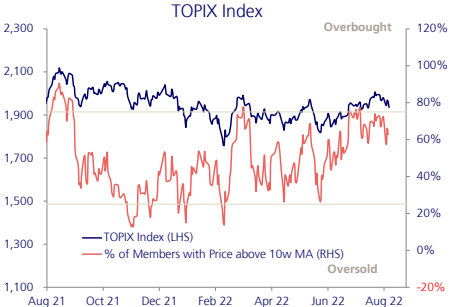
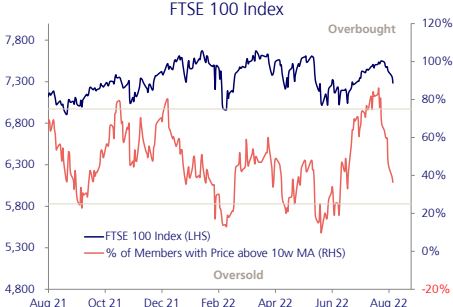
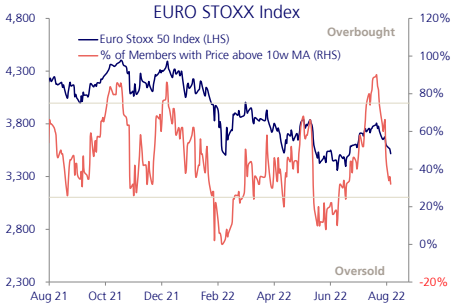
Source: Bloomberg



Source: Bloomberg

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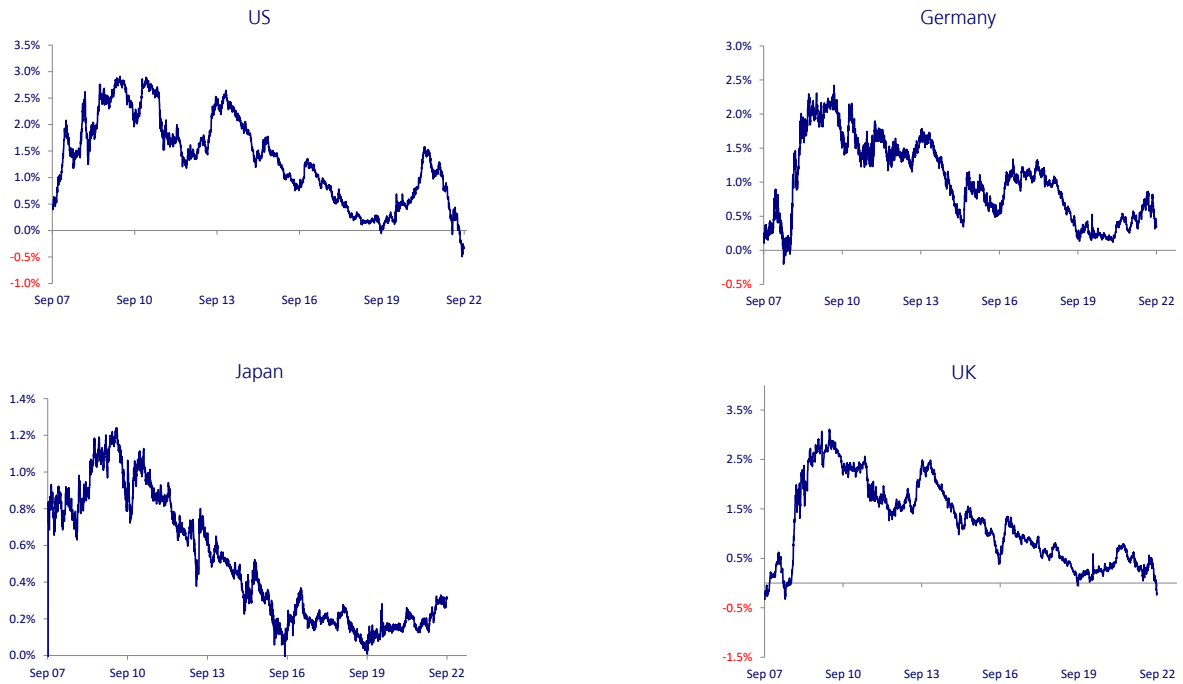
### Overbought / Oversold



