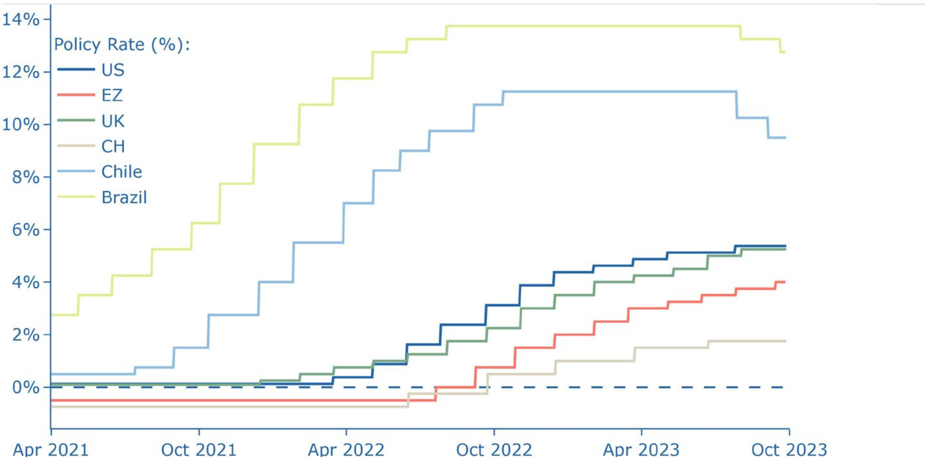
# Monthly Investment Insights

3 October 2023

## ‘Higher for longer’ rates unsettle investors




Source: Bloomberg

All the major central banks had their policy meetings last month and most of them surprised the market by maintaining a hawkish rhetoric, even when moving to a pause mode, and warning that interest rates will likely stay at elevated levels for an extended period.

Higher interest rates increase economic risk as the higher cost of debt will erode companies’ earnings and profitability as well as limit households’ discretionary spending and their ability continue to spend at current elevated levels. For the time being, interest costs for companies and debt service ratios for households haven’t moved up that much, but we expect these worsen. Interest rates charged on all the types of debt, both for companies and individuals, have moved up in line with central bank and financial markets yields. This should lead to significant payment shock when borrowers will have to refinance existing debt or establish new funding. As an example, the average interest rate charged to credit card customers is above 22% and an increasing number of households indicate that they need to use credit cards to fund their daily expenses.

Despite the current strength of the US job market, defaults have risen for consumer loans and are moving back to pre-Covid levels. Deterioration is particularly noticeable for the weaker borrowers like subprime customers. We think that the resumption of student loan repayments will add more pressure to households’ finances. This may limit their ability to service current debt or force them to cut spending. The latest bank surveys highlighted that lenders are already tightening their lending standards and that demand for new loans is slowing. The household debt and credit report from the NY Fed warned that the share of debt transitioning into delinquency is increasing strongly. Looking at credit card and auto loans, these transition rates are now slightly above pre-pandemic levels. We think that this deterioration in credit fundamentals will weigh on risk assets and push investors to price a higher risk premium.

Economic data remain mixed and all the main equity markets, with the exception of China, are still positive YTD. We maintain our neutral assessment of equities versus government bonds for now, but continue to exercise caution in credit markets where potential upside seems limited compared to the risk of significant spread widening if the recession materialises.

## Market Assessment

### Key developments

- Oil prices have surged by 35% since June due to ongoing supply constraints
- Central banks reiterate that rates will remain higher for longer
- Equity markets retreat as investors factor in higher bonds yields

### Zurich’s view

The latest statements from global central banks have pushed interest rates higher and led investors to take a more cautious view towards risk assets. Investor sentiment is slowly moving away from the soft landing scenario that has prevailed these past months, and risk premia have started to emerge with a higher probability of an economic recession starting to be priced in. The strong momentum in the stock market has turned, with most equity indices stumbling and now significantly below their recent YTD highs. We see risks remaining to the downside.

