February 2022

China in the crosswinds

Overview

With a reported 8.1% increase in real GDP in 2021, China's economic growth is the envy of almost all developed countries. But this figure is not all that it seems. Activity slowed markedly late in the year, resulting in growth of just 4%; excluding the period of the pandemic, this was the smallest gain for some decades. Does this matter? Yes and no. On closer examination, the final months of 2021 were pretty much in line with the country's long-term growth trend, meaning a gradual deceleration since the start of the 2010s that reflects inevitable convergence with growth rates in other major economies. But then the problem of a structural decline in the potential growth rate should not be confused with several short-term risks, which although more cyclical in nature are not to be underestimated: burgeoning private sector debt (the woes of the property sector are a perfect illustration of what this can mean), widespread social unrest and the brutal reassertion of political control over economic life.

China's private sector debt bubble is the main cause of global economic uncertainty at the moment, as any collapse could the country's material progress and kick off a domino effect worldwide. The figures certainly make for sobering reading. Official data show that Chinese corporate debt amounted to 139.1% of GDP in 2020, and given the opacity of the national financial system it seems likely that the real number is rather higher.

2022 will see a decoupling of Western from Chinese monetary policies. China has no need to tackle inflation, unlike the USA and euro zone (although strong price pressures in the American economy are still not our baseline scenario). It will therefore favour lower interest rates to bolster domestic activity, which is the precise opposite of what the Federal Reserve wants to do.

Given China's structural challenges, we will continue to favour Western assets this year. Asian equities underperformed badly last year, correcting 35% between February and year-end; although that should be less marked in 2022 – a number of negative factors have already been priced in – poor visibility on Chinese markets leaves their risk-return profiles less attractive than they are in the West.

Although earnings growth prospects for Q4 2021 were considerably weaker than in preceding quarters, the results season that started in mid-January has been impressive. With a little more than a third of S&P 500 companies having announced their figures at the time of writing, index EPS is expected to be 24.3% for the quarter, compared with an estimate of 21.4% at the end of December. Moreover, 78% of the companies that have reported their results came with positive surprises, just ahead of the average for the past five years (76%). On the other hand, the consensus aggregate estimate is being beaten by 'only' 4% at the moment, compared with an average 8.6% (!) over the past five years. In short, the rate at which earnings figures are being adjusted reveals less optimism than has been evident for many quarters.

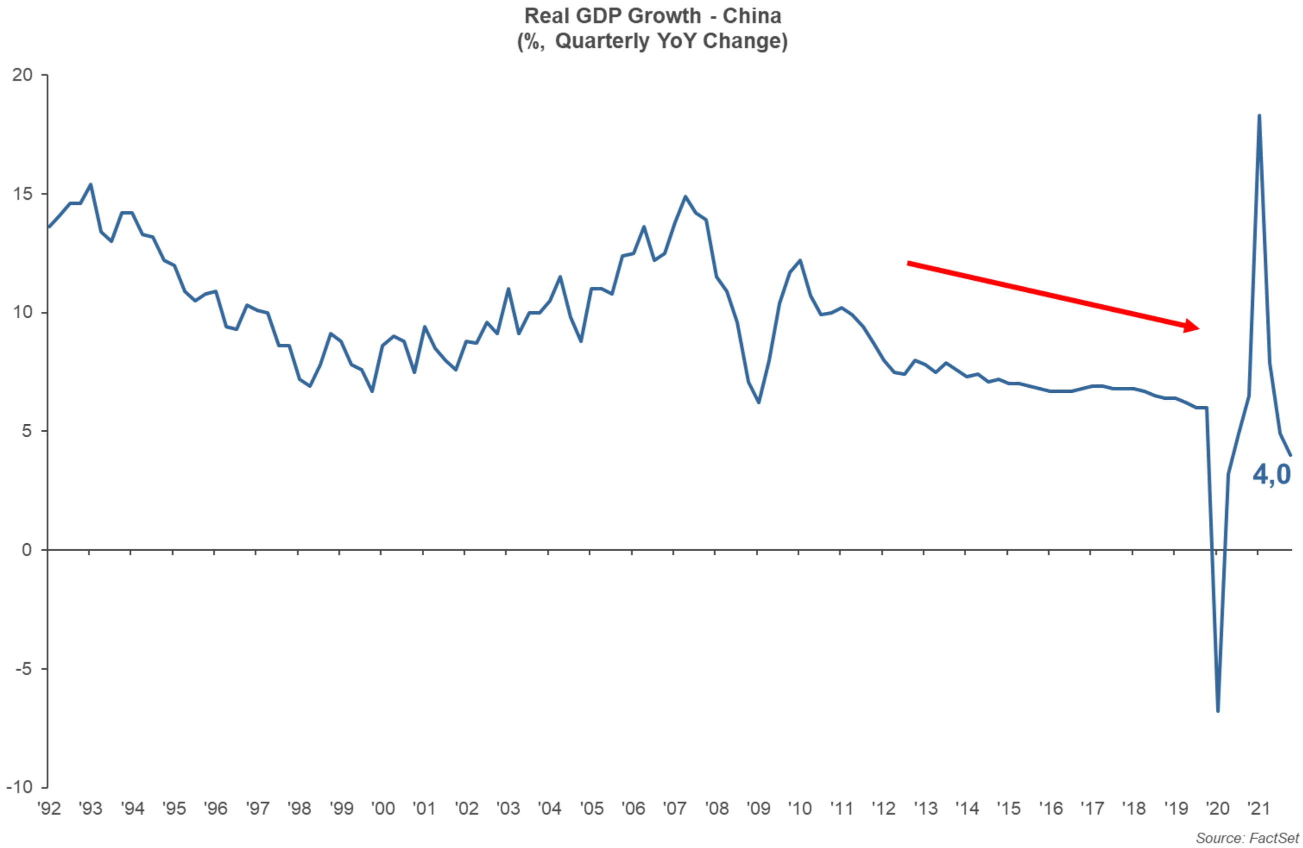
Our valuation model suggests that US equities are now slightly undervalued, and a 7-8% rise is conceivable under both of our two scenarios. In our view, Wall Street could recover its previous highs but are unlikely to stage a sustained rally. They are more likely to trade sideways, offering scope for stock-picking strategies capable of generating alpha. In the euro zone, our model indicates that equities are undervalued, and just how much depends on where interest rates go (in the event of a slow recovery, they would inevitably tend towards zero). Appreciation potential is slightly greater than that for US equities, at around 12-15% in all our scenarios. We therefore continue to overweight European markets against Wall Street.

Michaël Sellam

The Chinese economy starts to flag

With a reported 8.1% increase in real GDP in 2021, China's economic growth is the envy of almost all developed countries. But this figure is not all that it seems. Activity slowed markedly late in the year, resulting in growth of just 4%; excluding the period of the pandemic, this was the smallest gain for some decades (see chart). Does this matter? Yes and no. On closer examination, the final months of 2021 were pretty much in line with the country's long-term growth trend, meaning a gradual deceleration since the start of the 2010s that reflects inevitable convergence with growth rates in other major economies such as the USA and euro zone. Its economy is simply maturing, in all senses of the word. But then the problem of a structural decline in the potential growth rate should not be confused with several short-term risks, which although more cyclical in nature are not to be underestimated: burgeoning private sector debt (the woes of the property sector are a perfect illustration of what this can mean), widespread social unrest and the brutal reassertion of political control over economic life.

Although gradual, the trend since the end of the 2000s has been slower Chinese growth



Source: FactSet

The stone in the shoe: private debt

In our January letter, we highlighted the risk of default hanging over the main listed Chinese property developers (Evergrande, Kaisa, Shimao) and the collapse of their share prices. The biggest source of nervousness around the world economy is now the prospect of a collapsing private debt bubble in China, as that could the country's material progress and kick off a domino effect worldwide. The figures certainly make for sobering reading. Official data show that Chinese corporate debt amounted to 139.1% of GDP in 2020, and given the opacity of the national financial system it seems likely that the real number is rather higher. By way of comparison, private sector debt amounts to 51.1% in the USA and 64.7% in the euro zone. Unfortunately, this particular iceberg is a real obstacle to world recovery, and if the authorities do not tackle it now it could wreak the same damage that the subprime crisis did in 2008-09. Although the Chinese government has proved very adept at managing the economy over the past 20 years, the situation is perilous – and stressful for international investors.

