Weekly Market Comment

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Source: Evening Standard, 21 Nov 2017

Invincible markets?

Global equity markets hit new all-time highs over the past week, now standing at a gain of roughly 18% for 2017. This took place while politics performed fairly shambolically wherever one looked and (western) society was shaken up by the threat of terrorism and widespread revelations about high profile harassment cases. If capital markets had fallen instead, all this would be used to explain the falls. But, given the gains, one must ask – do politics really no longer matter?

We observe a strong turn in the sentiment of leading economic institutions around the world, who see a further improving picture of growth ahead – sadly with the notable exception of the UK. Such an environment of reviving business investment (Capital expenditure - Capex), lowest unemployment in decades and strong consumer sentiment and spending is potent fuel for corporate earnings growth expectations. The overwhelmingly positive outlook statements of the just finished quarterly corporate earnings announcements only provided further pain to all those hapless investors of old, who had thus far observed the meteoric rise of the stock market in disbelief, given the economic development had been so pedestrian – and had refrained from investing.

This would go some way to explain why last week's slight market wobble never amounted to any more than a temporary 2% blip, which quickly recovered, as once again, reluctant investors jumped onto the market bandwagon and used their idle cash to 'buy the dip'.

At Tatton, we held one of our extensive bi-monthly investment committee meetings where we debate at length whether markets are right or wrong, and whether they are irrationally exuberant in their interpretation of the outlook or rationally pricing in likely future developments. At the end of it, we came to the conclusion that, based on all available information, the global economic outlook

is indeed positive. But, whether it is quite as bright as current market dynamics imply is, at least for some markets, questionable. It is the extended valuations of US equities which are of particular concern, while Europe, Asia and much of the developing world still trade with further upside potential.

Unfortunately, the high valuation levels in the US make that particular market very vulnerable to even a modest headwind. This has potential consequence for other markets, as sell-off dynamics have a habit of spreading around the world regardless of valuation differences. At the moment, there are no particular threats to the prevailing economic environment on the horizon, but there are plenty who could come and bite over the medium to longer term. Over the coming 3-6 months, it is quite possible that slowing US economic and credit growth could dampen further upside fantasy of US investors and lead to a market correction. Likewise, the notable slowing in China's activity growth could impact emerging and commodity markets, as well as reduce China's contribution to Global demand growth.

In the longer term of the next 2-3 years, the vast expansion in the volume of global credit finance, which was made possible by the low interest rates over the past decade, could become a millstone of financing costs, should central banks be forced to raise rates faster than currently expected. Even if this does not happen, at the very least we cannot expect credit expansion to continue to boost economic growth, when rates start to rise and end 3 ½ decades of falling cost of debt.

These concerns do not make us outright bearish in the current environment, but cautious and alert to any changes in outlook and general sentiment. For the time being, we are relieved that positivity is returning to businesses across Europe, the US and Asia. This should prevent any sizeable economic downturn in the near future and thus continue to provide a supportive environment for investment returns. Since we are – as discussed above – wary of the sudden bouts of volatility due to the extended market valuations, we believe our portfolio investors are best served with a continuation of our 2017 investment strategy so far. That is, keeping the equity-bond balance roughly in line with the risk profiles' asset allocation guidelines, combined with an active regional and currency position that takes account of a world economy that is regionally at different stages of progression through the cycle.

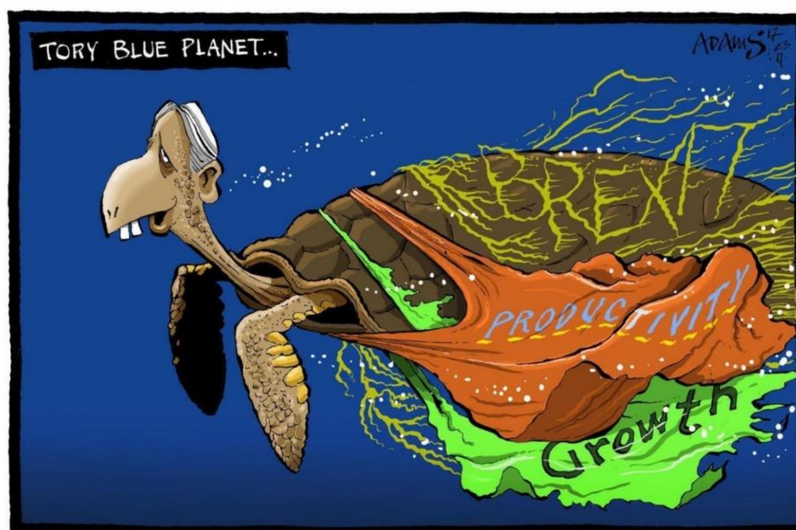
As far as our UK home base is concerned, the chancellor provided sobering news this week with his budget. We think he did a decent job by sticking with leaving austerity behind and directing his spending towards those areas that will strengthen the longer term economic prospects of the country. Sadly, it was also more than apparent that there is not much headroom for fiscal stimulus after the economists of the Office for Budget Responsibility (OBR) finally conceded that the UK was likely to be stuck in the rut of sub 2% productivity growth for much longer than previously anticipated.

