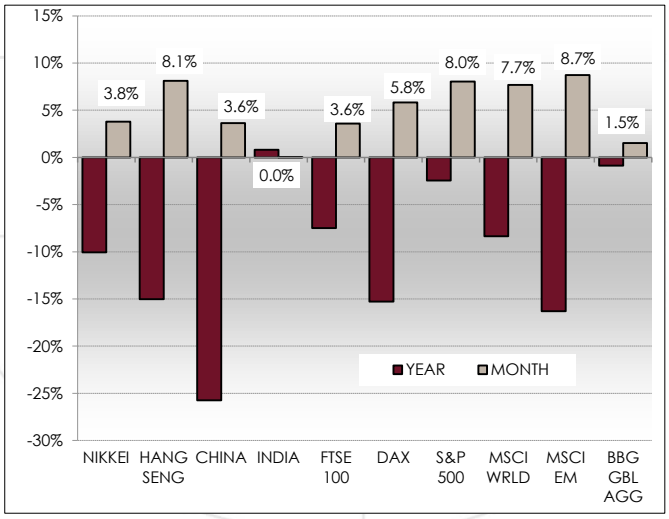
January in perspective – global markets

Just when we were all about to slit our wrists, following a tumultuous December and a rather awful and unprofitable year, markets seemed to regain their composure. Better still, as the month progressed, market momentum grew and global equity markets went on to register one of their strongest Januarys ever. Isn't it amazing how, so frequently after a terrible month, markets turn around and post strong movements in the opposite direction? That said, it would have taken a brave investor to commit any new capital in the midst of the December meltdown.

Chart 1: Global returns to 31 Jan 2019



The reasons behind the December madness remain shrouded in uncertainty. Yes, there were good reasons to expect market weakness (think Trump, the US China trade war, Brexit, slowing China, the Fed's policy "error", the looming inverted yield curve, etc.), but the volatility and venom of the market spoke to something less obvious and arguably more powerful. A lot has been written and discussed about the possible effects of the passive fund (index-tracking) industry, or algorithmic trading, but I suspect we will never know. When all was said and done, it was horrible, unprofitable, and in many respects quite illogical. However, January's remarkable rally set aside a lot of the gloom and panic; investors seemed to behave a bit more rationally. Let's hope it lasts for a long while yet. The extent of the market movements and specific share price gains were quite breathtaking, so let's turn to the actual data.

The cathedral in Florence, Italy

Instagram handle: @best_florence_photos

The MSCI World index rose 7.7% in January, and the MSCI Emerging market index rose 8.7%. The Hong Kong equity market rose 8.1%, the US market 8.0%, Switzerland 6.4%, and Germany 5.8%. Japan could muster a gain of "only" 3.8%. Within the emerging market universe, India was flat (0.0%), but the Chinese equity market rose 3.6%, Brazil 10.8%, Russia 13.9% (assisted by a 16.5% rise in the oil price), and Turkey 14.0%. The SA equity market only rose 2.8% in local currency terms, but thanks to the 8.3% surge in the rand dollar exchange rate, the All Share index rose 11.3% in dollar terms. An indication of the extent

to which the appetite for risk returned to the market, is evident from the respective gains in the S&P Mid and Small cap indices of 10.4% and 10.6%, while the tech-heavy NASDAQ index rose 9.7%.

The dollar ended the month slightly weaker, down 0.1%, but the appetite for risk led to impressive increases in the value of many emerging market currencies, not least among them being the rand. The bond market was strong too, with the Bloomberg Global Aggregate Bond index rising 1.5% during the month, bringing its annual return to -0.9%. In contrast, the MSCI World index is down 8.4% during the past twelve months, and the MSCI Emerging Market index down 16.3% despite its hefty January gain.

Maze in Nijmegen, Netherlands

Instagram handle: @twenty4sevendrones

What's on our radar screen?

Here are a few items we are keeping an eye on:

- *The SA economy:* one of the main features of the past month in South Africa was the tabling of the Budget. As is often the case, the Budget was rather underwhelming, but contained the usual good and bad elements. Without going into any detail, government finds itself between a rock and a hard place. It needs to fix certain critical parts of the economy urgently, such as the state-owned enterprises (SoEs) in general and Eskom in particular, and get its funding house in order (reduce debt levels, etc.) However, it seems to have realized that taxpayers are running out of money, and consequently did not announce income tax increases despite the fact that the country is on the verge of a debt spiral, if it is not there already. Eskom was thrown a lifeline, as were other SoEs (not many commented on this aspect but it was contained in the fine print). Government reduced its growth outlook for the coming years, and debt levels rose yet again. However, unlike in previous years, there was some good news: income taxes were not raised (although there was a commitment to raise an additional R10bn via tax increases next year), and a cut in government spending was announced. Exactly how the latter will play out in an election year remains to be seen; we remain sceptical of such promises, given that all other evidence points to a total lack of political will to bring about unpopular changes. In summary, while the necessary action seems to have been taken to avoid further disaster, the Budget lacked any form of stimulation or support to the business community, which is what the

country needs most. We can but repeat our oft-spoken mantra in the office: "It's the economy, stupid". Either government never got this message, or they simply lack the competence to appreciate its impact and meaning; we suspect it is the latter.

