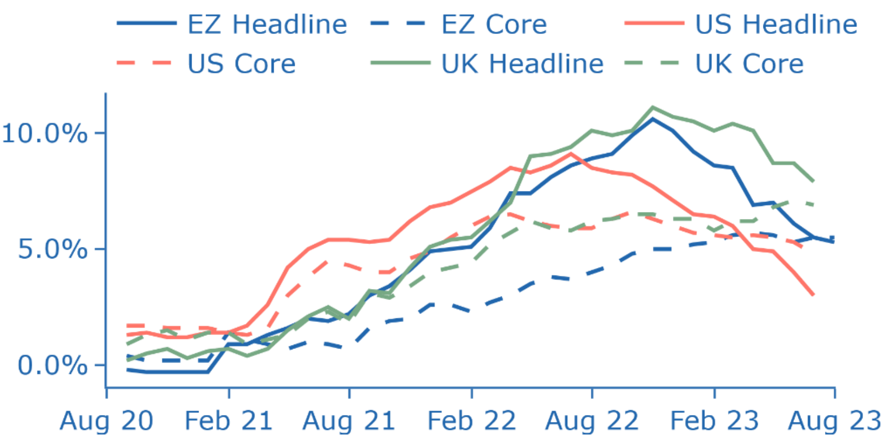
ZURICH

Monthly Investment Insights

2 August 2023

Investors embrace 'Goldilocks' as inflation plunges



Source: Bloomberg

Risk assets, including equities and credit, reflect increasing optimism. As we move into August, the MSCI World Equity Index continues to extend its double-digit year-to-date returns, with US equities outperforming most of their global peers despite recent setbacks in tech stocks. Meanwhile, credit market resilience is evident, with US High Yield spreads, a barometer of the market perception of credit risk, hardly providing much of a risk premium in our view. The kick-off of the earnings season has shown bank earnings exceeded expectations, but more broadly corporate margins and earnings are declining notably.

While risk asset pricing seems to suggest a 'Goldilocks' scenario of falling inflation with growth holding up, bond markets are telling a different tale. Treasury yields, after briefly crossing above their technical resistance levels in early July, have receded, reflecting softer than expected inflation data across markets. We expect inflation to fall further on the back of slowing growth and base effects, supporting a falling trend of bond yields over time. However, the risk of policy overshoot remains as global central banks appear unconvinced that inflation will soon return to their targets, with the Fed and the European Central Bank both having raised their policy rates further in July.

In Asia, China's lacklustre economic recovery is marked by a Q2 GDP slowdown, a struggling property sector and record high youth unemployment, pointing to a need for additional stimulus. Following the July Politburo meeting, which signalled additional policy support for the economy, the MSCI China Index spiked higher. Having said that, we do not expect the government to provide large-scale stimulus as China continues to steer its economy towards more sustainable long-term growth drivers such as industry and infrastructure investment, while providing targeted support to improve the health of the property sector. This should support China's equity market near term.

Overall, we see further downside risks to growth. That said, positive equity momentum is likely to run for longer, making it challenging to go against the prevailing strong markets. Hence, we maintain a neutral stance on equities. Within equity markets, we prefer Chinese equities, potentially benefiting from further stimulus, to Japanese stocks that seem overbought in the short term. In the credit market, especially in US Investment Grade and Global High Yield markets, risk reward appears skewed to the downside. In the bond market, the gilt-Treasury spread rose to its widest since the financial crisis before falling back and is likely to narrow further, favouring gilts over Treasuries.

Market Assessment

Key developments

- Global inflation continues to ease at both headline and core levels
- The Fed and the European Central Bank raise their policy rates further
- China's growth is disappointing, with further stimulus likely given positive messages from the July Politburo meeting

Zurich's view

Investor sentiment towards risk assets remains bullish, showing little concern about recession risks and keeping risk premia low.

