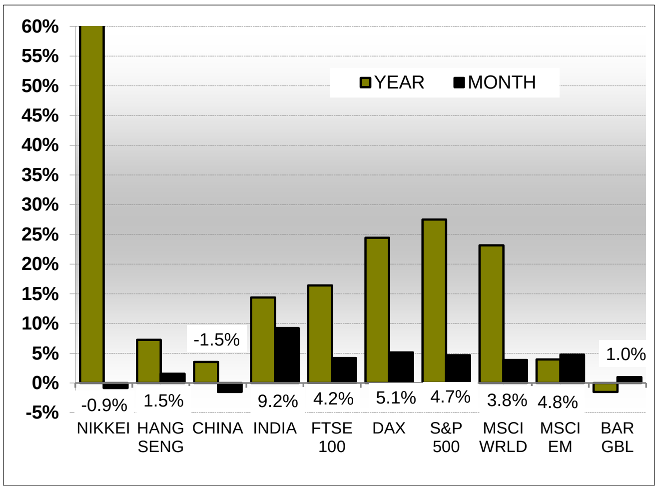
MAESTRO INTERMEZZO
Investment Letter | 13th Edition | November 2013

October in perspective – global markets

Despite an eventful month, equity markets ended the month with good returns notwithstanding the strong gains posted in September. The spin-off from the US Federal Reserve (the Fed's) September meeting, when they decided not to reduce the extent of Quantitative Easing (QE) or loose monetary policy, continued into October and prevailed for most of the month. October consequently played out in a predictable fashion: the dollar weakened against most other currencies and equity markets, and emerging markets in particular, were strong. The perverse thing about the prevailing investor climate though, is that the "bad news is good news" mind-set has returned. When disappointing US economic data was released during the month – and there was quite a lot of it – to which one must add yet another US "government shutdown" debacle, investors adopted the approach that the poor economic news would stay the Fed's hand even further and it would not begin tapering QE any time soon. Consequently this ongoing source of cheap money would continue to find its way into risk assets such as equity markets, and emerging equities and currencies in particular.

Chart 1: Global market returns to 31 October 2013



Turning to the actual returns, October saw the MSCI Emerging market index rising 4.8%, higher than the MSCI World index, which rose a respectable 3.8%. Within the emerging equity market space, India rose 9.2%, Indonesia 4.5%, Russia 4.1% and Brazil 3.7%. The SA equity market (the All share index, that is, not the MSCI SA index) rose 4.2% in dollar terms while China experienced a negative month, ending down 1.5%. Within the developed market space, the US remains one of the most popular global markets; it rose 4.7% after September's 3.2% gain; Germany rose 5.1% after a 6.1% rise in September. US mid and small caps rose 3.6% and 3.5% respectively, bringing their year-to-date gains to 26.3% and 34.6%, showing just how great the global appetite for risk really is. Global bond markets also enjoyed the prospect of "delayed tapering" and poorer economic news, rising 1.0% in October. The commodity basket was mixed, with platinum, silver, nickel and coal posting reasonable monthly gains. All in all, investors should feel satisfied with the market behaviour in October, not only because the returns were positive across the board, but more importantly that returns were positive following a month (September) of exceptionally strong gains. By way of example, consider that the MSCI World and Emerging indices have risen 9.6% and 12.7% during the past two months alone. During the same period the All share index has risen 8.9% while the financial index is up no less than 13.9%. Given the extent of these gains, it would not be surprising to see some form of a correction in global equity markets, which, quite honestly, we would welcome. However, we don't believe that the powerful underlying factors driving equity markets higher are going to change in any material way for the foreseeable future, so in the absence of an unpredictable and totally unforeseen shock to world markets, we will probably see markets plod higher.

What's on our radar screen?

