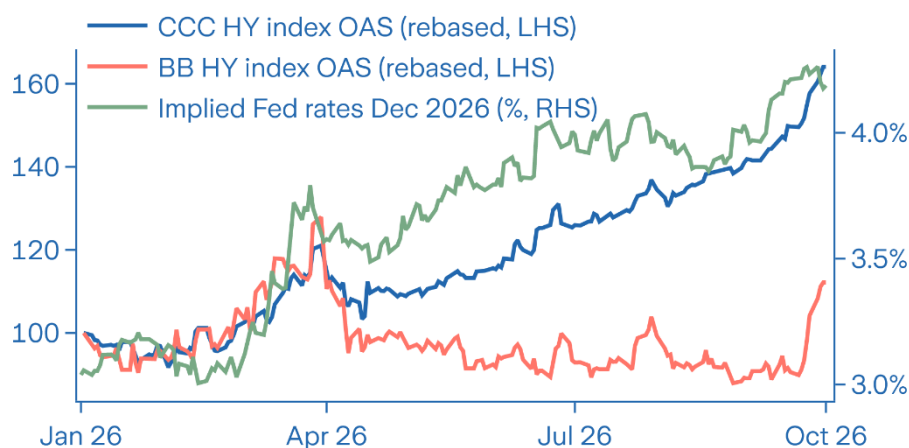


Monthly Investment Insights

1 October 2026



Credit markets at risk from 'higher for longer' yields



Source: Bloomberg

A surge in bond yields was the key event in markets last month, but little investor attention has been given to the weakest parts of the credit market, which have been suffering because of the relentless rise in rate expectations this year. Rate expectations priced by the market appear too hawkish to us now, and we expect fewer rate hikes than are priced in. A likely tempering of rate expectations should be another reason to be optimistic about stocks, but we are more circumspect about credit.

Market implied interest rate expectations have shifted dramatically this year from rate cuts at the beginning of the year to several rate hikes as of now. In the US, for example, following the Fed rate hike in September, the market is now pricing in four more rate hikes in the coming twelve months. US 10yr Treasury yields have consequently risen by over 110bps this year and by over 130bps from the lows seen in February. While increased rate-hike expectations explain part of the rise in yields, other factors played a role, including stronger than expected growth, fiscal largesse from US, German, and Japanese governments, and unabating supply from US Hyperscalers. The key question now facing investors is: are yields going to remain high, and if so, what will be the impact on risk assets?

We expect yields to moderate but acknowledge that the longer it takes for that to happen, the greater the risk is to leveraged parts of the credit market. Indeed, as bond yields rose over the last few weeks, credit markets started underperforming stocks, with High Yield (HY) credit notably underperforming Investment Grade (IG) credit. Spreads in the US CCC-rated segment of the HY market are currently trading at around 1'000bps on average, which is a level that signals distress. Notably, the average yield of the Bloomberg High Yield CCC Index is almost 15% compared to less than 10% at the end of 2025. This is an unsustainable funding cost in our view. Consequently, CCC companies will face steeply rising fund costs if yields remain at these levels. The BB bucket has comparatively better fundamentals, but spreads are much tighter and have only started widening recently. Furthermore, business bankruptcies have already been at the highest level outside of recessions in the US for the fourth consecutive year, and while not part of major credit indices, these companies form the backbone of the economy.

Small cap stocks and regional banks are also exposed to a 'higher for longer' yield environment. The KBW regional bank stock index dropped by around 11% from its peak in mid-August, in contrast to only a 2% drop in the broader S&P 500 Index. Regional banks in the US are heavily exposed to the commercial real estate market, which is sensitive to interest rates. The flattening of yield curves this year is also negative for banks.

All in all, the impact of a 'higher for longer' yield environment is likely to be negative for credit, with credit spreads not compensating investors for the risk. We hence prefer stocks.

Market Assessment

Key developments

- Economic growth remains strong and broad based, with core inflation moving sideways
- Bond yields surge, with 10yr Treasury yields breaking out of their multi-year range
- Stocks remain resilient, but credit markets soften

Zurich's view

Global growth continues to run at a surprisingly robust pace in a broad-based fashion while core inflation has seen little impact from the rise in energy prices. However, central banks are showing vigilance, which has driven markets to price in increasingly hawkish rate expectations and caused bond yields to surge. Notably, 10yr US Treasury yields have broken out of their multi-year range, joining Bunds and Japanese government bonds, which had done so already.

Rate expectations have overshot in our opinion, and we expect bond yields to moderate over time, albeit with continuing volatility. That said, the longer yields remain around current levels, the more damage will be done to the interest rate sensitive segments of markets. Indeed, the recent underperformance of credit relative to stocks is likely to continue given low risk premiums on offer in credit spreads.

The outlook for stocks is constructive as the earnings season approaches while valuations are not exuberant despite the strong earnings growth seen so far. Within stocks, we favour technology heavy markets of the US and Asia vs Europe. We also favour German and UK equities. French assets warrant caution as do Italian bonds in our view.