The strong momentum in the equity market is likely to persist. However, with further evidence of slowing growth, investors appear complacent. The earnings season has begun with bank earnings exceeding expectations. Despite that, both margins and earnings are decelerating. In the credit market, spreads have struggled to tighten further. We expect spreads to widen, increasingly reflecting deteriorating underlying conditions. In terms of government bonds, falling inflation and slowing economic growth suggest yields should ease from current levels, although volatility in yields remains high given still hawkish global central banks.

Despite maintaining a cautious stance on the growth outlook, we hold a neutral position on equities given the strong momentum in the market. Regarding credit, we exercise caution as credit risk premia do not seem to reflect growth risks and a potential pickup in defaults. With spreads tight, further upside for credit is limited, even if the 'Goldilocks' scenario pans out.

	Key developments	Zurich's view
Global	• Investors increasingly embrace lower inflation and a better growth story • The global economic landscape is becoming more nuanced • While further policy rate hikes have hit some regions, falling inflation is setting the stage for rate cuts in others	With labour markets very tight and inflation now coming down sharply, even in the most troublesome hotspots, investors are buying into the 'Goldilocks' narrative. While inflationary risks are declining, equity and credit markets are pricing in little room for disappointment or a sharper slowdown in growth. Rates are still rising in key parts of the world, as are lending standards and corporate defaults, and bond yields are more elevated than might be expected given the bullish inflation narrative. Central banks have done a commendable job of balancing growth and inflation, but it is too early to declare victory. Core inflation has not yet been vanquished and the delayed impact of high rates is still working through the system as fixed rate loans roll over. While risk assets are rich and vulnerable, momentum could hold a bit longer.
US	• Headline inflation falls to 3% YoY in June while core inflation recedes to 4.8% • The Fed lifts its target rate to 5.25%-5.5%, the highest in 22 years • Stock markets rise on the improving inflation outlook despite slowing growth	Headline inflation continues to fall rapidly, slowing from 4% in May to 3% YoY in June, the lowest level since March 2021. The slowdown has been broad-based and includes many service components. It is reassuring that core inflation also fell more than consensus expected with the monthly rate slowing to only 0.16%, thus returning to an annualised rate below 2%. Despite the significant slowdown in price pressure, the Fed lifted its target rate by another 25bps to a range of 5.25% to 5.5% in July, the highest in 22 years. According to Jerome Powell the next policy steps will be data-dependent, but given our cautious growth outlook we don't expect any further rate hikes in the current cycle. The S&P 500 advanced markedly on the positive inflation development and the approaching end of the hiking cycle.
UK	• Headline inflation falls to 7.9% YoY in June while core inflation slows to 6.9% • The tight labour market is finally showing cracks with the unemployment rate rising to 4% in May • The growth outlook keeps deteriorating with the Composite PMI receding to 50.7	Although still elevated, inflation fell quicker than consensus expected in June. Headline CPI inflation dropped to 7.9% YoY from 8.7% while core inflation receded to 6.9% from 7.1%. The very tight labour market is finally showing some cracks with the unemployment rate ticking up to 4% in May from 3.8% the month before. More recent data on jobless claims also show a softening employment situation. Nonetheless, the BoE is expected to keep a hawkish tilt until inflation and wage growth are on clear downward trajectories. The economic outlook continues to deteriorate with the Composite PMI falling to 50.7 in July, just barely in expansionary territory. The slowdown was driven by both weaker service activity as well as a deepening contraction in manufacturing, with the Manufacturing PMI falling to a post-pandemic low.
Eurozone	• The ECB hikes rates by 25bps and signals that still troublesome core inflation may require further moves • Eurozone lending standards continue to tighten with demand for loans falling even further • PMI indices continue to decline across the board with manufacturing reaching 42.9 while services were down to 51.1	Equity and bond markets have been lacklustre lately. Economic indicators were disappointing while hawkish policy and lending standards have investors reassessing amidst the stellar performance of risk assets YTD. With both the cost and availability of credit more challenging, the fall in credit demand should be no surprise, but bodes ill for future business investment and consumption. Although fewer banks are tightening lending standards further, conditions are clearly restrictive. PMI readings are alarming, particularly manufacturing new orders, while services are close to contracting. While the Eurozone avoided a technical recession over the winter, due to an upwards revision to Q1 GDP to 0.0% QoQ, risks remain to the downside. Equities have lifted in recent days, but will find further gains difficult.
Japan	• Japanese equities underwent a healthy correction in July with the upward trend remaining intact • In relative terms, Japanese equities have given up about 40% of their rally versus global equities • 10yr JGB yields spiked 15bps higher to 0.59% following the Bank of Japan's tweak to YCC	Following a 26% rally that ended in early July, the MSCI Japan entered a healthy 5% correction phase and started to recover along its 38-day moving average by mid-month. Negative momentum divergence had indicated that a correction was due, but the continuous rise of relevant moving averages suggests that the retreat was healthy and is not undermining the broader trend. However, relative to the strong performance of global equities, the MSCI Japan had to sacrifice about 40% of its gains this year versus the MSCI AC World Index. Despite the buying spree so far this year, global investors remain underweight in Japanese equities. Compared to the MSCI China, single stock weight concentration is broader, with the combined weight of the top 10 stocks adding up to around just one fifth of the total market cap.

