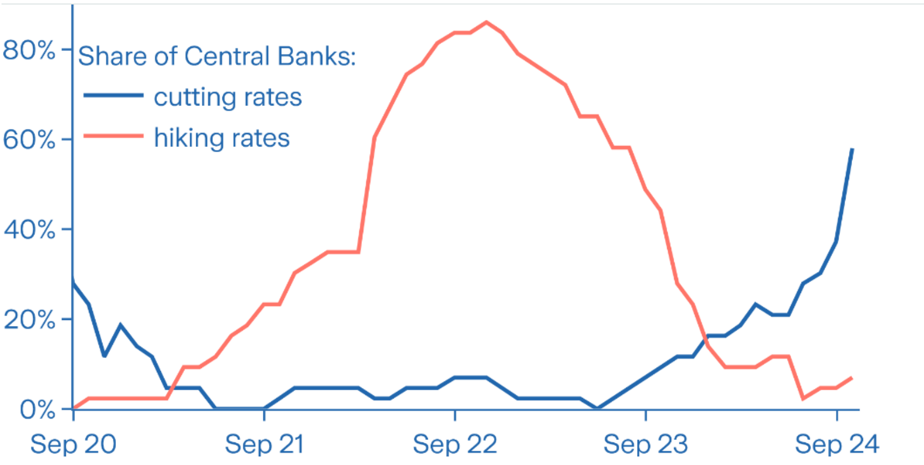
ZURICH

Monthly Investment Insights

1 October 2024

The Fed arrives to the party fashionably late



Source: Bloomberg (3m moving average, sample covers 43 central banks)

Earlier this year there was considerable discussion among investors as to whether the US Federal Reserve would be in a position to cut rates at all. Last month, however, it delivered 0.5% of policy easing, a move last matched at the beginning of 2020. In their view, slowing inflation and normalising labour market data justify easier policy. The outsized move bolsters the chance of following a narrow path to a soft landing. The cut was accompanied by a strong warning not to extrapolate future moves of the same size. The Fed has belatedly joined a large group of central banks that are now firmly easing monetary policy away from the levels required in 2022 and 2023. Looking ahead, this new monetary policy environment is the overarching theme for global markets.

More easing should come. Although inflation is not yet vanquished, progress has been considerable. While many core measures are still high, main inflation measures have convincingly fallen back towards central bank targets. The global economy's growth trend remains close to historical averages, with pockets of relative strength and disappointments. US growth is slowing and the labour market cooling, but this is currently consistent with a soft landing. The Eurozone picture is more mixed, with Germany lagging considerably as Spain upgrades its already stellar outlook. Chinese data have been disappointing, yet this may be about to change as several significant, coordinated policy measures were recently announced.

The move lower in bond yields has been notable for both its initial aggression and the relative calm after the Fed's cut. US 10yr yields have fallen to around 3.70%, from the highs of 4.70% in April. German Bunds have lagged the move, falling half as much over that time as the ECB appears to be more cautious in their calculations. From here, we see limited immediate value in expecting a move higher in bond prices. Markets continue to price in aggressive cuts from central banks, already incorporated into the bond market. While more can always be priced, this requires a significant negative surprise to both growth and inflation. The very fact that central banks are cutting reduces this chance by aiding economies.

The same caution is not necessarily warranted for equity markets. It is true that valuations, particularly in the US, do look expensive, especially when considering the historically high PE ratios and +20% returns YTD while the economy is cooling. Yet, the environment favours the momentum trade. Overall, economic conditions are improving, and US rate cuts and Chinese stimulus can float all boats. With headline inflation around targets across economies, the 'central bank put' is increasingly relevant again. Major central banks have generally been sensitive to growth downgrades and volatility spikes in markets. With lower inflation, markets will likely perceive a higher chance of central bank support during risk-off periods. More attractive valuations in non-US markets warrant more global equity exposure than our previously preferred US-centricity as the prospect for a broadening of the rally improves.

Market Assessment

Key developments

- The US Federal Reserve cuts interest rates by 0.5% and signals further easing
- Chinese policymakers announce significant coordinated stimulus measures, which include fiscal, monetary and property-related support
- Global equity markets reach new all-time highs while the momemtum of the bond market rally stalls following the Fed cut

Zurich's view

There are never ideal conditions in the global economy or the market environment, but certain times are better than others. Our current assessment is that risky assets can continue to perform well with central banks bolstering economic and financial conditions through rate cuts.

While the MSCI World index reached new all-time highs in September, we see further upside. As lower US rates improve global funding conditions, our preference is for global equities as opposed to the US specifically.

In bonds, we see limited near-term upside with yields having broadly reached our year-end targets. Rate cuts should continue, but are now largely priced into markets. Though our base case is for inflation to fall further, two-sided risks remain. An unexpected disruption in supply could lead to a rapid increase in inflation expectations, particularly given still-elevated services inflation.

We remain cautious on the outlook for credit spreads. This is a valuation based view as there is limited room for further spread compression. Any further positive risk-asset moves should benefit equities considerably more than credit.

