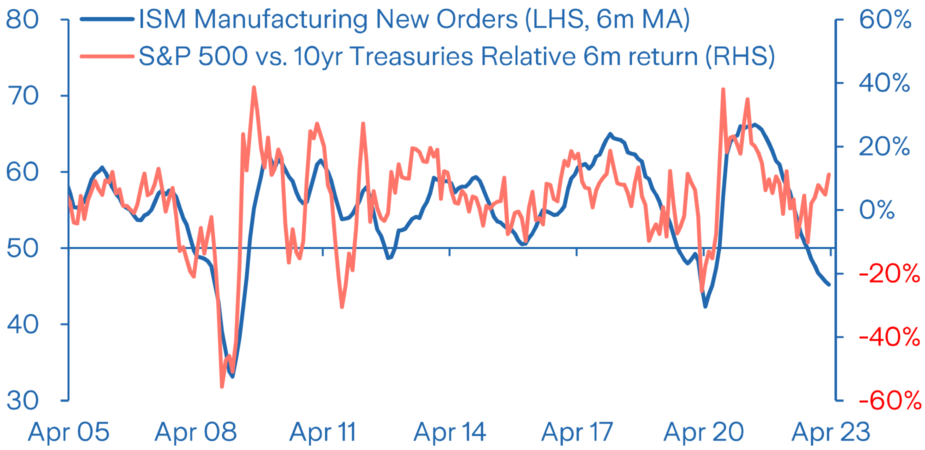
Monthly Investment Insights

3 May 2023

A deteriorating growth outlook is likely to weigh on stock markets



Source: Bloomberg, ZIG

After a solid start in the first quarter most equity markets have struggled to keep up the momentum recently. While the Euro Stoxx 50 came within reach of a new multi-year high, US equities faced more headwinds in April with the S&P 500 failing to break out of the trading range it has been stuck in for more than half a year now. The Nasdaq was amongst the worst performers in April though it still shows a double-digit performance since the beginning of the year. The reporting season for Q1 corporate earnings is still in full swing but is painting a mixed picture so far. Overall, earnings are on course to beat the low expectations but sales growth has moderated further compared to last quarter and a substantial fall in margins has led to shrinking profits.

We expect more volatility and further setbacks in the months ahead as increasing recession risks, aggressive monetary policy and fiscal uncertainty are likely to weigh on investors' minds. The Conference Board's US leading index is now 7.8% lower than a year ago, a level that is usually only seen in or shortly before a recession. New orders, consumer confidence, business sentiment, and a number of other indicators are pointing at a contraction this year. This is expected to remain a drag on equities in the coming months as historically the S&P 500 has never bottomed ahead of a recession.

Meanwhile, the Fed is reluctant to move away from its hawkish rhetoric given that inflation is still elevated, although it has already fallen substantially and is expected to continue to do so over the course of the year. Money supply in the US has shrunk by more than 4% compared to a year ago in March, draining liquidity from both the economy and financial markets. Finally, in addition to economic and monetary risks, the debt ceiling debate is gaining traction and although an eventual compromise is likely, the path could be bumpy and related fiscal retrenchment could further weigh on growth expectations.

Last year's stock market drawdowns partially reflected the growth risks ahead, which limits the expected market setbacks. However, given the deteriorating economic outlook, further headwinds for earnings and margins, an aggressive Fed, and uncertainty regarding the US debt ceiling, equities still don't look very attractive, particularly given that bond yields provide an interesting alternative.

Market Assessment

Key developments

- Services activity remains robust globally, while employment is holding up well, forcing central banks to remain hawkish.
- Headline inflation rates fall further, helped by lower energy prices, but core inflation remains sticky.
- Following the rebound in March, global equities struggled to break out to the upside in April as growth risks and monetary tightening weigh on investor sentiment.

