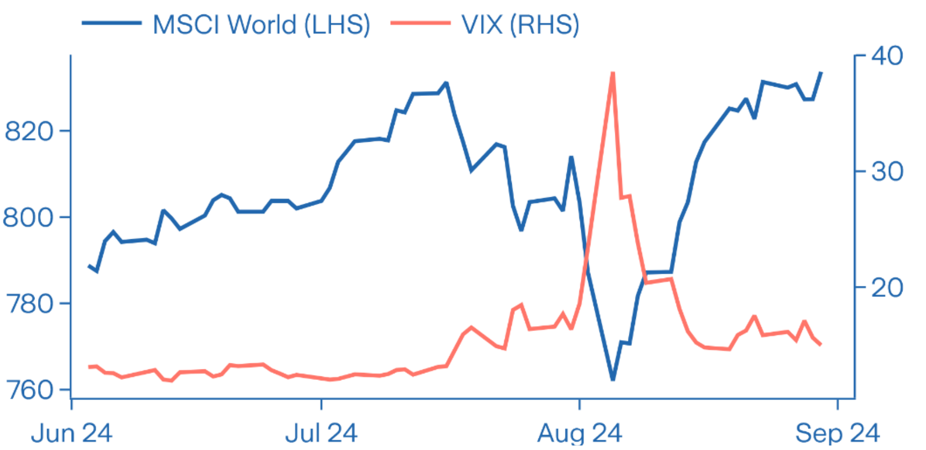
Monthly Investment Insights

3 September 2024

Risk assets experience a roller coaster ride



Source: Bloomberg

Had one fallen asleep at the end of July and woken up a month later, there would be no surprise in seeing global equities and the VIX volatility index roughly unchanged. But would one remember the nightmare of a 7% drop in global equities during the first three trading days of August, and the fact that the VIX spiked from below 17 to 66 intraday, not to mention the turbulence in the currency markets caused by a dissolution of the yen carry trade?

Indeed, August started with a bang as equities tumbled and implied volatility surged. There were three events that caused the nervousness in capital markets. It started with concerns about the technology stock driven rally. Quarterly earnings reports were broadly decent, but the outlook of some major tech companies appeared to be more cautious than many bulls had expected.

This was followed by concerns about the US labour market. While the number of job openings remained high in June, fewer new nonfarm payrolls were created in July than consensus had anticipated. The rise of the unemployment rate from 4.1% to 4.3%, the highest level since October 2021, confirmed these concerns.

Finally, though the 15bp policy rate hike by the Bank of Japan came earlier than consensus had expected, it was the more hawkish statement by BoJ Governor Ueda that rattled sentiment. The yen carry trade was dissolved within just a few trading days, pushing the USDJPY exchange rate down below 142 from 162, its 38-year high marked in mid-June. The 20% drop of the Topix index within three trading days was bigger than the immediate index loss following the 1987 crash.

Following the MSCI World Equity Index's 'V'-shaped, intra-month recovery from the panic low, the bull market's resilience was confirmed as the sharp drop offered a welcome opportunity for both institutional and retail investors to add risk, keeping the bull market intact. Fundamentals remain encouraging, including the resilience of corporate margins and revenues as shown by major retail companies. Meanwhile, the technical picture confirms the positve fundamental scenario, with the MSCI World Equity Index bouncing off its rising 200-day moving average to fresh record highs. Interestingly, the 'Magnificent Seven', though they also bounced off their August lows, only managed to recover about half of their prior losses from the July record highs, which we believe indicates a welcome broadening out of the equity market.

Market Assessment

Key developments

- Fed Chair Powell announces willingness to cut policy rates amid a weaker outlook for the US economy
- The yen appreciates markedly as speculative yen carry trade positions get dissolved amid tighter BoJ policy
- Risk assets experience a rollercoaster ride, as the 'buy the dips' philosophy continues to be reinforced

Zurich's view

While recession fears led to investor angst in early August, our view remains that a US recession is unlikely this year. Encouragingly, the Fed is likely to join the global rate cutting cycle this month, with three cuts expected by year end, which should further help diminishing the probability of a US recession.

The August market rout tested investor resolve, but the bull market in equities has proven to be deep-rooted and resilient. Following some further consolidation, equity markets are likely to push higher with a further broadening out of market leadership.

Government bonds have shown their safe-haven status, with yields falling, and are now seen as close to fair value. Further declines in yields will be dependent on easing inflation and policy rate cuts.

Credit markets have largely retraced the weakness seen in early August, and we see greater upside offered in stocks than in credit given that credit's return potential is limited by tight spreads.