	Key developments	Zurich's view
Global	- The cyclical upswing in the global economy builds momentum; services activity continues to improve; capex spending is robust - Inflation rebounds on higher energy prices, but pass-through to non-energy related components is limited - Global central banks continue to tighten policy as the Fed hikes rates and signals more to come	Activity data surprised to the upside in September, confirming that the growth upswing is gaining traction and broadening out. Capex spending, industrial production and trade are solid while services continue to improve after H1 weakness. The rebound in oil prices has pushed CPI inflation higher, but spillover to non-energy components is limited with core CPI stable. As a result of the stronger growth dynamics and rising energy prices, central banks continue to hike rates while government bond yields have surged, led by higher real yields. We suspect this will increasingly become a headwind for the global economy, with interest rate sensitive sectors vulnerable. For now, however, growth dynamics should remain robust, underpinned by strong capex growth.
US	- Growth accelerates, driven by both services and manufacturing - The Fed hikes rates and signals that more tightening is likely - The Nasdaq reaches a new record high despite soaring bond yields	The latest PMI survey shows that the economy remains resilient and activity picked up momentum in September. The Composite PMI rose to 58.4 from 56.0 the month before, driven by both services and manufacturing. As was widely expected by the time of the meeting, the Fed raised its target rate by 25bps and signalled that more tightening is likely. 10yr Treasury yields rose above 5.25% for the first time in almost two decades, driven by a pickup in real yields. The equity market has been remarkably resilient so far, supported by strong earnings growth and a benign economic environment. The Nasdaq even reached a new record high in September, outperforming most of its peers including the S&P 500, which was not able to breach the highs reached back in August.
UK	- The economy is losing momentum as services activity slows - The BoE keeps rates on hold but shifts to a slightly more hawkish stance - Gilt yields rise to the highest in decades, further undermining the fiscal position	The economy lost momentum in September, with the Composite PMI receding to 51.7 from 52.5 the month before, driven by a slowdown in services activity. This indicates that growth was very modest at the end of the third quarter. Meanwhile, inflation rates remain elevated, but the labour market is weakening, putting the Bank of England in an uncomfortable position. The BoE refrained from hiking rates at its meeting in September but has shifted to a more hawkish tone. 10yr gilt yields climbed above 5.4% for the first time in almost two decades, further reducing the Chancellor's fiscal leeway ahead of the Autumn Budget. The FTSE 100 was roughly flat last month while smaller capitalised stocks have underperformed.
Eurozone	- Economic data continues to show resilience - Bond yields surge to levels last seen in 2008 - Equity markets stall	The economy is holding up despite the energy shock, with manufacturing supported by the AI buildout, defence, and infrastructure investment. The future looks less bright. Financial conditions are tightening, and both rate hikes and high energy prices should weigh on activity. Bond market warning signals are intensifying. French 10yr bond spreads have reached 1.1% over Germany, a level not seen since the 2012 sovereign debt crisis. There is a risk that spreads will move higher still and broaden to other highly indebted nations. Equity markets have stalled and are down 3% from their highs in August. We see scope for the German DAX to outperform the French CAC. This is driven by fiscal stimulus in Germany, whereas France faces an uncertain political and taxation environment.
Switzerland	- Economic activity continues to improve, led by stronger external demand - Disinflationary pressures ease, though underlying inflation remains soft - The SNB leaves rates unchanged while revising up its inflation forecast	Leading indicator data for September are consistent with growth above trend, marking a significant acceleration compared to the first half of the year. The main driver is the pickup in external demand, reflecting a combination of fading tariff headwinds, rising global capex spending, improving Eurozone activity, and a softening of the currency. Domestic spending and services activity are also strengthening, and sentiment continues to improve. While headline CPI has rebounded on higher energy prices, core CPI remains relatively subdued, at 0.5% YoY. The SNB left rates unchanged in the September policy meeting, but raised its inflation forecast. Given the stronger economic activity backdrop and the weakening currency, we now anticipate some modest policy tightening over the coming year.