Zurich's view

Tighter financial conditions keep weighing on economic activity. While elevated core inflation measures are still holding central banks back from sounding less hawkish in the near term, we are close to the end of the current tightening cycle. Substantial falls in headline inflation, a deterioration of the growth outlook, and growing signs of banking stresses are likely to convince central banks that they have done enough to restore price stability over their forecast horizon. A less hawkish stance should be supportive for risk assets, but headwinds persist as global growth remains in decline with the lagged effects of policy tightening slowing activity further.

Stock market momentum has moderated recently and the risk of a setback has increased as recession risks still do not seem to be fully priced in. Bond yields are more in line with a deteriorating growth environment but have further to fall if the expected contraction becomes reality. Credit risks continue to mount, with business models coming under pressure and credit defaults likely to accelerate, while spreads are not compensating investors.

	Key developments	Zurich's view
Global	• Services activity strengthens further while manufacturing, global trade, and housing remain under pressure • Aggressive policy tightening will weigh on activity going forward, with credit conditions now tightening rapidly • Central banks maintain a hawkish stance as inflation remains elevated, but peak rates are approaching	Global economic activity is unusually divergent, with a further decline in manufacturing momentum in April while services strengthened, led by China's reopening and solid travel and leisure demand. World trade also remains in contraction, with a lack of a turnaround in leading trade data, along with subdued commodities demand and pricing. While headline inflation is receding, core inflation is still elevated and labour markets tight. Central banks have consequently maintained a hawkish stance, with further rate hikes expected. However, while stresses within the financial system have eased, conditions remain volatile and credit conditions are set to tighten. This will add to the slowdown that we anticipate and reduce the need for further rate hikes.
US	• Leading indicators are now in recession territory • Inflation falls substantially in March but remains elevated • The stock market is rangebound while the growth outlook deteriorates further	The economic environment has weakened further and is reflected in the Conference Board's leading indicator being 7.8% lower than a year ago, a level that is usually only seen in or shortly ahead of a recession. The ISM Manufacturing Index dropped to 46.3 in March, the lowest level since May 2020 with new orders pointing to a further slowdown in the months ahead. Further on, consumer confidence remains subdued, dragged down by downbeat expectations. Modest sentiment paired with a softening employment situation will likely weigh on consumer spending and business activity. Despite the deteriorating economic outlook and a substantial fall in inflation the Fed is not yet signalling any willingness to pause its tightening process, risking a more severe downturn.
UK	• Consumer confidence and business activity pick up in April • Inflation softens in March, but remains above 10% • Given a very tight labour market and high inflation the BoE is likely to further tighten its policy	Inflation remains elevated and only receded slightly in March, weakening to 10.1% YoY from 10.4% in February. Base effects and slowing growth will help to bring down inflation in the coming months but the pressure on consumers' purchasing power will continue to be a drag on household spending. Despite the ongoing headwinds consumer sentiment has improved markedly since the beginning of the year, though it remains substantially below pre-pandemic levels. Confirming the brightening mood of consumers, service activity picked up to 54.9 in April according to the latest PMI survey. Nevertheless, given a still very tight labour market and with inflation substantially above target the Bank of England will likely be forced to tighten its policy further to slow down the economy.
Eurozone	• The economy returns to growth in Q1 and services sentiment continues to improve • Manufacturing confidence remains weak and lending growth continues to fall • The ECB maintains a hawkish stance as core inflation remains sticky and recent wage deals generous	The economy returned to growth in Q1, with GDP rising 0.1% QoQ, after declining 0.1% QoQ in Q4 2022. The rebound in the economy is modest though the data may have been distorted somewhat by a large decline in Irish GDP, which tends to be volatile. Other indicators of economic activity, and the Services PMI in particular, have been more positive, moving well above 50 in April. However, the Manufacturing PMI fell to a 35-month low in April and is still well below 50, and manufacturing tends to lead services activity. The ECB also continues to tighten monetary policy, worried by sticky core inflation still running above 5%. The upshot is that we think growth will remain lacklustre this year, especially as the effects of previous monetary tightening impact the economy with a lag.
Switzerland	• Economic growth momentum weakens, with a further slowdown expected as credit conditions tighten • Inflation is moderating, with domestic and core price pressures ticking lower and remaining contained • Slowing growth and softer inflation limit the need for further tightening from the SNB	Activity continues to weaken, with growth now tracking below trend. The Manufacturing PMI fell further in March and April, led by sliding readings for order backlogs, delivery times and input prices, indicating weakness in the external demand environment. The weekly Swiss job tracker, which tracks the number of advertised positions, has slumped, with open positions down by 7% since the February peak. The KOF leading indicator also surprised to the downside, pointing to subdued activity in the broader economy. More encouragingly, CPI surprised to the downside in March, with core CPI falling back to 2.2% YoY, well below expectations of 2.5%. Slowing growth and weakening inflation limit the need for further tightening from the SNB, and we anticipate rates will be kept on hold going forward.

