

Monthly Investment Insights

2 August 2024



Investors flock from tech to financials and small caps



Source: Bloomberg (Note: Rebased Aug 2023 = 100)

Global equity markets experienced notable corrections in July, marked by a sell-off in the tech-heavy S&P 500 Index. Earnings season has been disappointing in Europe amid China's demand weakness while emerging markets remain in the shadows.

We view the recent tech stock corrections as a healthy development within a bull market in the US. As our [Mid-year Outlook](#) highlighted, the stretched valuations of tech stocks make them prone to corrections. Recent price movements confirm this vulnerability. While AI holds transformative potential, high earnings expectations for tech firms make beating projections more difficult, with uncertainty about AI's return on investment still hanging in the air. With the US reporting season about halfway through, the results presented so far are mixed. While the share of companies beating earnings is still above the long-term average, the average earnings surprise has been more modest. Furthermore, while the market is rewarding positive surprises only modestly, a disappointing result or a more cautious outlook can trigger substantial setbacks in the stock price.

Encouragingly, there has been a rotation from tech stocks into laggards like financials and small-caps, partly driven by expectations of a Fed rate cut in September. Recent developments around the upcoming US elections add a new dimension to market dynamics, with various industries poised to benefit differently depending on the election outcome.

On the macro front, price pressures eased in June at both headline and core levels in the US. These trends are mirrored across developed markets. This suggests that most global central banks are on track with their cutting cycles. For now, the Goldilocks scenario persists as reflected in lower bond yields and ongoing market rotation.

Meanwhile, China's economic story remains underwhelming. Chinese stocks are cheap and significantly under-owned, but reversing entrenched market pessimism is challenging. The Third Plenum and the recent Politburo Meeting concluded without major stimulus announcements. However, policymakers seem intent on doing more, with the PBoC implementing some easing measures, including surprise rate cuts following the Third Plenum. However, these efforts have not been substantial or effective enough to counter domestic economic challenges, particularly from the demand side highlighted by weak consumer confidence, deflationary pressures and no meaningful signs of a property market turnaround.

Overall, we maintain a neutral stance on risk assets. Although the economic environment is favorable for stocks, political uncertainty and diminished momentum could increase volatility. Credit spreads are tight, both in absolute terms and relative to corporate fundamentals. We see potential for lower bond yields as inflation continues its downward trend, with the Fed likely to deliver the first rate cut in September.

Market Assessment

Key developments

- US inflation rates keep falling, increasing the odds of a Fed rate cut in September
- China's economy continues to slow with soft domestic demand and ongoing property market weakness
- Tech stocks sell off, while there is a strong rotation towards financials and small-caps

Zurich's view

Price pressures are easing globally, supporting further rate cuts by major central banks. A favorable macroeconomic backdrop persists for stocks, but expensive valuations and stretched momentum have triggered a tech stock sell-off. Financials and small-caps are starting to outperform, suggesting a market rotation in anticipation of Fed rate cuts.

In Europe, weak economic momentum cast a shadow over the equity market. Yet, we think some of the recent falls are overdone, particularly in the French index. Chinese stocks continue to underperform but we are encouraged by the PBoC's increasing measures to stimulate the economy. However, more efforts are needed to boost China's economy and restore investor confidence. For now, China's equities remain cheap and under-owned.

We maintain a neutral view on risk assets. While the economic backdrop supports stocks, political uncertainty and weakening momentum could lead to increased volatility. Credit spreads are narrow relative to corporate fundamentals. As inflation declines, we expect bond yields to continue falling.