	Key developments	Zurich's view
Japan	- Growth is resilient, supported by government spending - The Bank of Japan raises rates by 25bps to 1.25% - Equity performance remains positive, backed by strong earnings	Japan's Q2 GDP growth was strong, driven by robust public spending. Inflation data continues to be distorted by fuel subsidies and has run slightly below 2%. Excluding subsidies, however, inflation is around 2.4% and wage growth remains strong. The Bank of Japan has lifted its policy rate to 1.25% and signalled more to come, in line with market expectations. That has helped ease depreciation pressure on the JPY. We expect the BoJ to reach its terminal rate of 1.75% next year. JGB yields are trading around 3% for the month, echoing the rise in yields across global markets. Japan's equities remain in an uptrend. We think the market will continue to perform well amid strong corporate earnings, especially tech and banks.
China	- China's activity remains weak - Policy support is underway but not large enough to lift sentiment - Equities decline, with both A-shares and H-shares down in September	China's activity shows no sign of a rebound, with growth still export reliant. August retail sales rose just 0.4%, fixed asset investment kept falling, and credit growth stayed weak. Fiscal stimulus is coming through, including capital injections into state-owned banks and insurers, but it has failed to lift equities. H-shares are down 4% and A-shares nearly 6% over one month. Internet names such as Alibaba, Baidu and JD.com have suffered from disappointing earnings, reflecting weak domestic demand and heavy AI-related capex weighing on cash flows. Meanwhile, Chinese authorities' relaxed rules on NVIDIA chip purchases have weighed on domestic semiconductor stocks. We expect Chinese stocks to keep struggling as policy support underwhelms and weak growth pressures earnings.
Australia	- The RBA delivers its fourth rate hike this year, bringing its policy rate to 4.6% - Housing markets are in a downturn, with dwelling prices down more than 6% in big cities - Equities fall, with both financials and mining sectors on a down trend	Australia's economy remains resilient, driven by strong capex on the back of data centre build-out and buoyant consumer spending. With inflation lingering above the 2-3% RBA target band for more than a year and energy prices still elevated, the latest decision by the RBA to hike the cash rate to 4.6% was widely anticipated by the market. Housing remains in a downturn following rate hikes earlier in the year and changes in capital gains tax. Dwelling prices in Sydney and Melbourne are down more than 6% from a peak in Q1, with the trend broadening out to other cities. We expect this will feed through to consumer sentiment and weigh on consumption. Australian stocks fell sharply in September. We think higher rates will continue to be a headwind for Australian equities.
EM Asia	- Trade data are notably strong for August - Regional banks are on hold, but initial signs of FX pressure emerge - Tech-related markets are resilient, but the rest of the region remains weak	Trade data across Asia show that tech related manufacturing continues to lift exports. Korean 20-day exports were up 78% YoY in September, and Taiwanese export orders were up 71% YoY in August. Exports in Malaysia, Singapore, and Vietnam were also solid. With investments in AI and data centres still going strong, we expect this to be a tailwind for the region. Tech manufacturers' earnings are likely to stay robust, supporting equity performance, particularly in Taiwan and Korea. Despite a rate hike by the Fed, regional central banks have kept rates unchanged thus far, even in the face of some emerging downward pressure on FX. We think EM Asia ex tech will remain vulnerable to high energy prices and potential monetary tightening in countries that experience FX pressures, notably Indonesia.
LatAm	- Despite Fed tightening, soft August CPI prints allow the BCB to cut rates and Banxico to remain on hold - Brazil's presidential race tightens ahead of October's vote, with the latest polls pointing to a toss-up - Chilean equities lag peers as rising energy costs and weak activity offset strong terms of trade	August inflation diverged across LatAm. Despite Fed tightening, softer prints allowed the BCB to continue cutting rates and Banxico to remain on hold. Chile's inflation outlook worsened, but rate hikes are not expected. Equities slid in September, in line with global markets. Brazil cushioned the decline, supported by gains in energy stocks and hopes of a market-friendly outcome in October's presidential election. Polls show a close race, and uncertainty is high. Mexican and Chilean stocks fell sharply as the US dollar strengthened, with Chile the clear underperformer. Higher energy costs and weak activity outweighed historically strong terms of trade and progress on pro-investment reforms. We remain constructive on Chile's medium-term outlook, but worsening near-term risks warrant a neutral stance for now.

Valuation snapshot (MSCI Indices)

Current trailing valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	26.7	17.9	14.8	20.9	18.3	17.6	12.4	9.9	13.4
12m Trailing P/B	5.7	2.5	2.3	4.5	2.1	2.4	1.4	1.8	2.3
12m Trailing P/CF	20.4	10.3	6.8	13.0	21.2	10.7	4.0	5.7	8.7
Dividend Yield	1.1	2.8	3.3	2.8	1.8	1.9	2.4	5.3	3.9
ROE	21.3	13.2	14.5	21.2	10.7	14.4	11.1	17.6	17.1

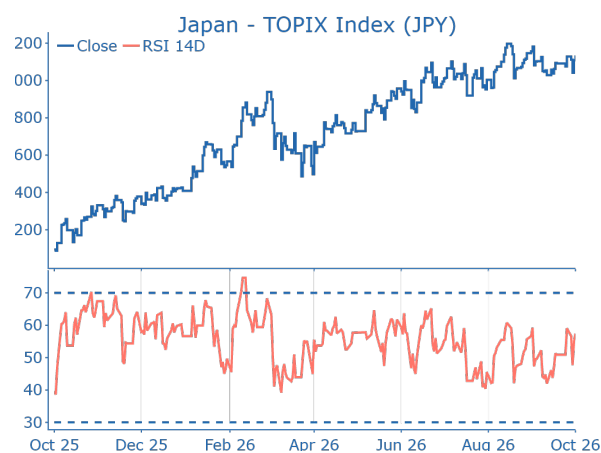
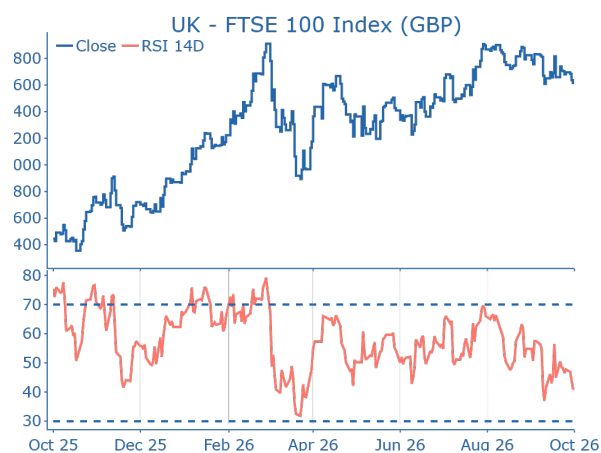
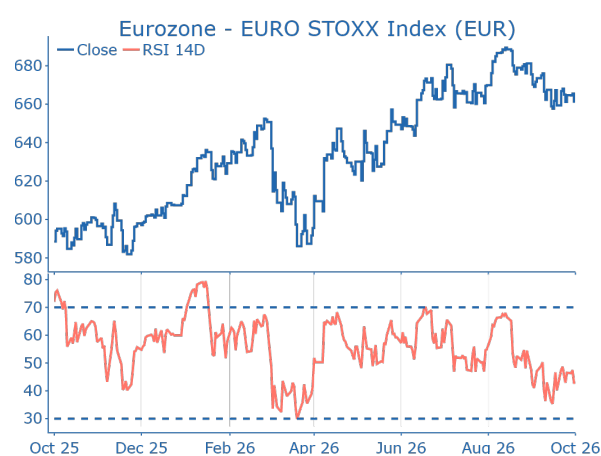
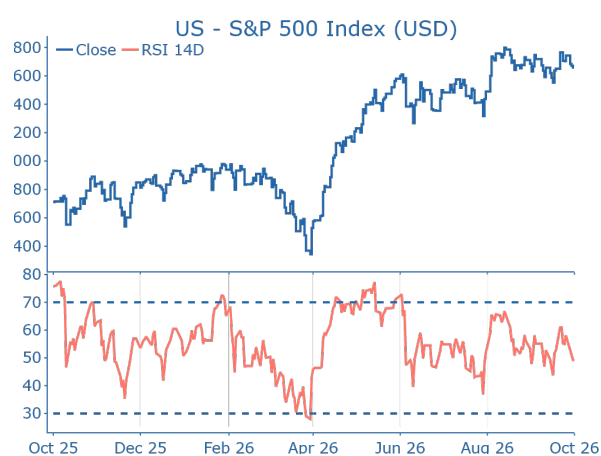
Current trailing valuations relative to MSCI world