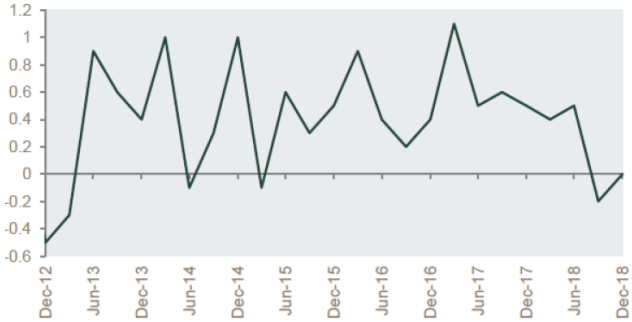
- *The US economy*: As we will see in the "Charts of the month section", below, there are definite signs emerging of a slowdown occurring in many parts of the world, including the US. By way of example, US headline retail sales for December tumbled 1.2%, while the core retail sales i.e. excluding volatile food and energy prices, declined even further, by 1.7% month-on-month. Core inflation for January rose 0.2% month-on-month, bringing the annual gain to 2.2%.

Apartment block in Hong Kong

Instagram handle: @seven7panda

- *Developed economies*: The Eurozone's largest economy narrowly avoided slipping into a recession during the fourth quarter of 2018 (Q4) after Germany's growth rate remained flat, following a contraction of 0.2% in Q3 – refer to Chart 2 in this regard. The overall figure for the year was revised down to 1.4% from 1.5%. The recession was reportedly avoided due to strong domestic demand in construction, and growth in consumption. Nevertheless, Germany's exposure to the global economic turndown has many worried, to the extent that German Minister for the economy Peter Altmeier announced that the government might buy stakes in key domestic companies to avoid foreign takeover, so as to safeguard prosperity. On a quarterly basis, the Eurozone grew at a rate of 0.2% in Q4, the same growth rate as during Q3. Annual Eurozone economic growth during Q4 was 1.2%, lower than Q3's 1.6%. It is worth highlighting that Italy slipped into recession again in Q4, their sixth recession since the inception of the euro. That is in stark contrast with Australia, for example, which hasn't seen a recession since 1991

Chart 2: German economic growth (%)



Source: EFG

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- *Emerging economies*: Chinese inflation rose 1.7% on an annual basis, with food and fuel prices being the main contributors to lower prices. The producer price index (PPI) rose just 0.1% from a year ago, with steel and crude oil prices being the main drivers of the slowdown. The Reserve Bank of India (RBI) surprized most in the market by cutting interest rates by 0.25% to 6.25%, the first cut in eighteen months. The drivers behind the downward path of inflation, which set the background for rates to be lowered, have been exceptionally low food prices and the falling petrol prices, which had been at a record-high last year. As food prices continued to fall, India's inflation fell to an annual rate of 2.2% in December, an 18-month low and below the medium-term target of 4% for the fifth consecutive month. However, core inflation remains elevated at an annual rate of 5.6%. The RBI revised down its inflation forecasts for the final quarter of their fiscal year ending March 2019, to 2.8% and for the first half (H1) of the 2020 fiscal year to 3.2% - 3.4%, from 3.8% - 4.2% earlier. Headline inflation is projected to remain soft in the near term, although uncertainties stemming from volatile vegetable prices, crude oil prices and trade tensions will need to be monitored in the medium term. At the same time, the RBI lowered its 2019 growth forecasts to 7.2% from 7.4%, and for H1 2020 to 7.2% -7.4% from 7.5%. The RBI Monetary Policy Committee also changed the monetary policy stance from calibrated tightening to neutral, meaning it is not inconceivable that rates might be reduced further later this year.

Intersection in Takao, Japan

Instagram handle: @jordhammond

Chart of the month

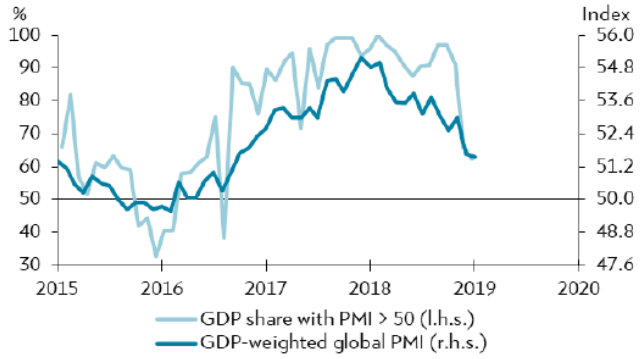
How slow can you go?

One of the key features on this year's economic landscape will be a slowdown in the global economy. How much it will slow, and the extent to which this was discounted in the market during its December declines, remains to be seen. However, I thought it would be appropriate to show a few charts in support of our view that the global economy is well-entrenched in a decline, which is likely to continue throughout the year. That said, we are cautiously optimistic that the decline won't deteriorate into a full-blown recession, although on a country-by-country basis, certain countries are likely to move into a recession.