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

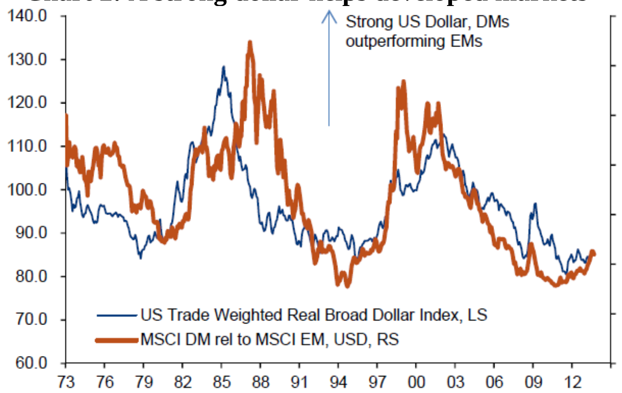
- *The SA economy:* The SA economy grew 2.0% during the June quarter (Q2), up marginally from 1.9% in the first quarter (Q1). The SA (headline) inflation rate declined to 6.0% in September from 6.4% in August, although core inflation rose from 5.1% to 5.3%. The reduction in the annual headline rate was more a function of the high base off which it was being measured than any meaningful decline in prices during the month. The September trade deficit narrowed marginally but by less than was hoped. It declined to R18.9bn, down from August's record level of R19.1bn. Exports of vehicles dropped 57.9% month-on-month and by 50.3% on an annual basis, providing insight into the devastating effects of the recent strike
- *The US economy*: The first estimate of US Q3 economic growth came in at 2.8%, much better than expected. However, about 0.8% of that growth emanated from a rebuild of inventories, without which the growth would have been in line with the 2.0% expectation. However, it was apparent from the report that not too much damage had been inflicted on the economy through the Washington shenanigans (the debt ceiling and government shutdown circus) which must be welcomed with some relief. In addition, it seems the economy is also creating more jobs than initially expected; a robust jobs report for October was accompanied by an upward revision to previous months' data.

- *Developed economies:* **Eurozone** inflation declined from 1.1% in September to 0.7% in October, a four-year low. Energy costs declined by 1.7%, which pulled the overall rate of inflation lower. **German** inflation declined from 1.4% to 1.2%. The news on inflation, or rather the lack of it, undermined the euro slightly - it has been relatively strong against the dollar so far this year - and started a debate as to whether or not the next movement by the European Central Bank (ECB) would be to cut rates rather than raise them. Not surprisingly, the European Central Bank (ECB) cut its official rate by 0.25% to 0.25%. It is unlikely that such a miniscule rate cut is going to make any difference to the underlying economy, but the important message from the ECB is that is it concerned about the low level of inflation and that it is prepared to act to support the economy. As a result the euro lost some of its momentum against the dollar, although that spurred most European markets, the German one in particular, to even greater heights. Investors' rallying cry is simple: Long live central bankers! Unemployment in the **EU bloc** remains elevated at 12.2% (**Portugal's** unemployment is 16.5% and **Spain's** is 26.0%). The **UK** economy grew 0.8% in Q3, up from 0.7% in Q2, its fastest rate in more than three years (*Ed*: strange that markets should get excited about a growth rate of only 0.8%; surely it should be 2% or 3%?) Headline and core UK October inflation came in at 2.2% and 1.7% respectively. After nine successive quarters of declining output, **Spain** returned to a slight increase in economic output in Q3. The Spanish government has forecast growth at 0.7% for next year.
- *Emerging market economies:* **India** raised its key interest rate by 0.25% to 7.75% in an ongoing effort to tackle inflation in general (9.8% in September) and food inflation in particular. **Brazil's** central bank also raised rates by 0.5% to 9.0%. Retail sales there increased by 6.2% on an annual basis in August, from 6.0% the previous month. **Chinese** inflation in September rose to 3.0%, up from 2.6% in August, and moved higher still in October, to 3.2%. Core inflation in October i.e. excluding food and energy prices, rose 1.8% year-on-year. Retail sales grew 13.3% in the year to October. **Russia** grew 1.2% in Q2, the same rate as in Q1, and inflation declined marginally from 6.5% to 6.1% in September. Economic growth in Chile rose to 4.0% in Q2, down from 4.5% in Q1.

