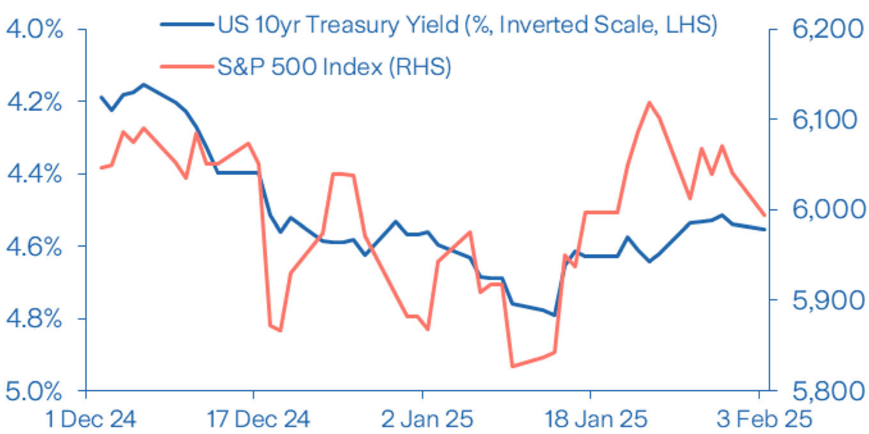
Monthly Investment Insights

4 February 2025

Equities to remain supported but volatile



Source: Bloomberg

In our outlook for 2025 we predicted that global financial markets would be in a state of flux, and that the new US administration's policies would be a key driver of volatility, potentially impacting the path of inflation and interest rates, and consequently risk assets.

The month of January gave us a taste of that volatility. At the start of the month strong US labour market data triggered a sharp move higher in US bond yields that spilled into global bond markets, most notably in the UK. In turn equities came under pressure. Then, as the latest US inflation figures came in below expectations, bond yields retreated and stocks rallied in the US and globally. Investors were also initially relieved that the newly sworn in US President had not immediately imposed new tariffs. The relief was short-lived, however, as the admistration announced incremental tariffs on imports from Mexico, Canada and China on February 1. Canada and Mexico were subsequentlay granted a reprieve following last-minute talks. The tariffs, if eventually implemented, will significantly raise the average duty on US imports, potentially lifting inflation by a few tenths of a percentage point if kept in place for an extended period. Tariffs are also likely to weigh on growth. We believe that the policy outlook will remain uncertain and inflation normalisation could take longer in the US. Therefore, we expect bond markets to remain volatile and equities sensitive to any sharp moves in bond yields.

Investors are also still trying to evaluate how disruptive the new AI model by Chinese startup DeepSeek will be for major AI players such as Nvidia, whose stocks tumbled after DeepSeek's release in late January. Our take is that cheaper and more available AI is fundamentally positive for productivity and profitability. Furthermore, we see scope for this to benefit a broader swathe of stocks rather than just the top AI players that have led performance so far. For the ongoing earnings season, we think that results will continue to be supportive for further equity market gains. Thus, we continue to see scope for US outperformance in the longer term and believe that the valuation premium at which US equities trade is a function of their strong fundamentals.

Meanwhile, credit remains expensive, especially in the US where spreads have held in, supported by technicals. Supply, despite the usual pickup at the start of the year, has been mostly at or below expectations. Given the still elevated yield levels, demand has been strong. Looking ahead, we see current credit spreads as vulnerable both in a risk scenario of higher-for-longer rates, which would put pressure on lower-rated corporates facing refinancing risk, as well as in our base case scenario of falling rates, in which technicals are likely to turn less favorouble. Another headwind is the likelihood of renewed releveraging driven by M&A and LBO activity, which picked up in Q4 2024 and is expected to rise strongly in 2025. Given multiple headwinds and little upside, credit remains our least preferred asset, and we continue to prefer equities to both government bonds and credit.

Market Assessment

Key developments

- Stocks come under pressure following US President Trump's announced tariffs on Mexico, Canada and China; Canada and Mexico have been granted a last-minute reprieve
- US Treasury yields jump in response to robust labour market data and then fall after lower-than-expected inflation figures, leading to volatility in global bond markets, most notably in the UK
- Credit supply picks up due to seasonal patterns, with investor demand bolstered by higher bond yields

Zurich's view

We remain constructive on equity markets despite ongoing volatility and expect regional and sectoral divergences to persist. Amid the stabilisation of US Treasury bond yields and the rebound of the S&P 500 Equal Weight index, we continue to favour US stocks on a regional basis.

While we believe that government bond yields will fall further over the course of the year, volatility in the bond market is expected to remain high given still elevated price pressures and the potential for the new US administration's policies to be inflationary. In Europe, we think that the fiscal trajectory will continue to weigh on French government bonds relative to other sovereigns bonds.

Credit continues to appear expensive with limited upside, especially in the US as headwinds are likely to emerge from supply/demand technicals and M&A/LBO driven releveraging.