Government bonds yields have surged. 10yr US Treasury yields are now back above 4.70%, their highest level since 2007, but they are likely to be capped given the pain now being inflected. Credit spreads were initially resilient but have now started to widen. We maintain our view that current credit spreads are too tight given the risk of a weaker economic growth. High Yield bonds appear to be particularly vulnerable given the the rapid increase of bankruptcies and the upcoming impact of higher funding costs when companies are forced to refinance maturing bonds at higher rates.

| | Key developments | Zurich's view |
|---|---|---|
| Global | • Global growth remains well below trend with downbeat manufacturing momentum and weakening services activity<br>• Headline and core inflation fall, but rising oil and food prices make further gains more challenging<br>• Central banks adopt a high for longer narrative for policy rates, triggering a sharp rise in government bond yields | The Flash PMIs remained weak in September and continue to point to stalling growth in Q3. In contrast to previous months, however, there are some tentative signs of improvements, mainly reflecting measures to support growth in China and a stabilisation in the global tech cycle. Inflation has fallen, with both core and services price pressures down sharply, though the level of inflation remains too high for central banks to relax. This explains their hawkish guidance that rates will stay high for longer, which triggered a snap higher in government bond yields. At these levels yields are a headwind for the economy, with growth expected to remain downbeat in the months ahead. This should help to curtail price pressures despite the recent rise in global oil prices. |
| US | • The labour market softens further with rising unemployment and fewer job openings<br>• The Fed pauses as expected but signals that yields may stay higher for longer<br>• The housing market shows renewed signs of weakness with housing starts and new home sales falling | While still tight, the labour market softened further in September with the unemployment rate rising to 3.8%, wage growth slowing and job openings falling to 8.8mn, the lowest level since March 2021. Meanwhile, the housing market is showing renewed signs of weakness with strong declines in housing starts and new home sales. A substantial dip in the home builder survey indicates that more headwinds lie ahead. Headline inflation reaccelerated in August, driven by energy prices, triggering fears of a drawn-out fight against inflation. This was reflected in the Fed's projections that still show one additional rate hike this year but now include fewer rate cuts in 2024. The combination of a deteriorating growth outlook and the risk of higher yields for longer led to a substantial sell-off in the stock market. |
| UK | • The PMI signals the fastest slowdown in business activity since the lockdown period in January 2021<br>• Inflation falls more than consensus expected inducing the BoE to pause in its hiking cycle<br>• The labour market shows signs of softening as the economic outlook deteriorates | Growth slowed further in September with the Composite PMI falling to 46.8, the fastest reduction in output since the lockdown period in January 2021. Furthermore, a combination of weak demand and lower cost inflation contributed to the slowest increase in average prices charged by private sector companies since February 2021. Headline and particularly core inflation slowed more than consensus expected, to annual rates of 6.7% and 6.2% respectively. The fading price pressure led the Bank of England to pause in its hiking cycle. Meanwhile, the labour market keeps softening. The unemployment rate ticked up to 4.3% in July while business surveys point at further weakness. Aside from the pandemic lockdown months, the rate of job shedding was the fastest since October 2009. |
| Eurozone | • The economy is in stagnation and growth headwinds will remain in place given policy tightening and a weak external backdrop<br>• CPI inflation surprises to the downside, with both core and services inflation falling at a brisk pace<br>• The ECB hikes again and adopts a higher for longer narrative for policy rates | The ECB delivered a dovish hike in September, raising the key deposit rate by 25bps to 4% but signalling that this was likely to be the last hike in this hiking cycle unless inflation reaccelerates. Similarly to the Fed, the ECB emphasised that rates will be kept higher for longer, amid sticky inflation and still strong wage growth. It was therefore encouraging that both core and headline CPI fell more sharply than expected in September, with the core measure now at 4.5%, down from 5.3% in August, though rising oil prices will be a headwind to further declines in inflation in the months ahead and wage growth remains brisk. Thus, the ECB is likely to maintain its hawkish rhetoric for the time being despite a challenging outlook for the economy. |
| Switzerland | • Growth remains well below trend, led by the manufacturing sector<br>• Inflation falls further, with both core and headline CPI below 2%<br>• A dovish SNB leaves rates unchanged and signals that further rate hikes may not be required | The SNB left rates unchanged at 1.75% in September while reiterating its intention to remain active in the FX market. The inflation forecast was lowered to below 2% from the beginning of Q1 2025 and onward, signalling that further rate hikes may not be needed. The decision was more dovish than expected, with the SNB highlighting slowing global growth and falling Swiss inflation as reasons for the dovish shift. While growth has fallen sharply in Switzerland, there are signs that conditions are stabilising, with the leading KOF indicator continuing to hold up in September and the PMIs ticking higher. Consumption is resilient and job growth appears to have stabilised, having fallen in Q2. We maintain our below consensus forecast but still expect the economy to remain relatively resilient in the months ahead. |