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.15	-5.73	-8.74	-2.65	-5.27	-5.97	-11.21	-13.64	-10.21
12m Trailing P/B	1.54	-1.65	-1.8	0.38	-2.07	-1.7	-2.76	-2.33	-1.83
12m Trailing P/CF	3.2	-6.97	-10.45	-4.17	3.97	-6.54	-13.22	-11.54	-8.55
Dividend Yield	-0.43	1.32	1.79	1.29	0.35	0.41	0.94	3.83	2.4
ROE	4.02	-4.14	-2.81	3.9	-6.61	-2.88	-6.22	0.26	-0.22

Source: Bloomberg

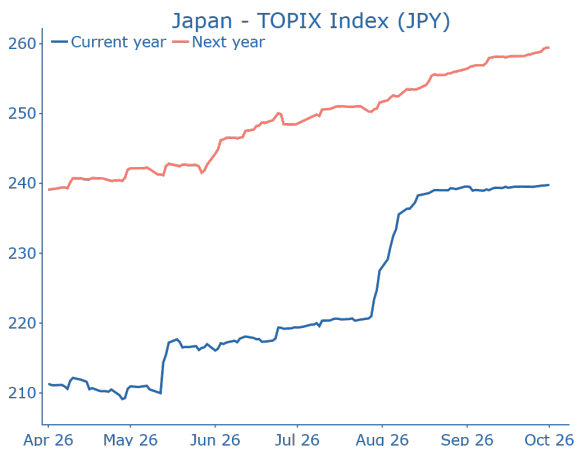
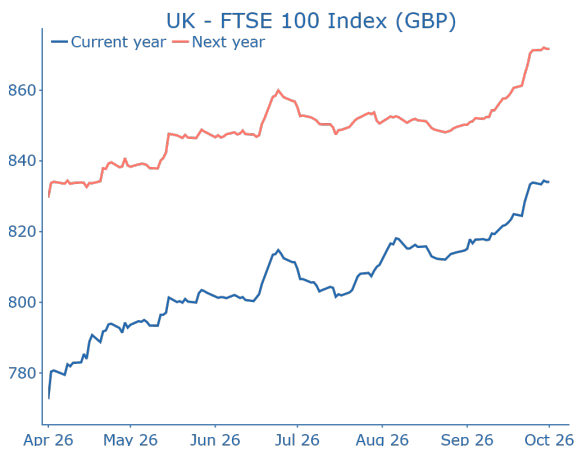
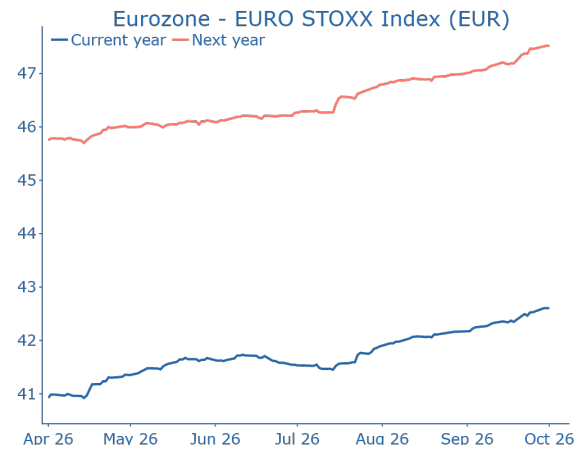
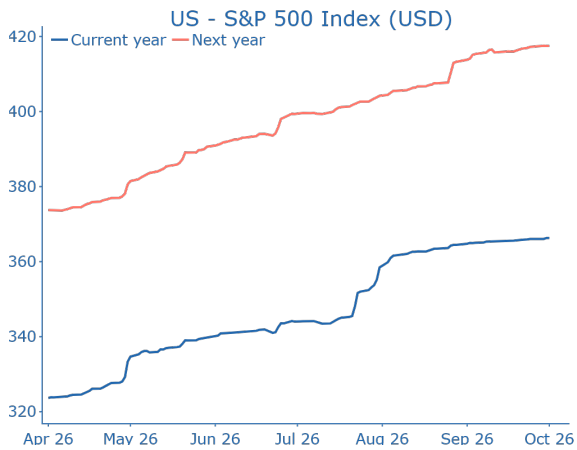
Overbought / Oversold*