	Key developments	Zurich's view
Global	• The global rate cutting cycle broadens out as the Fed's 50bp rate cut paves the way for policy easing in many emerging markets • Government bond yields rebound from recent lows as Fed policy easing is delivered • Global growth is holding up but remains uneven while manufacturing weakness persists	September was a busy month for global central banks as the Fed's 50bp rate cut triggered a wave of policy easing in emerging markets. Rate cuts were delivered in countries on fixed exchange rate arrangements, but central banks targeting inflation were also quick to move, with further policy easing to come, particularly in Asia. As borrowing costs are falling globally, this will help to support economic activity more broadly, and underpins our view of resilient global growth over the coming year. Elsewhere, the Flash PMIs showed that growth remained uneven in September, with weakness in manufacturing and the Eurozone persisting. Inflation has continued to edge lower globally, helped by persistent goods deflation while services price pressures ease on the margin.
US	• Inflation falls to 2.5% YoY, the lowest since February 2021 • The labour market buffer is all but gone as job openings fall substantially • The Fed kicks off the easing cycle with a 50bp rate cut	The Fed's decision to begin its easing cycle with a 50bp rate cut was not unanimous. Crucially, Jerome Powell managed to convey the message that the Fed cut by 50bps because they feel confident about reaching the inflation target rather than because the FOMC is overly worried about the economic outlook. He also emphasised that the Fed is not in a rush and that the pace should not be extrapolated. Economic data continue to show moderate growth while the employment situation has softened further so that the labour market buffer is now all but gone. Stock markets welcomed the Fed's decision with the S&P 500 reaching a new record high. We expect the Fed to gradually ease policy in the coming months, possibly accelerating the pace if economic data deteriorate more than expected.
UK	• Business activity is holding up with both manufacturing and services expanding • The BoE keeps rates unchanged at 5% as Governor Bailey emphasises the need for caution • Sterling rises to the highest level in more than two years against the USD, weighing on equities	The Bank of England kept rates unchanged at 5% with one member of the committee voting for another cut. Governor Bailey signalled the BoE's willingness to keep easing its policy, but also emphasised the need to proceed with caution. Although headline inflation remained at 2.2% YoY in August, core inflation picked up to 3.6% YoY from 3.3% YoY the month before while services inflation remains stubbornly elevated at 5.6% YoY. At the same time, economic growth is holding up with the latest batch of data indicating a continuation of moderate growth. The combination of a steady BoE, solid economic data and a large rate cut in the US pushed sterling to the highest level against the USD in more than two years. The stronger currency weighed on the stock market with the FTSE 100 lagging most of its peers last month.
Eurozone	• The ECB cuts rates for the second time, taking the deposit facility rate to 3.5% • Michel Barnier is France's new prime minister. He faces the daunting task of reducing the deficit while leading a minority government • Driven by Germany, the economic activity data are disappointing	The ECB delivered its second rate cut of the year in September, as they reduce the level of monetary restriction. The current balancing act is a difficult one, with growth disappointing and service inflation frustratingly sticky. Yet, the decision to ease looks correct, and we expect more. Eurozone economic activity has been disappointing in H2 so far, and we expect further downward revisions to consensus forecasts for next year. Further stagnation and possibly a small recession are likely in Germany as it continues to struggle. In contrast, Spain revised up its outlook. Equity market valuations continue to look reasonable, and improving global monetary conditions could create a boost. Bond markets are calm, with sovereign spreads reflecting optimism in Italy and Spain while French bonds bear watching.
Switzerland	• Economic activity is holding up, though manufacturing remains under pressure • The SNB cuts rates to 1% while slashing its inflation forecast, signalling more easing to come • The strong franc remains a concern and underpins the SNB's dovish stance	The SNB cut rates by 25bps in the September meeting, as we expected. The communication was very dovish, however, slashing the inflation forecast from 1.1% to 0.6% for 2025 and from 1% to 0.7% for 2026. While lower oil and energy prices, coupled with the stronger franc, will weigh on inflation this and next year, the large cuts further out were less well motivated and seem to reflect a change in view regarding the underlying inflation trend, with a more rapid return to a low inflation regime than previously assumed. The outlook signals further rate cuts to come, and we suspect the SNB has also revised down its assessment of how low rates will need to go this economic cycle. We would agree with this and expect further policy loosening ahead.