I won't repeat the relevance of Purchasing Managers' Indices (PMIs) here – we dealt with them in some detail during 2018 – but they are

useful indicators which show us the shape of things to come. Chart 3 shows a PMI weighted on a global basis according to the respective sizes of each individual country. Global growth is clearly in a downtrend that has been in place for some time already.

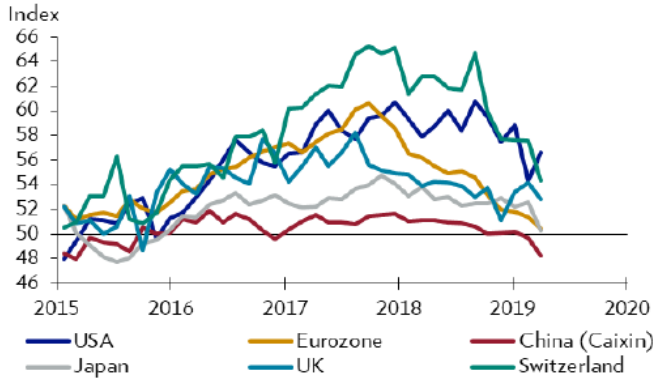
Chart 3: The global economy is slowing



Source: Julius Baer

Chart 4 shows the PMIs of selected important countries, from which you can see that there is no clear sign of any turnaround yet.

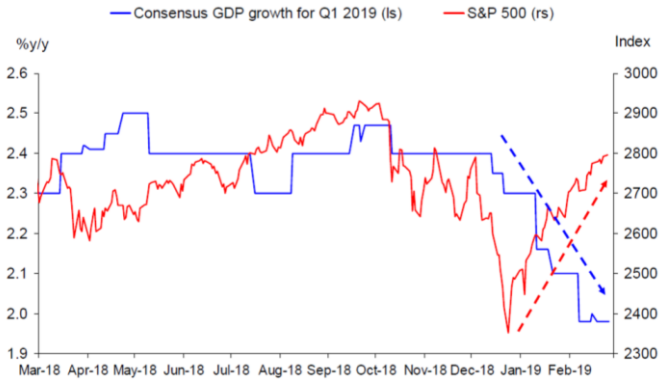
Chart 4: No sign of a turnaround yet



Source: Julius Baer

Returning to the link between economic growth and equity market behaviour, Chart 5 places the December declines and the subsequent US equity market rally this year into perspective. While the relationship between these US economic growth and the performance of the US (large cap) equity market is indirect and open to a host of other influences, the chart shows that the equity market correctly predicted the downward revisions in growth forecasts. However, the two variables have now moved in opposite direction, which begs the question of whether the US equity market is due for another correction or whether the growth forecasts are too pessimistic. While only time will tell what the answer will be, it does place recent market movements into perspective and shows just how sharply forecasts for future global growth have been revised down.

Chart 5: US market versus global economy



Source: Deutsche Bank

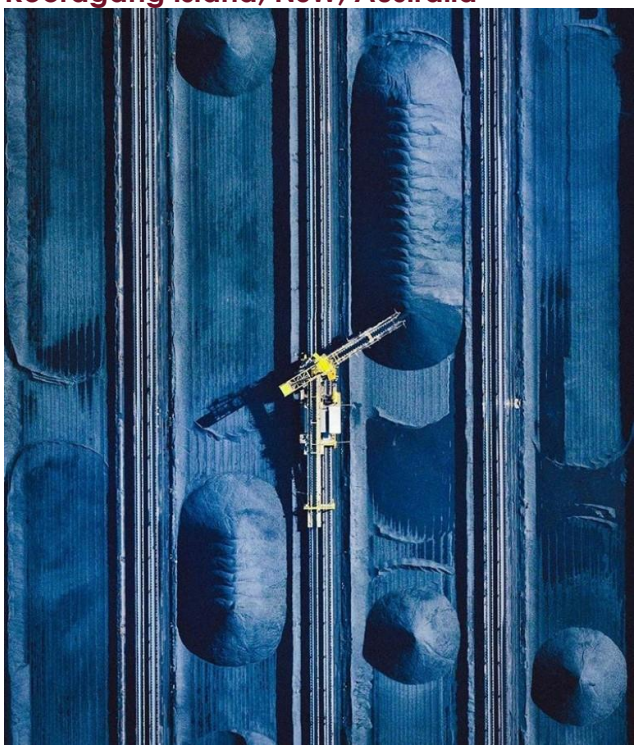
Quotes to chew on

Just how close is Germany to a recession?

Talking of economic slowdown, we know that Germany only just missed moving into a recession during Q4 – but how close was it? *Deutsche Bank's Jim Reid* provided some perspective into just how close it was. "We saw the double-whammy of soft data releases in Germany and the US, and some negative trade headlines to dampen the mood. Just on the former, Germany posted 0.0% quarter-on-quarter growth in Q4 (vs. +0.1% expected) although in unrounded terms this was ever so marginally positive at +0.02%. This equates to an output increase of €150m versus Q3. In other words, Germany was €150m away from a recession if we use the usual definition of

two consecutive negative quarters. For physical comparison, that's about one and a half of Airbus's short-haul A320 planes, or just over a third of an A380 jumbo jet …. Today's EuroMillions draw is in the region of €160m too for an alternative perspective. Win that and you could be worth an amount equivalent to the increase in output in Q4 of a country of 82.5m people."