	Key developments	Zurich's view
Japan	• The central bank maintains its dovish policy despite a backdrop of elevated inflation • Services continue to support growth while manufacturing remains lacklustre • The Japanese yen weakens while equities post decent gains in April	The Bank of Japan (BoJ) decided to maintain its target yield for 10yr government bonds within the range of 0% +/-50bps under its Yield Curve Control. The Bank also announced a broad policy review as the first step toward a potential revision of its current policy. BoJ Governor Ueda noted the risk of premature tightening and mentioned that the hope of achieving inflation targets after a prolonged period of deflation in Japan has become more feasible. Data show inflation remained elevated in March and Tokyo CPI accelerated in April. However, the labour market loosened slightly, with unemployment rising from 2.6% to 2.8%. Services continued to be brisk, offsetting ongoing weakness in manufacturing, and Japanese equities posted decent gains in April, with a notable rally following the BoJ's meeting.
China	• China's reopening is progressing notably well with services leading the recovery • There are initial signs of a pickup in home sales, but property investment is still declining • Chinese equities are trading rangebound compared to global equities	China's recovery is in full swing, with GDP significantly surpassing consensus expectations in Q1. Unsurprisingly, consumption has fuelled the rebound, particularly in services. Leading indicators such as the NBS and Caixin PMIs also showed a marked improvement in services, while manufacturing exhibited a more subdued trend. Activity data revealed brisk retail sales in March while industrial production and fixed asset investment experienced less robust growth. There are early indications of a recovery in the property market as new home sales have picked up, although property investment remains weak. March credit data were strong, driven by improved household and corporate lending. Despite an encouraging macroeconomic backdrop, Chinese equity performance continues to underwhelm.
Australia	• The Reserve Bank of Australia raises its cash rate by 25bps to 3.85% • Consumer spending is under pressure as households face higher interest rates • Australian equities rebound on the back of improved sentiment in global equities	The Reserve Bank of Australia (RBA) delivered a 25bp rate hike in May, bringing its cash rate to 3.85%. Inflation has shown clear signs of peaking in recent months, with the monthly CPI slowing from 6.8% YoY to 6.3% in March. The labour market remains tight and the unemployment rate unchanged at 3.5%. Growth in consumption continues to weaken, with retail sales and household spending slowing notably. The housing market took a breather, with home prices rising 0.8% MoM in March, following by a 0.5% increase in April. However, we do not foresee a sustainable uptrend as elevated mortgage rates remain strong headwinds for the property sector. Australian equities recovered in April as investors shrugged off worries of a systemic banking crisis and sentiment improved in global equities.
ASEAN	• Global weak demand continues to weigh on ASEAN exports • Inflation peaks and is hovering within a range in most countries, allowing central banks to keep policy rates steady • Indonesian stocks are outperforming their regional peers thanks to strong foreign inflows	Slowing global demand continues to result in weak shipments across ASEAN. Most countries experienced a further contraction in exports, which dragged down regional growth, given that the ASEAN economy is closely linked to the global trade and commodity cycles. Leading indicators such as PMI new orders and new export orders continue to suggest weak sentiment in March. However, domestic consumption appears to be resilient and may receive a boost from an increase in Chinese tourists. Inflation in most countries remains between 2-5% YoY, allowing most central banks to conclude their rate hike cycle. With the strength of the USD receding, regional currencies have been relatively stable. Indonesian stocks benefited from strong foreign inflows in April, while other markets continue to lag global equities.
LatAm	• The MSCI LatAm Index outperforms other emerging markets • Inflation continues to decline in most LatAm countries amid still hawkish central banks • The Central Bank of Argentina hikes the policy rate to 91% to reduce pressure on the peso	Headline inflation is decelerating in most countries, but core inflation remains high and sticky, pushing the central banks to stay hawkish. Nevertheless, we expect the easing cycle to start between September and December. In Argentina, inflation is getting worse, reaching 104.3% YoY. The Central Bank hiked the reference rate two times during April, reaching 91%, to try and reduce the pressure against the peso amid a significant depreciation of the parallel FX. In Chile, the government presented a national lithium strategy, including creating a national lithium company and increasing the state's role in this industry. The equity market reacted negatively, and the MSCI Chile fell ~2.5%. In Brazil, the equity market recovered but remained subdued on the back of uncertainties regarding the new fiscal framework proposal.

