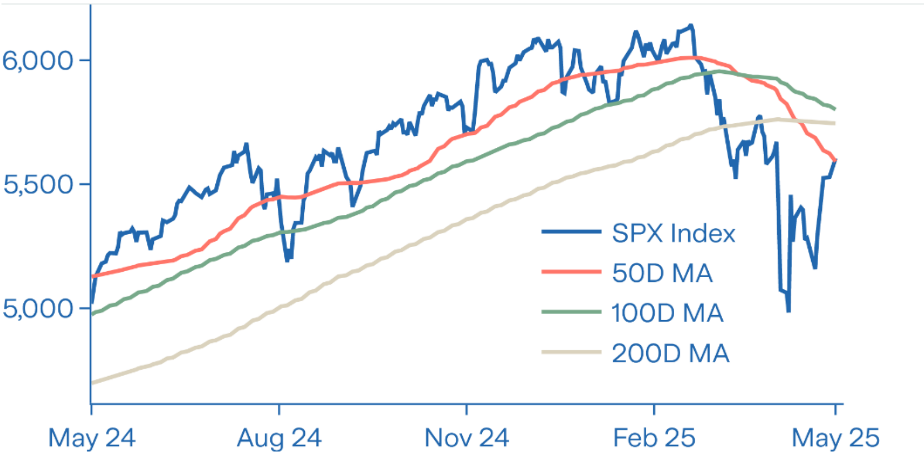
Monthly Investment Insights

2 May 2025

Off to the races or a bear market rally?



Source: Bloomberg

The recent recovery in stock markets after the sharp tumble in early April begs the question whether the bull market will resume or we are merely seeing a bear market rally. Our view remains that a retesting of the lows in stocks is likely and the market pricing appears somewhat complacent, although it is a close call as significant power remains in the hands of the US administration to turn the fortunes of the economy for the better.

US tariff announcements in early April followed by retaliation from China triggered the largest moves in financial markets since the Covid pandemic. Stocks and credit sold off aggressively with the S&P 500 reaching the brink of a bear market. Bond yields initially fell and later rose as investors questioned US exceptionalism and perhaps the worth of US Treasuries in the face of budget and trade deficits, as well as, potential Treasury sales by China and Japan. Concerns around the independence of the Fed and the displeasure shown for Fed Chair Powell by the US president also didn't help sentiment. The US dollar fell and still remains under pressure. Encouragingly, however, despite the initial tough rhetoric, the US administration toned down its stance, which has been spurring the markets upward recently. Following the sharp sell-off in markets, a 90-day pause on reciprocal tarrifs was announced, followed by some tarrif exemptions and eventually the US president stating that he didn't intend to fire the Fed chair.

So what led to this change of heart from the US administration? We believe it was market pressure that was the catalyst. It was not just the sharp drop in stocks and credit assets, but also some reported dislocations in US Treasury bonds and derivatives which concerned policymakers from a financial stability perspective, causing a mellowing of the rhetoric.

We consider the constructive response from US policymakers to be a positive development as it shows market pressures work on the administration. This diminishes the probability of tail risks such as significant financial stability. That said, we would be wary of extrapolating the recent recovery in markets. Damage is being done as the highest US tarrifs in a century are already taking a toll on the economy. Confidence has taken a hit among consumers and businesses and earnings outlooks are opaque with many companies abandoning guidance for the year. Ironically, recent market stability may also embolden the US administration and reduce the incentive to yield ground which may prolong trade negotiations. At the same time, market vulnerabilities that existed even before 'Liberation Day' still remain. Commercial real estate borrowers still face significant refinancing needs as do high yield corporations, especially in Europe. The US banking system remains exposed to government bonds, while smaller banks are disproportionally exposed to commercial real estate exposures.

All in all, while the risk of a recession in the US has risen notably since the beginning of the year, market pricing of both stocks and credit markets appears too complacent, with risks skewed to the downside. We hence believe investors should tread with caution.

Market Assessment

Key developments

- US tarrifs on imported goods reach a 100-year high, despite some recent softening in stance by policymakers
- Markets recover due to softer rhetoric emerging, but risk reward in stocks and credit appears inadequate
- Consumer and CEO confidence tumble as outlooks for the economy and earnings become opaque

Zurich's view

The highest US tarrifs in a century are taking a toll on confidence, although the impact on the economy is not yet fully visible. Economic growth is expected to slow globally as trade flows diminish and US-China trade comes to a standstill. Odds of a US recession stand at 50-50, which is a notable increase since the beginning of the year. Chinese growth is also expected to slow somewhat despite policy support forthcoming.

The US Treasury market remains critical to global financial markets and while investor nerves have been soothed recently, volatility and dislocations need to be keenly watched. Rate cuts are likely to be forthcoming worldwide although the initial impact of tarrifs is likely to be inflationary in the US. Credit markets remain woefully underpriced for a recession, although spreads have now backed off the extremely tight levels seen at the beginning of the year. Within credit, Investment Grade appears more complacently priced than High Yield. Global stock markets also appear to be sanguinely priced, despite the US markets having underperformed. With outlooks opaque, investors seem better off with a cautious outlook on risk assets.

