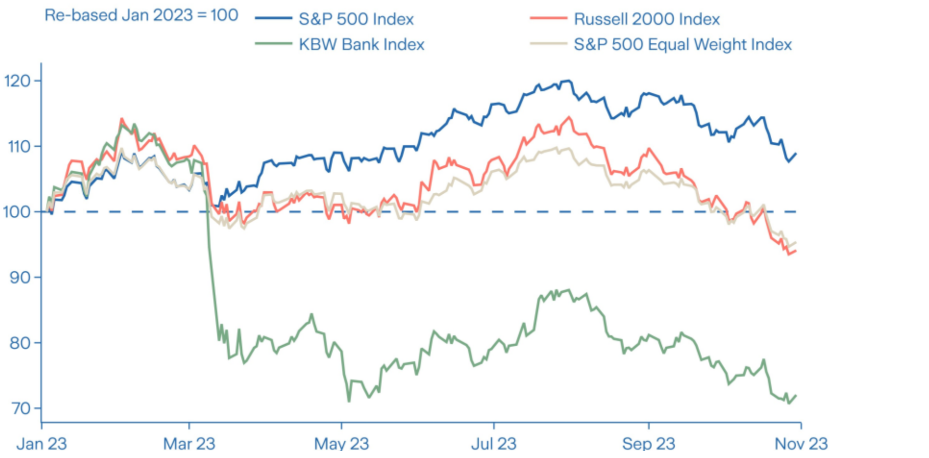
Monthly Investment Insights

1 November 2023

The S&P 500 is in correction territory as market constituents paint an ugly picture



Source: Bloomberg

The horrors in the Middle East take a shocking human toll, but with oil prices contained investors have focused on elevated interest rates, an underwhelming earnings season and reduced exposures to risk assets. The US equity markets are in correction territory, down more than 10% from summer highs, and corporate defaults rising, making the outlook particularly opaque as the end of the year comes into sight. While stocks may bounce from the recent sell-off, we see economic and corporate headwinds building that will refocus investor attention away from the risks of high interest rates towards those of slowing activity and worsening financial metrics.

There is no doubt that the resilience of the US economy has surprised us, but it seems to be the global outlier. Despite the Fed's policy rate being at a 22-year high, the latest readings on consumption and the labour market suggest that the important holiday season could be good for spending, which would keep the Fed sounding hawkish. But with 30yr fixed mortgage rates hitting a multi-decade high of over 8%, auto loan rates spiking and corporate refinancing costs ballooning, we still believe there is a growing vulnerability. This is much more evident in other countries. Activity in the Eurozone and the UK remains recessionary, as confirmed by latest data. Better prospects for Japan have dimmed recently, and China is struggling to bolster a fragmented and unbalanced growth picture. Consequently, while investors have been unsettled by rising fiscal deficits and the emphasis of policy makers on a higher-for-longer rate outlook, growth fears are likely to resurface.

The recent re-steepening of yield curves lends credence to this. Having been inverted for the longest period in decades, a notable steepening from inverted levels has historically been a precursor of recessions as investors start to look towards changing monetary policy. The current earnings period is also showing ominous signs. Consumer sensitive sectors, from autos and credit cards to shipping companies and luxury brands, all indicate challenging times ahead. What is notable from the chart above is the undercurrent within equity markets, notably in the US. Following a robust first half of the year, an increasingly broad swath of listed stocks have turned lower. Banking stocks failed to recover from their near death experience in the spring and are even lower today, perhaps indicative of rising defaults and credit risks, while small cap companies are also down on the year as high funding costs and squeezed margins scare investors.

Market Assessment

Key developments

- Middle East atrocities inflict a brutal human cost, but oil supply has not been disrupted and prices remain below September levels
- The ECB pauses after 10 consecutive rate hikes with regional inflation showing meaningful improvement
- Yield curves steepen appreciably as 10yr Treasury yields breach 5% before moderating

Zurich's view

We believe that we are approaching an inflection point for investors as fears shift from interest rate and inflation concerns to that of growth. The combination of sticky core and services inflation and hawkish central bank policy has pushed yields dramatically higher and undermined risk assets. Surging real yields will be a profound headwind for economic activity in many developed economies and is adding to an already disruptive funding environment for both corporates and households.