Appendix 1

Valuation snapshot (MSCI Indices)

Current trailing valuations

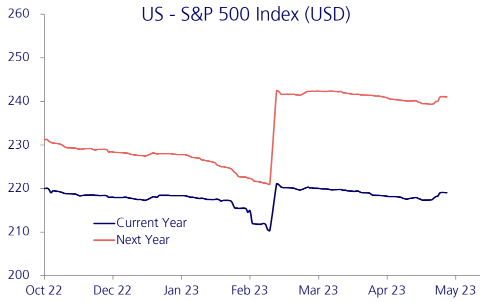
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02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

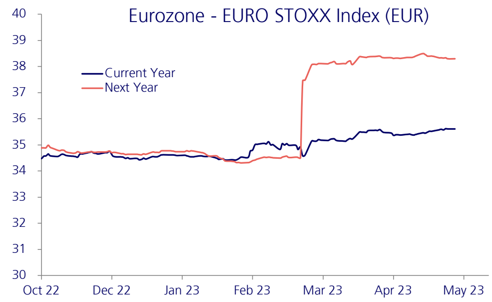
Current trailing valuations relative to MSCI world

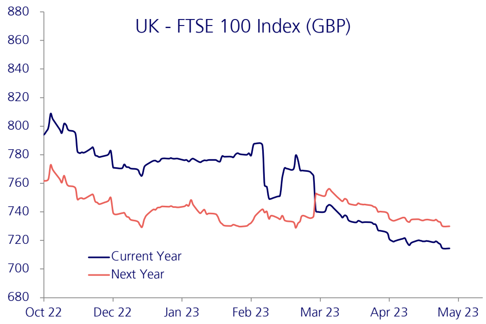
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34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