China's ageing population will be one of the biggest challenges of all

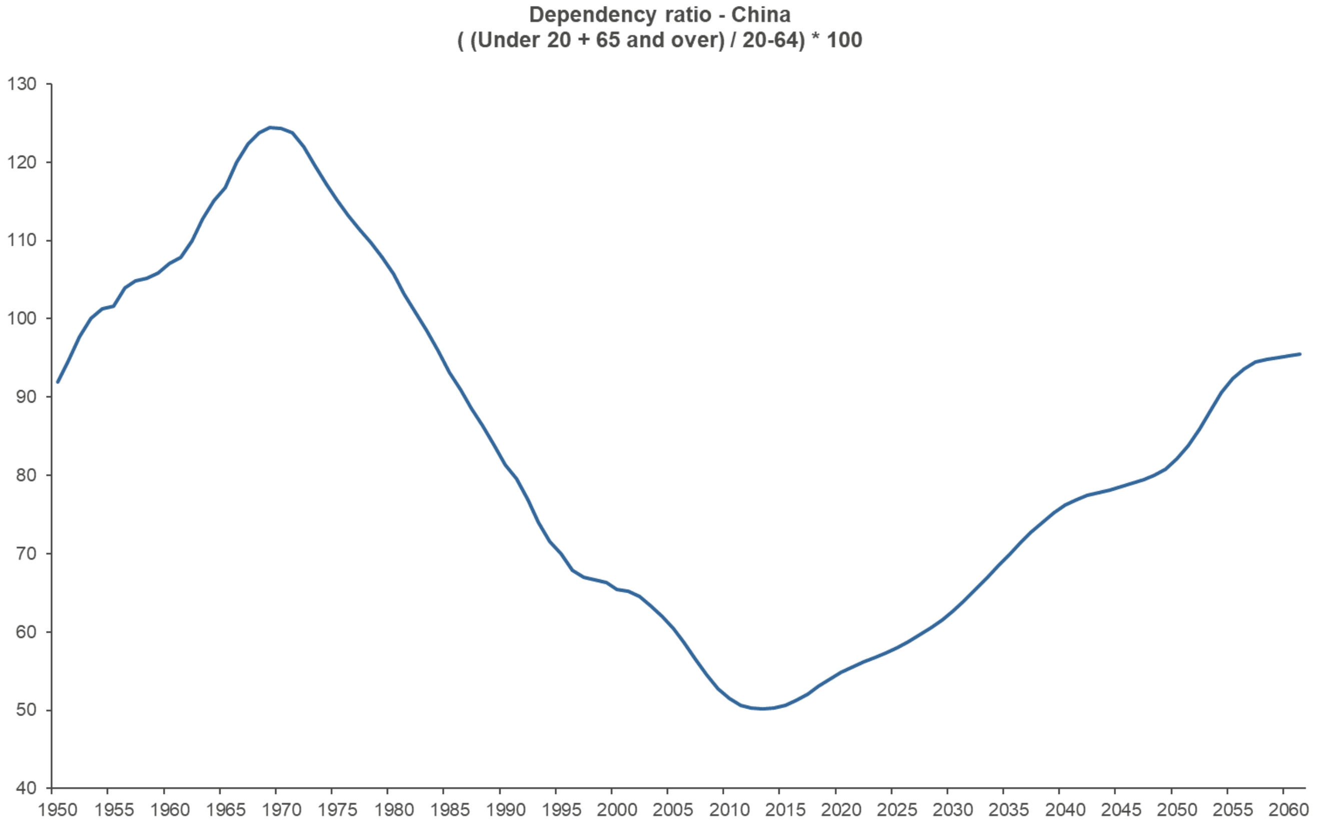
One cannot really grasp the extent of China's demographic challenge without an understanding of the orders of magnitude involved. The ratio that captures it best is undoubtedly the dependency ratio[1]. As the chart shows, this ratio is changing direction. China has long benefited from what is known as a 'demographic dividend', a phenomenon extremely positive for economic growth in which the number of dependents has been shrinking relative to the number of people of working age. The country will now have to adapt to the contrary phenomenon, with a rapid and continuous rise in the dependency ration that renders obsolete the growth model it relied on for its first stage of development. If it wishes to progress further, the world's second-largest economy will have to find other means of doing so. Either way, growth will be more uncertain and more erratic than it has been so far.

Specifically, the number of over-65s in China will rise to 250 million in 2030, to a quarter of the population by 2040 and to a third of the population by 2060. That change is even more dramatic relative to the population of working age: for every 100 of such individuals, there will be 27 people aged over 65 by 2030, 42 by 2040 and 58 by 2060.

In the light of these figures, and given that the country is not sufficiently prepared for this tsunami (inadequate infrastructure, a limited pay-as-you-go pensions regime, a lack of provisioning, etc.), it is easy to understand why Xi Jinping has been calling since last summer for a better split of national value added to the benefit of all Chinese, not simply the class of 'nouveaux riches' that has developed over the past 20 years. The government has no choice but to commit to defending the interests of the many when it will struggle to generate enough growth to ensure social stability. This means that we are likely to see intensive reform efforts in the months and years ahead, especially in terms of taxation. Their content and success will be critical to the performance of Chinese assets, both financial and tangible.

[1] The ratio between dependents (people aged under 20 and over 65) and people of working age (between 20 and 65).

Changes in China's dependency ratio will mean major social reforms



Source: FactSet

With so much uncertainty, Chinese savings will remain high for some time at least

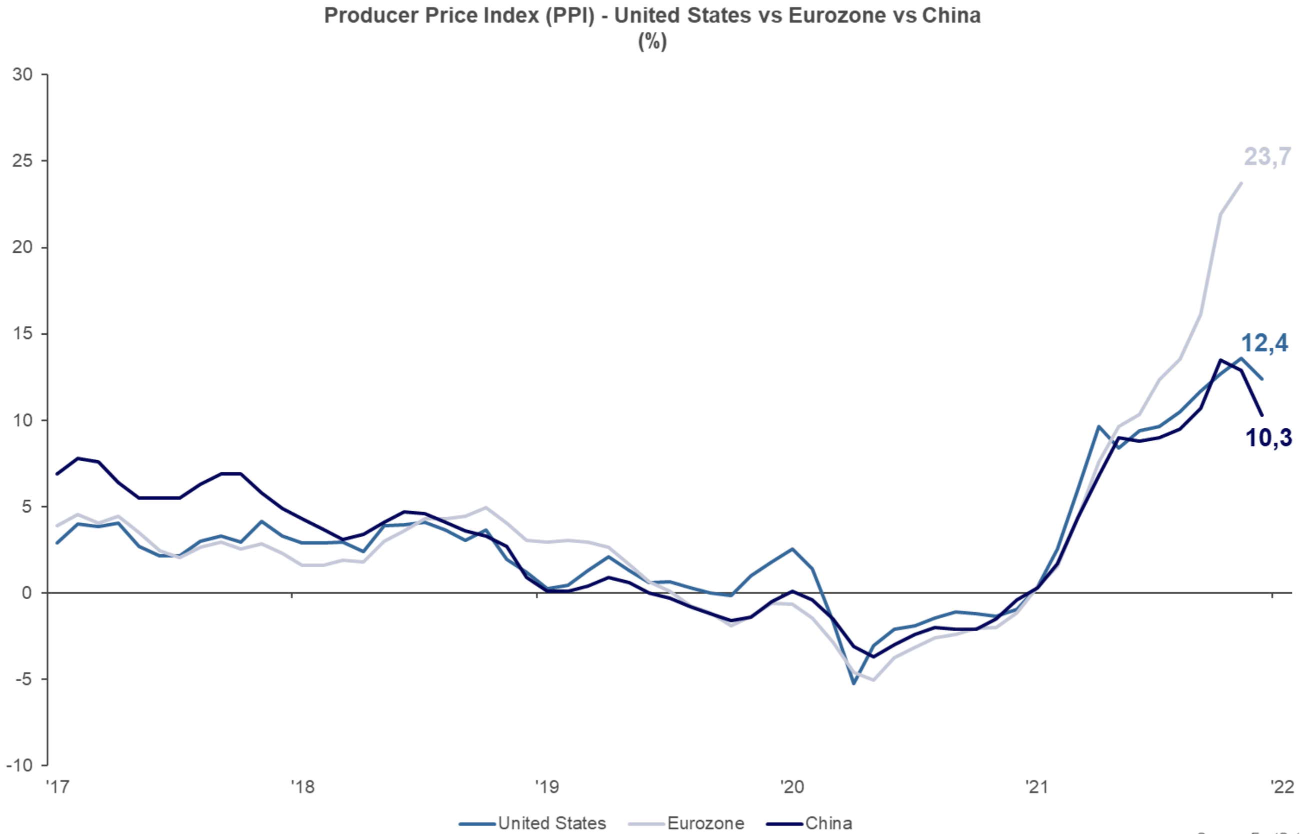
An ageing population would normally lead us to expect a decline in the national savings ratio, but in China it is still very high at 44.6% of GDP in 2021. This is not necessarily negative, for two reasons. Firstly, it is generally proving successful in underpinning the country's economic future: productive investment is itself very high (42.9% of GDP in 2020). Secondly, the impact of high savings is felt mainly on consumer spending: retail sales increased just 1.7% in the year to December 2021, for example. We should understand that despite its communist rhetoric, China's social model does not place much stock on state protection for household finances. Breadwinners can sometimes take care of several generations of dependents and therefore tend towards excess saving for precautionary reasons, especially when there is no pensions regime worthy of the name. In a highly competitive domestic economy – the result of a decade of excessive investment – Chinese householders' extreme caution by international standards acts as protection against inflation.

