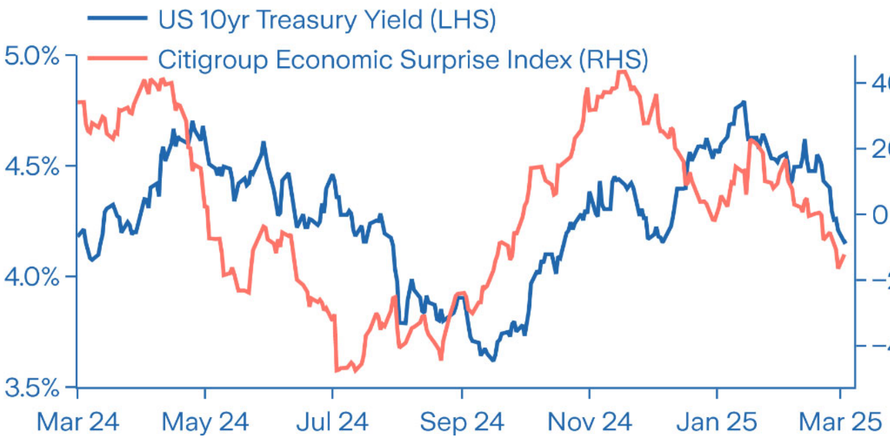
Monthly Investment Insights

4 March 2025

US exceptionalism loses some of its lustre



Source: Bloomberg

After a benign start to the year, volatility has returned to global financial markets. In a rotation away from over-owned US tech giants, the Magnificent 7 have entered a correction, declining more than 10% collectively from December highs, while the much castigated European markets are at record levels. In addition, the star-status of the US economy has come under the spotlight as some data imply a vulnerability amidst shifting policy initiatives. Tariffs remain the key uncertainty, with fears of higher inflation and lower growth affecting both economies and financial markets, While we maintain that a global trade war is unlikely, the uncertainty created by the scale and breadth of import duties is disrupting investment and consumption.

The US economy is showing signs of catching its breath, following a prolonged period of above-trend growth. Retail sales have eased as have activity indicators and labour market data, while consumer confidence has notably declined. Business investment has also slowed, which may simply be a pause while waiting for policy clarity around tariffs and taxation. Inflation continues to be challenging, however, with US consumer inflation expectations jumping close to a 30-year high. This certainly gives the Fed pause for thought, but investors have focused on growth risks so far rather than inflation. Treasury yields are falling and rate cut expectations have risen from a low of one rate cut for the year to more than two currently. Globally, bond yields have also fallen back, with a steepening in curves. Current yields appear close to our fair value, and are likely to oscillate from here given the vagaries of policy and geopolitics. As the US House has passed a budget that will potentially see the deficit rise by an additional USD 2.8tn over 10 years, yields matter. Interest payments by the government on its debt have surpassed defence spending and, with a relatively short average duration of around seven years, maturing US debt will face much higher refinancing rates compared to the extremely low levels captured when issued. That noted, the recent fall in yields has been helpful for credit markets on both sides of the Atlantic. Issuance has picked up notably in the US, which is constructive, but doesn't get away from the risks of a sector so vulnerable to rates. Spreads have been well contained in recent days despite the risk-off tone in markets. While they could grind lower, returns are likely to be relatively limited.

Stocks remain our favoured asset class. We see further upside for European equities in the short term as momentum is strong, but note that valuations are no longer cheap and many business models remain deficient. Europe has the opportunity for structural reform, but progress is likely to be slow and underwhelming, with the current moves in stocks seen as a trading rally rather than a fundamental re-rating. We still see headwinds for Japanese stocks as the yen strengthens, with great potential elsewhere in Asia. Chinese stocks are beginning to fall back into favour and can run further, but are dependent upon meaningful policy actions resulting from the imminent National Congress. Despite equity market volatility, the rotations and repricing of risks by investors are healthy developments and further gains are likely.

Market Assessment

Key developments

- US economic data indicate a slowing in growth from high levels as inflation expectations rise
- Tariff uncertainty increases as further threats are made by the US administration, while implementation is fragmented and opaque
- Rotation accelerates away from US stocks, particularly the large-cap tech names, with Eurozone equities the prime beneficiaries

Zurich's view

Market volatility has risen as geopolitical uncertainty clouds the path of both inflation and interest rates, while competitive threats in the technology sector have lead to a shift in investor convictions.

We remain focused on underlying economic and market fundamentals and, while acknowledging risks around both have increased, remain sanguine on prospects for the months ahead. Troublesome inflation is likely to fade in the second half of the year, allowing interest rates to gradually normalise. Bond yields are now a little below fair value, having fallen on growth fears and volatility in risk assets, and are expected to range-trade.

Credit has held in fairly well, but is our least favoured asset, with an asymmetric risk profile offering minimal upside. Equities remain the favoured asset class, with the broadening in performance seen positively. The tech cycle is not deemed to have ended and further gains are likely after a period of consolidation. Despite the note of optimism, geopolitics is unpredictable and has the potential to derail decent equity fundamentals.