	Key developments	Zurich's view
Global	• The global economy is resilient despite financial market turbulence and elevated geopolitical risk • Inflation edges lower, allowing for a broadening out of the global rate cutting cycle • Government bond yields decline as further rate cuts are priced in while inflation expectations ease	Global growth is holding up but remains uneven, with weakness outside of the US and manufacturing under pressure, while services outperform. Lopsided growth poses a vulnerability, should any of the growth drivers falter. There are signs of improvements, however, with rising global trade momentum after protracted weakness and an upswing in export activity in Asia, bolstered by strong tech demand. Inflation has edged lower globally, helped by persistent goods deflation while services price pressures ease on the margin. As the Fed is set to cut rates in September, this should reduce FX pressures and open up for a broadening out of the global rate cutting cycle, which we anticipate will help to safeguard global growth in the quarters ahead.
US	• Fading recession fears fuel a substantial stock market rebound • The labour market is weakening while consumer spending is holding up • The Fed signals a rate cut for September, leaving open the pace and timing of further cuts	Equity markets have rebounded substantially in recent weeks as recession fears receded following a series of reassuring economic data and the equal-weighted S&P 500 index reached a new record high. The labour market continues to weaken but initial jobless claims point at a moderate slowdown rather than a rapid deterioration. Nevertheless, potential headwinds remain and history shows that negative momentum in the labour market can quickly accelerate. The Fed has now gained enough confidence that inflation is moving back towards its target and is putting more emphasis on the downside risks. A rate cut in September is now widely expected and although further rate cuts are already priced in, looser monetary policy will help to support the equity bull market.
UK	• UK equities are recovering but lag many of their peers • Sterling strengthens to the highest level against the USD since March 2022 • The BoE cuts rates by 25bps to 5% with further rate cuts expected before year end	Fuelled by global investors' renewed optimism, UK equity markets have rebounded though they have been lagging most of their peers in recent weeks. One factor weighing on UK stocks is the substantial strengthening of the pound. Sterling rose to the highest level against the USD since March 2022 despite the Bank of England cutting the Bank Rate by 25bps to 5% at its meeting in August. The dollar's weakness was driven by markets' pricing in a significant number of Fed rate cuts in the coming months while the UK economy is holding up better than many expected. The latest PMI surveys are pointing at a continuation of moderate growth in Q3 following two solid quarters in the first half of the year. At the same time, inflation and wage growth are slowing, making another BoE rate cut before year end very likely.
Eurozone	• Eurozone equity and bond prices change little in July, but this hides the significant volatility • Inflation is falling and the ECB will cut rates further, but curb your enthusiasm about a return to the low yields seen before 2022 • France's activity indicators lift in August versus weakness in the rest of Europe, but the political situation returns to centre stage	Eurozone economic activity continues to be lacklustre. With Germany lagging and Spain leading, forward-looking indicators have decreased across regions and sectors. An exception is France, where the Olympics contributed to a service sector boost. There is good news on prices, and headline inflation is falling towards 2%. Yet core inflation, particularly services, is too high. We think the ECB will cut twice more this year, and four times in 2025. This will help the economy, but not cure underlying structural issues. Bond yields have fallen recently, and we temper our optimism for further declines. Market participants are too eager to get back into long duration positions. The equity outlook is more positive as global conditions, including Fed easing, favour a broadening of this year's rally.
Switzerland	• Economic activity is resilient and services robust while manufacturing momentum is improving from a low level • Inflation is easing further and continues to track below the SNB's forecast, led by falling import prices • Further rate cuts from the SNB are expected, with the strong franc a concern	The economy is resilient, with solid underlying GDP growth of 0.5% QoQ in Q2, helped by the strong pharma sector. August PMI data surprised to the upside, with both manufacturing and services rebounding after a dip in July. The recovery was broad based, though the employment component stayed weak. While data have been volatile recently, the upswing is encouraging and consistent with the modestly improving global trade cycle and still robust domestic demand. CPI inflation was soft in August and, at 1.1% YoY, is tracking well below the SNB's latest forecast. While it is a close call, we now anticipate that the SNB will cut rates again in the September meeting, likely followed by further easing in coming quarters.

	Key developments	Zurich's view
Japan	• The MSCI Japan Index recovers most of its intra-month August losses • 10yr JGB yields fall below the 1% mark • The yen appreciates amid a broad unwinding of the yen carry trade	Japan's financial markets experienced a turbulent start to the month of August, with the MSCI Japan Index tumbling more than 20% in the first three trading days and the USDJPY falling below 142 from its 38-year high of 162 marked in July. A hawkish statement by BoJ Governor Ueda resulted in a broad unwinding of the famous yen carry trade. While the yen's strength has continued, equities recovered, even though only they only made up half of the losses incurred since early July, thus underperforming global stocks. 10yr JGB yields fell from 1.1% to a low of 0.74% before stabilising around 0.9%. Though we believe that the structural background with further improvement of corporate governance remains positive, the stronger yen has proven to be a headwind, particularly for export related index heavyweights.
China	• Chinese equity performance continues to disappoint • After depreciating since the start of the year, the yuan reversed its entire loss in August • Most of the July economic indicators have disappointed, while August PMIs paint a mixed picture	Over the last six weeks both the MSCI China Index and the 'H'-share index have hovered in a broad, flat range while domestic 'A'-shares have been in a downtrend for more than three months. In relative terms versus the MSCI World Index, the MSCI China Index has continued to underperform. On several occasions, investors have jumped in on positive economic news or policy action, only to sell again two or three trading days later. The recently announced mortgage refinancing scheme is encouraging, but needs to be scaled up and implemented swiftly. Meanwhile, the NBS Manufacturing PMI for August disappointed, whereas the Caixin version is more encouraging, but is neglected by markets. Swift and forceful policy action is now required to achieve the government's 5% growth target this year.
Australia	• CPI data indicate easing inflation pressures • The RBA remains hawkish, but the likelihood of another rate hike has diminished • Stocks rebound from August corrections, with bank stocks outperforming	Australian shares ended the month just below the early August high, primarily driven by banks. The ASX 200 Financials reached a new high amid expectations of a peak in interest rates and the anticipated Fed rate cut leading to an easing in global financial conditions. Earnings season delivered moderate results, but subdued expectations left investors content, especially with banks reporting strong dividends and margins. The materials sector underperformed on the back of falling commodity prices. Meanwhile, economic data from Q2 CPI provided relief, reducing the likelihood of a rate hike this year. Monthly CPI continues to decelerate, though services inflation remains above 4%, suggesting the RBA will likely keep rates unchanged. Retail sales data indicate weak but not collapsing consumption growth.
ASEAN	• The central bank of the Philippines delivers a surprise rate cut in August • Strong export data suggest an ongoing trade recovery • ASEAN's equity outperforms on the back of robust foreign inflows	The MSCI ASEAN Index outperformed the MSCI World Index in August, gaining over 6% and avoiding the global sell-off due to its lower tech weighting. Foreign fund flows increased as investors rotated out of expensive stocks in Taiwan, Korea, and India, while China disappointed with weak economic data. The prospect of Fed rate cuts is positive for ASEAN given its low inflation, resilient domestic sector, improving trade outlook, and attractive valuations. Significant USD weakening in August boosted ASEAN currencies and attracted more foreign inflows, while lower government bond yields further supported the equity market. The Philippines central bank initiated a rate cut cycle in August, with more cuts by other central banks expected if the Fed cuts rates in September.
LatAm	• Central banks across the region signal divergent stances regarding the easing cycle • Currency movements are mixed; the Chilean peso and the Brazilian real are appreciating while the Mexican peso continues to depreciate • LatAm stock markets register gains in USD terms, driven by the recovery of stock markets in Brazil and Chile	The MSCI LatAm Index has regained some lost ground, buoyed by the strong performance of the Brazilian and Chilean stock markets. These gains were in response to signals from the Federal Reserve indicating the start of an easing cycle, coupled with data showing signs of labour market weakening. We maintain a positive outlook on the Brazilian market. In contrast, the Mexican stock market has experienced three months of losses since the presidential election amid uncertainty over potential reforms. Increased risk appetite among investors drove appreciation in the Chilean peso and Brazilian real, while the Mexican peso continued to depreciate. Looking ahead, we expect the region's central banks to maintain a moderate stance in the easing cycle for the rest of the year as inflation remains above target ranges.