	Key developments	Zurich's view
Global	• Announced US trade tariffs will be disruptive for the global economy if implemented, damaging sentiment and amplifying weaknesses • Inflation surprises slightly to the downside in key regions; economic activity continues to hold up • Global rates and yields fall back as investor focus shifts away from inflation; volatility remains elevated	Global economic activity has help up well so far in 2025, with the Manufacturing PMIs and leading global trade data showing improvements in January, arguably helped by front-loading of exports to the US. The sector remains in a prolonged contraction, however, with tariff and policy uncertainty set to disrupt already weak capex spending and global trade flows. Elsewhere, inflation data surprised modestly to the downside in many regions, helped by easing services prices, which triggered a turnaround in bond market sentiment after the sell-off earlier in the year. Looking forward, US tariff policy will determine the trajectory for growth and inflation, with fears mounting around an escalating tariff war.
US	• President Trump announces tariffs on imports from Mexico, Canada and China, but pauses those for Mexico and Canada at the last minute • A tick down in core inflation leads to a substantial fall in Treasury yields • Though lagging many of its peers, the S&P 500 rises in January	On January 20, Donald Trump was inaugurated as the 47th President of the United States. He signed a number of executive orders during the first few days in office, but particularly the lack of any immediate new tariffs was a relief for financial markets. The positive mood was further supported by a tick down in core inflation that led to a substantial fall in Treasury yields. As expected, the Fed kept rates unchanged in January, but signalled further cuts this year even if inflation does not fall all the way back to 2%. While the S&P 500 rose in January it lagged many of its peers, particularly in Europe amid a broader shift towards more defensive sectors. The large tech companies that have reported Q4 earnings so far have shown mixed results, but provided a generally positive outlook.
UK	• Headline inflation recedes to 2.5% YoY in December while core inflation slows from 3.5% YoY to 3.2% • Business surveys signal a modest expansion, though headwinds persist • Gilt yields fall back from their recent peaks but remain a drag for growth and fiscal policy	Core inflation slowed markedly in December and the latest set of PMI data shows a modest expansion in private sector activity in January, driven by services and a slower pace of contraction in manufacturing. The outlook remains modest, however. Companies are cutting employment amid falling sales and lingering concerns about business prospects. At the same time, many firms have to deal with rising cost pressures triggered by higher salary payments, energy costs and prices paid for imported raw materials. Gilt yields fell back from their recent peaks, but remain higher than a year ago, weighing on the growth outlook. Nevertheless, the FTSE 100 had a positive start into the new year, supported by improving investor sentiment and a global shift into more defensive sectors.
Eurozone	• The ECB cuts policy to 2.75%; further cuts are expected • Eurozone equities perform strongly as Trump defers tariff decisions • Record investor demand for government debt issuance supports prices	Eurozone growth came in at a disappointing 0% QoQ for Q4. While inflation has picked up to 2.4% YoY, the ECB's 0.25% cut reflects concerns about growth. Politics, both within Europe and without, remain crucial. Germany's federal election will take place this month, and although a CDU-lead centrist coalition is likely, risks to this outcome are growing. The French situation remains unstable, with limited scope for fiscal slippage. Sovereign debt spreads have reached new lows vs Germany while yield levels have risen notably from December 2024. European equities are taking all in stride, with a broad-based moved higher. This reflects an unwinding of extremely pessimistic sentiment and positioning. We see scope for the move to continue, but fundamental positive catalysts remain elusive.
Switzerland	• The economy remains resilient, with robust services activity continuing to offset manufacturing weakness • Domestic demand holds up, helped by improving sentiment and the falling rate environment • Inflation surprises to the downside again in December, with the SNB set to maintain its dovish stance	Inflation surprised to the downside again in December, with consumer prices falling for the fourth consecutive month and CPI inflation at only 0.6% YoY, with CPI excluding rent at 0% YoY. We anticipate that the weak pricing environment will persist, amplified by falling electricity prices and a likely reduction in the rent reference rate later in the year. The SNB is expected to maintain its dovish stance. Meanwhile, economic activity has been subdued and the Manufacturing PMIs is still pointing to contraction, led by external weakness while domestic demand and services have performed better. The Swiss economy has outperformed its European peers over the past year, and we expect resilience to persist, with modest growth at around 1% in 2025.