	Key developments	Zurich's view
Global	• Global growth holds up, but uncertainty regarding the global trade environment is detrimental and will weigh on activity • Inflation is moving sideways in many regions, but the services and goods inflation gap is narrowing • Global rates and yields fall back as investor focus shifts away from inflation; volatility remains elevated	Global growth continues to hold up, and the latest data indicate a tentative narrowing of divergences, with services activity softening while the manufacturing sector sees slightly better momentum, though it remains in contraction overall. Inflation has been mixed, with upside surprises in key regions, though we note that January data is volatile. Encouragingly, services price pressures continue to edge lower, though at a glacial pace. Looking forward, elevated trade policy uncertainty will weigh on activity, with capex spending most at risk. US tariff policy will determine the trajectory for growth and inflation. That said, rates and yields fell sharply in February, and easing financial conditions will provide a welcome offset.
US	• Tariffs are ramped up, hitting Canada, Mexico and China the hardest • Policy uncertainty weighs on services activity • The S&P 500 reaches a record high while technology stocks and small-cap stocks struggle	The US administration shows that tariffs are not just an empty threat, as penal levies are applied, and policy uncertainty is taking its toll on the economic outlook. While manufacturing activity picked up in February (which was at least partially linked to a front-running of looming tariffs), the services sector has been weighed down by potential policy impacts according to the latest set of business surveys. Nonetheless, the S&P 500 has been holding up well. Helped by falling bond yields, US stocks reached a new record high in February. They continue to lag their European and Chinese peers so far this year, however. Particularly the Nasdaq and the Russell 2000 are facing headwinds, with the latter briefly dipping to the lowest level since mid-September.
UK	• The growth environment remains modest, with manufacturing activity under pressure • Headline inflation accelerates to 3.0% YoY, while core inflation picks up to 3.7% YoY • The BoE cuts the Bank Rate by 25bps to 4.5%, with two members voting for a bigger cut	February's Flash PMIs continue to show a lacklustre growth environment, with manufacturing moving deeper into contractionary territory while services keep expanding modestly. At the same time, input costs are on the rise. The lack of growth alongside elevated price pressure creates a challenging environment for the Bank of England. As expected, the BoE lowered the Bank Rate by 25bps to 4.5%, but the vote was not unanimous as two members preferred a bigger cut of 50bps. Gilt yields were roughly unchanged compared to a month before while equities have mostly gained. The FTSE 100 has been rising though lagging other European stock markets. Smaller capitalised stocks are facing more headwinds as the domestic situation remains challenging.
Eurozone	• European equities surge in anticipation of higher defence spending and a possible ceasefire in Ukraine • European bond yields are little changed on the month, despite lower US Treasury yields • Merz is set to lead a coalition government in Germany; initiates talks for EUR 200bn defence fund	European equity prices continue to surge higher. We think this can continue for now, but are wary of overly optimistic predictions of positive structural change in Europe. Certain sectors (defence and banks) continue to have strong tailwinds. While valuations are broadly back to long-term averages, tariff threats and industrial malaise remain relevant. European bond yields are little changed despite significantly lower US Treasury yields, due to anticipated higher issuance from fiscal expenditure. The German election result was in line with polls, and a Grand Coalition looks likely. The centrist parties narrowly avoided a two-thirds majority to amend the constitution. Friedrich Merz seems likely to lead on European integration in an unstable era, but we do not see a near-term improvement for the German economy.
Switzerland	• GDP expanded by a solid 0.5% QoQ in Q4, with broad-based expansion outside of the industrial sector • Inflation falls further and continues to undershoot the SNB's inflation forecast • The SNB is set to maintain its dovish stance amid weak inflation and currency strength	The Q4 GDP report confirmed that the Swiss economy remains resilient, with growth at 0.5% QoQ (sport events adjusted). Expansion was broad-based, with consumption, investment and exports contributing. Outside of the pharma sector, however, manufacturing remains in stagnation, consistent with the latest PMI data that show ongoing contraction. This left annual growth in 2024 at 0.9%, which is well below the historical trend of 1.8% but still outperforming European peers by a wide margin. Consumer prices fell for the fifth consecutive month in January, with the YoY rate at 0.4%. While weakness was expected, in part reflecting electricity price cuts, inflation continues to track below the SNB's latest inflation forecast.

