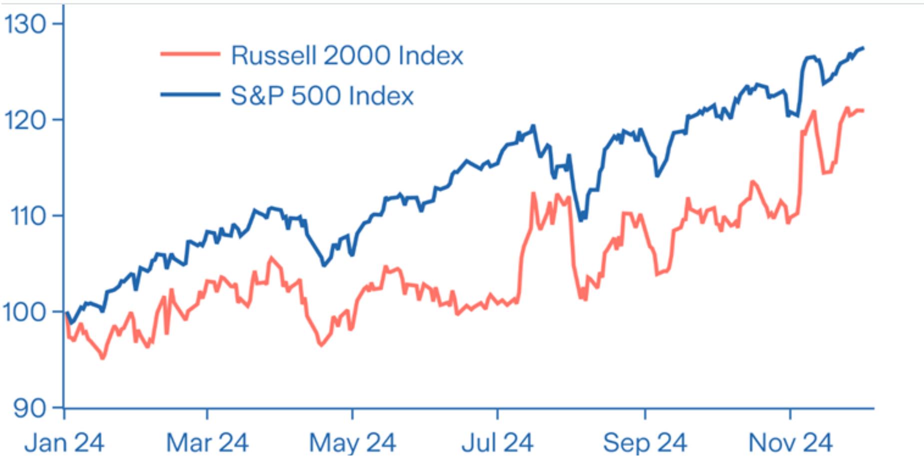
Monthly Investment Insights

3 December 2024

The US election results trigger a small-cap rally



Source: Bloomberg

The US stock market welcomed the Republicans' election victory with a leap. Small-cap stocks significantly outperformed their larger peers, supported by a solid growth outlook and policy announcements that are expected to focus on improving the domestic economy. The opposite was true for many other regions, particularly those that are expected to be in the Trump administration's crosshairs like China, Europe or Mexico where equity markets were under pressure after the election. Donald Trump won the presidential election with a solid lead in electoral votes and this time was able to win the popular vote as well. The clear result in the presidential election has removed the risk of lingering uncertainty that many investors worried about ahead of the election. The Republicans now have a robust platform to implement their policies with a focus on trade, taxes, immigration and deregulation.

Historically, a unified Republican government has been a positive environment for equities and there are a number of reasons to believe that this could be the case this time as well. The expected extension of the Tax Cuts and Jobs Act (TCJA), which is set to expire at the end of 2025, removes a major risk for economic growth in the near term. This will lift growth prospects and earnings expectations. In addition, broad-based corporate tax hikes which could have been a topic in a different political setting are much more unlikely now. Furthermore, deregulation in sectors like finance and technology has the potential to add more fuel to the current bull market.

While the overall environment remains attractive for equities, potential downsides should not be ignored either. Many of the announced policy measures are inflationary, especially given that the US economy is still growing above trend and the labour market remains relatively tight. Tariffs in particular have the potential to disrupt financial markets and weigh on investor sentiment.

Finally, valuations for US stocks are elevated, indicating that expectations are already high. For Q3 2024 the earnings growth rate for companies listed in the S&P 500 was 5.8% YoY, driven mainly by financials, communication services and information technology. The growth rate is projected to more than double in Q4 to 12% YoY, and investors expect that earnings will continue to grow at double-digit rates in 2025. While this is certainly achievable given the benign economic framework, it does not leave a lot of room for error.

Market Assessment

Key developments

- The Republican sweep in the US election provides them with the opportunity to follow through on election pledges, while the Fed signals a more cautious approach
- Global financial markets have been impacted by US politics as fears of higher inflation and policy rates take hold
- The Eurozone labour market stays firm amid weakening PMIs while German and French politics become more uncertain

Zurich's view

The clear election results in the US have removed a major uncertainty that was weighing on financial markets. Historically, a unified Republican government provided a benign environment for the stock market. While this is likely again the case for US equities, it is less clear for other regions. The global economy should benefit from a solid growth outlook in the US, but tariffs and trade frictions could weigh on some countries, particularly those showing a large trade surplus with the US. In addition, a stronger US dollar triggered by a higher yield spread will be a headwind for many emerging markets.

Since many of the Republicans' announced policies are likely to be inflationary, the Fed is expected to proceed more cautiously, keeping bond yields elevated. As long as the growth outlook remains benign this should not be a major headwind for further stock market gains, particularly given the strong momentum.

Credit still looks rather unattractive given that spreads are extremely tight and expected to widen going forward in almost all scenarios.