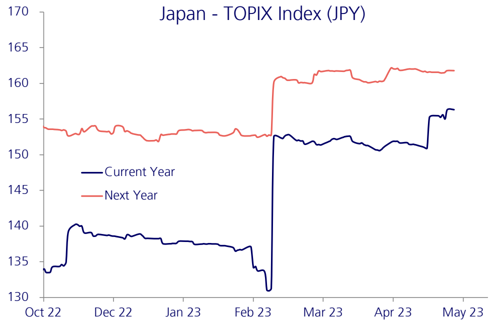
Source: Datastream

Earnings estimates - Full fiscal years



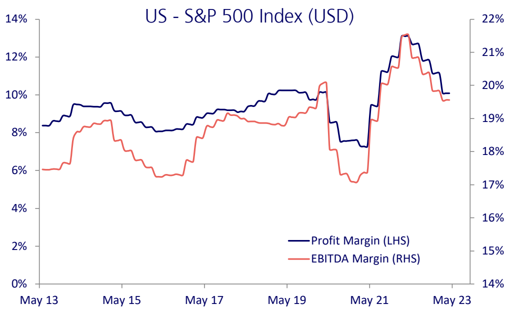


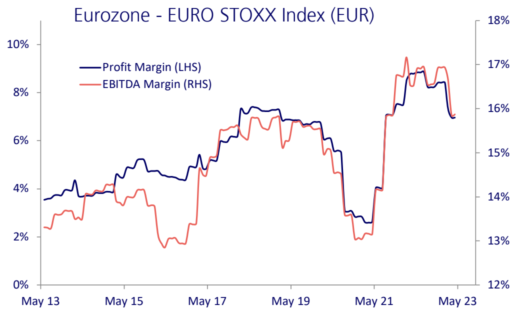


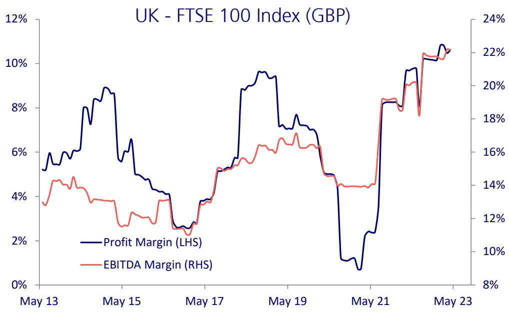


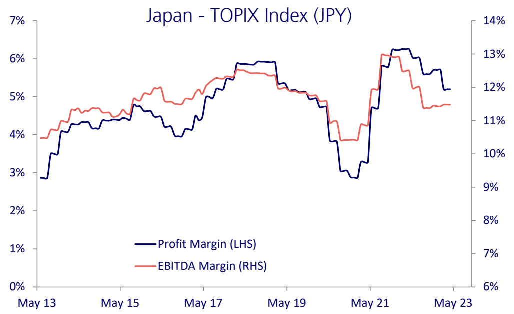
Source: Bloomberg

Historical margins









Source: Bloomberg

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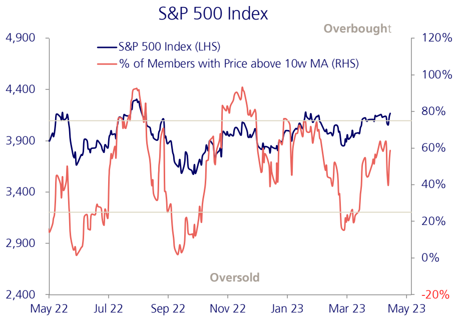
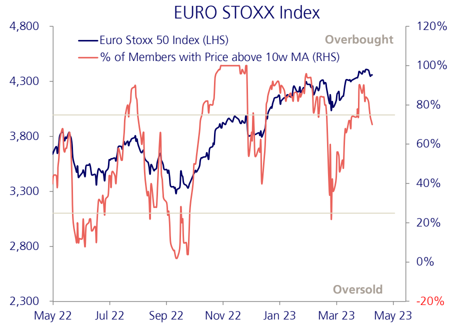
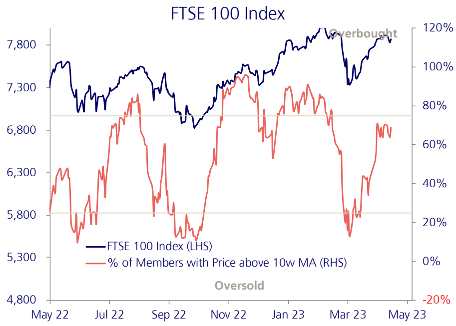
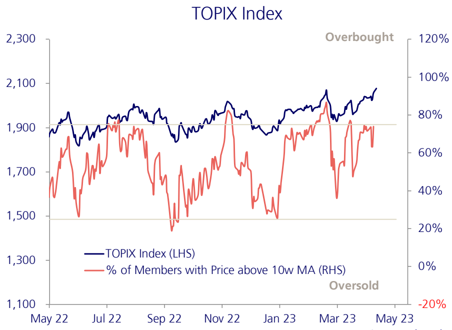
Overbought / Oversold