	Key developments	Zurich's view
Japan	• The MSCI Japan continues to meander in a narrow range • The USDJPY is expected to remain rangebound between 140-160 • The Bank of Japan has lifted its policy rate by another 25bps, with the next hike expected this summer	The MSCI Japan continues to trade in a narrow range around its flat longer and shorter-term moving averages. An attempt to break out of this range failed both in early January and early February. The Bank of Japan lifted its policy rate by another 25bps to 0.5%, in line with our expectations, and has started to shrink its massive balance sheet. We expect another 25bps hike this summer. Tokyo's consumer price inflation, a leading indicator for nationwide price trends, accelerated in January as food prices continued to rise, though core inflation has remained rather stable. Though wages continue to rise, real wage growth is still hovering in negative territory. Until real wages start rising in a stable manner, it is too early for consumer sentiment to improve markedly.
China	• We expect more convincing policy support measures to be announced at the National People's Congress in March • The CNY is in appreciation mode again following its steady depreciation from early October 2024 to mid-January 2025 • Chinese equities continue to be under-owned and under-valued	The MSCI China appears to be breaking out of its broad stabilisation pattern following the excessive moves in September/October last year. The index has been trading around its flat shorter-term moving averages as well as at its 50% retracement level measured from the September low to the early October 2024 high. Hopes for convincing policy intervention to support the ailing economy have been disappointed so far, but we are still convinced that effective support measures will be announced at the National People's Congress in March. Strong exports and an uptick in trade-in scheme related retail sales in Q4 have helped to officially achieve the 5% real GDP growth target for 2024, which we think was more symbolic than indicative of actual economic conditions.
Australia	• Q4 inflation declines faster than expected • Activity shows some signs of pickup, with retail sales and PMIs improving • The ASX 200 Index is on a good run	The ASX 200 Index is on a good run despite being slightly affected by the current global sell-off. The Q4 CPI report shows inflation is cooling faster than expected. The trimmed mean softened from 3.5% YoY to 3.2% in Q4, and from 0.8% QoQ to 0.5%. Monthly CPI data also suggest that core inflation slipped below 3% YoY in December. Softer inflation prints should pave the way for the RBS to kick off its rate cutting cycle in February, easing the burden of high mortgage rates on households and supporting a recovery in consumer spending. Public spending continues to be strong and is expected to remain a key pillar for growth this year. While some may fret over the high valuations of major banks, we think the start of the cutting cycle will draw investors into the equity market, providing a strong environment for stocks.
ASEAN	• Vietnam, Malaysia and Singapore reported better than expected growth in Q4 2024 • PMI data indicate that purchasing managers are cautious about the future outlook despite recent strong exports to the US • Singapore's stock market outperforms its regional peers	The Singapore STI Index has outperformed regional markets, gaining nearly 1.8% YTD, while most major markets are experiencing losses amid ongoing foreign outflows. The region's close ties to global trade have led to diminished investor appetite, particularly due to uncertainty surrounding US tariff policy and the strength of the USD. Although some markets may rebound from oversold conditions, we believe a significant turnaround will only occur with greater clarity on US tariffs and their potential impact on ASEAN. On the economic front, Vietnam, Malaysia, and Singapore all reported better than expected growth in Q4 2024, with strong December exports to the US indicating possible front-running of tariffs. However, PMI data suggest that purchasing managers remain cautious about the outlook.
LatAm	• Taking divergent policy rate paths, Brazil is expected to continue hiking, Chile to moderate easing, and Mexico to keep cutting • After depreciating in 2024, regional currencies are now showing an appreciation trend • Driven by currency appreciation and positive investor flows, the stock market has begun 2025 with gains	The MSCI LatAm Index has begun the year with a gain of 7.6%, driven by stock market recoveries in Brazil and Chile. In Brazil, the appreciation and solid performance of the stock market were significantly influenced by the Central Bank of Brazil's intervention. In December, the bank sold over 20bn USD in the spot market to halt BRL depreciation, marking the largest monthly movement since the free float began in 1999. In Chile, the equity market's positive performance was driven by an appreciating exchange rate and stable copper prices. Meanwhile, the Mexican stock market showed a positive performance, partially recovering from the decline in 2024. Despite the positive start, we anticipate continued vulnerability to external shocks and likely volatility due to the global environment.

Valuation snapshot (MSCI Indices)

Current trailing valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	27.7	16.4	14.3	20.3	15.6	15.4	11.5	8.0	13.3
12m Trailing P/B	5.3	2.3	2.0	4.1	1.6	1.8	1.4	1.4	1.6
12m Trailing P/CF	22.6	11.8	9.7	16.0	9.7	9.6	5.7	4.5	6.7
Dividend Yield	1.2	3.0	3.7	2.8	2.2	2.7	2.9	6.4	4.1
ROE	17.2	12.1	10.3	17.5	9.8	10.9	11.3	16.4	12.6

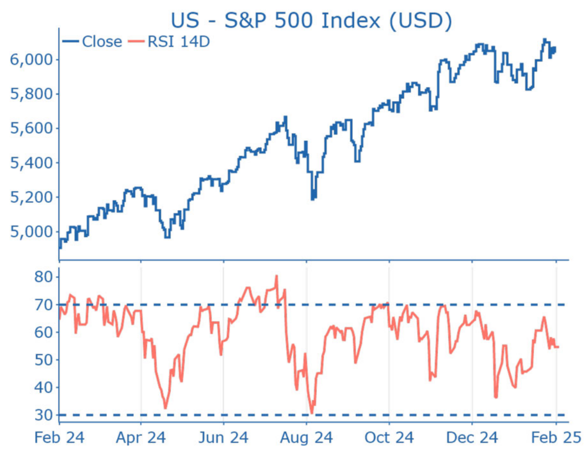
Current trailing valuations relative to MSCI world

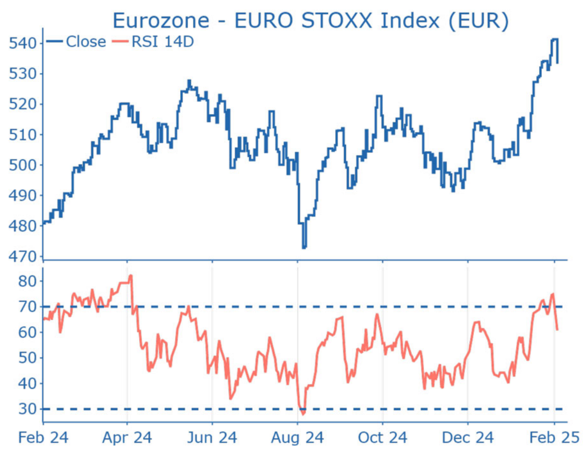
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	4.9	-6.4	-8.44	-2.46	-7.22	-7.37	-11.24	-14.77	-9.49
12m Trailing P/B	1.72	-1.32	-1.62	0.52	-1.99	-1.82	-2.22	-2.14	-1.96
12m Trailing P/CF	4.86	-5.93	-8.0	-1.67	-8.01	-8.06	-12.02	-13.19	-10.99
Dividend Yield	-0.46	1.32	2.0	1.16	0.48	0.97	1.22	4.76	2.4
ROE	3.12	-1.9	-3.7	3.46	-4.2	-3.17	-2.73	2.39	-1.42