Global charts of the month

Two unrelated charts this month: firstly, chart 2 provides an illustration of the relationship between the dollar and the relative movement between emerging and developed markets. This relationship is worth highlighting for two reasons; firstly emerging markets have underperformed developed ones quite severely over the past year and a half, and secondly, with South Africa being an emerging market of note, there is more than a passing interest in this relationship for all investors into the SA equity market. The general rule is simple, as shown in Chart 2: when the dollar firms against other countries, developed markets outperform emerging ones. The dollar, depicted by the blue line on the left-hand scale, has been weak since about 2002, apart from its strength during the financial crisis of 2007/9. During this time, emerging markets have significantly outperformed developed markets, shown as the MSCI World index relative to the MSCI Emerging market index, which is the orange line. So far this year dollar weakness has abated, which has led to developed markets outperforming emerging ones (note how the orange line is rising again). If one believes, as we do in broad terms, that eventually US and developed market interest rates must rise (they have been held artificially low thanks to central banks flooding the markets with free money [QE]), then the dollar is likely to rise against other currencies and developed markets. Based on the relationship shown in the chart, developed markets are likely to outperform emerging ones. This will create a headwind for the SA equity market, which will need to be monitored closely.

Chart 2: A strong dollar helps developed markets



Source: Merrill Lynch

I found Chart 3 quite interesting and thought to share it with you; it shows the historic relationship, since 1947, between the size of the US stock market i.e. the combined value of all the shares listed on the US market, expressed as a percentage of the size of the US economy (GDP). Most of us will remember the tech boom and Y2K frenzy of 1999; note from the chart that the record levels achieved at that time have still not been surpassed when expressed as a percentage of the US economy. That said, the recovery in the US equity market has propelled the market higher; it is now almost as large as the US economy. The chart places the strength of the US market since 2009 into perspective.

Chart 3: US stock market capitalization to US GDP

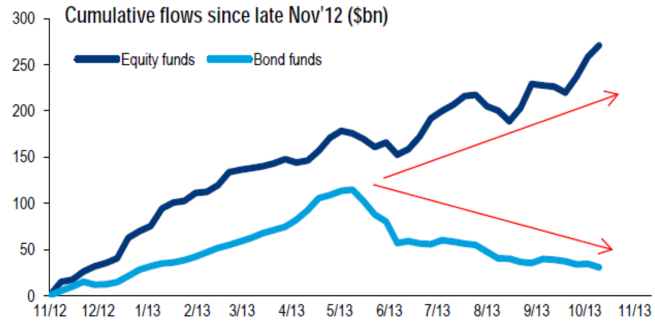
Source: Merrill Lynch

A few quotes to chew on

Growth in market cap (size) versus the economy
Closely related to topic of Chart 3, are the following comments made by *Merrill Lynch Chief Investment Strategist Michael Hartnett* (made on 18 September, though, since which time the US equity market has risen another 2.4%): "Since March 2009, the combination of "High liquidity and Low growth" has been positive for Wall Street but less so for Main Street. The US economy has grown by a little over $1tn (trillion) in the past 4 ½ years. In contrast, global stock market capitalization has grown by $32tn".

Asset flows – bonds and equities
Well-known *Deutsche Bank "scribe" Jim Reid*, author of the widely-read "Early Morning Reid", had the following to say (on 5 November). Commenting on US Fed board members' utterances on the prospect of QE tapering, and the effects the general subject of QE tapering was having on the market, he noted the following: "While the markets debate the Fed and the ECB's next moves, stocks continue their march higher. Indeed, after passing the 1700 mark just a little more than a month ago the S&P500 is now only 34 points away, or less than 2% from the 1800 mark. Indeed, the S&P500 has been on an impressive run since its most recent bottom on the 8th October. Since that day, the index is up almost 7% and there have only been four negative days out of the last 19. Reports continue to suggest strong inflows into the equity asset class, mostly at the expense of fixed income funds. Data from earlier in the week from TrimTabs showed (on inflow of) $54.2bn into all equity mutual funds or ETFs in October, the third-largest inflow on record. On the other hand, bond mutual funds and ETFs redeemed $13.5bn in October, almost triple the outflow of $4.9bn in September. Bond funds posted five consecutive monthly outflows for the first time since late 2003." This talks to one of Maestro's *Big Picture Themes*, namely the Great Rotation, wherein a gradual, but powerful multi-year switch occurs from the bond market into the equity market. The following chart shows this graphically.

