03/05/2021

STRATEGY OVERVIEW

Can Europe catch up?

Following the OECD in March, the IMF is now preaching optimism on the outlook for growth. Against a backdrop of a less severe contraction overall than had been feared in 2020, world GDP is expected to increase by 6% this year, up from a 5.5% forecast that the IMF issued in January. The main drivers are China (an estimated growth rate of 8.4%) and the USA (6.4%). Projections for eurozone growth are stuck at just 4.4%, even though the initial contraction in activity was far worse than in the rest of the world. One would normally have expected a spectacular European recovery that mirrored the preceding slump, but unfortunately this spring-back mechanism appears to be broken. The latest macroeconomic data point the same way. So while we can understand nervousness over higher inflation in Asia and the USA, exaggerated though it may be (see our letter of last month), fears of a general increase in the price level across continental Europe look particularly misplaced.

Given this difficult situation for private economic agents in Europe, support from the public sector looks even more important than it does elsewhere. But here too, European authorities are struggling to match the pace set in other parts of the world. The European Union's 'Next Generation EU' plan was certainly a step forward in terms of the European project – it gives the European Commission new powers to borrow in its own name from the capital markets – but it may turn out to be more of a political than an economic success. The closer we examine the €750 billion European recovery package, the more it looks like a pale shadow of Joe Biden's 'Build Back Better' initiative. After all, it amounts to less than 6% of the EU-27's GDP. At a time when temperatures are rising between eurozone countries, the ECB has no option but to intervene massively to prevent the whole bloc imploding.

That said, equity indices are still trending positively on the back of the improving outlook for growth, stimulus packages and robust microeconomic news. The MSCI World is up 11.3% so far this year, compared with a 3.9% gain to the beginning of February, thanks largely to performance on American and European markets. Emerging and Asian indices started off the year very strongly but have since consolidated slightly (MSCI Emerging Markets up 6.8% year to date after 8.9% at end-January, MSCI Japan up 6.7% after 8% at end-January).

A new US corporate results season has just started, and the first announcements from S&P 500 companies are (to say the least) very encouraging. At the time of writing, around 25% of these firms (123, to be precise) have published, and 84% have posted higher earnings per share than analysts expected. Moreover, aggregate earnings for the S&P 500 as a whole are expected to be up 33.8% in Q1, up from a consensus estimate of 23.8% at end-March. This would be the biggest increase in earnings since Q3 2010… In terms of sector, and despite sharp upward revisions to estimates over the past month, we are not seeing any new pattern in performance relative to a month ago. In other words, Q1 is likely to have seen a rebound from those that suffered the most in the final three quarters of 2020: financials, discretionary consumer goods (cars, etc.) and basic materials.

Our valuation model suggests that Wall Street is in need of consolidation. Were interest rates to stabilise where they are now, the required correction would be around 12%. In our scenario that integrates the fact that higher taxes will affect US company profits from 2023 onwards, our model suggests a potential 16% correction with unchanged interest rates, or just 10% if long rates tick down to 2% (our main scenario). As we did last month, we recommend caution on US equities and would therefore overweight European markets relative to Wall Street.

Michaël Sellam

The outlook for growth: better everywhere… except Europe

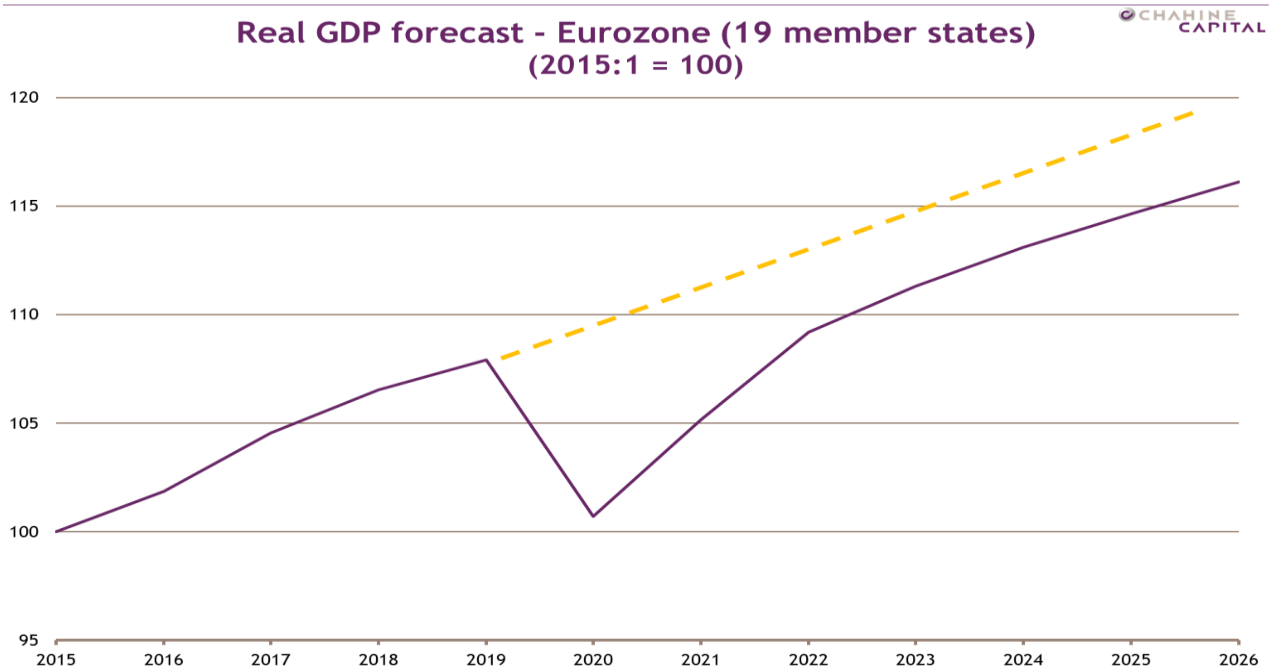
Following the OECD in March, the IMF is now preaching optimism on the outlook for growth. Against a backdrop of a less severe contraction overall than had been feared in 2020 (a 3.3% drop in output, compared with an expected 4.4% decline), world GDP is expected to increase by 6% this year, up from a 5.5% forecast that the IMF issued in January. The main drivers are China and the USA.