Japanese outlook conditions for the UK then? Well, if the Brexit negotiations leave the UK cut-off from its main trading partners, perhaps. However, we would point out that there are encouraging rumours coming across the Channel of EU intentions to make their comprehensive free trade agreement with Canada the blueprint for the post Brexit relationship. This would be a great step forward, even if it would still leave the UK less well positioned that pre-Brexit.

Until then, however, the OBR may have become a little too pessimistic in its assumptions. We, at least, observe a stronger second half of the year for the UK, with all those sectors engaged in

cross border trade and service relationships reporting much more upbeat than one would expect, against the dire business sentiment the media is painting. It would seem that, despite the sometimes paralyzing Brexit uncertainty, the UK remains a trading nation and will not be left behind when the rest of the world begins to accelerate in earnest. Let's hope that we are indeed simply witnessing that very darkest point that comes before the dawn.

Level headed budget - overshadowed by deteriorating outlook



Source: Evening Standard, 23 Nov 2017

UK headlines have been dominated by the Chancellor's Autumn budget this week. The main focus of the new measures was on housing, where Philip Hammond used his first budget of this Parliament to announce several large measures to address the country's "broken" housing market. The bottom line figure was a long term £44bn housing package comprised of investment, loans and guarantees to increase the annual number of new homes built to 300,000 in the middle of next year.

Interestingly, there was little mention of the chancellor's measures in the international financial newsflow. Though, perhaps this shouldn't be such a surprise. In recent times, the actual announcement of the budget has often been misleading, with the 'devil in the detail' not emerging until the days or weeks afterwards.

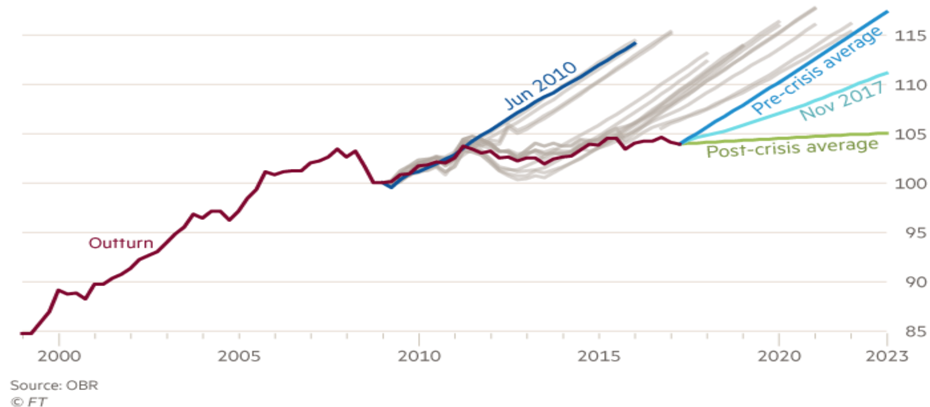
Although, perhaps more importantly, even back at home the Autumn budget announcements were overshadowed by the accompanying economic forecast update from the Office for Budget Responsibility (OBR), which brought the biggest downgrade to the UK's economic prospects since the financial crisis. Contrary to the rosy picture the chancellor tried to paint, the OBR dramatically down-graded their growth expectations over both the short and medium term. According to their new forecasts, the OBR expect the UK to grow just 1.5% this year, 0.5 percentage points or 25% less than what they predicted only back in March.