Valuation snapshot (MSCI Indices)

Current trainling valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	26.2	16.2	14.9	21.5	16.5	16.8	10.9	9.4	13.4
12m Trailing P/B	5.1	2.2	1.9	4.0	1.5	1.8	1.2	1.5	1.8
12m Trailing P/CF	19.4	13.9	9.7	13.4	10.4	10.0	4.9	4.7	7.8
Dividend Yield	1.3	3.0	3.8	2.9	2.1	2.6	2.7	6.7	4.0
ROE	17.6	11.9	9.7	16.9	8.9	10.2	10.6	16.0	13.6

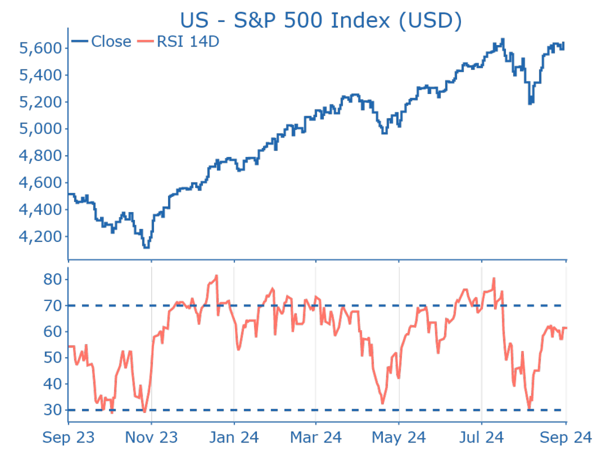
Current trainling valuations relative to MSCI world

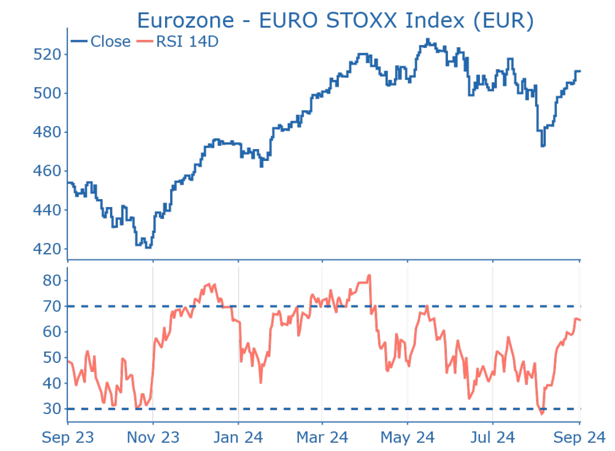
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.47	-6.57	-7.86	-1.21	-6.27	-5.94	-11.8	-13.37	-9.32
12m Trailing P/B	1.52	-1.32	-1.65	0.44	-2.05	-1.72	-2.31	-2.01	-1.72
12m Trailing P/CF	2.16	-3.31	-7.49	-3.82	-6.82	-7.2	-12.31	-12.54	-9.38
Dividend Yield	-0.49	1.26	2.08	1.15	0.3	0.84	0.96	4.98	2.26
ROE	3.6	-2.09	-4.32	2.84	-5.06	-3.8	-3.39	1.95	-0.38

