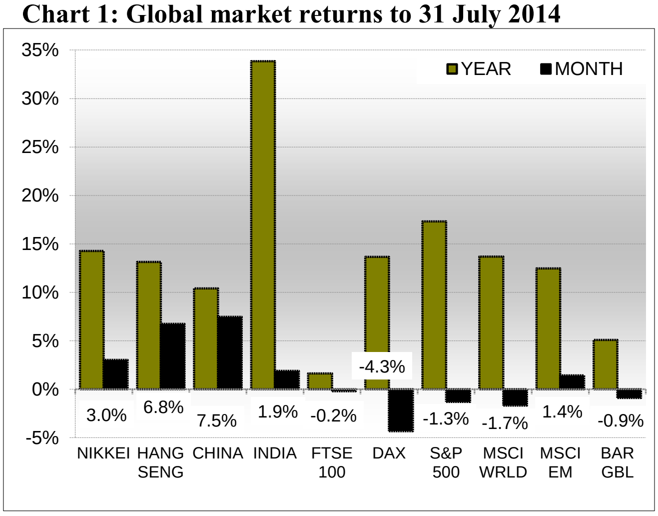
MAESTRO
INTERMEZZO
Investment Letter | 14th Edition | August 2014

July in perspective – global markets

For a number of months now, global equity and bond markets have been grinding slowly higher and volatility has been declining rapidly. Investors could be forgiven for thinking that markets only move in one direction – higher and higher. That all came to an end in July, thanks to a combination of a number of small factors that seemed to trouble investors despite being in the midst of a relatively profitable reporting season on the part of the global corporate sector. The downing of Air Malaysia MH17 over Ukraine and the resultant focus on that region and the subsequent threat of more sanctions against Russia troubled European equity markets and Germany in particular, for good reason. Near the end of the month Adidas issued a profit warning, highlighting increasingly difficult conditions in Russia as a causal factor. A number of other large German companies, including Siemens and Lufthansa, noted that Russia was a key market for them and increased sanctions against it boded ill for them. The effective collapse of a relatively small Portuguese bank added to the increased investor concern. Unease about the latest outbreak of the Ebola virus in West Africa didn't help; neither did the default of Argentina on a small but long-standing bond dispute. All of these factors put pressure on global investment markets despite encouraging news on the US economy and indications that that economy was recovering from a weather-induced slowdown during the first quarter.

Chart 1: Global market returns to 31 July 2014



The net result was a sharp decline in markets towards the end of the month, primarily across Western equity markets and the US and Germany in particular, which declined 1.3% and 4.3% respectively. A notable reduction of risk occurred in a short space of time, as seen in the 4.3% and 5.6% respective declines in the S&P mid and small cap indices. The MSCI World index fell 1.7%, in contrast to the *increase* in the MSCI Emerging market index of 1.4%. The *annual* return of the MSCI World and Emerging market indices is now 13.7% and 12.5% (down from 21.6% and 11.8% respectively last month) while the respective year-to-date return of these two indices is 3.0% and 6.3% i.e. emerging markets have been more than twice as profitable as developed ones in the first seven months of this year. It is hard to believe that, as recently as the end of April, the then respective year-to-date returns of the MSCI World and Emerging market indices were 10.3% and -1.5%. So, despite the gradual grind-up of equity markets, emerging markets have been clawing their way back to some degree of respectability. China rose strongly in July, up 7.5%, as did Hong Kong, which gained 6.8%. Brazil rose 5.0%, following June's 3.8% gain while Indonesia rose 4.3%, bringing its year-to-date return to 19.1%. Not surprisingly, the Russian equity market declined 11.4%, bringing its decline for the year-to-date to 15.3%.

Photonomics 1: Dolphins frolicking at Point Danger, Australia

Moving away from equity markets, global bond markets ended the month with mixed returns; global bond markets declined 0.9%. On the currency front, the dollar firmed against virtually all other currencies; the rand declined 0.7% against the greenback, the euro 2.3% and sterling 1.3%. Not surprisingly, commodity prices, most of which are priced in dollars, declined for the most part. Gold declined 2.3% and oil 5.6%, but the worst declines were seen in soft commodities; the prices of corn, soya beans and cotton declined 15.9%, 12.6% and 21.6% respectively.