	Key developments	Zurich's view
Global	• Global growth is holding up, but divergences are widening and economic weakness in Europe and China persists • Inflation data are mixed, but progress remains sufficient for central banks continuing to ease policy • Government bond markets are volatile and susceptible to news on inflation, politics and geopolitics	Global growth is holding up but the Flash PMIs for November indicate widening divergences, with weakness in Europe amplified by uncertainty around the future global trade environment, while US data point to stronger momentum. Capex dynamics are weak, which is visible in the renewed softness in global trade data. Inflation data have been mixed and highlight that dynamics are becoming less synchronised, with US inflation relatively sticky while other regions see more progress amid demand weakness. Further rate cuts will be forthcoming, but a stronger dollar and tighter Fed policy will weigh on the global rate cutting cycle. Government bond yields have fallen but are set to remain volatile given elevated political and geopolitical uncertainty and still sticky inflation in some components.
US	• Stock markets welcome the Republicans' election victory • The economy keeps growing at a robust rate with services activity picking up • The Fed is signalling a more cautious path given that inflation remains elevated	While stock markets climbed to new record highs in the aftermath of Donald Trump's election victory, the economy keeps chugging along, growing above its estimated trend rate. Manufacturing remains under pressure, but services activity has picked up according to the latest business surveys which bodes well for the Christmas shopping season. Price pressure remains elevated, though, with core inflation stuck at 3.3% YoY in October, reminding us that inflation is still not fully vanquished. Treasury yields have risen substantially from their lows in September as the Fed is signalling a more cautious approach to cutting rates given the continuously solid growth environment and the potential for inflationary policy measures following Trump's inauguration in January 2025.
UK	• Growth moderates as both manufacturing and services activity slow • Inflation rates pick up in November, making a rate cut in December unlikely • Sterling is weakening substantially against the USD despite a pickup in gilt yields	Headline CPI inflation picked up from 1.7% in September to an annual rate of 2.3% in October while core inflation ticked up from 3.2% YoY to 3.3% YoY. At the same time, growth slowed in November with manufacturing contracting while services activity stagnated according to the latest business surveys. Elevated price pressure and weakening growth create a challenging environment for the Bank of England, but it is unlikely that the Monetary Policy Committee will cut rates at its upcoming meeting in December. The FTSE 100 was flat over the course of last month, outperforming many of its European peers that have come under pressure in anticipation of Trump's potential tariff policy. Equities were also helped by sterling weakening substantially against the US dollar.
Eurozone	• The Eurozone economic outlook is weakening, with growing uncertainty arising from politics and trade wars • Inflation rose to 2.3% in November, but the ECB look set to continue with rate cuts • French debt concerns grow as Michel Barnier's government faces collapse	Economic momentum has faded in the Eurozone, and 2025 looks set to be another lacklustre year for growth. The incoming US administration presents near-term downside risks from trade tensions, although this could ultimately encourage EU co-ordination on defense and infrastructure spending. The ECB is likely to cut rates this month, and move to a neutral rate close to 2% in 2025. The political situation is deteriorating in France, where the National Rally is threatening to bring down the government. Risks are skewed towards higher French yields. In a striking example of the long-term shifts taking place within the Eurozone, 10yr Greek bond yields traded below their French equivalent. Eurozone equities continue to struggle against geopolitical headwinds, and we see little scope for respite in December.
Switzerland	• GDP growth slows in Q3, led by weak investment and exports, while consumption remains brisk • Inflation falls further, with a broadening out of disinflationary pressures • Further policy loosening is anticipated from the SNB given inflation weakness	Following growth of 0.4% in Q2, GDP rose by 0.2% QoQ in Q3 (adjusted for sporting events). The weakness was driven by manufacturing. Consumption remains brisk, underpinned by still solid household finances and a robust labour market, while equipment, software investment and exports slumped. Construction investment, by contrast, is picking up momentum, likely supported by the falling rate environment. CPI inflation surprised to the downside again in October, up 0.6% YoY. This was weaker than expected, with CPI excluding rents in deflationary territory at -0.1% YoY and with services inflation back below 2%. The weakness was in line with the SNB's forecast, and further policy easing expected.