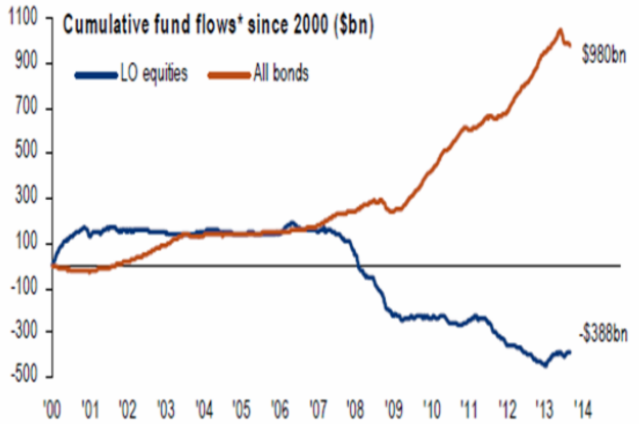
Chart 4: US Bond and equity flows over the past year



Source: Merrill Lynch

Many readers have expressed concern about the relentless upward march in the US equity market. While this is a significant debate in its own right, which we will not engage here, the following chart places the previous chart into perspective. This is a long-term story – inflows into the equity market have been strong, but they have hardly made a dent in the flows that occurred during the past seven years – refer to Chart 5, which depicts the same phenomenon as Chart 4, just over a longer period.

Chart 5: Bond and equity flows – a longer perspective



Source: Merrill Lynch

More perspective on Quantitative Easing (QE)
I know we are all sick of QE, but it has probably been the most powerful financial force ever unleashed on the market. It will be high on the agenda for years to come still, so we cannot ignore it or get complacent about the market forces and behaviour that have arisen as a result of it. Herewith samples of other investment professionals' take on it.

Sarasin Chief Economist, Subitha Subramaniam, writes as follows: "Central banks have rarely been more powerful. After the financial crisis they crashed interest rates to zero, promised to keep them there into the future and bought vast swathes of the bond market. The message to financial markets has been clear: liquidity is here to stay, go forth and allocate to invest, to grow. These unorthodox policies, known as financial repression, have been driving financial markets ever since. Their impact is visible everywhere; from the negligible returns on bank deposits to the negative real returns on longer-term government assets and a global hunt for yield and return that has rippled through asset classes."

Merrill Lynch's Michael Hartnett again; "We believe the opiate of investors for the moment remains central bank liquidity. The degree of stimulus since 2007 has been unprecedented: $13 trillion of foreign exchange reserve accumulation and financial asset purchases by central banks and 560 central bank rate cuts. And the 'bulls' appear to remain driven by 'liquidity': only 13% of the 235 investors polled in our Fund Manager Survey believe the global economy will grow 'above-trend' in 2014 versus 84% who believe it will be 'below-trend'. We think 'Bernanke-care' may have truly cured all known investor concerns". In another article entitled "The only thing we have to fear is liquidity itself" he says "We believe the fall in (interest) rate expectations reflects the strong market conviction in 'Bernanke-care' and the likely ongoing era of excess global liquidity. In our view, conviction in Central Bank largesse is so strong that investors are beginning to question whether 2014 will become a year of speculative excess rather than one of macro, rate and asset allocation normalization, as posited by our Great Rotation thesis. Indeed, comparisons are being made with the 4th quarter of 1999 when the Fed left the liquidity gates wide open because of 'Y2K' concerns and a tech bubble resulted. Suddenly, in late 2013, we think investors are now concerned that they have nothing left to be uneasy about except excess liquidity. The degree of monetary stimulus in the financial system remains significant, in our view. Since the equity market lows in 2009, interest rates have been cut 324 times around the world and Central Banks have increased global liquidity by roughly $9tn. The result has been gains of nearly $35tn in global equity market cap and a rise of roughly $15tn in bond market cap, but only a rise in global nominal GDP of nearly $14tn. We believe the longer it takes for liquidity to feed through to economic growth, the greater the risk is that liquidity could cause excess valuations in financial assets."