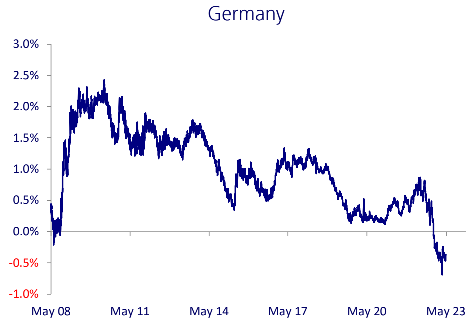


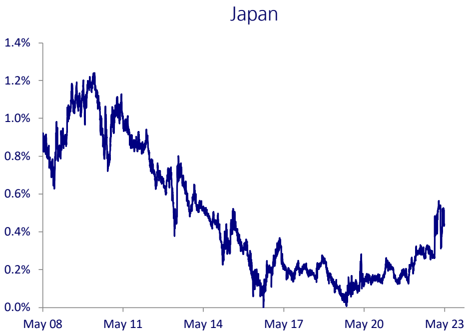


Source: Bloomberg

Appendix 3

Yield Curve Steepness (2yr-10yr)





Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	May-23	1m ago	3m ago	1yr ago
UK	26	2	-17	-103
Germany	-114	-118	-122	-200
Switzerland	-241	-222	-222	-206
Japan	-305	-312	-301	-270
Australia	-11	-17	4	19
China	-68	-61	-60	-9
South Korea	-9	-11	-23	30
Malaysia	28	43	30	144
Indonesia	308	333	320	405
Thailand	-93		-97	-22
Philippines	61	n/a	n/a	n/a
Brazil	889	935	961	n/a
Mexico	533	539	520	619
Colombia	841	829	870	n/a
Peru	402	408	454	492

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	May-23	1m ago	3m ago	1yr ago
France	57	50	47	52
Netherlands	37	35	28	29
Belgium	69	67	57	58
Austria	67	65	63	50
Ireland	39	45	46	n/a
Italy	186	181	187	184
Spain	105	101	100	104
Portugal	82	83	90	108

Source: Bloomberg, ZIG

Economic data

US	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
ISM Manufacturing (Index)	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4	47.4	47.7	46.3		down
ISM Non-Manufacturing (Index)	57.5	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1	51.2		up
Durable Goods (% MoM)	0.4	0.8	2.3	-0.1	0.2	0.2	0.7	-1.8	5.1	-5.0	-1.2	3.2		down
Consumer Confidence (Index)	108.6	103.2	98.4	95.3	103.6	107.8	102.2	101.4	109.0	106.0	103.4	104.0	101.3	down
Retail Sales (% MoM)	8.7	9.7	9.3	10.3	10.2	9.4	8.8	6.1	6.0	7.4	5.2	2.3		down
Unemployment Rate (%)	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5		down
Avg Hourly Earnings YoY (% YoY)	6.9	6.7	6.7	6.6	6.2	5.9	5.7	5.7	5.4	5.2	5.3	5.1		down
Change in Payrolls ('000, MoM)	254.0	364.0	370.0	568.0	352.0	350.0	324.0	290.0	239.0	472.0	326.0	236.0		up
PCE (% YoY)	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6	4.7	4.7	4.6		down
GDP (%, QoQ, Annualized)			-0.6			3.2			2.6			1.1		down

UK	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
PMI Services (Index)	58.9	53.4	54.3	52.6	50.9	50.0	48.8	48.8	49.9	48.7	53.5	52.9	54.9	up
Consumer Confidence (Index)	-38.0	-40.0	-41.0	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0	-30.0	up
Unemployment Rate (%)	3.8	3.8	3.8	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8			down
CPI (% YoY)	9.0	9.1	9.4	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4	10.1		down
GDP (% YoY)			3.8			2.0			0.6					