The scale of the move in yields seems overdone and government bonds will be attractive once negative momentum starts to turn. Credit markets remain unattractive offering minimal risk premia with compressed spreads that are not representative of a mature cycle and rising defaults. Equities may be oversold short term and may well bounce, but they are at risk of further downside given poor market technicals and still deteriorating fundamentals.

	Key developments	Zurich's view
Global	• Global growth remains below trend as services activity weakens while manufacturing momentum ticks higher • Inflation continues to fall, but sticky services inflation remains problematic • Government bonds remain unloved on concerns around fiscal excesses and still sticky inflation	Growth dynamics are divergent, with solid growth in the US while activity remains downbeat in Europe and China. The Flash PMIs surprised to the downside in October on the back of weaker services activity while manufacturing ticked higher, with further signs that the global industrial cycle may be past its trough. Inflation continues to fall, but services inflation is still elevated and oil prices have rebounded. Central banks are mostly done hiking but will maintain their hawkish guidance for now as underlying inflation trends remain elevated. Bond yields have surged despite geopolitical turmoil, which will provide additional headwinds for the global economy in the months ahead.
US	• GDP grew at an annualised rate of 4.9% in Q3, driven by a substantial pickup in consumption • Headline CPI inflation slowed from 0.6% MoM in August to 0.4% in September, leaving the annual rate at 3.7% • The housing market remains under pressure as real yields soar	The economy and particularly consumer spending have shown remarkable resilience given the Fed's most aggressive tightening in decades. GDP grew at an annualised rate of 4.9% in Q3, driven by a substantial pickup in consumption. This is unlikely to last, however, as growth headwinds are intensifying. The housing market remains under pressure, consumer sentiment deteriorated in October, and soaring real yields will weigh on spending and investment. Meanwhile, headline CPI inflation slowed to 0.4% MoM in September from 0.6% the month before, leaving the annual rate at 3.7%. Core CPI rose 0.3% MoM, the same as in August, leading to a slowdown in the annual rate from 4.3% to 4.1%. Following a short break, stock markets continued their decline with the S&P 500 falling to the lowest level since May.
UK	• Growth headwinds persist with PMIs signalling a modest contraction • Inflation remains elevated as rising fuel costs compensate other components • High living costs and a deteriorating economic outlook weigh on consumer confidence	Business activity continues to face headwinds with the Composite PMI basically unchanged at 48.6 in October and in contractionary territory for three months now, signalling a modest decline in GDP. Encouragingly, cost pressures have continued to moderate, and softer employment conditions are expected to reduce wage pressure going forward. Meanwhile, headline inflation remained at 6.7% YoY in September as rising fuel costs have compensated for disinflation in other components. Core inflation ticked down to 6.1% YoY from 6.2% the month before. Households continue to feel the pressure of high living costs and a deteriorating economic outlook. Accordingly, consumer sentiment worsened substantially in October, which is also reflected in a significant slowdown in spending.
Eurozone	• The ECB sees current policy as sufficiently restrictive and shifts its policy emphasis to the weak growth outlook though inflation risks remain • Data, primarily on the sentiment side, are consistent with stagnating growth and mild contractions rather than a severe downturn • Eurozone bonds yields rise less than peers; equities give back all of their year to date gains vs the US	The economic outlook is weak, and we expect a mild recession in coming quarters. Data is consistent with stagnation rather than a severe downturn. Labour markets measures, such as overall employment levels, are still historically strong. However, job vacancies and wage growth are falling. The ECB is signalling it is comfort with rates at 4%, placing more weight on the poor growth outlook. There are risks of complacency, but recent data do suggest a genuine slowing in inflation. The full effects of tightening are yet to be felt. We see highly rated government bonds as more insulated from further price falls while the outlook for peripheral bonds is more mixed. Equities have retraced their recent gains vs the US as investor optimism has unwound. We see limited catalysts for outperformance here.
Switzerland	• Growth remains well below trend, but further declines are arrested • Inflation falls faster than expected with domestic and core price pressures easing • The SNB keeps rates on hold as inflation improves and the currency remains strong	The Manufacturing PMI surprised to the upside in September, with both current output and orders backlogs rising from deeply contractionary levels. This is encouraging and consistent with leading global trade data that indicate that the industrial sector may be troughing, which is also visible in the decent rebound in Swiss exports in Q3. The Services PMI also improved, with downbeat sentiment over the summer period appearing to ebb, likely reflecting a combination of easing inflation concerns, a dovish shift from the SNB, and stabilisation in the banking sector. We maintain our below consensus forecast but expect the economy to remain relatively resilient in the months ahead.