What's on our radar screen?

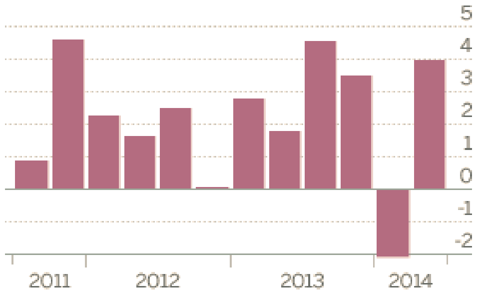
Here are a couple of items we are keeping a close eye on:

- *The SA economy:* The SA Reserve Bank (SARB) increased the repo (interest) rate by 0.25% to 5.75% at, citing inflationary concerns, inflationary expectations and the deteriorating current account deficit as their main concerns. They also reduced their forecast for the 2014 SA economic growth rate to 1.7%. The June annual inflation rate remained at 6.6%, with a lower-than-expected increase in food prices providing some relief from ongoing price increases.

Photonomics 2: White-eye on a Cherry Blossom, Japan

- *The US economy:* US economic growth during the first quarter (Q1) of 2014 was revised for no less than the fourth time, from -2.9% to -2.1%. At the same time the initial estimate for second quarter (Q2) growth was released, coming in at 4.0%, a bit better than the 3.1% expected – refer to Chart 2. The problem with this data though is that it reflects a bounce off the weather-retarded Q1 growth, so it doesn't really tell us much about the true underlying growth rate in the US economy at present. Indeed, 1.7% of the 4.0% growth came as inventories were rebuilt after the Q1 slowdown; this is hardly sustainable although consumption also contributed 1.7% - a bit more encouraging. The year-on-year growth number provides a more meaningful US growth rate: this is currently at 2.4% - still not much to write home about. The Bureau for Economic Analysis (BEA), the custodian of the data, published its revision for the three previous years, typical in the management of the data by the respective custodians; the official growth rate for 2012 was revised down from 2.8% to 2.3% although growth in 2013was increased from 1.9% to 2.2%. At its monthly meeting the Federal Open Market Committee (FOMC) continued to reduce the amount of bonds it buys by \$10bn per month – now at only \$25bn per month. It also noted that "there remains significant underutilization of labour resources" i.e. it is still concerned that the labour market is not back to full health. The July unemployment rate rose marginally from 6.1% to 6.2% while jobs continue to be added to the economy at a reasonable pace. The major problem is, as we have noted before, that many employable workers have actually given up looking for work i.e. have "fallen out of the labour pool" (in "economics-speak" we refer to this as the labour force participation rate or LFPR) which renders the improvement in the unemployment rate less significant than it looks on face value. The FOMC comment also indicated that they were less concerned about the rate of inflation than before; recall that although US inflation is still very low, recent months have delivered rising inflation, albeit off a low base, which ironically in this case, has been welcomed by the markets.

Chart 2: The US quarterly economic growth rate (%)



Source: FT.com

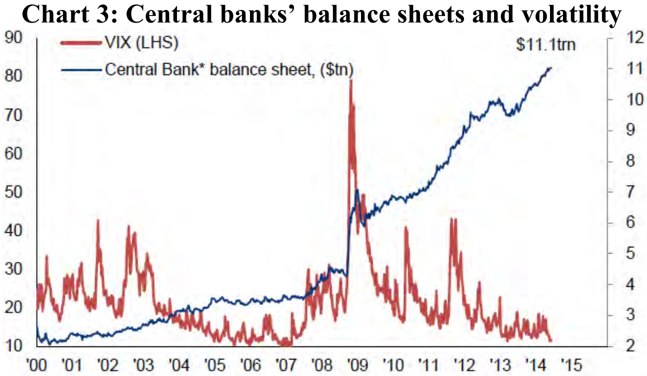
- *Developed economies:* **Japanese** economic growth during Q2 slumped to -6.8% on an annualized basis although that needs to be seen in light of Q1's 6.1% growth, which was boosted by consumer spending ahead of an increase in the rate of national sales tax. Signs of slowing activity in the **Eurozone** were everywhere when the Q2 growth data was released: **Germany** shrank 0.2% during the quarter, **France** experienced no growth (0.0%) and **Italy** slipped back into recession. The Eurozone as a whole experienced no growth in Q2, down from Q1's 0.2% while annual inflation for the region fell to a four-and-a-half year low of 0.4% in July.
- *Emerging market economies:* The **Chinese** economy grew 7.5% during the second quarter, up from Q2's 7.4% while the annual inflation rate to June came in at 2.5%, marginally higher than May's 2.3%. **Indian** inflation in June was 7.3%, down from May's 8.3%.