Key developments	Zurich's view
<p>Global</p> <ul style="list-style-type: none"> • Service activity is holding up well while manufacturing still struggles in many regions • Inflation rates keep falling, but service inflation in particular remains elevated • Stock markets are taking a breather as investors expect a more volatile period ahead 	<p>Global growth is holding up well with service activity still more robust than manufacturing. Overall, business sentiment remains stable with some regional divergences still visible. Improved sentiment in the US and Japan contrasts with lower confidence in emerging markets and stable conditions in Europe. Hiring intentions have not changed significantly in recent months as many companies remain in a wait-and-see mode given the diverging outlook and the political uncertainty in a number of regions. Reassuringly, capex plans are ticking up in a sign of increasing corporate confidence. Inflation rates are slowly moving towards central banks' targets, but service inflation and wages remain elevated in many regions, limiting the extent of rate cuts in the near term.</p>
<p>US</p> <ul style="list-style-type: none"> • Giving in to rising pressure, Joe Biden withdraws from the 2024 presidential race • The economy is holding up well while the labour market keeps softening • Stock markets sold off from their all-time highs as high expectations are being tested 	<p>Financial markets have shown a muted reaction to Biden's decision, but the increased uncertainty around the election's outcome could still impact investor sentiment in the coming months. Meanwhile, the economy is holding up well. GDP growth reaccelerated to an annualised rate of 2.8% in Q2 from 1.4% in the first quarter. Price pressure keeps fading with headline and core inflation slowing to 3% YoY and 3.3% YoY in June respectively. We still expect the Fed to begin cutting rates in September. The stock market has fallen back from its record high, with the S&P 500 lost almost 4% from its peak while the Nasdaq suffered a loss of almost 8%. Although the economic environment still looks supportive for stocks, geopolitical uncertainty and weaker momentum could trigger a more volatile period.</p>
<p>UK</p> <ul style="list-style-type: none"> • As was widely expected, Labour won a large majority in the UK general election • Headline inflation remained at the Bank of England's target of 2% • Both manufacturing and service activity keep expanding moderately 	<p>Economic growth continued at a decent pace through Q2 and both manufacturing and service activity kept expanding moderately entering the third quarter. Meanwhile, headline inflation remained at the Bank of England's target of 2% in June. Core and particularly service inflation remain elevated but are expected to soften in the months ahead. The unemployment rate remained at 4.4% with wage growth slowing from 6% YoY in May to 5.7% YoY. Absent any major surprises, gilt yields have remained range-bound in the last few months. With a more stable political situation following Labour's clear election victory, investor sentiment towards the UK stock market is showing signs of improving. The FTSE 100 has slightly outperformed other markets in Europe and the US in recent weeks.</p>
<p>Eurozone</p> <ul style="list-style-type: none"> • The growth outlook is deteriorating, with manufacturing in particular continuing to struggle • We see two further ECB rate cuts this year, in September and in December, while policy remains in restrictive territory • We shift our preference from riskier assets towards fixed income and see scope for yields to fall 	<p>Evidence of a weaker growth outlook is building. We have seen two consecutive months of slowing indicators in both services and manufacturing across the region. Although absolute numbers are still consistent with positive growth, they are less so than before. Inflation is still above the ECB's target, but at 2.5% YoY it's a far cry from 2022 or 2023 levels. We think the ECB will continue to cut, likely again in September. The French political situation remains unresolved, with no clear timeline for government formation. Asset prices reflect the current circumstances in our opinion, and we see increased scope for lower bond yields, including in highly-rated sovereign debt. The equity outlook is more challenging. Policy support should be a positive, yet recent corporate earnings have been disappointing.</p>
<p>Japan</p> <ul style="list-style-type: none"> • The MSCI Japan marks a record high before retreating 10% • 10yr JGB yields fall back below the 1% mark • The yen strengthens after marking a 38-year extreme versus major currencies 	<p>Japan's headline equity indices, including the MSCI Japan, the Topix and the Nikkei 225 index, marked record highs before retreating on weakness in global tech stocks. The MSCI Japan corrected nearly 10% to a three-month low. In terms relative to global stocks, as reflected in the MSCI World index, Japanese equities even marked a six-month low. Meanwhile, 10yr JGB yields failed to surpass the 1.10% level for the third time since the first attempt in May, and even fell below 1% on the last day of July. The trade weighted yen, as well as the yen vs. the US dollar, weakened to a 38-year low before strengthening by about 8% on expectations of a switch in US Fed and Bank of Japan monetary policies. This week, the Bank of Japan delivered a surprise rate hike from 0.1% to 0.25% in its July meeting.</p>

	Key developments	Zurich's view
China	<ul style="list-style-type: none"> Chinese equities continue to fall 10yr bond yields mark a new low The 'Third Plenum' and the Politburo meeting disappoint equity investors 	<p>The MSCI China has given up about 80% of its performance since the April/May rally due to disappointment regarding the lacklustre policy responses to China's current economic weakness. Q2 GDP growth slowed markedly versus Q1, and the Third Plenum as well as the Politburo meeting did not meet high expectations for convincing policy support. 'H'-shares in particular have corrected significantly, giving up about 80% of their April/May rally gains. The global drop in technology stocks contributed amid the fact that major companies like Alibaba, Tencent and Meituan are heavyweights in the 'H'-share index HSCEI as well as the MSCI China. 10yr bond yields tumbled to a new low of 2.14% while the yuan traded in a volatile range versus the USD, having depreciated since the start of the year.</p>
Australia	<ul style="list-style-type: none"> Headline inflation is sticky, but core CPI continues to ease slightly Growth momentum remains weak Australia's equities have benefited from the rotation away from tech stocks 	<p>Q2 CPI rose by 3.8% YoY, up from 3.6% last quarter. The Trimmed Mean CPI, the favourite measure of the Reserve Bank of Australia (RBA), weakened slightly, reducing the likelihood of an August rate hike. Q1 growth has nearly stalled, suggesting that growth momentum is very weak, but there are some signs of a gradual recovery in consumption. The ASX200 hit a new high in July, driven by financials amid a global shift away from tech stocks. While the recent global equity sell-off has impacted sentiment in Australia, the correction in local equities has been milder relative to global stocks. The AUD and Australian government bond yields plunged, which appears to be an overreaction in the short term given that the RBA is likely to keep rates unchanged this year compared to a potentially more dovish Fed.</p>
ASEAN	<ul style="list-style-type: none"> Recent export and PMI softening after several strong months signal a volatile manufacturing recovery Most regional currencies, except the IDR, strengthen on expected Fed rate cuts ASEAN equities largely resist the global sell-off due to limited tech exposure 	<p>MSCI ASEAN fell slightly from its recent high and largely resisted the global sell-off due to limited tech exposure, except for MSCI Singapore, which was impacted by the Nasdaq-listed company, Grab Holdings. Most regional currencies, except the IDR, which is more sensitive to global risk sentiment than its regional peers, strengthened on the expectation of Fed rate cuts. Overall, ASEAN markets have a positive outlook based on a weaker dollar, easier financial conditions, and a gradual manufacturing recovery. However, uncertainties around China's growth, the US election, and Fed rate cuts mean ASEAN equities will take time to rebound. Nonetheless, growth remains steady and inflation anchored. Recent export and PMI softening, after previous strong months, signal a volatile recovery in manufacturing.</p>