China's situation is an eloquent reminder of the macroeconomic role of savings in uncertain times. Emerging countries can provide a number of examples: those that had high savings before the pandemic were able to finance anti-crisis measures without too many negative consequences. Vietnam boasted gross savings amounting to 25.4% of GDP in 2020; it managed the pandemic well and its GDP is forecast to increase 7.3% this year (FactSet consensus). In contrast, countries with very low savings, such as South Africa (gross savings of 16.4% of GDP) and Brazil (16.7% of GDP), suffered greatly during the crisis and continue to report difficulties (excessive foreign debt, a lack of investment, a deteriorating trade balance, etc.) that will affect them for a long while yet. The IMF expects South African and Brazilian GDP growth to be just 2.2% and 1.5%, respectively, in 2022.

China will continue to avoid inflation

China's 'zero Covid' policy had two interesting consequences. Initially, it enabled the country to come through lockdown early and get its productive capacity back on track before other major economies (driving the prices of raw materials and unfinished goods higher in the process). The authorities could then refocus on issues other than the pandemic, particularly supply chains and stabilising input prices. It all meant that China largely avoided the surge in producer price inflation that it was mainly responsible for! Annual producer price inflation was just 10.3% in December, compared with 12.4% in the USA and 23.7% in the euro zone.

Producer price inflation was tamer in China in 2021 than it was elsewhere

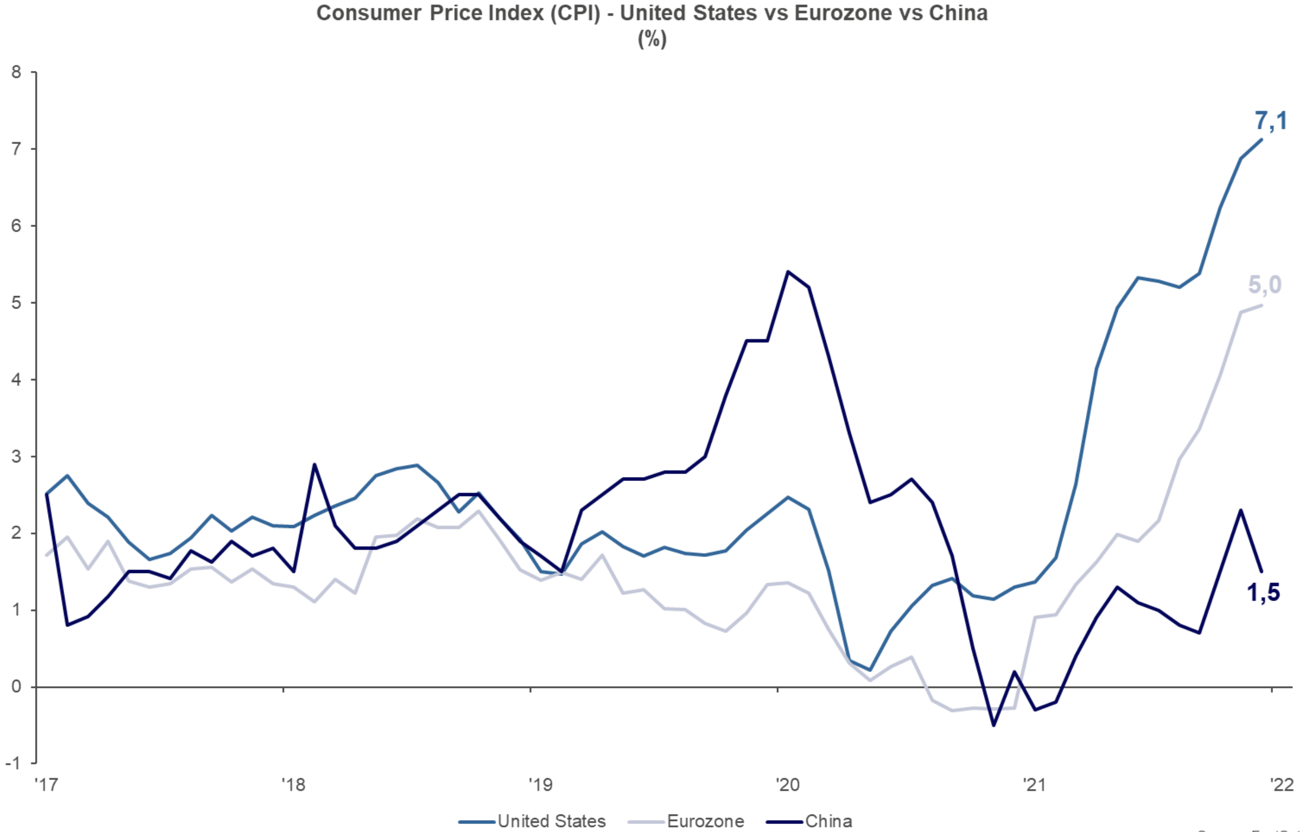


Source: FactSet

The Chinese government's self-satisfaction is not entirely unmerited. During the worst of the pandemic in 2020 and 2021, the authorities succeeded in avoiding food price inflation, which has been a risk for some time. Western observers have perhaps not focused on this enough, as it has effectively removed the Chinese economy from the 'emerging' category. To put that into perspective, we recall that the food price inflation rate was 21.9% in February, largely because of pressure on pork prices that itself stemmed from a combination of poor supply (swine flu) and high demand (pork is the primary source of protein in China). The authorities dealt with it by building huge pig farms, almost certainly to the detriment of animal welfare, resulting in a drop in the food price inflation rate to below zero (-1.2%) in December 2021. In terms of inflation at least, from food to input prices, the government has played its cards well.

Weak domestic demand and excessive competition (a fear of losing market share) have ensured that producer price inflation has not been passed on to consumers. CPI inflation was running at just 1.5% in December, compared with 7.1% in the USA and 4.9% in the euro zone. Chinese official discourse makes no mention of inflation at all. This leaves the government with significant budgetary and monetary leeway in sustaining activity, which is precisely what Western economies lack.