Charts of the month

It is always fascinating to observe how markets change over time. That explains our affinity for reviewing long-term charts – you can learn a great deal from them. With that in mind then, let's look at two charts which show how much the underlying nature of the US equity market in this case, has changed.

We know, and often refer to, the extent to which global (developed world) central banks have pumped money into the global financial system in an effort to create liquidity and keep interest rates low. Other than these two contentious objectives there have been other notable consequences of this "flood of money" into the system since the Great Financial Crisis of 2007/9, not least of which has been the slow, inexorable, grind higher of global equity markets.

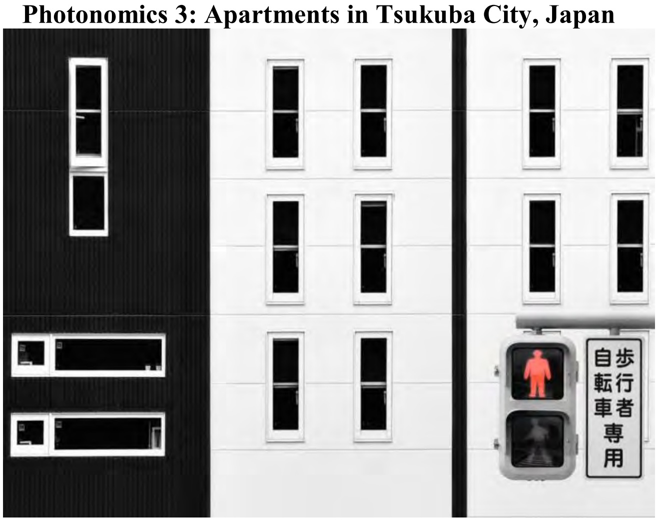
Chart 3: Central banks' balance sheets and volatility



Source: Merrill Lynch

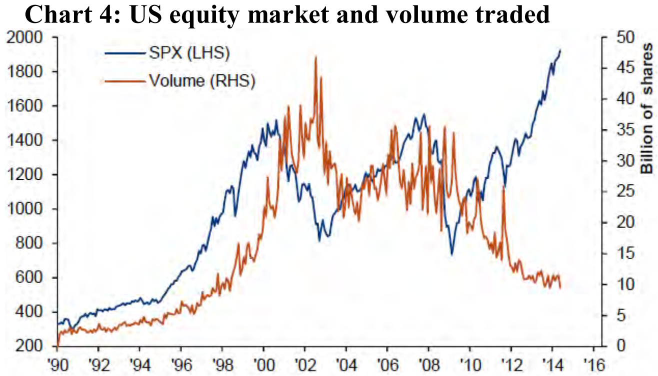
Chart 3 shows the extent to which the balance sheets of central banks (US, UK, Japan, Switzerland and Europe) have ballooned together with the extent to which volatility in the US equity market has declined. You can draw your own conclusions from this chart, remembering that there is no causal relationship between the two; all I would note is how market volatility has reduced over time, having peaked close to 80 in 2009 when Lehman Brothers collapsed and AIG nearly did. We would do well to remember then, that the prevailing levels of market volatility are exceptionally low; we should not be surprised to see more – far more, in fact – volatility in equity markets in the future. Fasten your seat belts for a bumpier ride.