| | Key developments | Zurich's view |
|---|---|---|
| Japan | • The MSCI Japan continues to climb higher, but technical indicators argue for some caution in the short term<br>• JGB yields continue to move higher in anticipation of changes to monetary policy<br>• JPY weakens further, close to 150 versus USD | Japanese equities belong to the best performing major equity markets so far this year, together with US tech stocks. The MSCI Japan has rallied more than 23% in the first nine months of the year, 15pps more than the MSCI World. As confirmed by the outperformance, global investors were clearly convinced that corporate governance reforms would have a positive impact on investor returns. We agree that this argument is convincing, though a negative technical divergence implied by momentum indicators argues for some caution in the short term. Meanwhile, the USDJPY moved close to the 150, and the 10yr JGB yield has moved up another 12bps to 0.77% based on expectations that yield curve control (YCC) and negative interest rate policy (NIRP) may come to an end next year. |
| China | • The MSCI China marked new lows for this year<br>• Investor pessimism remains high<br>• Authorities do not want to spur stronger exports via a weaker CNY | Both 'A' and 'H'-share indices as well as the MSCI China marked fresh lows for the year. Several attempts to ignite a rally failed. Without a multi-day advance underpinned by high volume a break out to the upside appears unlikely. However, we note that pessimism towards Chinese equities is high, which suggests that investors are not positioned for a recovery. Furthermore, in relative terms versus the MSCI World, China's equity index avoided a new low for this year and appears to be in a bottoming process. It will be interesting to watch whether investor appetite will recover after the Golden Week holidays. Meanwhile, the USDCNH currency pair matched the high marked in November last year, but avoided further CNH depreciation. |
| Australia | • Consumption has notably weakened, but growth has been sustained due to resilient exports<br>• The Reserve Bank of Australia (RBA) has kept its policy rate steady at 4.1% but maintains a hawkish bias<br>• Equity performance remains choppy while bond yields continue to rise as sentiment shifts towards higher interest rates for longer | In Q2, Australia's GDP grew by 0.4% QoQ and 2.1% YoY, with a positive revision for Q1. Growth held up better than anticipated due to robust service exports and a spike in commodity shipments. While higher rates have dampened consumer spending, consumption has not yet fallen off the cliff. The sharp increase of immigrants in Q1 represents 2.2% growth in population and will likely support consumer spending. As inflation is falling faster than expected, the RBA has some leeway to maintain its cash rate at 4.1%, while preserving its hawkish bias. High interest rates coupled with weaker growth do not bode well for risk assets, with equities remaining volatile. Australia's 10yr yield continues to rise, mirroring the US Treasury. Until inflation falls back to target markets are likely to remain unsettled. |
| ASEAN | • Trade continues to be weak, though there are initial signs of a pickup in tech exports<br>• Growth is more resilient than anticipated, buoyed by strong consumption and investment<br>• Both equities and bonds are range-trading with muted foreign inflows | PMI paint a mixed picture in ASEAN. While Indonesia's Manufacturing PMI was strong, PMIs in export-oriented economies such as Malaysia, Vietnam, and Singapore remained below 50. Export data are somewhat volatile, but there are indications of a pickup in electronics exports. Contrary to the bleak outlook in the external sector, domestic consumption has held up well, partly bolstered by the recovery in tourism and strong capex investment. Inflation is stable across the region, although food prices are rising in some countries due to the adverse weather effects of El Niño. Central banks have paused their rate hikes, and rate cuts are likely next year. Foreign fund flows into both bonds and equities remain subdued as investors stay cautious against a backdrop of weaker global growth and higher interest rates. |

# Valuation snapshot (MSCI Indices)

### Current trailing valuations

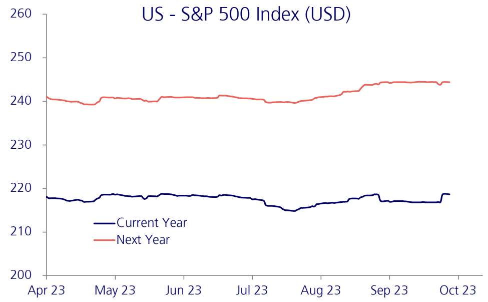
| | US | Europe ex UK | UK | Switzerland | Japan | APAC ex. Japan | China | Brazil | Mexico |
|---|---|---|---|---|---|---|---|---|---|
| 12m Trailing P/E | 20.84 | 15.20 | 11.29 | 18.52 | 15.56 | 14.14 | 14.35 | 5.33 | 13.05 |
| 12m Trailing P/B | 3.90 | 1.96 | 1.74 | 3.17 | 1.29 | 1.61 | 1.40 | 1.46 | 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 |

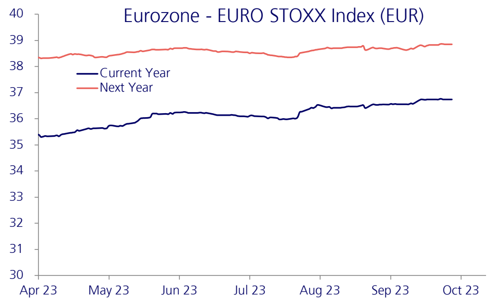
### Current trailing valuations relative to MSCI world