Valuation snapshot (MSCI Indices)

Current training valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	26.3	15.8	14.8	20.2	17.4	17.4	11.7	7.2	14.2
12m Trailing P/B	5.0	2.2	1.9	4.0	1.6	1.8	1.2	1.3	1.9
12m Trailing P/CF	19.3	13.0	10.0	14.6	19.3	11.3	5.6	4.1	8.3
Dividend Yield	1.3	3.1	3.9	3.0	2.0	2.6	2.7	7.1	4.0
ROE	17.6	12.4	10.7	22.6	9.0	9.6	9.9	17.3	13.6

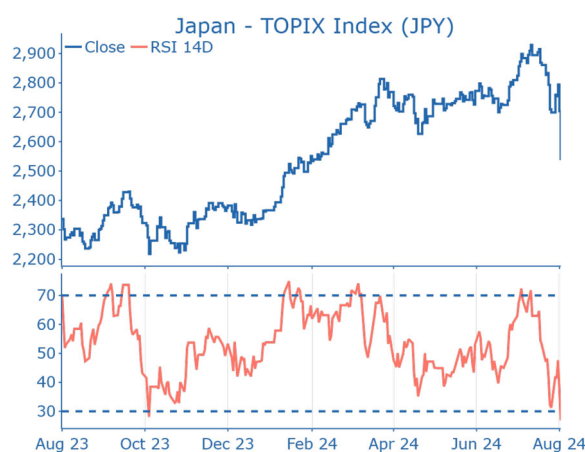
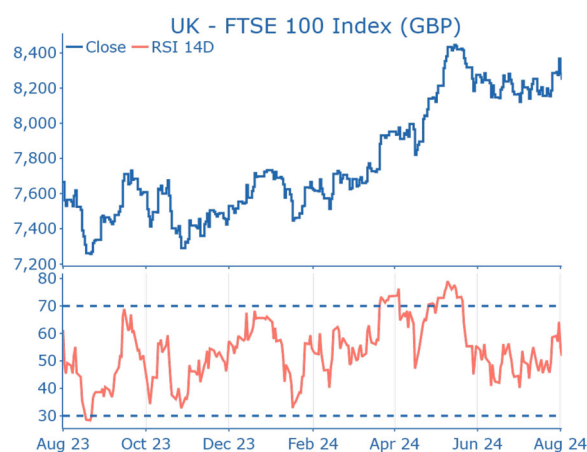
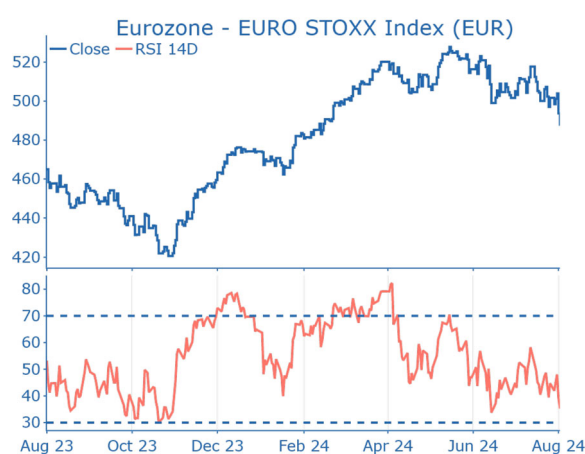
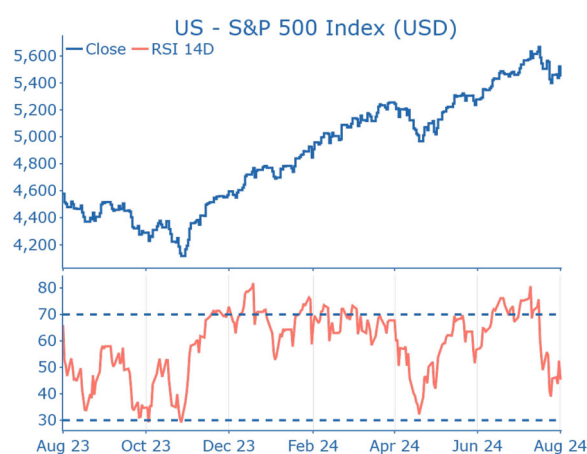
Current training valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.91	-6.55	-7.58	-2.23	-4.94	-5.03	-10.72	-15.14	-8.18
12m Trailing P/B	1.56	-1.28	-1.55	0.49	-1.87	-1.69	-2.24	-2.15	-1.53
12m Trailing P/CF	1.69	-4.55	-7.6	-2.99	1.71	-6.25	-11.98	-13.47	-9.33
Dividend Yield	-0.48	1.28	2.11	1.17	0.23	0.79	0.95	5.34	2.22
ROE	3.44	-1.7	-3.39	8.49	-5.1	-4.55	-4.27	3.2	-0.5