Photonomics 3: Apartments in Tsukuba City, Japan



Another interesting dynamic within the US equity market that has changed materially in recent years (and there is no reason to think other major equity markets are any different) is the volume of shares that have traded on a daily basis. Chart 4 illustrates clearly that the volume of shares traded has been declining steadily since its 2002 peak. Yet despite this, or perhaps partly because of it, the equity market has marched to record levels of a regular basis. There are a number of reasons for the reduction in volumes, including the huge share buyback programs that many large US corporations have in place. We would again do well to remember that there are simply fewer shares around than, say, during the 2000 or 2007 market peak. Simply put, the bull market in shares has been accompanied by a bear market in volume.

Chart 4: US equity market and volume traded

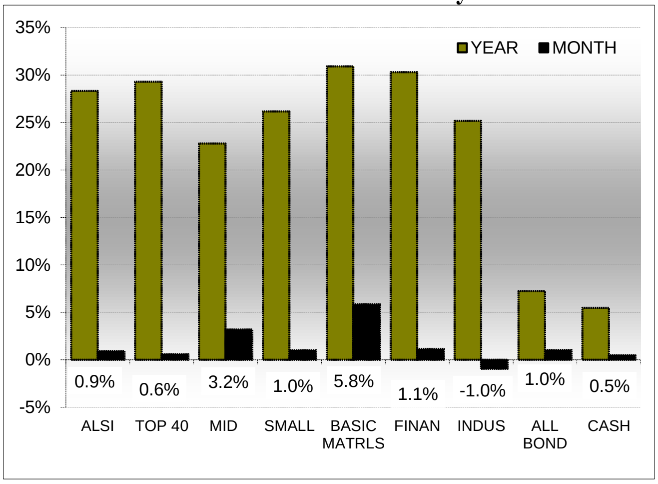


Source: Merrill Lynch

July in perspective – local investment markets

Turning to local investment markets, the SA equity market enjoyed another positive month although the month-end turbulence lowered the returns somewhat. The All share index rose 0.9%, led by the basic material sector, which ended up 5.8%. Financials ended the month 1.1% higher but industrials succumbed to the global weakness by ending the month down 1.0%. The small cap index rose 1.0% on the month and the mid cap index ended 3.2% higher, thanks to strong gains in retailers during July. The best performing sectors during the month were the industrial metals sector, which rose 13.0%, fixed line telecoms (Telkom) up 8.7% and general mining 7.7%. The worst performers were the personal goods sector, which declined 8.8%, household goods 8.7% and consumer goods 5.5%. The year-to-date and annual returns of all the major indices remain more than respectable; the lowest year-to-date return being that of the industrial sector, which has risen "only" 8.9%; basic materials are up 17.0% over the same period. The SA bond market rose 1.0% during the month.

Chart 5: Local market returns to 31 July 2014



For the record

Table 1 below lists the latest returns of the mutual and retirement funds under Maestro's care. You can find more detail on our website at www.maestroinvestment.co.za. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table are available on our website.

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

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Jul**	**0.9%**	**7.0%**	**24.4%**
JSE All Share Index	*Jul*	*0.9%*	*12.8%*	*28.3%*
Retirement Funds				
Maestro Growth Fund	**Jul**	**0.9%**	**6.6%**	**20.3%**
Fund Benchmark	*Jul*	*0.8%*	*9.4%*	*20.4%*
Maestro Balanced Fund	**Jul**	**0.8%**	**6.2%**	**18.4%**
Fund Benchmark	*Jul*	*0.8%*	*8.5%*	*18.1%*
Maestro Cautious Fund	**Jul**	**0.8%**	**6.6%**	**15.2%**
Fund Benchmark	*Jul*	*0.8%*	*6.5%*	*12.6%*
Central Park Global Balanced Fund ($)	**Jun**	**3.4%**	**4.8%**	**17.5%**
*Benchmark**	*Jun*	*1.0%*	*3.6%*	*11.7%*
*Sector average ***	*Jun*	*1.0%*	*3.2%*	*11.4%*

* 40% MSCI World Index, 20% each in Barclays US Aggregate Bond Index, Credit Suisse Tremont Hedge Index and 3-month US Treasury Bills
** Lipper Global Mixed Asset Balanced sector ($)

A few quotes to chew on

Putting the current market conditions into perspective

Many of our clients and people we have contact with have asked us, on a regular basis, whether we think there is a bubble developing in investment markets and if so, what are the likely prospects of it bursting. This is not the time or place to provide a comprehensive response to that question, but regular readers of *Intermezzo* will know what our view on this question is. We have dealt with this issue in a number of publications, including our Market Commentaries and in the letters that accompany monthly client statements. But while we are on the topic, which has become even more relevant now that a bit of volatility has crept back into the markets, we thought the following comments from *Merrill Lynch Chief Investment Strategist, Michael Hartnett*, were rather thought-provoking.