Emerging countries' growth is now expected to amount to 6.7% in 2021, up from the 6.3% estimated in January. The biggest contributors will be the population heavyweights China (8.4%) and India (12.5%); growth is more uneven across other countries and regions.

Because of the sheers size of the US stimulus packages, the IMF is now pencilling an impressive 6.4% increase in American GDP, compared with a forecast of 5.1% at the start of this year.

The upward revision to the growth outlook is merely from 4.2% to 4.4% for the euro zone, even though activity contracted more in the bloc than elsewhere. Two factors explain this disappointing shortfall: difficulties in implementing vaccination strategies; and the EU's own stimulus package, which is both smaller than the US package and is proving slow to implement, given the EU's complex politics and differences between member states. The damage inflicted on the economy will last longer in the euro zone than in other parts of the world, too: in 2021, GDP will be 4-5% smaller than it could have been without the pandemic, and still 3-4% below that level in 2022 (see chart below). This shortfall relative to potential activity is bad enough; the divergence of growth rates with the rest of the world is even more disturbing. It is certainly fuelling fears that Europe is on its way to relegation from the top flight of economies.

The euro zone's struggle to recover Covid losses: worse than elsewhere



Source: IMF, FactSet

Europe's unconvincing bounceback

It is perhaps slightly premature to assess the Covid damage to the eurozone economy, as a third wave of the pandemic is running amok in many European countries. That said, and although rollout is proving painfully slow, vaccination is bringing us closer to a post-Covid era. So what lessons can we draw so far?

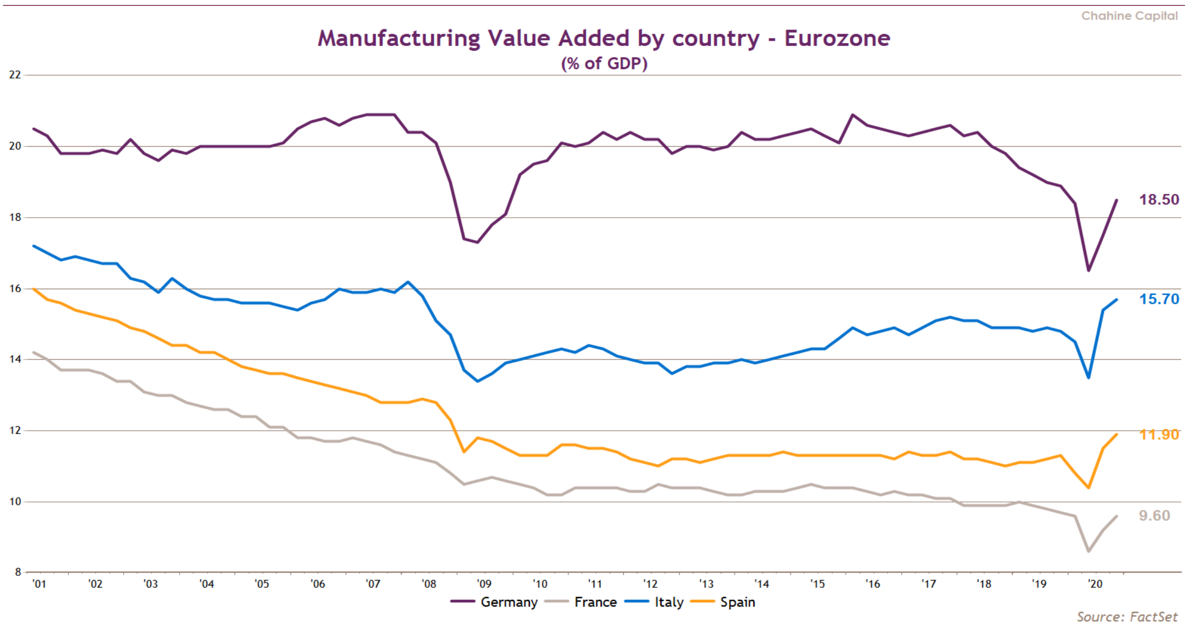
Europe suffered more economic damage from the pandemic than anywhere comparable in 2020. Eurozone GDP fell 6.6% in real terms last year; that compares with contractions of 3.5% in the USA and 4.9% in Japan, and in China GDP actually increased 2%. The expression 'at a standstill' can hardly have been more appropriate, with the euro zone's capacity utilisation rate falling to an all-time low of 66.8% last June.