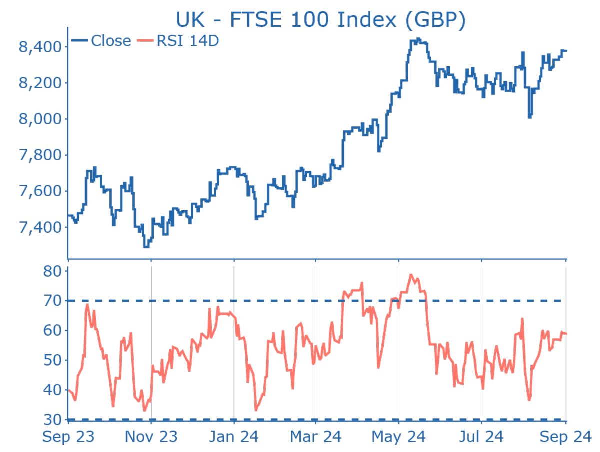
Source: Bloomberg

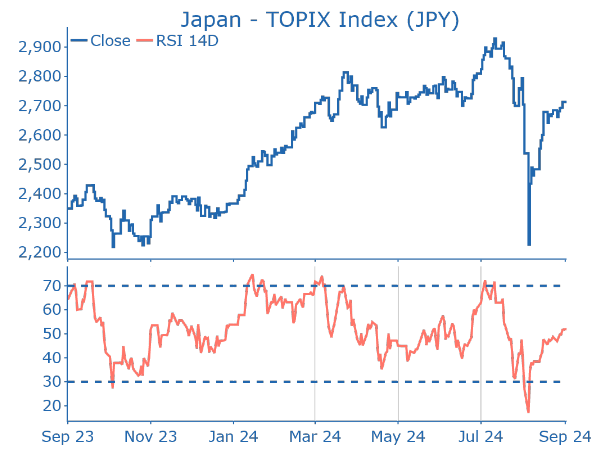
Overbought / Oversold*

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



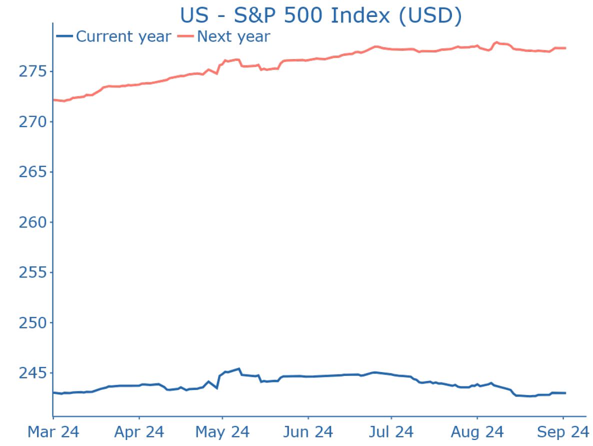


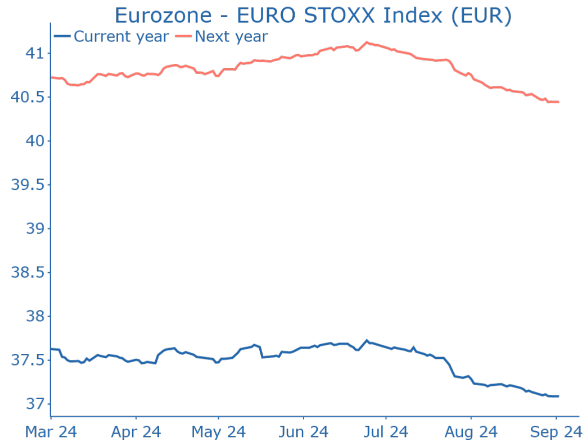