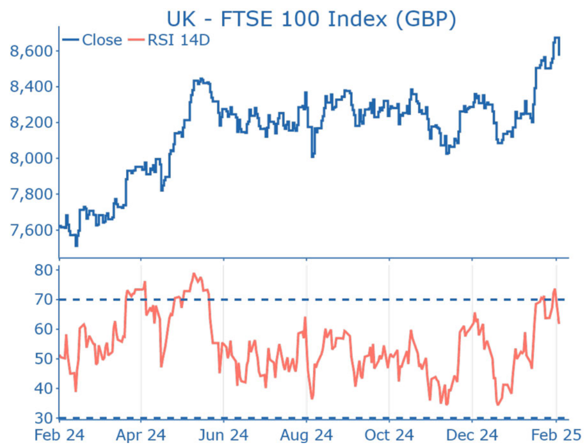
Source: Bloomberg

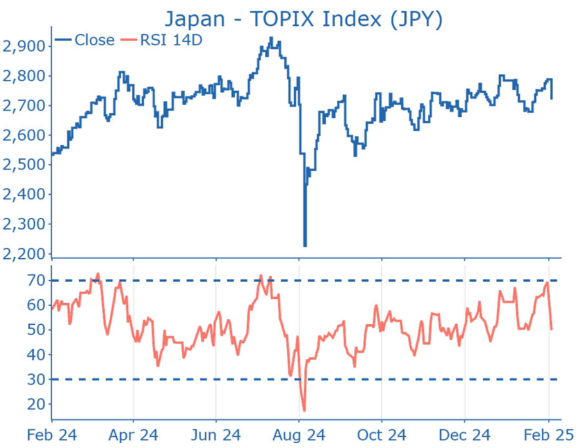
Overbought / Oversold*

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



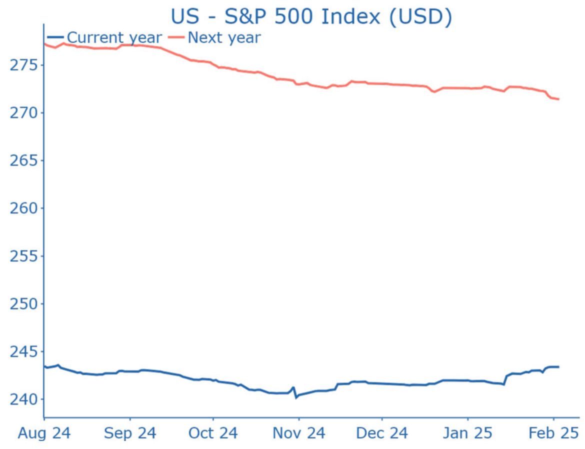


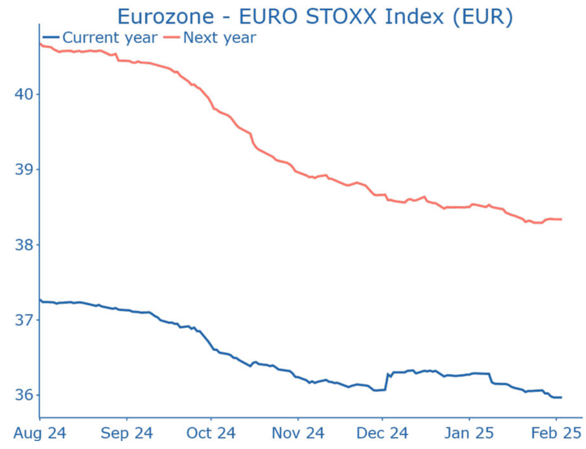


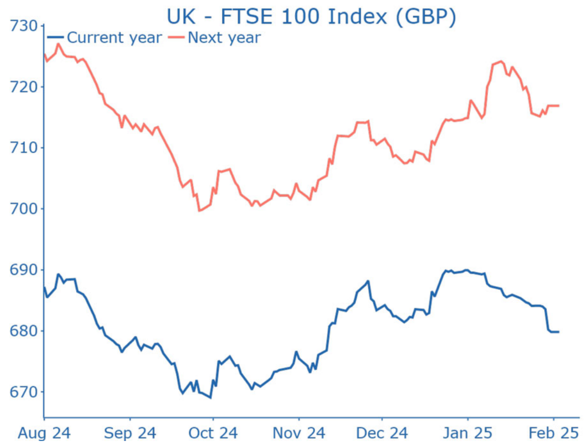


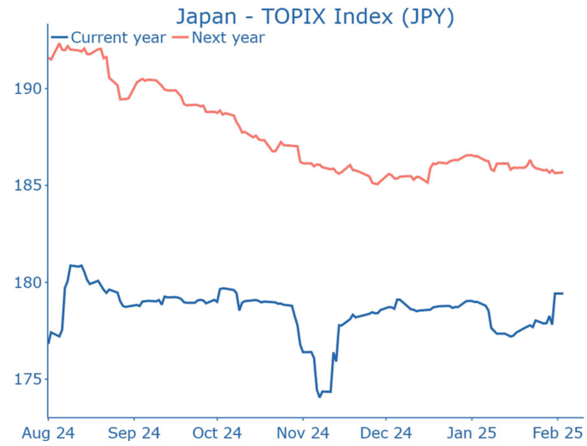
Source: Bloomberg

Earnings estimates - Full fiscal year



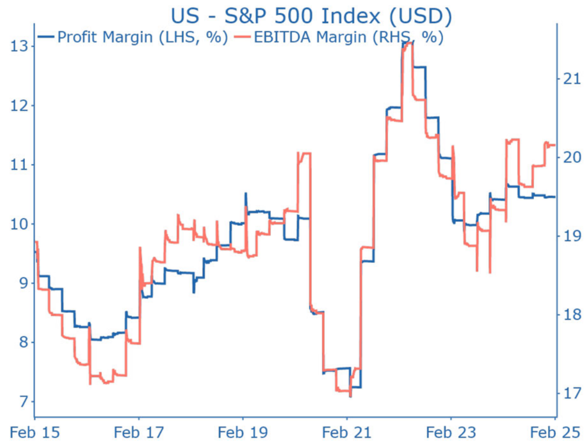


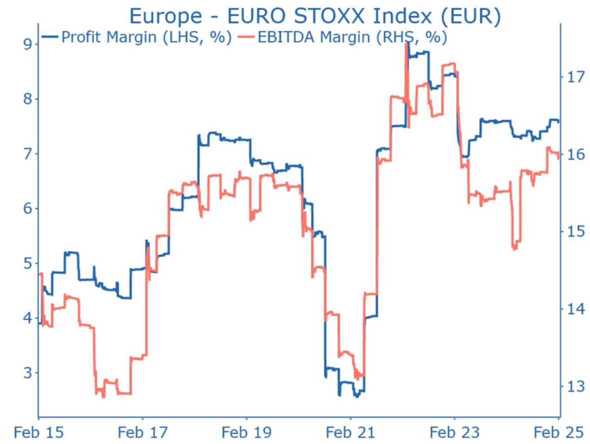


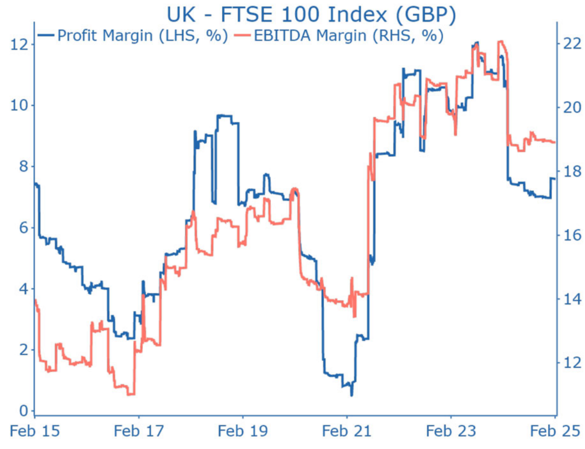


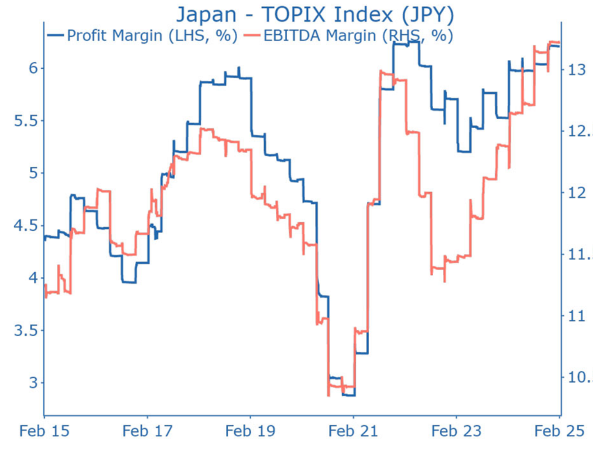
