CHAHINE CAPITAL
Performance Engineering

01/04/2021

STRATEGY OVERVIEW

Could inflation really make a comeback?

For almost two months now, financial commentators have been working themselves into a frenzy over a supposed return of inflation. Some believe that it will originate in rebounding commodity prices, while others argue that it follows from the liquidity injections involved in massive central bank-subsidised stimulus such as Joe Biden's $1.9 trillion package. Either way, investors have been quick to take up the theme, especially as the inflation expectations priced into bond markets have surged in recent months. We believe that these fears are exaggerated, however, and we are not alone. Both the Federal Reserve and the European Central Bank say that inflation risks arising from higher commodity prices and short-term supply issues are temporary in nature.

A close examination of the macroeconomic data leaves us with a less rosy picture of US economic activity than the inflation-mongers have. In our view, the absence of output constraints is a major factor preventing any sustained acceleration in inflation. America's capacity utilisation rate is just 73.8%, and the unemployment rate adjusted for people who have given up looking for work and for part-timers is 13.8%, which is much higher than pre-crisis levels. And in any case readers may recall that at that time low unemployment failed to trigger rampant wage inflation, mainly because union membership rates have been falling in most major developed economies for the past four decades.

The short-term impact of stimulus packages on inflation is also limited by the fact that most of the assistance is being channelled into savings. So far, household behaviour could hardly be clearer: gigantic transfer payments have been saved rather than consumed. And in America, the additional household consumption that has been secured has resulted in increased goods imports rather than greater consumption of services. This all explains the weak correlation between domestic demand and core inflation, which is the only measure of inflation liable to influence monetary policy.

Following a far better Q4 2020 than analysts expected, with US corporate earnings growth coming in at 4%, estimates for Q1 are bullish. The consensus view is a 23.3% jump in earnings, which would be the sharpest rise since Q3 2018. The early part of this year is also likely to see a return to favour of some of the sectors that suffered the most in the last nine months of 2020: discretionary consumer goods, basic materials and financials. Energy and industrials are the only sectors still struggling, but their situation should improve.

Fears of higher US inflation continue to put upward pressure on 30-year Treasury yields. As a result, our valuation model is now pointing to the need for consolidation on Wall Street. If yields stabilise at current levels, the correction would theoretically have to be a substantial 16%. Our own target is slightly less alarming: given that the model highlights the need for the S&P 500 to mark a pause after an almost uninterrupted 75% rally since mid-March 2020, and long rates ought to revert to their medium-term level of around 2%, we are retaining a year-end objective for the index at 3,673 points, or 7.5% down on where it is now. The situation is completely different in the euro zone, where neither investors nor Christine Lagarde are concerned about inflation. The weighted average 30-year yield has stabilised and the consensus view has changed little over the past month, leaving our model in fair value territory. We therefore continue to overweight European equities relative to the US market.

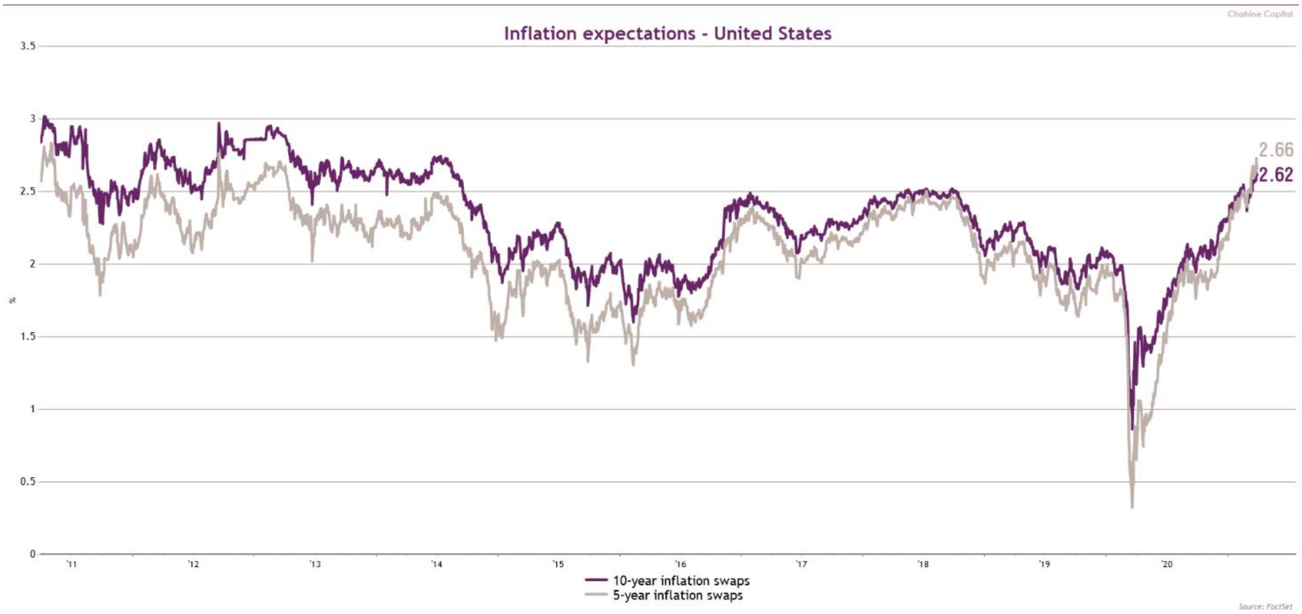
Michaël Sellam

Fears of renewed inflation divide opinion

For almost two months now, financial commentators have been working themselves into a frenzy over a supposed return of inflation. Some believe that it will originate in rebounding commodity prices, while others argue that it follows from the liquidity injections involved in massive central bank-subsidised stimulus such as Joe Biden's $1.9 trillion package.

Investors have been quick to take up the theme and inflation expectations have surged over the past few months, from 2% at the start of the year to 2.7% in the 5-year maturity and 2.6% in the 10-year in the USA. In Europe they are now 1.5% in the 5-year and 1.6% in the 10-year. America has not seen those sorts of levels for some years, resulting in fears of a bond market crash in a context of record public and private debt worldwide. All other financial markets would then collapse in turn.

US inflation expectations exceed 2.5%



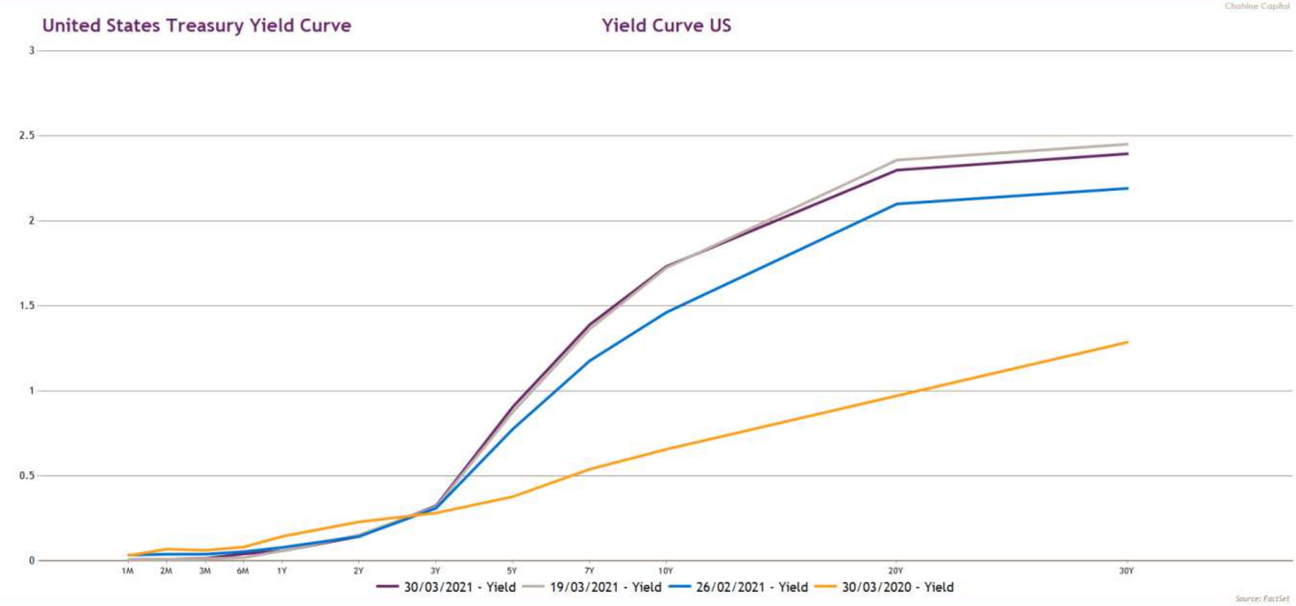
We are not overly surprised by the hysteria. Every time the economy recovers, inflation expectations tend to overshoot current inflation before converging back towards it. We believe it will be the same story this time around. Apart from rising commodity prices, we do not see any inflationary pressure in the USA. Indeed, core inflation is at just 1.3%, well below the 2.4% recorded before the pandemic in late 2019. It is even lower in Europe.