Source: Bloomberg

# Appendix 3

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



Source: Bloomberg

## Spread Snapshot

Generic Government Yields (10yr)

Country	Spread over US Treasury (bps)			
	Sep-22	1m ago	3m ago	1yr ago
UK	-33	-77	-78	-60
Germany	-160	-179	-166	-167
Switzerland	-232	-213	-190	-161
Japan	-295	-239	-270	-126
Australia	48	48	55	-5
China	-57	17	-13	153
South Korea	51	60	47	65
Malaysia	79	132	128	191
Indonesia	394	455	401	479
Thailand	-77		-7	31
Philippines	86	n/a	n/a	n/a
Brazil	909	1,025	969	928
Mexico	586	591	586	570
Colombia	888	922	759	n/a
Peru	483	541	471	494

Generic Government Yields (10yr)

Country	Spread over German Bund (bps)			
	Sep-22	1m ago	3m ago	1yr ago
France	62	57	53	35
Netherlands	33	29	31	12
Belgium	65	61	61	33
Austria	64	55	57	23
Ireland	65	64	60	38
Italy	237	211	213	108
Spain	120	108	117	71
Portugal	109	101	120	58

Source: Bloomberg, ZIG

## Economic data

<b>US</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
ISM Manufacturing (Index)	59.7	60.5	60.8	60.6	58.8	57.6	58.6	57.1	55.4	56.1	53.0	52.8		down
ISM Non-Manufacturing (Index)	62.2	62.6	66.7	68.4	62.3	59.9	56.5	58.3	57.1	55.9	55.3	56.7		down
Durable Goods (% MoM)	1.6	-1.5	1.5	1.4	0.9	3.1	-0.7	0.7	0.4	0.8	2.2	0.0		up
Consumer Confidence (Index)	115.2	109.8	111.6	111.9	115.2	111.1	105.7	107.6	108.6	103.2	98.4	95.3	103.2	down
Retail Sales (% MoM)	15.7	14.3	16.5	18.6	16.8	13.7	17.7	7.1	7.8	8.7	8.5	10.3		down
Unemployment Rate (%)	5.2	4.7	4.6	4.2	3.9	4.0	3.8	3.6	3.6	3.6	3.6	3.5		down
Avg Hourly Earnings YoY (% YoY)	5.2	5.9	6.4	6.5	6.2	6.7	6.7	6.7	6.6	6.4	6.4	6.2		down
Change in Payrolls ('000, MoM)	517.0	424.0	677.0	647.0	588.0	504.0	714.0	398.0	368.0	386.0	398.0	528.0		down
PCE (% YoY)	3.6	3.7	4.2	4.7	4.9	5.1	5.3	5.2	4.9	4.7	4.8	4.6		down
GDP (% QoQ, Annualized)		2.3			6.9			-1.6			-0.6			
<b>UK</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
PMI Services (Index)	55.0	55.4	59.1	58.5	53.6	54.1	60.5	62.6	58.9	53.4	54.3	52.6	52.5	down
Consumer Confidence (Index)	-8.0	-13.0	-17.0	-14.0	-15.0	-19.0	-26.0	-31.0	-38.0	-40.0	-41.0	-41.0	-44.0	down
Unemployment Rate (%)	4.4	4.3	4.2	4.1	4.0	4.0	3.8	3.7	3.8	3.8	3.8			down
CPI (% YoY)	3.2	3.1	4.2	5.1	5.4	5.5	6.2	7.0	9.0	9.1	9.4	10.1		up
GDP (% YoY)		6.9			6.6			8.7			2.9			
<b>Eurozone</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
PMI Manufacturing (Index)	61.4	58.6	58.3	58.4	58.0	58.7	58.2	56.5	55.5	54.6	52.1	49.8	49.7	down
PMI Services (Index)	59.0	56.4	54.6	55.9	53.1	51.1	55.5	55.6	57.7	56.1	53.0	51.2	50.2	down
IFO Business Climate (Index)	99.5	99.3	98.2	96.9	95.0	96.0	98.8	90.8	92.0	93.2	92.2	88.7	88.5	down
Industrial Production (% MoM)	-1.7	-0.5	-1.2	2.6	1.4	-0.9	0.5	-1.7	0.5	2.1	0.7			up