Source: Bloomberg

Historical margins



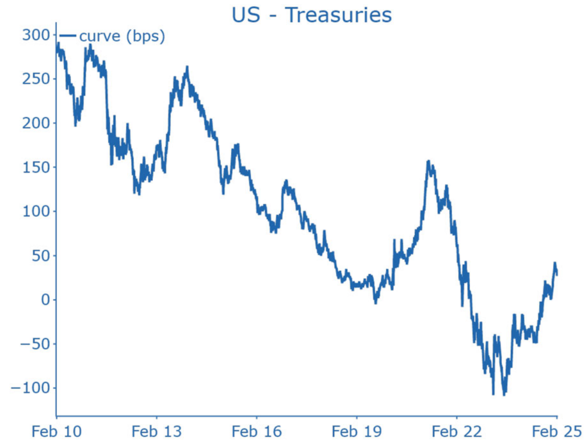


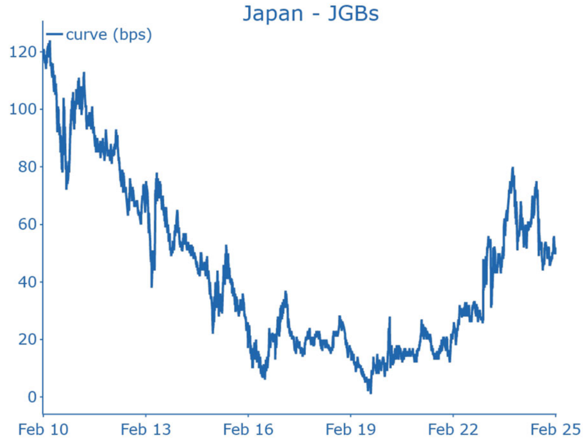




Source: Bloomberg

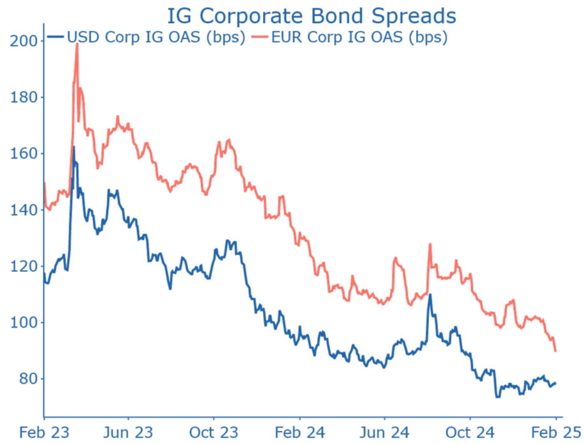
Yield Curve Steepness (10yr - 2yr)

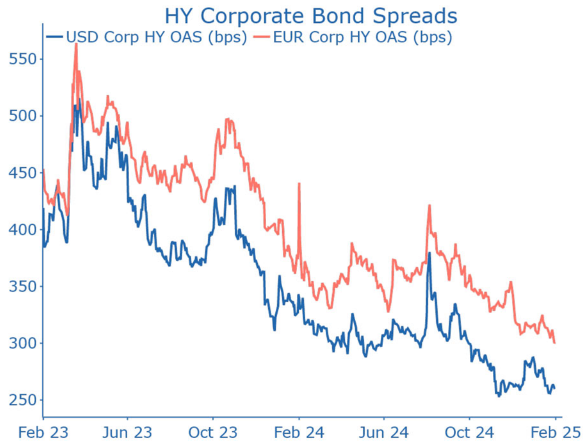


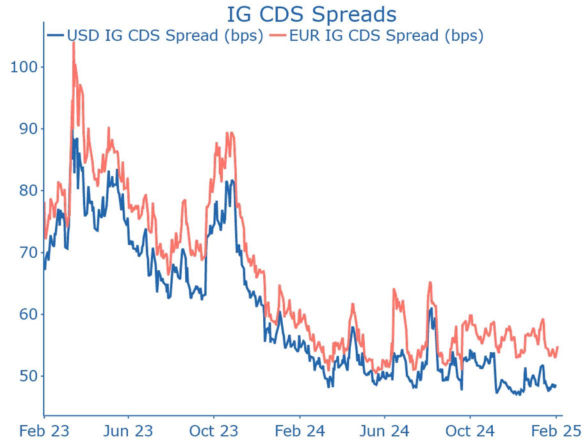


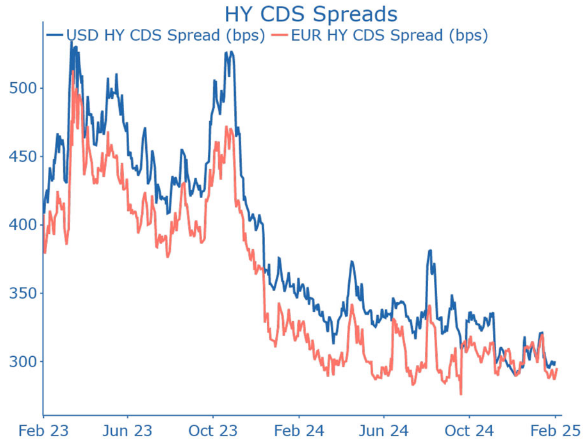
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
ISM Manufacturing (Index)	49.8	48.8	48.5	48.3	47.0	47.5	47.5	46.9	48.4	49.2	-	up
ISM Non-Manufacturing (Index)	51.3	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54.0	-	down
Durable Goods (% MoM)	0.8	0.2	0.1	-6.9	9.8	-0.9	-0.4	0.7	-2.0	-2.2	-	down
Consumer Confidence (Index)	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	104.1	up
Retail Sales (% MoM)	3.6	2.8	2.6	2.0	2.9	2.0	2.0	3.0	4.1	3.9	-	up
Unemployment Rate (%)	3.9	3.9	4.0	4.1	4.2	4.2	4.1	4.1	4.2	4.1	-	up
Avg Hourly Earnings YoY (% YoY)	4.2	4.0	4.0	4.0	3.9	4.0	4.0	4.0	3.9	3.8	-	down
Change in Payrolls (000, MoM)	310.0	108.0	216.0	118.0	144.0	78.0	255.0	43.0	212.0	256.0	-	up
PCE (% YoY)	2.98	2.89	2.67	2.63	2.67	2.73	2.66	2.8	2.82	2.79	-	up
GDP (%, QoQ, Annualized)	1.6	-	-	3.0	-	-	3.1	-	-	2.3	-	down