	Key developments	Zurich's view
Japan	• The MSCI Japan is stabilising around its 200-day moving average • The yen keeps trading in the 140-147 trading range versus the US dollar • The Bank of Japan is expected to hike its policy rate by another 25bps around New Year	Following the turbulences around the dissolution of the yen carry trade in August, the MSCI Japan tried to stabilise around its still rising 200-day moving average, while the yen traded in a 140-147 range versus the US dollar. The 10yr JGB yield keeps hovering in the 0.8-0.9% range. The latest quarterly Tankan survey shows stable diffusion indices and a stable corporate capex outlook. Companies are likely to pass on higher input prices to their customers. The outlook remains solid for the electric machinery and retail sector, but is worsening for material related sectors. We expect another rate hike of 25bps by the Bank of Japan in December or January, followed by at least another 25bp hike following the 'shunto' wage negotiation round in Q2. Parliamentary snap elections are scheduled for October 27.
China	• Chinese equities rally following robust stimulus measures • Within two months, the CNY appreciates from 7.27 to 7.00 vs the USD • August economic indicators remain disappointing overall	As most economic and monetary indicators for August disappointed nearly across the board, with the exception of exports and parts of non-property related investments, President Xi issued an urgent request to the authorities to do more to achieve the 5% real GDP growth target for this year. This was quickly followed by a comprehensive set of policy support measures to be implemented on the monetary, property-related, fiscal, and financial market support front. Following the failed rally attempt in April/May, China's 'H'-shares finally rallied 20% from the September low, applauding the stimulus measures. Domestic 'A'-shares also appear to have marked a turnaround, supported by high trading volume. The CNY continued to appreciate versus the US Dollar following the Fed rate cut.
Australia	• Robust government spending supports growth in Q2 despite falling consumption • The RBA continues to push back on rate cuts for this year • Equities have been flat in September but momentum remains encouraging	While the ASX200 Index is trading almost flat for the month, market momentum appears positive, mirroring global stock market optimism amid the recent rate cut by the Fed. On the back of China's stimulus measures, mining stocks rallied significantly at the expense of bank stock underperformance as investors are rotating out of banks into mining companies. Overall, we expect a continued upward trajectory for Australian equities, supported by looser global financial conditions and an improving domestic economy. Of note, headline inflation came down rapidly in August, largely driven by government electricity rebates. While trimmed mean CPI remains stickier, its downward track is intact. Despite that, the RBA continues to lean on the cautious side, pushing back against rate cut expectations for this year.
ASEAN	• Bank Indonesia unexpectedly cuts rates in September • Growth remains strong while inflation stays well-anchored • Equities rally driven by strong foreign inflows	Growth remains resilient while inflation is well-anchored across the region. So far, the central banks of the Philippines and Indonesia have been quick to cut along side the Fed's larger-than-expected 50bp cut with Bank Indonesia delivering a surprise rate cut in September. We anticipate more rate cuts to come going forward, particularly from the central banks of the Philippines and Indonesia, which have the most room for policy easing. ASEAN equities have been outperforming, with the MSCI ASEAN gaining nearly 8% in September driven by strong foreign inflows. We expect ASEAN equity markets to perform well over the next 6-12 months, supported by a weaker dollar, looser financial conditions and a supportive macro environment with anchored inflation and steady growth, aided by a global trade turnaround.
LatAm	• Brazil's central bank diverges from the Federal Reserve's easing cycle, initiating a hiking cycle, while Chile and Mexico continue cutting rates • Currencies in the region are appreciating as the Federal Reserve begins its easing cycle • Stock markets in the region end September with gains, plus notable recoveries in the Chile and Mexico	Driven by Chile and Mexico, the Latin American stock market has seen three consecutive months of increases. Brazil's stock market has been very volatile, initially falling after the government's fiscal budget announcement but recovering by the end of September on increased investor risk appetite. Mexico's stock market was similarly turbulent, influenced by uncertainty regarding the new government and potential policy changes. In Chile, stocks benefited from China's efforts to reach their own 5% economic growth target. The BRL and the CLP appreciated, driven by the Fed's rate cuts and the recovery in principal commodities, while the MXN continued to depreciate. Looking ahead, we anticipate that Latin American stock markets will continue to show gains, driven by increased risk appetite and attractive valuations.

Valuation snapshot (MSCI Indices)

Current trainling valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	26.7	16.1	14.9	20.8	16.0	18.1	13.0	9.4	13.6
12m Trailing P/B	5.1	2.2	1.9	3.9	1.4	2.0	1.5	1.5	1.9
12m Trailing P/CF	19.7	13.9	9.4	13.1	10.0	10.7	5.8	4.7	7.9
Dividend Yield	1.3	3.0	3.9	2.9	2.2	2.4	2.3	6.0	4.0
ROE	17.5	12.0	9.6	17.1	8.9	10.2	10.6	16.0	13.6

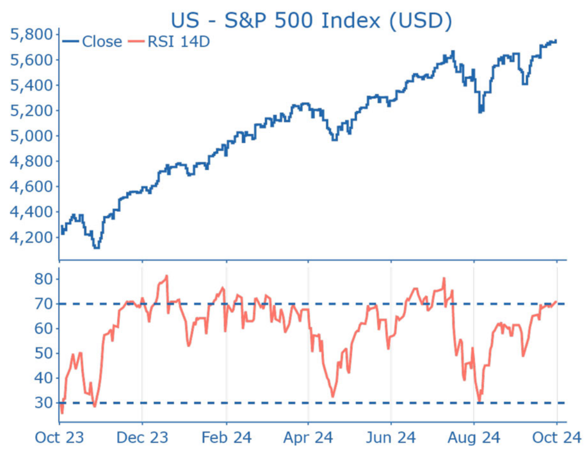
Current trainling valuations relative to MSCI world

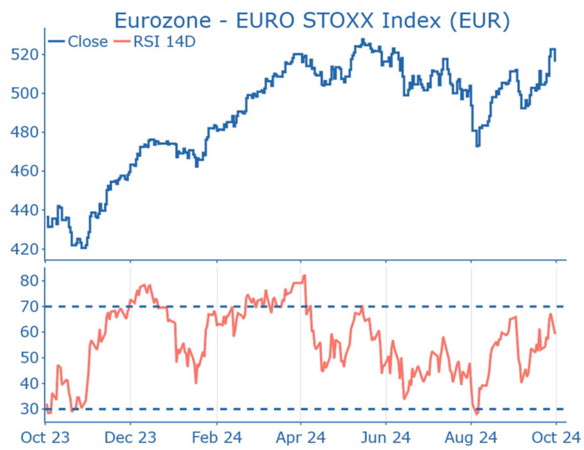
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.56	-7.04	-8.27	-2.37	-7.19	-5.08	-10.16	-13.76	-9.5
12m Trailing P/B	1.54	-1.38	-1.73	0.28	-2.16	-1.64	-2.14	-2.07	-1.75
12m Trailing P/CF	2.2	-3.55	-8.06	-4.38	-7.45	-6.75	-11.69	-12.84	-9.56
Dividend Yield	-0.49	1.27	2.17	1.18	0.39	0.67	0.5	4.23	2.21
ROE	3.53	-1.96	-4.38	3.09	-5.1	-3.81	-3.38	1.95	-0.38