	Key developments	Zurich's view
Global	• Sentiment deteriorates as a trade war is triggered; slumping shipping volumes and softening new orders provide a first glimpse of the impact • Tariffs set to trigger renewed price pressures in the US, while disinflationary impact is likely to be more noticeable in other regions • Global central banks adopt a more dovish stance, with the Fed a key exception	A trade war was triggered in April as the US raised tariffs to the highest level in a century, and China retaliated firmly. This marks the end of an era for global trade and threatens to undermine a robust global growth outlook if the policies are maintained. While some of the most punitive tariffs have been paused amid financial market turbulence, elevated uncertainty has been injected into the global economy. With sentiment deteriorating sharply and investment decisions being put on hold due to intractable uncertainty, the risk of a sudden stop in economic activity has increased. As US tariffs are likely to be disinflationary for the rest of the world, global central banks have stepped up policy easing. This will provide some support during a volatile and uncertain period.
US	• The S&P 500 briefly enters bear market territory as President Trump announces exorbitant tariffs • Soaring Treasury yields put some constraints on how far Trump is willing go • Business activity has slowed markedly as uncertainty weighs on the economic outlook	President Trump announcing and then postponing a massive hike in tariffs has led to the most volatile market environment in years with stock markets falling and Treasury yields temporarily spiking. The S&P 500 briefly entered bear market territory, but rebounded strongly as investors are hoping that the impact of tariffs will be limited and a number of Fed members are signalling potential rate cuts. While investors' reaction, particularly in the bond market, sets some constraints on how far Trump can go, the erratic policy announcements risk disrupting global supply chains, and the heightened uncertainty continues to weigh on the economic outlook. US business activity growth slowed to a 16-month low in April, according to the latest PMI survey data.
UK	• The Composite PMI falls to 48.2 in April, the lowest since November 2022 • Gilt spreads to Treasuries fall back from their recent two-year high • The FTSE 100 outperforms most of its peers given its more defensive composition	While not immune to the ongoing market turbulence, the FTSE 100 suffered less than many of its peers in recent weeks thanks to its more defensive composition. Gilt yields fell back substantially from an intra-month peak as global bond market volatility recedes and the spread relative to US Treasuries shrinks to the lowest in two months. Fuelled by global investors shedding US assets, sterling rose close to a three-year high against the US dollar last month. Meanwhile, uncertainty with regard to US tariffs and concerns around the economic outlook weighed on activity with manufacturing export sales hit particularly hard by rising global trade tensions. Consumer spending remained robust in March, but deteriorating sentiment is pointing at a weakening outlook.
Eurozone	• The ECB cut rates to 2.25%, and a further cut is likely in June • Tariff policy creates significant uncertainty; export-reliant European equities lose significant ground to domestically-oriented firms • Sovereign Eurozone fixed income performed strongly during recent volatility, alongside a stronger EUR exchange rate	The outlook for the Eurozone economy is J-shaped. Negative impacts from tariffs will be offset in the medium-term by enormous fiscal easing and some monetary support. Uncertainty is elevated, and business investment will likely be on hold as long as lower exports weigh on GDP growth. The ECB sees tariffs as negative for growth, with the impact on inflation still uncertain, and are comfortable cutting rates further. Sovereign bonds have performed strongly, with yields reversing the spike that followed Merz's fiscal announcement. Despite positive drivers for Eurozone equities, cross-currents dissuade us from conviction calls in the short-term. Domestically-oriented businesses continue to perform, while large firms reliant on international consumers are poorly positioned in the current environment.
Switzerland	• Economic activity to weaken amid elevated uncertainty and tariffs, though a deeper drawdown is not anticipated • Inflation set to fall further, likely approaching zero amid currency strength and demand weakness • Further rate cuts are now anticipated from the SNB, alongside targeted policy measures to soften tariff impact	Activity weakened ahead of US tariffs that were initially set at 31% rate but later reduced to 10%. The Manufacturing PMI fell back into contractionary territory in March while services activity slumped. Leading April data also suggested further weakness. Since then, the Swiss franc has risen sharply amid financial market volatility while inflation remains weak and should fall further. Given these developments, the SNB is likely to ease policy further, with a rate cut in June increasingly likely. Targeted measures to soften the tariff impact are also expected, with short-term working compensation already extended. This, in combination with the highly diversified economy and likely sticky export demand, should help to drive resilience. That said, risk is to the downside.

	Key developments	Zurich's view
Japan	• Tokyo inflation is accelerating and continues to outpace wages • Industrial activity is already showing strain amid tariff headwinds • The BoJ holds rates steady, pointing to rising external risks and slashing its growth and inflation forecasts	Tokyo inflation accelerated in March and continued to outpace wages while pushing real rates deeper into negative territory, strengthening the case for further BoJ hikes. However, US tariffs have disrupted the outlook, hitting key Japanese industries like autos and steel. Industrial activity showed strain in March, down 1.1% MoM and consumer spending remained soft amid weak consumer confidence. The Bank of Japan (BoJ) held rates steady, pointing to rising external risks and slashing its growth and inflation forecasts. With the yen strengthening on safe-haven flows, export competitiveness is further under pressure. For now, the BoJ is likely to stay on hold, waiting for more clarity on trade tensions. We expect the equity market to stay choppy as growth risks rise and corporate profits are dented by a stronger yen.
China	• The US-China trade feud has escalated into a full-blown trade war • Policymakers pledge support for domestic exporters with credit and redirecting goods domestically • Market volatility is expected to continue due to unpredictable tariff escalations	The US-China trade feud has escalated into a full-blown trade war. China has matched the US's 125% additional tariff and placed export controls on rare earths, where it contributes 70-80% of global production. China also refused trade talks with the US unless recent tariffs are lifted. We think US tariffs could hit China's GDP by up to 1.5%. Policymakers have pledged support for domestic exporters with credit and efforts to redirect goods domestically. China appears willing to endure economic pain to resist US tariff pressure, but trade escalation could harm both nations if no deal is reached. The Hang Seng China Enterprise Index is now trading more than 12% lower from March highs. Market volatility is expected to continue due to unpredictable tariff escalations and no clear trade deal in sight.
India	• The RBI cuts the policy rate to 6% amid easing inflation • Manufacturing PMI has risen notably driven by robust new export orders • JD Vance's visit to India highlights its strategic role in US trade discussions	With inflation easing and growth taking priority, the Reserve Bank of India cut its policy rate to 6% in April, as expected. A favourable monsoon helped keep food inflation in check while core CPI hovers near the RBI's 4% target. We expect another 50bp reduction this year. On the data front, Services PMIs are softening, but manufacturing is gaining momentum, likely boosted by rising export orders from firms like Apple ramping up production in India amid US-China tensions. India is increasingly in the spotlight as a beneficiary of the global supply chain shuffle, with JD Vance's recent visit underscoring its strategic role in US trade discussions. While India's equity market has lost steam after a strong run in 2024, its volatility is lower than regional peers in part due to its limited exposure to tariff-related shocks.
LatAm	• LatAm emerges as an outperformer in April • The region is among the least affected by US reciprocal levies • Mexico improved its outlook, relative to the rest of the world, with respect to access of the US market	The MSCI LatAm Index has emerged as a standout performer in global markets, rising by 6.5% in April. This gain has more than offset the sharp decline that followed the disruptive US tariff announcement on April 2. Beyond the much-needed relief brought by President Trump's recent signals of moderation, LatAm's outperformance is attributed to being one of the regions least affected by the US reciprocal levies. Additionally, the depreciation of the US dollar, the region's valuations trading below historical averages, and various idiosyncratic factors have contributed to this superior performance. Notably, despite a significant economic slowdown, the MSCI Mexico (+13.9% MoM) has benefited from the country's improved outlook for access to the US market relative to the rest of the world.