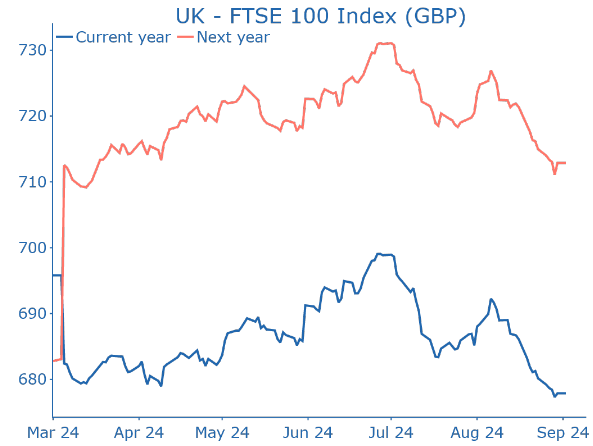


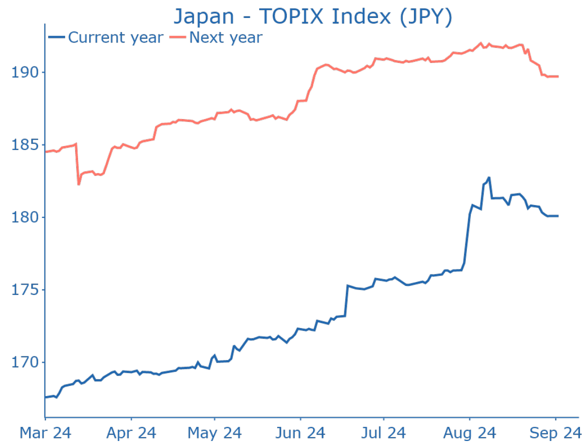
Source: Bloomberg

Earnings estimates - Full fiscal year



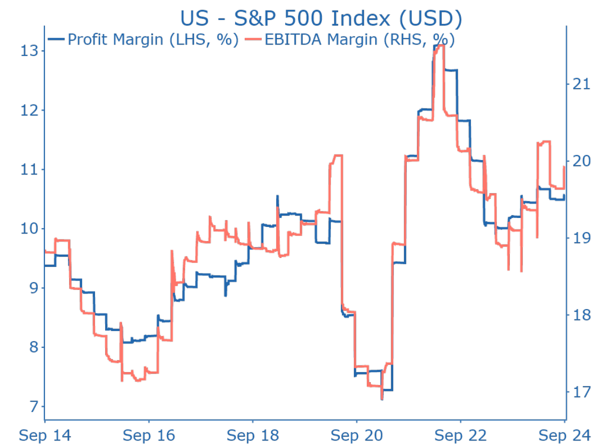


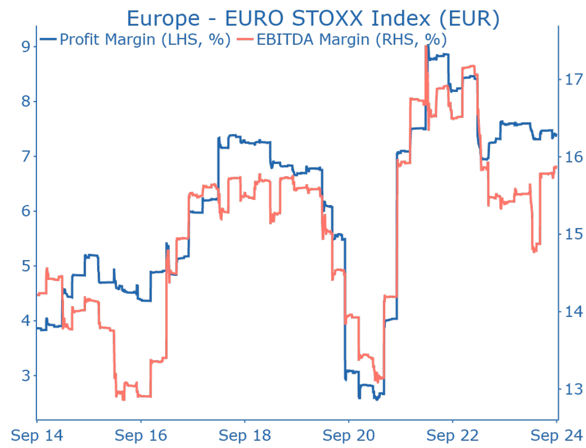


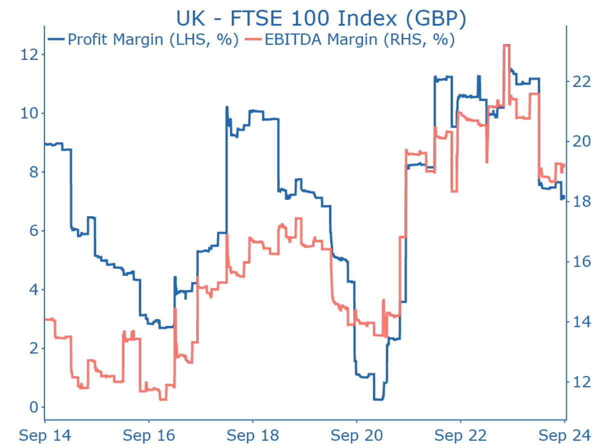