	Key developments	Zurich's view
Japan	• The MSCI Japan has given up some of its prior gains in the last weeks • JGB yields are heading higher, up another 19bps in October • The yen has managed to climb above 150 with BoJ intervention looming	The MSCI Japan is trading at the bottom of a five-month old rollercoaster range, with technical support at around 1,320 for the 200-day moving average. Following its rally from April to June, the index failed to break higher, even though Japan is the most favoured equity market in the APAC region, according to positioning and sentiment surveys. The BoJ has de facto limited YCC, changing its need to intervene above the 1% JGB yield mark to 'can' instead of 'must'. Investor focus is now moving to a potential end of the BoJ's negative interest rate policy (NIRP). The earnings reporting season for fiscal half-year results will also move into focus in November. Finally, we expect more details about the fiscal stimulus program and the supplementary budget, which investors will also keep a close eye on.
China	• The MSCI China continues to head south with shallow signs of a potential bottoming • China remains the most unloved equity market in the region • The yuan is holding steady	The MSCI China continued to hover in its three-month downward sloping trading channel. Investors focused on the prevailing property market problems, ignoring signs of an economic recovery and public stimulus measures. Surveys show that Chinese equities are the most unloved and underweighted equity market in the APAC region, with valuations at the bottom of a multi-year channel. At the end of October some cautious optimism appeared to return to the market after the NPC standing committee approved a RMB 1tn budget expansion to support infrastructure investment, raising the fiscal deficit from 3.0% of GDP to ~3.8%. Signs of an improvement in the US-China relationship and hopes of more monetary easing following President Xi's visit to the PBoC also added to some optimism.
Australia	• Despite dropping in October, Australian equities keep outperforming global equities • While overall consumption is rising, per-capita consumption is falling • Although inflation is falling on a YoY basis, it exceeded consensus expectations in Q3	The MSCI Australia has been hovering in a 1,365 – 1,500 range so far this year, but broke below it towards the end of October. Conversely, on a basis relative to the MSCI World, Australian equities have steadily crawled upwards, marking a five-month high at the end of October. Investors are focussing on consumption and inflation trends. Retail sales rose much more quickly in September than consensus had anticipated, underpinning solid private consumption, which is still being supported by the drawdown of savings accumulated during the Covid period. However, consumption is falling on a per-capita basis when taking into account that immigration has massively exceeded forecasts. Higher than expected inflation data for Q3 will keep the RBA on alert.
ASEAN	• The MSCI ASEAN tumbles, underperforming global equities • Regional central banks remain hawkish • The Indonesian rupiah continues to depreciate	While the MSCI ASEAN fell about 13.5% in the three months from August to October, it underperformed the MSCI World by only 2.5%. The MSCI Malaysia held rather steady and Vietnam suffered the most in the month of October. Singapore's Monetary Authority (MAS) maintained its hawkish stance. As FX policies are already rather restrictive, we do not expect any change in policy for the time being. Meanwhile, Bank Indonesia surprisingly hiked its policy rate by 25bps to 6% in order to tame its six-month long currency depreciation trend. Malaysia's 2024 budget shows that fiscal tightening is on its way, mainly in the form of cutting subsidies, which will spur inflation and keep Bank Negara Malaysia on guard. The Bank of Thailand raised its policy rate by 25bps to 2.5%, which it considers to be the neutral rate.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

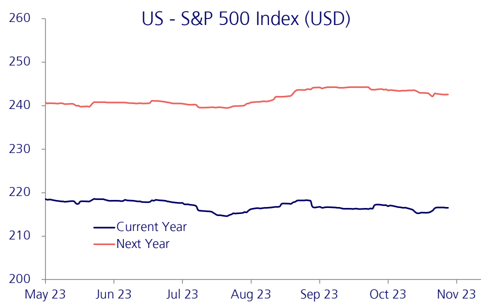
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02	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

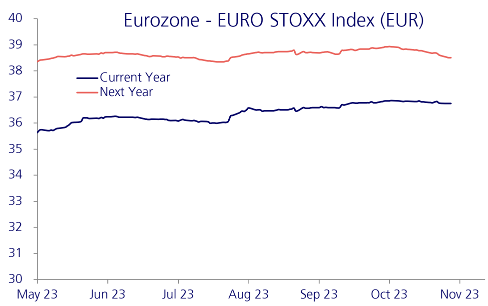
Current trailing valuations relative to MSCI world