Even more worryingly, the OBR's forecasts for medium term growth are even worse. The fiscal watchdog downgraded their predictions for every year until 2022, with the economy not expected to accelerate beyond this year's 1.5% in the interim. This downgrading, while by far the most dramatic, is just the latest in a line from the OBR. Since July 2015, where they thought that the

economy would expand 2.5% a year, the watchdog has wiped 40% off of their expectations for growth.

The OBR's doom and gloom scenario comes largely from their downgrades to potential productivity. Productivity growth is now expected to fall from 1.8% to 1% in 2020, half the long-term average. According to Robert Chote, chairman of the OBR, growth in output-per-hour averaged 2.1% over the 35 years before the financial crisis, but has only managed 0.2% over the ten years since.

Economists have tended to think that productivity growth, while varying from year to year, should average out at around 2%. But the OBR's productivity downgrade is an acknowledgement that the current trend is perhaps here to stay, at least for the medium term, recognising that their previous predictions have been too optimistic. So, the watchdog now expects that productivity growth will rise to a medium-term average of 1.2% a year. "It seems sensible to place more weight on weak



performance of the recent period as a guide to the outlook for the next few years, but without abandoning hope of a recovery altogether," said Mr Chote.

Without an increase in productivity (output-per-hour-worked), GDP growth can therefore only come from an increase in the working population, or an increase in working hours. On the first option however, the tighter immigration flows expected as a result of Brexit substantially limit the potential for the working population to grow – even though the OBR doesn't expect the government to meet its "tens of thousands" target for net migration. The Office for National Statistics currently predicts a gradual fall in net migration to 165,000 a year by 2023. And, with people retiring at a faster rate, the OBR actually expects that the employment rate will begin dropping in the 2020s – meaning longer working hours are one of the only hopes for increased growth.

The difficulty for the government is that the downgrades to growth greatly tighten the public purse-strings. Without an increase in tax revenue from greater growth, the government will either have to increase borrowing to meet fiscal expenditures – something they are loath to do – or enact more cuts to public spending – an increasingly unpopular tactic. At the moment, with the promised £44bn towards housing and £8bn for the national productivity investment fund, it looks as though Hammond is opting for the former, a further (and final?) breakaway from the austerity policies of Cameron and Osbourne.

Sure enough, the chancellor tried to put a brave face on the OBR's gloomy predictions. The economy is "at a turning point", and his budget will help create a future "full of new opportunities", Mr Hammond said. So austerity is dead; long live fiscal expansion?

Not quite. While the realities of post-Brexit Britain may have forced the government to abandon their previous adherence to reducing the budget deficit, we shouldn't suddenly expect large stimulus on the horizon. Beyond the housing measures and productivity investment, there isn't much to suggest that the chancellor is throwing the shackles off of the public purse. There is fiscal expansion, but it looks more like a case of keeping up existing payments in the face of falling revenue, rather than additional investment. Indeed, the OBR's productivity forecasts seem to give no credit at all to the potential effects of Mr Hammond's productivity fund. It's an end to austerity in the sense of deficit reduction, but not a beginning of new fiscal stimuli.

What does this mean specifically for housing? The measure that's gained the most attention is the chancellor's promise to scrap stamp duty for first time buyers on properties worth up to 300,000. The "giveaway" was popular with Tory MPs and surely will be for much of the public, but the OBR again rained on Hammond's parade here. The fiscal watchdog claimed the main effect of the policy would be a further increase in house prices, as more transactions take place on the limited existing stock of homes. On his part, the chancellor rejected the claims, arguing they failed to take into account the effects of the government's housebuilding initiatives, among other things.

We're inclined to agree somewhat with the chancellor here. The scrapping of stamp duty may provide a short-term boost to a number of first-time buyers, but it's unlikely to improve the outlook for already falling house-price growth – especially in London and the south-east.

And what of the economy more generally? While the OBR's outlook has turned decidedly dark, there may be some silver lining here. In recent times, downgrades to growth have been commonplace from the watchdog, largely due to overestimating the scope for productivity growth. Now, with a worse outlook on productivity, further disappointments are very unlikely and, if anything, the current forecasts might be overly pessimistic. That's certainly the opinion of many in the industry, who now think that the OBR is too gloomy on productivity. That is debatable, but one thing is for sure: with predictions so dire, there's rarely been more potential for a pleasant surprise.

How extended are US equity valuations?