Valuation snapshot (MSCI Indices)

Current trailing valuations

	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	24.2	15.7	12.5	18.5	14.6	16.1	13.2	11.8	15.6
12m Trailing P/B	4.8	2.1	1.9	3.7	1.5	1.8	1.5	1.7	2.0
12m Trailing P/CF	19.0	16.2	7.6	15.1	10.0	9.6	5.4	4.7	8.8
Dividend Yield	1.3	3.1	3.8	3.0	2.4	2.7	2.6	6.4	3.8
ROE	18.0	11.9	10.9	15.9	9.8	11.4	11.6	12.4	14.5

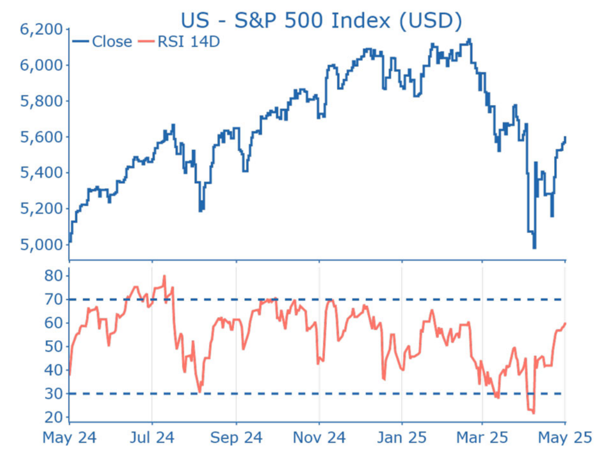
Current trailing valuations relative to MSCI world

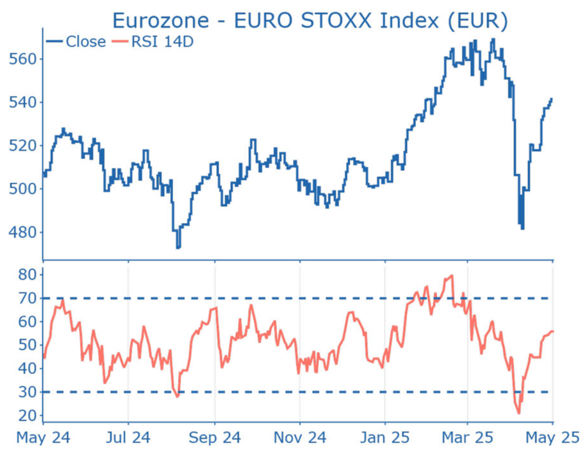
	US	Europe ex UK	UK	Switzerland	Japan	APAC ex Japan	China	Brazil	Mexico
12m Trailing P/E	2.88	-5.63	-8.82	-2.89	-6.75	-5.25	-8.15	-9.56	-5.71
12m Trailing P/B	1.36	-1.33	-1.56	0.22	-2.0	-1.64	-1.98	-1.76	-1.47
12m Trailing P/CF	1.74	-1.11	-9.71	-2.18	-7.27	-7.72	-11.83	-12.61	-8.49
Dividend Yield	-0.51	1.29	1.97	1.19	0.55	0.86	0.76	4.57	1.96
ROE	3.48	-2.63	-3.6	1.37	-4.73	-3.09	-2.86	-2.08	0.03