It would have been reasonable to expect a dramatic rebound in European activity, mirroring the magnitude of the initial slump, but unfortunately growth forecasts for 2021 and 2022 are far weaker than for the USA and China despite a far more helpful base effect. Whatever spring there used to be is undeniably broken, as the latest macroeconomic indicators show.

At 49.6, the euro zone's services PMI is still below the key 50 barrier and well below the equivalent measures in the USA (60.5) and China (54.3). Domestic demand is clearly anaemic, with household consumption flatlining. Eurozone retail sales were 2.8% lower in February than they were a year before.

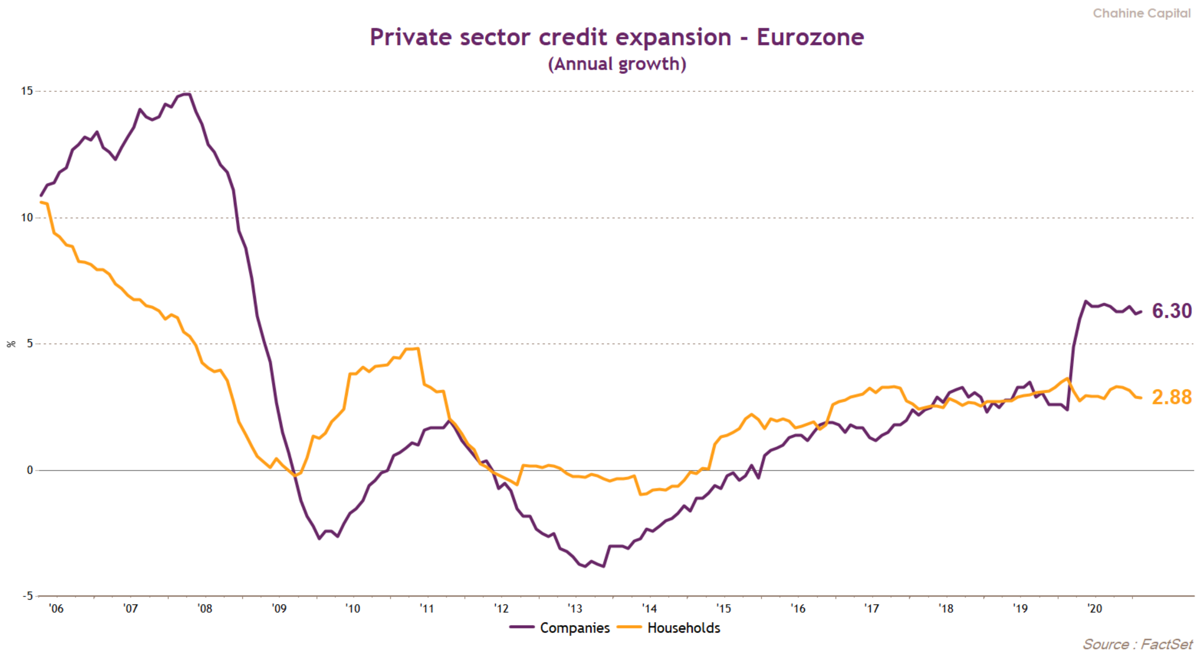
Although manufacturing PMIs are looking rather better, lifting the eurozone score to a new high of 62.5 in March, this is true of all major economies and the industrial rebound has yet to be confirmed in hard data (eurozone industrial production contracted 1.6% in the year to February). Industry is also very unevenly spread among European countries, meaning that not all would benefit from any rebound anyway. In France, for example, the industrial sector accounts for 9.6% of GDP, compared with 18.5% in Germany (see chart below).

France and Germany would not benefit equally from a manufacturing rebound



Another source for concern specific to Europe is the severity of the shock to investment. Gross fixed capital formation in the euro zone amounted to just €2,160 billion last year, some €200 billion less than the year before. If Europe fails to make good on the investment shortfall it has accumulated relative to other major economies, it will fall further behind in terms of productivity gains and therefore growth. Especially as its companies have not taken advantage of this development to reduce their debt. Quite the opposite, in fact: they have used debt mainly to cover dwindling cash reserves rather than to prepare for the future (see chart).