Kooragang Island, NSW, Australia



Instagram handle: @dailyoverview

Up, up and away…

We have already commented on the strong turnaround in equity markets so far this year. A word of caution: markets also rose very strongly in January last year yet ended with the worst December since 1939, and significantly down for the year as a whole. That said, *Jim Reid's* comments on 6 February place the strong start into perspective: "For the moment markets continue to be in risk-on mode after another day of broad-based gains. Indeed the S&P500 closed up 0.46% last night which means it has now closed up for the last five sessions. In fact the index is up on 18 out of 24 trading days so far in 2019 with year-to-date gains of 9.20%. Only 5 other years in history have matched or beat this in terms of least number of negative days to this point in the year. 1954, 1961, 1965 and 1971 saw the same number, while only 1967 saw less negative days (5) through February 5th. The S&P is now up 16.43% since its Christmas Eve trough, advancing on 21 of 28 days since then. That's the best such streak since November 2017. Remarkable momentum no matter how you slice it." The US equity market has risen further through February, although by a lesser extent (3.5% up to February 26 versus January's 8.0% gain).

A rising number of market indices

Indices measuring markets ballooned in number by another 438 000 to more than 3.7m during 2018, as providers produce a blizzard of bond market, environment, social and governance benchmarks. Gauges designed by benchmark providers to measure everything from the performance of small Chinese companies and African debt derivatives to the music streaming industry or groups that adhere to Catholic values have been spurred by the rising popularity of passive investing.

As a result the number of indices globally climbed by 12.0% from June 2017 to 3.73m in June 2018, according to the second annual survey of the landscape by the Index Industry Association, a trade body set up by 14 of the biggest players in the benchmarking business, including MSCI, S&P Dow Jones indices and FTSE Russell.

While the number of *equity* market indices dipped 3.0% to just over 3m in the 12 months to June 2018, as providers retired some smaller

sector-focused indices, the *bond* benchmarking business continues to grow at a healthy clip, and now accounts for about 16% of the overall index universe. Fixed income is a key focus for many passive investment fund providers such as BlackRock and State Street. While index and exchange traded funds have long been around and have become entrenched in the equity market, development of passive bond funds has lagged behind. Nonetheless, bond Exchange Traded Funds (ETF) have attracted more than $100bn of investor money even as broader ETF inflows have slowed, leading some industry analysts to predict an inflection point for bond indexing.

Maloja Pass, Graubünden, Switzerland

Instagram handle: @droneswagger

The fastest-growing corner of the indexing industry, however, are benchmarks that track and weight companies according to their environmental, social and governance (ESG) standards. ESG has become one of the biggest trends in the global asset management industry, with an increasing number of institutional investors and endowments seeking to screen out or at least lessen their exposure to companies in more controversial fields, such as gun-making.

Mona Vale tidal pool, Australia

Instagram handle: @twenty4sevendrones

The number of ESG indices swelled by 60% in the year to June 2018, according to the IIA, with strong growth also coming in the "smart beta" and factor indices, that weight financial securities according to specific characteristics, such as the momentum of their earnings or the cheapness of their stock.

On the basis of this evidence, one can be forgiven for think that indexing has run amok, and that index providers now enjoy under-appreciated power within financial markets. Indeed, their contribution to the enigmatic market conditions during December was a frequent topic of conversation. Index providers

have certainly become one of the best-performing pockets of the financial industry. MSCI, the purest index provider of the industry's three biggest players, gained 13.5% last year, even as BlackRock, the biggest asset manager, fell 25.5%. Since its financial crisis low in October 2008, MSCI's share price has climbed 1 534.2%, compared with the S&P500's 188% rise over the same period.

Obituary – Karl Lagerfeld: 1933 - 2019

I am not a great fan of fashion, neither am I familiar with any of its personalities. That said, I have heard of Karl Lagerfeld and I am also a great lover of cats. While the latter comment will become relevant in a moment, I found some of Lagerfeld's habits and attributes fascinating, so I thought you would appreciate an obituary of the man who passed away on 19 February. I have liberally used the material contained in the Financial Times' obituary of the style icon.

When Karl Lagerfeld was appointed to Chanel in 1983, its founder Gabrielle "Coco" Chanel had been dead for 12 years, the house was moribund and its fashion had become a dusty shadow of its former glory. Under his stewardship, he revived the house codes and rehabilitated the business, making it one of the best-known brands in the world. Creative head at Chanel for more than 30 years, Fendi since 1965 and his own labels since 1984, Lagerfeld helped propel Chanel to revenues of $9.6bn in 2017, while being ever mindful of its history.