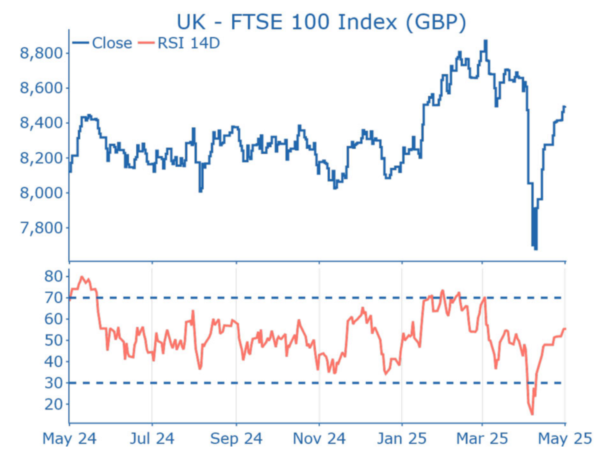
Source: Bloomberg

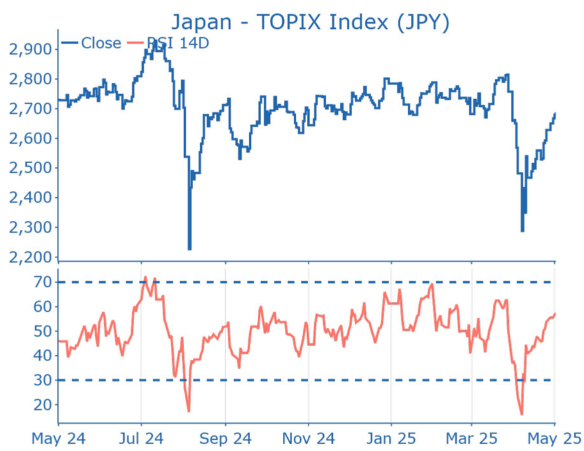
Overbought / Oversold*

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



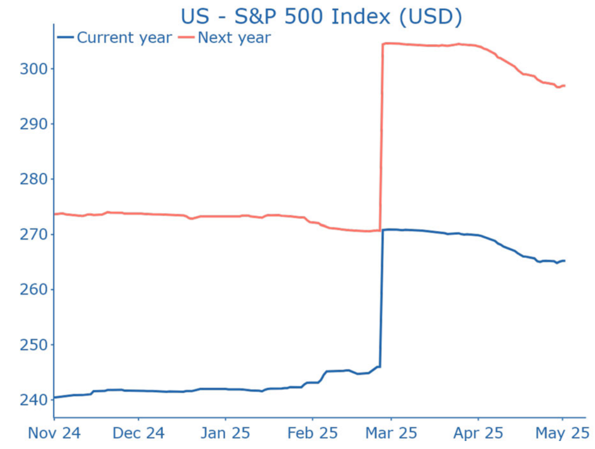


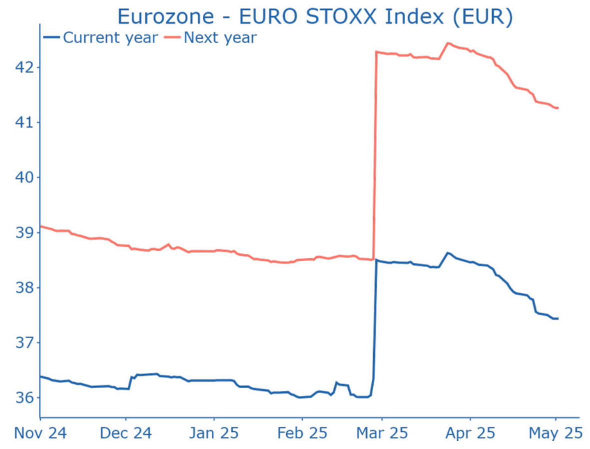


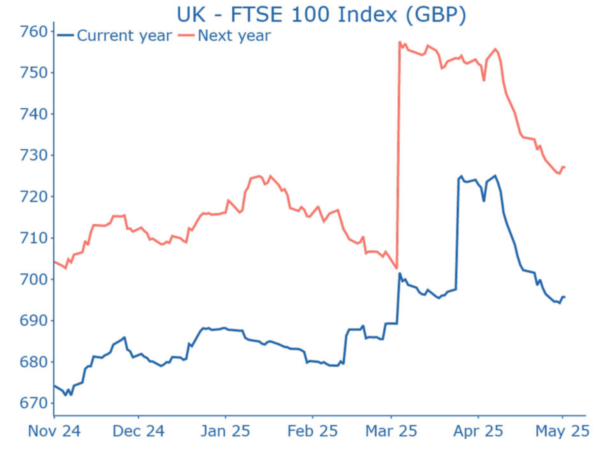


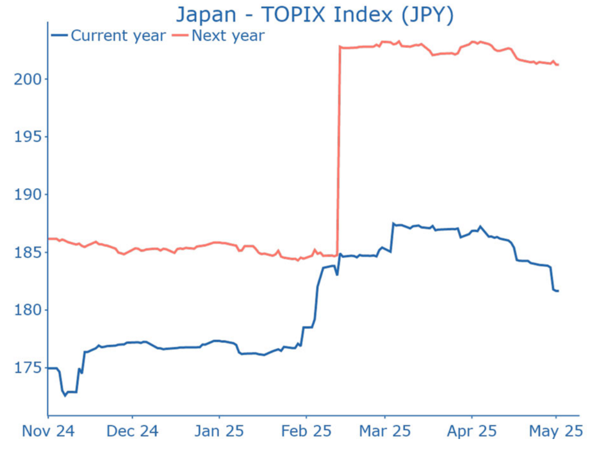
Source: Bloomberg

Earnings estimates - Full fiscal year