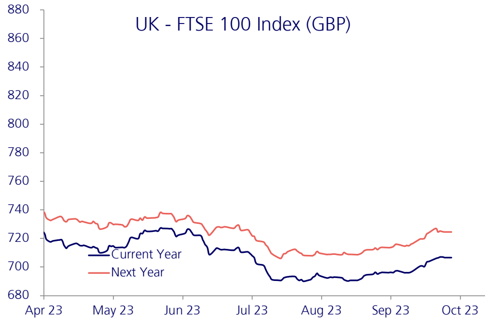
| | US | Europe ex UK | UK | Switzerland | Japan | APAC ex. Japan | China | Brazil | Mexico |
|---|---|---|---|---|---|---|---|---|---|
| 12m Trailing P/E | 1.21 | 0.88 | 0.65 | 1.07 | 0.90 | 0.82 | 0.83 | 0.31 | 0.76 |
| 12m Trailing P/B | 1.52 | 0.77 | 0.68 | 1.24 | 0.50 | 0.63 | 0.55 | 0.57 | 0.77 |
| 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 |

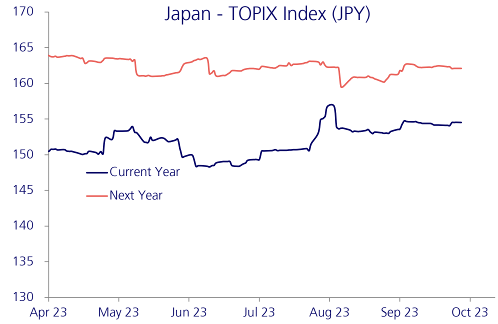
Source: Datastream

# Earnings estimates - Full fiscal years



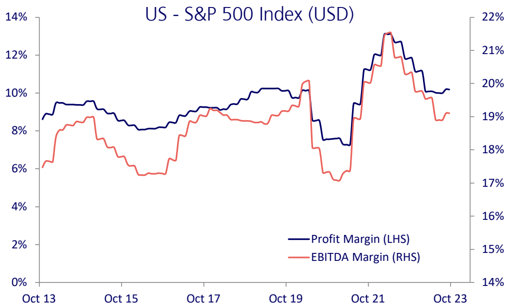



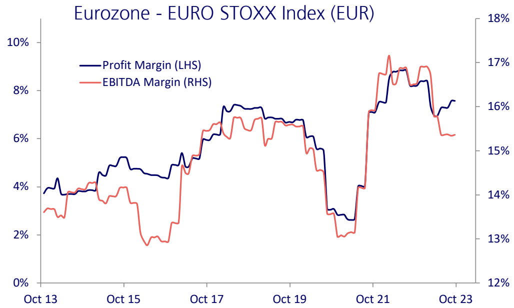



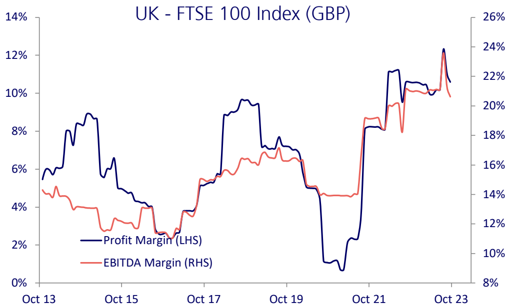



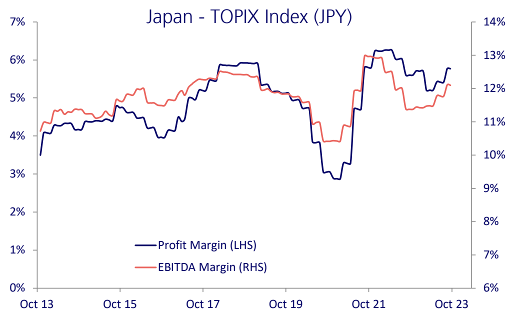

Source: Bloomberg

# Historical margins



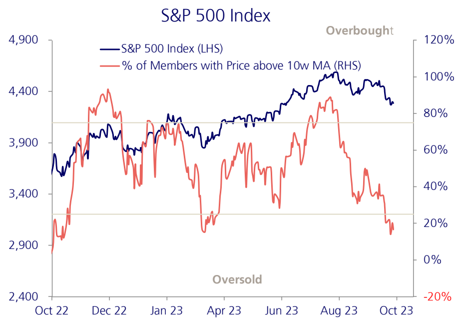



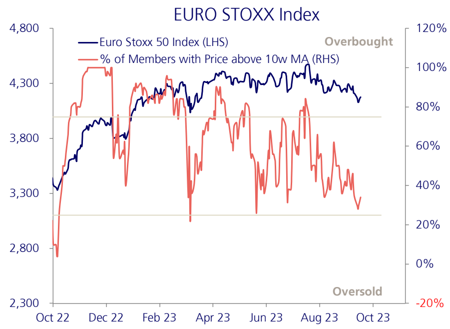



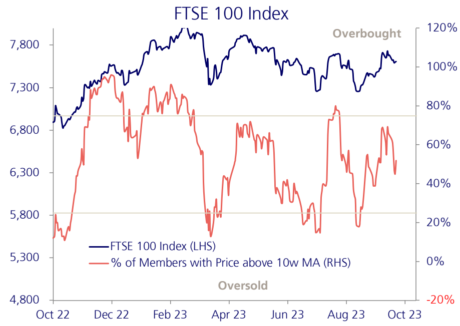



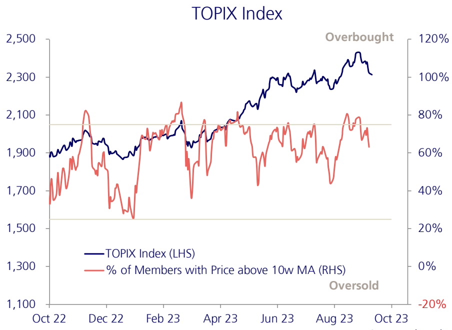

Source: Bloomberg

## 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 | Oct-23 | 1m ago | 3m ago | 1yr ago |
| UK | -18 | 25 | 56 | 26 |
| Germany | -175 | -163 | -140 | -172 |
| Switzerland | -348 | -322 | -291 | -259 |
| Japan | -384 | -355 | -347 | -358 |
| Australia | -13 | -17 | 16 | 6 |
| China | -193 | -156 | -120 | -108 |
| South Korea | -60 | -40 | -22 | 25 |
| Malaysia | -63 | -34 | 3 | 63 |
| Indonesia | 237 | 221 | 235 | 354 |
| Thailand | -147 | | -132 | -65 |
| Philippines | -55 | n/a | n/a | n/a |
| Brazil | 704 | 691 | 681 | n/a |
| Mexico | 527 | 516 | 487 | 584 |
| Colombia | 717 | 654 | 639 | n/a |
| Peru | 285 | 263 | 290 | 493 |

Generic Government Yields (10yr)