Photonomics 4: Apartments in Hong Kong

"Stepping back then, the case for bubbles that demand a Fed rate response is far from clear. It's somewhat surprising that so many market participants are clamouring for the Fed to call this or that a bubble: why should the Fed be more likely to know the "proper" valuation of any asset than the markets? Indeed, this is the core tenet of the Greenspan /Bernanke approach to bubbles: identifying them in real time is difficult, and the Fed has to be cautious second-guessing the market. Better to mop up afterwards. This doctrine worked fine in the face of stock market corrections. But the assumption that clean-up would be less costly than the collateral damage from popping bubbles was no longer defensible after 2007. The Yellen Fed has learned to be more proactive, putting greater weight on financial stability in their policy deliberations and communications, and by developing a range of macro-prudential tools.

The common counter is that the Fed's low rates are the root cause of emerging bubbles. This 'reach-for-yield' argument assumes that investors are not properly compensated for the risks they are taking — if they were, that arguably would not be a bubble. In fact, bubbles usually need ill-informed or irrational (in the market sense) investors to perpetuate them. If 'reach for yield' represents systematically wrong assessments of riskiness by investors, then behavioural finance raises the possibility that a supervisory response will be more effective. Yet the fact that so many people are worried about a bubble ironically makes it less likely. Our global investment strategists call this the 'most unloved' stock market rally in recent memory, as many potential investors remain on the sidelines."

Photonomics 5: City Hall roof garden, Chicago

File 13. – Things almost worth remembering

How much tax do we pay, relative to the rest of the world?
Although not the full answer to the question above, I recently came across some useful data which provided a comparative analysis of the amount of tax South Africans pay relative to their developed world compatriots. When compared to other countries within the Organization of Economic Co-operation and Development (OECD) personal income tax constitutes 34% of total South African tax revenue versus 24% for other OECD members. Corporate income constitutes 23% of SA revenue versus 9% in other OECD countries while 27% came from VAT receipts in SA versus 20% across other OECD countries. Of course the flipside of this equation is the extent to which government spends the revenue it earns. One example of this is worth noting: in 2007, when then-President Mbeki was in office, the budget for his office i.e. the Presidency was R257m. By 2012 it has soared to R1.1bn and is forecast to climb further to R1.3bn by 2016.

How much does it cost to educate one SA scholar?
While on the issue of numbers and their relevance to our taxes, I have long wanted to calculate how much we spend every year on trying to educate our youth. Let me start by asking you what you think the amount is? Care to hazard a guess? How much do you think we, as a country i.e. tax payers, spend on educating the young people of this country? Well, we know that the total spend on education in the 2014/5 fiscal year was R254bn, or 20% of the total government expenditure. And we also know that there are an estimated 54m South Africans in the country, based on the [2014 mid-year population estimate].

Now, if we assume that this spend is spread across all South Africans aged between 5 and 19, of which there are 15.7m, then you arrive very simply at an amount of R16.2m. You will be the first to admit that my assumptions are a bit "loose" i.e. there are not 15.7m scholars in SA; probably far less. And many scholars from more affluent homes attend private schools, which would reduce even further the number across which the spending on education in this country is spread. So let's say the budgeted amount is spread across 15m pupils; that pushes the per capita spend to close to R17m. Admittedly the budget includes infrastructural spending on new schools, of which 433 are due to be built in the coming three years, but let me also note here that the bulk of the education budget goes to paying teacher salaries.

So let's take stock of the numbers: about R18m is spent *per year* on *each* SA pupil i.e. another R18m – or more – will be spent on the same pupil next year; and the year thereafter, and the year thereafter, etc. While most people wouldn't have a problem spending money on education, we all know what has happened to the standard of education in recent years. And we know only too well, given recent media interest and reports that many teachers are simply ill-equipped to teach. The point is this: as a father of two wonderful kids, what return am I getting from the R36m that government will "spend" on my children this year? What return am I getting from my taxes on this investment into education? It's worth a thought.