	Key developments	Zurich's view
China	• Investor pessimism towards China's stock market seems to be abating • Major Chinese equity indices appear to start breaking out of a long bottoming process • Special attention will be focused on the top internet related stocks	Both the MSCI China and the 'H'-share index, the HSCEI, kept hovering within their five-month trading range in July. However, both benchmark indices spiked higher following the policy support measures announced by the Politburo on July 24 and are now attempting to break to the upside. Relative to the MSCI AC World, both indices have been falling this year and appear to be entering a bottoming process. Domestic 'A'-shares have also started to spike higher on solid volume. Investor sentiment seems to be turning for the better, but further confirmation signals are needed. We believe that investor pessimism has been overdone. Attention will be on the six internet technology companies amongst the top ten MSCI China heavyweights, which make up one third of the weight of the total index.
Australia	• Inflation eases faster than expected, driving bond yields and rate expectations lower • Australia's equity market shows renewed strength, led by financial stocks • The Reserve Bank of Australia (RBA) maintains a prudent tone given the tight labour market	Q2 CPI prints surprised on the downside, with both bond and equity markets embracing the good news from the inflation front. Bond yields notched lower across the curve while the rate market has priced in fewer rate hikes. The ASX200 index spiked higher, buoyed by financial stocks. That said, both Q2 headline and core inflation are still at around 6% YoY, far from the RBA's target range of 2-3%. The job market remains tight and job growth strong. Consumption has been weak but not fallen off a cliff, and strong net migration could provide a potential boost. Underlying inflationary pressure, while easing, is likely here to stay, keeping the RBA on a hawkish path. The housing market is exhibiting further signs of strength, and barring any unexpected interest rate shocks it has likely reached its nadir in this cycle.
ASEAN	• The fall in inflation allows policy rates to remain steady, bolstering government bonds • Although depressed exports weigh on growth, resilient domestic demand provides a buffer • Foreign inflows into bond markets are robust, but the appetite for equities is weak	Growth is being challenged by continuous export contraction, and despite hopes of a global tech sector rebound, leading indicators such as PMIs and new orders remain vulnerable. Nonetheless, declining inflation and central banks' measures supporting loan growth should sustain the domestic economy. Robust FDI, driven by the structural shift of the global supply chain away from China, continues to support investment despite a YoY decrease. Bond yields are edging lower as spreads against US Treasuries tighten despite diminishing rate differentials. Market stability is supported by solid foreign inflows and limited bond issuance as governments strive to reduce fiscal deficits. Conversely, equities are underperforming, reflecting investors' limited appetite in the weak growth environment.