Eurozone	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
PMI Manufacturing (Index)	46.1	45.7	47.3	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.1	down
PMI Services (Index)	51.5	53.3	53.2	52.8	51.9	52.9	51.4	51.6	49.5	51.6	51.4	down
IFO Business Climate (Index)	87.8	89.1	89.0	88.4	87.0	86.6	85.4	86.5	85.6	84.7	85.1	down
Industrial Production (% YoY)	-3.2	-3.3	-4.4	-3.9	-2.2	-0.4	-2.1	-1.1	-1.9	-	-	down
Indeed 3m average wage growth (% YoY)	3.7	3.52	3.31	3.36	3.47	3.67	3.49	3.37	3.33	3.33	-	down
Unemployment Rate (%)	6.5	6.4	6.5	6.4	6.4	6.3	6.3	6.3	6.2	6.3	-	down
Euro-Area Credit Impulse (%, SA)	-1.48	-1.09	-0.65	0.29	1.65	1.64	2.39	2.61	2.76	1.09	-	down
EUR HICP 5y5y Inflation Swaps	2.3	2.39	2.36	2.3	2.21	2.13	2.1	2.13	1.99	2.02	2.08	down
CPI (% YoY)	2.4	2.4	2.6	2.5	2.6	2.2	1.7	2.0	2.2	2.4	-	up
Core CPI (% YoY)	2.9	2.7	2.9	2.9	2.9	2.8	2.7	2.7	2.7	2.7	-	down
GDP (% QoQ)	0.3	-	-	0.2	-	-	0.4	-	-	0.0	-	down

UK	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
PMI Manufacturing (Index)	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48.0	47.0	48.2	down
PMI Services (Index)	53.1	55.0	52.9	52.1	52.5	53.7	52.4	52.0	50.8	51.1	51.2	down
Consumer Confidence (Index)	-21.0	-19.0	-17.0	-14.0	-13.0	-13.0	-20.0	-21.0	-18.0	-17.0	-22.0	down
Unemployment Rate (%)	4.3	4.4	4.4	4.2	4.2	4.1	4.3	4.3	4.4	-	-	up
CPI (% YoY)	3.2	2.3	2.0	2.0	2.2	2.2	1.7	2.3	2.6	2.5	-	up
House Prices (% YoY)	1.6	0.6	1.3	1.5	2.1	2.4	3.2	2.4	3.7	4.7	4.1	up
Mortgage Approvals (SA, Thousands)	61.46	61.29	60.67	60.7	62.56	65.06	65.89	68.4	66.06	66.53	-	down
GDP (% YoY)	0.3	-	-	0.7	-	-	0.9	-	-	-	-	down

Switzerland	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
KOF Leading Indicator (Index)	100.7	100.5	105.6	103.4	101.2	104.2	103.6	99.9	102.8	99.6	101.6	down
PMI Manufacturing (Index)	44.6	42.1	47.2	44.8	45.1	49.3	48.9	49.2	47.7	47.0	47.5	down
Real Retail Sales (% YoY)	-0.2	2.3	0.0	-3.0	2.6	2.8	1.5	2.0	1.4	2.6	-	down
Trade Balance (Billion, CHF)	3.83	4.28	5.79	6.16	4.91	4.7	4.92	8.09	6.11	3.49	-	down
CPI (% YoY)	1.0	1.4	1.4	1.3	1.3	1.1	0.8	0.6	0.7	0.6	-	down

Japan	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
PMI Manufacturing (Index)	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	down
Machinery Orders (% YoY)	2.7	0.7	10.8	-1.7	8.7	-3.4	-4.8	5.6	10.3	-	-	up
Industrial Production (% YoY)	-6.2	-1.8	1.1	-7.9	2.9	-4.9	-2.6	1.4	-2.7	-1.1	-	up
ECO Watchers Survey (Index)	52.4	50.2	46.8	47.3	48.3	48.3	47.6	46.6	48.2	49.0	-	up
Jobs to Applicants Ratio (Index)	1.28	1.26	1.24	1.23	1.24	1.23	1.24	1.25	1.25	1.25	-	up
Labour Cash Earnings (% YoY)	1.0	1.6	2.0	4.5	3.4	2.8	2.5	2.2	3.9	-	-	up
Retail Sales (% YoY)	9.9	8.9	14.4	14.0	5.5	3.9	2.3	-0.7	3.4	2.8	-	up
Exports (% YoY)	7.3	8.3	13.5	5.4	10.2	5.5	-1.7	3.1	3.8	2.8	-	up
Money Supply M2 (% YoY)	2.5	2.2	1.8	1.5	1.5	1.3	1.2	1.2	1.2	1.3	-	up
CPI Ex Food & Energy (% YoY)	2.2	2.0	1.7	1.9	1.6	1.7	1.7	1.6	1.7	1.6	-	down

