Monthly Investment Insights

2 July 2024

Rest and refuel

Source: Bloomberg/CitiBank

So far, so good, as we enter the second half of 2024. The first portion of the year brought broadly positive news in global economic activity, falling inflation, initial rate cuts and strong asset price returns. We expect to see more of the same into July and beyond, but note some signs of fatigue in both macro and market momentum. While the first half of the year was defined by investors revising up their economic and market return forecasts, we may now be entering a period where those lofty expectations are tempered somewhat.

Global activity indicators are healthy, but recent data have been more disappointing, and sentiment is being negatively impacted by political events, exemplified by snap French elections. Activity and confidence in the service sector remains at strong levels. Global manufacturing Indicators had been rising for the most of the year until disappointing June PMIs. Overall manufacturing activity remains modest, but healthier than in 2023.

Lower policy rates will begin to help economic activity. Inflation rates continue to fall back to central bank targets, although with differentiation across the world. Services inflation remains a key concern, and while it is falling across most jurisdictions, the pace of that fall is slow. Confidence is growing among G10 central banks. The Swiss National Bank has cut twice, the Swedish Riksbank cut in May, and the ECB delivered on our expected rate cut in June, joined by the Bank of Canada. We think more is to come. The holdout is in the US, where stickier inflation has concerned the market all year and pushed back Fed easing expectations. This changed in May and June, with convincing evidence of slowing price pressures. We do note individual examples of inflation concern, however, with the market pricing in a chance of rate hikes from the Australian RBA as inflation reaccelerates.

The year has been good for investment returns, particularly within equity markets. While there has been notable differentiation and often idiosyncratic drivers, the large indices such as the S&P 500, Eurostoxx 50 and the Topix are all up by more than average already this year. We continue to like equity exposure paired up against a less positive view on credit markets. Credit spreads, both in Investment Grade and High Yield remain very tight. This is borne out in the underwhelming returns of the asset class to date.

There is also some good news to be found in bond yields as of late, as the market has found some stability and stopped trending higher. While bond volatility remains higher than in the pre-Covid environment, this stabilisation can increasingly attract investors to the high yields on offer. However, we struggle to get particularly excited about bond returns from here given there remains a reasonable amount of policy easing already built into the price at current levels. Clearly some markets are more attractive than others: 10yr US Treasuries offer an optically attractive yields around 4.5%, whereas Germany Bunds offer 2% less than that.

Market Assessment

Key developments

- Disinflation continues, allowing more central banks to ease policy and finally opening the door to Fed cuts
- Equity markets have performed strongly, with technology firms continuing to drive returns
- The snap French election has re-introduced political volatility into Eurozone assets

Zurich's view

Markets have had a good run, and we cannot be oblivious to valuation concerns and concentration risk. Yet, we still see fundamental reasons for optimism, if somewhat tempered. Our investment preferences remain unchanged: we see greater return potential from equities than from credit markets. Within that, we continue to favour US assets.

Looking forward, one very positive development for the global economy and risk-assets broadly is welcome evidence of lower US inflation. Treasury yields have fallen from recent peaks, and our call for Federal Reserve rate cuts in the coming months looks increasingly likely.

Political risks are rising again, and the unexpected French Assembly elections will dominate headlines in the coming month. This long-trending rejection of centrism exposes weaknesses in the Eurozone's political landscape. We expect volatility across French assets. Nevertheless, we think the result will ultimately be digested by markets.

China remains a point of global weakness, and policymakers have continuously disappointed on stimulus expectations. Yet, we are cautiously optimistic on the Chinese equity outlook given valuations.