Valuation snapshot (MSCI Indices)

Current trailing valuations

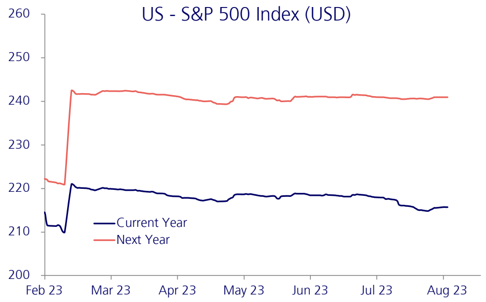
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	20.84	15.20	11.29	18.52	15.56	14.14	14.35	5.33	13.05
12m Trailing P/B	3.90	1.96	1.74	3.17	1.29	1.61	1.40	1.46	1.98
12m Trailing P/CF	14.12	9.10	5.71	17.37	9.24	8.40	7.52	3.82	8.72
Dividend Yield	1.67	2.93	3.69	3.02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

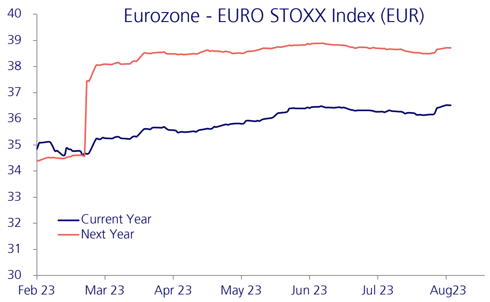
Current trailing valuations relative to MSCI world

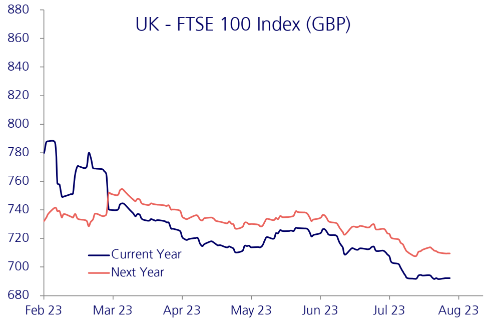
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex. Japan	China	Brazil	Mexico
12m Trailing P/E	1.21	0.88	0.65	1.07	0.90	0.82	0.83	0.31	0.76
12m Trailing P/B	1.52	0.77	0.68	1.24	0.50	0.63	0.55	0.57	0.77
12m Trailing P/CF	1.27	0.82	0.51	1.56	0.83	0.76	0.68	0.34	0.79
Dividend Yield	0.74	1.29	1.62	1.33	1.11	1.34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