No panic among central banks

We are not alone in considering market fears to be exaggerated. Both the Federal Reserve and the European Central Bank say that inflation risks linked to commodity prices and certain supply bottlenecks (e.g. semi-conductors, restricted freight capacity) are purely temporary. At the end of February, Jerome Powell explicitly ruled out any durable change, declaring that US inflation would not exceed 2% this year. The Fed's own forecasts have barely changed since December, leaving the inflation target between 1.7% and 1.9%. At the beginning of March, Christine Lagarde emphasised the ECB's view that inflationary pressure in the eurozone would be time-limited; although the ECB has raised its inflation projection 50 basis points for this year, we are still talking about 1.5% rather than 1%. Its projection for 2022 is up too, but merely from 1.1%

to 1.2%. Fed and ECB commentary can only mean one thing: central bankers are determined more than ever to maintain accommodating monetary policies for the foreseeable future. We can be virtually certain that key US and European interest rates will be kept close to zero for the medium to long term, effectively nailing down the front end of the yield curve.

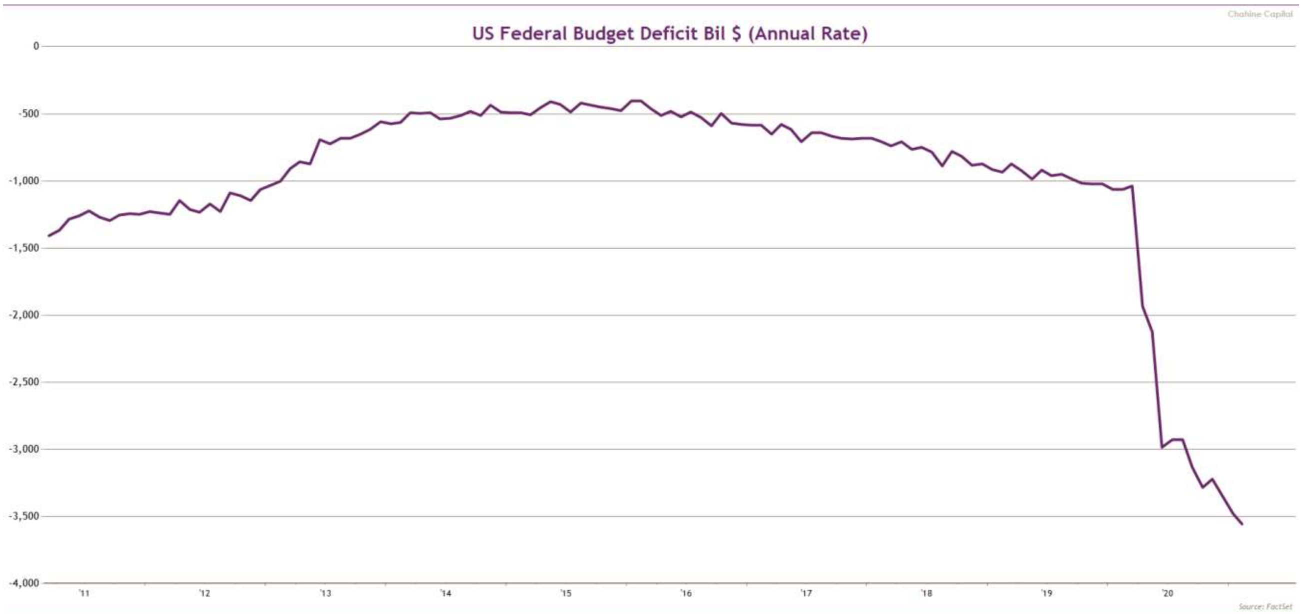
No move at the short end, the only movement at the long end… but for how long?



Massive US stimulus, but no hyper-inflation

The question of whether Joe Biden's stimulus package will be inflationary or not has excited even academic minds, where two contrasting views are being aired. For some, the package is overdone: it represents around 9% of US GDP, some four times greater than the coronavirus damage and between two and four times greater than the gap between real and potential GDP. The risks of overheating the US economy will be all the greater for the estimated 1.2 multiplier associated with the budgetary impact. In the opposite camp, it is argued that overheating is by no means a given, as the US economy is in a poorer state than it first appears. In this letter we explain the main reasons why we tend towards the latter, non-inflationary view.

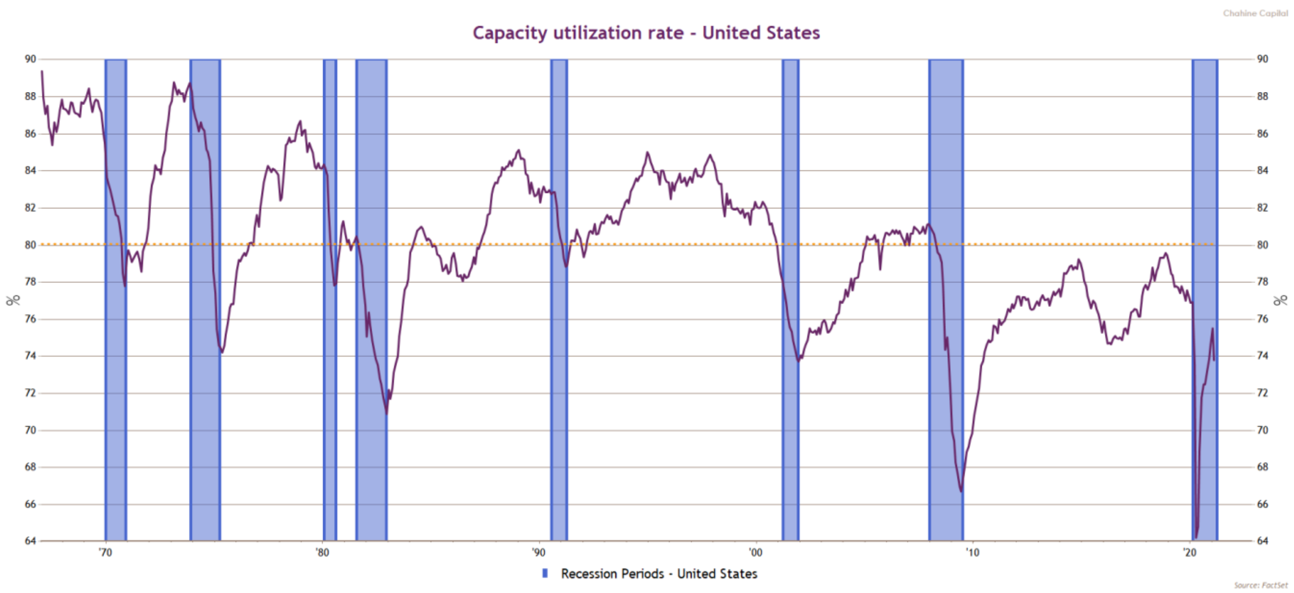
Unprecedented stimulus has prompted fears of overheating



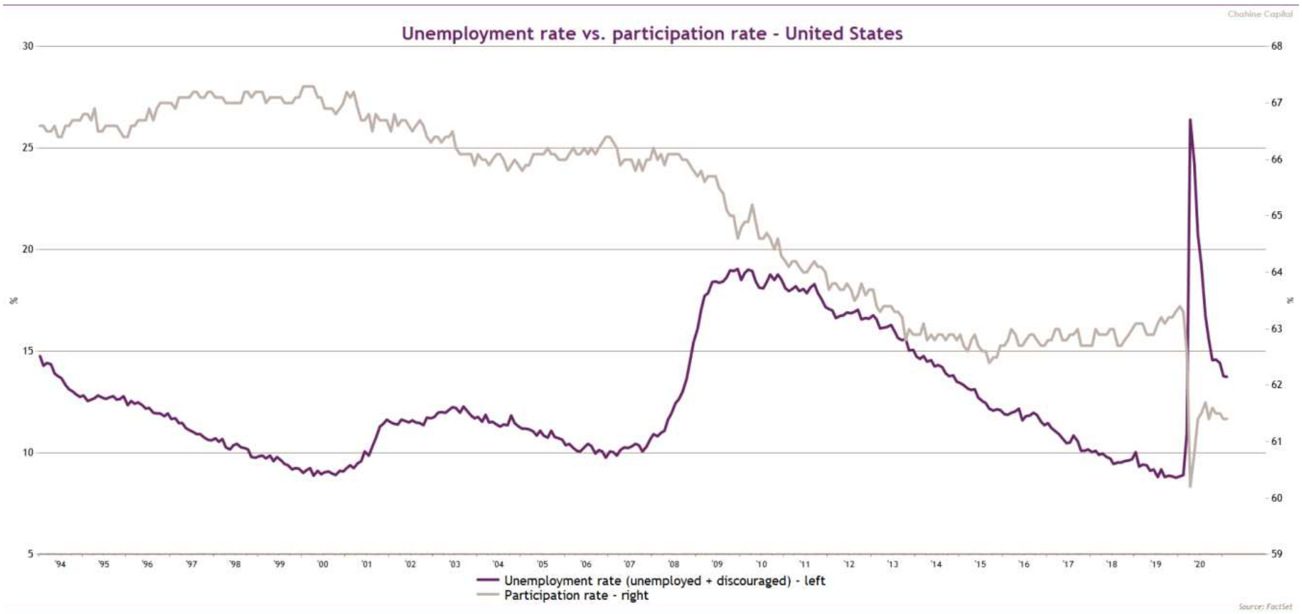
The US economy is not running at anywhere near full capacity