| | Spread over German Bund (bps) | | | |
|---|---|---|---|---|
| Country | Oct-23 | 1m ago | 3m ago | 1yr ago |
| France | 56 | 52 | 55 | 61 |
| Netherlands | 35 | 33 | 36 | 32 |
| Belgium | 66 | 63 | 67 | 66 |
| Austria | 61 | 60 | 64 | 71 |
| Ireland | 41 | 38 | 43 | n/a |
| Italy | 192 | 169 | 175 | 241 |
| Spain | 109 | 103 | 102 | 118 |
| Portugal | 76 | 73 | 75 | 107 |

Source: Bloomberg, ZIG

## Economic data

| US | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ISM Manufacturing (Index) | 51.0 | 50.0 | 49.0 | 48.4 | 47.4 | 47.7 | 46.3 | 47.1 | 46.9 | 46.0 | 46.4 | 47.6 | | down |
| ISM Non-Manufacturing (Index) | 55.9 | 54.5 | 55.5 | 49.2 | 55.2 | 55.1 | 51.2 | 51.9 | 50.3 | 53.9 | 52.7 | 54.5 | | up |
| Durable Goods (% MoM) | 0.3 | 1.0 | -3.1 | 4.5 | -1.3 | -2.7 | 3.3 | 1.2 | 2.0 | 4.3 | -5.6 | 0.2 | | down |
| Consumer Confidence (Index) | 107.8 | 102.2 | 101.4 | 109.0 | 106.0 | 103.4 | 104.0 | 103.7 | 102.5 | 110.1 | 114.0 | 108.7 | 103.0 | up |
| Retail Sales (% MoM) | 9.4 | 8.8 | 6.1 | 6.0 | 7.4 | 5.3 | 2.2 | 1.3 | 2.1 | 1.5 | 2.6 | 2.5 | | up |
| Unemployment Rate (%) | 3.5 | 3.7 | 3.6 | 3.5 | 3.4 | 3.6 | 3.5 | 3.4 | 3.7 | 3.6 | 3.5 | 3.8 | | up |
| Avg Hourly Earnings YoY (% YoY) | 5.9 | 5.7 | 5.7 | 5.4 | 5.2 | 5.3 | 5.2 | 4.9 | 4.9 | 4.7 | 4.7 | 4.5 | | down |
| Change in Payrolls ('000, MoM) | 350.0 | 324.0 | 290.0 | 239.0 | 472.0 | 248.0 | 217.0 | 217.0 | 281.0 | 105.0 | 157.0 | 187.0 | | down |
| PCE (% YoY) | 5.5 | 5.3 | 5.1 | 4.9 | 4.9 | 4.8 | 4.8 | 4.8 | 4.7 | 4.3 | 4.3 | 3.9 | | down |
| GDP (%, QoQ, Annualized) | 2.7 | | | 2.6 | | | 2.2 | | | 2.1 | | | | |