Factory Orders GE (% MoM)	-9.6	2.9	-5.9	3.0	2.4	3.0	-1.6	-4.8	-1.7	-0.2	-0.4			up
Unemployment Rate (%)	7.5	7.3	7.3	7.1	7.0	6.9	6.8	6.7	6.6	6.6	6.6			down
M3 Growth (% YoY, 3 months MA)	8.0	7.6	7.7	7.3	6.9	6.5	6.4	6.2	6.1	5.8	5.7	5.5		down
CPI (% YoY)	3.0	3.4	4.1	4.9	5.0	5.1	5.9	7.4	7.4	8.1	8.6	8.9	9.1	up
Core CPI (% YoY)	1.6	1.9	2.0	2.6	2.6	2.3	2.7	3.0	3.5	3.8	3.7	4.0	4.3	up
GDP (% QoQ)		2.3			0.4			0.5			0.6			
<b>Switzerland</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
KOF Leading Indicator (Index)	113.6	111.0	110.1	107.5	107.0	107.3	104.8	99.0	102.9	97.1	96.1	90.5	86.5	down
PMI Manufacturing (Index)	67.0	67.6	65.7	63.8	64.2	63.8	62.6	64.0	62.5	60.0	59.1	58.0		down
Real Retail Sales (% YoY)	0.9	2.6	1.8	4.8	0.0	6.3	13.3	-6.3	-5.6	-1.3	0.7	2.6		up
Trade Balance (Billion, CHF)	5.1	5.0	5.3	6.0	3.5	3.1	5.9	2.8	4.1	3.1	3.7	3.6		down
CPI (% YoY)	0.9	0.9	1.2	1.5	1.5	1.6	2.2	2.4	2.5	2.9	3.4	3.4	3.5	up
<b>Japan</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
Nomura Manufacturing PMI (Index)	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	down
Machine Orders (% YoY)	17.0	12.5	2.9	11.6	5.1	5.1	4.3	7.6	19.0	7.4	6.5			down
Industrial Production (% YoY)	8.4	-2.5	-4.3	4.8	2.2	-0.8	0.5	-1.7	-4.9	-3.1	-2.8	-1.8		down
ECO Watchers Survey (Index)	34.3	43.3	56.2	58.5	58.6	35.9	36.6	48.9	50.7	52.6	51.8	43.5		up
Jobs to Applicants Ratio (Index)	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3		up
Labour Cash Earnings (% YoY)	0.6	0.2	0.2	0.8	-0.4	1.1	1.2	2.0	1.3	1.0	2.0			down
Department Store Sales (% YoY)	-11.7	-4.3	2.9	8.1	8.8	15.6	-0.7	4.6	19.0	57.8	11.7	9.6		up
Money Supply M2 (% YoY)	4.7	4.2	4.2	4.0	3.7	3.6	3.6	3.5	3.4	3.1	3.3	3.4		down
CPI Ex Food & Energy (% YoY)	-0.7	-0.8	-1.2	-1.2	-1.3	-1.9	-1.8	-1.6	0.1	0.2	0.2	0.4		up
Exports (% YoY)	26.2	13.0	9.4	20.5	17.5	9.6	19.1	14.7	12.5	15.8	19.3	19.0		up
<b>China</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
PMI Manufacturing (Index)	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	up
Industrial Production (% YoY)	5.3	3.1	3.5	3.8	4.3			5.0	-2.9	0.7	3.9	3.8		up
Retail Sales (% YoY)	2.5	4.4	4.9	3.9	1.7			-3.5	-11.1	-6.7	3.1	2.7		up
PPI (% YoY)	9.5	10.7	13.5	12.9	10.3	9.1	8.8	8.3	8.0	6.4	6.1	4.2		down
Exports (% YoY)	25.4	28.0	26.9	21.7	20.9	24.1	6.2	14.5	3.7	16.7	17.9	18.0		up
CPI (% YoY)	0.8	0.7	1.5	2.3	1.5	0.9	0.9	1.5	2.1	2.1	2.5	2.7		up
RRR (%)	12.0	12.0	12.0	12.0	11.5	11.5	11.5	11.5	11.3	11.3	11.3	11.3	11.3	down
GDP (% YoY)		4.9			4.0			4.8			0.4			down
PMI Non Manufacturing (Index)	50.1	49.6	49.2	50.1	50.3	50.1	50.2	49.5	47.4	49.6	50.2	49.0	49.4	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