Private sector debt growth remains at decade-long highs

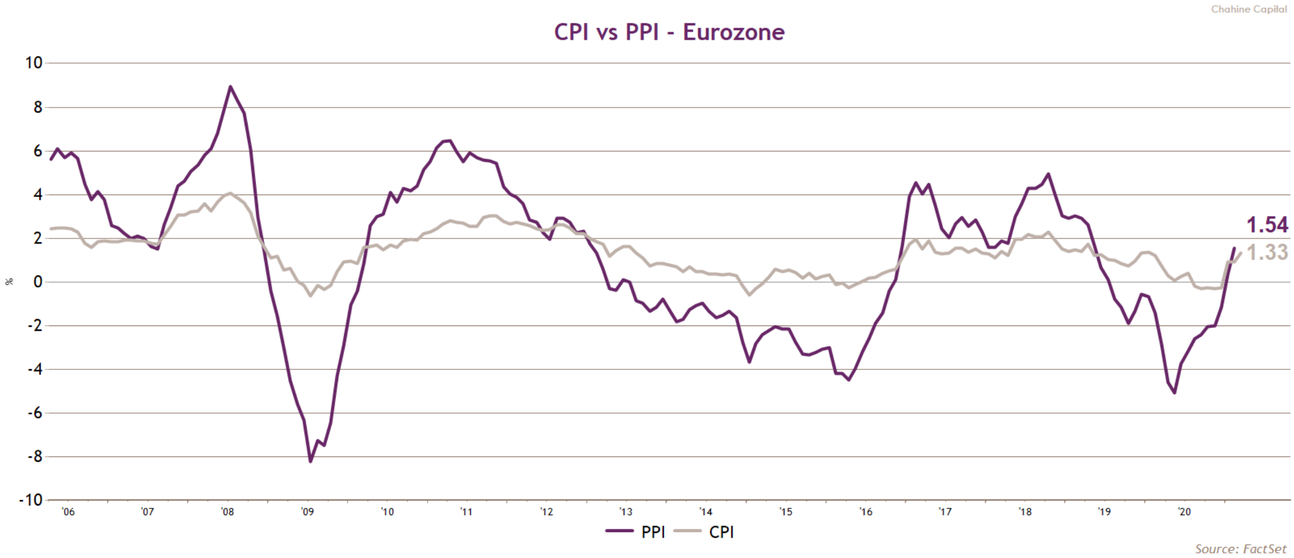


Higher producer prices without pricing power spell trouble for European businesses

In these circumstances, and although fears of higher inflation in Asia and the USA are readily understandable (we do not share them, cf. our April letter), predictions of a generalised increase in prices in Europe appear misplaced. This is all the more true for the fact of higher unemployment rates than elsewhere: 8.3% in the euro zone, compared with 6% in the USA in March, and with substantial disparities between member states (6% in Germany, 8.4% in France, 10.2% in Italy and 16.7% in Spain).

The eurozone's headline inflation rate did tick up in March to 1.3%, but the core rate fell for the second month in a row to just 0.9%, even further from the ECB's 2% target. Even investors' long-term inflation expectations, which are traditionally buoyant during economic recoveries, have stagnated at 1.5% over 5 years and 1.6% over 10 years. This speaks volumes for the bloc's structural economic prospects.

Current price dynamics could put European firms and households under pressure

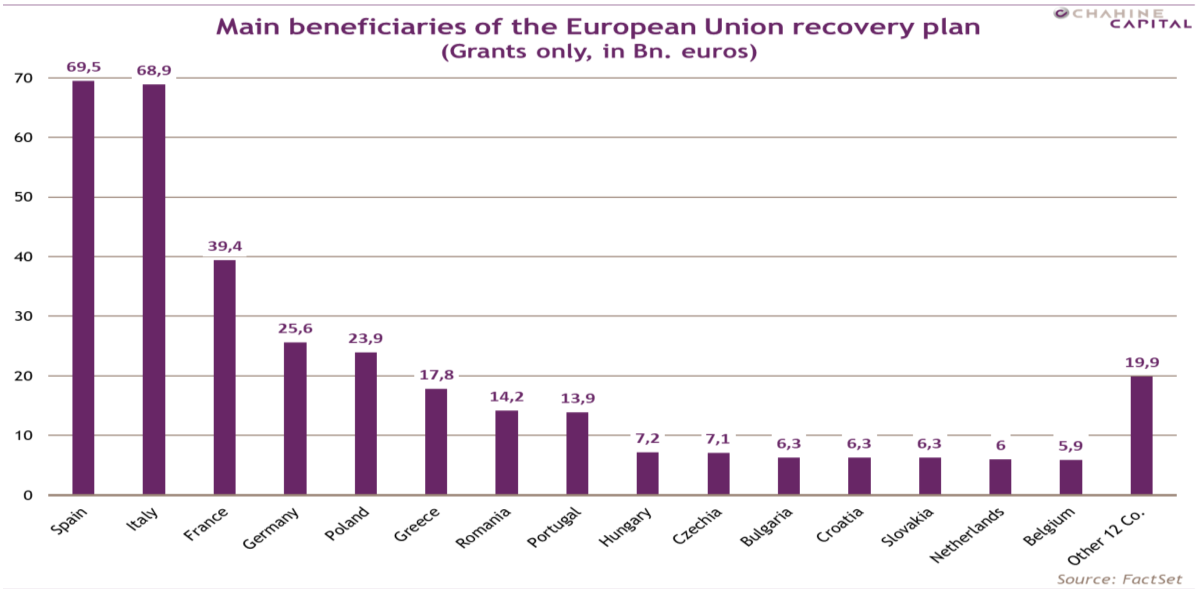


Although moderate consumer price inflation is not necessarily a disadvantage, it is putting European private agents in a difficult position right now because they also face producer price inflation (1.5% in February), largely because of surging commodity prices. Unfortunately, European firms lack pricing power, which means that pressure on household purchasing power could coincide with pressure on corporate margins.