	Key developments	Zurich's view
Global	• Services activity remains robust but Flash PMI data indicate that manufacturing momentum slips again in June • Inflation generally ticks lower, but services inflation remains elevated in most regions • The rate cutting cycle broadens as the ECB delivers a rate cut while other major central banks are set to follow in H2	A manufacturing recovery has been building since the beginning of the year, with May data particularly encouraging. The June Flash PMIs, however, signalled a turn in momentum, with the Eurozone particularly weak. Data ebb and flow and we would not put too high weight on any individual data point, but this confirms that conditions remain fragile and the sector is still under pressure after almost two years in contraction. It is therefore encouraging that the rate cutting cycle is broadening, with an ECB rate cut in June and with the Fed set to follow in H2. With policy loosening finally forthcoming, rates and yields have fallen, which will help to support activity and demand.
US	• Service activity is holding up, though the labour market is softening • Inflation slows down on a broad basis, pushing bond yields lower • The S&P 500 reaches a new record high as tech companies keep driving the market	US services activity is holding up while growth in manufacturing remains modest. Meanwhile, the labour market is softening. The number of job openings fell substantially in April to the lowest level since February 2021 while the unemployment rate ticked up to 4% for the first time in almost two and a half years. The moderate growth environment helps keep a lid on price pressure with inflation falling on a broad basis in May. Bond yields continued to trend lower with 10yr Treasury yields briefly dipping below 4.2% for the first time since April despite a slightly more hawkish Fed. Stock markets welcomed the benign growth and inflation environment and the S&P 500 rose to a new record high, lifted by substantial gains in the large tech companies.
UK	• Growth moderates in the second quarter as both services and manufacturing slow • Headline inflation falls back to the Bank of England's target of 2% • The Monetary Policy Committee is open to cutting rates at one of its next meetings	Both manufacturing and services activity expanded only modestly in June according to the latest business surveys. Despite a pickup in unemployment to 4.4%, consumer sentiment continued to improve in June, rising to the highest level since November 2021. Fading price pressure is an important driver behind households' brighter mood with headline inflation falling back to the Bank of England's target of 2% in May. Core inflation also fell substantially to 3.5% YoY from 3.9% the month before but remains elevated. Gilt yields fell back over the course of the month as a rate cut in the coming months becomes increasingly likely. The stock market lost some ground in June with the more domestically focused FTSE 250 lagging its larger cap peer.
Eurozone	• Unexpected snap elections in France accelerate the long-trending demise of centrism • The ECB has cut rates and we expect two more cuts this year; Inflation is falling, but sticky above 2% • We are less optimistic on Eurozone assets in H2 as investors reassess an overly bright economic outlook	The first half of the year was bright for the Eurozone. Yet, like Icarus, optimism in the Eurozone has flown too high. While growth will still be positive, we anticipate a downturn in activity indicators across the major economies and sectors in H2. The manufacturing sector continues to be a significant laggard. The ECB has cut rates, and we expect further cuts, but policy is still restrictive. Macron's electoral gambit has thrown EU politics and markets into turmoil. French sovereign debt requires more risk premium, but these Assembly elections do not re-open serious concerns about the collapse of the Eurozone. Equity markets could struggle on a relative basis as allocation intentions are scaled back on weaker data. The CAC 40 will be highly volatile, but we see any weakness as a buying opportunity.
Switzerland	• The SNB delivers a second rate cut as the franc strengthens and disinflationary pressures broadens • CPI ticks higher to 1.4% in Q2, but wage growth decelerates and producer price deflation deepens • Economic activity remains resilient, but the manufacturing sector remains under pressure	The SNB cut rates again in June, in line with our expectations but not priced by the market. The strengthening of the franc on French political turmoil and further evidence that underlying price pressures are weakening, including a sharp decline in wage growth in Q1, contributed to the decision. The outlook was dovish, with a downward revision of the inflation forecast to 1% in 2026. We maintain our view of one further rate cut this year, likely towards the end of the year, followed by some further policy loosening in 2025. The SNB's governing board will change in October, but this is unlikely to have a material impact on the near-term policy outlook. The rate decision led to a sharp decline in yields, with the 10yr yield below 0.6%, and a modestly stronger franc.

	Key developments	Zurich's view
Japan	• The MSCI Japan is breaking its three-month range to the upside • 10yr JGB yields have broken above the 1% mark • The yen continues to weaken with the USDJPY marking a 38-year high and the EURJPY a record high	During Q2, the MSCI Japan meandered in a flat sideways range, following a more than 50% rally in 2023 and Q1 2024. We regard the latest performance as a healthy consolidation phase that helps avoid overheating, enabling a push higher. In terms relative to global equities ex-Japan, outperformance of Japanese equities is flattening out and losing some momentum. Meanwhile, the USDJPY has marked a fresh 38-year high at 161.74, and the yen has depreciated to a record low as calculated by the 'Westpac Real Effective Exchange Rate Trade Weighted Japanese Yen' index, which has been calculated since 1995. So far the Bank of Japan has not intervened, unlike in late April, when the 160 level versus the US dollar was briefly breached. The 10yr government bond yield is hovering between 0.90 and 1.10%.
China	• Chinese equities failed to gain steam following the rally in April and May • The yuan keeps slowly depreciating versus the US dollar • The 'Third Plenum' meeting of policy makers will be in focus in July	The MSCI China has retraced half of its 21% April-May rally, but is still up 21% from its January low. In relative terms versus global equities, the performance is rather paltry, which should not be a surprise amid the still ailing property market crisis, with both new and second home prices still down both in YoY and MoM terms. Hopes are high, and maybe too overextended, that more drastic measures to support the economy and property market will be implemented at the 'Third Plenum' in July. Meanwhile, the yuan keeps depreciating against the US dollar, though in a paced manner. Capital transfers by wealthy individuals to Hong Kong, Singapore and Japan appear to becoming evident. The credit impulse remains negative.
Australia	• Monthly inflation spikes, with services inflation particularly elevated • Growth weakens materially in Q1, but consumption has already rebounded from its trough • Equities continue to trade sideways, lacking a clear catalyst for movement in either direction	Australian equities have posted only modest gains YTD, lagging behind most developed market. Limited exposure to tech stocks partly explains the underperformance relative to markets such as the US, Taiwan, and Korea. Overall, we think Australia's stock market, which is heavily weighted in commodities and financials, will find some support in improving global financial conditions as global central banks begin with easing cycles, especially if the Fed cuts rates this year. However, concerns lie within Australia's economy. Growth weakened materially in Q1, but consumption has started to show signs of recovery, which might add further pressure to inflation. Recent hot CPI prints suggest the Reserve Bank of Australia will maintain a hawkish stance for longer, with a potential 25bp rate hike in August not being ruled out.
ASEAN	• Manufacturing PMIs and export data across the region suggest a gradual recovery in trade and manufacturing • Inflation remains well-anchored in the region • Equity performance is mixed and broadly lags behind global equities	ASEAN equities present a mixed picture. Indonesia's stocks recovered parts of their losses after an 18% correction in the MSCI Indonesia index on the back of currency headwinds and a rotation of EM funds into China's market. Further recovery is expected as Indonesia's growth remains resilient and headwinds to the IDR fade in anticipation of Fed rate cuts. Malaysia's stocks slowed after a strong H1, while Thai equities lag due to weak growth. On the macro front, inflation remains well-anchored across the region. Although Malaysia's subsidy cut is expected to push inflation higher, the weak underlying growth environment tempers concerns. Manufacturing PMIs are above 50 for most countries, signalling a broadening trade recovery while May's export data were strong across the region, led by tech exports.
LatAm	• A significant portion of rate cuts have been made in Brazil and Chile, leaving little room for further reductions this year • Currencies are depreciating due to idiosyncratic risk factors and global risk aversion • Negative movements in the stock markets with Mexico leading the declines due to an uncertain political future	The LatAm stock market index has declined for the second consecutive month, impacted by drops in Brazil, Chile, and Mexico. Three main factors largely explain the decline. 1) Idiosyncratic factors. In Mexico, the outcome of the election has generated uncertainty as has fiscal management in Brazil. 2) Moderation in the easing cycles of Brazil and Chile, mainly influenced by inflation that was expected to have a slower convergence to target. 3) The 'risk-off' investor sentiment created by parliamentary elections in the EU and presidential elections in India. There have, however, been upward corrections in GDP for Brazil, Chile, and Mexico. Combined with attractive valuations and positive adjustments in corporate results and profits in the region, this contributes to a more optimistic outlook.