A trip down memory lane – or more about changing markets
This will be of particular interest to those who remember the working world without email ☺ but it may also surprise younger investors and participants in the industry. During some spring cleaning the other day (*Ed*: in the middle of winter? Don't ask!) I came across a profile of the SA stock market in 2003. I list in the tables below some interesting comparisons between then and now.

Just like we noted, in Charts 3 and 4, how the US equity market has changed, so too, the SA market has changed – I would argue even more dramatically. Monitoring that change and pre-empting it informs a lot of our investment strategy. For example, clients and friends of the company will be familiar with our strong preference for industrial and financial companies over resource (basic material) shares. Table 2 shows just how dramatically the market has changed in this regard, and we are only talking about the past ten years. It is hard trying to generate decent returns from the market at the best of times; it is much harder still to try and generate them from a portion of the market and economy that is shrinking dramatically, as the mining sector has done. That is even truer of direct gold shares, which underlines our strong aversion to them. Take time to review the tables below; they contain a lot of about the past and present but more importantly a lot of valuable lessons for the future.

Table 2: Composition of the JSE All share index (%)

Selected JSE Sector	Weighting Dec 2002	Weighting July 2014
Basic materials (mining) oil and gas	45.9	30.3
Financials	23.7	18.1
Industrials	30.4	56.5
Gold	10.4	2.1
Platinum	4.7	2.2
Beverages and soft drinks	5.1	8.3
Healthcare	0.5	3.1
Media and photography	0.8	7.5
Telecoms (fixed line and mobile)	1.4	6.8
Top 40 (large cap)	87.3	84.2
Mid cap	10.4	13.1
Small cap	2.3	2.7

Source: JP Morgan and TimBukOne

Please note that throughout Tables 2 – 6 I have shaded the specific sectors or companies which have declined in value or in their respective constituency over the period. Note the preponderance of mining and resource shares in the shaded areas. Given the prevailing mess in the mining industry, from every angle be it legislation, government policy (or the lack thereof), labour relations, physical conditions, etc, it is hard to see this trend reversing anytime soon.

Table 3: Largest companies in the All share index (%)

Company	Weighting Dec 2001	Weighting Dec 2002	Weighting 11 Aug 2014
Anglo	16.0	14.8	4.0
BHP Billiton	8.4	8.9	7.7
Richemont	6.8	6.6	5.3
Sasol	4.2	5.6	4.0
SABMiller	4.0	4.9	9.5
Goldfields	1.6	4.5	0.4
Old Mutual	3.4	3.6	1.7
Standard Bank	2.5	3.2	2.4
Anglogold	2.7	2.6	0.8
Remgro	1.9	2.4	1.1
Firstrand	2.4	2.4	2.5
Sappi	1.7	2.2	0.2
Implats	2.2	2.2	0.7
Amplats	5.8	2.2	1.3
Harmony	0.7	2.0	0.2
Naspers	N/A	0.6	5.6
MTN	N/A	0.8	4.3
BATS	N/A	N/A	12.4

Source: JP Morgan and TimBukOne

Table 4: Largest companies in Top 40 (large cap) index (%)

Company	Weighting Dec 2002	Weighting 11 Aug 2014
Anglo	17.0	4.7
BHP Billiton	10.2	9.1
Richemont	7.6	6.2
Sasol	6.4	4.7
SABMiller	5.6	11.3
Goldfields	5.1	No longer in index
Old Mutual	4.2	2.0
Standard Bank	3.7	2.8
Anglogold	3.0	0.9
Remgro	2.8	1.3
Firstrand	2.8	3.0
Sappi	2.5	No longer in index
Implats	2.5	0.8
Amplats	2.5	1.5
Harmony	2.4	No longer in index
Naspers	Not in index	7.0
MTN	0.9	5.1
BATS	Not in index	14.7

Source: JP Morgan and TimBukOne

Photonomics 6: Metro train system, Chicago

Table 5: Market cap of selected companies (Rbn)