The minutes from the US Federal Reserve's (Fed) October/November meeting suggest that policy makers are becoming more upbeat about the prospects for continued domestic growth and thereby the risk of inflationary pressures. As a result, the implied market probability of another 0.25% rate rise in December rose to 95%.

US stocks have enjoyed solid gains recently, partly due to expectations of President Trump's tax reform, but also due to the fact that corporate performance (both earnings and sales growth) has continued to be better than expected.

Now, however, it seems like US markets are at a cross roads. Should we be worried?

Investor Type	Equity %-tile
Margin Debt / Mkt Cap.	100%
US Households	94%
US Mutual Funds	98%
Pensions	88%
Sov. Walth Funds	100%
Systematic Strategies	100%
All Hedge Funds	98%
Equity Hedge Funds	93%

Source: JP Morgan

Indices like the tech heavy Nasdaq and large cap Russell 1000 broke new ground this week, prompting renewed valuation concerns. Even the Fed warned of a "potential build-up of financial imbalances", amid record high equity long positions among all US investor types, according to JP Morgan (chart above).

There are two main camps of thought. One side thinks markets have hit their peak, and are therefore due a significant correction. The other is that the combination of slow, sustained economic growth and Trump's (admittedly mostly sensible) tax reform plan could lead to a step up in corporate activity, and a final push higher in equities at the end of this current economic cycle.

What if the truth is more mundane, with both views being equally correct and incorrect?

We suspect that there is a third "muddle through" option, where investors succumb to a more rational, rather than "irrational exuberance". In this 'rational' scenario, both US and world GDP growth continues, accompanied by low but slowly rising interest rates and a possible EPS-boosting Trump tax reform plan that could be passed in early 2018.

It is worth remembering that for each 5% cut in the corporate tax rate (from its current 35% rate), EPS increases by $5 a share. Assuming US taxes do fall early next year, Goldman Sachs predicts that per share profits on the S&P 500 index might jump 14% to $150/share, leading to an 11% increase in the index, to 2,850. However, markets could see a more limited 5% fall to 2,450 in the event that tax reform fails.

So what is the Fed's economic assessment?

Overall, the Fed appeared to be slightly more cautious this time, with some modest changes to the Committee's views on economic activity, inflation, and the outlook.

The FOMC did appear to be a bit more concerned about "soft" inflation and financial stability. We note that, while there was a "slight" lowering of its core PCE (inflation) forecasts for both 2017 and 2018, the Fed continues to expect inflation is likely to hit its 2% target in 2019.

However, "most" (compared to the "many" in the September minutes) thought that cyclical pressures would "show through to higher inflation" in the medium term.

The balanced discussion about inflation concerned possible factors that could weigh on the inflation outlook. These factors include a flatter Phillips curve (more employment fails to spark higher prices), unmeasured labour market slack and new technological innovations.

Fed getting more positive

We note that the FOMC upgraded their view on growth, compared to their last meeting. There was an acknowledgement that the recent hurricanes could impact output, but activity levels have still "risen at a solid pace".

FOMC participants saw the data on both consumer spending and the labour market as being consistent with "above-trend economic growth and a further strengthening in labour market conditions". On wage growth, "some" participants thought that the pace of wage rises was indicative of an economy close to full employment, when current trends in productivity growth are factored in.

Some words of caution

There were "several" members who expressed concern that higher asset prices and low volatility might lead to a "potential build-up of financial imbalances". This echoes similar views about financial stability risks in the September minutes. However, the committee softened this concern with the observation that "elevated asset prices could be partly explained by a low neutral rate" and that regulatory changes have increased the resilience of the financial system.

Alternative monetary policy options?

The FOMC raised the possibility of using new policy tools like price level targeting, which may help to achieve the Committee's dual mandate goals if the neutral rate remains low.

December rate rise on track?

"Many" FOMC members thought that another interest rate rise would be "warranted in the near-term", if the incoming data remained stable. We think the chances of December rate hike are beginning to turn towards certainty, given the solid recent data, such as the stronger than expected October CPI print. As noted at the beginning, the market appears to be pricing a near 95% probability, up from 85% before the release of the minutes.

Where does this leave investors?

If our third option of 'muddling through' (rather than veering between extremes) holds, then investors could be rationally exuberant and markets may continue to move modestly higher.

Subsequently, we expect that growth stocks will continue to do better than value stocks next year. Value-orientated shares may get a short-term boost from Trump's tax plan, but the favourable economic backdrop and better EPS momentum are likely to provide more support for growth stocks.