	Key developments	Zurich's view
Japan	• The MSCI Japan keeps moving in a sideways range • The yen is strengthening, back below the 150 mark vs. the US dollar • The Bank of Japan is likely to hike its policy rate by 25bps in December or January	Japanese equities have kept meandering sideways over the last three months. Neither the latest economic indicators nor fiscal or monetary policy action were able to move the needle in either a bullish or bearish direction. The market is expecting a further 25bp policy rate hike in December, though we would not be surprised if the Bank of Japan waits until January next year. The Cabinet has approved the FY24 economic stimulus package, including subsidies for the semiconductor industry, cash handouts for low-income households, and the extension and resumption of energy subsidies. The yen has strengthened again vs. the US dollar, falling back below the 150 mark, with the 10yr JGB yield hovering in the 1.00-1.10% range.
China	• Chinese equities have given up a significant part of the early autumn rally • The CNY weakened further in November, giving up its August and September gains vs. the US dollar • The focus is moving to the mid-December Economic Work Conference	The MSCI China and 'H'-shares, which are mostly traded by foreign investors, have given up two thirds of the late September/ early October rally that was ignited by sudden policy measures intended to boost the economy. Meanwhile, domestic 'A'-shares proved more resilient, having lost 'only' half of the rally gains. Investors have been disappointed by the insufficient stimulus follow through and lack of dedication amongst policy makers. We will now focus on the mid-December Economic Work Conference for further hints regarding potential policy action, particularly measures to boost private consumption. Meanwhile, the latest property market related sales data softened somewhat in November, but still remain much stronger than in September, which is encouraging.
Australia	• The RBA keeps rates unchanged but remains relatively hawkish • Headline inflation continues to ease faster than core inflation • Bond yields have eased but remain high while equity momentum looks encouraging	Australian equities have powered ahead as financial stocks continue to perform well. Momentum seems to have further to run. Bond yields have eased towards 4.3% but are still trading at levels seen in mid-2024. Headline inflation continues falling faster than expected while trimmed mean CPI appears more sticky, which keeps the RBA on a hawkish path. That said, with the current pace of easing in inflation, the central bank will have room for a rate cut in the first quarter of next year. While spending remains weak, consumer confidence continues to trend higher, though still at weak levels. We think the growth backdrop is brightening as inflation pressure has significantly eased and rate cuts should help to loosen financial conditions and reduce pressure on household balance sheets.
ASEAN	• Rate cuts have slowed as depreciation pressure on currencies intensifies • Export momentum wanes following a strong period • Uncertainty around proposed US tariffs and a strong USD have reduced investor appetite for equities	Investor outflows from emerging markets, including ASEAN, have been almost synchronised. Most markets have posted losses for the month, with Indonesia seeing the weakest performance as it is highly sensitive to capital flows from foreign investors. With uncertainty looming around proposed US tariffs, we suspect sentiment will continue to be weak. As the USD remains strong, putting pressure on regional FX, central banks that initiated rate-cutting cycles in September have recently paused. We think there will be further room for rate cuts, but much will depend on whether FX pressures ease as we gain more clarity on US policy around tariffs and fiscal measures earlier next year. Meanwhile, exports continue to be supported by electronics shipments, but the pace of increase has recently eased.
LatAm	• Brazil is expected to accelerate rate hikes, while Chile and Mexico may continue easing • Depreciation of the CLP and BRL accelerated in November, while MXN decelerated marginally • LatAm equities closed November with a decline, influenced by downturns in the stock markets of Brazil, Mexico, and Chile	The MSCI LatAm fell for the second consecutive month in October. In Brazil, fiscal problems caused volatility in both the stock and foreign exchange markets. These issues prompted the central bank to resume interest rate hikes, driven by rising inflation and 'unanchored' expectations. In Chile, the stock market rose, spurred by the recovery of the Chinese market and a rise in copper prices. The FX market, was affected by expectations of more moderately paced Fed rate cuts. Mexico also saw continued volatility in the stock market and the peso. We expect volatility to remain elevated, primarily due to the results of the US elections. From a valuation perspective, the Latin American market remains undervalued, and a scenario of increased risk appetite could enhance the profitability of assets in the region.

Valuation snapshot (MSCI Indices)

Current trailing valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	27.4	15.4	13.4	19.6	15.2	15.4	11.2	7.9	13.5
12m Trailing P/B	5.3	2.1	1.9	3.8	1.5	1.8	1.3	1.4	1.6
12m Trailing P/CF	22.4	10.9	9.5	15.2	9.5	9.6	5.6	4.5	6.7
Dividend Yield	1.2	3.1	3.9	3.0	2.2	2.5	2.5	6.2	3.7
ROE	17.2	12.2	9.6	18.0	9.8	10.9	11.3	16.5	12.5

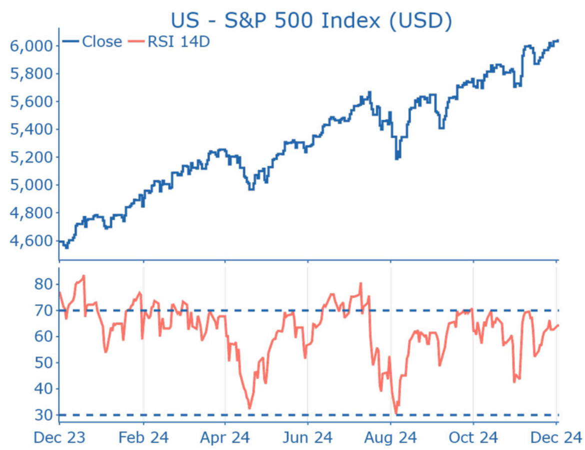
Current trailing valuations relative to MSCI world

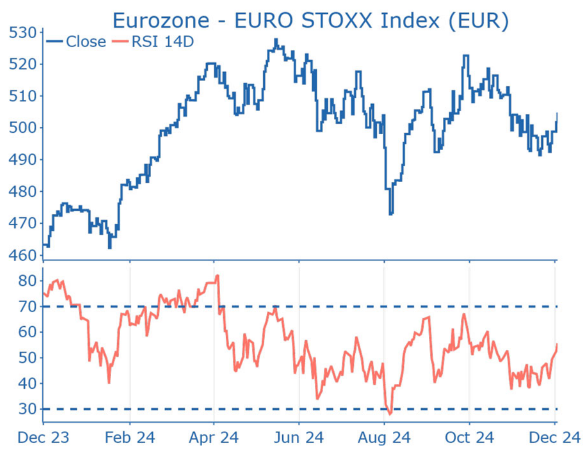
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	4.92	-7.16	-9.1	-2.88	-7.33	-7.12	-11.3	-14.58	-9.05
12m Trailing P/B	1.73	-1.44	-1.65	0.28	-2.01	-1.8	-2.23	-2.13	-1.94
12m Trailing P/CF	5.19	-6.38	-7.71	-2.03	-7.74	-7.65	-11.7	-12.72	-10.56
Dividend Yield	-0.48	1.45	2.16	1.33	0.54	0.85	0.82	4.48	1.99
ROE	3.1	-1.85	-4.47	3.92	-4.24	-3.19	-2.79	2.39	-1.62