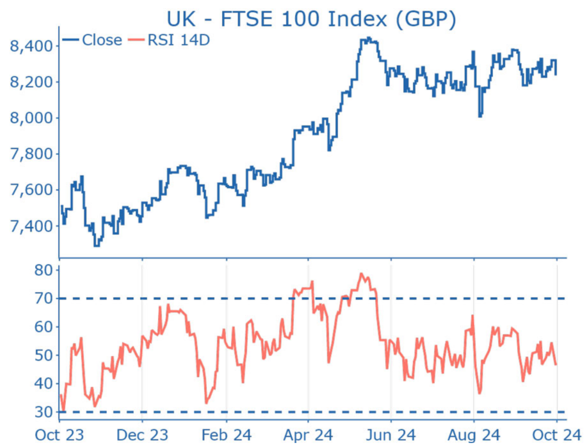
Source: Bloomberg

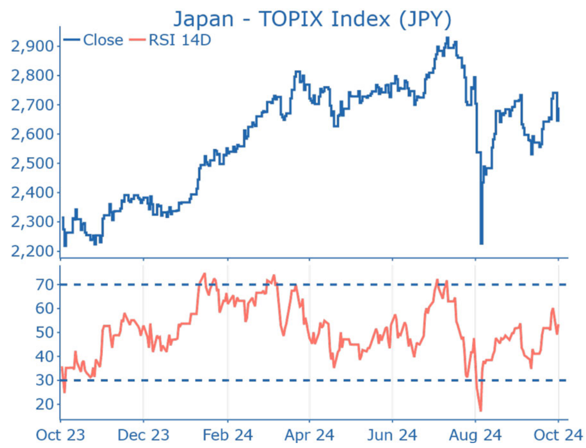
Overbought / Oversold*

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



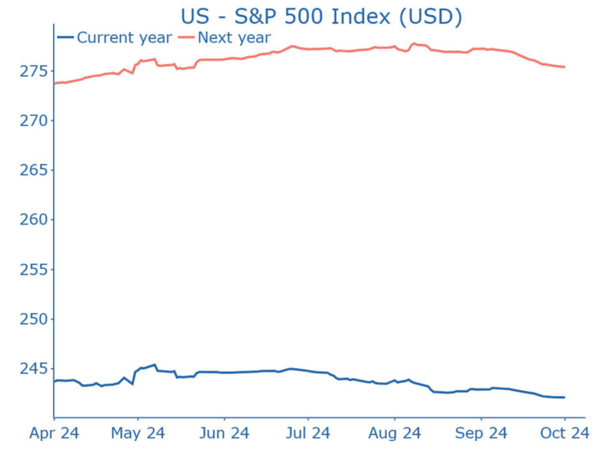


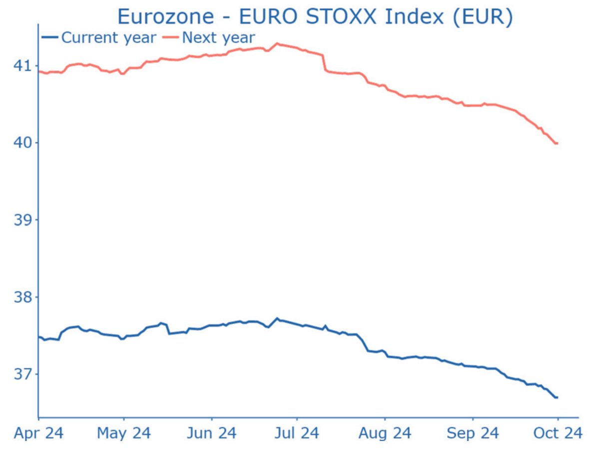


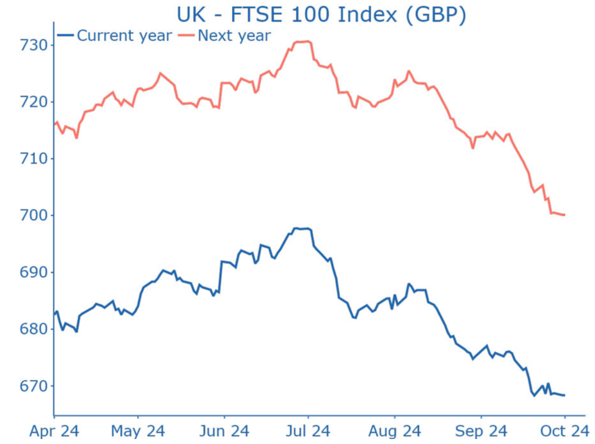


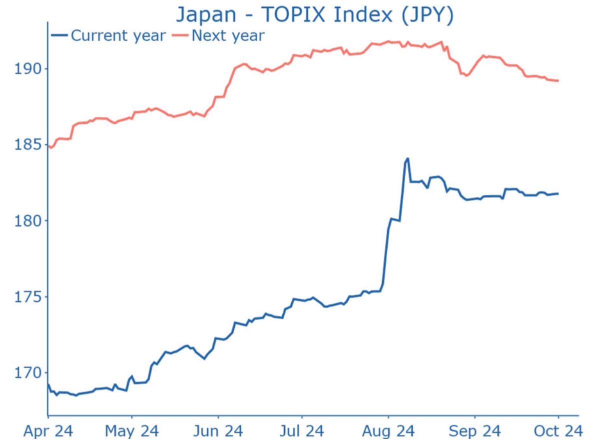
Source: Bloomberg

Earnings estimates - Full fiscal year



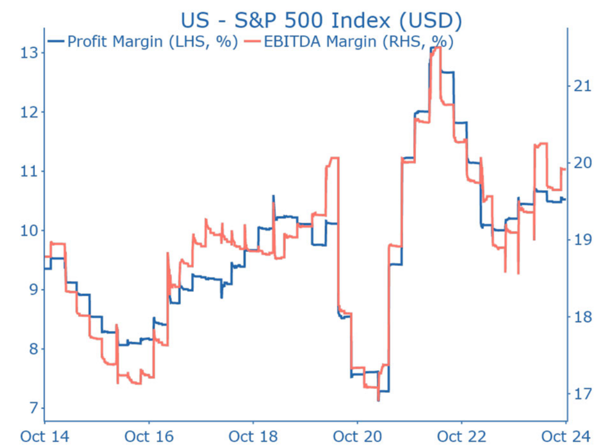


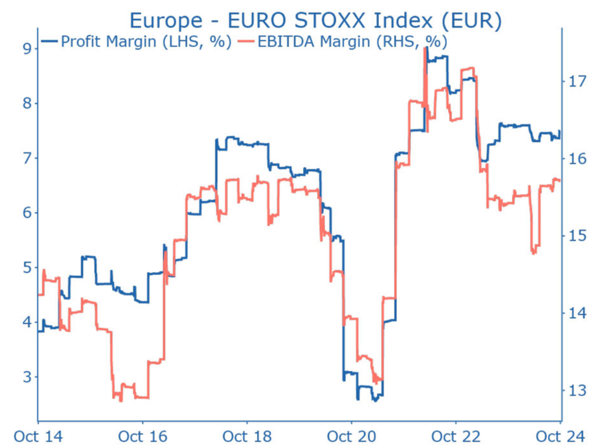


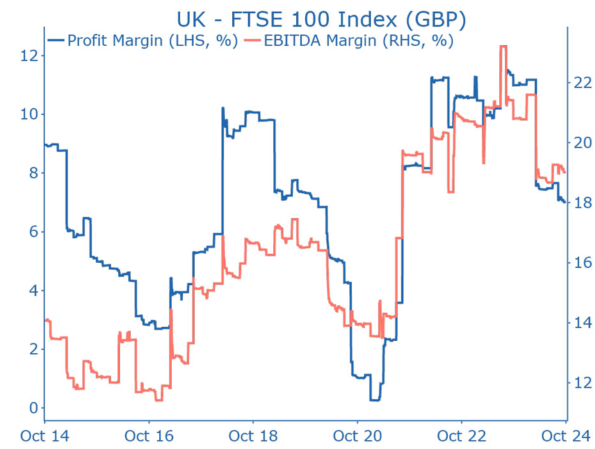


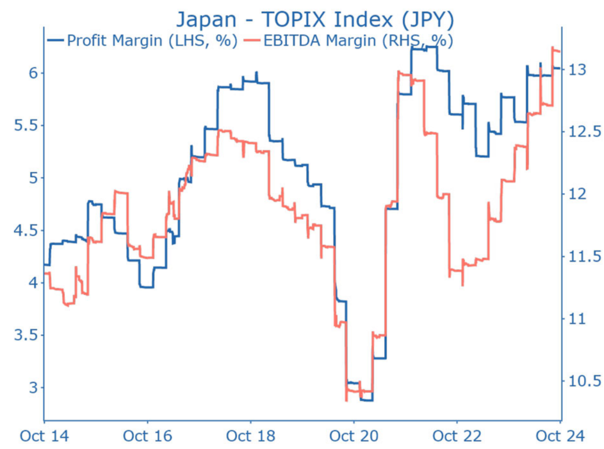
Source: Bloomberg