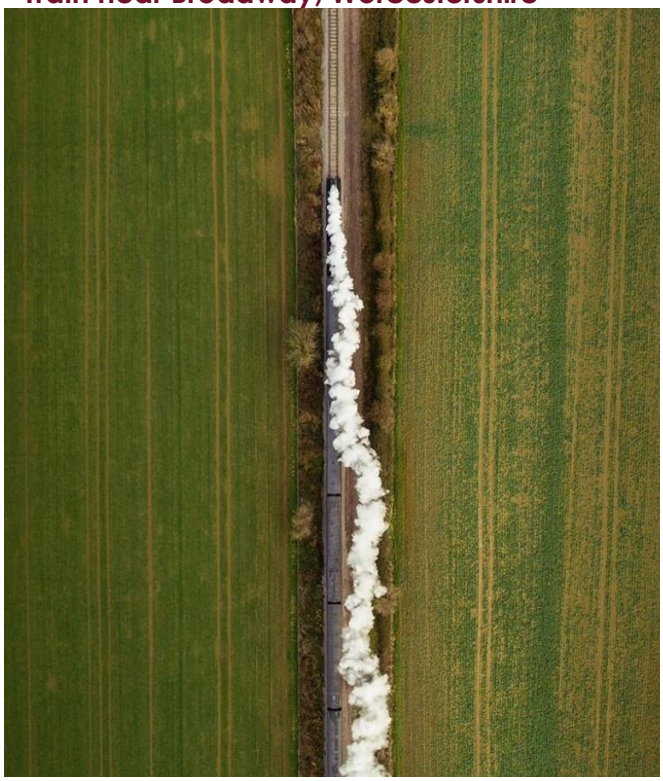
Salt lakes, Aigues-Mortes, southern France

Instagram handle: @twenty4sevendrones

"Today, not only have I lost a friend, but we have all lost an extraordinary creative mind to whom I gave carte blanche in the early 1980s to reinvent the brand," said Alain Wertheimer, the Chanel chief executive, in a statement after Lagerfeld's death. Bernard Arnault, chairman and chief executive of Fendi owner LVMH, praised Lagerfeld as having the most exceptional taste and talent he has known: "I will always remember his immense imagination, his ability to conceive new trends for every season, his inexhaustible energy, the virtuosity of his drawings, his carefully guarded independence, his encyclopaedic culture, his unique wit and eloquence."

Born in Hamburg in 1933, the son of Otto, a German businessman, and Elisabeth Bahlmann, a former lingerie saleswoman, Lagerfeld's birth date of September 10 has never been confirmed. It contributed in no small part to the mythology around him, and one he loved to cultivate. Throughout his life, he abhorred nostalgia. "I have no notion of home," said the designer who lived in Paris for more than 50 years. His move to the French capital was encouraged by his mother who told the young Karl to get far away from his home city. "My father was a businessman, but I was not ever going to be in that profession," he told the Financial Times in 2017. "My mother told me that Hamburg was not for me. She said: 'It's just a door — now get out of here.' And so I did."

Train near Broadway, Worcestershire



Instagram handle: @twenty4sevendrones

In 1955, Lagerfeld was hired as Pierre Balmain's assistant after winning the coats category in a design competition now known as the Woolmark Prize the previous year. He claimed his award alongside the 18-year-old Yves Saint Laurent, who won the more prestigious prize in the dress category that same year. The competition established a fierce rivalry — and close friendship — that existed between the two designers throughout their careers, and was arguably only exorcised by Lagerfeld on Saint Laurent's death in 2008.

Although the designer established a namesake line, Roland Karl, in 1958, and worked for Tiziani, a Roman couture house, it was for his work with Chloé that he became first known. Lagerfeld started freelancing for the French house's charismatic retailer Gaby Aghion in 1964, and was later charged with overseeing the entire Chloé line, a metropolitan collection of women's clothes that embraced the bohemian spirit of the times. His decades-long association with the grand Italian furrier Fendi — he worked with all five Fendi sisters — started in 1965.

Lagerfeld was not a stand-and-drape designer, as he would often make clear: at the start of the season, he would present the atelier with sketches who would interpret his ideas. He had a fascination with silhouettes and innovative fabrications. In meetings, he would go to great lengths to emphasise the importance of a cut.

He was also an accomplished caricaturist: his drawings of passers-by, from his studio window in Paris, offer a rare testimony to the changing texture of the times.

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

When Lagerfeld joined Chanel, he transformed the house classics into icons: the 2.55 bag, the ballet pump and the fabled tweed blazer, all existed previously, but with each season, Lagerfeld would tweak and change them, enriching the Coco legacy and nurturing its growth.