| UK | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Services (Index) | 50.0 | 48.8 | 48.8 | 49.9 | 48.7 | 53.5 | 52.9 | 55.9 | 55.2 | 53.7 | 51.5 | 49.5 | 47.2 | down |
| Consumer Confidence (Index) | -49.0 | -47.0 | -44.0 | -42.0 | -45.0 | -38.0 | -36.0 | -30.0 | -27.0 | -24.0 | -30.0 | -25.0 | -21.0 | up |
| Unemployment Rate (%) | 3.6 | 3.7 | 3.7 | 3.7 | 3.7 | 3.8 | 3.9 | 3.8 | 4.0 | 4.2 | 4.3 | | | down |
| CPI (% YoY) | 10.1 | 11.1 | 10.7 | 10.5 | 10.1 | 10.4 | 10.1 | 8.7 | 8.7 | 7.9 | 6.8 | 6.7 | | down |
| GDP (% YoY) | 2.1 | | | 0.7 | | | 0.5 | | | 0.6 | | | | |

| Eurozone | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Manufacturing (Index) | 48.4 | 46.4 | 47.1 | 47.8 | 48.8 | 48.5 | 47.3 | 45.8 | 44.8 | 43.4 | 42.7 | 43.5 | 43.4 | down |
| PMI Services (Index) | 48.8 | 48.6 | 48.5 | 49.8 | 50.8 | 52.7 | 55.0 | 56.2 | 55.1 | 52.0 | 50.9 | 47.9 | 48.4 | down |
| IFO Business Climate (Index) | 85.3 | 85.3 | 86.7 | 88.7 | 90.0 | 90.7 | 93.0 | 93.5 | 91.7 | 88.6 | 87.4 | 85.8 | 85.7 | down |
| Industrial Production (% MoM) | 0.2 | -1.9 | 1.1 | -1.2 | 0.5 | 1.8 | -4.5 | 1.3 | 0.1 | 0.4 | -1.1 | | | up |
| Factory Orders GE (% MoM) | -2.3 | 0.1 | -2.8 | 1.8 | 0.6 | 4.3 | -10.7 | 0.1 | 6.2 | 7.6 | -11.7 | | | up |
| Unemployment Rate (%) | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.6 | 6.5 | 6.5 | 6.5 | 6.4 | 6.4 | | | down |
| M3 Growth (% YoY, 3 months MA) | 6.0 | 4.9 | 4.6 | 3.8 | 3.1 | 2.6 | 2.1 | 1.4 | 0.9 | 0.5 | -0.4 | -1.3 | | down |
| CPI (% YoY) | 9.9 | 10.6 | 10.1 | 9.2 | 8.6 | 8.5 | 6.9 | 7.0 | 6.1 | 5.5 | 5.3 | 5.2 | 4.3 | down |
| Core CPI (% YoY) | 4.8 | 5.0 | 5.0 | 5.2 | 5.3 | 5.6 | 5.7 | 5.6 | 5.3 | 5.5 | 5.5 | 5.3 | 4.5 | down |
| GDP (% QoQ) | 0.3 | | | -0.1 | | | 0.1 | | | 0.1 | | | | |