Historical margins



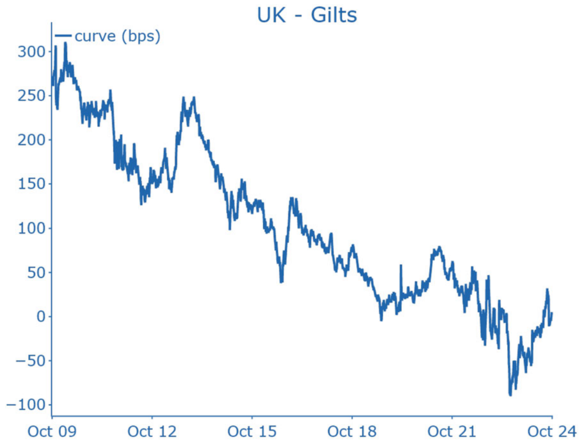


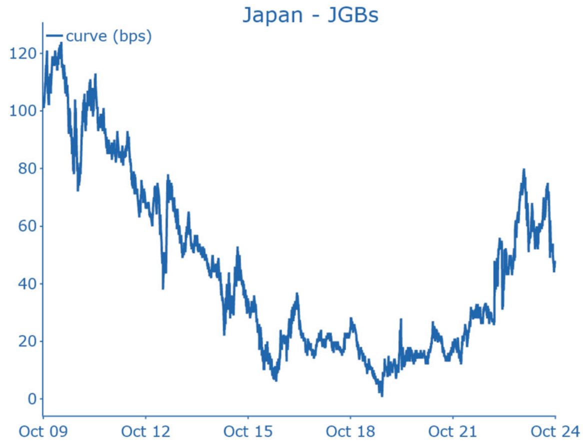




Source: Bloomberg

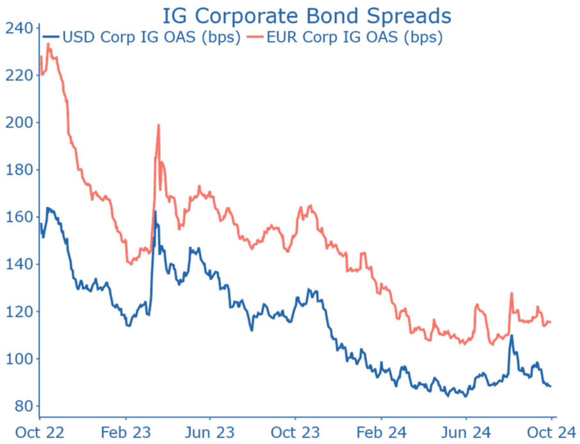
Yield Curve Steepness (10yr - 2yr)

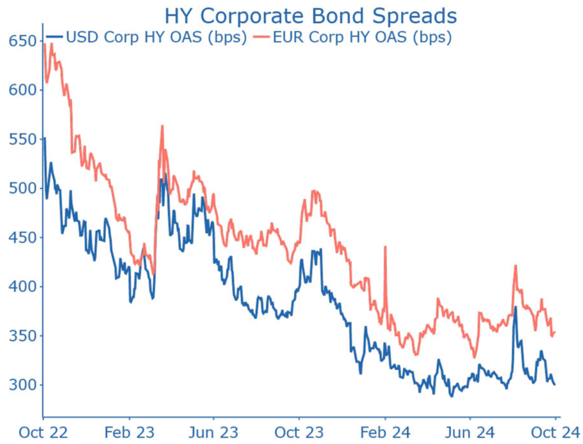


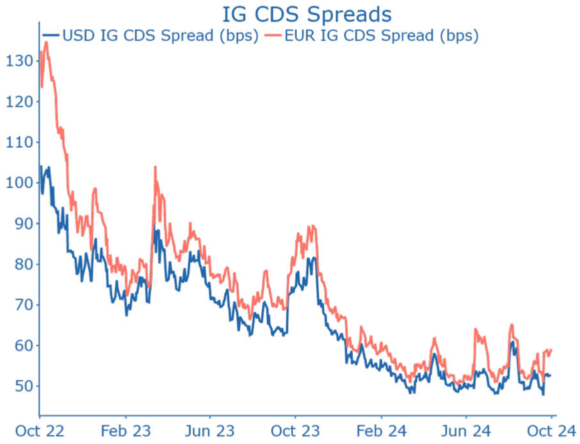


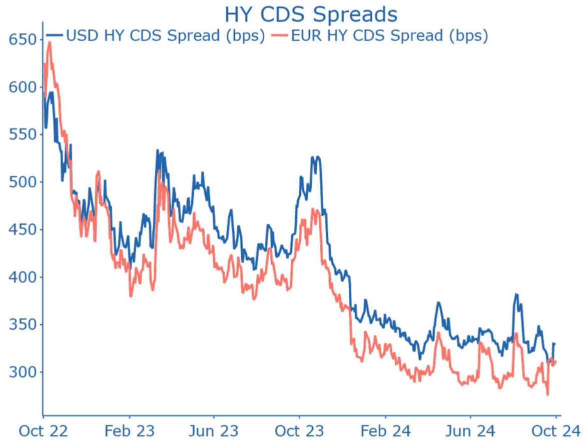
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US

US	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
ISM Manufacturing (Index)	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	-	down
ISM Non-Manufacturing (Index)	52.5	50.5	53.4	52.6	51.4	49.4	53.8	48.8	51.4	51.5	-	up
Durable Goods (% MoM)	7.7	-4.4	-3.8	1.2	0.8	0.2	0.1	-6.9	9.9	0.0	-	up
Consumer Confidence (Index)	101.0	108.0	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	98.7	up
Retail Sales (% MoM)	4.0	5.5	0.3	2.1	3.6	2.8	2.6	2.0	2.9	2.1	-	up
Unemployment Rate (%)	3.7	3.7	3.7	3.9	3.8	3.9	4.0	4.1	4.3	4.2	-	up
Avg Hourly Earnings YoY (% YoY)	4.6	4.5	4.7	4.5	4.2	4.0	4.0	4.0	3.9	4.1	-	down
Change in Payrolls (000, MoM)	182.0	290.0	256.0	236.0	310.0	108.0	216.0	118.0	89.0	142.0	-	down
PCE (% YoY)	3.22	3.04	3.06	2.93	2.98	2.89	2.67	2.63	2.65	2.68	-	down
GDP (%, QoQ, Annualized)	-	3.2	-	-	1.6	-	-	3.0	-	-	-	down