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



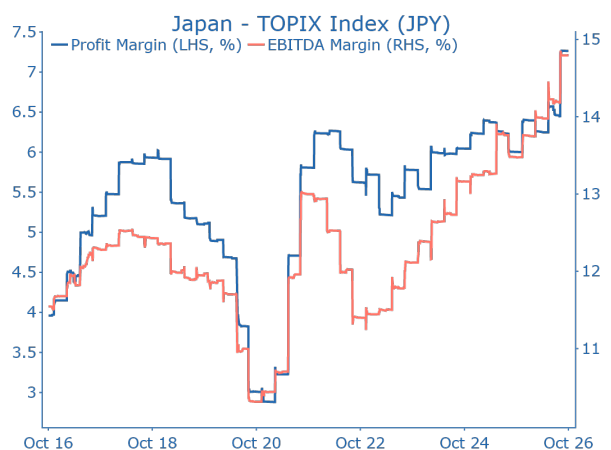
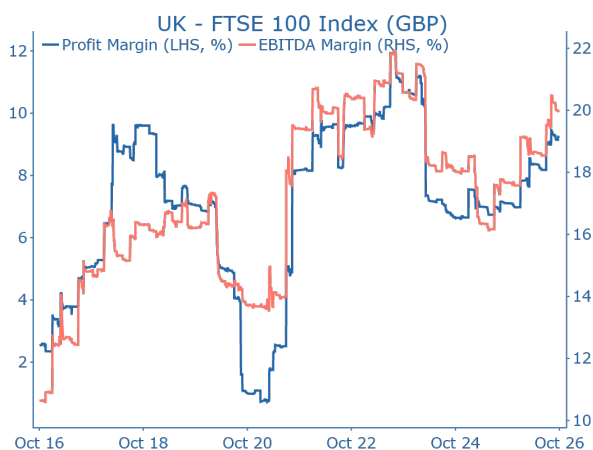
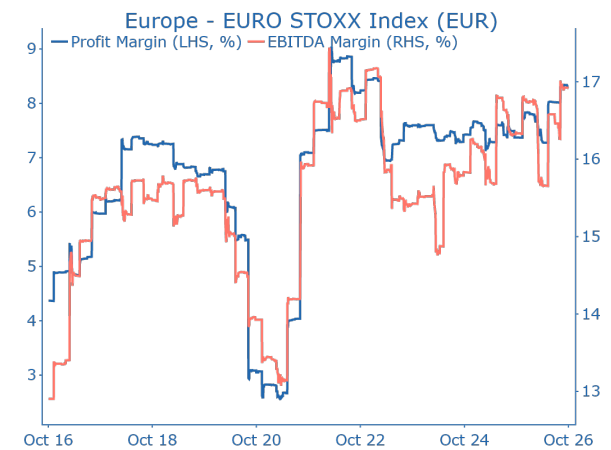
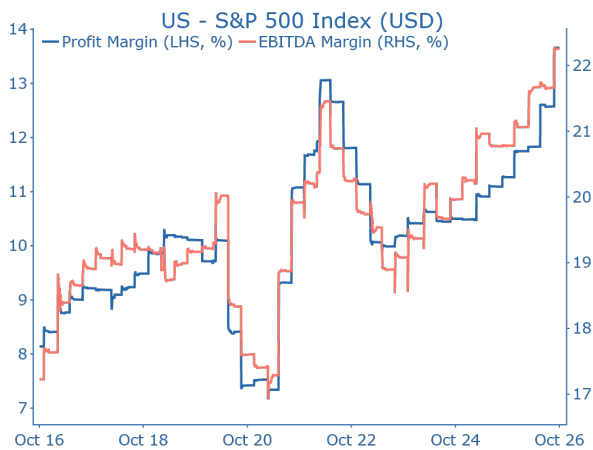
Source: Bloomberg