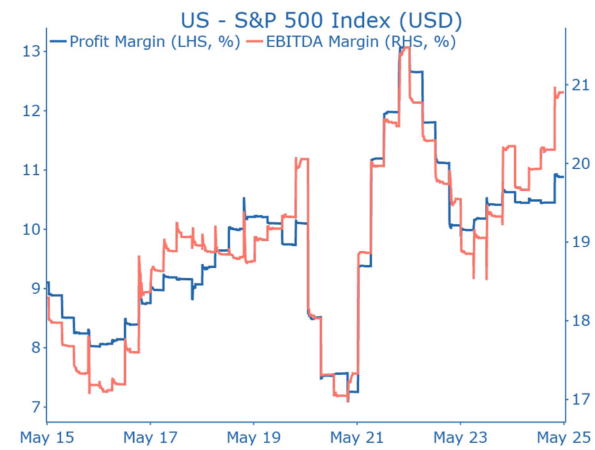


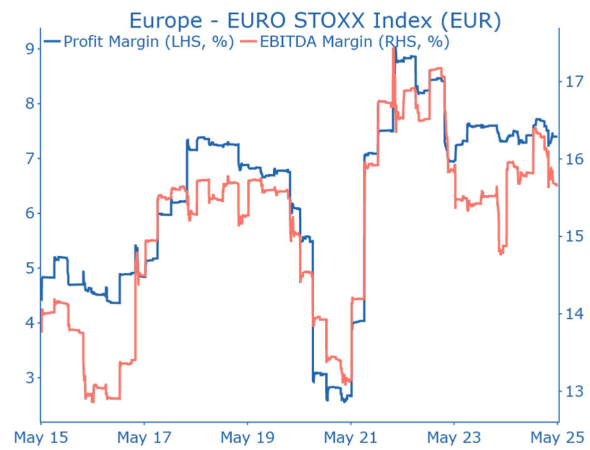


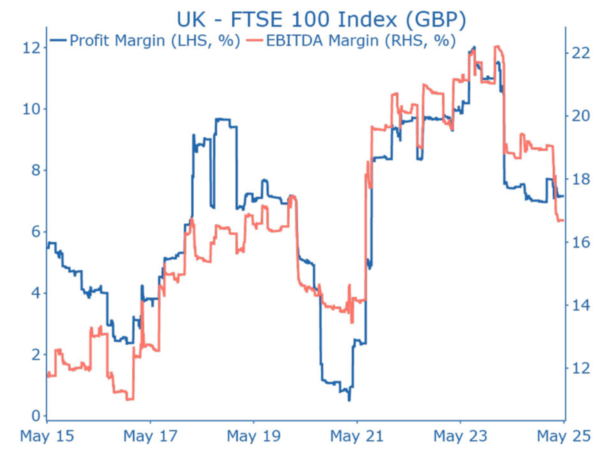


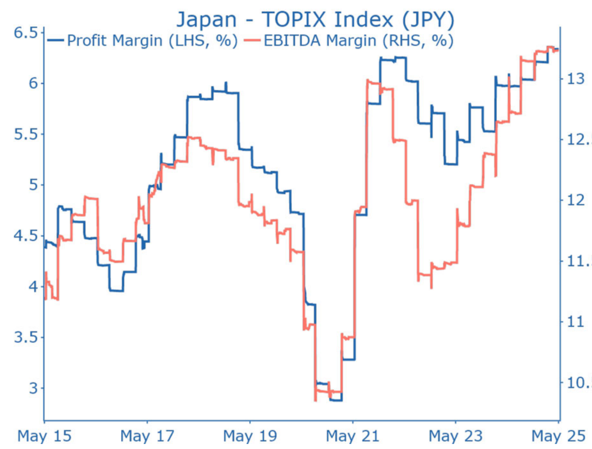
Source: Bloomberg

Historical margins



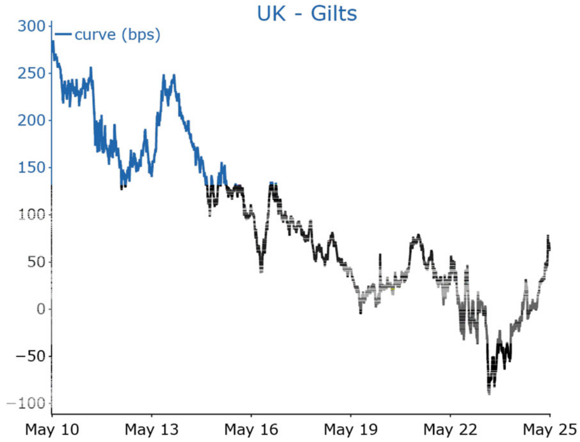


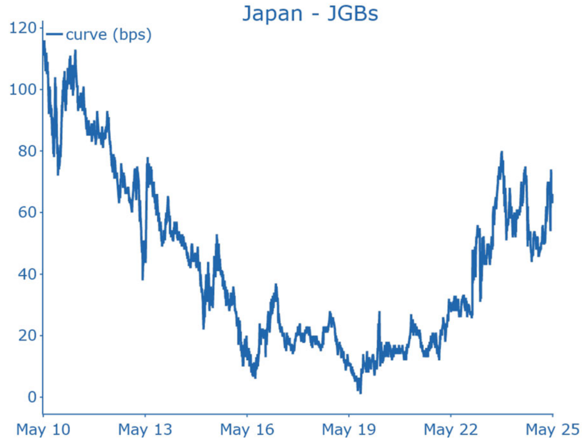




Source: Bloomberg

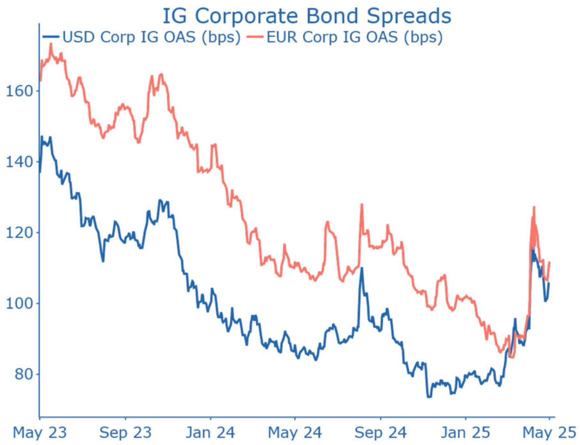
Yield Curve Steepness (10yr - 2yr)