Today's bull rally is now nine years old and valuations, while lofty, are not overly stretched in historical terms. Nor do valuations appear completely unreasonable given high corporate profitability with further upward momentum.

Return on Equity (RoE – net profit divided by total shareholder's equity), a measure of profitability, is 15.4% for the S&P500, equating to a Price-to-Book ratio of 3x, but the index trades at a modest premium of 3.3x. Goldman Sachs estimate RoEs may expand to 17.5% in 2018, which would support multiple expansion.

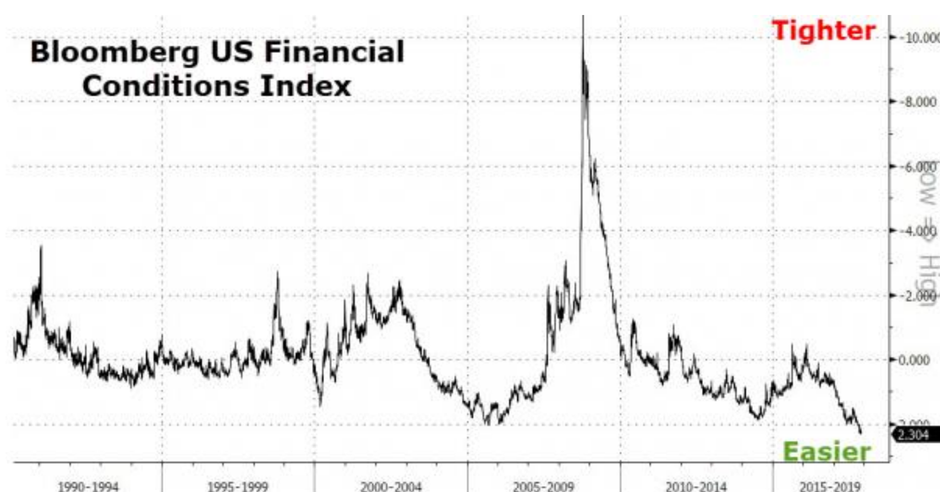
We should remember that an earnings-driven bull market is entirely understandable for a long-term investor. Analysing the building blocks of any rally allows an investor to see if their investment has foundations built on solid stone or shaky sand.

The 10-year move for the S&P500, between 1987 and 1996, shows that 30% was generated by Price-to-Earnings expansion and 70% from earnings growth. These numbers appear similar to the bull run that started in 2009. Today, valuation accounts for 30% of the rally, profits growth around 50% and EPS growth 20%.

For those worried about similarities to tech bubble of the late 1990s, some perspective is needed. The equity rally between 1996 and 2000 was driven by a near equal 50-50 split of PE expansion and higher earnings. Goldman's estimate that 90% of the projected 10% gain in the S&P500 between now and 2020 comes from EPS/profits growth and just 10% is multiple expansion.

Summary

Higher equity valuations may leave some worried, but analyses of previous cycles suggest there are clear differences from past bubble periods. Corporate earnings appear to be in the driving seat for this rally.



Source: Bloomberg

US financial conditions are now at multi-decade favourable levels, meaning it is much easier for consumers and corporates to obtain credit to spend and invest. These activities can help boost economic output, EPS growth and, in the longer-term, wage growth. All this acts as a positive feedback loop for stock markets.

There is the potential wild card of Trump's tax plan. The use of repatriated overseas cash for capex (business investment) and share buybacks could represent an upside risk to current EPS estimates. S&P500 firms have a combined $2.5 trillion in untaxed overseas earnings, and $922 billion of that is pure cash. Changing the tax system to allow that money to move back to the US tax free (or lower tax), which could be either invested or used for buybacks could have a positive impact longer-term.

The Fed believes that the economy has now gained enough momentum to warrant the measured withdrawal of crisis measures (QE), and slow but steady tightening of monetary policy (interest

rates). This might imply that growth and inflation are picking up, which should therefore be positive for equities longer-term.

The fall of Comrade Bob: What Mugabe's resignation means for China

"The Goblin has gone!" shouted one of those celebrating on the streets of Harare this week. The enthusiasm was far from uncommon. All over the streets of Zimbabwe's capital there was dancing, singing and joy. Robert Mugabe, the leader whose grip on the African nation extended 37 years, has finally resigned.