Source: Bloomberg

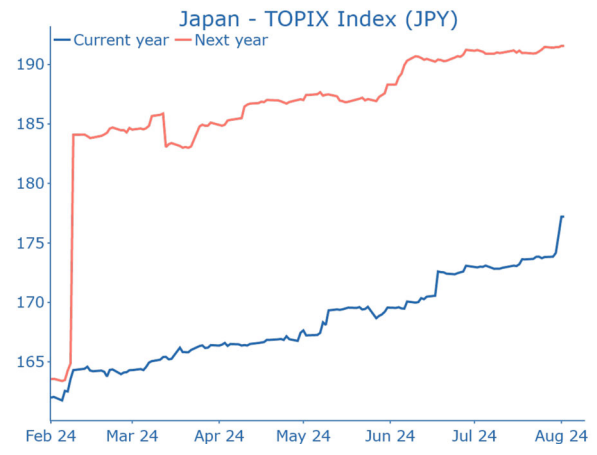
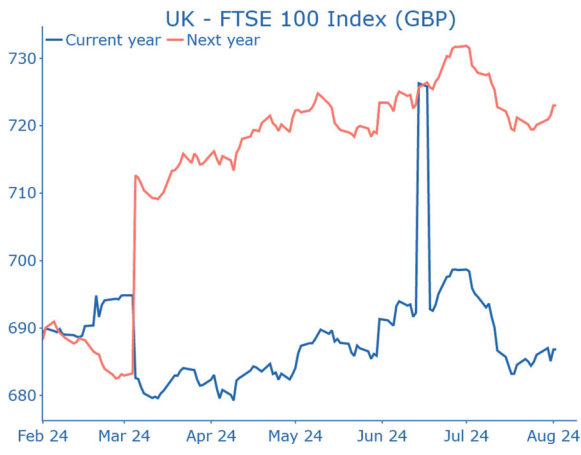
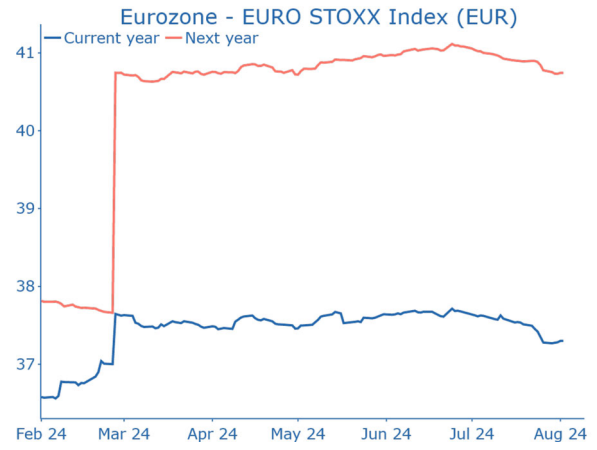
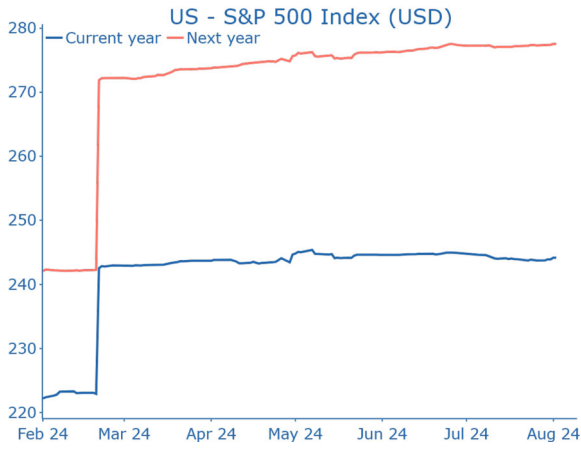
Overbought / Oversold*