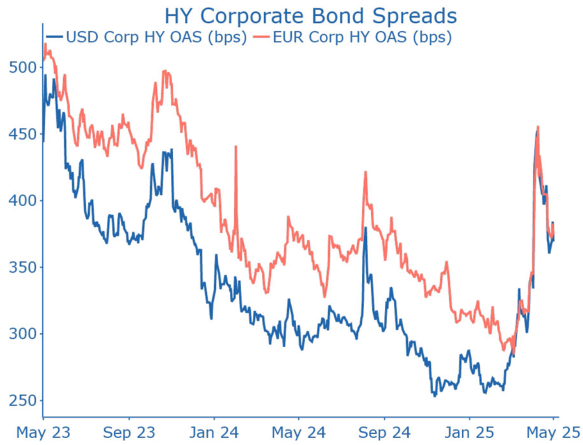


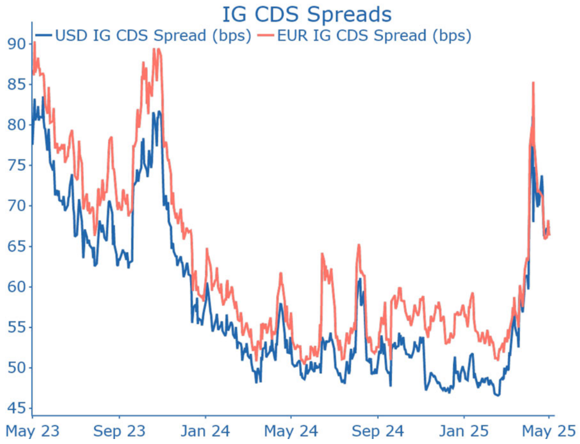


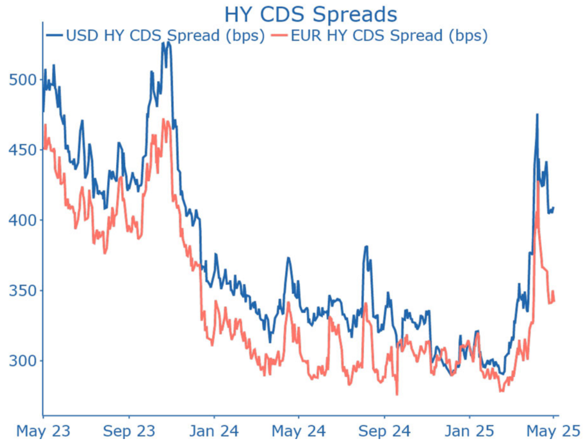
Source: Bloomberg

Credit Markets (US & Europe)









Source: Bloomberg

Economic Data

US	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
ISM Manufacturing (Index)	48.3	47.0	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49.0	48.7	down
ISM Non-Manufacturing (Index)	49.2	51.4	51.6	54.5	55.8	52.5	54.0	52.8	53.5	50.8	-	down
Durable Goods (% MoM)	-6.9	9.8	-0.9	-0.4	0.7	-2.0	-1.8	3.4	0.9	9.2	-	up
Consumer Confidence (Index)	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	86.0	down
Retail Sales (% MoM)	2.0	3.0	1.9	2.0	3.1	3.9	4.6	4.6	3.9	4.9	-	up
Unemployment Rate (%)	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4.0	4.1	4.2	-	up
Avg Hourly Earnings YoY (% YoY)	4.1	4.0	4.2	4.2	4.2	4.1	4.0	4.0	4.2	3.9	-	up
Change in Payrolls (000, MoM)	87.0	88.0	71.0	240.0	44.0	261.0	323.0	111.0	117.0	228.0	-	down
PCE (% YoY)	2.63	2.67	2.73	2.66	2.82	2.83	2.86	2.7	2.96	2.65	-	up
GDP (%, QoQ, Annualized)	3.0	-	-	3.1	-	-	2.4	-	-	-0.3	-	down

Eurozone	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
PMI Manufacturing (Index)	45.8	45.8	45.8	45.0	46.0	45.2	45.1	46.6	47.6	48.6	48.7	up
PMI Services (Index)	52.8	51.9	52.9	51.4	51.6	49.5	51.6	51.3	50.6	51.0	49.7	down
IFO Business Climate (Index)	88.4	87.0	86.6	85.4	86.5	85.6	84.7	85.2	85.3	86.7	86.9	up
Industrial Production (% YoY)	-4.1	-2.3	-0.6	-2.2	-1.1	-2.0	-1.8	-0.5	1.2	-	-	up
Indeed 3m average wage growth (% YoY)	3.37	3.49	3.68	3.49	3.38	3.38	3.41	3.21	2.86	2.67	-	down
Unemployment Rate (%)	6.4	6.4	6.3	6.3	6.2	6.2	6.2	6.2	6.1	-	-	down
Euro-Area Credit Impulse (%, SA)	0.29	1.65	1.64	2.39	2.62	2.83	1.22	2.99	3.22	2.58	-	up
EUR HICP 5y5y Inflation Swaps	2.3	2.21	2.13	2.1	2.13	1.99	2.02	2.08	2.04	2.13	2.06	up
CPI (% YoY)	2.5	2.6	2.2	1.7	2.0	2.2	2.4	2.5	2.3	2.2	-	down
Core CPI (% YoY)	2.9	2.9	2.8	2.7	2.7	2.7	2.7	2.7	2.6	2.4	-	down
GDP (% QoQ)	0.2	-	-	0.4	-	-	0.2	-	-	0.4	-	up