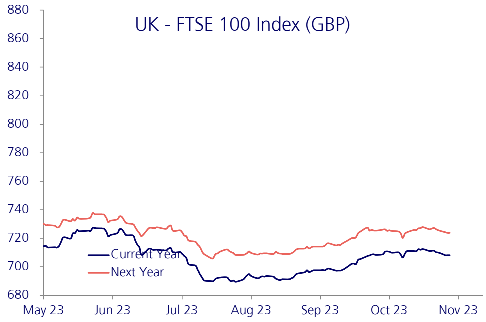
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34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

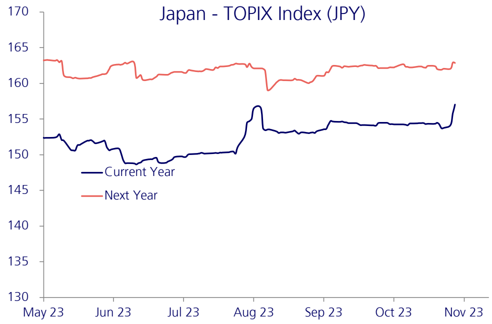
Source: Datastream

Earnings estimates - Full fiscal years



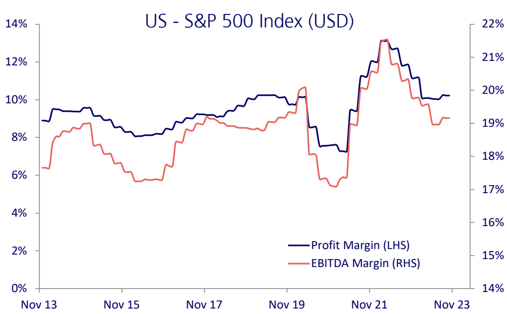


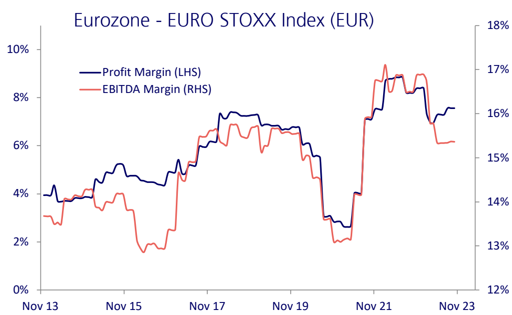


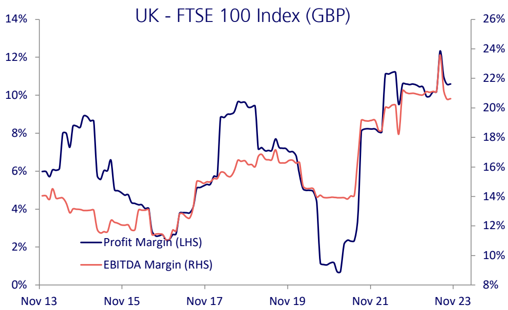


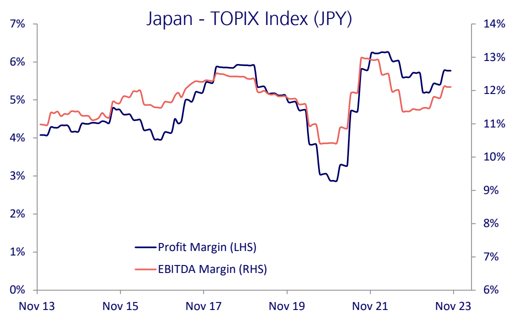
Source: Bloomberg

Historical margins









Source: Bloomberg

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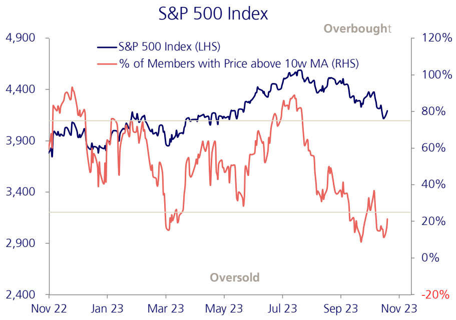
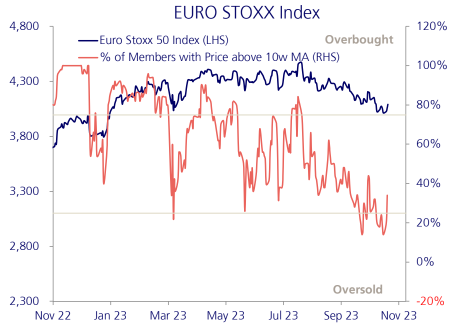
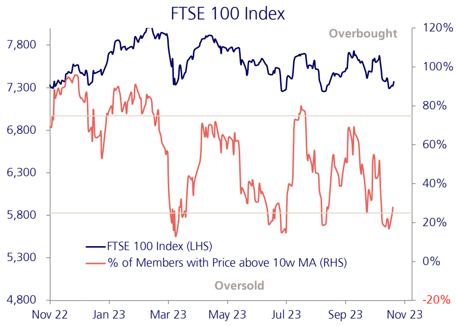
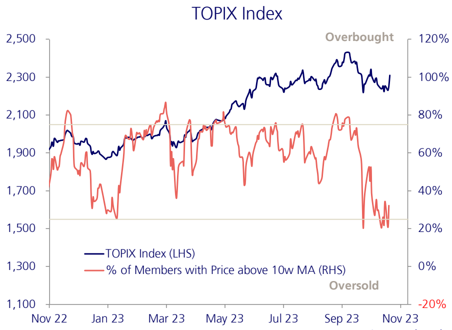
Overbought / Oversold









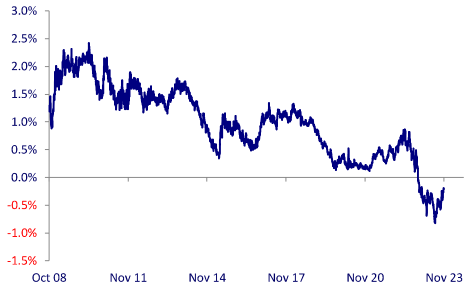
Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)

US

Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Nov-23	1m ago	3m ago	1yr ago
UK	-34	-13	29	-57
Germany	-204	-173	-157	-191
Switzerland	-368	-347	-313	-289
Japan	-387	-381	-352	-378
Australia	11	-9	-7	-28
China	-214	-189	-152	-138
South Korea	-55	-56	-32	9
Malaysia	-76	-59	-31	32
Indonesia	224	234	212	344
Thailand	-160		-156	-83
Philippines	-77	n/a	n/a	n/a
Brazil	703	n/a	669	783
Mexico	535	531	483	578