Is the 'Next Generation EU' stimulus package enough?

Difficulties for European private sector businesses and households mean that public sector support is even more important to the economy than it is elsewhere. Yet the European authorities are failing to keep up in this area as well. The EU-27's 'Next Generation EU' plan is certainly another step forward for the general European project, especially as it permits the European Commission to borrow directly from the capital markets for the first time. But its impact could well turn out to be more political than economic. On closer examination, the €750 billion stimulus package amounts to less than 6% of EU GDP and appears increasingly modest compared with Joe Biden's 'Build Back Better' plan. The latter comes on top of a $1,900 billion stimulus effort (about 9% of US GDP) and amounts to some $2,250 billion in infrastructure spending. In other words, US stimulus amounts to almost 20% of GDP, and these measures are just one part of it… public support worth 20% of GDP was introduced last year as well.

The main beneficiaries of the EU stimulus package



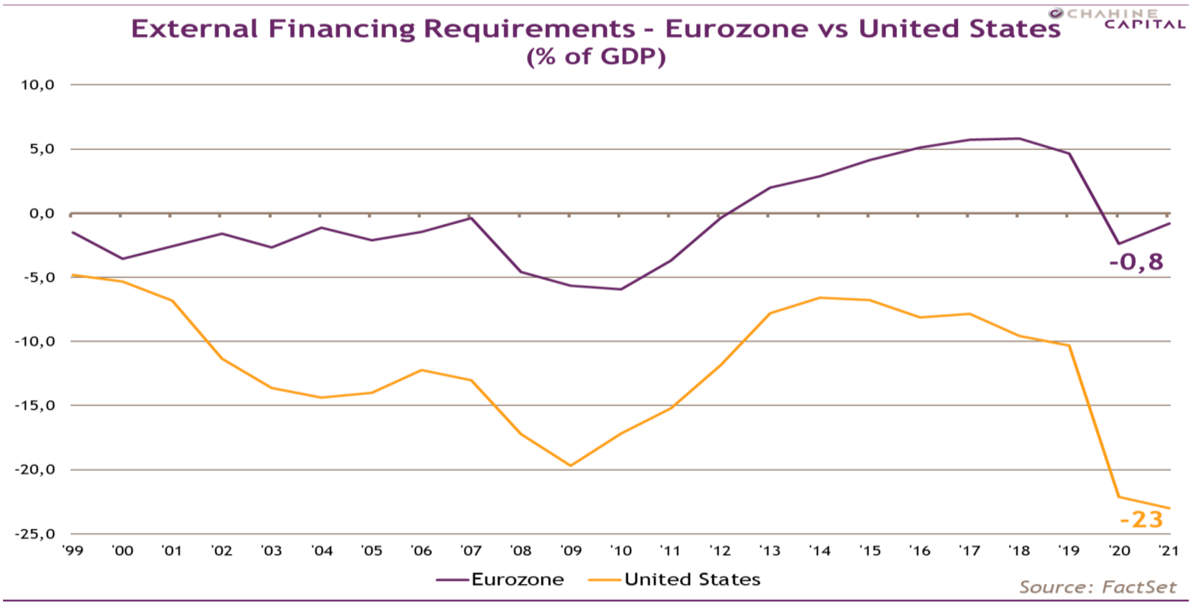
The size of the EU plan is also not what it first seems. Of the €750 billion headline figure, only €338.2 billion (45%) has actually been allocated, as per the chart above. The rest is made up of budgetary pre-allocations by theme (regional aid, civil defence, etc.). Moreover, the mechanism's complexity has been criticised: EU member states have until April 2021 to file their plans with the Commission, the Council of Ministers has to validate their content and funds will be released from the summer of 2021 onwards. Member states will have had to have ratified their plans nationally by then, and they should be split between 70% in 2021-22 and 30% in 2023…

The only real bit of good news: the euro zone still has financial autonomy

Europe is in something of a paradoxical situation, just like an ageing Japan in some ways. Despite lower potential growth rates than in other economies, a lack of high-tech heavyweights, very heterogeneous eurozone membership and a very laborious political process, the euro zone has more financial autonomy than anywhere else, and certainly more than the USA.

Two factors work in the euro zone's favour: its trade surplus and its ability to finance itself, at least so far. In aggregate terms, the European economy generates enough surpluses to fund its investment and public sector deficits (see chart below). This is not at all the case for the USA, for example, which has disequilibria worth 21% of GDP to cover from somewhere else. America needs foreign investors and/or central bank liquidity injections to meet those requirements; Europe is not at all in that position.