A close look at macroeconomic data offers a less rosy picture of US activity and confirms the complete absence of the output constraints that would be required to stoke inflation. Firstly, the capacity utilisation rate is still a very low 73.8%. Secondly, if we recalculate the unemployment rate to include jobless people that have given up the search for work and part-timers we obtain 13.8%, which is much higher than where it was before the pandemic (and not that there was any surge in wage inflation even then). This unemployment rate is all the more disturbing for the fact that the US participation rate has slumped over the past year. All in all, it would be premature to count on any knock-on inflation from budgetary stimulus. The US economy has a substantial reservoir of labour, which is clearly understated in the 6.2% headline unemployment rate.

America's productive capacity is hardly under pressure…



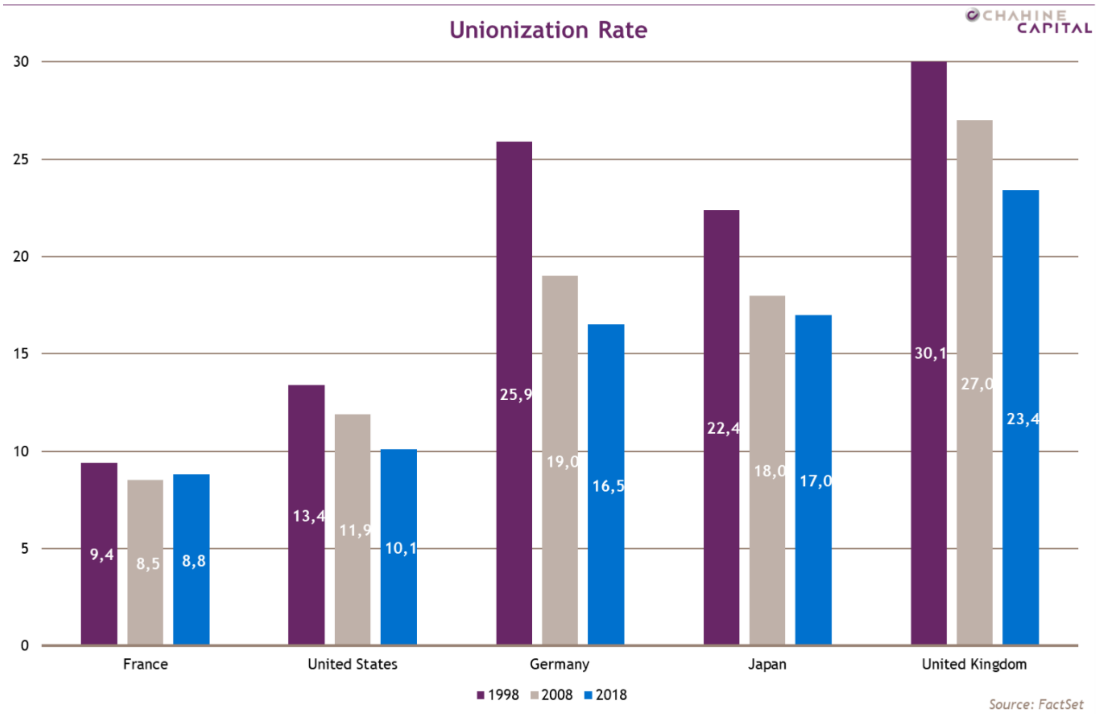
… and neither is its labour force



Falling unionisation rates dampen wage inflation further

From a more structural standpoint, a falling unionisation rate over the past four decades in most of the major developed countries is another factor at play. As the chart below shows, and excluding France where the unionisation rate has been very low (below 10%) for some time, it has dropped since the end of the 1990s by 3.3 percentage points in the USA, 6.7 points in the UK and (unexpectedly) 9.4 points in Germany, albeit from a very high level. This trend has gradually undermined employees' bargaining power in pay talks, resulting in a remarkable absence of wage inflation in recent decades and a concomitant shift in the split of value added away from labour and in favour of capital. Widening income inequalities reflect this change. Large though it is, it would take much more than a stimulus package to reverse this underlying trend. It makes a return to wage-driven inflation highly unlikely, and in that context we note that efforts to raise the US minimum wage substantially (to $15 per hour) have failed in Congress.

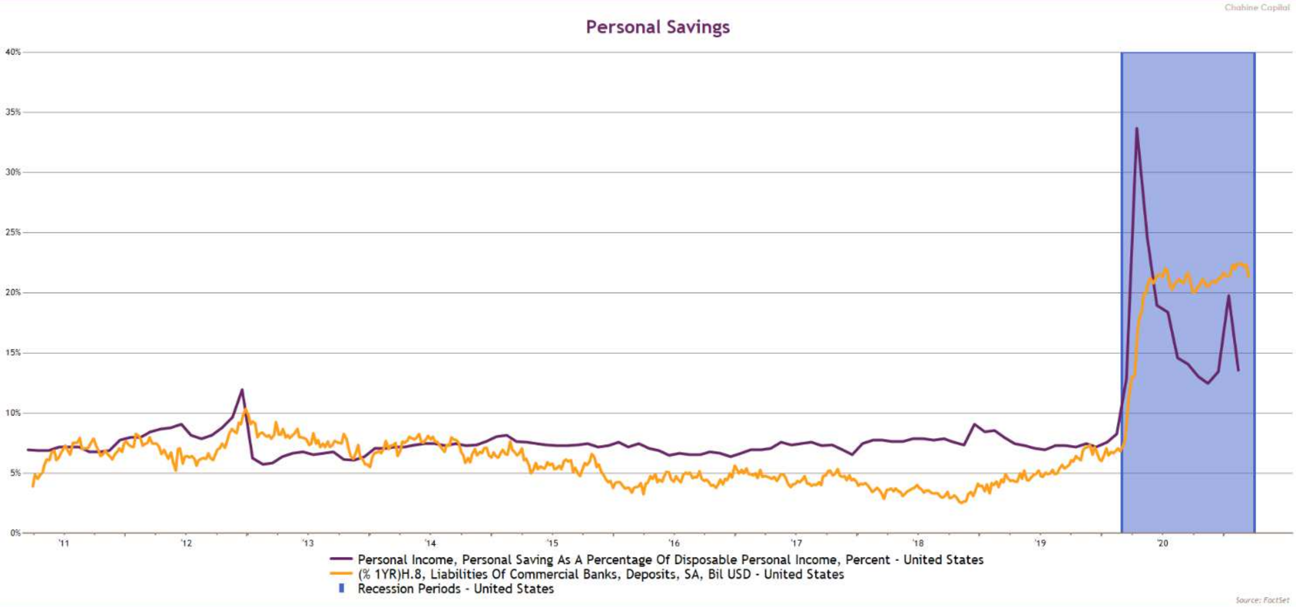
Weaker unions mean lower wage settlements