Colombia	692	721	644	n/a
Peru	284	289	275	436

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Nov-23	1m ago	3m ago	1yr ago
France	62	56	53	54
Netherlands	35	35	33	31
Belgium	66	66	65	60
Austria	64	62	60	71
Ireland	44	41	39	50
Italy	197	194	167	213
Spain	108	109	104	108
Portugal	70	76	73	99

Source: Bloomberg, ZIG

Economic data

US	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
ISM Manufacturing (Index)	50.0	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	47.6	49.0		up
ISM Non-Manufacturing (Index)	54.5	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9	52.7	54.5	53.6		up
Durable Goods (% MoM)	1.0	-3.1	4.5	-1.3	-2.7	3.3	1.2	2.0	4.3	-5.6	-0.1	4.7		down
Consumer Confidence (Index)	102.2	101.4	109.0	106.0	103.4	104.0	103.7	102.5	110.1	114.0	108.7	104.3	102.6	down
Retail Sales (% MoM)	8.8	6.1	6.0	7.4	5.3	2.2	1.3	2.1	1.5	2.8	2.9	3.8		up
Unemployment Rate (%)	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6	3.5	3.8	3.8		up
Avg Hourly Earnings YoY (% YoY)	5.7	5.7	5.4	5.2	5.3	5.2	4.9	4.9	4.7	4.7	4.5	4.3		down
Change in Payrolls ('000, MoM)	324.0	290.0	239.0	472.0	248.0	217.0	217.0	281.0	105.0	236.0	227.0	336.0		up
PCE (% YoY)	5.3	5.1	4.9	4.9	4.8	4.8	4.8	4.7	4.3	4.3	3.8	3.7		down
GDP (%, QoQ, Annualized)			2.6			2.2			2.1			4.9		up