	Key developments	Zurich's view
Japan	• Headline inflation surges while wage growth remains solid • 10-year government bond yields hit a record high • Japanese equities stay rangebound, lagging behind global stocks	Japan's stocks are rangebound, trailing global peers. The prospect of a stronger JPY has dampened corporate earnings outlooks given firms' significant overseas revenues. Ongoing corporate governance reforms, such as reducing cross-shareholding and improving ROE, are positive for the long term, but short-term currency headwinds are likely to limit stock performance. Tariff uncertainty, especially potential US auto tariffs, further impacts sentiment given Japan's exposure to the US market. Inflation accelerated in January, driven by record-high rice prices and strong wage growth. This supports further BoJ rate hikes, likely putting upward pressure on 10yr government bond yields, which hit a record high in February, and keeping the JPY on an appreciating trajectory.
China	• Economic data show slight improvement but remain weak • President Xi's recent meeting with tech executives suggests newfound support for the private sector • Chinese equities are on a tear, driven by tech stock gains	Chinese equities are on fire, driven by tech stocks amid DeepSeek's breakthrough. Mainland flows into Hong Kong via Stock Connect surged, with renewed interest from foreign investors. The MSCI China Index boasts double-digit gains YTD, while the CSI 300 has seen a modest rise. President Xi's meeting with tech executives signals fresh government backing, but the rally's sustainability depends on whether concrete actions will follow. Inflation ticked up slightly in January, and government bond issuance was strong. The upcoming National People's Congress is crucial, with expectations of further stimulus to boost consumption and address weak bank balance sheets. While stock gains are encouraging, the market remains vulnerable to setbacks from any negative economic or policy surprises.
Australia	• The RBA cut its policy rate for the first time in five years, albeit with a hawkish tone • Inflation and wage growth are on a steady decline • Equities are trading within an upward range but remain volatile	The RBA delivered a long-awaited rate cut but issued cautious outlook comments, citing concerns about a tight job market and the potential for inflation to exceed the target range with further rate cuts. However, we believe the RBA will provide two additional cuts this year as inflation gradually eases and wage growth decelerates despite labour market tightness. Australian stocks are trading within an upward range, even with the recent global equity wobble affecting Australia. Banks have outperformed despite high valuations while material stocks face challenges due to China's weak macro backdrop. Despite volatility, we expect Australian stocks to perform well over the medium term given a resilient domestic macro backdrop and the relief provided to consumers and firms through the RBA's rate cuts.
EM Asia	• Rate cuts come through in India, Korea, and Thailand • Currencies are under pressure across the market, notably in India and Indonesia • There is a divergence in performance between tech-driven markets and the rest of emerging Asia ex. China	India, Korea, and Thailand saw rate cuts of 25bps, with the RBI cutting rates for the first time in this cycle. Additionally, India's budget included tax cuts to boost growth. India's slowdown has reversed last year's investor hype, and resulted in significant equity outflows. While corrections may continue, falling valuations could present a medium-term buying opportunity. Elsewhere, central banks are on hold amid FX stability concerns. FX pressure is notable in India and Indonesia, with the IDR and INR dropping nearly 2% YTD amid fund rotation towards China. Tech-driven markets, including Korea, Taiwan, and Singapore, are posting positive gains, with Korea recovering from political turmoil. Overall, we are bullish on Korea, Taiwan, and Singapore stocks, while we expect ASEAN emerging markets to continue to face pressure.
LatAm	• Central bank positions: Brazil hikes, Chile moderates, Banxico continues with the easing cycle • Regional currencies appreciate, primarily due to robust foreign investment inflows • LatAm stock markets show strong performance led by the Mexican and Chilean stock markets	As February concluded, the MSCI LatAm Index had climbed 1.0% in USD, driven by notable gains in Chile (~5.6%) and Mexico (~4.6%), which offset a (~1.0%) decline in Brazil. Brazil's stock market faced headwinds from uncertainties over potential cabinet changes in the Da Silva government and mixed corporate earnings reports. Conversely, Chile experienced growth fueled by rising copper prices and renewed foreign investor inflows. Mexico's stock market was supported by corporate earnings that met or exceeded market expectations. Although the market maintained a positive performance in the first two months of the year, driven by attractive valuations, it remains vulnerable to external shocks, given the potential negative impact of new announcements by the Trump administration in the US.

Valuation snapshot (MSCI Indices)

Current trailing valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	25.8	16.6	13.1	20.1	14.8	15.5	12.9	10.9	14.4
12m Trailing P/B	5.2	2.3	2.0	4.0	1.5	1.8	1.5	1.5	1.8
12m Trailing P/CF	20.5	13.7	7.9	14.5	9.8	9.3	5.7	4.2	6.9
Dividend Yield	1.3	2.9	3.6	2.8	2.3	2.7	2.6	7.0	4.0
ROE	18.0	12.2	11.1	15.9	9.8	10.8	11.3	12.9	13.8

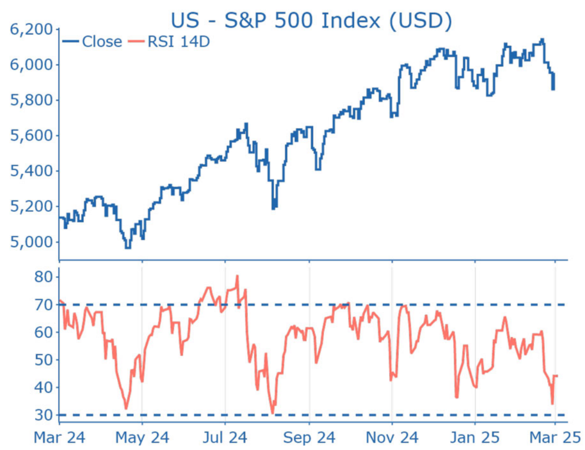
Current trailing valuations relative to MSCI world

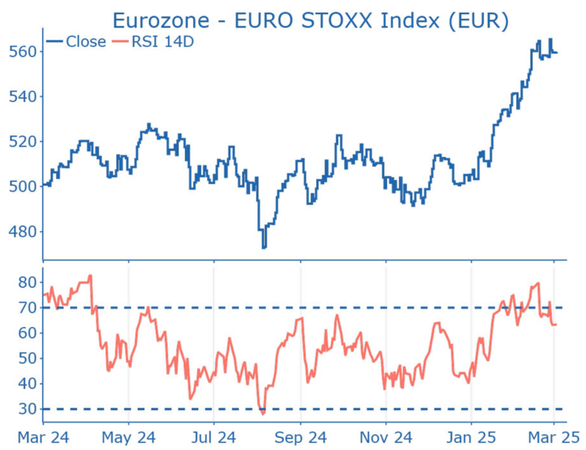
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	3.65	-5.58	-9.08	-2.1	-7.42	-6.69	-9.27	-11.31	-7.83
12m Trailing P/B	1.54	-1.34	-1.64	0.35	-2.13	-1.86	-2.1	-2.09	-1.8
12m Trailing P/CF	3.15	-3.72	-9.45	-2.86	-7.63	-8.08	-11.64	-13.24	-10.46
Dividend Yield	-0.46	1.2	1.93	1.05	0.55	0.97	0.89	5.3	2.29
ROE	3.41	-2.44	-3.55	1.28	-4.81	-3.81	-3.29	-1.69	-0.78