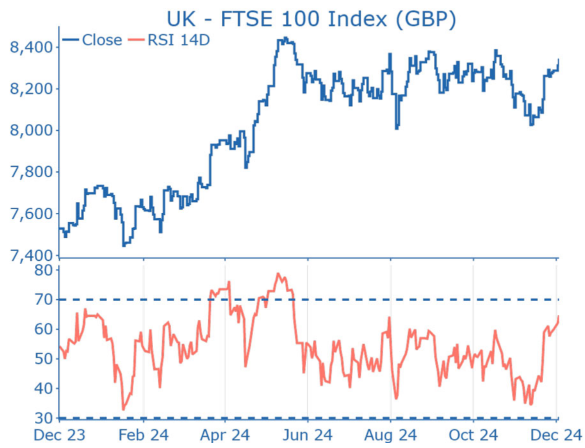
Source: Bloomberg

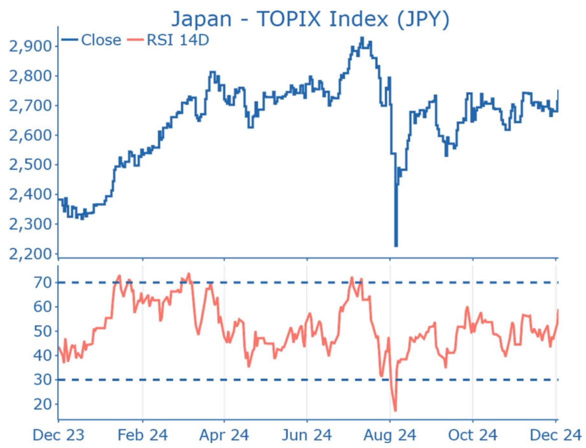
Overbought / Oversold*

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



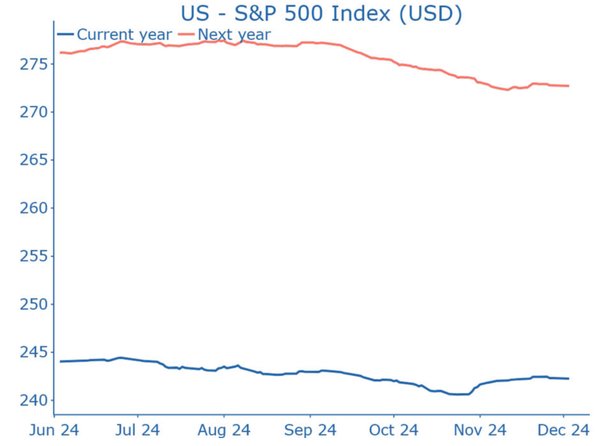


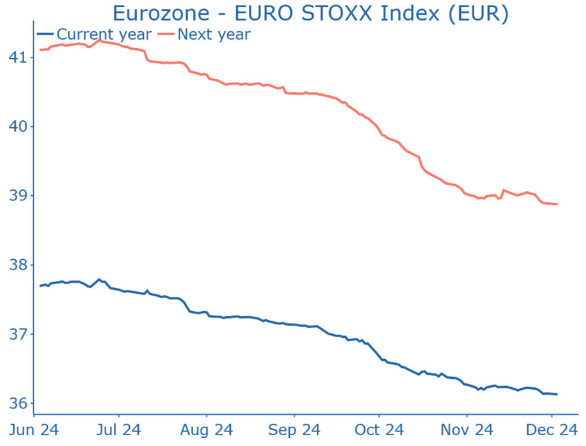


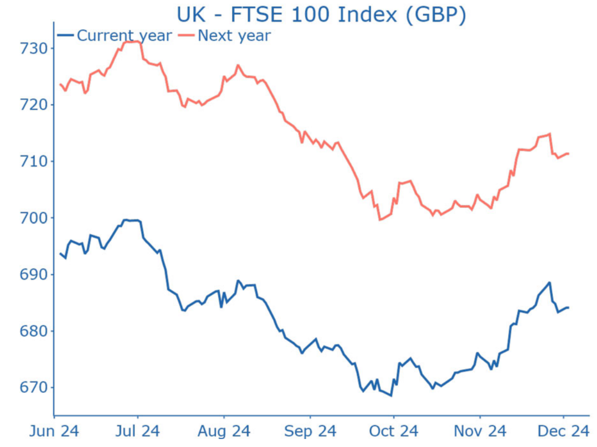


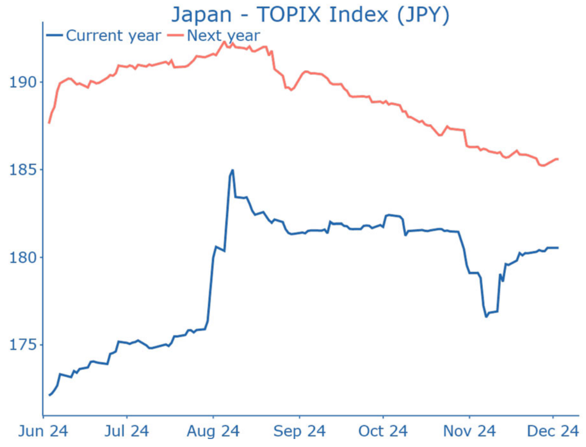
Source: Bloomberg

Earnings estimates - Full fiscal year



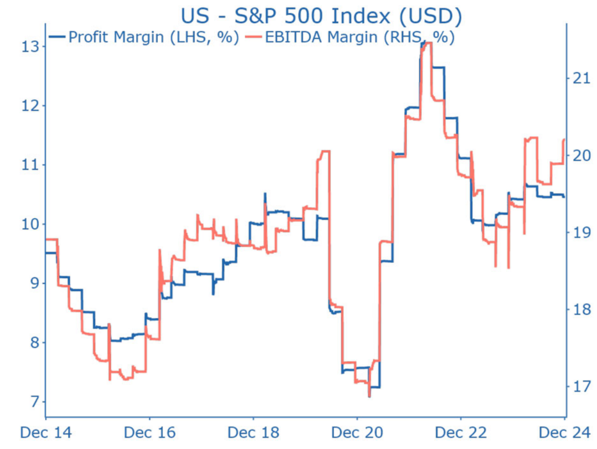


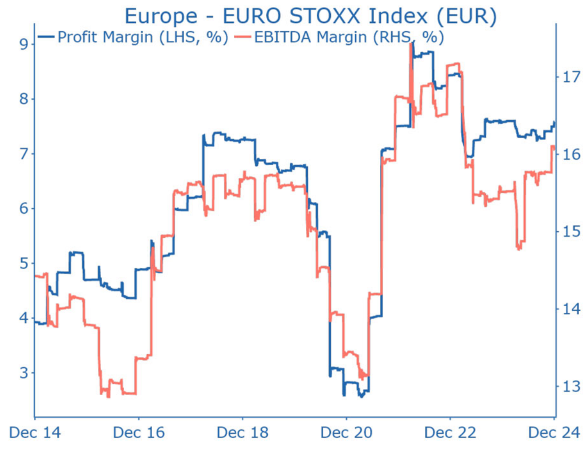


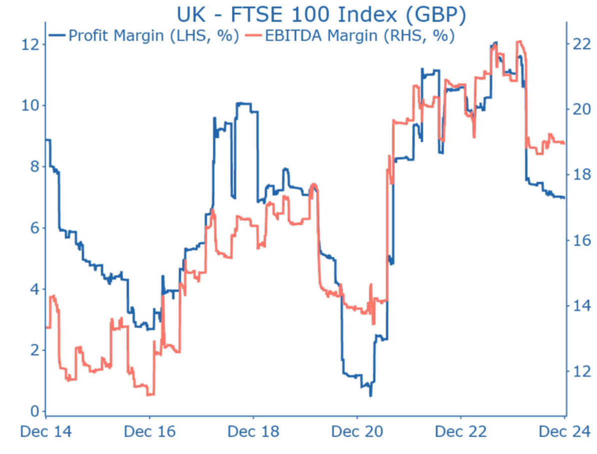


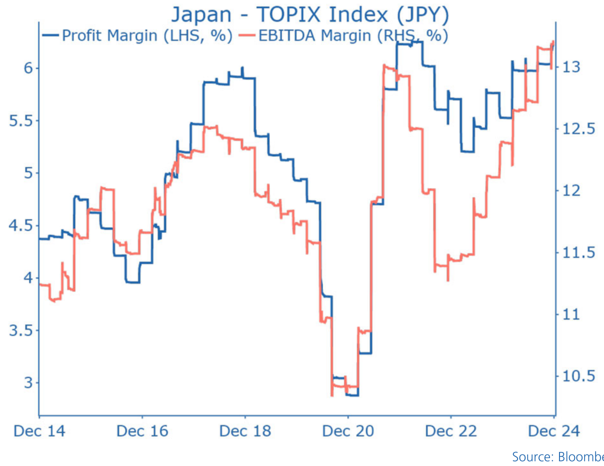