The *ACPI Quarterly Fixed Income Comment* provides a refreshing and different view on QE. Their article points to some of the failures of QE, notwithstanding the vast quantities of money being thrown at the problem each month. They write as follow: "After the initial panic of 2008 and the subsequent wave of global central bank liquidity that followed, it now appears we are approaching the end of the initial post crisis environment. Whilst the effectiveness of QE1 and the LTRO in Europe is not in doubt, the 'cost/ benefit' trade-off of continued money printing is beginning to look unfavourable. The key point to understand, is that the Fed needs to push back on QE, not because of its successes (arguably the greatest achievement was merely to push existing problems further down the road) but rather that the costs of these policies are becoming too high. Below we examine the key objectives of the Federal Reserve's QE programme:

1.) Inflation: One of the cornerstones of the Fed's effort to reignite the economy, by building protection against a debt deflation scenario, has failed. Given the current outlook, it appears any number of factors could potentially push the US back into a debt deflation environment; a surprising outcome given the US is printing $85b per month.

2.) Unemployment: The Fed's attempts to create a 'wealth affect' by promoting new asset bubbles have not had the desired effect. The falling participation rate in the US is the key driver of the US unemployment rate, not the performance of asset markets. Furthermore, of the jobs that have been created, the vast majority have been low paid and/or part time sectors. It is the Fed's belief that the unemployment problem is cyclical in nature. If the problem is structural however, a continuation of current monetary policy will clearly end up doing more damage than good.

3.) Credit Growth: The largest driver of US economic growth over the last twenty years has been the unprecedented rise in credit. The US government forestalled an initial deleveraging at the early stages of the 2008 crisis. However their ability to continue this policy is now limited. The problem currently facing the US is the lack of a credit expansion multiplier built into the recovery. The fear for the Fed is that they have thrown the 'kitchen sink' at the system and it has failed to deliver the desired impact. QE has supported capital markets and has had a positive wealth effect for the tiny minority at the top of the tree. Overall, however, the costs of these misguided policies look to have been extremely high.

4.) Income Growth: Median income growth furthermore has dropped appreciably over the last 14 years. In 1999 median income was $56 000, in 2007 that number was $55 600 while in 2012 it had dropped to $51000."

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.

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

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Oct**	**4.9%**	**21.3%**	**28.4%**
JSE All Share Index	*Oct*	*3.6%*	*19.2%*	*26.2%*
Retirement Funds				
Maestro Growth Fund	**Oct**	**3.7%**	**15.7%**	**20.3%**
Fund Benchmark	*Oct*	*2.4%*	*14.9%*	*19.7%*
Maestro Balanced Fund	**Oct**	**3.2%**	**14.1%**	**18.1%**
Fund Benchmark	*Oct*	*2.1%*	*13.4%*	*17.6%*
Maestro Cautious Fund	**Oct**	**2.7%**	**11.3%**	**15.1%**
Fund Benchmark	*Oct*	*1.4%*	*7.8%*	*11.1%*
Central Park Global Balanced Fund ($)	**Sept**	**3.3%**	**-6.5%**	**-4.6%**
*Benchmark**	*Sept*	*2.6%*	*6.6%*	*7.8%*
*Sector average ***	*Sept*	*3.0%*	*6.2%*	*8.7%*

* 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 ($)