Stuyvesant Town, New York, USA

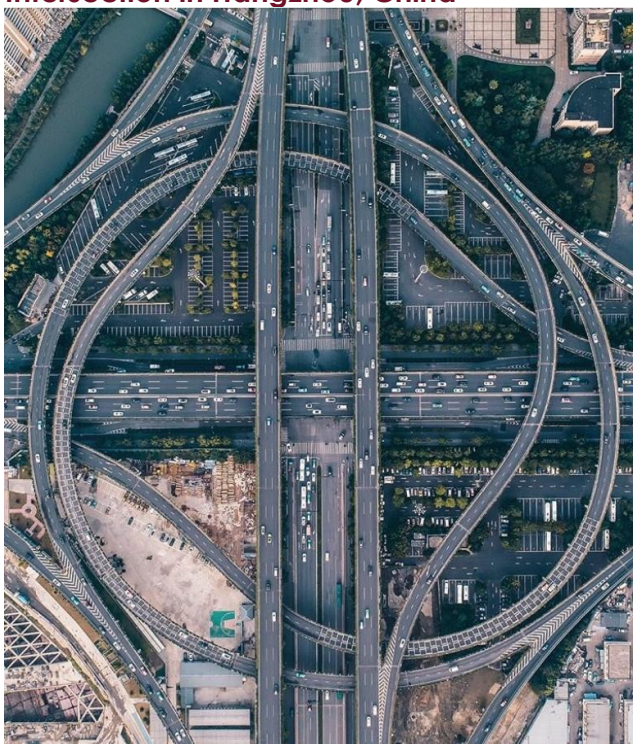
Instagram handle: @anthonyquigley

Blessed with a genius for marketing, he directed and frequently photographed, the advertising campaigns. He also had a showman's sense of one-upmanship and humour. His vast, ambitious sets, such as a space launch (with rocket), a street demonstration, Mediterranean garden and a casino, ensured his show was the only ticket in town. Even in his 80s, his role in amassing the house's latter-day fortunes was remarkable.

Lagerfeld, who had no longtime partner, and made a point of being too busy for relationships, filled his life with fashion. An autodidact, his cultural insights, reading matter and interests were voracious.

An obsessive follower of fluctuation in the zeitgeist, he once professed to own four iPhones and 20 to 30 iPads. But he was stubborn about other technologies: email was anathema, and requests to his studio were still made by fax. In interviews he had a conspiratorial nature, and a sense of devilry, often dispensing with press aides and brand representatives in order to speak more candidly one-to-one. Of the dozens of collaborators who worked for him, all remarked on his brilliant sense of fun. He also indulged extraordinary obsessions: for the past decade he was synonymous with his high-necked white collar and slim line suits; for a year he drank little other than Diet Coke (for which he designed a bottle). But few things were as dear to him as his cat Choupette, on whom he doted to an almost Marie Antoinette-ish degree, employing several nannies to tend it, and casting its likeness in numerous jewels.

Intersection in Hangzhou, China



Instagram handle: @shallwe0317

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

Lagerfeld's influence cannot be overestimated. At Chanel and Fendi, he enjoyed an extraordinary vantage point, floating seamlessly between the different groups. In addition to designing, he launched careers — Lily Allen, Vanessa Paradis, Ines de la Fressange, Kate Moss, among them — shaped designers, inspired editors, remoulded the style of the red carpet and published dozens of books. His absence at the Chanel couture show in January, at which he asked his creative studio director Virginie Viard, to take the final bow, was notable in being the only finale he had ever missed. Lagerfeld's closest collaborator for more than 30 years, Viard has been entrusted by Alain Wertheimer with the creative work for the collections, so that the legacy of Gabrielle Chanel and Karl Lagerfeld can live on. His shoes, however, will be impossible to fill.

However, as the fashion world continues to mourn the loss of Lagerfeld, attention has turned to the heiress of his estimated $195m to $300m fortune: Choupette Lagerfeld, the icon's beloved Birman cat.

"Don't worry, there is enough for everyone," the human Lagerfeld said in an interview with *Numéro* last year, confirming that Choupette would inherit a chunk of his estate.

Private home in Palm Beach, Florida, USA

Instagram handle: @nearmap

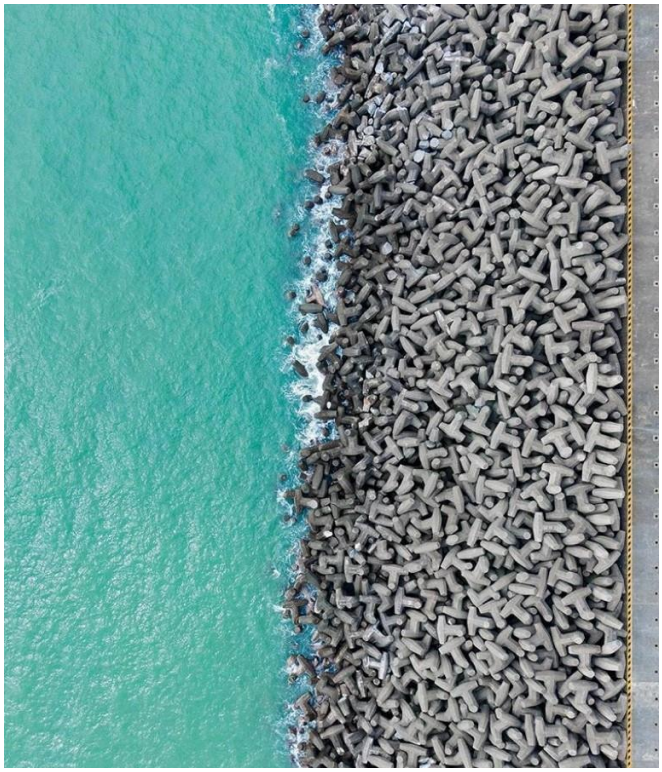
Already used to a pampered life, Choupette, who incidentally has 170 000 followers on social media, has two personal maids, eats dinners of caviar and chicken pâté at the table off of designer dishes, and travels on a private jet. But the loved pet has also earned her keep. Any of Choupette's inheritance would be in addition to the humble nest egg that the cat has accumulated on her own. In an interview with the *Cut*, Lagerfeld boasted that Choupette had already earned $3m off of two modelling gigs – one for a Japanese beauty product, and another for German automaker Opel Corsa's 2015 calendar, which featured Kate Moss and Naomi Campbell in 1992. "Choupette did a great job," Lagerfeld told the *Telegraph*. "Just as I would expect from a star."