Source: Bloomberg

Historical margins



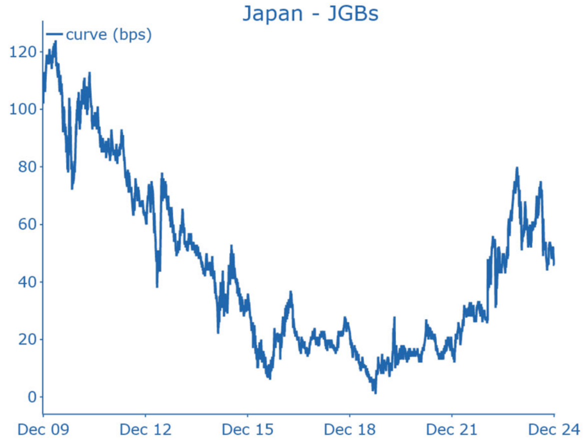






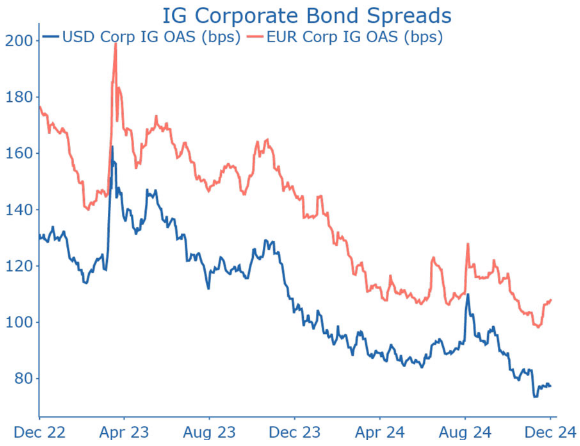
Source: Bloomberg

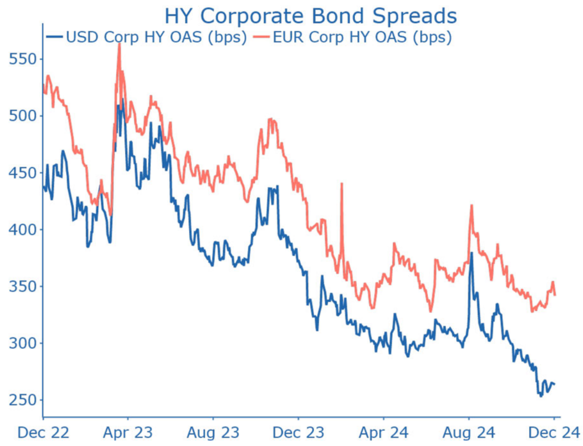
Yield Curve Steepness (10yr - 2yr)

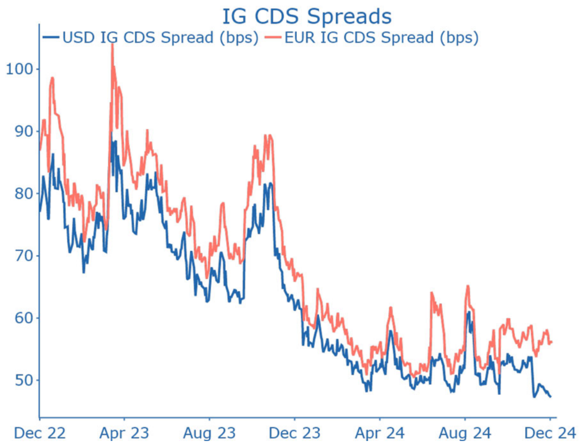


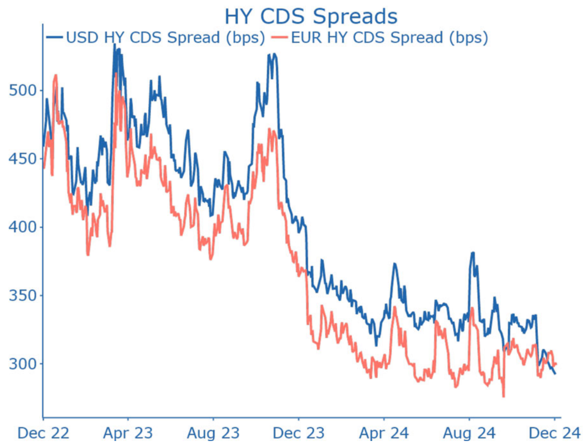
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
ISM Manufacturing (Index)	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	47.2	46.5	48.4	down
ISM Non-Manufacturing (Index)	53.4	52.6	51.4	49.4	53.8	48.8	51.4	51.5	54.9	56.0	-	up
Durable Goods (% MoM)	-3.8	1.2	0.8	0.2	0.1	-6.9	9.8	-0.9	-0.4	0.2	-	down
Consumer Confidence (Index)	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	111.7	up
Retail Sales (% MoM)	0.3	2.1	3.6	2.8	2.6	2.0	2.9	2.0	2.0	2.8	-	up
Unemployment Rate (%)	3.7	3.9	3.8	3.9	4.0	4.1	4.3	4.2	4.1	4.1	-	down
Avg Hourly Earnings YoY (% YoY)	4.7	4.5	4.2	4.0	4.0	4.0	3.9	4.0	4.0	4.1	-	up
Change in Payrolls (000, MoM)	256.0	236.0	310.0	108.0	216.0	118.0	144.0	78.0	223.0	12.0	-	up
PCE (% YoY)	3.06	2.93	2.98	2.89	2.67	2.63	2.66	2.71	2.65	2.8	-	up
GDP (%, QoQ, Annualized)	-	-	1.6	-	-	3.0	-	-	2.8	-	-	down