UK	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
PMI Services (Index)	48.8	48.8	49.9	48.7	53.5	52.9	55.9	55.2	53.7	51.5	49.5	49.3	49.2	down
Consumer Confidence (Index)	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0	-30.0	-27.0	-24.0	-30.0	-25.0	-21.0	-30.0	up
Unemployment Rate (%)	3.7	3.7	3.7	3.7	3.8	3.9	3.8	4.0	4.2	4.3				down
CPI (% YoY)	11.1	10.7	10.5	10.1	10.4	10.1	8.7	8.7	7.9	6.8	6.7	6.7		down
GDP (% YoY)			0.7			0.5			0.6					

Eurozone	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
PMI Manufacturing (Index)	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	43.5	43.4	43.0	down
PMI Services (Index)	48.6	48.5	49.8	50.8	52.7	55.0	56.2	55.1	52.0	50.9	47.9	48.7	47.8	down
IFO Business Climate (Index)	85.3	86.8	88.7	90.1	90.8	92.9	93.2	91.5	88.7	87.3	85.8	85.8	86.9	down
Industrial Production (% MoM)	-2.1	0.7	-1.8	0.3	1.1	-4.0	1.2	0.0	0.1	-1.3	0.6			down
Factory Orders GE (% MoM)	0.1	-2.8	1.8	0.6	4.3	-10.7	0.1	6.2	7.6	-11.3	3.9			down
Unemployment Rate (%)	6.7	6.7	6.7	6.7	6.6	6.5	6.5	6.5	6.4	6.5	6.4			down
M3 Growth (% YoY, 3 months MA)	4.9	4.6	3.8	3.1	2.6	2.1	1.4	0.9	0.5	-0.4	-1.3	-1.2		down
CPI (% YoY)	10.6	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	5.2	4.3	2.9	down
Core CPI (% YoY)	5.0	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	5.3	4.5	4.2	down
GDP (% QoQ)			0.0			0.0			0.2			-0.1		down

Switzerland	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
KOF Leading Indicator (Index)	92.1	98.0	99.0	101.7	101.4	100.4	97.9	95.8	93.8	96.1	95.6	95.9	95.8	up
PMI Manufacturing (Index)	55.4	54.4	54.5	49.3	48.9	47.0	45.3	43.2	44.9	38.5	39.9	44.9	40.6	down
Real Retail Sales (% YoY)	-2.5	-1.8	-3.4	-2.0	-0.7	-2.1	-4.0	-1.4	0.8	-2.7	-2.2	-0.6		down
Trade Balance (Billion, CHF)	4.2	2.2	2.4	4.9	3.3	4.6	2.5	5.4	4.8	3.0	3.8	6.3		up
CPI (% YoY)	3.0	3.0	2.8	3.3	3.4	2.9	2.6	2.2	1.7	1.6	1.6	1.7		down

Japan	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
Nomura Manufacturing PMI (Index)	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	49.6	48.5	48.7	down
Machine Orders (% YoY)	0.4	-3.7	-6.6	4.5	9.8	-3.5	-5.9	-8.7	-5.8	-13.0	-7.7			down
Industrial Production (% YoY)	3.1	-1.4	-2.2	-2.8	-0.6	-0.8	-0.7	4.2	0.0	-2.3	-4.4	-4.6		down
ECO Watchers Survey (Index)	51.1	49.7	49.0	46.5	51.0	55.2	55.7	54.5	53.6	54.1	52.8	50.4		down
Jobs to Applicants Ratio (Index)	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3		down
Labour Cash Earnings (% YoY)	1.4	1.9	4.1	0.8	0.8	1.3	0.8	2.9	2.3	1.1	0.8			down
Department Store Sales (% YoY)	11.4	4.5	4.0	15.1	20.4	9.8	8.6	6.3	7.0	8.6	11.8	9.2		up
Money Supply M2 (% YoY)	3.1	3.1	2.9	2.7	2.6	2.5	2.6	2.6	2.6	2.5	2.5	2.4		down
CPI Ex Food & Energy (% YoY)	1.5	1.5	1.6	1.9	2.1	2.3	2.5	2.6	2.6	2.7	2.7	2.6		up
Exports (% YoY)	25.3	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5	-0.3	-0.8	4.3		down