For those wondering if Choupette will be unable to receive the inheritance, given that France, where the pair resided, doesn't allow money to be passed down to pets, as Lagerfeld explained to *Numéro*, "Well, it's lucky I'm not French then."

Lagerfeld is a German citizen; and German law allows animals to be the beneficiaries of inherited wealth.

And moving from the ridiculous, to the even more ridiculous, to be the richest cat in the world, Choupette's inheritance would have to exceed that of a British cat named Blackie, who received £7m ($9.2m) from his owners' in 1988. However she may never be the richest animal to have ever existed. That title goes to a German Shepherd dog from Germany named Gunther IV who inherited $375m from his owner.

A breakwater in Hong Kong



Instagram handle: @seven7panda

For the record

Table 1 lists the latest returns of the mutual and retirement funds under Maestro's care. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table, as well as all the historic returns, are available on our website.

Table 1: The returns of funds in Maestro's care

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Jan**	**3.0%**	**3.0%**	**-10.3%**
JSE All Share Index	*Jan*	*2.8%*	*2.8%*	*-6.1%*
Maestro Growth Fund	**Jan**	**1.2%**	**1.2%**	**-4.6%**
Fund Benchmark	*Jan*	*2.0%*	*2.0%*	*-0.4%*
Maestro Balanced Fund	**Jan**	**1.1%**	**-5.0%**	**-4.5%**
Fund Benchmark	*Jan*	*1.8%*	*1.8%*	*0.9%*
Maestro Cautious Fund	**Jan**	**-0.2%**	**1.8%**	**1.3%**
Fund Benchmark	*Jan*	*2.0%*	*2.0%*	*3.7%*
Central Park Global Balanced Fund ($)	**Jan**	**9.3%**	**9.3%**	**-13.6%**
*Benchmark**	*Jan*	*5.2%*	*5.2%*	*-5.2%*
*Sector average **	*Jan*	*4.7%*	*4.7%*	*-5.6%*
Maestro Global Balanced Fund	**Jan**	**3.9%**	**3.9%**	**-3.0%**
*Benchmark**	*Jan*	*-2.9%*	*-2.9%*	*6.0%*
*Sector average***	*Jan*	*-1.8%*	*-1.8%*	*2.4%*

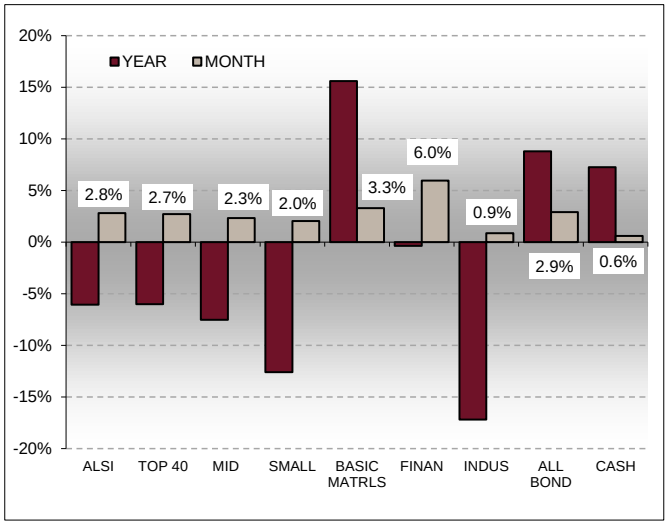
* 60% MSCI World Index and 40% Bloomberg Global Aggregate Bond Index
** Morningstar USD Moderate Allocation ($)
*** Morningstar ASISA Global Multi Asset Flexible Category

January in perspective – local markets

Turning to the local equity market, the All Share index rise of 2.8% was retarded by the 8.3% surge in the rand dollar exchange. The Basic Materials index rose 3.3%, despite the firm rand, and the Financial and Industrial indices rose 6.0% and 0.9%. The Top40, Mid and Small cap indices rose 2.7%, 2.3% and 2.0% respectively, while the 2.9% increase in the All Bond index rounded off a positive if not remarkable month of gains locally.

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

Chart 6: Local returns to 31 Jan 2019



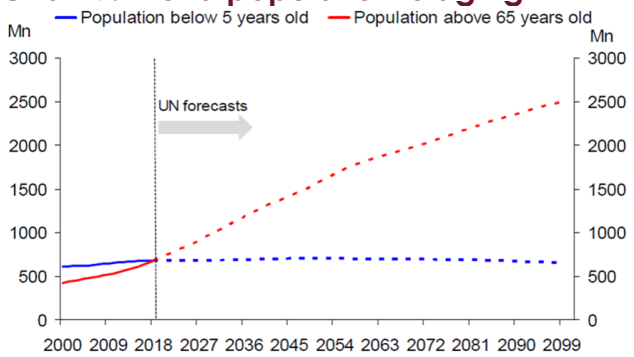
File 13. Things almost worth remembering

The world is getting older at a faster rate

Demographic changes drive a lot of what ultimately translates into economic change and corporate earnings. This in turn drive share prices and values, so it is for good reason that we track specific country demographic developments, as they highlight long-term investment opportunities based on the structural change.