Eurozone

Eurozone	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
PMI Manufacturing (Index)	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	45.8	45.8	44.8	down
PMI Services (Index)	48.7	48.8	48.4	50.2	51.5	53.3	53.2	52.8	51.9	52.9	50.5	down
IFO Business Climate (Index)	87.1	86.4	85.3	85.7	87.8	89.3	89.3	88.6	87.0	86.6	85.4	down
Industrial Production (% YoY)	-5.2	0.3	-6.5	-6.4	-1.3	-3.3	-3.5	-4.1	-2.2	-	-	up
Indeed 3m average wage growth (% YoY)	4.17	4.1	3.85	3.64	3.54	3.51	3.49	3.63	3.73	3.94	-	up
Unemployment Rate (%)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	-	-	down
Euro-Area Credit Impulse (%, SA)	-5.49	-2.48	-2.76	-2.01	-1.49	-1.1	-0.66	0.32	1.59	-	-	up
EUR HICP 5y5y Inflation Swaps	2.41	2.27	2.23	2.3	2.3	2.39	2.36	2.3	2.21	2.13	2.1	down
CPI (% YoY)	2.4	2.9	2.8	2.6	2.4	2.4	2.6	2.5	2.6	2.2	-	down
Core CPI (% YoY)	3.6	3.4	3.3	3.1	2.9	2.7	2.9	2.9	2.9	2.8	-	up
GDP (% QoQ)	-	0.1	-	-	0.3	-	-	0.2	-	-	-	down

UK

UK	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
PMI Manufacturing (Index)	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	up
PMI Services (Index)	50.9	53.4	54.3	53.8	53.1	55.0	52.9	52.1	52.5	53.7	52.8	down
Consumer Confidence (Index)	-24.0	-22.0	-19.0	-21.0	-21.0	-19.0	-17.0	-14.0	-13.0	-13.0	-20.0	up
Unemployment Rate (%)	3.9	3.8	4.0	4.2	4.3	4.4	4.4	4.2	4.1	-	-	down
CPI (% YoY)	3.9	4.0	4.0	3.4	3.2	2.3	2.0	2.0	2.2	2.2	-	up
House Prices (% YoY)	-2.0	-1.8	-0.2	1.2	1.6	0.6	1.3	1.5	2.1	2.4	3.2	up
Mortgage Approvals (SA, Thousands)	50.12	52.07	55.91	60.45	61.45	61.34	60.74	60.74	62.5	64.86	-	up
GDP (% YoY)	-	-0.3	-	-	0.3	-	-	0.7	-	-	-	down

Switzerland

Switzerland	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
KOF Leading Indicator (Index)	98.8	100.8	98.9	100.6	101.5	100.8	105.8	103.5	101.3	105.0	105.5	up
PMI Manufacturing (Index)	42.1	43.0	43.1	44.0	45.2	41.4	46.4	43.9	43.5	49.0	-	up
Real Retail Sales (% YoY)	-1.2	0.1	0.2	-0.2	-0.1	2.4	-0.1	-2.6	2.7	-	-	up
Trade Balance (Billion, CHF)	3.72	1.18	4.68	3.66	3.83	4.31	5.78	6.08	4.88	4.58	-	down
CPI (% YoY)	1.4	1.7	1.3	1.2	1.0	1.4	1.4	1.3	1.3	1.1	-	down

Japan

Japan	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
PMI Manufacturing (Index)	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	down
Machinery Orders (% YoY)	-5.0	-0.7	-10.9	-1.8	2.7	0.7	10.8	-1.7	8.7	-	-	up
Industrial Production (% YoY)	-1.6	-1.1	-1.5	-3.9	-6.2	-1.8	1.1	-7.9	2.9	-4.9	-	up
ECO Watchers Survey (Index)	49.8	50.9	47.4	50.3	52.4	50.2	46.8	47.3	48.3	48.3	-	up
Jobs to Applicants Ratio (Index)	1.27	1.27	1.27	1.26	1.28	1.26	1.24	1.23	1.24	1.23	-	down
Labour Cash Earnings (% YoY)	0.7	0.8	1.5	1.4	1.0	1.6	2.0	4.5	3.4	-	-	up
Retail Sales (% YoY)	7.4	5.4	7.1	14.0	9.9	8.9	14.4	14.0	5.5	3.9	-	down
Exports (% YoY)	-0.2	9.7	11.9	7.8	7.3	8.3	13.5	5.4	10.2	5.5	-	down
Money Supply M2 (% YoY)	2.3	2.3	2.5	2.4	2.5	2.2	1.8	1.5	1.5	1.3	-	down
CPI Ex Food & Energy (% YoY)	2.7	2.8	2.6	2.5	2.2	2.0	1.7	1.9	1.6	1.7	-	down

China

China	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
NBS PMI Manufacturing (Index)	49.4	49.0	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	down
NBS PMI Non Manufacturing (Index)	50.2	50.4	50.7	51.4	53.0	51.2	51.1	50.5	50.2	50.3	50.0	down
Industrial Production (% YoY)	6.6	6.8	-	-	4.5	6.7	5.6	5.3	5.1	4.5	-	down
Retail Sales (% YoY)	10.1	7.4	-	-	3.1	2.3	3.7	2.0	2.7	2.1	-	down
Exports (% YoY)	0.7	2.3	7.8	5.2	-7.9	1.2	7.5	8.6	7.0	8.7	-	up
CPI (% YoY)	5.4	2.4	2.1	4.7	1.1	2.0	2.8	3.8	2.7	2.8	-	down
PPI (% YoY)	-3.0	-2.7	-2.5	-2.7	-2.8	-2.5	-1.4	-0.8	-0.8	-1.8	-	up
RRR (%)	10.5	10.5	10.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.5	down
GDP (% YoY)	-	5.2	-	-	5.3	-	-	4.7	-	-	-	down