Earnings estimates - Full fiscal year



Source: Bloomberg

Historical margins



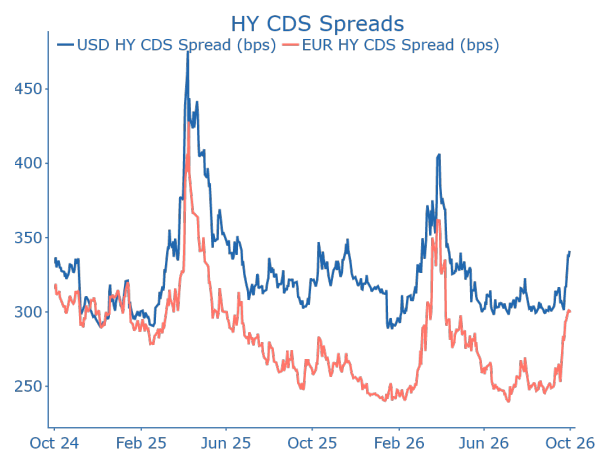
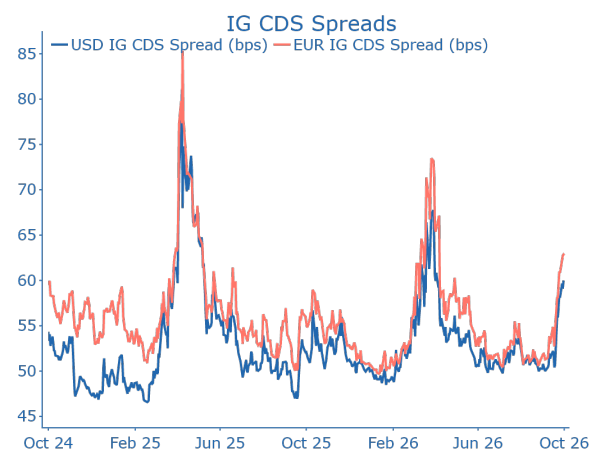
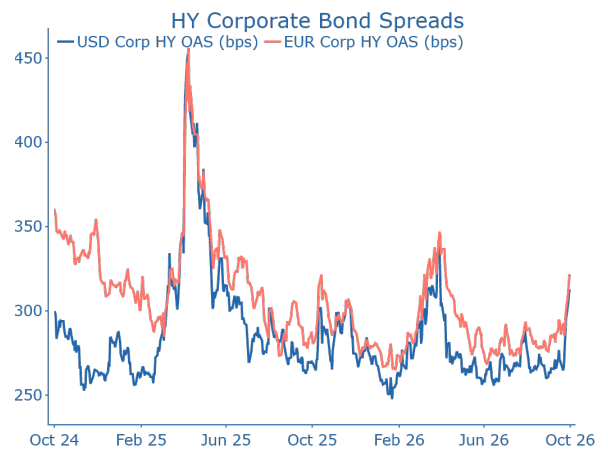
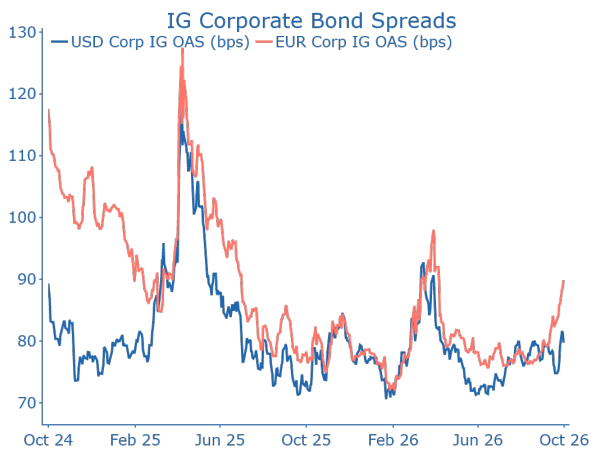
Source: Bloomberg

Yield Curve Steepness (10yr - 2yr)



Source: Bloomberg

Credit Markets (US & Europe)



Source: Bloomberg

Economic Data

US	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
ISM Manufacturing (Index)	48.0	47.9	52.6	52.4	52.7	52.7	54.0	53.3	55.6	54.6	-	up
ISM Non-Manufacturing (Index)	52.4	53.8	53.8	56.1	54.0	53.6	54.5	54.0	54.1	55.4	-	up
Durable Goods (% MoM)	5.4	-0.9	-0.4	-1.2	1.3	8.5	-4.0	0.6	0.9	0.0	-	down
Consumer Confidence (Index)	92.9	94.2	89.0	91.0	92.2	93.8	90.6	92.2	90.2	88.6	81.9	down
Retail Sales (% MoM)	2.9	2.1	2.2	3.5	3.6	4.1	6.7	5.9	4.5	5.4	-	down
Unemployment Rate (%)	4.5	4.4	4.3	4.4	4.3	4.3	4.3	4.2	4.1	4.1	-	down
Avg Hourly Earnings YoY (% YoY)	4.0	3.8	3.7	3.7	3.5	3.7	3.6	3.4	3.3	3.3	-	down
Change in Payrolls (000, MoM)	41.0	-17.0	160.0	-156.0	214.0	148.0	63.0	31.0	21.0	162.0	-	up
PCE (% YoY)	2.72	2.87	2.94	2.96	3.11	3.08	3.16	3.04	2.98	3.01	-	down
GDP (% QoQ, Annualized)	-	0.2	-	-	2.5	-	-	2.2	-	-	-	down