China	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
NBS PMI Manufacturing (Index)	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	up
NBS PMI Non Manufacturing (Index)	53.0	51.2	51.1	50.5	50.2	50.3	50.0	50.2	50.0	52.2	50.2	up
Industrial Production (% YoY)	4.5	6.7	5.6	5.3	5.1	4.5	5.4	5.3	5.4	6.2	-	up
Retail Sales (% YoY)	3.1	2.3	3.7	2.0	2.7	2.1	3.2	4.8	3.0	3.7	-	down
Exports (% YoY)	-7.6	1.3	7.4	8.5	6.9	8.6	2.4	12.7	6.6	10.7	-	up
CPI (% YoY)	1.1	2.0	2.8	3.8	2.7	3.1	0.7	1.3	2.8	3.7	-	up
PPI (% YoY)	-2.8	-2.5	-1.4	-0.8	-0.8	-1.8	-2.8	-2.9	-2.5	-2.3	-	up
RRR (%)	10.0	10.0	10.0	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.5	down
GDP (% YoY)	5.3	-	-	4.7	-	-	4.6	-	-	5.4	-	up

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

Source: Bloomberg

Economic Data

India	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
PMI Manufacturing (Index)	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	down
PMI Services (Index)	61.2	60.8	60.2	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.8	down
Industrial Production (% YoY)	5.5	5.2	6.2	4.9	5.0	0.0	3.1	3.7	5.2	-	-	up
CPI (% YoY)	4.85	4.83	4.8	5.08	3.6	3.65	5.49	6.21	5.48	5.22	-	up
GDP (% YoY)	7.76	-	-	6.65	-	-	5.36	-	-	-	-	down

Australia	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
Westpac Leading Indicator	97.09	97.04	97.03	97.05	97.01	96.98	96.98	97.13	97.19	97.17	-	up
Retail Sales (% YoY)	0.96	1.37	1.73	2.98	2.4	3.1	2.42	3.39	3.07	4.6	3.66	up
Unemployment Rate (%)	3.9	4.1	4.0	4.1	4.2	4.1	4.1	4.1	3.9	4.0	-	down
Housing Prices (% YoY)	9.92	9.81	9.16	8.62	8.3	7.76	7.33	6.59	6.06	5.43	4.8	down
CPI (% MoM)	3.5	3.6	4.0	3.8	3.5	2.7	2.1	2.1	2.3	2.5	-	up

Brazil	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Trend*
CPI (% YoY)	4.5	3.93	3.69	3.93	4.23	4.5	4.24	4.42	4.76	4.87	4.83	up
Industrial Production (% YoY)	5.6	-2.9	8.4	-1.2	3.2	6.1	2.3	3.4	5.9	1.7	-	down
Retail Sales (% YoY)	8.1	5.7	2.1	7.8	4.1	4.6	5.3	2.3	6.7	4.7	-	up
Trade Balance (Millions, USD)	5129.92	7167.69	8432.91	8299.41	6322.16	7552.25	4510.52	5072.35	4192.94	6873.28	4803.33	down
Budget Balance (Billions, BRL)	-113.86	-62.98	-69.64	-138.26	-135.72	-101.47	-90.38	-53.77	-74.68	-99.08	-80.73	down

Chile	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Trend*
Economic Activity Index (% YoY)	4.6	0.65	4.04	0.81	-0.14	4.2	2.31	0.3	2.3	2.14	-	down
CPI (% YoY)	4.48	3.74	3.97	4.13	4.19	4.6	4.74	4.13	4.68	4.17	4.53	down
Retail Sales (% YoY)	3.97	0.86	3.74	0.75	8.06	2.45	6.14	3.49	4.17	6.2	5.76	up
Industrial Production (% YoY)	7.9	0.64	2.45	2.14	-1.2	3.7	5.2	-0.36	3.43	1.06	8.82	up
Unemployment (%)	8.5	8.7	8.5	8.3	8.3	8.7	8.9	8.7	8.6	8.2	8.1	down

Mexico	Feb-2024	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Trend*
PMI (Index)	49.98	51.26	48.92	48.91	48.81	47.09	48.4	48.88	47.14	48.01	47.75	down
CPI (% YoY)	4.4	4.42	4.65	4.69	4.98	5.57	4.99	4.58	4.76	4.55	4.21	down
Retail Sales (% YoY)	2.8	-1.9	2.7	-0.1	-3.1	-0.6	-0.8	-1.5	-1.2	-1.9	-	down
Industrial Production (% YoY)	1.8	-4.89	4.25	-0.77	-0.33	2.09	0.42	0.79	0.6	-0.18	-	down
Remittances (Millions, USD)	4494.8	5014.6	5418.9	5618.1	6206.9	5592.8	6082.1	5358.4	5722.7	5435.2	-	down

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Feb-2025	1M ago	3M ago	12M ago
UK	0	0	6	-10
Germany	-211	-217	-197	-177
Switzerland	-416	-422	-398	-316
Japan	-329	-349	-343	-334
China	-291	-297	-224	-159
India	212	218	246	303
Australia	-16	-21	15	-4
South Korea	-168	-183	-129	-72
Malaysia	-73	-77	-45	-24
Indonesia	252	242	240	250
Thailand	-225	-232	-196	-137
Philippines	168	155	149	212
Brazil	1025	1015	859	667
Mexico	556	582	584	527
Chile	148	112	120	145
Colombia	689	712	662	589
Peru	215	207	241	259

Spread over German Bund (bps)

Country	Feb-2025	1M ago	3M ago	12M ago
France	75	86	75	50
Netherlands	19	23	26	29
Belgium	61	63	60	62
Austria	36	42	48	56
Irland	26	28	33	43
Italy	112	116	127	157
Spain	62	68	71	92
Portugal	42	47	45	80

Source: Bloomberg

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