Regular readers will know that on a quarterly basis we publish the returns Maestro achieved on the equity portfolios in its care, which consist predominantly of tax-constrained private client portfolios. The returns, for the periods to 30 September 2013, are listed in Table 2; as is customary, the returns are listed net of fees i.e. after fees have been deducted. Chart 6 depicts the same returns but in graphic form. I would like to dwell on two aspects of the returns for now; firstly their relatively stable nature and secondly a brief comparison against our peers. Beginning with the nature of the returns listed below, we made the point when reporting the June returns in the August edition of *Intermezzo*, that what is not immediately evident from our returns is their low-risk nature. Risk in the investment profession, at least as far as performance measurement is concerned, is usually measured by the volatility of returns. The less volatile they are, the less risky they are. Now as you are aware, the basic materials sector, and the gold and platinum sectors in particular, have been incredibly volatile. The gold sector has been even worse, and has blessed gold investors with an annual return of -44.4%. So the inclusion of gold and platinum shares as well as a market-weight (or greater) exposure to the basic material sector would have introduced an inordinate amount of volatility and risk into the returns. As far as Maestro's portfolios are concerned, the returns for which are shown below, we have never (since inception) held gold shares, neither have we held any platinum shares during the past year. Our exposure to the basic material (resource in the old parlance) sector has also been consistently and substantially lower than that of the market, which simply means that the returns from a Maestro portfolio have been substantially less volatile i.e. more stable, than those of the market. Add to that the fact that, with the odd and marginal exception, they have also been higher than the market, and you will have to agree that the quality of Maestro's returns from its equity portfolio is much higher than those from the market.

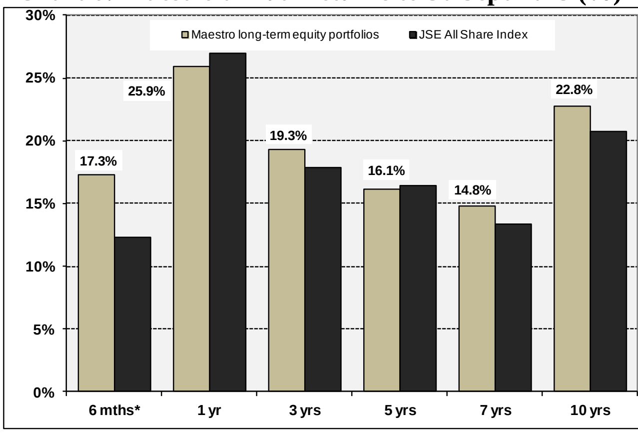
Table 2: Maestro annual returns to 30 Sept 2013 (%)

SA equity returns	6 mths*	1 yr	3 yrs	5 yrs	7 yrs	10 yrs
Maestro long-term equity portfolios	***17.3%***	***25.9%***	***19.3%***	***16.1%***	***14.8%***	***22.8%***
JSE All Share Index	12.3%	27.0%	17.9%	16.4%	13.4%	20.7%

* 6-month returns are un-annualized

The second point I would draw your attention to, is the fact that our returns have improved relative to our competitors. This is also not evident from the data presented here, so let me elaborate. If we use the Maestro Equity Fund as an example (because it is easy to compare against its peers), the Maestro equity has over the past six or so months, climbed up the ranking of its sector, the domestic general equity category. At the end of October i.e. one month on from the returns shown here, the Maestro Equity Fund was ranked 8th out of 158 comparable funds and 22nd out of 147 funds respectively over the six and twelve months. In summary, our returns so far this year have been of a better quality than most of our competitors and of the market and have also been improving to the point where they now sit comfortably in the top quartile of what remains a very competitive and challenging landscape.