* Overbought / Oversold = 14D RSI is above 70 / below 30



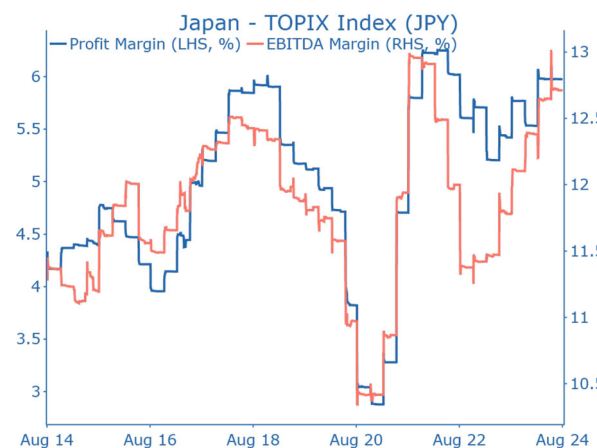
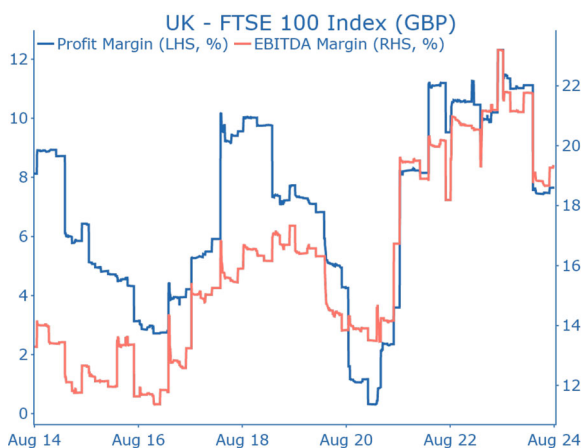
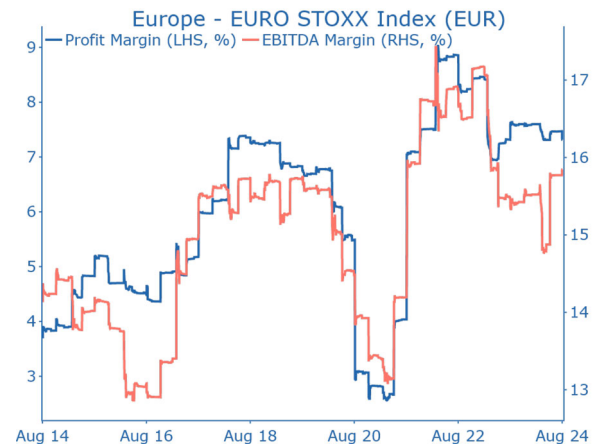
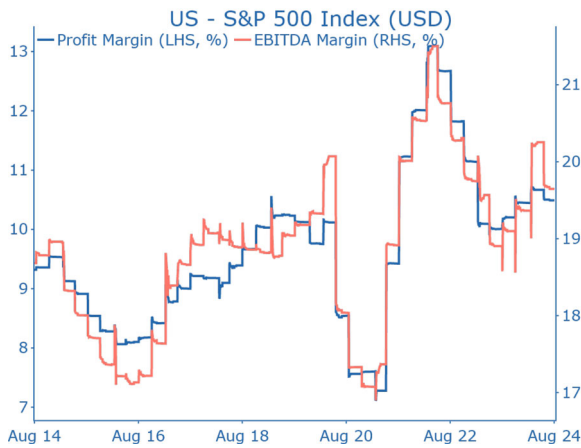
Source: Bloomberg

Earnings estimates - Full fiscal year



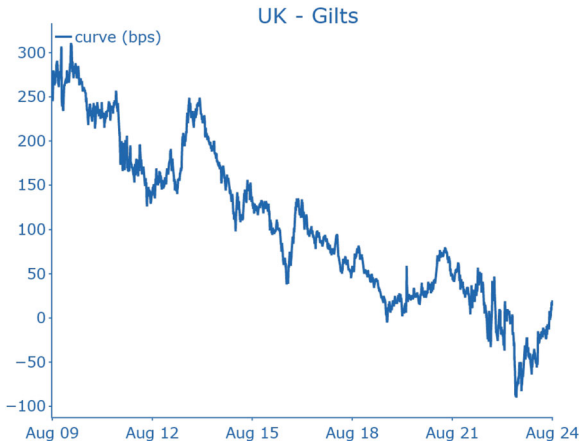
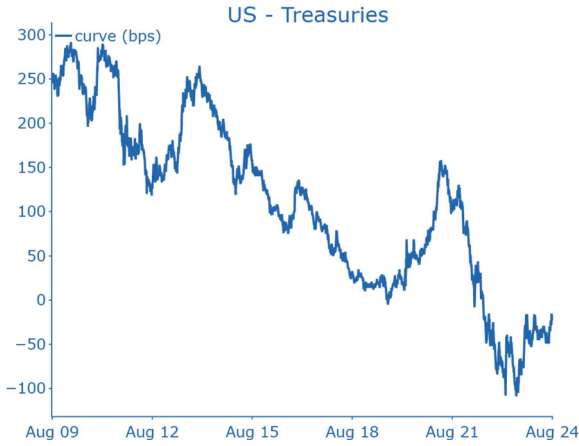
Source: Bloomberg