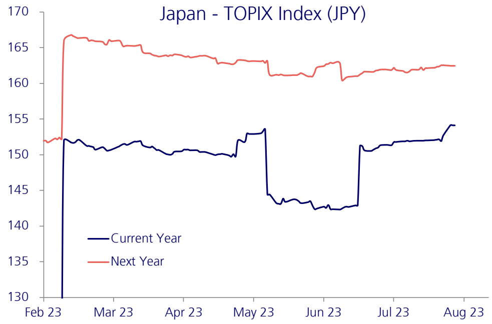
Source: Datastream

Earnings estimates - Full fiscal years



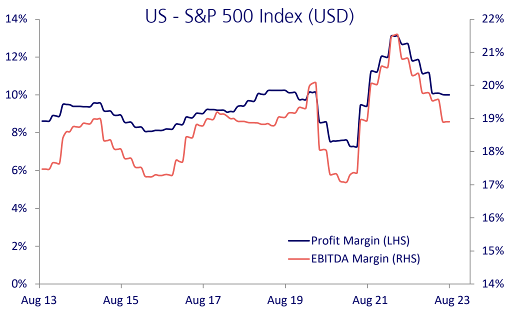


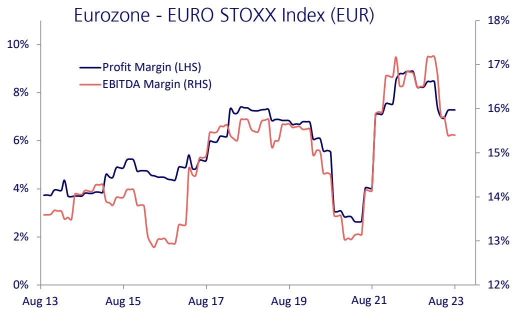


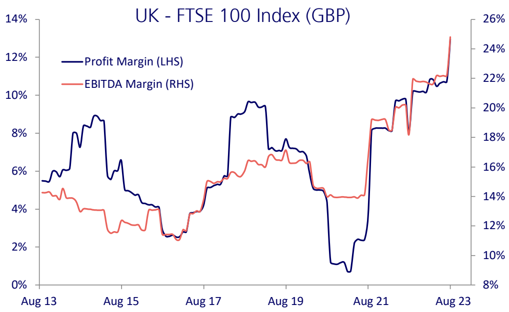


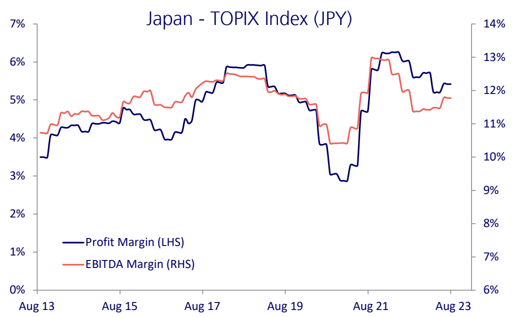
Source: Bloomberg

Historical margins









Source: Bloomberg

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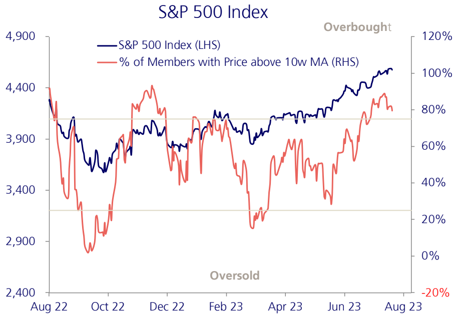
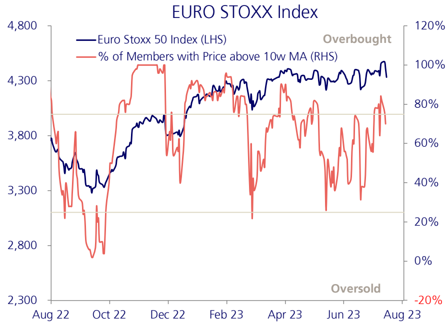
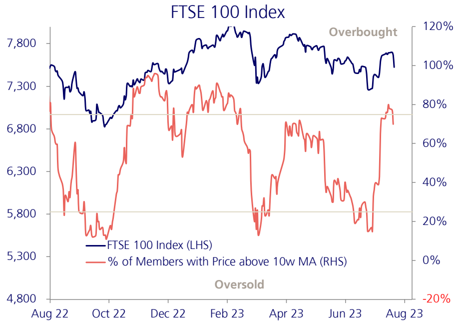
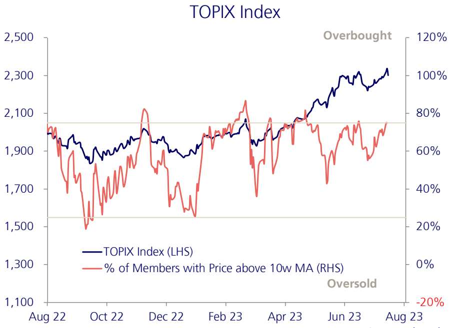
Overbought / Oversold





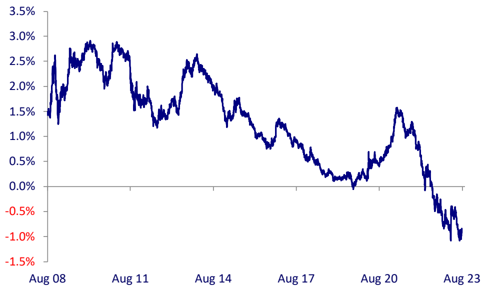




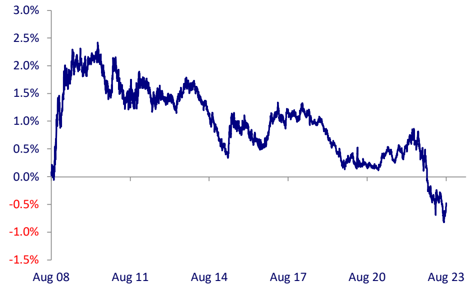
Source: Bloomberg

Yield Curve Steepness (2yr-10yr)