Company	Dec 2002	11 Aug 2014
Anglo	185.8	396.3
BHP Billiton	111.2	774.2
Richemont	83.0	528.0
Sasol	70.2	399.8
SABMiller	60.7	953.6
Goldfields	56.3	34.9
Old Mutual	45.6	167.7
Standard Bank	40.1	237.1
Anglogold	32.3	76.2
Remgro	30.1	113.9
Firstrand	30.1	250.3
Sappi	27.4	23.1
Implats	27.2	68.8
Amplats	27.2	125.0
Harmony	25.6	15.0
BATS	N/A	1 248.0
Glencore	N/A	884.3
Naspers	6.9	590.3
MTN	10.1	443.4
Vodacom	N/A	189.0

Source: JP Morgan and TimBukOne

Table 6: Largest constituents of mid cap index (%)

Dec 2002	July 2014
Naspers	Mr Price
AVI	RMI Holdings
Woolworths	Netcare
Netcare	MMI Holdings
M & R	Brait
NAC	Libhold
Metro	Goldfields
Reunert	Coronation
Aveng	Redefine
Shoprite	Tsogo Sun
Corohold	Massmart
Western Areas	Truworths
Northam	Nampak
Avmin	Telkom
Edcon	Pick 'n Pay
Aspen	Pioneer Foods
Abil	The Foschini Grp
Massmart	Santam
Illovo	Capitec
AECI	Sibanye

Source: JP Morgan and TimBukOne

You will notice from the Tables above that many companies that make it into the Top40 index, which represents the largest companies on the market, shrink over time or start growing at a slower rate. To some extent that reflects the "law of large numbers" (nothing can continue to grow at an increasing rate forever). But if there is a lesson to be learnt, particularly if you look at the constituents of the mid cap index in December 2002 (Table 6), it is true that many of the smaller, mid-cap sized companies go on to become true giants and make remarkably good investments. That isn't true of all companies, but we have always held the view that the mid cap space is a useful and fruitful place to go looking for the "heroes of the future". Consider, for example, that Naspers, Netcare, Shoprite, Corohold (the forerunner of Coronation) and Aspen were all to be found in the mid cap index in 2002. To be fair, so too was Abil and a host of mining companies, but it remains true that the mid cap index is fertile ground to go hunting for investment ideas. Consequently, it is worth noting which companies find themselves in the mid cap index today; the top 20 companies of the mid cap space at the end of July are also shown in Table 6. In Table 6 the shares are shown ranked in order i.e. from the largest to the smallest, remembering that I have only listed the top 20 of the 60 index members.

Photonomics 7: Sea cliffs, Svalbard, Norway

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Table 2: MSCI returns to 31 July 2014 (%)