Valuation snapshot (MSCI Indices)

Current trainling valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	26.0	15.8	14.4	19.6	17.6	17.3	11.9	7.1	12.7
12m Trailing P/B	5.0	2.2	1.9	3.8	1.6	1.8	1.3	1.3	1.8
12m Trailing P/CF	19.0	11.0	9.4	14.3	19.6	11.4	5.7	4.1	7.9
Dividend Yield	1.3	3.1	4.0	3.0	2.0	2.5	2.7	7.3	3.9
ROE	17.6	12.4	11.4	22.6	9.0	9.6	9.9	17.3	13.8

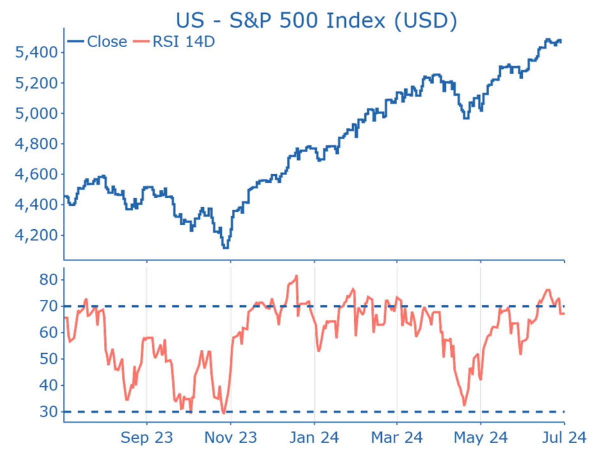
Current trainling valuations relative to MSCI world

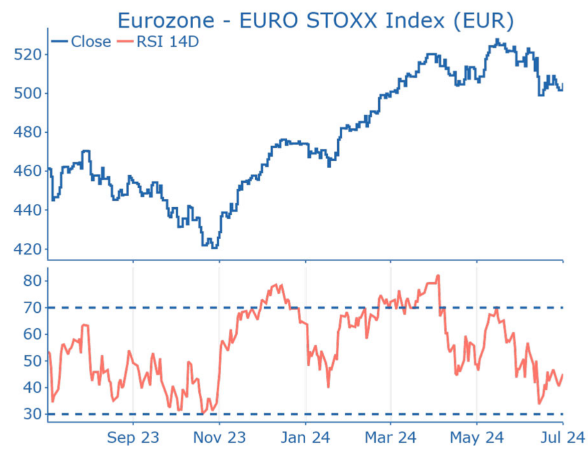
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.97	-6.23	-7.64	-2.4	-4.39	-4.71	-10.14	-14.9	-9.31
12m Trailing P/B	1.56	-1.24	-1.54	0.44	-1.8	-1.64	-2.16	-2.11	-1.6
12m Trailing P/CF	2.26	-5.8	-7.43	-2.47	2.82	-5.42	-11.06	-12.74	-8.86
Dividend Yield	-0.49	1.27	2.21	1.23	0.19	0.74	0.93	5.51	2.13
ROE	3.45	-1.73	-2.7	8.49	-5.1	-4.56	-4.26	3.21	-0.32