Inflation is hardly a problem for China



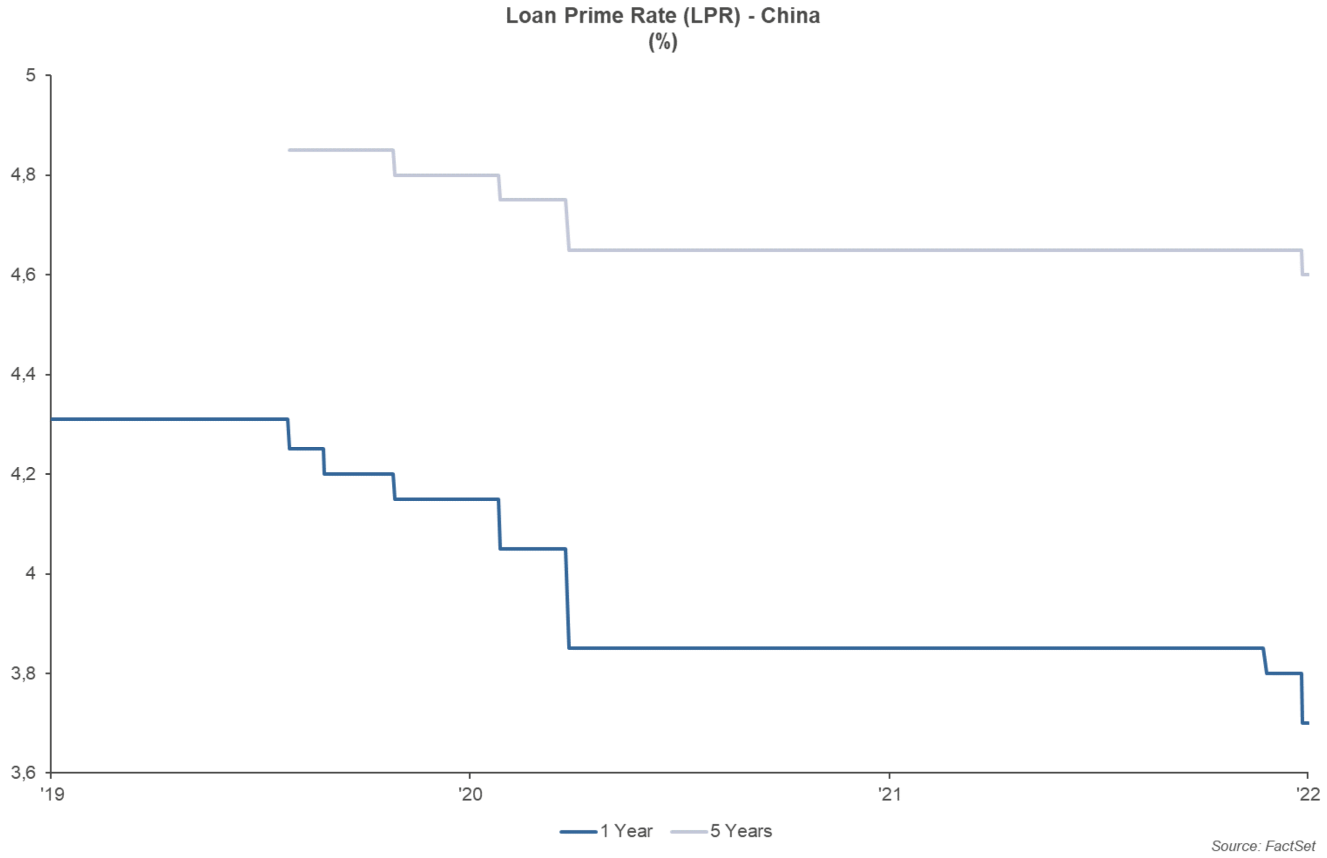
Source: FactSet

In contrast to the West, China will ease monetary policy further

2022 will see a decoupling of Western from Chinese monetary policies. China has no need to tackle inflation, unlike the USA and euro zone (although strong price pressures in the American economy are still not our baseline scenario). It will therefore favour lower interest rates to bolster domestic activity, which is the precise opposite of what the Federal Reserve wants to do. As interest rates were much higher in China than in Western countries before the pandemic, essentially to curb what was regarded as excessive credit growth, it now has more scope to cut them than other countries do (see chart).

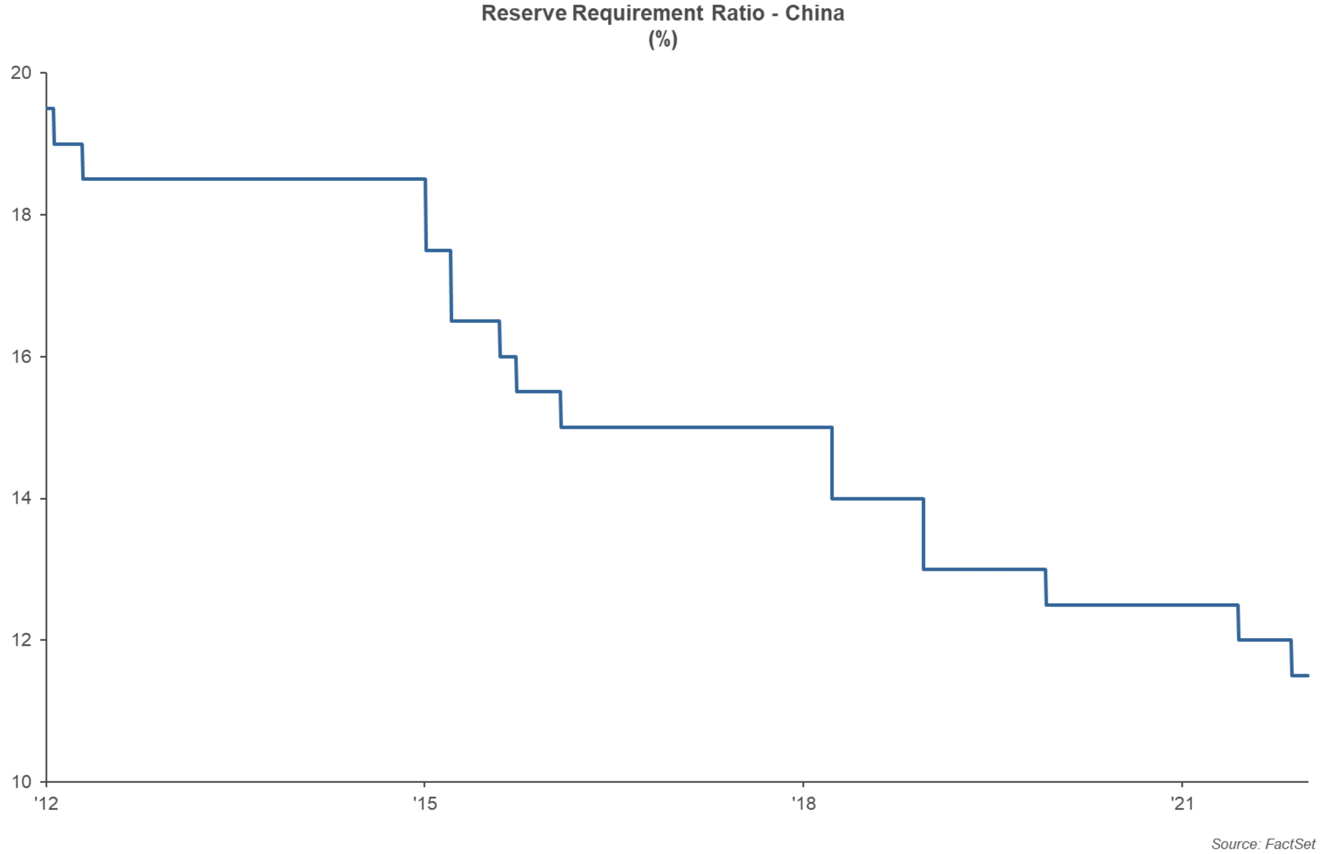
We note that the first cut in interest rates (in December 2021) concerned loan prime rates (LPRs). These rates are the benchmark – especially out to 12 months – for bank loans and are fixed by the national interbank financing centre on the 20th of each month on the basis of market data. The LPR is therefore partly a directed rate and partly a market rate. Recent changes are a reflection of the current slowdown in growth and the need for the government to bolster the economy.

China's cuts rates to boost domestic demand



The recent cuts in interest rates ended a long period of stability. As the chart shows, LTRs had been unchanged since April 2020, at the start of the pandemic. The cuts have also been modest: the 1-year was trimmed 5 basis points in December to 3.8% and by another 10bp in January, to 3.7%. January also saw the 5-year lowered by 5bp to 4.6%. This will help stimulate demand, but clearly to a limited degree. China retains the option of more proactive monetary policies this year, of course. The recent reduction in reserve requirements (see chart below) suggests that the authorities are by no means standing idly by.