The chart below shows that for the first time ever there are more people in the world older than 65 than there are children younger than 5 years of age. This has profound implications for many sectors, and the health and pharmaceutical sector in particular. For the record, we hold a number of Chinese pharmaceutical companies in our global portfolios in an attempt to capitalize on this long-term change. You can also see from the chart that this trend is going to continue for a while yet and the disparity is only going to get bigger.

Chart 7: World population is aging

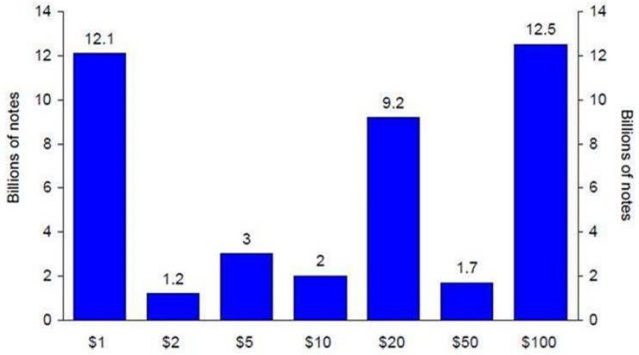


Source: Deutsche Bank

What is the shelf-life of a $100 bill?

While the changing demographics of the world definitely holds some food for investment thought, so to speak, the following item is rather academic and irrelevant from an investment point of view, but nevertheless still interesting.

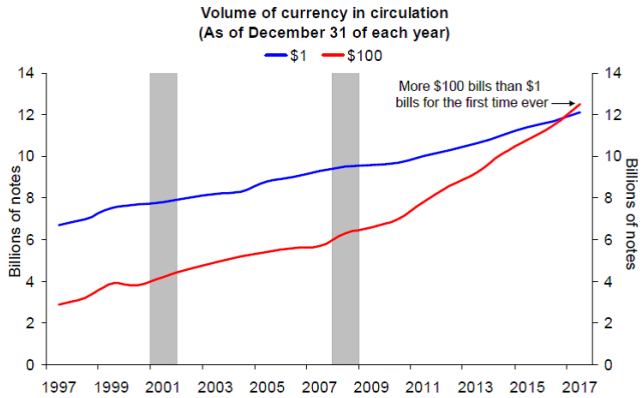
Chart 8: More $100 notes than $1 notes



Source: Deutsche Bank

Chart 8 shows that there are more $100 notes in circulation in the world than there are $1 notes. There are some 12.5bn $100 notes versus a total of 12.1bn $1 notes. Moreover, the number of $100 notes in circulation has doubled since the 2007/9 Great Financial Crisis, as shown in Chart 9.

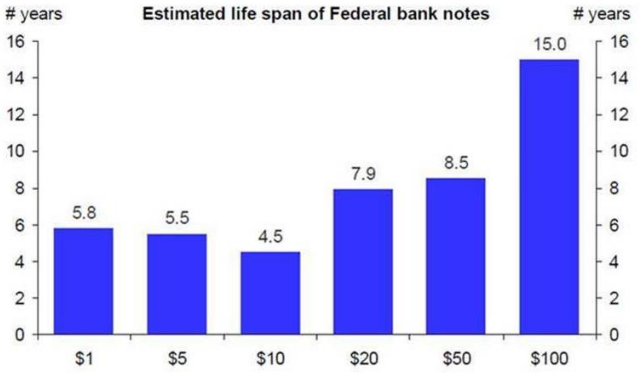
Chart 9: $100 notes on the increase



Source: Deutsche Bank

What is less clear are the reasons behind the demand for the notes of higher denomination; is it that more global citizens are hiding $100 bills under their mattress as confidence in the global financial systems wanes? Or is the murky underground economy so large that it is showing through in the number of $100 notes in circulation. It is an intriguing question, to which there aren't any apparent and obvious answers yet. Finally it is interesting to see what the shelf-life of the various note denominations are; these are shown Chart 10. Once again, the $100 bill comes out "Trumps", dare we say? It lasts around 15 years before it is taking out of circulation, while the useful shelf-life of a $1 bill is only around 6 years.

Chart 10: A $100 bill lasts longer…



Source: Deutsche Bank

So what's with the pics?

During the past few months, I have become a great fan of Instagram. For regular readers of *Intermezzo*, that will not surprise you, given my fondness for photographs and things visual. Instagram doesn't lend itself to sharing much of the beautiful photos that appear on it from users around the globe, other than on the Instagram platform itself.

That said, I have created folders compiled along thematic lines. The photos that appear in this edition – taken from my Aerial folder – have all been lifted from Instagram. Inevitably, using this approach, some quality is lost along the way, but I hope the photographs are of sufficient quality for you to still enjoy them.