Unlike the USA, the euro zone has financial autonomy

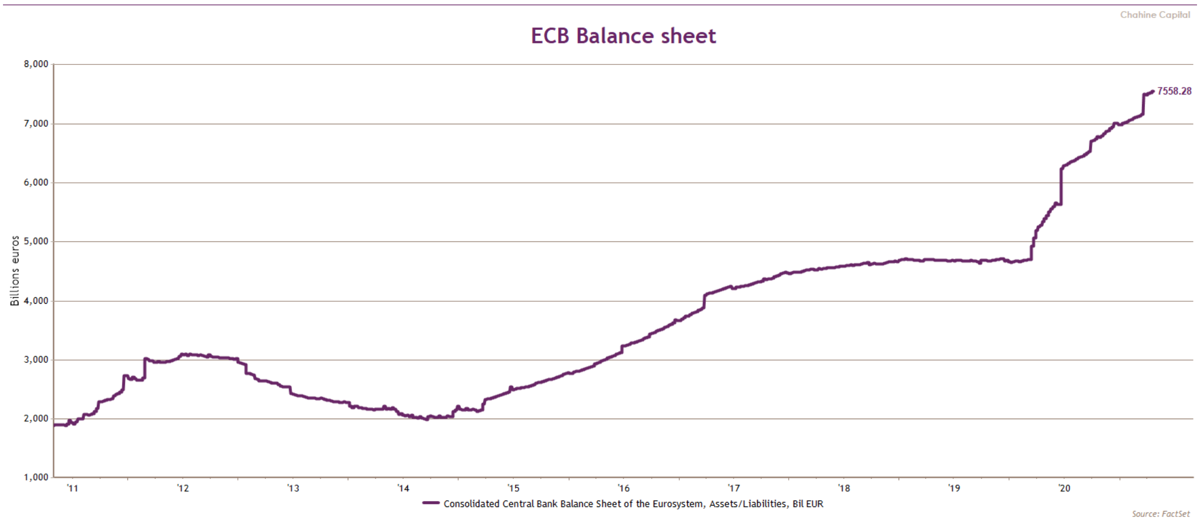


The aggregate picture masks massive national disparities, however. France and Germany are at opposite ends of the spectrum: France has a financing requirement totalling 11.4% of GDP, while Germany has a surplus amounting to 9.7% of GDP. The deficit countries are pushing the ECB to inject massive liquidity into financial markets, of course, and none of that would be necessary if the euro zone was operating more smoothly and coherently. For as long as this situation lasts – i.e. a financial equilibrium at aggregate level but ECB liquidity injections to meet disequilibria in countries like France – the outlook for financial asset prices will remain positive. That means equity prices above all, as equities are the prime beneficiaries of these financial flows.

ECB support to persist, but beware of potential dissent

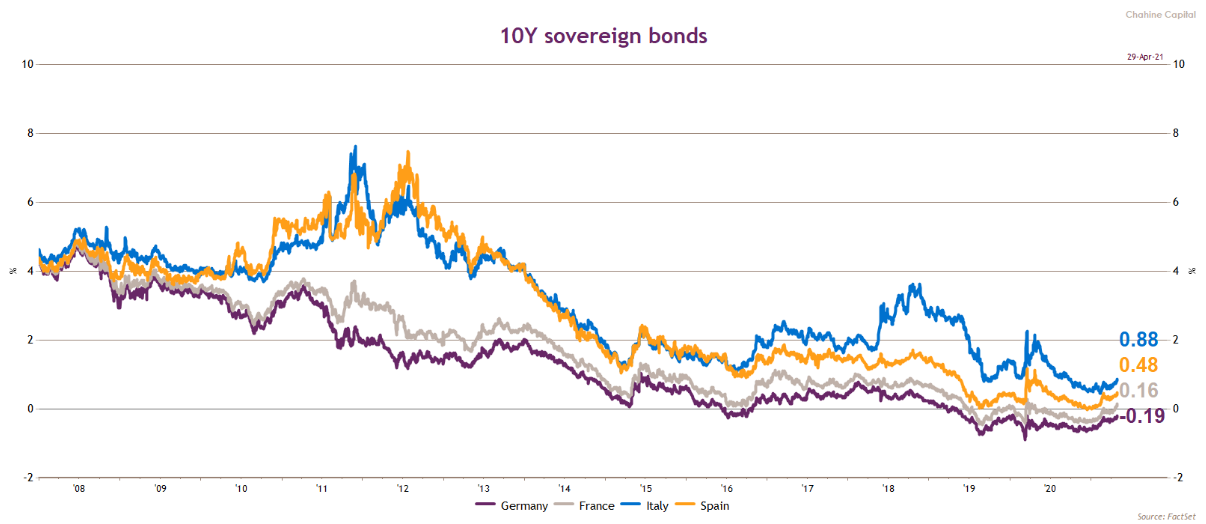
The scale of divergence between Germany and France, among many of the other eurozone countries, clearly offers the ECB no choice but to continue with its liquidity injections. The euro zone itself would be at risk of implosion otherwise. This is why its exceptional, Covid-inspired programme is by no means over. In March 2020, the ECB purchased assets worth €73.2 billion under its Pandemic Emergency Purchase Programme; it has now bought up a cumulative €943.6 billion, corresponding to just over half of the €1,850 billion it committed to buy out to Q1 2022. The PEPP was originally slated for €750 billion, but was increased by €600 billion in June and another €500 billion in December. Christine Lagarde's recent commentary suggests that the ECB's expansionist monetary policy is not about to end.