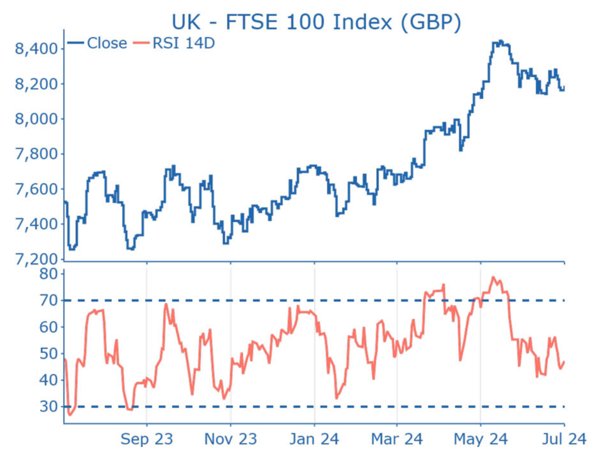
Source: Bloomberg

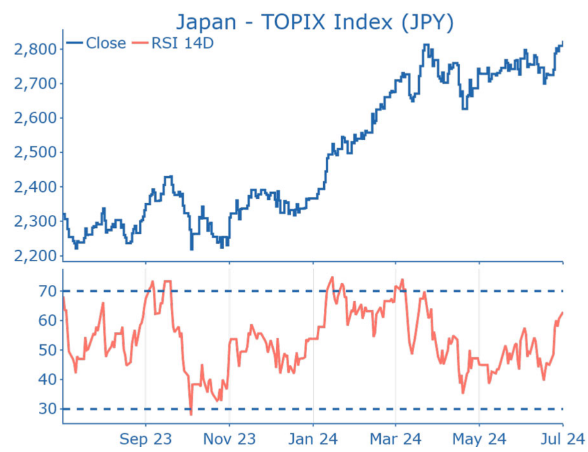
Overbought / Oversold*

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



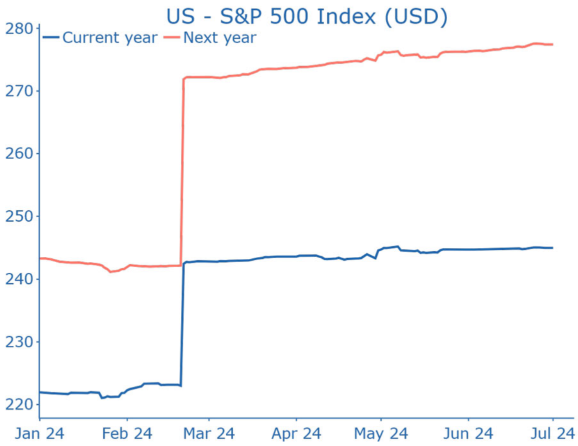


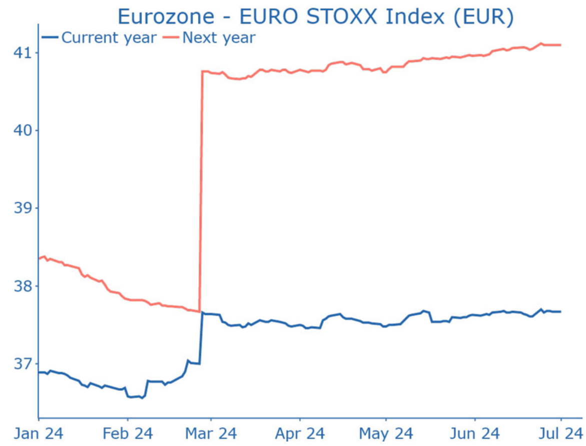


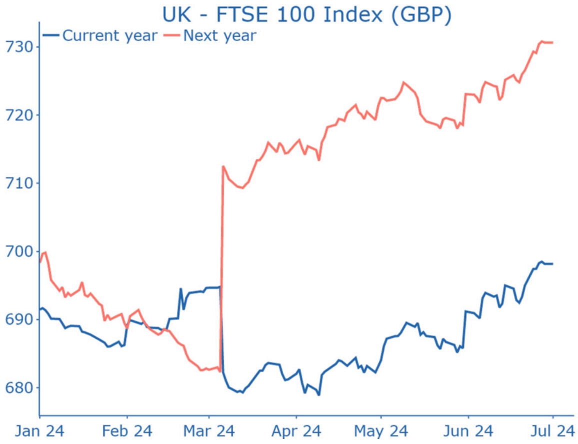


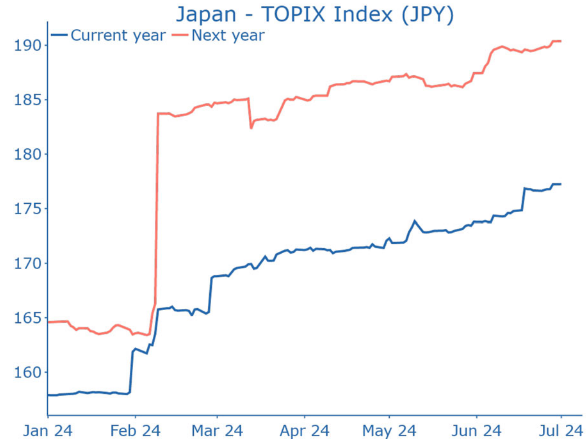
Source: Bloomberg

Earnings estimates - Full fiscal year