The 93-year-old had little choice but to bow out on Tuesday, facing impeachment proceedings and a military intervention after his ruling party turned against him. It is widely expected that the former vice-president Emmerson Mnangagwa, whose firing prompted last week's military action, will now takeover. Many of Zimbabwe's citizens have never known another leader, and so the dictator's fall will undoubtedly fill them with hope. However, Mr Mnangagwa is fully aware that the celebrations are unlikely to continue long into his reign. He isn't a particularly popular figure among the public, branded by the past mistakes of Mugabe's regime without any of his revolutionary glow.

He is popular with the military, however. Perhaps more importantly, he seems to be a popular choice with a particularly important foreign ally to Zimbabwe: China. Like many Zimbabwean independence fighters, Mnangagwa studied Marxism and military engineering in China back during the liberation war, and has repeatedly emphasised that Zimbabwe needs to "look east", according to a Shanghai media outlet.

Officials in Beijing have a long history with the ruling party in Zimbabwe, having stood by them since the end to white majority rule in 1980. For years, they have been Mugabe's biggest foreign backer, owing largely to his days as a Marxist revolutionary in the 1970s. In fact, given the communist party's steadfast support of the former president – sticking by him through the 2002 sanctions – some were surprised that they seem so nonchalant about his departure. "China respects Mr Mugabe's decision to resign," said foreign ministry spokesman Lu Kang, praising his "historic contribution" to Zimbabwe. "He remains a good friend of the Chinese people."

Indeed, in the opinion of some experts, the relationship between Mugabe and Chinese President Xi Jinping extended beyond the political. The Chinese leader "clearly had a personal relationship with Mugabe, not just a political-military one," according to development consultancy founder Hannah Ryder.

Yet, despite the warm words, many suspect leaders in Beijing are breathing a sigh of relief as "comrade bob" exits. Expert in China-Africa relations Ross Anthony said that Beijing have increasingly begun to view Mugabe as an embarrassment and a liability and, most importantly, a threat to Chinese investments. The less-than-disappointed tone of Chinese state media on the ex-President's fate backs this point up. "We're very happy", state media quoted one Zimbabwean saying, "Finally things will change."

Last year, Mugabe's controversial indigenisation law – which forced foreign-owned companies to sell a majority stake to Zimbabweans – delivered a massive blow to Chinese interests in the country. In 2015 alone, Chinese investment into Zimbabwe topped $450mn, more than half of the African nation's foreign investment. And, according to research fellow at the Institute of West-Asian

and African studies Wang Hongyi, “Chinese investment in Zimbabwe has also fallen victim to Mugabe's policy and some projects were forced to close down or move to other countries in recent years, bringing huge losses,”.

There was even some suggestion that Beijing may have given its tacit approval to the coup before it took place, with Zimbabwean army commander Constantino Chiwenga visiting China just days before his military stormed Harare. Chinese officials dismissed such talk as an attempt to “drive a wedge” between China and Africa, but they undoubtedly could have done more to stop the regime change if they had chosen.

This particular case highlights a wider trend for China: ramping up their involvement politically, economically and militarily, in Africa. From 2000 to 2014, China-Africa trade rose from $10bn to $220bn, and the country contributes about one sixth of all lending to the continent. A large part of their investment is focused around procuring natural resources, but it doesn’t stop there. Resource-poor Ethiopia has been the second-largest recipient of Chinese loans to Africa since 2000, with investments worth more than $12.3bn.

Their policy of ‘non-interference’ in countries’ internal affairs makes them very attractive to African nations who resent the political caveats often attached to Western aid. Though, their adherence to the “Five Principles of Peaceful Coexistence” – principles the Chinese leadership enumerated in 1954 to present an alternative version of international relations to those offered by the US or the former Soviet Union – is being tested as their power and influence expands. Nowhere is this truer than in Africa, where their investment interests are increasingly being threatened by recalcitrant governments.

More than just investment, China has larger and more general foreign policy aims in the region. Last year, they opened their first overseas military base in Djibouti and, in 2015, their troops took part in UN peacekeeping missions to several African nations.

So what does the Mugabe development mean for future of Chinese foreign policy? Their willingness to let Mugabe go makes a change from their previous tactic of backing their preferred leaders to the end. In 2011, Beijing’s unwillingness to compromise their support for Muammar Gaddafi saw them lose billions of dollars in lost state oil contracts. Now, they seem to have taken a more pragmatic turn.