A cut in banks' reserve requirements in December

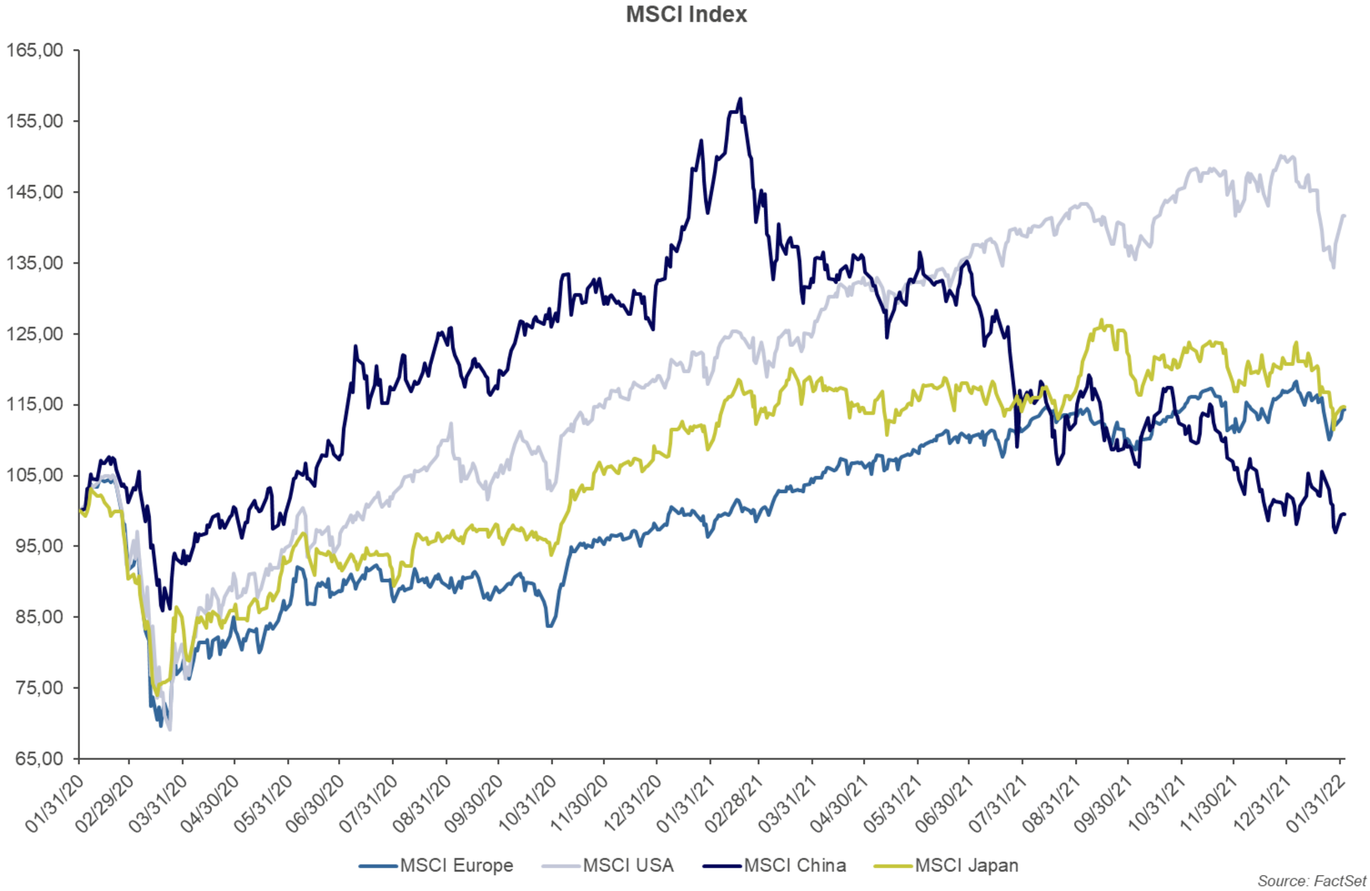


A more accommodating monetary policy and more limited growth prospects imply depreciation of the yuan, which appreciated 10% against the euro and 2.5% against the dollar last year. If that materialises, Chinese exports are almost certain to rise, which could in turn revive a currency 'war' liable to irritate the Americans. This is why we think that China will refrain from an excessively accommodating monetary policy; it will have less to do with altruism than trade balance considerations, especially when a weaker currency would mean paying even more for persistently expensive oil imports.

China's cyclical and structural challenges will keep us favouring Western assets in 2022

Given China's structural challenges, we will continue to favour Western assets this year. Asian equities underperformed badly last year, correcting 35% between February and year-end; although that should be less marked in 2022 – a number of negative factors have already been priced in – poor visibility on Chinese markets leaves their risk-return profiles less attractive than they are in the West.

Chinese assets have corrected badly since February 2021

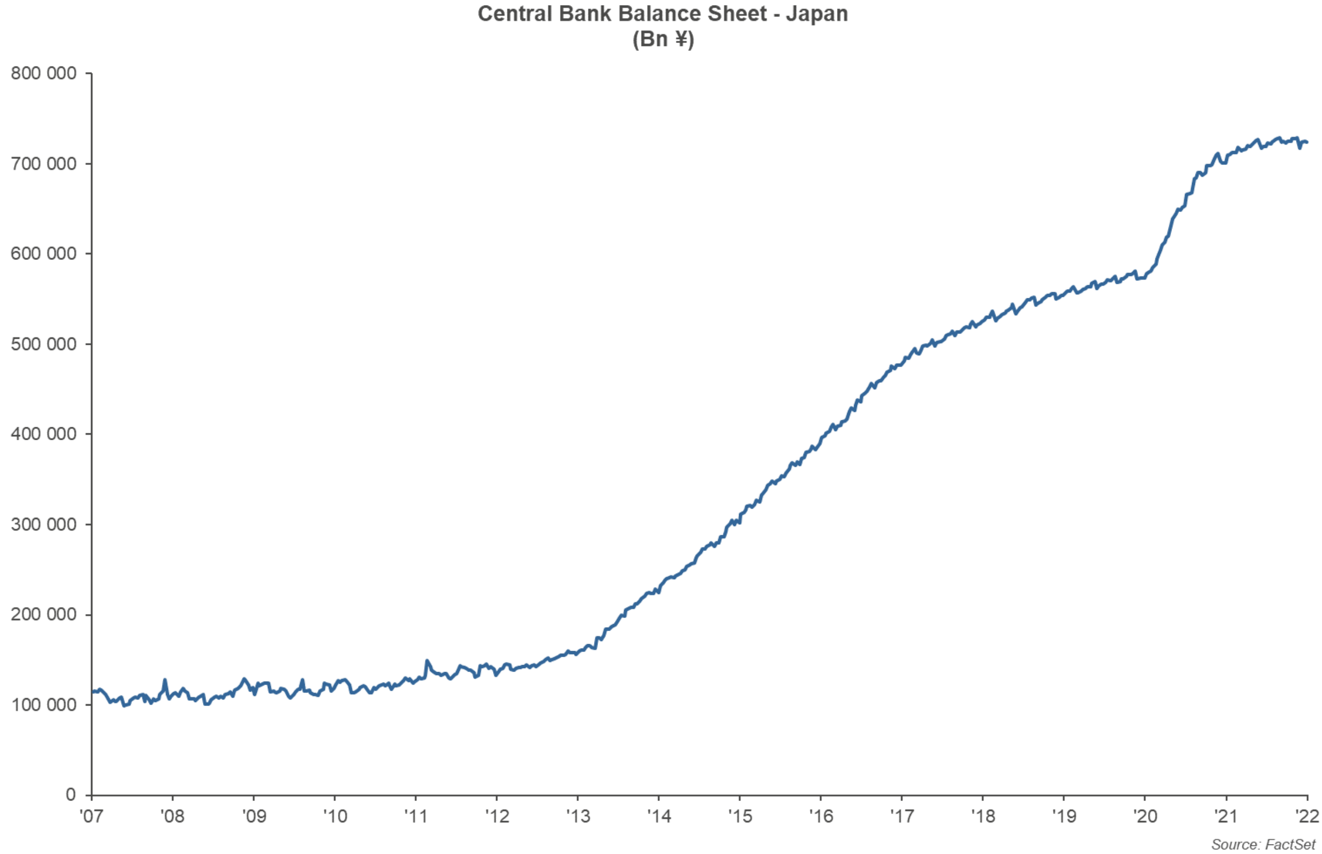


Source: FactSet

In response to China's internal difficulties, Asia has started pulling together

Inflation is even lower in Japan than it is in China. In December, its annual CPI inflation rate was 0.8%, with a long-term rate of -1.3%. Japan has long been grappling with the sorts of issues China now faces, notably an ageing population and the associated deflationary pressures. Its inflation rate is set to inch higher but the Bank of Japan believes that its 2% target will be hit this year. It has run an extremely accommodating monetary policy since 2012 (see chart below) and will probably maintain this stance even after its emergency anti-Covid measures expire in March. This means that both of the two Asian giants – China and Japan – will form an Asian bloc with accommodating monetary conditions, completely out of step with Western economies, thereby helping to remedy their weak demand. This echoes the formation of another, more formal bloc: the Regional Comprehensive Economic Partnership (RCEP), which also merits attention.

Japan has had an accommodating monetary policy for many years – and is not about to change course



Following a decade of negotiations, the RCEP took effect on 1 January 2022. It is now the largest free trade area in the world, covering China, Japan, South Korea, Australia, New Zealand and the ten Southeast Asian countries that are members of ASEAN. The partnership abolishes almost all tariffs outside strategic sectors and is nothing sort of gigantic. Before the pandemic, these countries represented a third of the world's population (about 2.3 billion people) and a third of its GDP (almost $39.3 trillion in constant 2005 terms in 2019). Asian member countries will be able to use the RCEP to capitalise on their adroit handling of the pandemic. The agreement will also give China a new and significant advantage in its bid for world leadership. Note that emerging Asia's real GDP is expected to increase by 5.8% this year… China will hardly be isolated in 2022 and beyond!