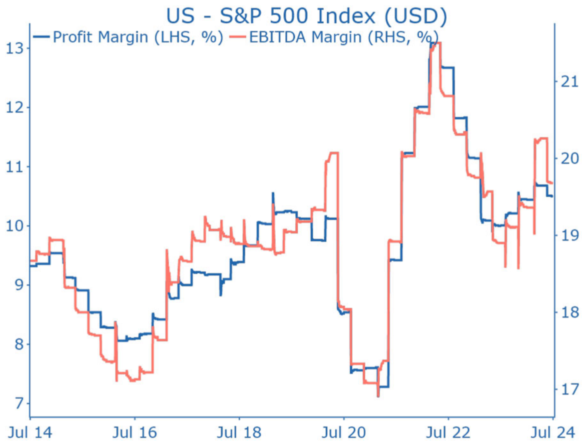


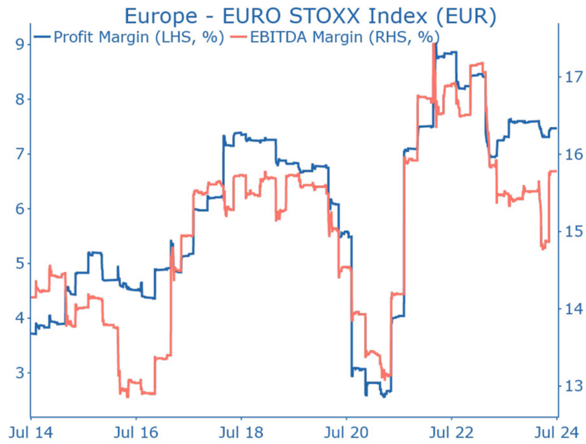


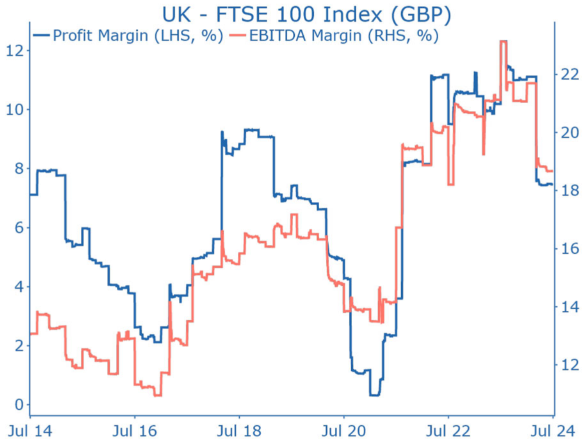


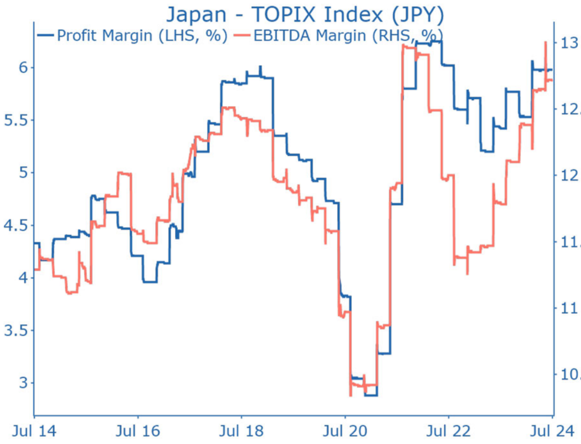
Source: Bloomberg

Historical margins



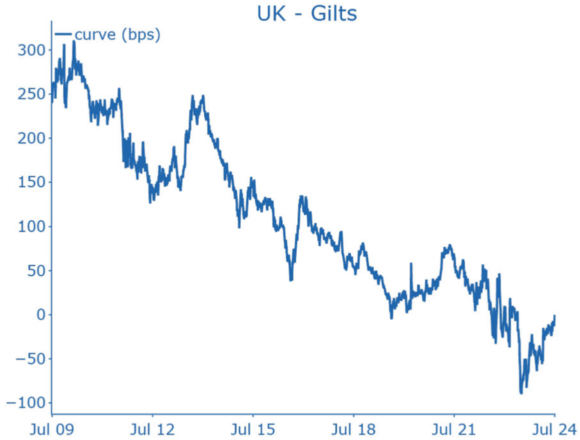


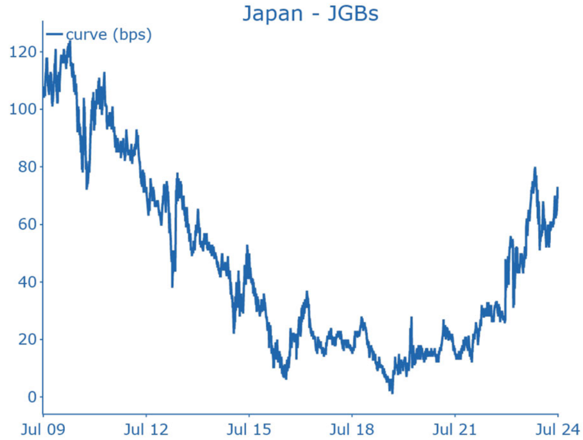




Source: Bloomberg

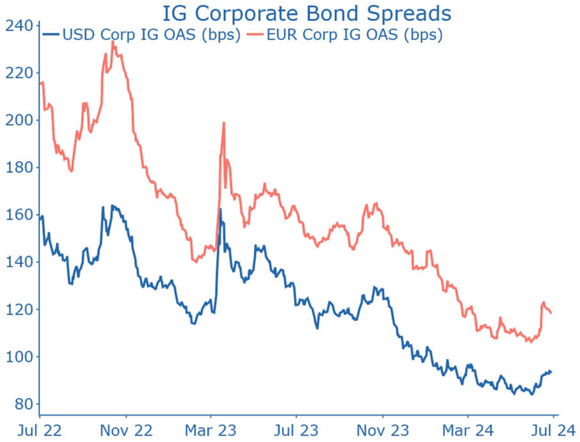
Yield Curve Steepness (10yr - 2yr)