Eurozone	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
PMI Manufacturing (Index)	49.6	48.8	49.5	50.8	51.6	52.2	51.6	51.4	51.9	52.7	52.7	up
PMI Services (Index)	53.6	52.4	51.6	51.9	50.2	47.6	47.7	49.4	51.7	51.6	53.0	up
IFO Business Climate (Index)	87.9	87.6	87.6	88.5	86.3	84.5	85.0	85.6	86.7	88.8	89.9	up
Industrial Production (% YoY)	2.0	2.2	-1.3	-1.2	-3.0	0.2	-0.2	-0.3	0.0	-	-	up
Indeed 3m average wage growth (% YoY)	2.54	2.33	2.38	2.46	2.35	2.23	2.34	2.61	2.95	3.12	-	up
Unemployment Rate (%)	6.3	6.3	6.3	6.4	6.4	6.4	6.3	6.4	6.4	-	-	up
Euro-Area Credit Impulse (% SA)	1.71	1.65	1.31	0.61	1.34	0.17	0.63	1.11	0.91	1.24	-	up
EUR HICP 5y5y Inflation Swaps	2.06	2.07	2.14	2.08	2.13	2.17	2.14	2.09	2.13	2.15	2.13	down
CPI (% YoY)	2.1	2.0	1.7	1.9	2.6	3.0	3.2	2.8	2.9	3.2	-	up
Core CPI (% YoY)	2.4	2.3	2.2	2.4	2.3	2.2	2.6	2.4	2.5	2.4	-	up
GDP (% QoQ)	-	0.2	-	-	0.0	-	-	0.6	-	-	-	down

UK	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
PMI Manufacturing (Index)	50.2	50.6	51.8	51.7	51.0	53.7	53.9	52.5	51.9	51.7	52.0	down
PMI Services (Index)	51.3	51.4	54.0	53.9	50.5	52.7	49.3	48.8	52.1	52.5	51.7	up
Consumer Confidence (Index)	-19.0	-17.0	-16.0	-19.0	-21.0	-25.0	-23.0	-23.0	-17.0	-14.0	-13.0	up
Unemployment Rate (%)	5.1	5.2	5.2	4.9	5.0	4.9	4.9	4.9	4.9	-	-	down
CPI (% YoY)	3.2	3.4	3.0	3.0	3.3	2.8	2.8	2.6	2.9	3.1	-	up
House Prices (% YoY)	1.8	0.6	1.0	1.0	2.2	3.0	1.7	2.2	1.4	1.6	0.8	down
Mortgage Approvals (SA, Thousands)	64.58	61.42	60.21	62.35	62.95	65.02	56.33	58.12	55.93	54.92	-	down
GDP (% YoY)	-	0.8	-	-	0.8	-	-	1.4	-	-	-	down

Switzerland	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
KOF Leading Indicator (Index)	104.5	107.3	103.8	105.9	99.0	98.9	100.0	103.1	104.2	107.5	109.1	up
PMI Manufacturing (Index)	49.6	46.4	48.8	47.4	53.3	54.5	57.3	54.3	53.2	57.1	-	down
Real Retail Sales (% YoY)	1.6	2.5	0.3	0.4	1.4	1.0	3.6	1.9	2.6	3.2	-	up
Trade Balance (Billion, CHF)	3.71	0.98	3.61	4.07	3.09	3.03	5.92	5.34	8.46	4.35	-	up
CPI (% YoY)	0.0	0.1	0.1	0.1	0.3	0.6	0.6	0.5	0.4	0.8	1.0	up

Japan	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
PMI Manufacturing (Index)	48.7	50.0	51.5	53.0	51.6	55.1	54.5	54.8	54.5	54.9	54.1	down
Machinery Orders (% YoY)	-6.4	16.8	13.7	24.7	5.9	15.6	-1.9	16.9	11.2	-	-	up
Industrial Production (% YoY)	-4.2	0.9	0.7	0.4	2.4	2.0	-2.1	4.9	3.9	3.4	-	up
ECO Watchers Survey (Index)	48.0	48.5	45.4	48.2	44.7	41.6	43.1	43.5	45.8	46.2	-	up
Jobs to Applicants Ratio (Index)	1.19	1.2	1.18	1.19	1.18	1.18	1.17	1.18	1.18	-	-	down
Labour Cash Earnings (% YoY)	1.7	2.4	2.5	3.4	3.1	3.6	3.3	4.0	4.3	-	-	up
Retail Sales (% YoY)	0.9	-1.1	2.3	1.6	3.2	5.2	8.3	2.3	5.1	2.6	-	down
Exports (% YoY)	6.1	5.1	16.8	4.0	11.5	14.8	16.8	19.3	23.2	19.3	-	up
Money Supply M2 (% YoY)	1.7	1.7	1.6	1.7	2.0	2.3	2.5	2.2	2.1	2.0	-	down
CPI Ex Food & Energy (% YoY)	1.6	1.5	1.5	1.5	1.6	1.2	1.2	1.2	1.4	1.6	-	up

China	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
NBS PMI Manufacturing (Index)	49.2	50.1	49.3	49.0	50.4	50.3	50.0	50.3	49.2	49.8	50.1	down
NBS PMI Non Manufacturing (Index)	49.5	50.2	49.4	49.5	50.1	49.4	50.1	50.2	49.0	49.0	50.2	down
Industrial Production (% YoY)	4.8	5.2	-	-	5.7	4.1	4.5	5.3	4.5	5.2	-	up
Retail Sales (% YoY)	1.3	0.9	-	-	1.7	0.2	-0.6	1.0	0.6	0.4	-	up
Exports (% YoY)	5.9	6.6	10.0	39.6	2.5	14.0	19.2	26.9	23.9	25.0	-	up
CPI (% YoY)	1.1	-0.9	1.8	-0.1	1.4	2.8	5.0	0.6	3.7	2.7	-	up
PPI (% YoY)	-2.2	-1.9	-1.4	-0.9	0.5	2.8	3.9	4.1	3.5	3.8	-	up
RRR (%)	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	down
GDP (% YoY)	-	4.5	-	-	5.0	-	-	4.3	-	-	-	down