The ECB has no option to inject liquidity



The ECB's support for the eurozone economy is not without its critics. Some countries within the bloc favour 'coronabonds', while others (the 'frugal four') oppose the idea. The president of the Dutch central bank, who advocates strict monetary orthodoxy, is said to want the PEPP to tail off between Q3 2021 and the end of March 2022, citing brighter growth prospects. This position is completely consistent with the Netherlands' trade surplus, and it may be that Germany takes the same attitude in the next few months. Although the risks to less solvent countries such as France, Spain and Italy suggest a very low probability on a tighter European monetary policy in the short and medium term, European solidarity could start wobbling later this year. The old North-South split could gradually return, affecting spreads on bond markets and creating an unhelpful political risk premium on all risky assets, equities included.

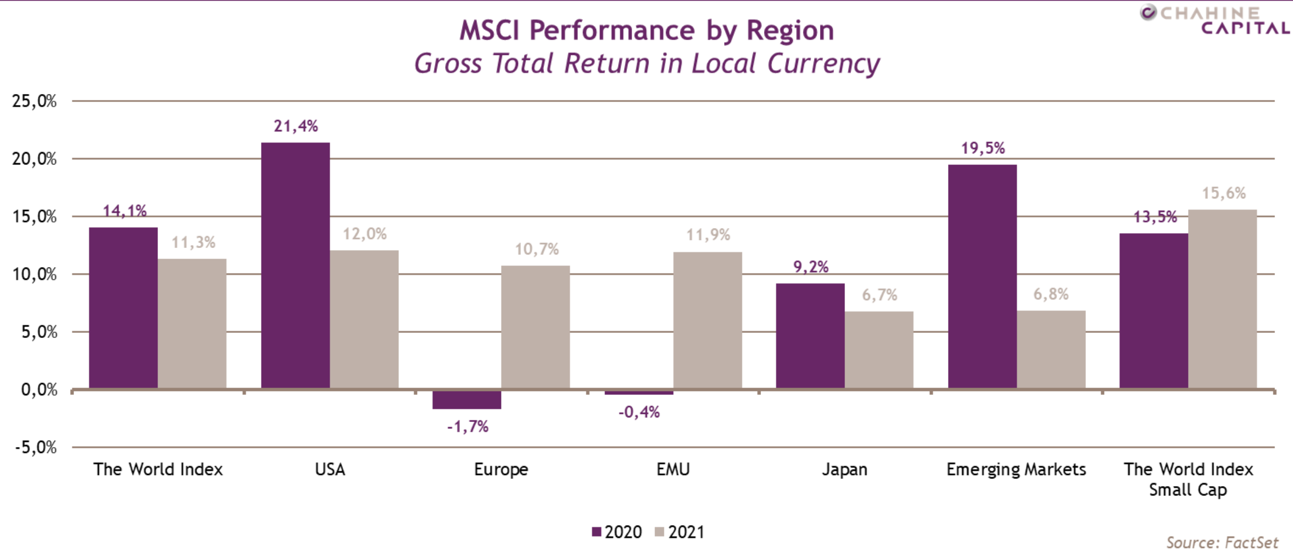
Low and convergent European spreads



Equities still bullish

A combination of better macroeconomic news, stimulus announcements and upbeat corporate results (see below) have kept equity indices trending upwards. The MSCI World appreciated 3.9% in January and was 11.3% up on the start of the year at the beginning of May, largely because of American and European markets. Emerging and Asian indices started off the year very strongly but have since consolidated slightly (MSCI Emerging Markets up 6.8% year to date after 8.9% at end-January, MSCI Japan up 6.7% after 8% at end-January).