Households opting to save rather than spend

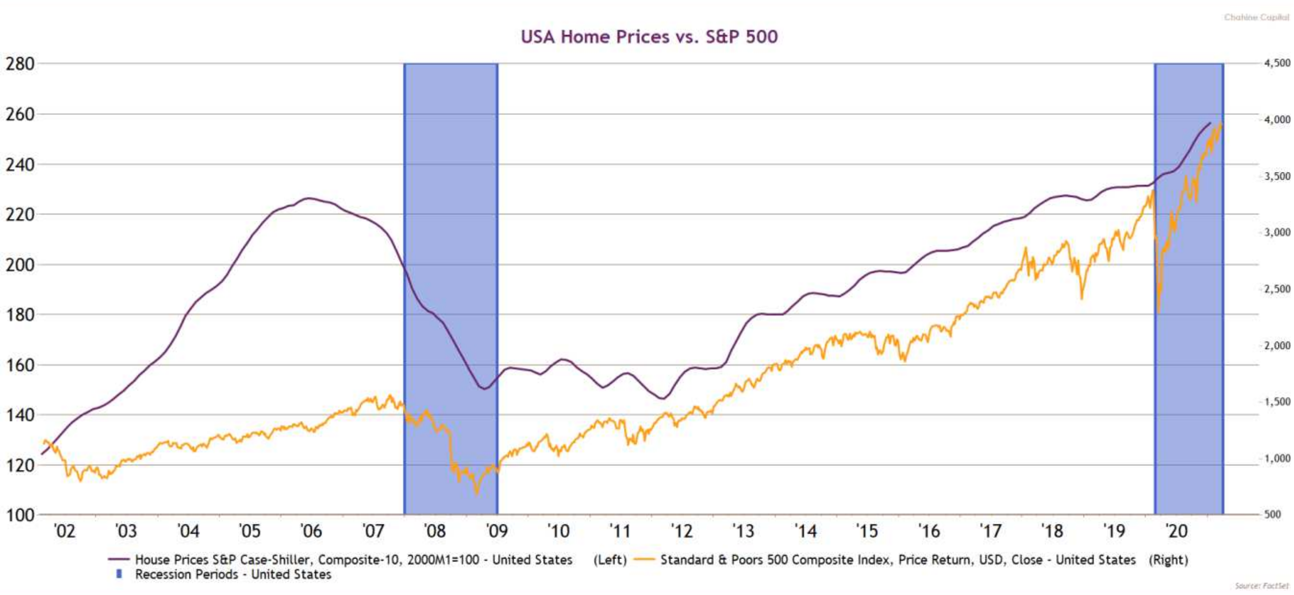
Another factor limiting the short-term inflationary impact of the US stimulus package is consumer behaviour. We estimate that a considerable share of the stimulus effort is being channelled into savings, keeping pressure off the economy's productive capacity. So far, the data points only one way: massive transfer payments in the federal budget that have raised household disposable income in the face of the crisis have been saved, not spent. In Q3 2020, private savings jumped 13% over the previous year, or by $1.287 trillion; the household savings rate was still 18.1% of gross disposable income in February, which is stratospheric by American standards.

American households are banking most of their government handouts, prompting a surge in deposits



The consequences of this choice are evident. The only inflation coming out of the stimulus is in financial assets and real estate, not goods and certainly not services. This is shown in the 50% gain in the S&P 500 over the past year and the 11% jump in house prices as measured by the the Case-Shiller Composite index. These growth rates are the highest since 2006.

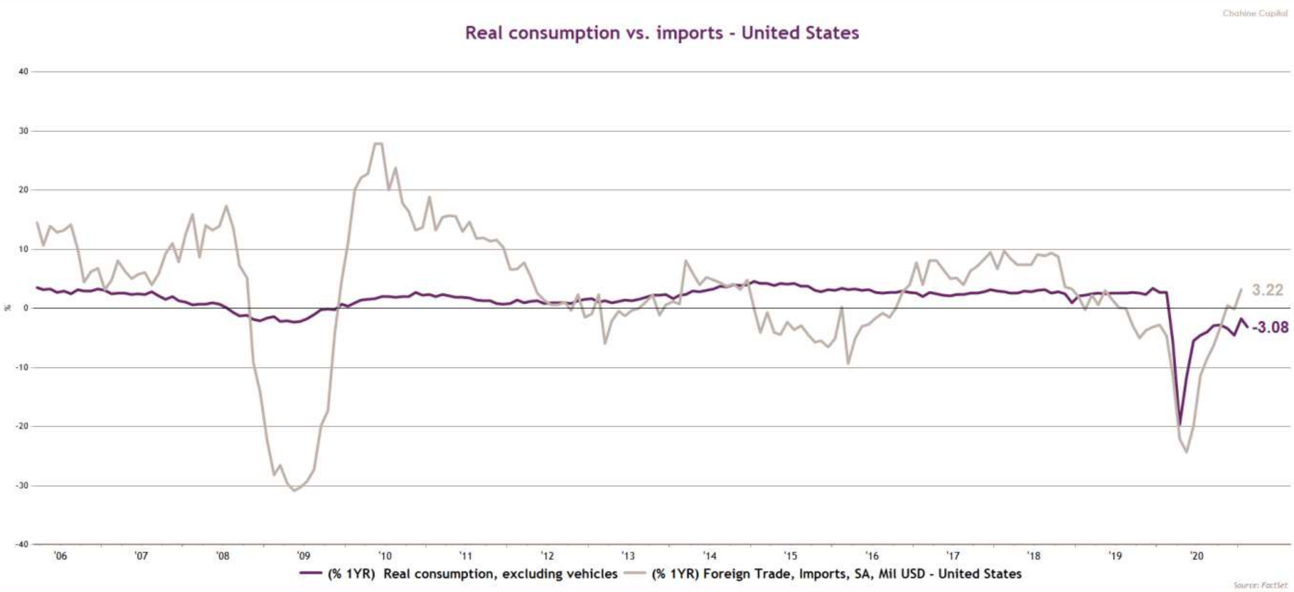
Stimulus-led inflation limited to financial assets and real estate



Consumers' preference for goods rather than services means a bigger trade deficit

The fact that US consumers are opting to direct any additional spending on imported goods rather than services only adds to our scepticism over the risks of an overheating American economy. The elasticity of demand for imports with respect to domestic demand is almost 2, which severely dents the impact of the US stimulus package on economic growth: the 9% of GDP (with a budgetary multiplier of 1.2) can be expected to bolster GDP by only around 5%. That helps explain the weak correlation between domestic demand and core inflation, which is the only measure liable to influence monetary policy.

US imports react disproportionately to changes in domestic demand



Emphasising the magnitude of this phenomenon, the US trade deficit amounted to $705.53 billion in January, some 23.3% larger than it had been the year before.

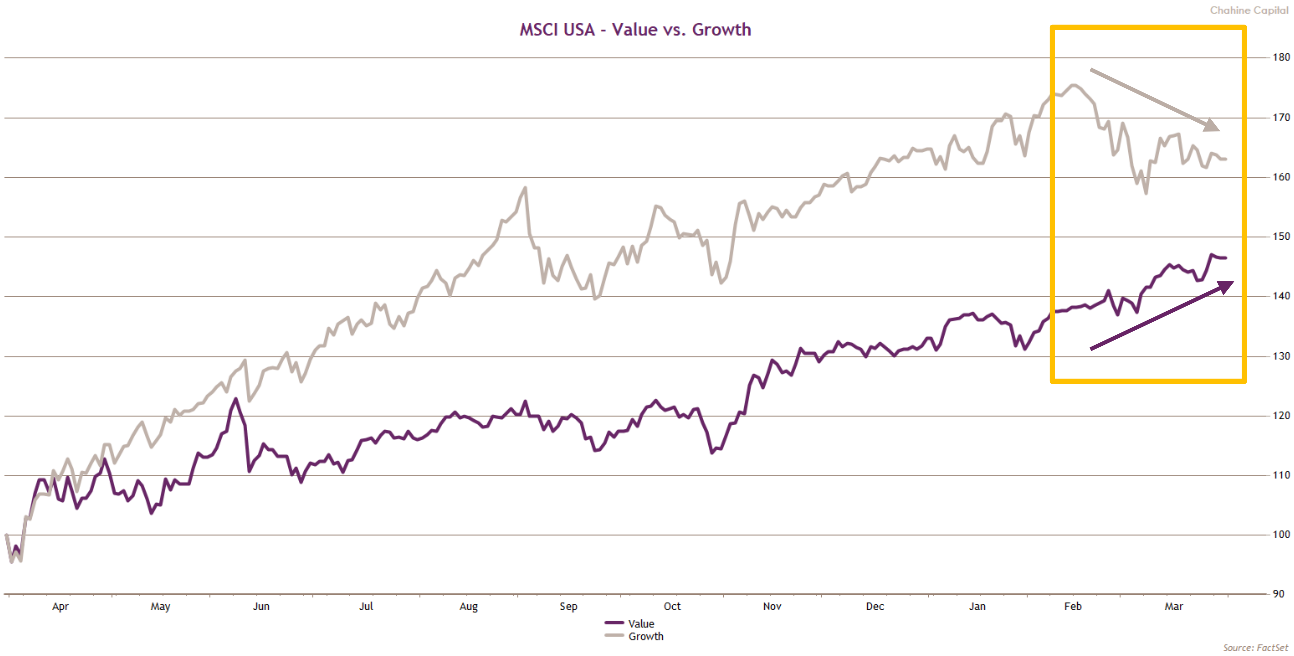
In the light of all these factors, it seems to us that only two factors are capable of generating durable inflationary pressure in the US economy. One would be renewed tensions in international trade that triggered additional tariffs or tighter restrictions on producer countries, notably China. The other would be a switch in household spending from imported consumer goods to services. That is because services are essentially domestic in origin and generate domestic employment. And we are clearly not in that configuration now, whether in terms of real consumption or inflation.

US bond yields set to stabilise, favouring a rebalancing in sector performances

With a virtually zero chance of a rise in inflation sharp enough to cause the Fed to alter its monetary policy, long-term US Treasury yields are likely to stabilise at their current levels or even inch lower.