Eurozone	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
PMI Manufacturing (Index)	55.5	54.6	52.1	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.5	down
PMI Services (Index)	57.7	56.1	53.0	51.2	49.8	48.8	48.6	48.5	49.8	50.8	52.7	55.0	56.6	up
IFO Business Climate (Index)	91.9	93.0	92.3	88.9	89.0	85.2	85.0	86.4	88.5	90.1	91.0	93.2	93.6	up
Industrial Production (% MoM)	-1.0	2.1	2.0	-3.2	2.5	0.4	-1.7	1.3	-1.4	1.0	1.5			up
Factory Orders GE (% MoM)	-1.9	0.5	-0.7	2.0	-2.1	-2.4	0.1	-2.6	1.9	0.5	4.8			up
Unemployment Rate (%)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.6			down
M3 Growth (% YoY, 3 months MA)	6.1	5.8	5.8	5.7	6.1	6.3	5.1	4.8	4.1	3.5	2.9			down
CPI (% YoY)	7.4	8.1	8.6	8.9	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9		down
Core CPI (% YoY)	3.5	3.8	3.7	4.0	4.3	4.8	5.0	5.0	5.2	5.3	5.6	5.7		up
GDP (% QoQ)			0.9			0.4			0.0			0.1		up

Switzerland	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
KOF Leading Indicator (Index)	103.9	97.7	98.3	96.4	93.1	92.1	90.9	89.3	91.5	97.4	98.9	99.2	96.4	up
PMI Manufacturing (Index)	61.6	59.8	59.1	58.0	56.7	56.8	55.4	54.4	54.5	49.3	48.9	47.0		down
Real Retail Sales (% YoY)	-5.7	-2.0	0.1	2.5	1.6	2.2	-2.5	-1.8	-3.2	-1.7	-0.5	-1.9		up
Trade Balance (Billion, CHF)	4.1	3.1	3.6	3.4	3.7	4.4	4.2	2.2	2.4	5.0	3.1	4.5		up
CPI (% YoY)	2.5	2.9	3.4	3.4	3.5	3.3	3.0	3.0	2.8	3.3	3.4	2.9		up

Japan	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
Nomura Manufacturing PMI (Index)	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	down
Machine Orders (% YoY)	19.0	7.4	6.5	12.8	9.7	2.9	0.4	-3.7	-6.6	4.5	9.8			up
Industrial Production (% YoY)	-4.9	-3.1	-2.8	-2.0	5.8	9.6	3.0	-0.9	-2.4	-3.1	-0.5	-0.7		down
ECO Watchers Survey (Index)	50.7	52.6	51.8	43.5	44.8	49.6	51.1	49.7	49.0	46.5	51.0	55.2		up
Jobs to Applicants Ratio (Index)	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.3	1.3		down
Labour Cash Earnings (% YoY)	1.3	1.0	2.0	1.3	1.7	2.2	1.4	1.9	4.1	0.8	0.8			down
Department Store Sales (% YoY)	19.0	57.8	11.7	9.6	26.1	20.2	11.4	4.5	4.0	15.1	20.4	9.8		up
Money Supply M2 (% YoY)	3.4	3.1	3.3	3.4	3.4	3.3	3.1	3.1	2.9	2.7	2.6	2.6		down
CPI Ex Food & Energy (% YoY)	0.1	0.2	0.2	0.4	0.7	0.9	1.5	1.5	1.6	1.9	2.1	2.3		up
Exports (% YoY)	12.5	15.8	19.2	19.0	22.0	28.9	25.3	20.0	11.5	3.5	6.5	4.3		down