| Switzerland | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KOF Leading Indicator (Index) | 96.2 | 92.2 | 98.2 | 99.0 | 101.6 | 101.6 | 100.5 | 97.8 | 95.9 | 93.8 | 96.3 | 96.2 | 95.9 | up |
| PMI Manufacturing (Index) | 56.8 | 55.4 | 54.4 | 54.5 | 49.3 | 48.9 | 47.0 | 45.3 | 43.2 | 44.9 | 38.5 | 39.9 | | down |
| Real Retail Sales (% YoY) | 2.1 | -2.5 | -1.8 | -3.4 | -2.0 | -0.7 | -2.1 | -4.0 | -1.2 | 0.8 | -2.2 | -1.8 | | up |
| Trade Balance (Billion, CHF) | 4.4 | 4.2 | 2.2 | 2.4 | 4.9 | 3.3 | 4.6 | 2.5 | 5.4 | 4.8 | 3.1 | 4.1 | | down |
| CPI (% YoY) | 3.3 | 3.0 | 3.0 | 2.8 | 3.3 | 3.4 | 2.9 | 2.6 | 2.2 | 1.7 | 1.6 | 1.6 | | down |

| Japan | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nomura Manufacturing PMI (Index) | 50.8 | 50.7 | 49.0 | 48.9 | 48.9 | 47.7 | 49.2 | 49.5 | 50.6 | 49.8 | 49.6 | 49.6 | 48.5 | down |
| Machine Orders (% YoY) | 2.9 | 0.4 | -3.7 | -6.6 | 4.5 | 9.8 | -3.5 | -5.9 | -8.7 | -5.8 | -13.0 | | | down |
| Industrial Production (% YoY) | 8.7 | 3.1 | -1.4 | -2.2 | -2.8 | -0.6 | -0.8 | -0.7 | 4.2 | 0.0 | -2.3 | -3.8 | | down |
| ECO Watchers Survey (Index) | 49.6 | 51.1 | 49.7 | 49.0 | 46.5 | 51.0 | 55.2 | 55.7 | 54.5 | 53.6 | 54.1 | 52.8 | | down |
| Jobs to Applicants Ratio (Index) | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | | down |
| Labour Cash Earnings (% YoY) | 2.2 | 1.4 | 1.9 | 4.1 | 0.8 | 0.8 | 1.3 | 0.8 | 2.9 | 2.3 | 1.1 | | | down |
| Department Store Sales (% YoY) | 20.2 | 11.4 | 4.5 | 4.0 | 15.1 | 20.4 | 9.8 | 8.6 | 6.3 | 7.0 | 8.6 | 11.8 | | up |
| Money Supply M2 (% YoY) | 3.3 | 3.1 | 3.1 | 2.9 | 2.7 | 2.6 | 2.5 | 2.6 | 2.6 | 2.6 | 2.5 | 2.5 | | down |
| CPI Ex Food & Energy (% YoY) | 0.9 | 1.5 | 1.5 | 1.6 | 1.9 | 2.1 | 2.3 | 2.5 | 2.6 | 2.6 | 2.7 | 2.7 | | up |
| Exports (% YoY) | 28.9 | 25.3 | 20.0 | 11.5 | 3.5 | 6.5 | 4.3 | 2.6 | 0.6 | 1.5 | -0.3 | -0.8 | | down |

| China | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI Manufacturing (Index) | 50.1 | 49.2 | 48.0 | 47.0 | 50.1 | 52.6 | 51.9 | 49.2 | 48.8 | 49.0 | 49.3 | 49.7 | 50.2 | up |
| Industrial Production (% YoY) | 6.3 | 5.0 | 2.2 | 1.3 | | | 3.9 | 5.6 | 3.5 | 4.4 | 3.7 | 4.5 | | down |
| Retail Sales (% YoY) | 2.5 | -0.5 | -5.9 | -1.8 | | | 10.6 | 18.4 | 12.7 | 3.1 | 2.5 | 4.6 | | down |
| PPI (% YoY) | 0.9 | -1.3 | -1.3 | -0.7 | -0.8 | -1.4 | -2.5 | -3.6 | -4.6 | -5.4 | -4.4 | -3.0 | | down |
| Exports (% YoY) | 5.6 | -0.3 | -9.0 | -9.9 | -12.0 | -3.2 | 11.3 | 7.3 | -7.3 | -12.4 | -14.3 | -8.8 | | down |
| CPI (% YoY) | 2.8 | 2.1 | 1.6 | 1.8 | 2.1 | 1.0 | 0.7 | 0.1 | 0.2 | 0.0 | -0.3 | 0.1 | | down |
| RRR (%) | 11.3 | 11.3 | 11.3 | 11.0 | 11.0 | 11.0 | 10.8 | 10.8 | 10.8 | 10.8 | 10.8 | 10.8 | 10.5 | down |
| GDP (% YoY) | 3.9 | | | 2.9 | | | 4.5 | | | 6.3 | | | | up |
| PMI Non Manufacturing (Index) | 50.1 | 49.2 | 48.0 | 47.0 | 50.1 | 52.6 | 51.9 | 49.2 | 48.8 | 49.0 | 49.3 | 49.7 | 50.2 | up |
| Aggregate Financing (Billions, CNY) | | | | | | | | | | | | | | neutral |