US



Germany



Japan

UK

Source: Bloomberg

Spread Snapshot

Generic Government Yields (10yr)

	Spread over US Treasury (bps)			
Country	Aug-23	1m ago	3m ago	1yr ago
UK	39	55	27	-88
Germany	-150	-144	-119	-193
Switzerland	-298	-288	-235	-231
Japan	-339	-344	-296	-257
Australia	0	19	-7	23
China	-136	-120	-62	-1
South Korea	-29	-18	-10	33
Malaysia	-18	1	37	115
Indonesia	223	242	305	448
Thailand	-143		-91	-31
Philippines	4	n/a	n/a	n/a
Brazil	679	n/a	875	1,026
Mexico	485	485	538	583
Colombia	622	641	826	n/a
Peru	275	306	410	525

Generic Government Yields (10yr)

	Spread over German Bund (bps)			
Country	Aug-23	1m ago	3m ago	1yr ago
France	54	54	60	59
Netherlands	34	35	37	30
Belgium	65	66	71	62
Austria	62	64	68	57
Ireland	40	42	48	63
Italy	164	168	193	225
Spain	103	99	110	115
Portugal	73	73	86	107

Source: Bloomberg, ZIG

Economic data

US	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
ISM Manufacturing (Index)	52.7	52.9	51.0	50.0	49.0	48.4	47.4	47.7	46.3	47.1	46.9	46.0	46.4	down
ISM Non-Manufacturing (Index)	56.4	56.1	55.9	54.5	55.5	49.2	55.2	55.1	51.2	51.9	50.3	53.9		down
Durable Goods (% MoM)	-0.8	-0.1	0.3	1.0	-3.1	4.5	-1.3	-2.7	3.3	1.2	2.0	4.7		up
Consumer Confidence (Index)	95.3	103.6	107.8	102.2	101.4	109.0	106.0	103.4	104.0	103.7	102.5	110.1	117.0	up
Retail Sales (% MoM)	10.3	10.2	9.4	8.8	6.1	6.0	7.4	5.3	2.2	1.3	2.0	1.5		down
Unemployment Rate (%)	3.5	3.7	3.5	3.7	3.6	3.5	3.4	3.6	3.5	3.4	3.7	3.6		up
Avg Hourly Earnings YoY (% YoY)	6.6	6.2	5.9	5.7	5.7	5.4	5.2	5.3	5.2	4.9	4.9	4.7		down
Change in Payrolls ('000, MoM)	568.0	352.0	350.0	324.0	290.0	239.0	472.0	248.0	217.0	217.0	306.0	209.0		down
PCE (% YoY)	4.7	4.9	5.2	5.1	4.8	4.6	4.7	4.7	4.6	4.6	4.6	4.1		down
GDP (%, QoQ, Annualized)			3.2			2.6			2.0			2.4		up

UK	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
PMI Services (Index)	52.6	50.9	50.0	48.8	48.8	49.9	48.7	53.5	52.9	55.9	55.2	53.7	51.5	down
Consumer Confidence (Index)	-41.0	-44.0	-49.0	-47.0	-44.0	-42.0	-45.0	-38.0	-36.0	-30.0	-27.0	-24.0	-30.0	up
Unemployment Rate (%)	3.6	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.9	3.8	4.0			down
CPI (% YoY)	10.1	9.9	10.1	11.1	10.7	10.5	10.1	10.4	10.1	8.7	8.7	7.9		down
GDP (% YoY)			2.0			0.6			0.2					