China	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
PMI Manufacturing (Index)	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	up
Industrial Production (% YoY)	-2.9	0.7	3.9	3.8	4.2	6.3	5.0	2.2	1.3			3.9		down
Retail Sales (% YoY)	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5	-5.9	-1.8			10.6		up
PPI (% YoY)	8.0	6.4	6.1	4.2	2.3	0.9	-1.3	-1.3	-0.7	-0.8	-1.4	-2.5		down
Exports (% YoY)	3.5	16.4	17.1	18.1	7.4	5.6	-0.3	-9.0	-9.9	-10.5	-1.3	14.8		up
CPI (% YoY)	2.1	2.1	2.5	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0	0.7		down
RRR (%)	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.0	11.0	11.0	10.8	10.8	down
GDP (% YoY)			0.4			3.9			2.9			4.5		up
PMI Non Manufacturing (Index)	47.4	49.6	50.2	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	up
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
AiG Manufacturing (Index)	58.5	52.4	54.0	52.5	49.3	50.2	49.6	44.7						down
AiG Service (Index)	57.8	49.2	48.8	51.7	53.3	48.0	47.7	45.6						down
Westpac Consumer Confidence (% MoM)	-0.9	-5.6	-4.5	-3.0	-3.0	3.9	-0.9	-6.9	3.0	5.0	-6.9	0.0	9.4	up
Building Approvals (% YoY)	-24.4	-19.9	-16.3	-23.2	-6.7	-11.3	-4.6	-9.5	-3.7	-8.1	-31.1			down
Employment Change ('000, MoM)	39.7	59.4	91.9	-17.1	54.2	14.1	43.0	59.6	-13.2	-10.5	63.6	53.0		up

Brazil	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
CPI (% YoY)	12.1	11.7	11.9	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6	4.7		down
Industrial Production (% YoY)	-1.9	-0.1	-0.3	-0.6	-0.4	1.8	-1.0	1.2	0.8	-0.4	0.3	-2.4		down
Retail Sales (% YoY)	4.9	4.5	-0.2	-0.1	-5.3	1.6	3.2	2.7	1.4	0.4	2.6	1.0		down
Trade Balance (Millions, USD)	8226.8	4957.7	8889.9	5357.3	4106.7	3694.6	3375.4	6200.3	4533.4	2278.9	2833.2	10956.0		up
Budget Balance Primary (Billions, BRL)	-41.0	-66.0	-83.8	-22.5	-65.9	-60.6	-14.5	-70.4	-70.8	46.7	-90.6	-79.5		up

Chile	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
IMACEC Economic Activity Index (% YoY)	5.96	6.08	3.41	0.39	0.80	-0.57	-1.46	-3.33	-2.02	0.09	-0.52			up
CPI (% YoY)	10.52	11.55	12.49	13.12	14.09	13.73	12.81	13.34	12.79	12.33	11.95	11.09		down
Retail Sales (% YoY)	-5.29	-6.00	-11.17	-13.14	-14.54	-12.39	-15.39	-11.10	-10.43	-9.26	-8.39			up
Industrial Production (% YoY)	-3.51	1.60	-1.54	-5.08	-5.06	-1.43	-4.24	-5.02	-1.21	0.47	-1.09	-5.91		up
Unemployment (%)	7.70	7.80	7.80	7.90	7.90	8.00	8.00	7.90	7.90	8.00	8.40	8.80		up

Mexico	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Trend*
PMI (Index)	52.5	50.8	49.5	51.2	49.5	50.4	50.2	51.0	51.4	49.8	51.2	49.2		down
CPI (% YoY)	7.7	7.7	8.0	8.2	8.7	8.7	8.4	7.8	7.8	7.9	7.6	6.9		down
Retail Sales (% YoY)	4.6	5.1	4.0	5.0	4.7	3.3	3.8	2.4	2.5	5.3	3.4			neutral
Indutrial Production (% YoY)	3.6	6.6	5.2	5.4	8.1	8.4	5.3	4.7	2.7	4.7	2.4			down
Remittances (Millions, USD)	4707.8	5141.9	5144.0	5301.4	5123.8	5036.8	5361.4	4817.6	5353.0	4406.1	4348.4			down

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Disclaimer and cautionary statement

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