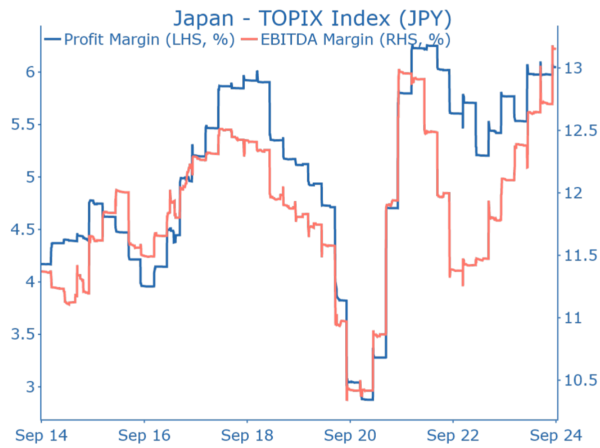
Source: Bloomberg

Historical margins



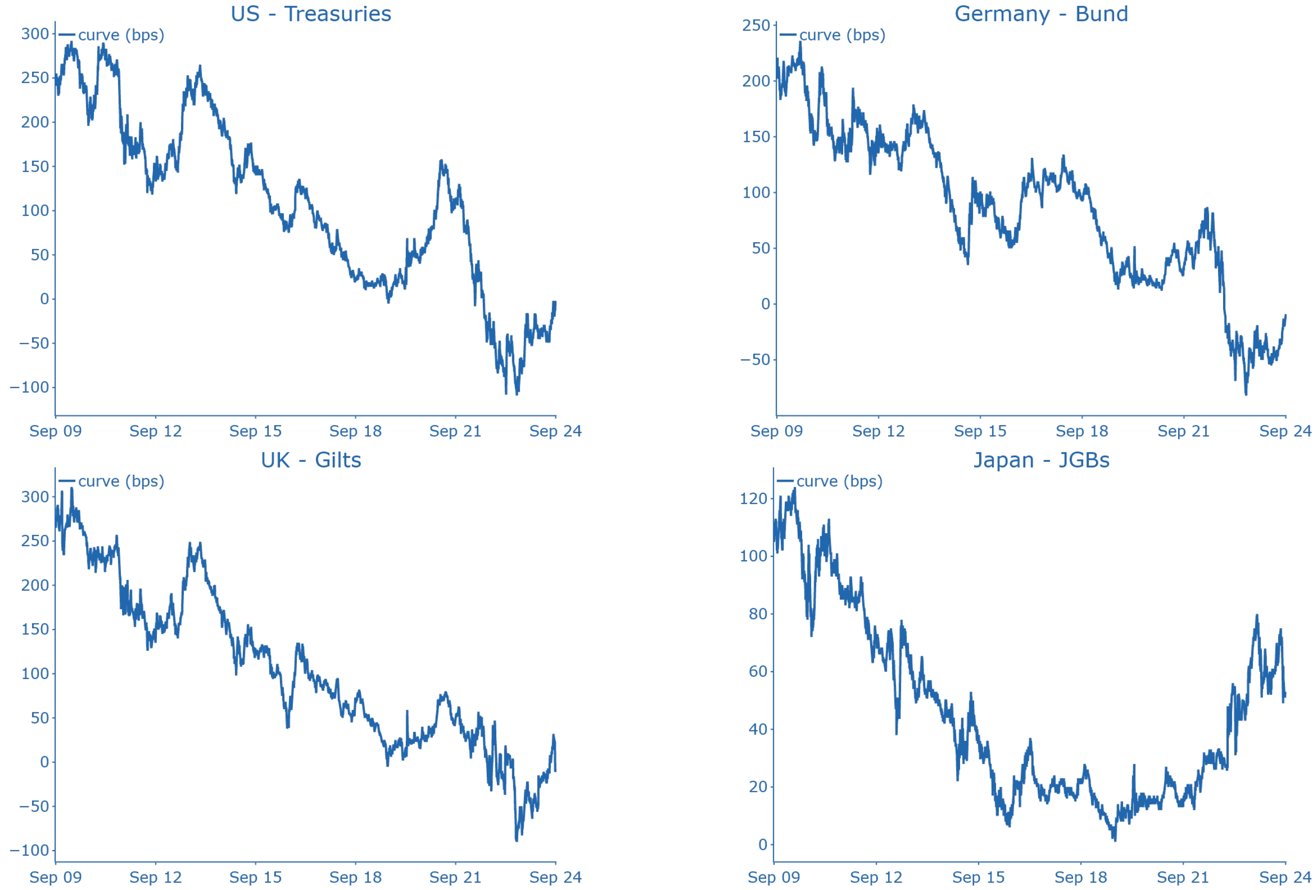






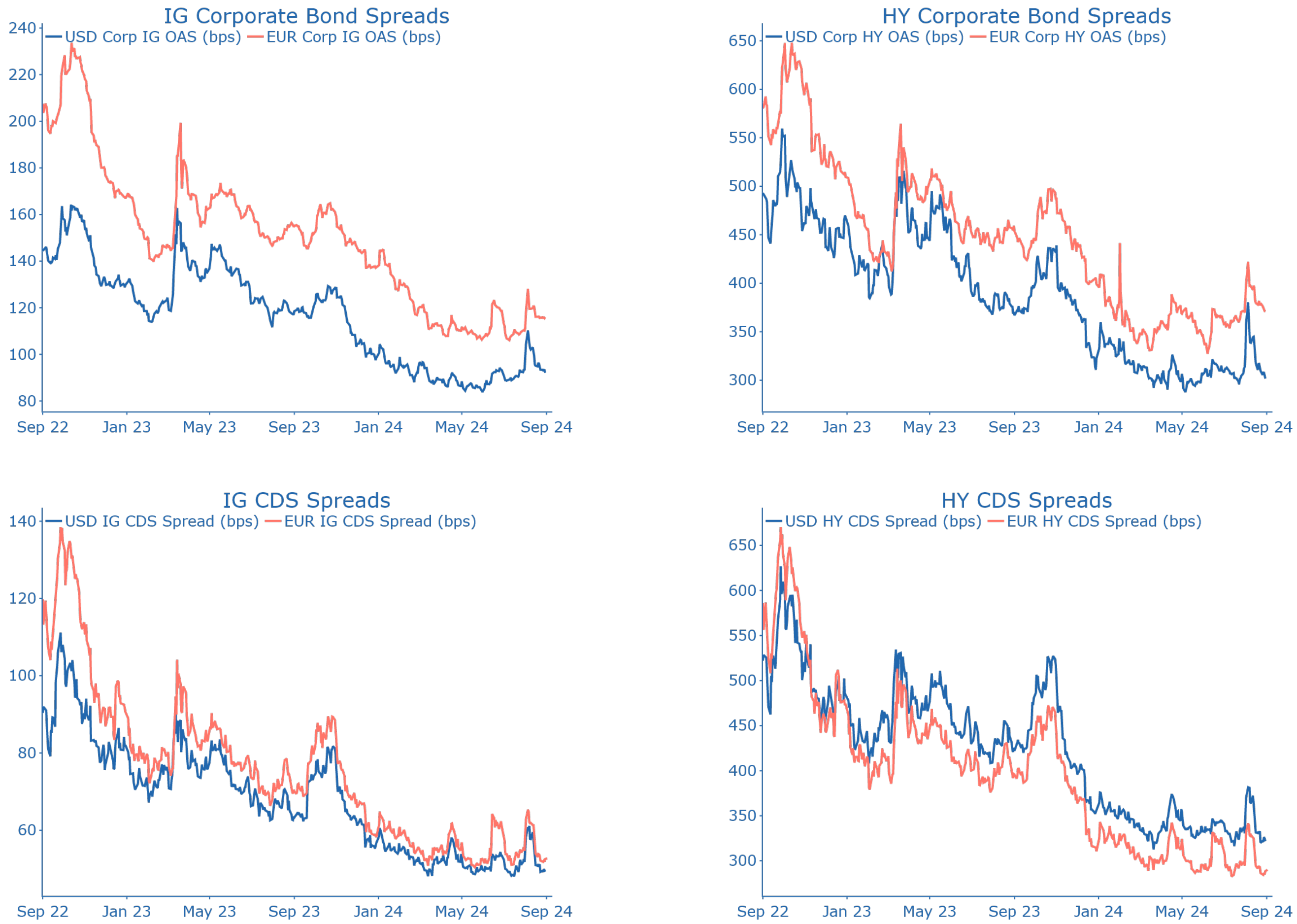
Source: Bloomberg

Yield Curve Steepness (10yr - 2yr)



Source: Bloomberg

Credit Markets (US & Europe)