Historical margins



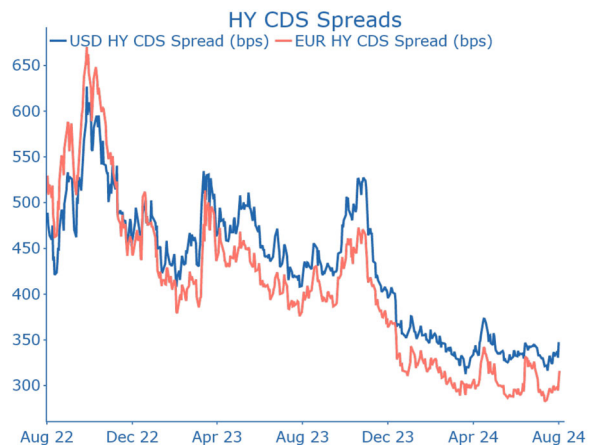
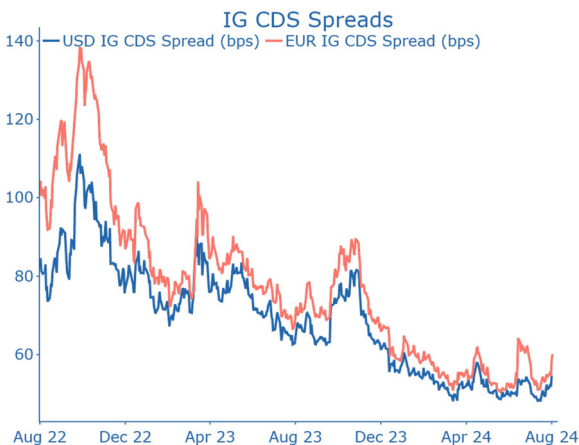
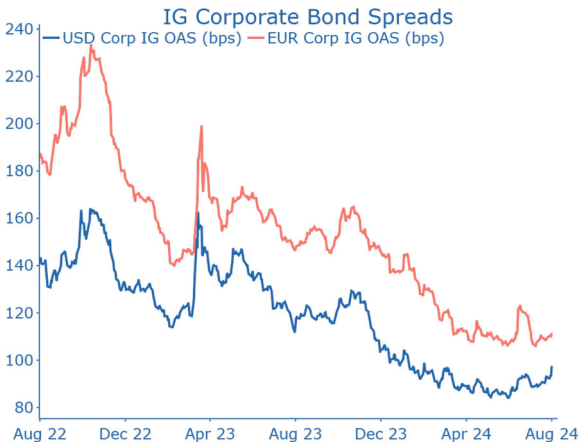
Source: Bloomberg

Yield Curve Steepness (10yr - 2yr)



Source: Bloomberg

Credit Markets (US & Europe)



Source: Bloomberg

Economic Data

US	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
ISM Manufacturing (Index)	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	down
ISM Non-Manufacturing (Index)	53.4	51.9	52.5	50.5	53.4	52.6	51.4	49.4	53.8	48.8	-	up
Durable Goods (% MoM)	2.0	-4.1	7.7	-4.4	-3.8	1.2	0.8	0.2	0.1	-6.6	-	down
Consumer Confidence (Index)	104.3	99.1	101.0	108.0	110.9	104.8	103.1	97.5	101.3	97.8	100.3	down
Retail Sales (% MoM)	4.2	2.7	4.0	5.5	0.3	2.1	3.6	2.8	2.6	2.3	-	down
Unemployment Rate (%)	3.8	3.8	3.7	3.7	3.7	3.9	3.8	3.9	4.0	4.1	-	up
Avg Hourly Earnings YoY (% YoY)	4.7	4.6	4.6	4.5	4.7	4.5	4.2	4.0	4.0	4.0	-	down
Change in Payrolls (000, MoM)	246.0	165.0	182.0	290.0	256.0	236.0	310.0	108.0	218.0	206.0	-	down
PCE (% YoY)	3.59	3.38	3.18	2.94	2.94	2.83	2.83	2.79	2.62	2.63	-	down
GDP (% QoQ, Annualized)	4.9	-	-	3.4	-	-	1.4	-	-	2.8	-	up

Eurozone	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI Manufacturing (Index)	43.4	43.1	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	45.8	up
PMI Services (Index)	48.7	47.8	48.7	48.8	48.4	50.2	51.5	53.3	53.2	52.8	51.9	up
IFO Business Climate (Index)	86.0	86.9	87.2	86.4	85.3	85.7	87.9	89.4	89.3	88.6	87.0	up
Industrial Production (% YoY)	-6.7	-6.3	-5.3	0.2	-6.5	-6.3	-1.2	-3.1	-2.9	-	-	up
Indeed 3m average wage growth (% YoY)	4.1	4.16	4.17	4.11	3.84	3.62	3.53	3.48	3.44	3.61	-	down
Unemployment Rate (%)	6.6	6.6	6.5	6.5	6.5	6.5	6.5	6.4	6.4	6.5	-	down
Euro-Area Credit Impulse (% SA)	-6.44	-5.89	-5.52	-2.5	-2.78	-2.02	-1.5	-1.11	-0.67	0.27	-	up
EUR HICP 5y5y Inflation Swaps	2.54	2.49	2.41	2.27	2.23	2.3	2.3	2.39	2.36	2.3	2.21	down
CPI (% YoY)	4.3	2.9	2.4	2.9	2.8	2.6	2.4	2.4	2.6	2.5	2.6	up
Core CPI (% YoY)	4.5	4.2	3.6	3.4	3.3	3.1	2.9	2.7	2.9	2.9	2.9	down
GDP (% QoQ)	0.0	-	-	0.0	-	-	0.3	-	-	0.3	-	down