UK	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
PMI Manufacturing (Index)	50.9	52.1	52.5	51.5	49.9	48.0	47.0	48.3	46.9	44.9	45.4	down
PMI Services (Index)	52.1	52.5	53.7	52.4	52.0	50.8	51.1	50.8	51.0	52.5	48.9	down
Consumer Confidence (Index)	-14.0	-13.0	-13.0	-20.0	-21.0	-18.0	-17.0	-22.0	-20.0	-19.0	-23.0	down
Unemployment Rate (%)	4.2	4.2	4.1	4.3	4.3	4.4	4.4	4.4	4.4	-	-	down
CPI (% YoY)	2.0	2.2	2.2	1.7	2.3	2.6	2.5	3.0	2.8	2.6	-	down
House Prices (% YoY)	1.5	2.1	2.4	3.2	2.4	3.7	4.7	4.1	3.9	3.9	3.4	down
Mortgage Approvals (SA, Thousands)	60.86	62.65	65.12	65.93	68.37	65.97	66.29	65.96	65.09	64.31	-	down
GDP (% YoY)	1.1	-	-	1.2	-	-	1.5	-	-	-	-	down

Switzerland	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
KOF Leading Indicator (Index)	103.1	101.1	104.4	103.6	99.7	102.2	99.8	102.9	102.5	103.2	97.1	down
PMI Manufacturing (Index)	44.8	45.1	49.3	48.9	49.2	47.7	47.0	47.5	49.6	48.9	-	up
Real Retail Sales (% YoY)	-3.0	2.6	2.8	1.8	1.9	1.5	2.4	3.2	1.2	2.2	-	down
Trade Balance (Billion, CHF)	6.16	4.91	4.7	4.91	8.04	6.02	3.46	6.13	4.74	6.35	-	up
CPI (% YoY)	1.3	1.3	1.1	0.8	0.6	0.7	0.6	0.4	0.3	0.3	-	down

Japan	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
PMI Manufacturing (Index)	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	48.4	48.7	down
Machinery Orders (% YoY)	-1.7	8.7	-3.4	-4.8	5.6	10.3	4.3	4.4	1.5	-	-	down
Industrial Production (% YoY)	-8.2	2.6	-4.9	-3.2	0.8	-3.3	-2.2	2.2	0.1	-0.3	-	up
ECO Watchers Survey (Index)	47.3	48.3	48.3	47.6	46.6	48.2	49.0	45.5	45.1	47.8	-	down
Jobs to Applicants Ratio (Index)	1.24	1.25	1.24	1.25	1.25	1.25	1.25	1.26	1.24	1.26	-	down
Labour Cash Earnings (% YoY)	4.5	3.4	2.8	2.5	2.2	3.9	4.4	1.8	2.7	-	-	down
Retail Sales (% YoY)	14.0	5.5	3.9	2.3	-0.7	3.4	2.8	5.2	-1.5	-2.8	-	down
Exports (% YoY)	5.4	10.2	5.5	-1.8	3.1	3.8	2.7	7.3	11.4	4.0	-	up
Money Supply M2 (% YoY)	1.5	1.5	1.3	1.2	1.2	1.2	1.3	1.3	1.2	0.8	-	down
CPI Ex Food & Energy (% YoY)	1.9	1.6	1.7	1.7	1.6	1.7	1.6	1.5	1.5	1.6	-	down

China	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
NBS PMI Manufacturing (Index)	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49.0	up
NBS PMI Non Manufacturing (Index)	50.5	50.2	50.3	50.0	50.2	50.0	52.2	50.2	50.4	50.8	50.4	down
Industrial Production (% YoY)	5.3	5.1	4.5	5.4	5.3	5.4	6.2	-	-	7.7	-	up
Retail Sales (% YoY)	2.0	2.7	2.1	3.2	4.8	3.0	3.7	-	-	5.9	-	up
Exports (% YoY)	8.5	6.9	8.6	2.4	12.7	6.6	10.7	6.0	-3.0	12.4	-	down
CPI (% YoY)	3.8	2.7	3.1	0.7	1.3	2.8	3.5	4.4	1.3	3.1	-	down
PPI (% YoY)	-0.8	-0.8	-1.8	-2.8	-2.9	-2.5	-2.3	-2.3	-2.2	-2.5	-	up
RRR (%)	10.0	10.0	10.0	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	down
GDP (% YoY)	4.7	-	-	4.6	-	-	5.4	-	-	5.4	-	down

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

Source: Bloomberg

Economic Data

India	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
PMI Manufacturing (Index)	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	up
PMI Services (Index)	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	59.1	up
Industrial Production (% YoY)	4.9	5.0	0.0	3.2	3.7	5.0	3.7	5.2	2.7	3.0	-	down
CPI (% YoY)	5.08	3.6	3.65	5.49	6.21	5.48	5.22	4.26	3.61	3.34	-	down
GDP (% YoY)	6.52	-	-	5.58	-	-	6.15	-	-	-	-	down

Australia	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Apr-2025	Trend*
Westpac Leading Indicator	97.01	96.98	96.94	96.95	97.1	97.18	97.19	97.3	97.37	97.26	-	up
Retail Sales (% YoY)	2.97	2.42	3.11	2.38	3.41	3.08	4.58	3.84	3.65	4.34	4.08	up
Unemployment Rate (%)	4.1	4.2	4.1	4.1	4.1	3.9	4.0	4.1	4.0	4.1	-	up
Housing Prices (% YoY)	8.62	8.3	7.76	7.33	6.59	6.06	5.43	4.8	4.48	4.28	3.86	down
CPI (% MoM)	3.8	3.5	2.7	2.1	2.1	2.3	2.5	2.5	2.4	2.4	-	down