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

Economic Data

India	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Sep-2026	Trend*
PMI Manufacturing (Index)	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8	55.1	down
PMI Services (Index)	59.8	58.0	58.5	58.1	57.5	58.8	59.8	57.4	53.3	54.1	55.8	down
Industrial Production (% YoY)	7.0	6.7	4.1	4.4	3.0	4.9	5.0	8.8	7.4	8.0	-	up
CPI (% YoY)	0.49	1.17	2.74	3.21	3.4	3.48	3.93	4.38	4.45	4.82	-	up
GDP (% YoY)	-	7.7	-	-	8.6	-	-	7.8	-	-	-	down

Australia	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Trend*
Westpac Leading Indicator	97.18	97.12	97.21	97.15	97.07	97.02	97.08	96.98	97.05	97.07	97.03	up
Retail Sales (% YoY)	5.4	5.9	4.9	4.6	4.7	6.3	5.1	5.4	6.1	7.0	6.8	up
Unemployment Rate (%)	4.3	4.3	4.1	4.1	4.3	4.3	4.5	4.4	4.4	4.5	4.6	up
Housing Prices (% YoY)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	down
CPI (% MoM)	3.8	3.4	3.8	3.8	3.7	4.6	4.2	4.0	3.8	3.5	4.0	down

Brazil	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Trend*
CPI (% YoY)	4.68	4.46	4.26	4.44	3.81	4.14	4.39	4.72	4.64	4.44	4.22	up
Industrial Production (% YoY)	-0.4	-1.4	-0.1	0.2	-0.7	4.4	2.7	0.2	1.7	-0.5	-	down
Retail Sales (% YoY)	1.0	1.5	2.4	2.7	0.3	3.9	1.2	0.7	2.8	1.2	-	up
Trade Balance (Millions, USD)	6684.97	5760.56	9324.87	3744.91	4060.51	6458.96	10656.03	7439.1	8999.1	6565.08	7393.94	down
Budget Balance (Billions, BRL)	-81.52	-101.64	-115.5	40.06	-100.59	-199.54	-60.14	-163.68	-165.97	-97.6	-115.95	up

Chile	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Trend*
Economic Activity Index (% YoY)	2.06	1.37	1.27	-0.87	-0.22	0.09	-1.07	-1.39	2.02	-1.49	-	up
CPI (% YoY)	3.44	3.44	3.45	2.78	2.37	2.83	3.96	3.93	4.34	3.53	4.13	up
Retail Sales (% YoY)	8.31	5.82	4.43	3.58	5.64	4.52	4.08	5.05	5.19	2.5	3.4	down
Industrial Production (% YoY)	-0.57	-0.68	-1.99	-1.57	-1.36	-3.33	-4.69	-7.51	1.37	-5.07	-5.73	up
Unemployment (%)	8.4	8.4	8.0	8.3	8.3	8.9	9.1	9.4	9.4	9.5	9.6	up

Mexico	Oct-2025	Nov-2025	Dec-2025	Jan-2026	Feb-2026	Mar-2026	Apr-2026	May-2026	Jun-2026	Jul-2026	Aug-2026	Trend*
PMI (Index)	47.08	45.97	46.65	46.72	47.26	47.68	49.08	48.51	48.17	49.7	49.7	up
CPI (% YoY)	3.57	3.8	3.69	3.79	4.02	4.59	4.45	3.94	3.37	3.12	3.26	down
Retail Sales (% YoY)	3.6	4.7	3.6	4.1	2.0	2.9	3.3	2.3	2.9	1.8	-	down
Industrial Production (% YoY)	-1.05	-2.02	1.34	-2.77	-2.03	-0.79	0.02	-1.4	0.11	1.58	-	up
Remittances (Millions, USD)	5634.8	5124.9	5308.8	4594.1	4468.2	5499.8	4978.1	5611.0	5472.3	5570.6	-	up

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

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Oct-2026	1M ago	3M ago	12M ago
UK	13	42	27	59
Germany	-169	-145	-160	-138
Switzerland	-470	-437	-417	-385
Japan	-218	-179	-176	-244
China	-360	-311	-273	-222
India	191	215	227	241
Australia	11	37	30	26
South Korea	-87	-42	-27	-113
Malaysia	-123	-89	-86	-64
Indonesia	185	226	269	223
Thailand	-297	-263	-244	-270
Philippines	233	244	261	192
Brazil	881	976	999	960
Mexico	434	454	453	474
Chile	73	108	115	154
Colombia	765	794	721	723
Peru	138	152	162	194

Spread over German Bund (bps)

Country	Oct-2026	1M ago	3M ago	12M ago
France	127	86	80	81
Netherlands	9	8	12	15
Belgium	77	55	58	54
Austria	21	21	25	29
Ireland	11	15	18	24
Italy	103	82	78	81
Spain	55	45	49	54
Portugal	43	34	38	40

Source: Bloomberg

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Zurich Insurance Group Ltd

Investment Management
Mythenquai 2
8002 Zurich