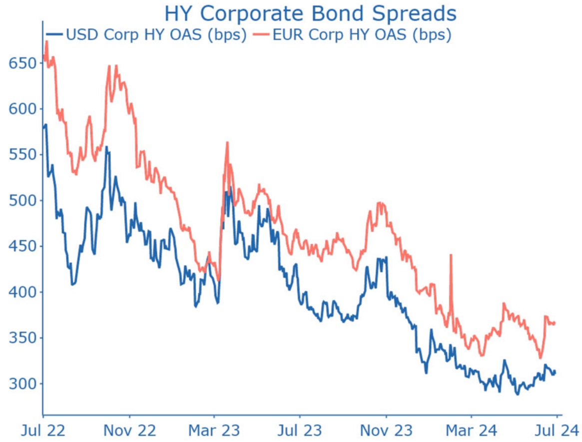


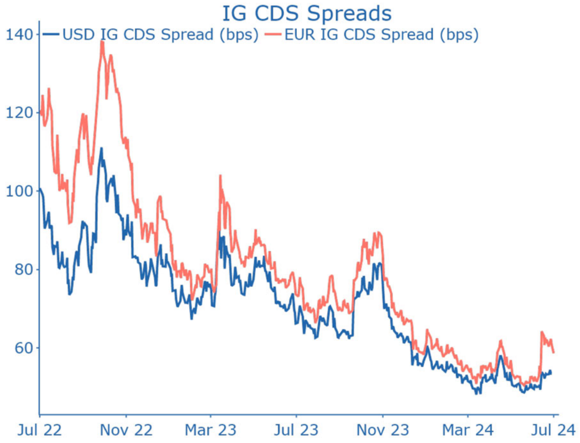


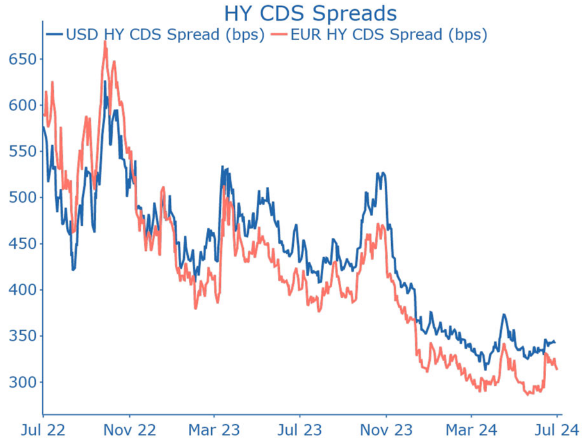
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
ISM Manufacturing (Index)	47.6	48.6	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	-	down
ISM Non-Manufacturing (Index)	54.1	53.4	51.9	52.5	50.5	53.4	52.6	51.4	49.4	53.8	-	down
Durable Goods (% MoM)	-0.2	2.0	-4.1	7.7	-4.4	-3.8	1.2	0.8	0.2	0.1	-	up
Consumer Confidence (Index)	108.7	104.3	99.1	101.0	108.0	110.9	104.8	103.1	97.5	101.3	100.4	down
Retail Sales (% MoM)	3.0	4.2	2.7	4.0	5.5	0.3	2.1	3.6	2.7	2.3	-	up
Unemployment Rate (%)	3.8	3.8	3.8	3.7	3.7	3.7	3.9	3.8	3.9	4.0	-	up
Avg Hourly Earnings YoY (% YoY)	4.8	4.7	4.6	4.6	4.5	4.7	4.5	4.2	4.1	4.2	-	down
Change in Payrolls (000, MoM)	210.0	246.0	165.0	182.0	290.0	256.0	236.0	310.0	165.0	272.0	-	down
PCE (% YoY)	3.73	3.59	3.38	3.18	2.94	2.94	2.83	2.83	2.78	2.57	-	down
GDP (%, QoQ, Annualized)	-	4.9	-	-	3.4	-	-	1.4	-	-	-	down