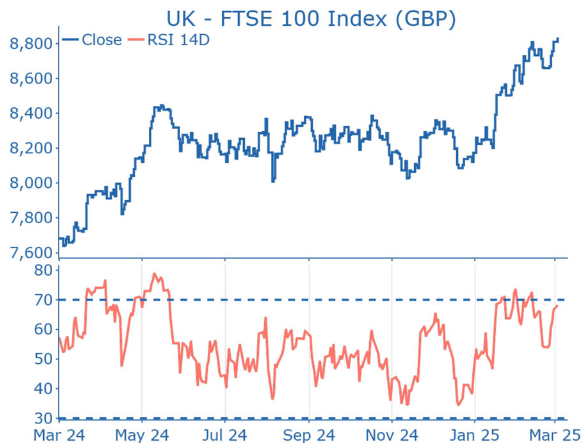
Source: Bloomberg

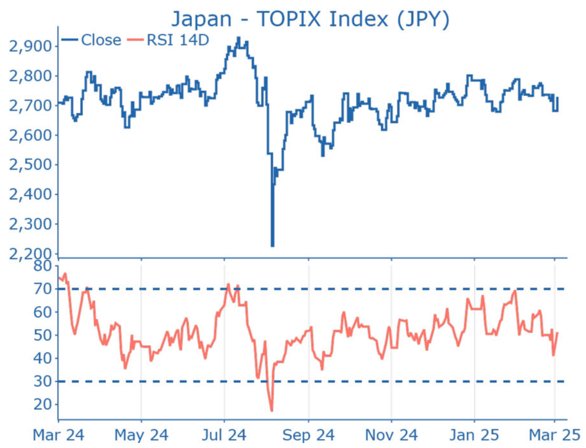
Overbought / Oversold*

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



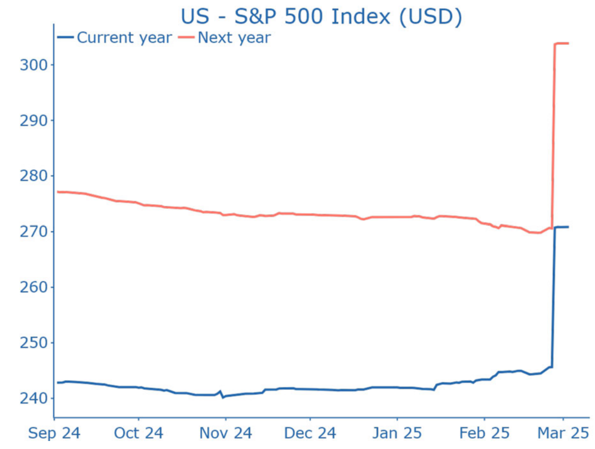


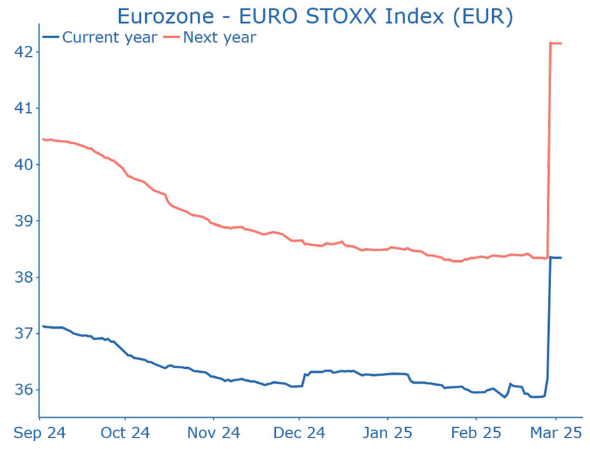


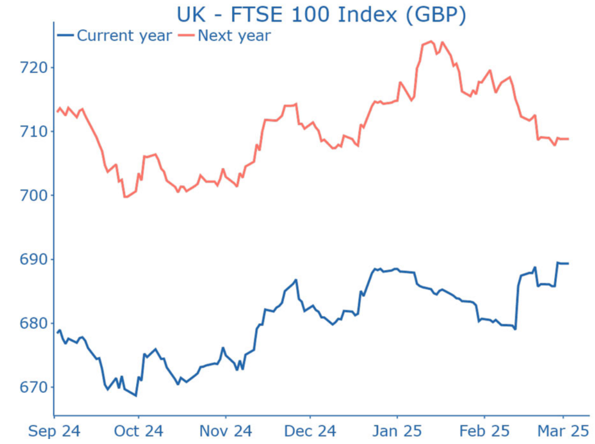


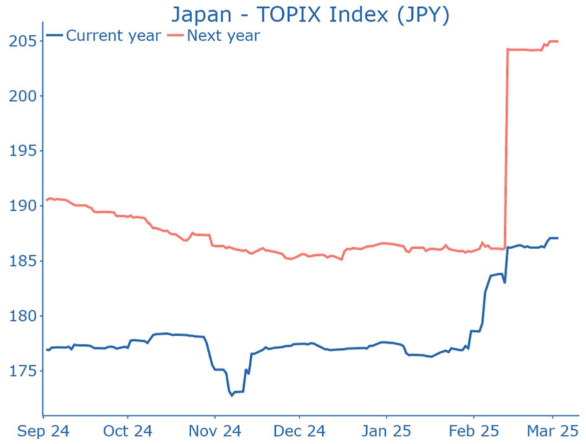
Source: Bloomberg

Earnings estimates - Full fiscal year



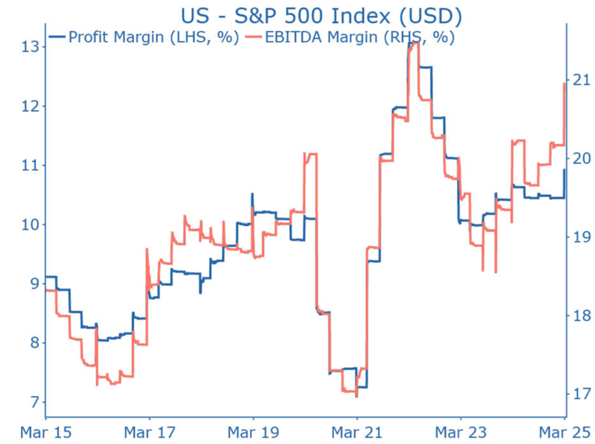


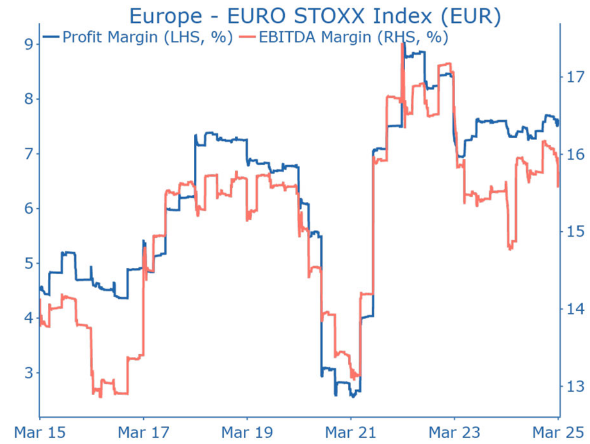


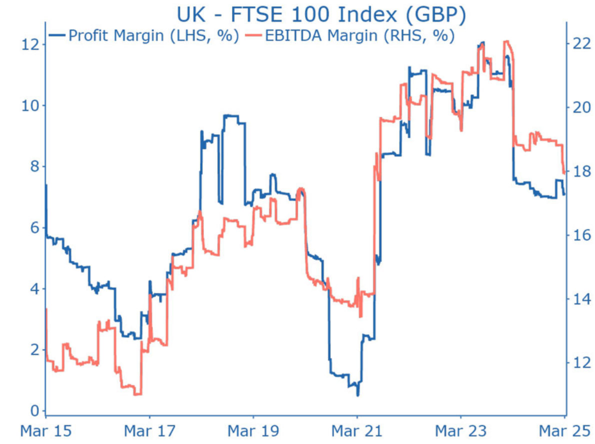


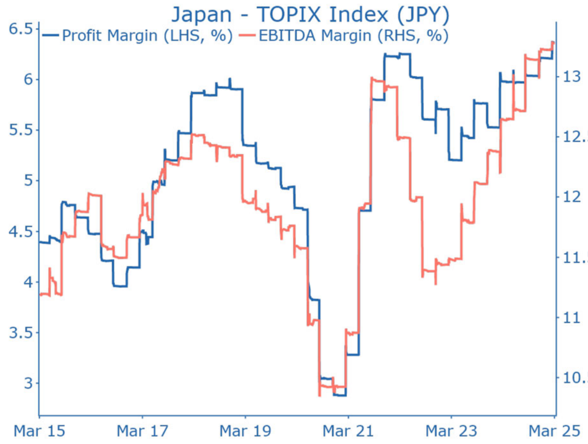
Source: Bloomberg