Source: Bloomberg

Economic Data

US	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
ISM Manufacturing (Index)	46.9	46.6	47.1	49.1	47.8	50.3	49.2	48.7	48.5	46.8	-	down
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Eurozone	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
PMI Manufacturing (Index)	43.1	44.2	44.4	46.6	46.5	46.1	45.7	47.3	45.8	45.8	45.6	down
PMI Services (Index)	47.8	48.7	48.8	48.4	50.2	51.5	53.3	53.2	52.8	51.9	53.3	down
IFO Business Climate (Index)	86.9	87.1	86.4	85.3	85.7	87.9	89.3	89.3	88.6	87.0	86.6	down
Industrial Production (% YoY)	-6.2	-5.2	0.1	-6.5	-6.3	-1.2	-3.1	-3.3	-3.9	-	-	down
Indeed 3m average wage growth (% YoY)	4.16	4.17	4.11	3.85	3.62	3.52	3.5	3.46	3.58	3.68	-	up
Unemployment Rate (%)	6.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.4	-	down
Euro-Area Credit Impulse (%, SA)	-5.89	-5.52	-2.5	-2.78	-2.02	-1.5	-1.11	-0.67	0.27	-	-	up
EUR HICP 5y5y Inflation Swaps	2.49	2.41	2.27	2.23	2.3	2.3	2.39	2.36	2.3	2.21	2.13	down
CPI (% YoY)	2.9	2.4	2.9	2.8	2.6	2.4	2.4	2.6	2.5	2.6	2.2	down
Core CPI (% YoY)	4.2	3.6	3.4	3.3	3.1	2.9	2.7	2.9	2.9	2.9	2.8	up
GDP (% QoQ)	-	-	0.0	-	-	0.3	-	-	0.3	-	-	down

UK	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
PMI Manufacturing (Index)	44.8	47.2	46.2	47.0	47.5	50.3	49.1	51.2	50.9	52.1	52.5	up
PMI Services (Index)	49.5	50.9	53.4	54.3	53.8	53.1	55.0	52.9	52.1	52.5	53.3	down
Consumer Confidence (Index)	-30.0	-24.0	-22.0	-19.0	-21.0	-21.0	-19.0	-17.0	-14.0	-13.0	-13.0	up
Unemployment Rate (%)	4.0	3.9	3.8	4.0	4.2	4.3	4.4	4.4	4.2	-	-	down
CPI (% YoY)	4.6	3.9	4.0	4.0	3.4	3.2	2.3	2.0	2.0	2.2	-	down
House Prices (% YoY)	-3.3	-2.0	-1.8	-0.2	1.2	1.6	0.6	1.3	1.5	2.1	2.4	up
Mortgage Approvals (SA, Thousands)	48.67	50.26	52.17	55.94	60.43	61.34	61.18	60.5	60.61	61.98	-	up
GDP (% YoY)	-	-	-0.2	-	-	0.3	-	-	0.9	-	-	up

Switzerland	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
KOF Leading Indicator (Index)	95.1	96.8	97.8	102.6	102.3	100.3	102.2	102.6	102.7	100.6	101.6	down
PMI Manufacturing (Index)	40.6	42.1	43.0	43.1	44.0	45.2	41.4	46.4	43.9	43.5	-	down
Real Retail Sales (% YoY)	-2.0	-1.2	0.1	0.2	-0.2	-0.1	2.4	-0.1	-2.6	2.7	-	down
Trade Balance (Billion, CHF)	4.75	3.72	1.18	4.68	3.66	3.84	4.31	5.77	6.12	4.89	-	up
CPI (% YoY)	1.7	1.4	1.7	1.3	1.2	1.0	1.4	1.4	1.3	1.3	-	up

Japan	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
PMI Manufacturing (Index)	48.7	48.3	47.9	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	up
Machinery Orders (% YoY)	-2.2	-5.0	-0.7	-10.9	-1.8	2.7	0.7	10.8	-1.7	-	-	down
Industrial Production (% YoY)	0.9	-1.6	-1.1	-1.5	-3.9	-6.2	-1.8	1.1	-7.9	2.7	-	down
ECO Watchers Survey (Index)	49.9	49.8	50.9	47.4	50.3	52.4	50.2	46.8	47.3	48.3	-	down
Jobs to Applicants Ratio (Index)	1.29	1.27	1.27	1.27	1.26	1.28	1.26	1.24	1.23	1.24	-	down
Labour Cash Earnings (% YoY)	1.5	0.7	0.8	1.5	1.4	1.0	1.6	2.0	4.5	-	-	up
Retail Sales (% YoY)	6.1	7.4	5.4	7.1	14.0	9.9	8.9	14.4	14.0	5.5	-	down
Exports (% YoY)	1.6	-0.2	9.7	11.9	7.8	7.3	8.3	13.5	5.4	10.2	-	down
Money Supply M2 (% YoY)	2.4	2.3	2.3	2.5	2.4	2.5	2.2	1.8	1.5	1.4	-	down
CPI Ex Food & Energy (% YoY)	2.7	2.7	2.8	2.6	2.5	2.2	2.0	1.7	1.9	1.6	-	down