The combination of super-abundant savings and continuing creation of money points to further gains in the prices of financial assets in developed countries into the medium term. Bond prices will not collapse and the prices of equities and real estate will rise further.

Growth and value performance to converge after underperformance linked to higher interest rates

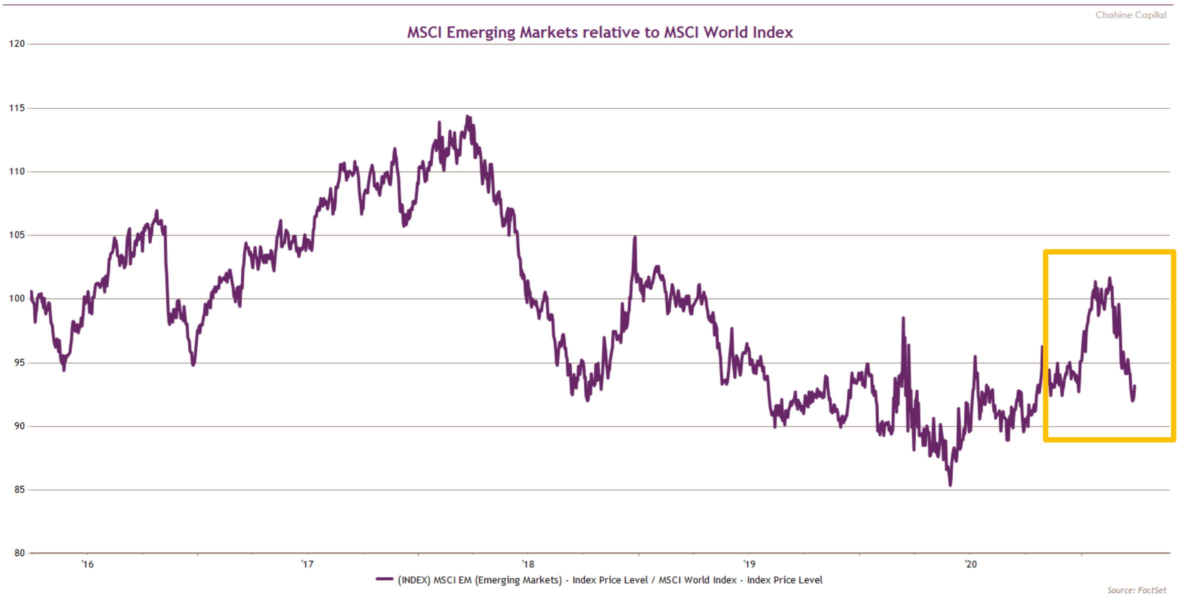


More specifically, we do not expect value segments to keep outperforming growth segments, and the chart shows how that play altered last month. This was a reflection of rising long rates, which we regard as temporary. In this environment, stock-picking would be a better bet than sector allocations, especially given that we are at the start of the new US results season.

Commodity price inflation could penalise emerging markets in the short term

We are unconvinced of the resilience of emerging markets, as the countries involved are far more susceptible than the developed world to inflation stemming from commodity prices and are vulnerable to civil unrest as a consequence. Since mid-February the MSCI Emerging Markets index has given back all the outperformance that it had generated since the start of the year. In the current climate, we will be underweighting emerging assets for the time being against assets in developed countries.

Higher commodity prices dent emerging markets

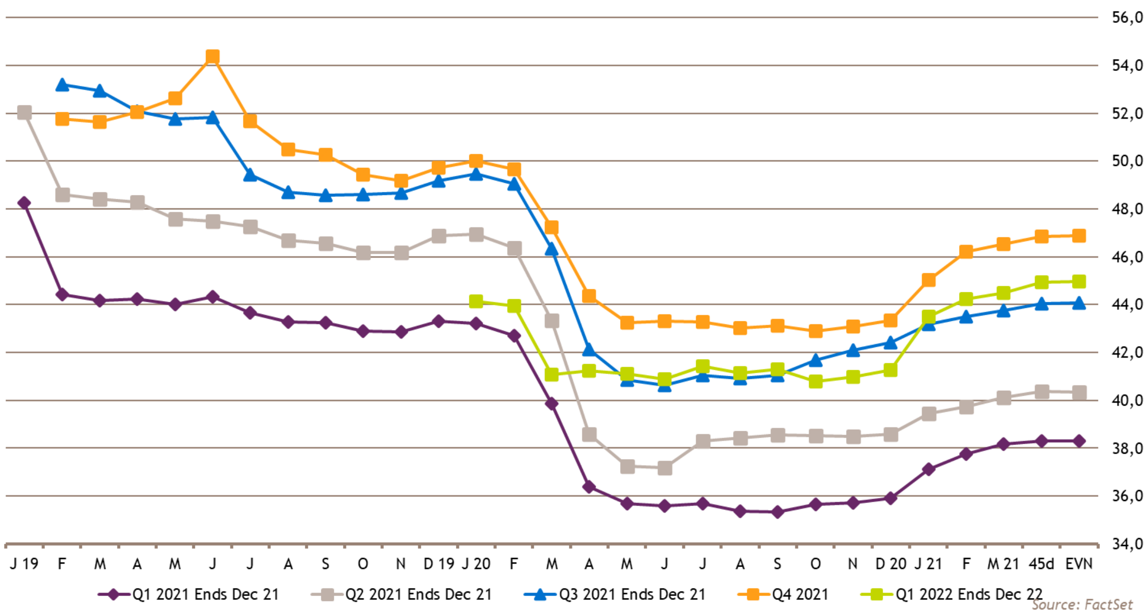


US corporate results expected up sharply in Q1

Following a far better Q4 2020 than analysts expected, with US corporate earnings growth coming in at 4% (the consensus forecast on 31 December was a 9.2% decline), estimates for Q1 are bullish. The consensus view is a 23.3% jump in earnings, which would be the sharpest rise since the 26.1% recorded in Q3 2018. The trend in revisions to earnings estimate is positive; the consensus estimate of the Q1 gain was 15.5% on 31 December.

Earnings estimates still being revised higher

Estimates Quarterly EPS for S&P 500 (US) in USD as of 25/03/21

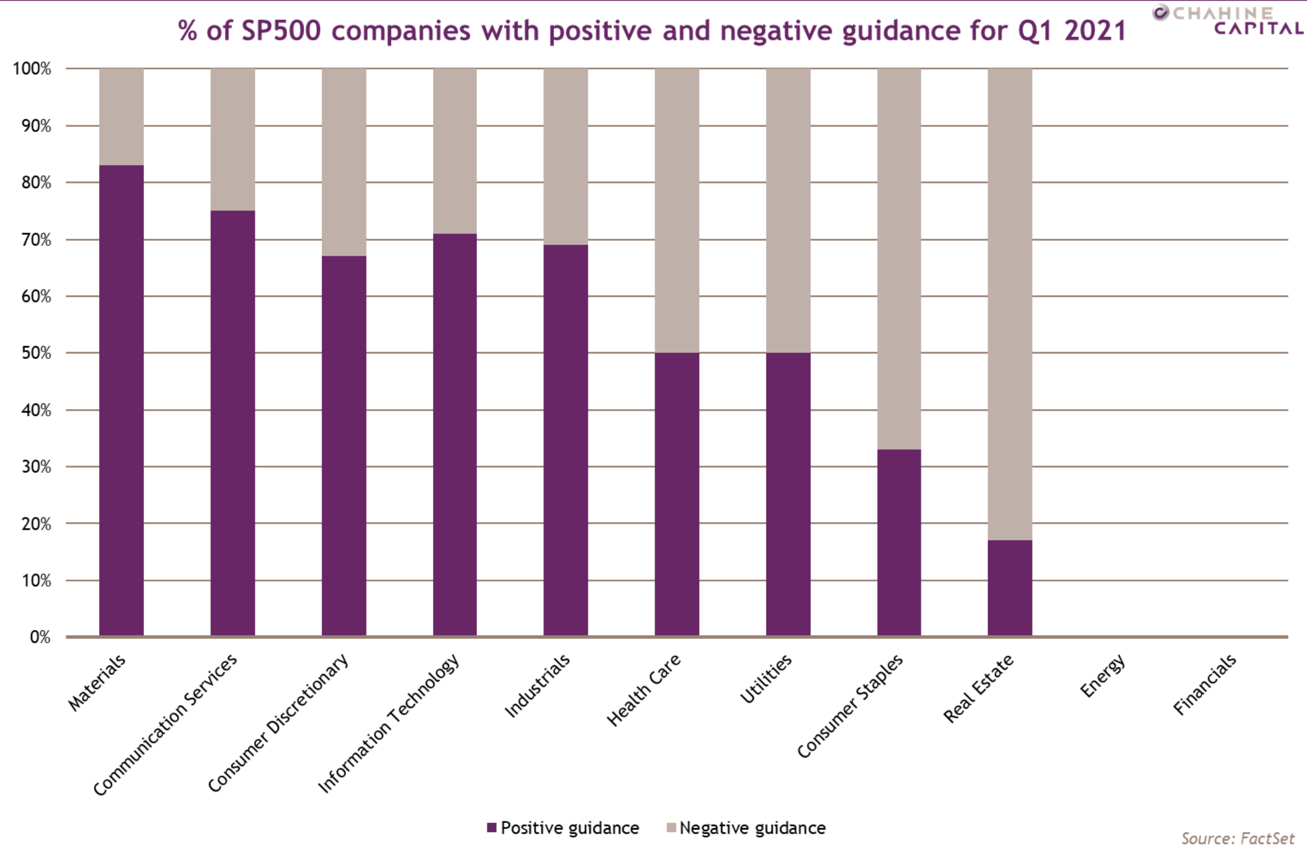


Source: FactSet

Initial commentary from American firms for Q1 has only bolstered optimism on corporate performance. Of the 95 S&P 500 firms that have published guidance on the coming quarter, 64% are positive[1], well up on the five-year average of 33%.