31-Jul-2014	Mkt cap	US$ perf (%)			PE (x)		
Region/Country (# Co)	U$bn	2013	1M	YTD	CY13	CY14E	CY15E
North America (711)	19,594	27.6	-1.4	4.9	17.3	16.6	14.9
Canada (95)	1,453	3.3	-0.2	10.1	16.8	16.2	14.6
US (616)	18,141	29.9	-1.5	4.5	17.3	16.7	14.9
Europe (437)	8,856	21.7	-3.8	-0.5	16.0	15.2	13.4
Austria (8)	31.2	10.9	-11.8	-15.8	16.9	19.6	9.7
Belgium (11)	160	24.6	-4.1	1.6	19.5	18.0	15.6
Denmark (13)	200	23.4	-2.4	15.3	22.0	19.4	17.1
Finland (12)	116	41.6	-0.7	0.0	19.7	16.9	15.6
France (73)	1,305	23.3	-6.0	-3.5	16.5	14.8	12.8
Germany (54)	1,193	28.2	-6.4	-7.1	15.3	13.7	12.1
Ireland (4)	39.2	38.9	-3.6	-0.8	78.4	22.1	16.0
Italy (26)	339	16.9	-5.4	6.6	17.7	16.0	12.4
Netherlands (24)	349	28.5	-5.3	-4.8	17.7	15.6	13.5
Norway (10)	115	5.3	-3.8	4.5	12.9	12.7	11.8
Portugal (5)	26.7	7.5	-15.8	-12.0	22.6	25.7	13.9
Spain (22)	487	27.7	-3.5	7.5	17.0	17.3	14.3
Sweden (30)	404	21.4	-3.2	-4.0	15.3	16.8	14.7
Switzerland (38)	1,191	23.8	-4.0	0.4	17.2	16.9	15.0
UK (107)	2,899	16.2	-1.4	1.6	14.6	14.2	13.3
Israel (9)	72.2	8.0	1.0	20.8	10.0	11.0	10.7
Asia Pac (989)	7,154	9.3	2.1	5.3	14.4	13.9	12.6
Japan (311)	2,796	24.9	0.6	0.3	16.3	14.7	13.5
Australia (69)	1,091	-0.3	2.9	9.6	15.8	15.5	14.6
New Zealand (6)	18.5	6.2	-1.7	10.2	20.2	21.3	19.8
Asia Pac ex-Japan (678)	4,357	0.5	3.2	8.8	13.3	13.4	12.2
Asia ex-Japan (603)	3,248	0.7	3.3	8.6	12.6	12.8	11.5
China (141)	809	0.4	7.3	4.6	9.4	9.9	8.9
Hong Kong (39)	411	8.1	6.0	8.8	15.8	16.4	15.0
India (68)	278	-5.3	0.7	21.8	16.9	18.0	15.7
Indonesia (30)	109.3	-25.0	8.1	29.4	15.5	15.9	14.1
Korea (103)	650	3.1	1.8	5.1	11.3	10.9	9.6
Malaysia (43)	160	4.2	-0.1	1.5	17.0	16.5	15.2
Philippines (20)	40.6	-4.3	0.7	19.4	20.7	20.0	17.6
Singapore (29)	204	-1.8	4.0	7.1	14.6	14.8	13.5
Taiwan (101)	493	6.6	-1.2	9.9	15.9	14.8	13.5
Thailand (29)	92.0	-16.9	1.7	15.3	12.7	13.6	12.2
EMEA (159)	744	-8.0	-2.7	-1.3	9.0	9.8	8.9
Czech Republic (3)	8.9	-14.9	-5.9	1.3	10.7	12.8	13.6
Egypt (4)	8.9	6.2	11.5	20.3	18.0	12.1	10.6
Greece (10)	29.4	46.2	-8.3	-3.7	nm	nm	17.1
Hungary (3)	8.2	-9.0	-11.2	-17.7	9.6	11.7	8.7
Poland (23)	63.8	-1.7	-6.3	-5.2	14.4	13.7	12.5
Qatar (10)	18.8	23.9	12.4	17.1	15.8	17.6	15.5
Russia (22)	197.4	-2.6	-10.9	-16.3	4.8	4.8	4.7
South Africa (50)	312.8	-8.8	0.9	8.9	16.1	16.1	14.1
Turkey (25)	72.4	-28.1	3.9	23.4	8.9	12.3	10.3
UAE (9)	22.8	84.7	16.9	35.3	20.2	17.5	16.1
Latin America (140)	786	-15.7	0.9	6.2	13.4	14.5	12.7
Brazil (73)	454	-18.7	1.7	9.6	11.0	12.3	10.9
Chile (20)	59.4	-23.0	-5.0	-6.5	18.9	18.2	14.5
Colombia (14)	42.3	-23.7	-0.1	10.6	15.1	14.8	13.5
Mexico (30)	213	-2.0	1.2	2.1	20.4	21.4	18.2
Peru (3)	17.7	-31.0	-0.6	11.4	15.3	15.7	12.7
Developed Markets (1611)	33,043	24.1	-1.7	3.2	16.7	16.0	14.3
Emerging Markets (834)	4,163	-5.0	1.4	6.3	11.6	12.1	10.8
World (2445)	37,205	20.3	-1.3	3.5	16.0	15.4	13.8

Source: Merrill Lynch

Photonomics 8: A "morning meeting" in Sorrento, Italy

So what's with the pics?

In the past we have shared a lot of pictures from emerging markets, so for a change I thought I'd share some from developed economies around the world. As is often the case the pictures are all sourced from National Geographic's Photo of the Day series. Enjoy!

Photonomics 9: Gondola reflection in Venice, Italy