Eurozone	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
PMI Manufacturing (Index)	46.6	46.5	46.1	45.7	47.3	45.8	45.8	45.8	45.0	46.0	45.2	down
PMI Services (Index)	48.4	50.2	51.5	53.3	53.2	52.8	51.9	52.9	51.4	51.6	49.2	down
IFO Business Climate (Index)	85.4	85.8	87.8	89.0	89.1	88.5	87.1	86.6	85.4	86.5	85.7	down
Industrial Production (% YoY)	-6.5	-6.4	-1.3	-3.4	-3.6	-4.2	-2.1	-0.1	-2.8	-	-	down
Indeed 3m average wage growth (% YoY)	3.86	3.65	3.54	3.48	3.46	3.62	3.77	3.9	3.65	3.44	-	down
Unemployment Rate (%)	6.5	6.5	6.5	6.4	6.4	6.4	6.4	6.3	6.3	6.3	-	down
Euro-Area Credit Impulse (%, SA)	-2.74	-1.99	-1.48	-1.09	-0.66	0.31	1.65	1.65	2.43	2.54	-	up
EUR HICP 5y5y Inflation Swaps	2.23	2.3	2.3	2.39	2.36	2.3	2.21	2.13	2.1	2.13	1.99	down
CPI (% YoY)	2.8	2.6	2.4	2.4	2.6	2.5	2.6	2.2	1.7	2.0	2.3	down
Core CPI (% YoY)	3.3	3.1	2.9	2.7	2.9	2.9	2.9	2.8	2.7	2.7	2.7	down
GDP (% QoQ)	-	-	0.3	-	-	0.2	-	-	0.4	-	-	up

UK	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
PMI Manufacturing (Index)	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48.0	down
PMI Services (Index)	54.3	53.8	53.1	55.0	52.9	52.1	52.5	53.7	52.4	52.0	50.0	down
Consumer Confidence (Index)	-19.0	-21.0	-21.0	-19.0	-17.0	-14.0	-13.0	-13.0	-20.0	-21.0	-18.0	down
Unemployment Rate (%)	4.0	4.2	4.3	4.4	4.4	4.2	4.1	4.0	4.3	-	-	up
CPI (% YoY)	4.0	3.4	3.2	2.3	2.0	2.0	2.2	2.2	1.7	2.3	-	down
House Prices (% YoY)	-0.2	1.2	1.6	0.6	1.3	1.5	2.1	2.4	3.2	2.4	3.7	up
Mortgage Approvals (SA, Thousands)	55.81	60.4	61.42	61.34	60.8	60.87	62.75	65.26	66.11	68.3	-	up
GDP (% YoY)	-	-	0.3	-	-	0.7	-	-	1.0	-	-	up

Switzerland	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
KOF Leading Indicator (Index)	98.8	100.1	101.1	100.4	105.7	103.3	101.3	104.2	104.0	99.7	101.8	down
PMI Manufacturing (Index)	43.1	44.0	45.2	41.4	46.4	43.9	43.5	49.0	49.9	49.9	48.5	up
Real Retail Sales (% YoY)	0.2	-0.2	-0.1	2.3	0.0	-3.0	2.8	2.7	1.8	1.4	-	up
Trade Balance (Billion, CHF)	4.69	3.66	3.83	4.28	5.77	6.08	4.86	4.7	4.94	8.06	-	up
CPI (% YoY)	1.3	1.2	1.0	1.4	1.4	1.3	1.3	1.1	0.8	0.6	0.7	down

Japan	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
PMI Manufacturing (Index)	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	down
Machinery Orders (% YoY)	-10.9	-1.8	2.7	0.7	10.8	-1.7	8.7	-3.4	-4.8	-	-	down
Industrial Production (% YoY)	-1.5	-3.9	-6.2	-1.8	1.1	-7.9	2.9	-4.9	-2.6	1.6	-	up
ECO Watchers Survey (Index)	47.4	50.3	52.4	50.2	46.8	47.3	48.3	48.3	47.6	46.6	-	down
Jobs to Applicants Ratio (Index)	1.27	1.26	1.28	1.26	1.24	1.23	1.24	1.23	1.24	1.25	-	up
Labour Cash Earnings (% YoY)	1.5	1.4	1.0	1.6	2.0	4.5	3.4	2.8	2.5	-	-	down
Retail Sales (% YoY)	7.1	14.0	9.9	8.9	14.4	14.0	5.5	3.9	2.3	-0.7	-	down
Exports (% YoY)	11.9	7.8	7.3	8.3	13.5	5.4	10.2	5.5	-1.7	3.1	-	down
Money Supply M2 (% YoY)	2.5	2.4	2.5	2.2	1.8	1.5	1.5	1.3	1.2	1.2	-	down
CPI Ex Food & Energy (% YoY)	2.6	2.5	2.2	2.0	1.7	1.9	1.6	1.7	1.7	1.6	-	down

China	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
NBS PMI Manufacturing (Index)	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	up
NBS PMI Non Manufacturing (Index)	50.7	51.4	53.0	51.2	51.1	50.5	50.2	50.3	50.0	50.2	50.0	down
Industrial Production (% YoY)	-	-	4.5	6.7	5.6	5.3	5.1	4.5	5.4	5.3	-	up
Retail Sales (% YoY)	-	-	3.1	2.3	3.7	2.0	2.7	2.1	3.2	4.8	-	up
Exports (% YoY)	7.8	5.2	-7.9	1.1	7.4	8.5	7.0	8.7	2.4	12.7	-	down
CPI (% YoY)	2.1	4.7	1.1	2.0	2.8	3.8	2.7	3.1	0.7	1.6	-	down
PPI (% YoY)	-2.5	-2.7	-2.8	-2.5	-1.4	-0.8	-0.8	-1.8	-2.8	-2.9	-	down
RRR (%)	10.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.5	9.5	9.5	down
GDP (% YoY)	-	-	5.3	-	-	4.7	-	-	4.6	-	-	down