Brazil	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Trend*
CPI (% YoY)	3.93	4.23	4.5	4.24	4.42	4.76	4.87	4.83	4.56	5.06	5.48	up
Industrial Production (% YoY)	-1.2	3.2	6.1	2.3	3.4	6.0	1.6	1.4	1.3	1.5	-	down
Retail Sales (% YoY)	7.0	3.4	3.8	4.6	1.6	6.0	4.5	1.3	3.1	1.5	-	down
Trade Balance (Millions, USD)	8301.79	6328.14	7551.49	4517.12	5079.59	4091.22	6746.53	4635.89	2272.9	-445.55	8154.51	down
Budget Balance (Billions, BRL)	-138.26	-135.72	-101.47	-90.38	-53.77	-74.68	-99.08	-80.37	63.74	-97.23	-71.62	up

Chile	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Trend*
Economic Activity Index (% YoY)	0.36	-0.67	3.98	1.86	0.2	2.62	2.32	6.77	2.3	-0.12	-	down
CPI (% YoY)	4.13	4.19	4.6	4.74	4.13	4.68	4.17	4.53	4.94	4.73	4.87	up
Retail Sales (% YoY)	0.75	8.06	2.45	6.14	3.49	4.17	6.16	5.78	7.55	2.7	6.87	up
Industrial Production (% YoY)	2.14	-1.2	3.7	5.2	-0.36	3.43	1.06	8.77	1.97	-3.58	4.51	down
Unemployment (%)	8.3	8.3	8.7	8.9	8.7	8.6	8.2	8.1	8.0	8.4	8.7	up

Mexico	May-2024	Jun-2024	Jul-2024	Aug-2024	Sep-2024	Oct-2024	Nov-2024	Dec-2024	Jan-2025	Feb-2025	Mar-2025	Trend*
PMI (Index)	48.87	48.73	47.04	48.29	48.76	47.03	47.87	47.61	45.66	47.07	47.19	down
CPI (% YoY)	4.69	4.98	5.57	4.99	4.58	4.76	4.55	4.21	3.59	3.77	3.8	down
Retail Sales (% YoY)	-0.1	-3.1	-0.6	-0.8	-1.5	-1.2	-1.9	-0.2	2.7	-1.1	-	up
Industrial Production (% YoY)	-0.77	-0.33	2.09	0.42	0.79	0.6	-0.12	-0.59	-0.86	-0.29	-	down
Remittances (Millions, USD)	5618.1	6206.9	5592.8	6082.1	5358.4	5722.7	5435.2	5223.0	4660.2	4458.5	-	down

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

Source: Bloomberg

Spread Snapshot (Generic Government Yield 10yr, bps)

Spread over US Treasuries (bps)

Country	May-2025	1M ago	3M ago	12M ago
UK	24	50	0	-29
Germany	-174	-140	-207	-204
Switzerland	-389	-358	-411	-379
Japan	-295	-265	-329	-368
China	-259	-234	-290	-226
India	213	235	216	257
Australia	0	28	-10	-13
South Korea	-165	-136	-168	-93
Malaysia	-56	-36	-73	-61
Indonesia	266	287	245	260
Thailand	-234	-219	-224	-182
Philippines	203	206	169	241
Brazil	984	1085	1026	706
Mexico	512	509	557	521
Chile	147	170	149	153
Colombia	812	796	690	605
Peru	231	252	216	262

Spread over German Bund (bps)

Country	May-2025	1M ago	3M ago	12M ago
France	71	70	74	48
Netherlands	23	22	19	29
Belgium	58	55	60	53
Austria	43	38	35	48
Irland	34	32	26	38
Italy	110	109	109	132
Spain	65	62	60	77
Portugal	55	51	41	62

Source: Bloomberg

Disclaimer and cautionary statement

This publication has been prepared by Zurich Insurance Group Ltd and the opinions expressed therein are those of Zurich Insurance Group Ltd as of the date of writing and are subject to change without notice.

This publication has been produced solely for informational purposes. The analysis contained and opinions expressed herein are based on numerous assumptions concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies. Different assumptions could result in materially different conclusions. All information contained in this publication have been compiled and obtained from sources believed to be reliable and credible but no representation or warranty, express or implied, is made by Zurich Insurance Group Ltd or any of its subsidiaries (the 'Group') as to their accuracy or completeness.

Opinions expressed and analyses contained herein might differ from or be contrary to those expressed by other Group functions or contained in other documents of the Group, as a result of using different assumptions and/or criteria.

The Group may buy, sell, cover or otherwise change the nature, form or amount of its investments, including any investments identified in this publication, without further notice for any reason.

This publication is not intended to be legal, underwriting, financial investment or any other type of professional advice. No content in this publication constitutes a recommendation that any particular investment, security, transaction or investment strategy is suitable for any specific person. The content in this publication is not designed to meet any one's personal situation. The Group hereby disclaims any duty to update any information in this publication.

Persons requiring advice should consult an independent adviser (the Group does not provide investment or personalized advice).

The Group disclaims any and all liability whatsoever resulting from the use of or reliance upon publication. Certain statements in this publication are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans, developments or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, developments and plans and objectives to differ materially from those expressed or implied in the forward-looking statements.

The subject matter of this publication is also not tied to any specific insurance product nor will it ensure coverage under any insurance policy.

This publication may not be reproduced either in whole, or in part, without prior written permission of Zurich Insurance Group Ltd, Mythenquai 2, 8002 Zurich, Switzerland. Neither Zurich Insurance Group Ltd nor any of its subsidiaries accept liability for any loss arising from the use or distribution of publication. This publication is for distribution only under such circumstances as may be permitted by applicable law and regulations. This publication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

Zurich Insurance Group Ltd

Investment Management
Mythenquai 2
8002 Zurich

173008049 (01/22) TCL