Chart 6: Maestro annual returns to 30 Sept 2013 (%)



* 6-month returns are un-annualized

October in perspective – local investment markets

Turning to the local investment markets, the All bond index rose 0.4%, although its year-to-date gain of 0.9% remains rather uninspiring. Compare that to the year-to-date gains of 30.1% for the industrial index or the 26.4% rise in the small cap index. During the month, basic materials lagged, rising only 1.5%. Industrial shares rose 2.8% while financial shares posted substantial gains, up 7.1%, leaving the All share index 3.6% higher on the month. The large, mid and small

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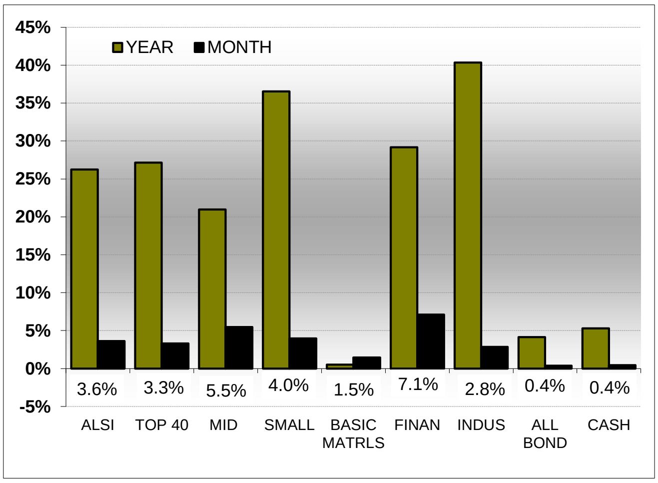
cap indices rose 3.3%, 5.5% and 4.0% respectively. One would be tempted to envy gold investors, given that the gold index rose 7.3% (it was a lot higher at one stage), but in reality one should feel very sorry for them, knowing that the gold index has *declined* 41.6% so far this year, despite the strong October return. The best performing sectors during October were the automobiles and part sector, which rose 18.2%, food and drug retailing up 10.8% and construction and materials up 10.5%. The worst performers were the coal mining sector, which ended the month down 6.3%, industrial metals down 5.5% and the platinum sector down 2.8%.

Chart 7: Local market returns to 31 October 2013



File 13. – Things almost worth remembering

A short note for the musically-inclined

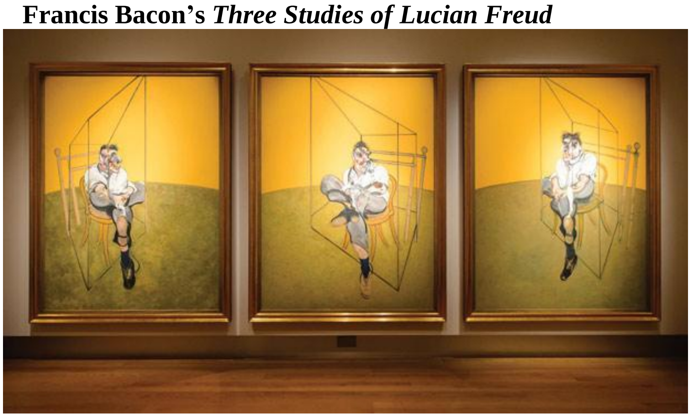
Long-standing *Intermezzo* readers will know that we secretly harbour a dream to one day establish the "Maestro Music Fund". We have included a couple of items in previous editions of *Intermezzo* to illustrate that there is significant value in musical instruments. For those who have never thought of such a concept, don't for a moment dismiss it as a pipedream. Musical instruments have proved to be a low-risk investment that generates relatively consistent returns. A few years ago I met with a firm in London, Florian Leonhard Fine Violins, specializing in the restoration, authentication and valuation of musical instruments, particularly violins. The conclusion at the time was that one required at least $10m to set up a viable investment fund specializing in musical instruments. Maestro fell a bit short of this figure, but it remains one of our long-term, "would-be-amazing-to-establish" funds that we still dream about.