[1] Positive guidance is defined as an estimate of earnings growth that is above the consensus average on the day of the guidance is published. Negative guidance is an estimate that is below the consensus average.

Positive guidance dominates for coming results



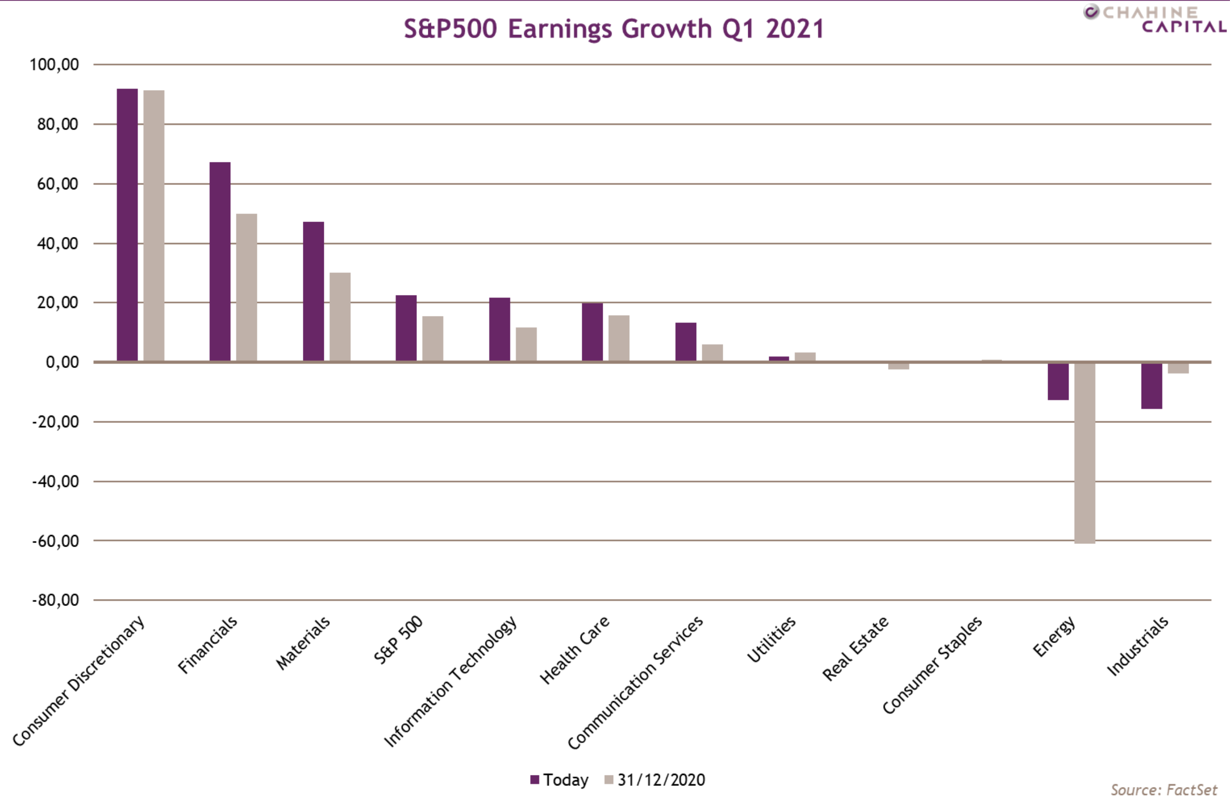
Source: FactSet

In terms of sector, Q1 is likely to see the return of those that suffered the most over the last three quarters of 2020: discretionary consumer goods (cars, etc.), basic materials and financials. The latter was hit particularly hard during the early months of the pandemic, when interest rates fell sharply, but now a steeper yield curve clearly plays in favour of banks by facilitating maturity transformation (although we believe inflation expectations are too high and US long rates will not rise any further). Another point helping banks is the Fed's decision to relax the Covid restrictions it had imposed on them, notably preventing them from paying dividends and buying back their own shares. It has been a long time since the stars have aligned for the financial sector…

Energy and industrials are the only sectors still struggling, but according to analysts their situation should improve and they will post the strongest earnings growth of all in 2021. This is related to a base effect from a disastrous 2020.

The prospects for earnings growth are buoyant once again for the IT sector (an expected 20% gain in Q1), countering the bearish comment that has come its way in recent weeks.

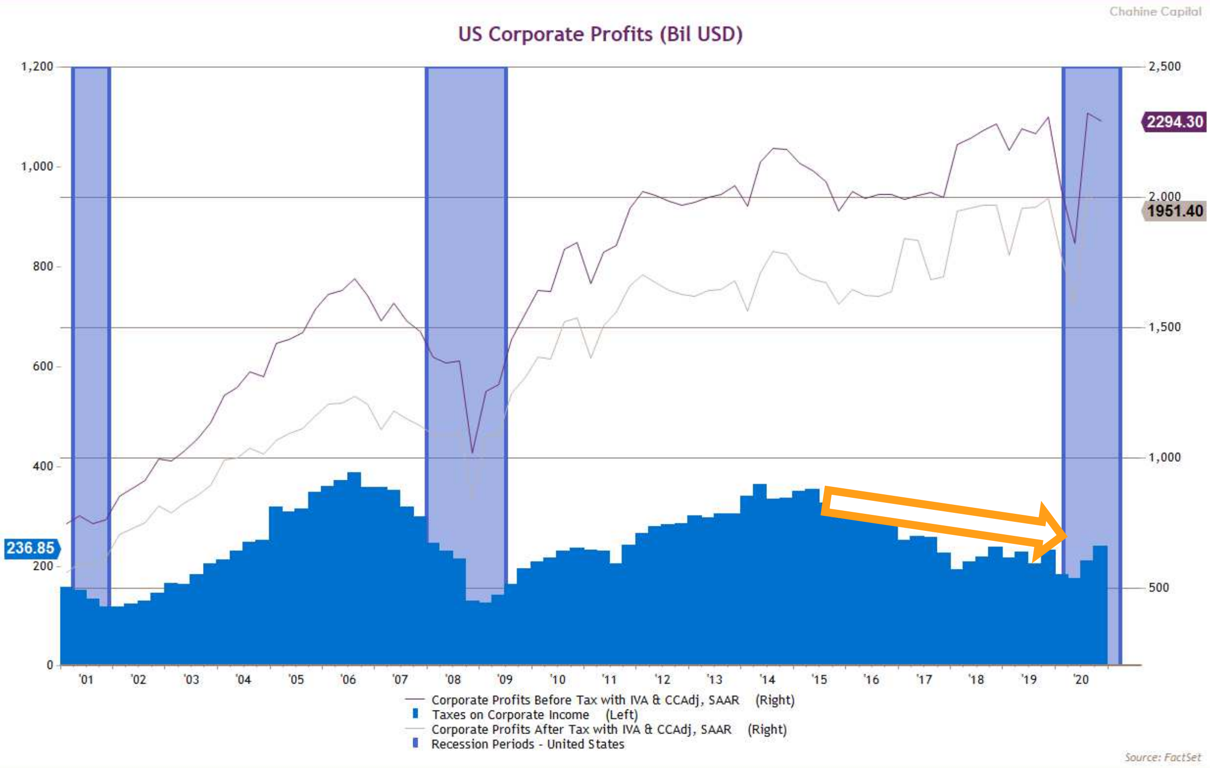
Q1 2021 looking good for some of the sectors penalised last year



Analysts remain as upbeat on S&P 500 earnings in the longer term as they were last month. They are pencilling in aggregate EPS growth for the index of 15.3% in 2022 and 9.5% in 2023, and that follows the 23.3% estimate for this year and the Covid-related drop of 'only' 13.9% in 2020. All in all, they expect EPS to be 37% higher at the end of 2023 than it was at the end of 2019, and 59% higher than it was at the trough in 2020.