Eurozone	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
PMI Manufacturing (Index)	49.8	49.6	48.4	46.4	47.1	47.8	48.8	48.5	47.3	45.8	44.8	43.4	42.7	down
PMI Services (Index)	51.2	49.8	48.8	48.6	48.5	49.8	50.8	52.7	55.0	56.2	55.1	52.0	51.1	down
IFO Business Climate (Index)	88.6	89.0	85.2	85.2	86.6	88.5	90.0	91.0	93.3	93.5	91.5	88.6	87.3	down
Industrial Production (% MoM)	-4.5	3.6	0.3	-2.2	1.4	-1.6	0.7	1.8	-4.4	1.0	0.2			up
Factory Orders GE (% MoM)	2.0	-2.1	-2.4	0.1	-2.6	1.9	0.5	4.5	-10.9	0.2	6.4			up
Unemployment Rate (%)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.6	6.5	6.4	6.4	6.4		down
M3 Growth (% YoY, 3 months MA)	5.9	6.2	6.0	4.9	4.6	3.8	3.1	2.6	2.1	1.5	1.0	0.6		down
CPI (% YoY)	8.9	9.1	9.9	10.6	10.1	9.2	8.6	8.5	6.9	7.0	6.1	5.5	5.3	down
Core CPI (% YoY)	4.0	4.3	4.8	5.0	5.0	5.2	5.3	5.6	5.7	5.6	5.3	5.5	5.5	down
GDP (% QoQ)			0.4			-0.1			0.0			0.3		up

Switzerland	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
KOF Leading Indicator (Index)	96.5	93.0	92.1	90.9	89.3	91.6	97.5	98.9	98.9	96.1	91.4	90.7	92.2	down
PMI Manufacturing (Index)	58.0	56.7	56.8	55.4	54.4	54.5	49.3	48.9	47.0	45.3	43.2	44.9	38.5	down
Real Retail Sales (% YoY)	2.5	1.7	2.1	-2.5	-1.7	-3.4	-2.0	-0.7	-2.1	-3.9	-0.9	1.8		up
Trade Balance (Billion, CHF)	3.4	3.7	4.4	4.2	2.2	2.4	4.9	3.4	4.6	2.5	5.4	4.8		down
CPI (% YoY)	3.4	3.5	3.3	3.0	3.0	2.8	3.3	3.4	2.9	2.6	2.2	1.7		down

Japan	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
Nomura Manufacturing PMI (Index)	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6	up
Machine Orders (% YoY)	12.8	9.7	2.9	0.4	-3.7	-6.6	4.5	9.8	-3.5	-5.9	-8.7			down
Industrial Production (% YoY)	-1.8	5.7	8.7	3.1	-1.4	-2.2	-2.8	-0.6	-0.8	-0.7	4.2	-0.4		up
ECO Watchers Survey (Index)	43.5	44.8	49.6	51.1	49.7	49.0	46.5	51.0	55.2	55.7	54.5	53.6		up
Jobs to Applicants Ratio (Index)	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3		down
Labour Cash Earnings (% YoY)	1.3	1.7	2.2	1.4	1.9	4.1	0.8	0.8	1.3	0.8	2.9			up
Department Store Sales (% YoY)	9.6	26.1	20.2	11.4	4.5	4.0	15.1	20.4	9.8	8.6	6.3	7.0		down
Money Supply M2 (% YoY)	3.4	3.4	3.3	3.1	3.1	2.9	2.7	2.6	2.5	2.6	2.6	2.6		neutral
CPI Ex Food & Energy (% YoY)	0.4	0.7	0.9	1.5	1.5	1.6	1.9	2.1	2.3	2.5	2.6	2.6		up
Exports (% YoY)	19.0	22.0	28.9	25.3	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5		down