China	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
PMI Manufacturing (Index)	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5	up
Industrial Production (% YoY)	5.0	2.2	1.3			3.9	5.6	3.5	4.4	3.7	4.5	4.5		down
Retail Sales (% YoY)	-0.5	-5.9	-1.8			10.6	18.4	12.7	3.1	2.5	4.6	5.5		down
PPI (% YoY)	-1.3	-1.3	-0.7	-0.8	-1.4	-2.5	-3.6	-4.6	-5.4	-4.4	-3.0	-2.5		up
Exports (% YoY)	-0.3	-9.0	-9.9	-11.9	-3.0	11.2	7.1	-7.4	-12.3	-14.3	-8.7	-6.2		down
CPI (% YoY)	2.1	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0	-0.3	0.1	0.0		down
RRR (%)	11.3	11.3	11.0	11.0	11.0	10.8	10.8	10.8	10.8	10.8	10.8	10.5	10.5	down
GDP (% YoY)			2.9			4.5			6.3			4.9		down
PMI Non Manufacturing (Index)	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	49.7	50.2	49.5	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Appendix 5

Economic data

Australia	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
AiG Manufacturing (Index)	49.6	44.7												neutral
AiG Service (Index)	47.7	45.6												neutral
Westpac Consumer Confidence (% MoM)	-0.9	-6.9	3.0	5.0	-6.9	0.0	9.4	-7.9	0.2	2.7	-0.4	-1.5	2.9	up
Building Approvals (% YoY)	-4.7	-7.2	-0.8	-7.0	-29.1	-13.3	-18.3	-8.8	-17.9	-10.4	-22.3	-20.6		down
Employment Change ('000, MoM)	41.5	59.9	-9.1	13.1	59.5	70.7	-10.9	74.4	26.1	-0.7	63.3	6.7		down

Brazil	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
CPI (% YoY)	6.5	5.9	5.8	5.8	5.6	4.7	4.2	3.9	3.2	4.0	4.6	5.2		up
Industrial Production (% YoY)	1.2	0.8	-0.4	0.3	-2.5	1.0	-2.7	1.9	0.2	-1.2	0.5	0.6		up
Retail Sales (% YoY)	3.2	2.7	1.4	0.4	2.7	1.1	3.3	0.5	-1.1	1.4	2.4	2.3		up
Trade Balance (Millions, USD)	3375.4	6200.3	4533.4	2310.0	2569.5	10747.3	7929.3	10962.8	10146.3	8890.3	9545.1	8904.4		down
Budget Balance Primary (Billions, BRL)	-60.6	-14.5	-70.4	-70.8	46.7	-90.6	-79.5	-25.4	-119.2	-89.6	-81.9	-106.6		down

Chile	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
IMACEC Economic Activity Index (% YoY)	-1.46	-3.33	-2.02	0.24	-0.54	-2.06	-0.89	-1.63	-0.77	1.78	-0.92			up
CPI (% YoY)	12.81	13.34	12.79	12.33	11.95	11.09	9.91	8.73	7.56	6.48	5.32	5.12		down
Retail Sales (% YoY)	-15.39	-11.10	-10.43	-9.26	-8.07	-10.64	-10.63	-13.21	-10.37	-9.43	-5.36			up
Industrial Production (% YoY)	-3.87	-4.78	-0.60	1.01	-0.77	-5.62	-1.62	-4.31	-2.32	-1.62	0.30	1.53		up
Unemployment (%)	8.00	7.90	7.90	8.00	8.40	8.80	8.70	8.50	8.50	8.80	9.00	8.90		up

Mexico	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Trend*
PMI (Index)	50.2	51.0	51.4	49.8	51.3	49.6	50.1	49.8	51.0	51.2	52.2	51.5		up
CPI (% YoY)	8.4	7.8	7.8	7.9	7.6	6.9	6.3	5.8	5.1	4.8	4.6	4.5		down
Retail Sales (% YoY)	7.8	6.0	7.3	8.8	5.4	1.7	3.5	2.8	5.9	5.1	3.2			down
Indutrial Production (% YoY)	6.3	6.6	3.8	4.5	2.1	1.7	1.2	2.3	1.7	0.8	-0.6			down
Remittances (Millions, USD)	5361.4	4817.6	5353.0	4425.1	4359.1	5186.1	5001.6	5696.9	5575.2	5651.5	5563.3			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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