UK	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI Manufacturing (Index)	44.3	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	up
PMI Services (Index)	49.3	49.5	50.9	53.4	54.3	53.8	53.1	55.0	52.9	52.1	52.4	down
Consumer Confidence (Index)	-27.0	-30.0	-24.0	-22.0	-19.0	-21.0	-21.0	-19.0	-17.0	-14.0	-13.0	up
Unemployment Rate (%)	4.1	4.0	3.9	3.8	4.0	4.2	4.3	4.4	4.4	-	-	up
CPI (% YoY)	6.7	4.6	3.9	4.0	4.0	3.4	3.2	2.3	2.0	2.0	-	down
House Prices (% YoY)	-5.3	-3.3	-2.0	-1.8	-0.2	1.2	1.6	0.6	1.3	1.5	2.1	up
Mortgage Approvals (SA, Thousands)	44.42	48.84	50.37	52.22	55.93	60.33	61.14	60.91	60.13	59.98	-	down
GDP (% YoY)	0.2	-	-	-0.2	-	-	0.3	-	-	-	-	down

Switzerland	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
KOF Leading Indicator (Index)	96.3	95.1	96.8	97.8	102.6	102.3	100.3	102.2	102.6	102.7	101.0	up
PMI Manufacturing (Index)	44.9	40.6	42.1	43.0	43.1	44.0	45.2	41.4	46.4	43.9	43.5	up
Real Retail Sales (% YoY)	-2.8	-2.0	-1.2	0.1	0.2	-0.1	-0.3	2.2	0.4	-	-	down
Trade Balance (Billion, CHF)	6.36	4.75	3.72	1.18	4.68	3.67	3.84	4.3	5.79	6.18	-	up
CPI (% YoY)	1.7	1.7	1.4	1.7	1.3	1.2	1.0	1.4	1.4	1.3	1.3	up

Japan	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI Manufacturing (Index)	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	49.1	up
Machinery Orders (% YoY)	-2.2	-2.2	-5.0	-0.7	-10.9	-1.8	2.7	0.7	10.8	-	-	up
Industrial Production (% YoY)	-4.5	0.9	-1.6	-1.1	-1.5	-3.9	-6.2	-1.8	1.1	-7.3	-	up
ECO Watchers Survey (Index)	50.4	49.9	49.8	50.9	47.4	50.3	52.4	50.2	46.8	47.3	-	down
Jobs to Applicants Ratio (Index)	1.29	1.29	1.27	1.27	1.27	1.26	1.28	1.26	1.24	1.23	-	down
Labour Cash Earnings (% YoY)	0.6	1.5	0.7	0.8	1.5	1.4	1.0	1.6	2.0	-	-	up
Retail Sales (% YoY)	9.2	6.1	7.4	5.4	7.1	14.0	9.9	8.9	14.4	14.0	-	up
Exports (% YoY)	4.3	1.6	-0.2	9.7	11.9	7.8	7.3	8.3	13.5	5.4	-	up
Money Supply M2 (% YoY)	2.4	2.4	2.3	2.3	2.5	2.4	2.5	2.2	1.9	1.5	-	down
CPI Ex Food & Energy (% YoY)	2.6	2.7	2.7	2.8	2.6	2.5	2.2	2.0	1.7	1.9	-	down

China	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
NBS PMI Manufacturing (Index)	50.2	49.5	49.4	49.0	49.2	49.1	50.8	50.4	49.5	49.5	49.4	down
NBS PMI Non Manufacturing (Index)	51.7	50.6	50.2	50.4	50.7	51.4	53.0	51.2	51.1	50.5	50.2	down
Industrial Production (% YoY)	4.5	4.6	6.6	6.8	-	-	4.5	6.7	5.6	5.3	-	down
Retail Sales (% YoY)	5.5	7.6	10.1	7.4	-	-	3.1	2.3	3.7	2.0	-	up
Exports (% YoY)	-6.8	-6.6	0.7	2.3	7.8	5.3	-7.7	1.3	7.6	8.6	-	up
CPI (% YoY)	6.3	4.1	5.4	2.3	2.1	4.7	1.2	2.0	2.8	3.7	-	up
PPI (% YoY)	-2.5	-2.6	-3.0	-2.7	-2.5	-2.7	-2.8	-2.5	-1.4	-0.8	-	up
RRR (%)	10.5	10.5	10.5	10.5	10.5	10.0	10.0	10.0	10.0	10.0	10.0	down
GDP (% YoY)	4.9	-	-	5.2	-	-	5.3	-	-	4.7	-	down