And what about Zimbabwe itself? In itself, Mugabe’s resignation did little to affect capital markets – despite the fact that Zimbabwe’s main stock index has lost 40% since last Wednesday. However, a question mark remains of its potential more widespread effects. Over its southern border, South African president Jacob Zuma is similarly trying his hardest to hold on to power. Zuma’s ANC appeared dumbstruck by Mugabe’s resignation, taking a whole 24 hours to release a response statement. The parallels between the two nations are numerous, including the history, the corruption scandals, and even leaders’ attempts to install their wives (ex, in Zuma’s case) as successors. And, like their neighbours, the embattled South African leadership firmly favours a “look east” policy in the face of western criticism.

Whatever the case, Zuma could do well to learn from the fate of his ally across the border. Now that Beijing has shown its indifference to the fate of previous allies, leaders throughout the continent will surely be wondering if their own position is as secure as they thought.

PERSONAL FINANCE COMPASS

Global Equity Markets

MARKET	CLOSE	% 1 WEEK	1 W	Trend
FTSE 100	7414.6	0.5	34.0	↘
FTSE 250	19969.2	0.9	171.4	↘
FTSE AS	4073.4	0.5	21.6	↘
FTSE Small	5787.4	0.6	37.0	↘
CAC	5396.5	1.5	77.3	↘
DAX	13078.2	0.7	84.5	↗
Dow	23593.2	0.6	134.9	↗
S&P 500	2603.2	0.7	17.6	↗
Nasdaq	6408.9	1.1	69.7	↗
Nikkei	22550.9	0.9	199.7	↗

Global Equity Market - Valuations

MARKET	DIV YLD %	LTM* PE	NTM* PE
FTSE 100	3.9	21.7x	14.2x
FTSE 250	2.7	20.3x	14.8x
FTSE AS	3.7	21.2x	14.3x
FTSE Small	3.0	16.3x	-
CAC	2.9	17.1x	14.7x
DAX	2.5	16.8x	13.4x
Dow	2.0	21.4x	17.6x
S&P 500	1.8	21.3x	18.1x
Nasdaq	1.0	24.8x	21.0x
Nikkei	-	-	-

Top 5 Gainers / Top 5 Losers

COMPANY	%	COMPANY	%
EASYJET	6.5	CENTRICA	-14.9
SAGE GROUP	6.3	BABCOCK INTL	-12.1
POLYMETAL INTERNA	5.6	MEDICLINIC INTERNA	-6.4
FRESNILLO	5.2	JOHNSON MATTHEY	-5.4
ROYAL MAIL	4.5	COMPASS GROUP	-5.4

Currencies / Commodities

PRICE	LAST	%1W	CMDTY	LAST	%1W
USD/GBP	1.34	1.03	OIL	63.7	1.5
USD/EUR	1.19	1.26	GOLD	1288.7	-0.3
JPY/USD	111.54	0.50	SILVER	17.1	-1.5
GBP/EUR	0.89	-0.22	COPPER	319.4	4.0
CNY/USD	6.60	0.37	ALUMIN	2113.0	0.5

Fixed Income

GOVT BOND	%YIELD	% 1W	1 W YIELD
UK 10-Yr	1.3	-3.2	-0.04
US 10-Yr	2.3	-0.2	-0.01
French 10-Yr	0.7	-0.7	-0.01
German 10-Yr	0.4	0.8	0.00
Japanese 10-Yr	0.0	-19.4	-0.01

UK Mortgage Rates

MORTGAGE BENCHMARK RATES	RATE %
Base Rate Tracker	2.3
2-yr Fixed Rate	1.6
3-yr Fixed Rate	1.7
5-yr Fixed Rate	2.0
Standard Variable	4.3
Nationwide Base Rate	4.5
Halifax Standard Variable	3.99

Sovereign Default Risk

DEVELOPED	CDS	DEVELOPING	CDS
UK	23.9	Brazil	172.1
US	24.8	Russia	129.8
France	16.7	China	59.1
Germany	10.2	South Korea	63.6
Japan	30.8	South Africa	187.7

* LTM = last 12 months' (trailing) earnings; NTM = Next 12 months' estimated (forward) earnings

For any questions, as always, please ask!

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Lothar Mentel