China	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
NBS PMI Manufacturing (Index)	49.5	49.4	49.0	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	down
NBS PMI Non Manufacturing (Index)	50.6	50.2	50.4	50.7	51.4	53.0	51.2	51.1	50.5	50.2	50.3	down
Industrial Production (% YoY)	4.6	6.6	6.8	-	-	4.5	6.7	5.6	5.3	5.1	-	down
Retail Sales (% YoY)	7.6	10.1	7.4	-	-	3.1	2.3	3.7	2.0	2.7	-	down
Exports (% YoY)	-6.6	0.7	2.3	7.8	5.2	-7.9	1.2	7.5	8.6	7.0	-	up
CPI (% YoY)	4.1	5.4	2.3	2.1	4.7	1.2	2.0	2.8	3.8	2.6	-	up
PPI (% YoY)	-2.6	-3.0	-2.7	-2.5	-2.7	-2.8	-2.5	-1.4	-0.8	-0.8	-	up
RRR (%)	10.5	10.5	10.5	10.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0	down
GDP (% YoY)	-	-	5.2	-	-	5.3	-	-	4.7	-	-	down

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

Source: Bloomberg

Economic Data

India	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
PMI Manufacturing (Index)	55.5	56.0	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	down
PMI Services (Index)	58.4	56.9	59.0	61.8	60.6	61.2	60.8	60.2	60.5	60.3	60.4	down
Industrial Production (% YoY)	11.9	2.5	4.4	4.2	5.6	5.5	5.0	6.2	4.2	-	-	down
CPI (% YoY)	4.87	5.55	5.69	5.1	5.09	4.85	4.83	4.8	5.08	3.54	-	down
GDP (% YoY)	-	-	8.57	-	-	7.76	-	-	6.7	-	-	down

Australia	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Trend*
Westpac Leading Indicator	97.11	97.19	97.12	97.01	97.13	97.1	97.06	97.07	97.08	97.04	-	down
Retail Sales (% YoY)	1.15	2.16	0.83	1.04	1.6	0.91	1.37	1.72	2.89	2.34	2.12	up
Unemployment Rate (%)	3.8	3.9	3.9	4.1	3.7	3.9	4.1	4.0	4.1	4.2	-	up
Housing Prices (% YoY)	4.23	6.02	7.74	9.37	10.14	9.92	9.81	9.16	8.62	8.3	7.76	down
CPI (% MoM)	4.9	4.3	3.4	3.4	3.4	3.5	3.6	4.0	3.8	3.5	-	down

Brazil	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
CPI (% YoY)	5.19	4.82	4.68	4.62	4.51	4.5	3.93	3.69	3.93	4.23	4.5	up
Industrial Production (% YoY)	0.7	1.1	1.4	0.9	3.7	5.5	-2.8	8.4	-1.1	3.2	-	down
Retail Sales (% YoY)	3.2	0.3	2.6	1.3	4.0	8.1	5.7	2.1	7.8	4.0	-	up
Trade Balance (Millions, USD)	9181.57	9180.92	8788.77	9323.16	6196.6	5196.69	7216.15	8596.41	8325.97	6384.45	7639.66	up
Budget Balance (Billions, BRL)	-99.78	-47.15	-80.89	-193.43	22.23	-113.86	-62.98	-69.64	-138.26	-135.72	-101.47	down

Chile	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
Economic Activity Index (% YoY)	0.25	0.99	1.05	-0.71	2.4	4.1	0.51	3.49	1.15	0.07	-	down
CPI (% YoY)	7.12	6.2	4.59	2.9	3.8	4.48	3.74	3.97	4.13	4.19	4.6	up
Retail Sales (% YoY)	-4.14	-6.61	-2.5	-1.46	1.66	4.05	0.98	3.68	1.22	8.0	2.69	up
Industrial Production (% YoY)	2.76	2.23	2.75	-2.8	3.57	7.99	0.42	2.46	2.26	-1.09	3.62	down
Unemployment (%)	8.9	8.9	8.7	8.5	8.4	8.5	8.7	8.5	8.3	8.3	8.7	down

Mexico	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Trend*
PMI (Index)	51.34	50.49	51.12	49.95	51.48	49.94	51.22	48.84	48.83	48.77	47.08	down
CPI (% YoY)	4.45	4.26	4.32	4.66	4.88	4.4	4.42	4.65	4.69	4.98	5.57	up
Retail Sales (% YoY)	2.3	3.4	2.7	-0.2	-0.8	3.0	-1.7	3.2	0.3	-3.9	-	down
Industrial Production (% YoY)	1.26	1.19	0.03	-3.57	0.03	2.32	-5.03	3.76	-1.38	-0.93	-	down
Remittances (Millions, USD)	5616.7	5817.8	4913.0	5496.9	4573.2	4494.8	5014.6	5422.3	5624.5	6213.2	-	up

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Sep-2024	1M ago	3M ago	12M ago
UK	14	3	-18	24
Germany	-157	-161	-183	-162
Switzerland	-340	-339	-357	-321
Japan	-299	-284	-342	-354
China	-175	-166	-217	-155
India	296	310	248	298
Australia	10	26	-9	-17
South Korea	-81	-82	-91	-39
Malaysia	-14	-8	-60	-33
Indonesia	275	305	242	220
Thailand	-135	-123	-168	-141
Philippines	216	234	225	221
Brazil	831	797	738	691
Mexico	577	589	528	516
Chile	172	213	160	159
Colombia	622	663	650	654
Peru	264	310	257	263

Spread over German Bund (bps)

Country	Sep-2024	1M ago	3M ago	12M ago
France	73	79	47	52
Netherlands	28	31	28	33
Belgium	58	65	54	62
Austria	52	55	49	60
Irland	36	42	37	38
Italy	148	145	131	168
Spain	83	88	72	102
Portugal	61	68	59	72

Source: Bloomberg

Disclaimer and cautionary statement

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