## Appendix 5

### Economic data

<b>Australia</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
AiG Manufacturing (Index)	51.6	51.2	50.4	54.8	48.4	48.4	53.2	55.7	58.5	52.4	54.0	52.5	49.3	down
AiG Service (Index)	45.6	45.7	47.6	49.6	56.2	56.2	60.0	56.2	57.8	49.2	48.8	51.7		down
Westpac Consumer Confidence (% MoM)	-4.4	2.0	-1.5	0.6	-1.0	-2.0	-1.3	-4.2	-0.9	-5.6	-4.5	-3.0	-3.0	up
Building Approvals (% YoY)	34.4	18.3	-7.3	-7.7	-10.2	-22.1	-7.9	-34.1	-24.8	-20.0	-17.2	-25.9		up
Employment Change ('000, MoM)	-138.1	-138.2	-34.3	384.0	69.6	21.2	97.6	24.1	4.4	60.6	88.4	-40.9		down

<b>Brazil</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
CPI (% YoY)	9.7	10.3	10.7	10.7	10.1	10.4	10.5	11.3	12.1	11.7	11.9	10.1		down
Industrial Production (% YoY)	1.4	-0.6	-4.1	-7.8	-4.4	-5.0	-7.3	-4.1	-1.9	-0.5	0.5	-0.5		up
Retail Sales (% YoY)	5.7	-4.1	-5.2	-6.8	-4.2	-2.9	-1.5	1.3	4.9	4.5	-0.2	-0.3		down
Trade Balance (Millions, USD)	7659.1	4400.7	2063.7	-1110.1	4012.9	-20.5	4638.6	7614.2	8240.6	5035.7	8942.6	5438.5		down
Budget Balance Primary (Billions, BRL)	-29.7	-42.0	-25.0	-26.6	-54.2	84.1	-22.5	-26.5	-41.0	-66.0	-83.8	-22.5		down

<b>Chile</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
IMACEC Economic Activity Index (% YoY)	18.67	14.38	13.93	13.57	8.84	8.78	6.56	6.38	6.94	6.36	3.70			down
CPI (% YoY)	4.78	5.34	6.03	6.70	7.17	7.70	7.81	9.41	10.52	11.55	12.49	13.12		up
Retail Sales (% YoY)	19.28	22.54	15.43	14.22	13.48	10.62	11.02	19.58	-5.26	-6.08	-10.93			down
Industrial Production (% YoY)	4.78	-0.59	1.33	2.75	1.72	-1.10	-2.96	0.85	-3.61	1.78	-1.49	-5.07		up
Unemployment (%)	8.50	8.40	8.10	7.50	7.20	7.30	7.50	7.80	7.70	7.80	7.80	7.90		up

<b>Mexico</b>	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Trend*
PMI (Index)	51.0	50.2	51.4	50.9	52.9	48.3	51.0	51.9	52.5	51.1	49.3	52.2		down
CPI (% YoY)	5.6	6.0	6.2	7.4	7.4	7.1	7.3	7.5	7.7	7.7	8.0	8.2		up
Retail Sales (% YoY)	7.2	5.9	5.3	5.4	4.9	6.7	6.4	3.8	4.6	5.2	4.0			down
Industrial Production (% YoY)	6.5	-0.4	0.0	2.7	3.7	3.7	6.9	3.6	3.9	6.1	5.1			down
Remittances (Millions, USD)	4748.7	4408.9	4822.1	4661.6	4752.2	3918.2	3911.3	4692.5	4718.1	5172.5	5152.5			down

Datasource: Bloomberg

\*Trend = Last 3m - Previous 3m



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