China	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
PMI Manufacturing (Index)	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	down
Industrial Production (% YoY)	3.8	4.2	6.3	5.0	2.2	1.3			3.9	5.6	3.5	4.4		up
Retail Sales (% YoY)	2.7	5.4	2.5	-0.5	-5.9	-1.8			10.6	18.4	12.7	3.1		up
PPI (% YoY)	4.2	2.3	0.9	-1.3	-1.3	-0.7	-0.8	-1.4	-2.5	-3.6	-4.6	-5.4		down
Exports (% YoY)	18.1	7.4	5.6	-0.3	-9.0	-9.9	-11.6	-2.7	11.4	7.3	-7.1	-12.4		down
CPI (% YoY)	2.7	2.5	2.8	2.1	1.6	1.8	2.1	1.0	0.7	0.1	0.2	0.0		down
RRR (%)	11.3	11.3	11.3	11.3	11.3	11.0	11.0	11.0	10.8	10.8	10.8	10.8	10.8	down
GDP (% YoY)			3.9			2.9			4.5			6.3		up
PMI Non Manufacturing (Index)	49.0	49.4	50.1	49.2	48.0	47.0	50.1	52.6	51.9	49.2	48.8	49.0	49.3	down
Aggregate Financing (Billions, CNY)														neutral

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

Economic data

Australia	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
AiG Manufacturing (Index)	52.5	49.3	50.2	49.6	44.7									neutral
AiG Service (Index)	51.7	53.3	48.0	47.7	45.6									neutral
Westpac Consumer Confidence (% MoM)	-3.0	-3.0	3.9	-0.9	-6.9	3.0	5.0	-6.9	0.0	9.4	-7.9	0.2	2.7	down
Building Approvals (% YoY)	-23.3	-7.1	-10.2	-4.5	-7.3	-0.2	-7.0	-29.3	-11.9	-18.9	-9.8	-18.0		up
Employment Change ('000, MoM)	-3.1	56.8	23.0	31.9	51.4	-4.5	16.3	61.8	70.9	-3.8	76.5	32.6		down

Brazil	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
CPI (% YoY)	10.1	8.7	7.2	6.5	5.9	5.8	5.8	5.6	4.7	4.2	3.9	3.2		down
Industrial Production (% YoY)	-0.4	1.8	-1.0	1.2	0.8	-0.4	0.3	-2.5	1.0	-2.7	1.9	0.3		up
Retail Sales (% YoY)	-0.1	-5.3	1.6	3.2	2.7	1.4	0.4	2.8	1.1	3.3	0.5	-1.0		down
Trade Balance (Millions, USD)	4106.7	3694.6	3375.4	6200.3	4533.4	2283.9	2618.8	10941.2	8221.9	11378.3	10592.0	9035.4		up
Budget Balance Primary (Billions, BRL)	-22.5	-65.9	-60.6	-14.5	-70.4	-70.8	46.7	-90.6	-79.5	-25.4	-119.2	-89.6		down

Chile	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
IMACEC Economic Activity Index (% YoY)	0.39	0.80	-0.57	-1.46	-3.33	-2.02	0.37	-0.27	-1.85	-1.06	-2.01	-0.97		down
CPI (% YoY)	13.12	14.09	13.73	12.81	13.34	12.79	12.33	11.95	11.09	9.91	8.73	7.56		down
Retail Sales (% YoY)	-13.14	-14.54	-12.39	-15.39	-11.10	-10.43	-9.26	-8.07	-10.64	-10.63	-13.03			up
Industrial Production (% YoY)	-5.08	-5.06	-1.43	-4.24	-5.02	-1.21	0.47	-1.09	-5.91	-1.95	-4.51	-2.65		down
Unemployment (%)	7.90	7.90	8.00	8.00	7.90	7.90	8.00	8.40	8.80	8.70	8.50	8.50		up

Mexico	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Trend*
PMI (Index)	51.0	49.5	50.4	50.2	51.0	51.4	49.8	51.3	49.6	50.1	49.8	51.0	51.8	up
CPI (% YoY)	8.0	8.7	8.7	8.4	7.8	7.8	7.9	7.6	6.9	6.3	5.8	5.1		down
Retail Sales (% YoY)	6.8	8.6	7.7	8.0	6.1	7.6	9.1	5.8	1.6	3.8	2.6			down
Indutrial Production (% YoY)	5.4	8.1	8.4	5.3	4.6	2.7	4.7	2.4	1.1	1.4	1.9			down
Remittances (Millions, USD)	5301.4	5123.8	5036.8	5361.4	4817.6	5353.0	4425.1	4359.1	5186.1	5003.3	5693.1	5571.5		up

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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