Eurozone	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
PMI Manufacturing (Index)	43.5	43.4	43.1	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	down
PMI Services (Index)	47.9	48.7	47.8	48.7	48.8	48.4	50.2	51.5	53.3	53.2	52.6	up
IFO Business Climate (Index)	85.9	86.0	86.9	87.2	86.4	85.2	85.6	87.9	89.4	89.3	88.6	up
Industrial Production (% YoY)	-5.1	-6.7	-6.3	-5.3	0.2	-6.5	-6.4	-1.2	-3.0	-	-	up
Indeed 3m average wage growth (% YoY)	4.24	4.08	4.17	4.17	4.11	3.85	3.62	3.53	3.46	3.41	-	down
Unemployment Rate (%)	6.5	6.6	6.6	6.5	6.5	6.5	6.5	6.5	6.4	-	-	down
Euro-Area Credit Impulse (%, SA)	-6.47	-6.47	-5.91	-5.54	-2.51	-2.79	-2.03	-1.5	-1.11	-0.67	-	up
EUR HICP 5y5y Inflation Swaps	2.54	2.54	2.49	2.41	2.27	2.23	2.3	2.3	2.39	2.36	2.3	up
CPI (% YoY)	5.2	4.3	2.9	2.4	2.9	2.8	2.6	2.4	2.4	2.6	-	down
Core CPI (% YoY)	5.3	4.5	4.2	3.6	3.4	3.3	3.1	2.9	2.7	2.9	-	down
GDP (% QoQ)	-	0.0	-	-	-0.1	-	-	0.3	-	-	-	down

UK	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
PMI Manufacturing (Index)	43.0	44.3	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	up
PMI Services (Index)	49.5	49.3	49.5	50.9	53.4	54.3	53.8	53.1	55.0	52.9	51.2	down
Consumer Confidence (Index)	-25.0	-27.0	-30.0	-24.0	-22.0	-19.0	-21.0	-21.0	-19.0	-17.0	-14.0	up
Unemployment Rate (%)	4.2	4.1	4.0	3.9	3.8	4.0	4.2	4.3	4.4	-	-	up
CPI (% YoY)	6.7	6.7	4.6	3.9	4.0	4.0	3.4	3.2	2.3	2.0	-	down
House Prices (% YoY)	-5.3	-5.3	-3.3	-2.0	-1.8	-0.2	1.2	1.6	0.6	1.3	1.5	up
Mortgage Approvals (SA, Thousands)	45.81	44.44	48.86	50.37	52.21	55.9	60.29	61.09	60.82	59.99	-	up
GDP (% YoY)	-	0.2	-	-	-0.2	-	-	0.3	-	-	-	down

Switzerland	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
KOF Leading Indicator (Index)	95.7	96.3	95.1	96.8	97.8	102.6	102.6	100.6	102.2	102.2	102.7	up
PMI Manufacturing (Index)	39.9	44.9	40.6	42.1	43.0	43.1	44.0	45.2	41.4	46.4	43.9	down
Real Retail Sales (% YoY)	-2.1	-2.8	-2.0	-1.2	0.1	0.2	-0.1	-0.3	2.2	0.4	-	up
Trade Balance (Billion, CHF)	3.74	6.36	4.75	3.72	1.18	4.69	3.67	3.84	4.34	5.81	-	up
CPI (% YoY)	1.6	1.7	1.7	1.4	1.7	1.3	1.2	1.0	1.4	1.4	-	up

Japan	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
PMI Manufacturing (Index)	49.6	48.5	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	up
Machinery Orders (% YoY)	-7.7	-2.2	-2.2	-5.0	-0.7	-10.9	-1.8	2.7	0.7	-	-	up
Industrial Production (% YoY)	-4.7	-4.5	0.9	-1.6	-1.1	-1.5	-3.9	-6.2	-1.8	0.3	-	up
ECO Watchers Survey (Index)	52.8	50.4	49.9	49.8	50.9	47.4	50.3	52.4	50.2	46.8	-	down
Jobs to Applicants Ratio (Index)	1.3	1.29	1.29	1.27	1.27	1.27	1.26	1.28	1.26	1.24	-	down
Labour Cash Earnings (% YoY)	0.8	0.6	1.5	0.7	0.8	1.5	1.4	1.0	1.6	-	-	up
Retail Sales (% YoY)	11.8	9.2	6.1	7.4	5.4	7.1	14.0	9.9	8.9	14.4	-	up
Exports (% YoY)	-0.8	4.3	1.6	-0.2	9.7	11.9	7.8	7.3	8.3	13.5	-	up
Money Supply M2 (% YoY)	2.5	2.4	2.4	2.3	2.3	2.5	2.4	2.5	2.2	1.9	-	down
CPI Ex Food & Energy (% YoY)	2.7	2.6	2.7	2.7	2.8	2.6	2.5	2.2	2.0	1.7	-	down

China	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
NBS PMI Manufacturing (Index)	49.7	50.2	49.5	49.4	49.0	49.2	49.1	50.8	50.4	49.5	49.5	up
NBS PMI Non Manufacturing (Index)	51.0	51.7	50.6	50.2	50.4	50.7	51.4	53.0	51.2	51.1	50.5	down
Industrial Production (% YoY)	4.5	4.5	4.6	6.6	6.8	-	-	4.5	6.7	5.6	-	up
Retail Sales (% YoY)	4.6	5.5	7.6	10.1	7.4	-	-	3.1	2.3	3.7	-	down
Exports (% YoY)	-8.5	-6.8	-6.6	0.7	2.3	7.9	5.4	-7.6	1.4	7.6	-	up
CPI (% YoY)	7.1	6.3	4.1	5.4	2.3	2.1	4.7	1.2	2.0	3.0	-	down
PPI (% YoY)	-3.0	-2.5	-2.6	-3.0	-2.7	-2.5	-2.7	-2.8	-2.5	-1.4	-	up
RRR (%)	10.75	10.5	10.5	10.5	10.5	10.5	10.0	10.0	10.0	10.0	10.0	down
GDP (% YoY)	-	4.9	-	-	5.2	-	-	5.3	-	-	-	down