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

Source: Bloomberg

Economic Data

India	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
PMI Manufacturing (Index)	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	down
PMI Services (Index)	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5	59.2	down
Industrial Production (% YoY)	4.2	5.6	5.5	5.2	6.2	4.9	4.7	-0.1	3.1	-	-	down
CPI (% YoY)	5.1	5.09	4.85	4.83	4.8	5.08	3.6	3.65	5.49	6.21	-	up
GDP (% YoY)	-	-	7.76	-	-	6.7	-	-	5.4	-	-	down

Australia	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
Westpac Leading Indicator	97.01	97.12	97.1	97.04	97.04	97.06	97.02	96.99	97.0	97.17	-	up
Retail Sales (% YoY)	1.02	1.55	0.94	1.42	1.66	2.94	2.37	3.12	2.37	3.4	1.42	down
Unemployment Rate (%)	4.1	3.7	3.9	4.1	4.0	4.1	4.2	4.1	4.1	4.1	-	down
Housing Prices (% YoY)	9.37	10.14	9.92	9.81	9.16	8.62	8.3	7.76	7.33	6.59	6.06	down
CPI (% MoM)	3.4	3.4	3.5	3.6	4.0	3.8	3.5	2.7	2.1	2.1	-	down

Brazil	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Trend*
CPI (% YoY)	4.62	4.51	4.5	3.93	3.69	3.93	4.23	4.5	4.24	4.42	4.76	up
Industrial Production (% YoY)	0.9	3.7	5.6	-2.9	8.4	-1.2	3.2	6.1	2.3	3.4	-	up
Retail Sales (% YoY)	1.3	4.0	8.1	5.7	2.1	7.8	4.1	4.6	5.3	2.1	-	down
Trade Balance (Millions, USD)	9323.16	6186.81	5156.17	7170.57	8440.74	8299.9	6326.63	7577.17	4497.61	5023.35	4342.83	down
Budget Balance (Billions, BRL)	-193.43	22.23	-113.86	-62.98	-69.64	-138.26	-135.72	-101.47	-90.38	-53.77	-74.68	up

Chile	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Trend*
Economic Activity Index (% YoY)	-0.71	2.47	4.6	0.65	4.04	0.81	-0.14	4.2	2.31	0.3	2.3	up
CPI (% YoY)	3.94	3.8	4.48	3.74	3.97	4.13	4.19	4.6	4.74	4.13	4.68	up
Retail Sales (% YoY)	-1.46	1.66	4.05	0.98	3.68	1.22	8.04	2.83	6.8	4.05	4.47	up
Industrial Production (% YoY)	-2.8	3.57	7.99	0.42	2.46	2.26	-1.09	3.65	5.28	-0.36	3.24	up
Unemployment (%)	8.5	8.4	8.5	8.7	8.5	8.3	8.3	8.7	8.9	8.7	8.6	up

Mexico	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Trend*
PMI (Index)	51.53	49.96	51.25	48.92	48.92	48.83	47.12	48.43	48.92	47.2	48.3	up
CPI (% YoY)	4.88	4.4	4.42	4.65	4.69	4.98	5.57	4.99	4.58	4.76	-	down
Retail Sales (% YoY)	-1.0	2.8	-1.9	2.7	-0.1	-3.1	-0.6	-0.8	-1.5	-	-	down
Industrial Production (% YoY)	0.2	1.8	-4.89	4.25	-0.77	-0.33	2.09	0.42	0.79	-	-	up
Remittances (Millions, USD)	4573.2	4494.8	5014.6	5418.9	5618.1	6206.9	5592.8	6082.1	5358.4	5722.7	-	down

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Dec-2024	1M ago	3M ago	12M ago
UK	0	6	15	-5
Germany	-216	-197	-155	-183
Switzerland	-397	-398	-337	-342
Japan	-312	-343	-290	-349
China	-220	-224	-168	-151
India	250	246	304	309
Australia	9	15	17	29
South Korea	-150	-129	-71	-49
Malaysia	-40	-45	-6	-36
Indonesia	269	240	283	242
Thailand	-192	-196	-127	-124
Philippines	178	149	225	203
Brazil	930	859	831	669
Mexico	578	584	587	509
Chile	145	120	176	153
Colombia	662	662	636	652
Peru	236	241	271	288

Spread over German Bund (bps)

Country	Dec-2024	1M ago	3M ago	12M ago
France	86	75	72	56
Netherlands	24	26	28	33
Belgium	62	60	59	60
Austria	44	48	50	58
Irland	31	33	37	37
Italy	120	127	146	173
Spain	71	71	82	99
Portugal	46	45	61	64

Source: Bloomberg

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