Historical margins



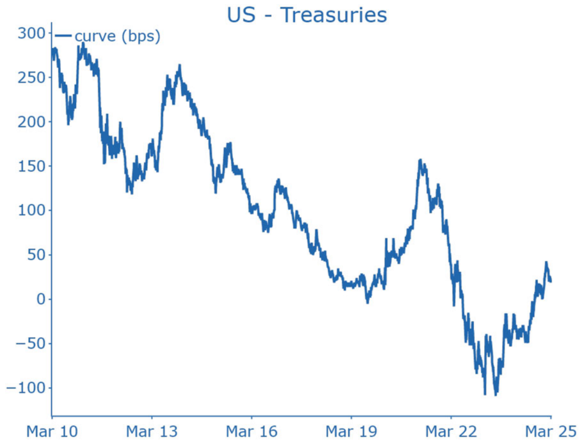


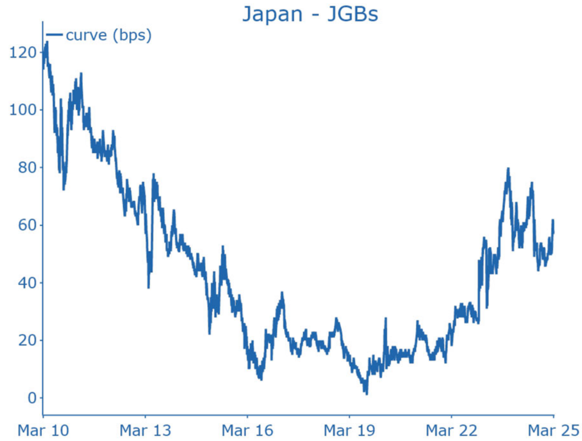




Source: Bloomberg

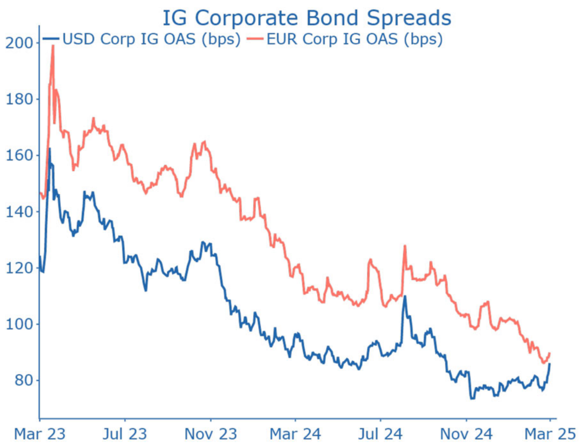
Yield Curve Steepness (10yr - 2yr)

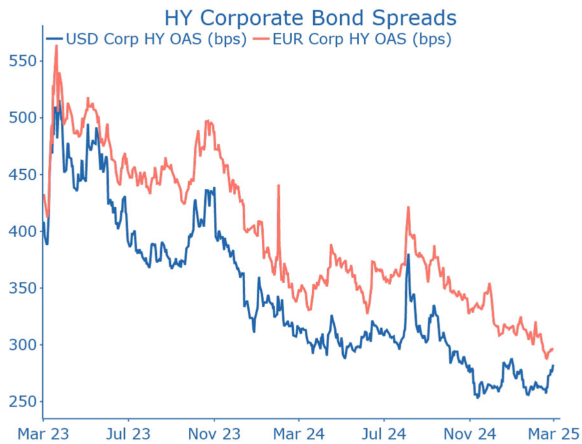


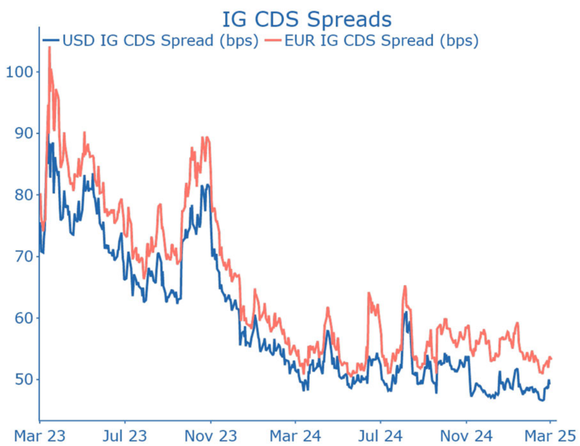


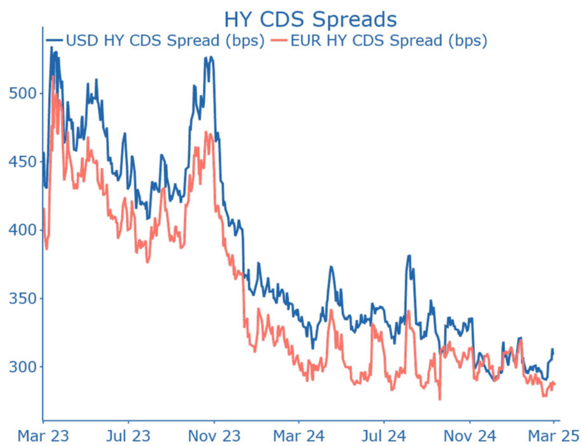
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
ISM Manufacturing (Index)	48.8	48.5	48.3	47.0	47.5	47.5	46.9	48.4	49.2	50.9	-	up
ISM Non-Manufacturing (Index)	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54.0	52.8	-	down
Durable Goods (% MoM)	0.2	0.1	-6.9	9.8	-0.9	-0.4	0.7	-2.0	-1.8	3.1	-	up
Consumer Confidence (Index)	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	98.3	down
Retail Sales (% MoM)	2.8	2.6	2.0	2.9	2.0	2.0	3.0	4.0	4.4	4.2	-	up
Unemployment Rate (%)	3.9	4.0	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4.0	-	down
Avg Hourly Earnings YoY (% YoY)	4.0	4.1	4.1	4.0	4.2	4.2	4.2	4.1	4.1	4.2	-	down
Change in Payrolls (000, MoM)	118.0	193.0	87.0	88.0	71.0	240.0	44.0	261.0	307.0	143.0	-	up
PCE (% YoY)	2.89	2.67	2.63	2.67	2.73	2.66	2.83	2.84	2.86	2.65	-	down
GDP (%, QoQ, Annualized)	-	-	3.0	-	-	3.1	-	-	2.3	-	-	down