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

## Economic data

| Australia | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AiG Manufacturing (Index) | 50.2 | 49.6 | 44.7 | | | | | | | | | | | neutral |
| AiG Service (Index) | 48.0 | 47.7 | 45.6 | | | | | | | | | | | neutral |
| Westpac Consumer Confidence (% MoM) | 3.9 | -0.9 | -6.9 | 3.0 | 5.0 | -6.9 | 0.0 | 9.4 | -7.9 | 0.2 | 2.7 | -0.4 | -1.5 | down |
| Building Approvals (% YoY) | -10.5 | -4.7 | -7.3 | -0.2 | -6.9 | -29.2 | -14.1 | -18.2 | -10.0 | -18.0 | -10.6 | | | up |
| Employment Change ('000, MoM) | 25.1 | 33.7 | 57.2 | -7.0 | 16.1 | 59.0 | 69.2 | -7.9 | 74.4 | 27.5 | -1.4 | 64.9 | | down |

| Brazil | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI (% YoY) | 7.2 | 6.5 | 5.9 | 5.8 | 5.8 | 5.6 | 4.7 | 4.2 | 3.9 | 3.2 | 4.0 | 4.6 | | down |
| Industrial Production (% YoY) | 1.8 | -1.0 | 1.2 | 0.8 | -0.4 | 0.3 | -2.5 | 1.0 | -2.7 | 1.9 | 0.2 | -1.1 | | up |
| Retail Sales (% YoY) | 1.6 | 3.2 | 2.7 | 1.4 | 0.4 | 2.7 | 1.1 | 3.3 | 0.5 | -1.1 | 1.4 | 2.4 | | down |
| Trade Balance (Millions, USD) | 3694.6 | 3375.4 | 6200.3 | 4533.4 | 2310.0 | 2569.5 | 10747.3 | 7929.3 | 10962.8 | 10146.3 | 8890.3 | 9766.9 | | down |
| Budget Balance Primary (Billions, BRL) | -60.6 | -14.5 | -70.4 | -70.8 | 46.7 | -90.6 | -79.5 | -25.4 | -119.2 | -89.6 | -81.9 | -106.6 | | down |

| Chile | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IMACEC Economic Activity Index (% YoY) | -0.57 | -1.46 | -3.33 | -2.02 | 0.24 | -0.54 | -2.06 | -0.89 | -1.63 | -0.77 | 1.78 | | | up |
| CPI (% YoY) | 13.73 | 12.81 | 13.34 | 12.79 | 12.33 | 11.95 | 11.09 | 9.91 | 8.73 | 7.56 | 6.48 | 5.32 | | down |
| Retail Sales (% YoY) | -12.39 | -15.39 | -11.10 | -10.43 | -9.26 | -8.07 | -10.64 | -10.63 | -13.21 | -10.37 | -9.06 | | | up |
| Industrial Production (% YoY) | -1.43 | -4.24 | -5.02 | -1.21 | 0.47 | -1.09 | -5.91 | -1.95 | -4.51 | -2.65 | -1.66 | 0.26 | | up |
| Unemployment (%) | 8.00 | 8.00 | 7.90 | 7.90 | 8.00 | 8.40 | 8.80 | 8.70 | 8.50 | 8.50 | 8.80 | 9.00 | | up |

| Mexico | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Trend* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PMI (Index) | 50.3 | 50.1 | 51.0 | 51.4 | 49.8 | 51.3 | 49.6 | 50.1 | 49.8 | 51.0 | 51.3 | 52.3 | | up |
| CPI (% YoY) | 8.7 | 8.4 | 7.8 | 7.8 | 7.9 | 7.6 | 6.9 | 6.3 | 5.8 | 5.1 | 4.8 | 4.6 | | down |
| Retail Sales (% YoY) | 7.5 | 7.8 | 6.0 | 7.3 | 8.8 | 5.4 | 1.7 | 3.5 | 2.8 | 5.9 | 5.1 | | | up |
| Indutrial Production (% YoY) | 8.5 | 6.3 | 6.6 | 3.8 | 4.5 | 2.1 | 1.7 | 1.2 | 2.3 | 1.7 | 0.8 | | | down |
| Remittances (Millions, USD) | 5036.9 | 5361.4 | 4817.6 | 5353.0 | 4425.1 | 4359.1 | 5186.1 | 5001.6 | 5696.9 | 5575.2 | 5651.5 | | | down |

Datasource: Bloomberg

*Trend = Last 3m - Previous 3m

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