As we have pointed out often enough in the past few months, these forecasts look over-optimistic. Although current vaccination rates lend credibility to a return to normal for the US economy this year, the figures for the following years are clearly overcooked. It is still too early to measure the impact of corporation tax hikes - Mr Biden wants to raise corporation tax from 21% to 25% or even 28% - destined to finance a staggering $4 trillion infrastructure, ecology and education programme. Higher taxes would necessarily weigh on US companies' net margins.

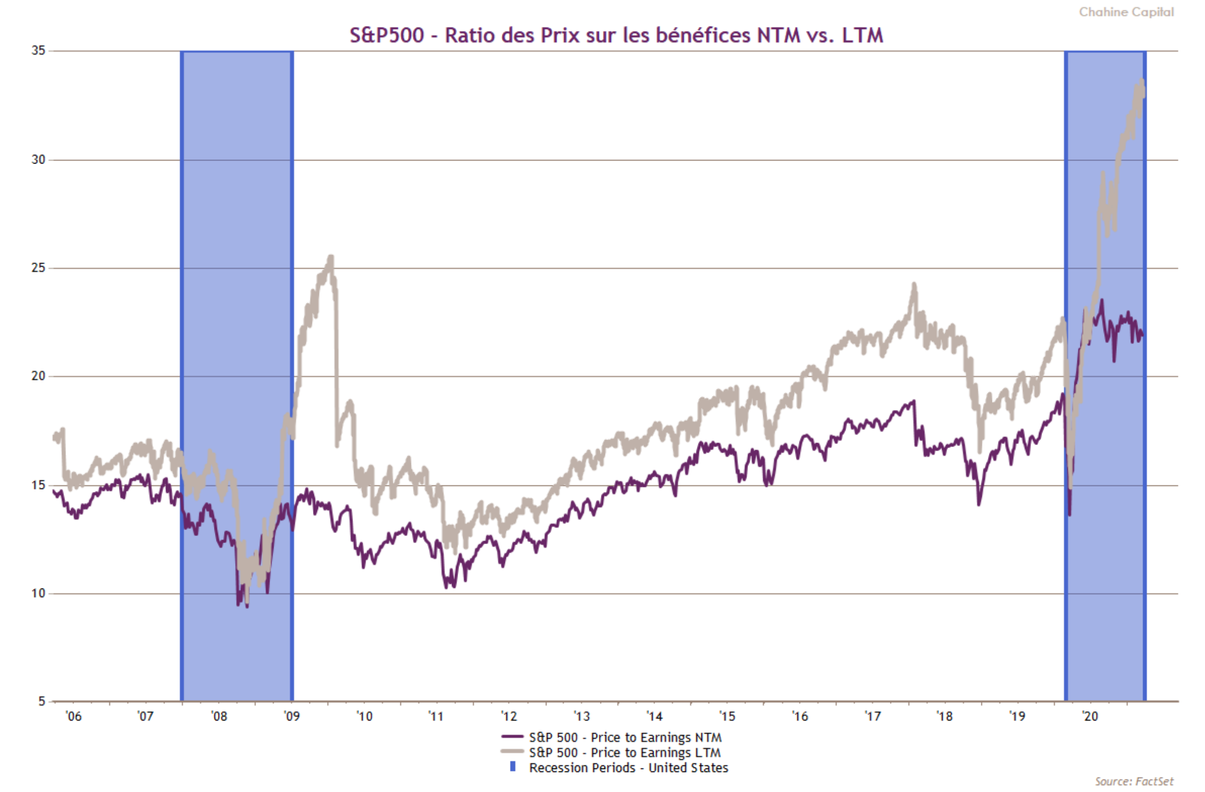
Higher taxes to cancel the Trump windfall



Market valuations: persistently high multiples amid abundant liquidity

Earnings estimates for the S&P 500 have been lifted by 8.7 percentage points since the end of last year. Over that time equity prices have risen and the index has gained 3.5%. This means that valuations are still stagnating at a high level, with the LTM PER sticking at around 22 for several months now. As we have said before, this figure may look high by historical standards but it should be put in the context of continuing massive liquidity injections from central banks. As this liquidity automatically raises the prices of risky assets, it also tends to boost market multiples. In these unique and very specific market conditions, this measure should not be considered as a pertinent timing indicator for equity markets. That said, the further it drifts from levels that could be considered normal, the worse the market reaction will be in the event of any disappointment.

High multiples, but unique circumstances



Our valuation model: correction expected on Wall Street, little risk on European markets

Fears of higher US inflation continue to put upward pressure on 30-year Treasury yields. From 1.8% two months ago and 2.2% last month, we are now looking at 2.4%. As far as earnings growth is concerned, the consensus estimate and our own views have changed little since last month. While 2021 is likely to be as good overall as analysts expect, their projections for the years after this one are unrealistic. This is especially true if Mr Biden gets his $4 trillion spending plan through, as $3 trillion of it is to be financed with higher taxes on companies and the wealthiest households. As we have already noted, the move would hit US corporate profits and net margins. For this reason we are retaining a more cautious EPS growth scenario with an 8-year CAGR of 6.7% (up from 6.6% last month).

As a result, and given that long rates are up 60bp since the end of January, our valuation model is now pointing to the need for consolidation on US markets. If yields stabilise at current levels, the correction would theoretically have to be a substantial 16% to 3,323 points. Our own target is slightly less alarming: given that the model highlights the need for the S&P 500 to mark a pause after an almost uninterrupted 75% rally since mid-March 2020, and long rates ought to revert to their medium-term level of around 2%, we are retaining a year-end objective for the index at 3,673 points, or 7.5% down on where it is now. We therefore recommend – as we did last month – a degree of caution over US equities.

S&P 500 - Valuation end 2021 except implied scenario

CAGR Compounded Annual Growth Rate from 2020	30 Years Gvt bonds				
	1,50%	2,00%	**2,42%**	2,50%	2,75%
Slow recovery: 20.4% in 2021, 5.3% in 2022 - CAGR 3.7%	**3 360**	**2 958**	2 680	2 632	2 492
Implied Scenario CAGR 9.2% over 8 years	4 997	4 391	**3 971**	3 899	3 686
Return to normal: 22.3% in 2021, 10.6% in 2022 - CAGR 6.7%	4 180	**3 673**	**3 323**	**3 262**	3 085
Current Index S&P 500			**3 971**		

The situation is completely different in the euro zone. Growth potential is far less than in the USA and fears of renewed inflation are non-existent. The weighted average 30-year yield rebounded in February but has barely moved since, ticking up from 0.64% to 0.66% over the past month. As consensus estimates are fundamentally unchanged, our valuation model gives us the same result as it did last month and leads us to believe that European equities are fair value irrespective of the economic scenario (long yields would fall back to zero in the event of a slow recovery). As we said a month ago, we would overweight European equities relative to the US market.

MSCI EMU - Valuation end 2021 except implied scenario

CAGR Compounded Annual Growth Rate from 2020	30 Years Gvt bonds				
	0,00%	0,25%	**0,66%**	0,75%	1,00%
Slow recovery: 13.8% in 2021, 4% in 2022 - CAGR -3.8%	**133**	**123**	108	106	99
Implied Scenario: CAGR -1% over 8 years	169	156	**138**	134	125
Return to normal: 26.4% in 2021, 6% in 2022 - CAGR -0.8%	167	154	**135**	**132**	**123**
Current Index MSCI EMU			**138**		

Conclusions

For almost two months now, financial commentators have been working themselves into a frenzy over a supposed return of inflation. Some believe that it will originate in rebounding commodity prices, while others argue that it follows from the liquidity injections involved in massive central bank-subsidised stimulus such as Joe Biden's $1.9 trillion package. Either way, investors have been quick to take up the theme, especially as the inflation expectations priced into bond markets have surged in recent months. We believe that these fears are exaggerated, however, and we are not alone. Both the Federal Reserve and the European Central Bank say that inflation risks arising from higher commodity prices and short-term supply issues are temporary in nature.

A close examination of the macroeconomic data leaves us with a less rosy picture of US economic activity than the inflation-mongers have. In our view, the absence of output constraints is a major factor preventing any sustained acceleration in inflation. America's capacity utilisation rate is just 73.8%, and the unemployment rate adjusted for people who have given up looking for work and for part-timers is 13.8%, which is much higher than pre-crisis levels. And in any case readers may recall that at that time low unemployment failed to trigger rampant wage inflation, mainly because union membership rates have been falling in most major developed economies for the past four decades.

The short-term impact of stimulus packages on inflation is also limited by the fact that most of the assistance is being channelled into savings. So far, household behaviour could hardly be clearer: gigantic transfer payments have been saved rather than consumed. And in America, the additional household consumption that has been secured has resulted in increased goods imports rather than greater consumption of services. This all explains the weak correlation between domestic demand and core inflation, which is the only measure of inflation liable to influence monetary policy.