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

Source: Bloomberg

Appendix 5

Economic Data

India	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
PMI Manufacturing (Index)	58.6	57.5	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	up
PMI Services (Index)	60.1	61.0	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.4	down
Industrial Production (% YoY)	10.9	6.4	11.9	2.5	4.4	4.2	5.6	5.4	5.0	-	-	down
CPI (% YoY)	6.83	5.02	4.87	5.55	5.69	5.1	5.09	4.85	4.83	4.75	-	down
GDP (% YoY)	-	8.08	-	-	8.57	-	-	7.76	-	-	-	down

Australia	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Trend*
Westpac Leading Indicator	97.1	97.15	97.08	97.17	97.09	97.0	97.11	97.09	97.06	97.05	-	down
Retail Sales (% YoY)	1.65	2.0	1.12	2.14	0.87	1.12	1.54	0.87	1.28	0.77	1.44	down
Unemployment Rate (%)	3.7	3.6	3.8	3.9	3.9	4.1	3.7	3.9	4.1	4.0	-	up
Housing Prices (% YoY)	-0.17	2.16	4.23	6.02	7.74	9.37	10.14	9.92	9.81	9.16	8.62	down
CPI (% MoM)	5.2	5.6	4.9	4.3	3.4	3.4	3.4	3.5	3.6	4.0	-	up

Brazil	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Trend*
CPI (% YoY)	3.99	4.61	5.19	4.82	4.68	4.62	4.51	4.5	3.93	3.69	3.93	down
Industrial Production (% YoY)	-1.3	0.5	0.7	1.1	1.4	0.9	3.7	5.5	-2.8	8.4	-	down
Retail Sales (% YoY)	2.5	2.5	3.2	0.3	2.6	1.3	4.0	8.1	5.7	2.2	-	down
Trade Balance (Millions, USD)	8185.23	9627.21	9177.14	9164.68	8766.05	9360.37	6494.7	5308.3	7228.3	8689.4	8534.4	up
Budget Balance (Billions, BRL)	-81.91	-106.56	-99.78	-47.15	-80.89	-193.43	22.23	-113.86	-62.98	-69.64	-138.26	up

Chile	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Trend*
Economic Activity Index (% YoY)	2.21	-0.65	0.25	0.99	1.05	-0.71	2.4	4.1	0.51	3.49	-	up
CPI (% YoY)	6.47	5.31	5.11	5.04	4.8	3.94	3.8	4.48	3.74	3.97	4.13	down
Retail Sales (% YoY)	-8.27	-9.96	-4.14	-6.61	-2.5	-1.46	1.66	4.05	0.98	3.68	1.51	up
Industrial Production (% YoY)	0.87	0.47	2.76	2.23	2.75	-2.8	3.57	7.99	0.42	2.46	2.28	down
Unemployment (%)	8.8	9.0	8.9	8.9	8.7	8.5	8.4	8.5	8.7	8.5	8.3	up

Mexico	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Trend*
PMI (Index)	51.11	52.08	51.12	50.31	51.05	49.96	51.47	50.12	51.64	49.08	49.76	down
CPI (% YoY)	4.79	4.64	4.45	4.26	4.32	4.66	4.88	4.4	4.42	4.65	4.69	down
Retail Sales (% YoY)	5.1	3.2	2.3	3.4	2.7	-0.2	-0.8	3.0	-1.7	3.2	-	up
Industrial Production (% YoY)	0.79	-1.02	1.26	1.19	0.03	-3.57	0.03	2.32	-5.03	3.75	-	down
Remittances (Millions, USD)	5668.1	5568.2	5616.7	5817.8	4913.0	5496.9	4573.2	4494.8	5014.6	5422.3	-	up

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Jul-2024	1M ago	3M ago	12M ago
UK	-17	-18	-37	55
Germany	-182	-183	-201	-144
Switzerland	-378	-357	-362	-287
Japan	-334	-342	-357	-343
China	-215	-217	-200	-119
India	261	248	274	328
Australia	-2	-9	-34	18
South Korea	-114	-91	-93	-17
Malaysia	-53	-60	-45	0
Indonesia	266	242	238	242
Thailand	-173	-168	-181	-127
Philippines	223	225	192	246
Brazil	792	738	687	679
Mexico	550	528	509	484
Chile	183	160	159	141
Colombia	641	650	608	641
Peru	266	257	324	306

Spread over German Bund (bps)

Country	Jul-2024	1M ago	3M ago	12M ago
France	75	47	51	53
Netherlands	32	28	30	34
Belgium	62	54	58	66
Austria	53	49	52	64
Irland	42	37	45	41
Italy	151	131	138	168
Spain	88	72	86	99
Portugal	70	59	70	73

Source: Bloomberg

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