Eurozone	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
PMI Manufacturing (Index)	45.7	47.3	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6	up
PMI Services (Index)	53.3	53.2	52.8	51.9	52.9	51.4	51.6	49.5	51.6	51.3	50.7	up
IFO Business Climate (Index)	89.0	89.0	88.4	87.0	86.6	85.4	86.5	85.6	84.7	85.2	85.2	down
Industrial Production (% YoY)	-3.2	-4.4	-3.9	-2.1	-0.4	-2.1	-1.0	-1.8	-2.0	-	-	down
Indeed 3m average wage growth (% YoY)	3.52	3.32	3.37	3.48	3.67	3.48	3.37	3.34	3.37	3.14	-	down
Unemployment Rate (%)	6.4	6.5	6.4	6.4	6.3	6.3	6.3	6.2	6.3	-	-	up
Euro-Area Credit Impulse (%, SA)	-1.09	-0.66	0.29	1.65	1.64	2.39	2.62	2.76	1.11	2.84	-	down
EUR HICP 5y5y Inflation Swaps	2.39	2.36	2.3	2.21	2.13	2.1	2.13	1.99	2.02	2.08	2.04	down
CPI (% YoY)	2.4	2.6	2.5	2.6	2.2	1.7	2.0	2.2	2.4	2.5	-	up
Core CPI (% YoY)	2.7	2.9	2.9	2.9	2.8	2.7	2.7	2.7	2.7	2.7	-	down
GDP (% QoQ)	-	-	0.2	-	-	0.4	-	-	0.1	-	-	down

UK	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
PMI Manufacturing (Index)	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48.0	47.0	48.3	46.4	down
PMI Services (Index)	55.0	52.9	52.1	52.5	53.7	52.4	52.0	50.8	51.1	50.8	51.1	down
Consumer Confidence (Index)	-19.0	-17.0	-14.0	-13.0	-13.0	-20.0	-21.0	-18.0	-17.0	-22.0	-20.0	down
Unemployment Rate (%)	4.4	4.4	4.2	4.2	4.1	4.3	4.3	4.4	4.4	-	-	up
CPI (% YoY)	2.3	2.0	2.0	2.2	2.2	1.7	2.3	2.6	2.5	3.0	-	up
House Prices (% YoY)	0.6	1.3	1.5	2.1	2.4	3.2	2.4	3.7	4.7	4.1	3.9	up
Mortgage Approvals (SA, Thousands)	61.29	60.67	60.7	62.56	65.06	65.89	68.4	66.06	66.53	-	-	down
GDP (% YoY)	-	-	0.7	-	-	1.0	-	-	1.4	-	-	up

Switzerland	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
KOF Leading Indicator (Index)	100.4	105.7	103.3	101.2	104.2	103.7	99.8	102.8	100.0	103.0	101.7	down
PMI Manufacturing (Index)	42.1	47.2	44.8	45.1	49.3	48.9	49.2	47.7	47.0	47.5	49.6	down
Real Retail Sales (% YoY)	2.3	0.0	-3.0	2.6	2.8	1.8	2.0	1.2	2.1	1.3	-	up
Trade Balance (Billion, CHF)	4.27	5.79	6.16	4.91	4.7	4.91	8.06	6.03	3.48	6.12	-	down
CPI (% YoY)	1.4	1.4	1.3	1.3	1.1	0.8	0.6	0.7	0.6	0.4	-	down

Japan	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
PMI Manufacturing (Index)	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	down
Machinery Orders (% YoY)	0.7	10.8	-1.7	8.7	-3.4	-4.8	5.6	10.3	4.3	-	-	up
Industrial Production (% YoY)	-1.8	1.1	-7.9	2.9	-4.9	-2.6	1.4	-2.7	-1.6	2.6	-	up
ECO Watchers Survey (Index)	50.2	46.8	47.3	48.3	48.3	47.6	46.6	48.2	49.0	45.5	-	down
Jobs to Applicants Ratio (Index)	1.26	1.24	1.23	1.24	1.23	1.24	1.25	1.25	1.25	-	-	down
Labour Cash Earnings (% YoY)	1.6	2.0	4.5	3.4	2.8	2.5	2.2	3.9	4.4	-	-	up
Retail Sales (% YoY)	8.9	14.4	14.0	5.5	3.9	2.3	-0.7	3.4	2.8	5.2	-	up
Exports (% YoY)	8.3	13.5	5.4	10.2	5.5	-1.7	3.1	3.8	2.8	7.3	-	up
Money Supply M2 (% YoY)	2.2	1.8	1.5	1.5	1.3	1.2	1.2	1.2	1.3	1.3	-	up
CPI Ex Food & Energy (% YoY)	2.0	1.7	1.9	1.6	1.7	1.7	1.6	1.7	1.6	1.5	-	down