* Trend = Mean last 3m - Mean previous 3m

Source: Bloomberg

Economic Data

India	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
PMI Manufacturing (Index)	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	down
PMI Services (Index)	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9	58.9	down
Industrial Production (% YoY)	2.5	4.4	4.2	5.6	5.5	5.2	6.2	4.7	4.8	-	-	down
CPI (% YoY)	5.55	5.69	5.1	5.09	4.85	4.83	4.8	5.08	3.6	3.65	-	down
GDP (% YoY)	-	8.57	-	-	7.76	-	-	6.65	-	-	-	down

Australia	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Trend*
Westpac Leading Indicator	97.19	97.12	97.01	97.12	97.1	97.06	97.06	97.07	97.04	96.99	-	down
Retail Sales (% YoY)	2.12	0.86	1.03	1.58	0.94	1.39	1.65	2.96	2.39	3.11	2.38	up
Unemployment Rate (%)	3.9	3.9	4.1	3.7	3.9	4.1	4.0	4.1	4.2	4.2	-	up
Housing Prices (% YoY)	6.02	7.74	9.37	10.14	9.92	9.81	9.16	8.62	8.3	7.76	7.33	down
CPI (% MoM)	4.3	3.4	3.4	3.4	3.5	3.6	4.0	3.8	3.5	2.7	-	down

Brazil	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
CPI (% YoY)	4.82	4.68	4.62	4.51	4.5	3.93	3.69	3.93	4.23	4.5	4.24	up
Industrial Production (% YoY)	1.1	1.4	0.9	3.7	5.6	-2.9	8.4	-1.2	3.2	6.1	-	up
Retail Sales (% YoY)	0.3	2.6	1.3	4.0	8.1	5.7	2.1	7.8	4.1	4.4	-	down
Trade Balance (Millions, USD)	9180.92	8788.77	9323.16	6196.6	5196.69	7216.15	8596.41	8325.97	6384.45	7608.7	4828.2	down
Budget Balance (Billions, BRL)	-47.15	-80.89	-193.43	22.23	-113.86	-62.98	-69.64	-138.26	-135.72	-101.47	-90.38	down

Chile	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
Economic Activity Index (% YoY)	0.99	1.05	-0.71	2.49	4.43	0.7	3.73	0.99	0.16	4.19	-	up
CPI (% YoY)	5.04	4.8	3.94	3.8	4.48	3.74	3.97	4.13	4.19	4.6	4.74	up
Retail Sales (% YoY)	-6.61	-2.5	-1.46	1.66	4.05	0.98	3.68	1.22	8.04	2.8	6.8	up
Industrial Production (% YoY)	2.23	2.75	-2.8	3.57	7.99	0.42	2.46	2.26	-1.09	3.65	5.2	up
Unemployment (%)	8.9	8.7	8.5	8.4	8.5	8.7	8.5	8.3	8.3	8.7	8.9	up

Mexico	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
PMI (Index)	50.47	51.11	49.95	51.5	49.95	51.24	48.87	48.86	48.79	47.04	48.29	down
CPI (% YoY)	4.26	4.32	4.66	4.88	4.4	4.42	4.65	4.69	4.98	5.57	4.99	up
Retail Sales (% YoY)	3.7	4.2	1.2	-1.0	2.8	-1.9	2.7	-0.1	-3.1	-0.6	-	down
Industrial Production (% YoY)	1.19	0.03	-3.57	0.03	2.32	-5.03	3.76	-1.38	-0.93	1.6	-	up
Remittances (Millions, USD)	5817.8	4913.0	5496.9	4573.2	4494.8	5014.6	5422.3	5624.5	6213.2	5613.6	-	up

* Trend = Mean last 3m - Mean previous 3m

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Oct-2024	1M ago	3M ago	12M ago
UK	21	11	-18	-13
Germany	-166	-160	-185	-173
Switzerland	-337	-342	-376	-346
Japan	-292	-300	-340	-380
China	-157	-172	-220	-189
India	296	296	254	264
Australia	22	6	-7	-8
South Korea	-79	-81	-115	-55
Malaysia	-7	-14	-59	-59
Indonesia	266	272	261	234
Thailand	-131	-135	-179	-142
Philippines	195	216	218	191
Brazil	864	831	786	708
Mexico	557	577	552	530
Chile	135	172	178	176
Colombia	628	622	636	721
Peru	244	264	263	288

Spread over German Bund (bps)

Country	Oct-2024	1M ago	3M ago	12M ago
France	79	72	74	56
Netherlands	29	28	31	34
Belgium	62	58	61	65
Austria	50	51	52	61
Irland	34	37	42	40
Italy	132	140	149	194
Spain	79	83	86	109
Portugal	57	61	68	76

Source: Bloomberg

Zurich Insurance Group Ltd

Investment Management
Mythenquai 2
8002 Zurich

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