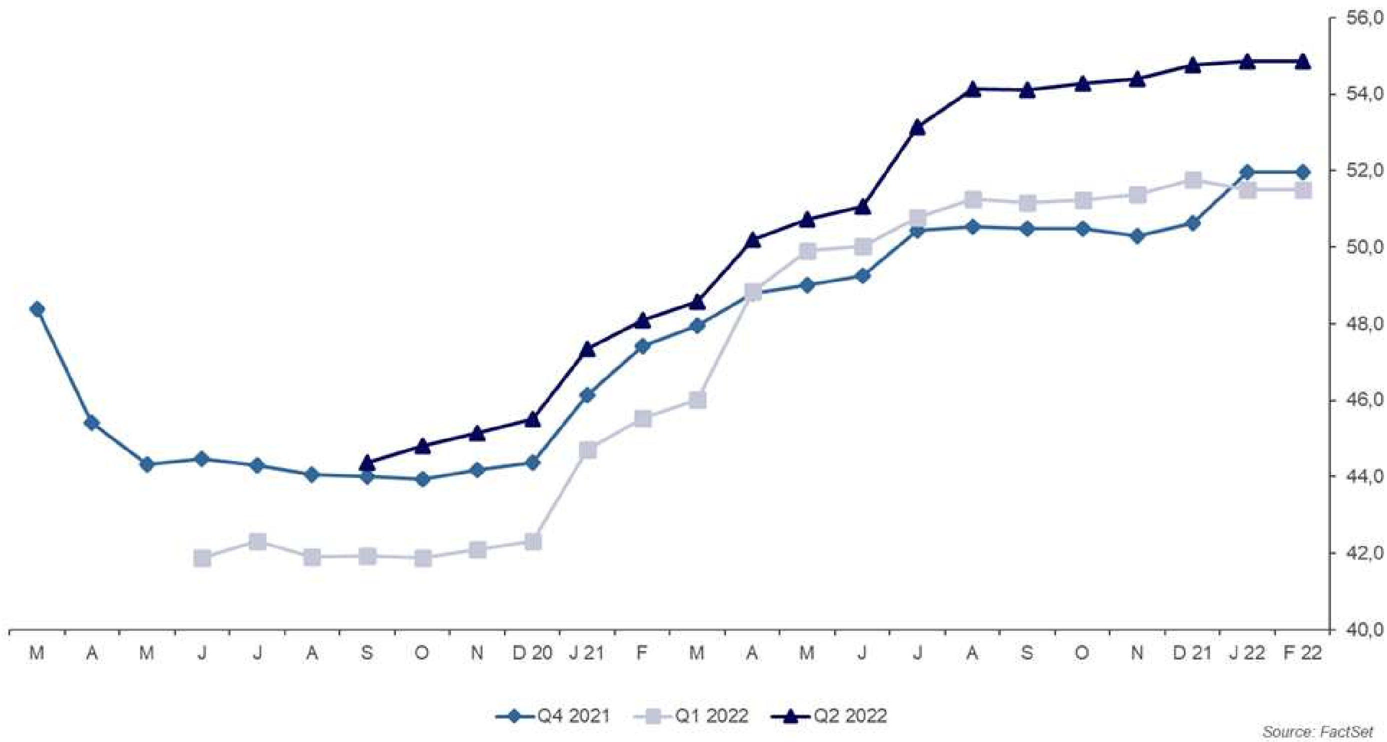
A smooth start to the Q4 2021 US corporate results season

Although earnings growth prospects for Q4 2021 were considerably weaker than in preceding quarters, the results season that started in mid-January has been impressive.

With a little more than a third of S&P 500 companies having announced their figures at the time of writing, index EPS is expected to be 24.3% for the quarter, compared with an estimate of 21.4% at the end of December. Moreover, 78% of the companies that have reported their results came with positive surprises, just ahead of the average for the past five years (76%). On the other hand, the consensus aggregate estimate is being beaten by 'only' 4% at the moment, compared with an average 8.6% (!) over the past five years. In short, the rate at which earnings figures are being adjusted reveals less optimism than has been evident for many quarters, reflecting the gradual disappearance of a Covid-related base effect (see chart).

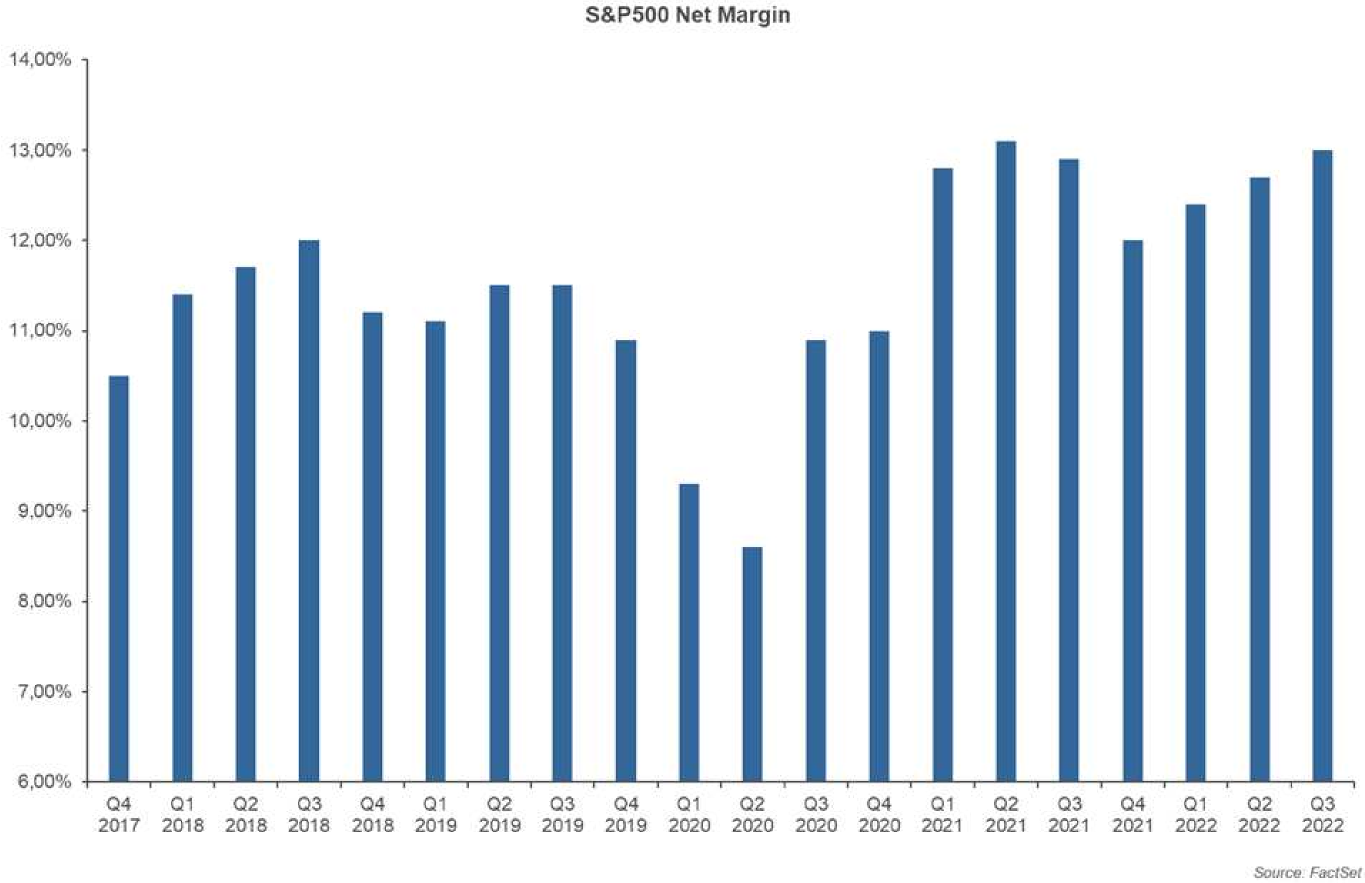
Q4 2021 has been revised up but the outlook for H1 2022 is unchanged

Estimates Quarterly EPS for S&P 500 (US) in USD as of 02/01/22



The aggregate profit margin for Q4 2021 is still estimated at 12% and does not seem to have been affected by the numerous issues cited by reporting firms: higher inflation, supply chain bottlenecks, labour shortages and rising wages in some sectors. Although margins have declined from 13.1% in Q2 2021 and 12.9% in Q3 2021, they are still at very high levels compared with most of the period since 2008, when FactSet started to publish this series. The only comparable period was 2018, when aggregate margin rose to 12% in Q3 following the Trump tax changes.