Following a far better Q4 2020 than analysts expected, with US corporate earnings growth coming in at 4%, estimates for Q1 are bullish. The consensus view is a 23.3% jump in earnings, which would be the sharpest rise since Q3 2018. The early part of this year is also likely to see a return to favour of some of the sectors that suffered the most in the last nine months of 2020: discretionary consumer goods, basic materials and financials. Energy and industrials are the only sectors still struggling, but their situation should improve.

Fears of higher US inflation continue to put upward pressure on 30-year Treasury yields. As a result, our valuation model is now pointing to the need for consolidation on Wall Street. If yields stabilise at current levels, the correction would theoretically have to be a substantial 16%. Our own target is slightly less alarming: given that the model highlights the need for the S&P 500 to mark a pause after an almost uninterrupted 75% rally since mid-March 2020, and long rates ought to revert to their medium-term level of around 2%, we are retaining a year-end objective for the index at 3,673 points, or 7.5% down on where it is now. The situation is completely different in the euro zone, where neither investors nor Christine Lagarde are concerned about inflation. The weighted average 30-year yield has stabilised and the consensus view has changed little over the past month, leaving our model in fair value territory. We therefore continue to overweight European equities relative to the US market.

Michaël Sellam

Main ratios for markets and sectors as of 31/03/2021 (in local currency)

CHAHINE CAPITAL

Data as of 31/03/21	Weight vs World	Perf 2021	Perf 2020	Weighted P/E 2022	Weighted P/E 2021	% Wted EPS Chge 2022	% Wted EPS Chge 2021	% Wted EPS Chge 2020	Div Yield 2021	Revision vs M-2% Fiscal 22	Revision vs M-2% Fiscal 21
World - Developed	**100,0%**	**4,48%**	**15,04%**	**17,8 x**	**20,8 x**	**16,99%**	**43,17%**	**-19,02%**	**1,92%**	**-0,2%**	**0,1%**
United States	53,8%	5,46%	20,22%	20,8 x	24,3 x	17,04%	37,37%	-15,55%	1,45%	0,6%	0,7%
Japan	8,2%	0,48%	11,46%	16,1 x	18,8 x	16,71%	29,81%	-8,89%	1,96%	-1,5%	-0,6%
Eurozone	10,8%	3,99%	8,66%	16,2 x	19,6 x	21,36%	55,29%	-38,80%	2,55%	-2,4%	-2,6%
Europe	19,9%	3,47%	7,19%	16,1 x	19,1 x	18,71%	51,60%	-35,56%	2,71%	-1,6%	-1,4%
Austria	0,2%	7,20%	-3,26%	11,5 x	13,5 x	17,68%	58,08%	-41,29%	3,28%	-0,3%	-1,9%
Belgium	0,4%	-1,46%	-2,41%	17,8 x	21,2 x	19,72%	15,13%	-25,04%	2,50%	-3,5%	-2,8%
Denmark	0,7%	-3,25%	40,90%	23,5 x	25,7 x	9,51%	21,49%	-6,83%	1,65%	-2,3%	-2,2%
Finland	0,4%	-1,25%	27,09%	18,8 x	22,1 x	18,02%	10,57%	-13,70%	2,97%	-3,0%	-1,7%
France	3,6%	3,83%	6,34%	17,3 x	21,5 x	23,90%	96,94%	-54,89%	2,44%	-2,4%	-2,6%
Germany	3,0%	4,77%	13,28%	15,0 x	17,9 x	19,57%	38,84%	-20,05%	2,51%	-2,4%	-2,3%
United Kingdom	4,0%	5,43%	-8,98%	13,6 x	16,0 x	17,45%	64,37%	-40,06%	3,37%	0,6%	1,8%
Ireland	0,1%	2,94%	11,11%	18,2 x	31,3 x	72,14%	2550,77%	-105,64%	1,10%	-2,0%	-8,2%
Italy	0,9%	6,17%	1,91%	12,8 x	15,2 x	19,24%	58,52%	-41,57%	3,54%	-2,2%	-3,4%
Netherlands	1,3%	6,76%	21,86%	20,7 x	23,9 x	15,91%	46,31%	-25,92%	1,55%	-2,8%	-2,4%
Norway	0,5%	7,45%	5,88%	15,8 x	19,0 x	19,86%	116,70%	-53,01%	3,18%	1,3%	2,7%
Spain	0,8%	1,50%	-4,61%	15,0 x	18,8 x	25,13%	36,04%	-42,79%	3,46%	-2,2%	-2,3%
Sweden	1,4%	6,99%	31,77%	19,9 x	22,8 x	14,60%	50,27%	-38,32%	2,37%	-3,3%	-3,3%
Switzerland	2,5%	-2,15%	10,73%	17,9 x	20,2 x	12,68%	18,11%	-7,85%	2,71%	-2,1%	-1,8%
Europe / Commercial Services	0,5%	1,87%	3,13%	19,3 x	23,2 x	20,46%	50,40%	-29,33%	1,99%	-2,7%	-2,9%
Europe / Communications	0,6%	6,07%	-3,23%	14,4 x	16,3 x	13,84%	-6,12%	4,86%	4,40%	-1,6%	-1,2%
Europe / Consumer Durables	0,9%	15,90%	18,46%	10,4 x	12,6 x	21,51%	189,01%	-58,06%	2,81%	-0,3%	-0,3%
Europe / Consumer Non-Durable	3,1%	-1,08%	8,89%	21,9 x	24,7 x	13,10%	20,25%	-21,09%	2,20%	-2,7%	-3,0%
Europe / Consumer Services	0,5%	8,98%	-1,65%	22,0 x	51,4 x	133,91%	296,89%	-122,58%	1,71%	-3,4%	-16,7%
Europe / Distribution Services	0,2%	1,44%	22,70%	20,1 x	23,6 x	17,92%	29,56%	-15,00%	1,82%	-3,4%	-3,2%
Europe / Electronic Technology	0,8%	4,95%	8,85%	20,5 x	26,6 x	29,96%	127,29%	-50,05%	1,22%	-2,8%	-4,6%
Europe / Energy Minerals	0,7%	8,77%	-27,63%	10,8 x	13,5 x	25,05%	1764,70%	-92,24%	4,81%	4,7%	8,3%
Europe / Finance	3,6%	6,72%	-5,87%	11,5 x	13,5 x	17,72%	28,71%	-34,50%	3,85%	-1,7%	-2,1%
Europe / Health Services	0,2%	1,14%	12,06%	21,2 x	23,3 x	10,06%	11,77%	-0,81%	1,67%	-3,0%	-3,8%
Europe / Health Technology	2,2%	-2,66%	8,87%	18,0 x	20,6 x	14,68%	6,17%	-1,03%	2,45%	-2,8%	-3,1%
Europe / Industrial Services	0,3%	3,38%	-9,31%	13,9 x	17,9 x	28,88%	74,97%	-51,43%	3,01%	-2,4%	-4,3%
Europe / Miscellaneous	0,0%	4,71%	33,67%	11,3 x	16,5 x	46,07%	173,00%	-55,43%	3,48%	3,5%	-1,2%
Europe / Non-Energy Minerals	0,7%	12,24%	17,23%	11,7 x	10,3 x	-11,47%	55,35%	27,68%	4,52%	5,1%	11,7%
Europe / Process Industries	0,8%	1,70%	17,61%	18,9 x	21,5 x	13,52%	25,49%	-13,99%	2,58%	-1,9%	-1,0%
Europe / Producer Manufacturin	1,8%	8,64%	31,52%	21,6 x	26,2 x	21,49%	70,38%	-31,16%	1,70%	-3,1%	-3,3%
Europe / Retail Trade	0,5%	-0,11%	21,69%	21,1 x	27,6 x	29,89%	62,05%	-24,77%	2,01%	-5,0%	-5,3%
Europe / Technology Services	1,0%	-1,45%	23,86%	24,3 x	29,4 x	20,81%	17,91%	-5,88%	0,83%	-2,3%	-2,9%
Europe / Transportation	0,6%	9,61%	3,88%	18,5 x	50,6 x	173,00%	127,35%	-255,17%	2,00%	-4,5%	-0,8%
Europe / Utilities	0,9%	-6,17%	24,35%	16,4 x	17,8 x	8,42%	8,64%	-17,43%	3,94%	-2,1%	-3,2%

Disclaimer

We do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information provided in this publication. You must evaluate, and bear all risks associated with, the use of any information provided here, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of the publisher. The publisher or one or more of its employees or writers may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED “AS IS,” AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, J.CHAHINE CAPITAL AND ITS AFFILIATES, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NO INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER CHAHINE CAPITAL NOR ITS AFFILIATES, NOR THEIR RESPECTIVE OFFICERS, MEMBERS DIRECTORS, PARTNERS, BUSINESS ASSOCIATES OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PERSON IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.