In the light of that, you will appreciate our interest in the following: Violinist Min-Jin Kym is selling her £1.2m Stradivarius, which was famously stolen at a Pret a Manger café at London's Euston Station in November 2010, and returned to her earlier this year following a three-year police investigation across Europe. The violin will be auctioned through stringed instrument specialists, Tarisio, on December 18 and is expected to reach up to £2m. A portion of the proceeds and sales commission will benefit the authorities who were "instrumental" in recovering the violin. Despite receiving worldwide attention, which resulted in the arrest of the thieves in 2011, the violin, together with a Peccatte bow worth £62 000 and another worth £5 000, remained lost for almost three years. However, the faith of the authorities that such a distinctive instrument would be difficult to sell, paid off when a violin found at a property in the Midlands in July this year was verified as the stolen article. Made in 1696 in Cremona, Italy, the 'ex-Kym' Stradivarius violin is one of an estimated 600 remaining instruments by the Italian master. Tarisio set the current world record at public auction for a violin in 2011, with the sale of the 'Lady Blunt' Stradivarius for £9.8 million. Kym, who has since acquired another Stradivarius, said of the stolen instrument, 'This violin was a faithful friend for many years and I was devastated by its loss. Its recovery is an absolute relief. I am eager to hear the violin onstage once more and I wish its next owner all the best of luck and success.'

Tick tock, tick tock, …

Hard on the heels of the recent credit ceiling fiasco in the US comes this interesting information. According to usdebtclock.org (I encourage you to visit the site – it is fascinating to review) the US national debit is roughly $17.1tn or about $150 000 per taxpayer. The same site calculates that US interest payments in 2013 will be $2.8tn or $24 000 per taxpayer. Now just imagine if US interest rates rise from their current record-low levels; there you have one of the major risks to investors' financial well-being, although we think that event still lies some way into the future.

Francis Bacon's *Three Studies of Lucian Freud*



Source: www.timesofmalta.com

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It's not only the equity market that is at record levels

A 1969 triptych of portraits by Francis Bacon, of his friend and fellow artist Lucian Freud, has become the most expensive artwork ever sold at auction. According to the New York Times, the piece was purchased by art dealer William Acquavella on behalf of an unnamed client for $142.4m (£89.6m) at Christie's in New York on Tuesday, 13 November following a bidding battle between seven prospective buyers. *Three Studies of Lucian Freud*, which depicts Freud seated on a wooden chair against an orange background, thus overtakes the previous record set by Edvard Munch's *The Scream*, which fetched almost $120m at Sotheby's last year. The highest price for one of Bacon's works before now was $86.3m, paid by the Russian businessman Roman Abramovich in 2008, for a 1976 triptych.

Table 3: MSCI returns to 31 October 2013(%)

Region/Country	Market cap (U$m)	YTD	MTD
ACWI	**34,610,519**	**16.9**	**3.9**
DM	**30,745,915**	**19.8**	**3.8**
Asia Pacific	**4,365,132**	**15.7**	**1.6**
Australia	1,056,278	7.1	5.6
Hong Kong	377,702	7.1	2.0
Japan	2,714,609	22.3	0.0
New Zealand	15,664	12.8	1.4
Singapore	200,880	1.4	3.5
GEM	**3,864,604**	**-2.0**	**4.8**
EM Asia	**2,399,595**	**1.0**	**4.8**
China	732,656	-0.8	2.5
India	238,092	-5.0	10.4
Indonesia	94,413	-13.8	9.2
Korea	614,317	3.5	4.5
Malaysia	145,851	5.2	5.7
Philippines	35,292	8.9	7.9
Taiwan	442,415	6.7	4.4
Thailand	96,559	-1.2	6.4
EMEA	**688,651**	**-3.3**	**4.9**
Czech	10,282	-5.5	10.1
Egypt	6,831	-2.3	9.8
Hungary	7,889	-2.3	0.7
Morocco	3,283	0.7	10.6
Poland	66,778	1.9	7.2
Russia	238,026	1.2	4.1
South Africa	288,502	-6.1	4.8
Turkey	67,059	-11.7	5.3
LatAm	**776,358**	**-9.1**	**4.6**
Brazil	453,983	-8.3	5.7
Chile	64,497	-16.3	0.8
Colombia	44,542	-13.7	0.0
Mexico	196,589	-4.8	3.9
Peru	16,747	-27.8	7.7

Source: Merrill Lynch