* Trend = Mean last 3m - Mean previous 3m
Source: Bloomberg

Economic Data

India	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI Manufacturing (Index)	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	down
PMI Services (Index)	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	61.1	down
Industrial Production (% YoY)	6.4	11.9	2.5	4.4	4.2	5.6	5.4	5.0	5.9	-	-	up
CPI (% YoY)	5.02	4.87	5.55	5.69	5.1	5.09	4.85	4.83	4.8	5.08	-	up
GDP (% YoY)	8.08	-	-	8.57	-	-	7.76	-	-	-	-	down

Australia	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
Westpac Leading Indicator	97.16	97.12	97.2	97.12	97.03	97.14	97.12	97.06	97.06	97.06	-	down
Retail Sales (% YoY)	1.93	1.14	2.17	0.84	1.02	1.6	0.94	1.34	1.74	2.93	2.56	up
Unemployment Rate (%)	3.6	3.8	3.9	3.9	4.1	3.7	3.9	4.1	4.0	4.1	-	up
Housing Prices (% YoY)	2.16	4.23	6.02	7.74	9.37	10.14	9.92	9.81	9.16	8.62	8.3	down
CPI (% MoM)	5.6	4.9	4.3	3.4	3.4	3.4	3.5	3.6	4.0	3.8	-	up

Brazil	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
CPI (% YoY)	4.61	5.19	4.82	4.68	4.62	4.51	4.5	3.93	3.69	3.93	4.23	down
Industrial Production (% YoY)	0.5	0.7	1.1	1.4	0.9	3.7	5.5	-2.8	8.4	-1.0	-	up
Retail Sales (% YoY)	2.5	3.2	0.3	2.6	1.3	4.0	8.1	5.7	2.1	8.1	-	down
Trade Balance (Millions, USD)	9632.61	9181.57	9180.92	8788.77	9323.16	6192.32	5203.58	7230.47	8568.49	8404.07	6710.96	up
Budget Balance (Billions, BRL)	-106.56	-99.78	-47.15	-80.89	-193.43	22.23	-113.86	-62.98	-69.64	-138.26	-135.72	down

Chile	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
Economic Activity Index (% YoY)	-0.65	0.25	0.99	1.05	-0.71	2.4	4.1	0.51	3.49	1.15	0.07	down
CPI (% YoY)	5.31	5.11	5.04	4.8	3.94	3.8	4.48	3.74	3.97	4.13	4.19	up
Retail Sales (% YoY)	-9.96	-4.14	-6.61	-2.5	-1.46	1.66	4.05	0.98	3.68	1.2	7.94	up
Industrial Production (% YoY)	0.47	2.76	2.23	2.75	-2.8	3.57	7.99	0.42	2.46	2.26	-1.02	down
Unemployment (%)	9.0	8.9	8.9	8.7	8.5	8.4	8.5	8.7	8.5	8.3	8.3	down

Mexico	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI (Index)	51.34	50.49	51.12	49.95	51.48	49.94	51.22	48.84	48.83	48.77	47.08	down
CPI (% YoY)	4.45	4.26	4.32	4.66	4.88	4.4	4.42	4.65	4.69	4.98	-	up
Retail Sales (% YoY)	2.3	3.4	2.7	-0.2	-0.8	3.0	-1.7	3.2	0.3	-	-	down
Industrial Production (% YoY)	1.26	1.19	0.03	-3.57	0.03	2.32	-5.03	3.76	-1.37	-	-	down
Remittances (Millions, USD)	5616.7	5817.8	4913.0	5496.9	4573.2	4494.8	5014.6	5422.3	5624.5	6213.2	-	up

* Trend = Mean last 3m - Mean previous 3m
Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Aug-2024	1M ago	3M ago	12M ago
UK	-9	-18	-29	32
Germany	-173	-182	-204	-154
Switzerland	-353	-370	-379	-307
Japan	-300	-334	-368	-344
China	-182	-219	-226	-141
India	295	258	257	307
Australia	10	-2	-13	-5
South Korea	-93	-115	-93	-29
Malaysia	-24	-55	-61	-23
Indonesia	289	269	260	217
Thailand	-137	-174	-182	-148
Philippines	217	221	241	232
Brazil	804	787	706	661
Mexico	589	557	521	484
Chile	208	181	153	136
Colombia	665	637	605	639
Peru	295	266	262	272

Spread over German Bund (bps)

Country	Aug-2024	1M ago	3M ago	12M ago
France	77	71	48	54
Netherlands	30	30	29	33
Belgium	63	58	53	65
Austria	54	51	48	61
Ireland	41	39	38	40
Italy	144	145	132	165
Spain	87	83	77	104
Portugal	67	66	62	74

Source: Bloomberg

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