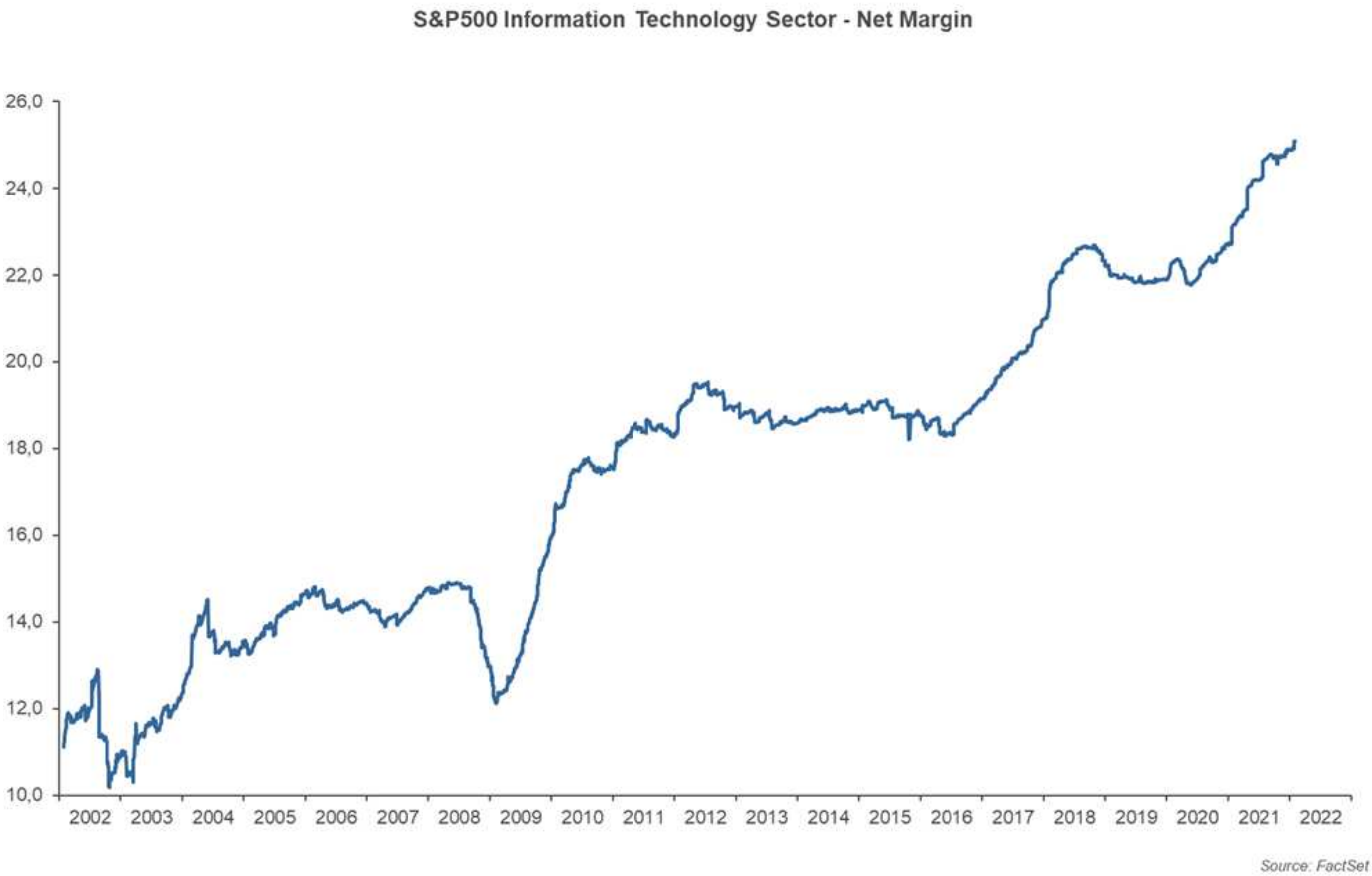
Despite current problems, US profit margins are still at historic highs



The property sector is pretty much alone in suffering lower margins, which are partly a consequence of soaring costs of building materials. But then its margins were so high to start with that the impact is perhaps more apparent than real (34.7% in Q4 2020, 34% in Q4 2021).

IT sector margins are still climbing and we would repeat our view that it would be too soon to turn bearish on these companies. We believe that the only factor that could undermine their share prices in the long term is government intervention, as we saw in China in 2021. Although there are American voices urging more regulation, it seems unlikely that they will have any effect at the moment, especially given the sector's weight in US equity indices.

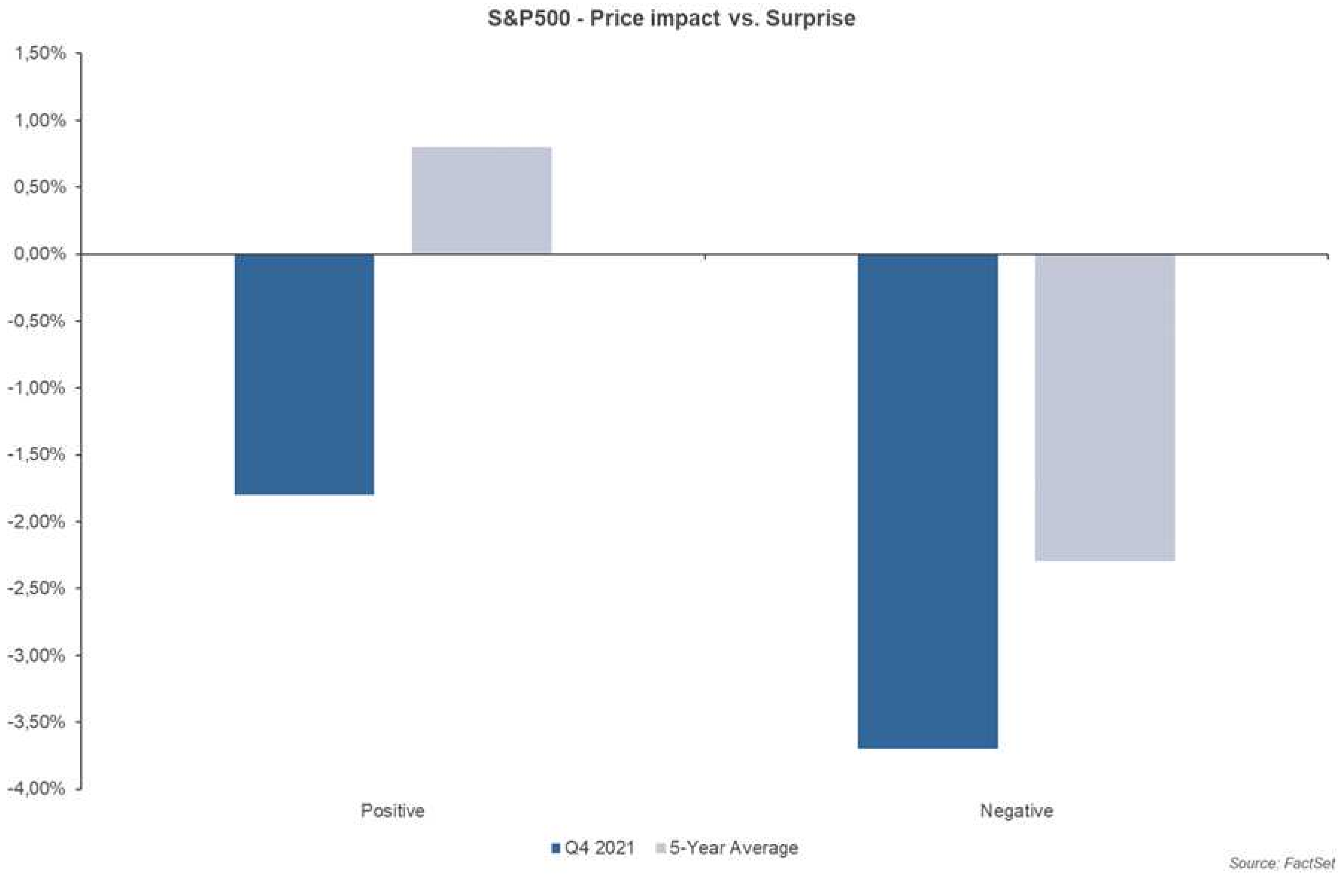
The IT sector is still in robust health



As far as the impact of results announcements on share prices is concerned, even companies reporting better figures than expected have suffered corrections. This has not happened for several quarters and follows a change in tone from Jerome Powell, who has not ruled out a half-point hike in Federal Reserve interest rates in March. Mr Powell finds himself between a rock and a hard place, being obliged to raise rates to tame surging inflation and at the same time prevented from actions that could unnerve investors or kill off economic growth that is more fragile than it first appears. We do not believe that the Fed could tighten much more than to around 1% on the fed funds rate, which would suggest a stabilisation of long rates at around 2%. That level would still correspond to a largely accommodating monetary policy.

Importantly, companies reporting better than expected results have seen smaller corrections in their share prices (-1.8%, compared with a five-year average of +0.8%) than firms reporting the opposite (-4%).

The prospect of a tighter monetary policy from the Fed has penalised even those companies beating expectations



Source: FactSet

2021: an historical year, 2022: a step towards normalisation?

As we said last month, 2021 will go down in financial market history. Estimated S&P 500 EPS growth for the year rose again amid upward revisions to Q4 and could end up at 45.5%, up from 45.1% last month! This would be the biggest gain in EPS since FactSet started publishing these figures in 2008 and compares with a previous record of 39.6% in 2010, following the subprime crisis.

The concerns that companies cite and that we have already mentioned could change the situation in 2022, and in any case we should not expect such stunning earnings announcements as we saw last year (at least not on a like-for-like basis). That does not mean that coming results will be poor, although we still believe that expectations for EPS are too aggressive, especially in the USA. Analysts are currently pencilling in EPS growth of 9.5% this year (up from 9.3% last month), alongside revenue growth of 7.9% (up from 7.5%). 2022 ought to see the normalisation of earnings along pre-Covid lines. The financial sector is unique with a forecasted drop in earnings, but that reflects a base effect linked to provisions set aside by banks (which affect earnings but not revenue). Banks set aside huge provisions in 2020, when the economy turned down, and the disappearance of the ensuing 2022 positive base effect will 'artificially' damage the sector's results in 2022.