China	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
NBS PMI Manufacturing (Index)	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	down
NBS PMI Non Manufacturing (Index)	51.2	51.1	50.5	50.2	50.3	50.0	50.2	50.0	52.2	50.2	50.4	up
Industrial Production (% YoY)	6.7	5.6	5.3	5.1	4.5	5.4	5.3	5.4	6.2	-	-	up
Retail Sales (% YoY)	2.3	3.7	2.0	2.7	2.1	3.2	4.8	3.0	3.7	-	-	up
Exports (% YoY)	1.3	7.4	8.5	6.9	8.6	2.4	12.7	6.6	10.7	-	-	up
CPI (% YoY)	2.0	2.8	3.8	2.7	3.1	0.7	1.3	2.8	3.5	3.9	-	up
PPI (% YoY)	-2.5	-1.4	-0.8	-0.8	-1.8	-2.8	-2.9	-2.5	-2.3	-2.3	-	up
RRR (%)	10.0	10.0	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.5	9.5	down
GDP (% YoY)	-	-	4.7	-	-	4.6	-	-	5.4	-	-	up

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

Source: Bloomberg

Economic Data

India	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
PMI Manufacturing (Index)	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	down
PMI Services (Index)	60.8	60.2	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5	61.1	up
Industrial Production (% YoY)	5.2	6.2	4.9	5.0	0.0	3.2	3.7	5.0	3.2	-	-	down
CPI (% YoY)	4.83	4.8	5.08	3.6	3.65	5.49	6.21	5.48	5.22	4.31	-	down
GDP (% YoY)	-	-	6.52	-	-	5.58	-	-	6.15	-	-	up

Australia	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Trend*
Westpac Leading Indicator	97.04	97.04	97.05	97.01	96.98	96.98	97.14	97.19	97.17	97.29	-	up
Retail Sales (% YoY)	1.37	1.73	2.98	2.4	3.1	2.42	3.39	3.07	4.6	3.66	3.27	up
Unemployment Rate (%)	4.1	4.0	4.1	4.2	4.1	4.1	4.1	3.9	4.0	4.1	-	up
Housing Prices (% YoY)	9.81	9.16	8.62	8.3	7.76	7.33	6.59	6.06	5.43	4.8	4.48	down
CPI (% MoM)	3.6	4.0	3.8	3.5	2.7	2.1	2.1	2.3	2.5	2.5	-	up

Brazil	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
CPI (% YoY)	3.93	3.69	3.93	4.23	4.5	4.24	4.42	4.76	4.87	4.83	4.56	up
Industrial Production (% YoY)	-2.9	8.4	-1.2	3.2	6.1	2.3	3.4	5.9	1.7	1.6	-	down
Retail Sales (% YoY)	5.7	2.1	7.8	4.1	4.6	5.3	2.3	6.7	5.2	2.0	-	down
Trade Balance (Millions, USD)	7167.21	8431.16	8301.79	6328.14	7551.49	4517.12	5079.59	4091.22	6746.53	4635.89	2164.3	down
Budget Balance (Billions, BRL)	-62.98	-69.64	-138.26	-135.72	-101.47	-90.38	-53.77	-74.68	-99.08	-80.37	-	down

Chile	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
Economic Activity Index (% YoY)	0.65	4.04	0.81	-0.14	4.2	2.31	0.3	2.3	2.14	6.57	-	up
CPI (% YoY)	3.74	3.97	4.13	4.19	4.6	4.74	4.13	4.68	4.17	4.53	4.94	up
Retail Sales (% YoY)	0.86	3.74	0.75	8.06	2.45	6.14	3.49	4.17	6.16	5.78	7.97	up
Industrial Production (% YoY)	0.64	2.45	2.14	-1.2	3.7	5.2	-0.36	3.43	1.06	8.77	1.91	up
Unemployment (%)	8.7	8.5	8.3	8.3	8.7	8.9	8.7	8.6	8.2	8.1	8.0	down

Mexico	Mar-2024	Apr-2024	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Trend*
PMI (Index)	51.3	48.94	48.91	48.78	47.04	48.3	48.73	46.95	47.76	47.45	45.59	down
CPI (% YoY)	4.42	4.65	4.69	4.98	5.57	4.99	4.58	4.76	4.55	4.21	3.59	down
Retail Sales (% YoY)	-1.9	2.7	-0.1	-3.1	-0.6	-0.8	-1.5	-1.2	-1.9	-0.2	-	up
Industrial Production (% YoY)	-4.88	4.25	-0.77	-0.33	2.09	0.42	0.79	0.6	-0.12	-0.59	-	down
Remittances (Millions, USD)	5014.6	5418.9	5618.1	6206.9	5592.8	6082.1	5358.4	5722.7	5435.2	5227.8	-	down

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	Mar-2025	1M ago	3M ago	12M ago
UK	30	-6	1	-6
Germany	-181	-217	-217	-176
Switzerland	-377	-417	-402	-339
Japan	-282	-330	-314	-346
China	-247	-292	-222	-179
India	249	211	248	287
Australia	9	-17	8	-3
South Korea	-153	-173	-151	-69
Malaysia	-44	-73	-42	-32
Indonesia	265	250	267	244
Thailand	-208	-223	-194	-161
Philippines	187	167	175	206
Brazil	1102	994	952	662
Mexico	527	556	575	501
Chile	170	150	142	162
Colombia	721	693	658	578
Peru	214	213	234	267

Spread over German Bund (bps)

Country	Mar-2025	1M ago	3M ago	12M ago
France	73	73	85	48
Netherlands	19	19	22	32
Belgium	58	59	60	57
Austria	42	35	44	50
Irland	27	25	31	41
Italy	111	111	119	147
Spain	62	61	70	89
Portugal	52	43	45	73

Source: Bloomberg

Disclaimer and cautionary statement

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