Valuation model: US equities are again attractive following their recent correction; European markets remain so

American equity indices retreated in January. As of the close on 27 January, the correction ended up as much as 9.1% for the S&P 500 and 14.7% for the Nasdaq. The recent shift in Mr Powell's attitude raised the yield on the 10-year to 1.86% and the 30-year to 2.18% in mid-month, which hit all sectors and particularly IT.

Against this backdrop, our valuation model suggests that US equities are now slightly undervalued, and a 7-8% rise is conceivable under both of our two scenarios. In our view, Wall Street could recover its previous highs but are unlikely to stage a sustained rally. They are more likely to trade sideways, offering scope for stock-picking strategies capable of generating alpha.

S&P 500 - Valuation end 2022 except implied scenario

CAGR Compounded Annual Growth Rate from 2021			30 Years Gvt bonds		
	1,50%	1,75%	2,08%	2,25%	2,50%
Tax increase to 25% (approx. -5% impact on EPS) - CAGR 3.6%	**4 917**	**4 611**	4 254	4 088	3 864
Implied Scenario CAGR 4.6% over 8 years	5 141	4 814	**4 432**	4 255	4 015
Return to normal: 8.4% in 2022, 10.2% in 2023 - CAGR 5.1%	5 504	**5 160**	**4 759**	**4 573**	4 321
Current Index S&P 500			**4 432**		

In the euro zone, our model indicates that equities are undervalued, and just how much depends on where interest rates go (in the event of a slow recovery, they would inevitably tend towards zero). Appreciation potential is slightly greater than that for US equities, at around 12-15% in all our scenarios. We therefore continue to overweight European markets against Wall Street.

MSCI EMU - Valuation end 2022 except implied scenario

CAGR Compounded Annual Growth Rate from 2021			30 Years Gvt bonds		
	0,00%	0,50%	0,78%	1,00%	1,25%
Slow recovery: 3.8% in 2022, 2.5% in 2023	**186**	**158**	146	138	129
Implied Scenario	187	159	**147**	139	130
Return to normal: 3.8% in 2022	212	180	**166**	**156**	**147**
Current Index MSCI EMU			**147**		

Main ratios for markets and sectors as of 02/02/2022 (in local currency)

CHAHINE CAPITAL
PERFORMANCE ENGINEERING

Data as of	Weight vs	Perf		Weighted P/E		% Wted EPS Chge			Div Yield	Revision vs M-2%	
02/02/22	World	2021	2020	2022	2021	2022	2021	2020	2021	Fiscal 22	Fiscal 21
World - Developed	**100,0%**	**13,18%**	**15,04%**	**17,4 x**	**19,4 x**	**11,91%**	**65,20%**	**-19,13%**	**1,9%**	**0,3%**	**0,3%**
United States	56,5%	21,64%	20,22%	21,1 x	23,7 x	12,59%	60,71%	-15,59%	1,3%	0,4%	0,6%
Japan	7,3%	-2,20%	11,46%	13,6 x	15,4 x	13,46%	36,22%	-8,93%	2,2%	1,0%	0,7%
Eurozone	10,8%	11,04%	8,66%	15,2 x	16,8 x	10,26%	100,72%	-38,95%	2,6%	-0,3%	1,0%
Europe	20,2%	12,88%	7,19%	15,3 x	16,7 x	10,63%	91,64%	-35,72%	2,8%	0,2%	1,1%
Austria	0,2%	25,54%	-3,26%	10,7 x	11,4 x	7,43%	120,57%	-41,34%	3,4%	2,1%	2,4%
Belgium	0,4%	5,03%	-2,41%	19,0 x	20,6 x	8,39%	28,63%	-25,61%	2,5%	1,2%	2,7%
Denmark	0,7%	13,23%	40,90%	18,9 x	20,6 x	9,10%	66,74%	-7,16%	2,1%	4,2%	0,6%
Finland	0,4%	5,66%	27,09%	17,6 x	18,0 x	2,70%	42,15%	-13,69%	3,0%	-0,2%	1,6%
France	3,7%	19,06%	6,34%	17,1 x	19,8 x	16,24%	175,01%	-55,00%	2,4%	-1,2%	0,6%
Germany	2,8%	4,34%	13,28%	13,4 x	14,4 x	7,66%	79,76%	-20,05%	2,8%	0,1%	0,5%
United Kingdom	4,2%	12,03%	-8,98%	13,1 x	14,4 x	10,62%	103,13%	-40,12%	3,5%	0,8%	-2,2%
Ireland	0,1%	12,86%	11,11%	19,5 x	27,5 x	41,06%	5289,34%	-105,07%	1,3%	-4,7%	-4,2%
Italy	0,9%	13,37%	1,91%	11,7 x	13,3 x	14,20%	76,01%	-41,54%	3,6%	2,9%	0,2%
Netherlands	1,3%	14,28%	21,86%	18,3 x	19,1 x	4,55%	92,33%	-27,12%	1,6%	-2,2%	4,8%
Norway	0,5%	14,05%	5,88%	13,5 x	16,3 x	20,42%	214,72%	-55,06%	3,3%	4,9%	-0,8%
Spain	0,8%	-0,49%	-4,61%	14,2 x	13,3 x	-5,94%	100,43%	-42,81%	3,5%	-1,8%	-0,8%
Sweden	1,4%	21,33%	31,77%	18,9 x	16,5 x	8,49%	132,78%	-38,43%	2,5%	-0,5%	16,5%
Switzerland	2,6%	17,46%	10,73%	18,9 x	21,2 x	11,76%	22,54%	-7,91%	2,5%	-0,9%	2,3%
Europe / Commercial Services	0,5%	9,58%	3,13%	20,2 x	23,9 x	18,55%	63,54%	-29,26%	1,9%	-0,6%	-0,8%
Europe / Communications	0,5%	0,96%	-3,23%	15,0 x	12,3 x	-18,28%	3,87%	4,86%	4,5%	-1,7%	-0,5%
Europe / Consumer Durables	0,9%	21,32%	18,46%	9,0 x	9,7 x	7,94%	287,63%	-58,41%	3,5%	0,2%	0,5%
Europe / Consumer Non-Durable	3,2%	13,18%	8,89%	22,6 x	25,3 x	12,02%	28,90%	-21,01%	2,1%	0,2%	0,9%
Europe / Consumer Services	0,4%	4,84%	-1,65%	23,6 x	365,8 x	1583,68%	115,41%	-122,49%	1,5%	-1,9%	1,6%
Europe / Distribution Services	0,2%	20,56%	22,70%	19,8 x	21,3 x	7,66%	57,54%	-15,04%	2,0%	1,0%	-0,9%
Europe / Electronic Technology	1,1%	15,23%	8,85%	23,1 x	28,0 x	21,23%	147,93%	-51,15%	1,0%	0,9%	1,9%
Europe / Energy Minerals	0,8%	21,06%	-27,63%	8,2 x	10,0 x	21,08%	4412,05%	-92,11%	4,1%	6,0%	-0,4%
Europe / Finance	3,8%	15,23%	-5,87%	11,6 x	11,4 x	2,78%	83,49%	-34,84%	3,8%	0,3%	2,0%
Europe / Health Services	0,2%	20,45%	12,06%	21,0 x	21,5 x	2,50%	21,24%	-0,81%	1,6%	0,0%	-0,4%
Europe / Health Technology	2,2%	15,32%	8,87%	19,5 x	21,8 x	11,52%	12,15%	-0,95%	2,2%	-1,0%	6,1%
Europe / Industrial Services	0,3%	6,82%	-9,31%	15,1 x	19,8 x	30,67%	75,61%	-51,28%	3,0%	1,1%	-0,3%
Europe / Miscellaneous	0,0%	35,07%	33,67%	13,0 x	9,9 x	-23,76%	147,88%	-81,20%	3,0%	-0,6%	5,7%
Europe / Non-Energy Minerals	0,7%	13,30%	17,23%	8,2 x	7,0 x	-14,02%	134,97%	27,68%	6,2%	1,9%	-0,3%
Europe / Process Industries	0,8%	9,77%	17,61%	17,6 x	18,7 x	6,12%	54,57%	-13,98%	2,6%	1,1%	0,7%
Europe / Producer Manufacturin	1,4%	21,04%	31,52%	19,4 x	23,4 x	20,62%	85,56%	-32,22%	2,1%	-2,0%	-1,8%
Europe / Retail Trade	0,5%	-1,51%	21,69%	20,7 x	24,9 x	20,40%	86,91%	-24,55%	2,2%	0,0%	0,3%
Europe / Technology Services	1,0%	2,33%	23,86%	25,9 x	29,5 x	13,77%	28,35%	-5,82%	0,8%	-2,6%	1,6%
Europe / Transportation	0,6%	26,29%	3,88%	12,1 x	25,0 x	106,41%	157,15%	-255,23%	3,1%	4,5%	2,4%
Europe / Utilities	0,9%	-4,61%	24,35%	15,8 x	16,6 x	5,38%	20,93%	-17,21%	4,0%	-9,4%	-1,2%

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