Wall Street drives world equities higher



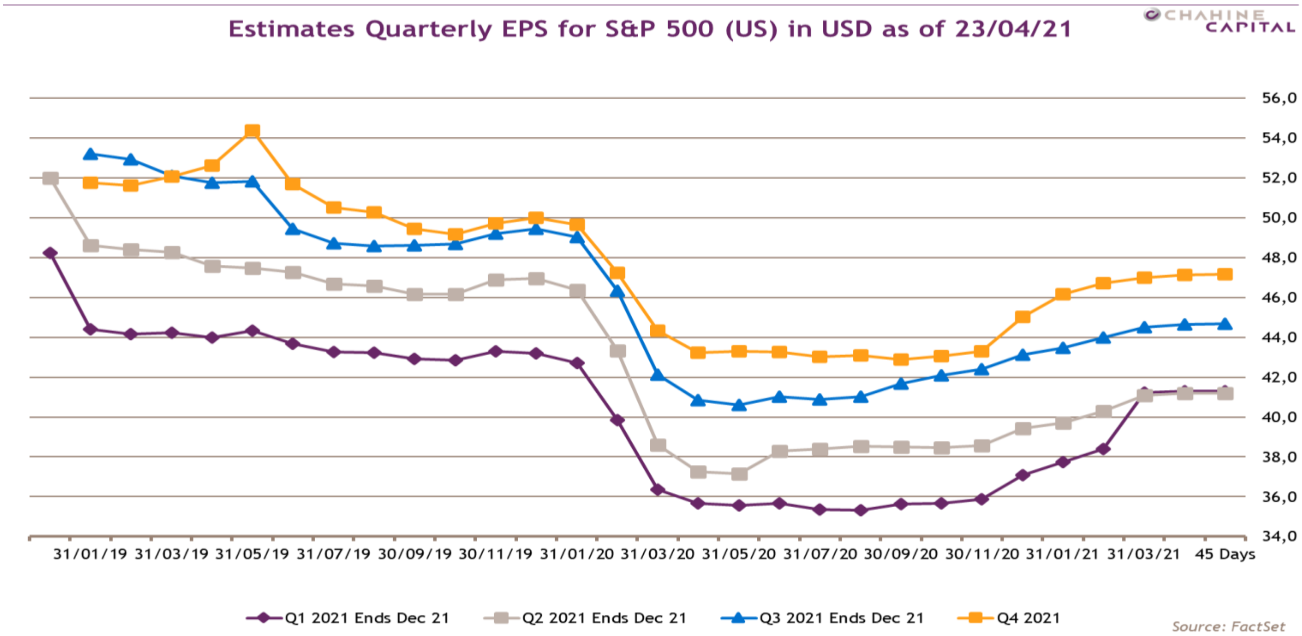
A strong start to the US Q1 results season

A new US corporate results season has just started, and the first announcements from S&P 500 companies are (to say the least) very encouraging. At the time of writing, around 25% of these firms (123, to be precise) have published, and 84% have posted higher earnings per share than analysts expected. Moreover, aggregate earnings for the S&P 500 as a whole are expected to be up 33.8% in Q1, up from a consensus estimate of 23.8% at end-March and 15.5% at the end of last year. This would be the biggest increase in earnings since Q3 2010.

In terms of sector, and despite sharp upward revisions to estimates over the past month, we are not seeing any new pattern in performance relative to a month ago. In other words, Q1 is likely to have seen a rebound from those that suffered the most in the final three quarters of 2020: financials, discretionary consumer goods (cars, etc.) and basic materials.

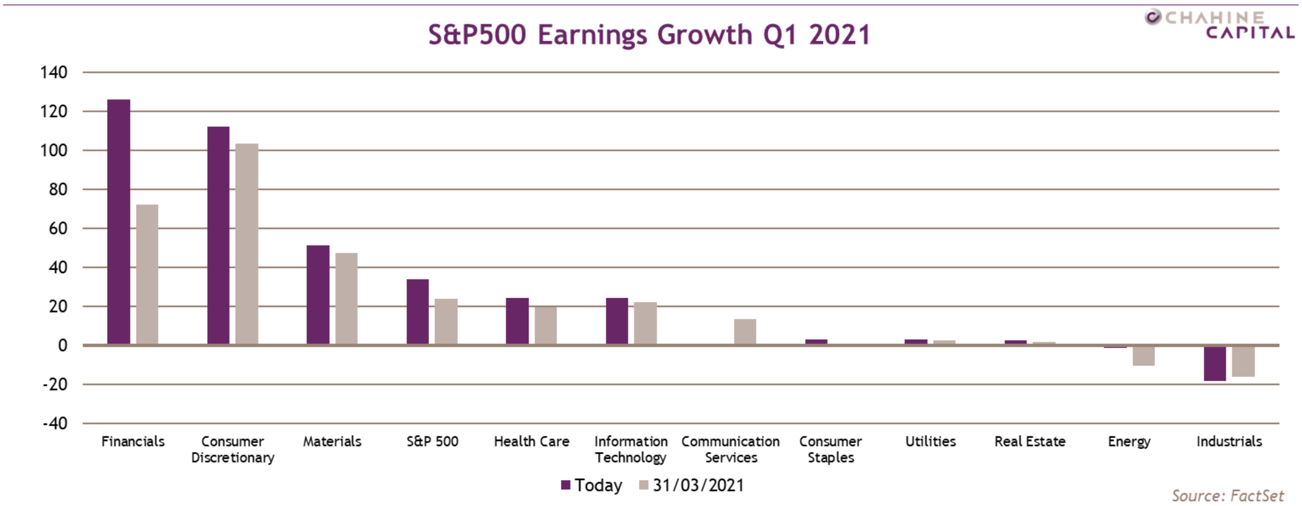
Because of the steep drop in interest rates, the first few months of the pandemic hurt the financial sector badly. But the recent rise in long rates has boosted banking stocks, as a steeper yield curve aids their maturity transformation. And as we shall see, another factor is working in their favour too.

Positive momentum on Q1 earnings estimates



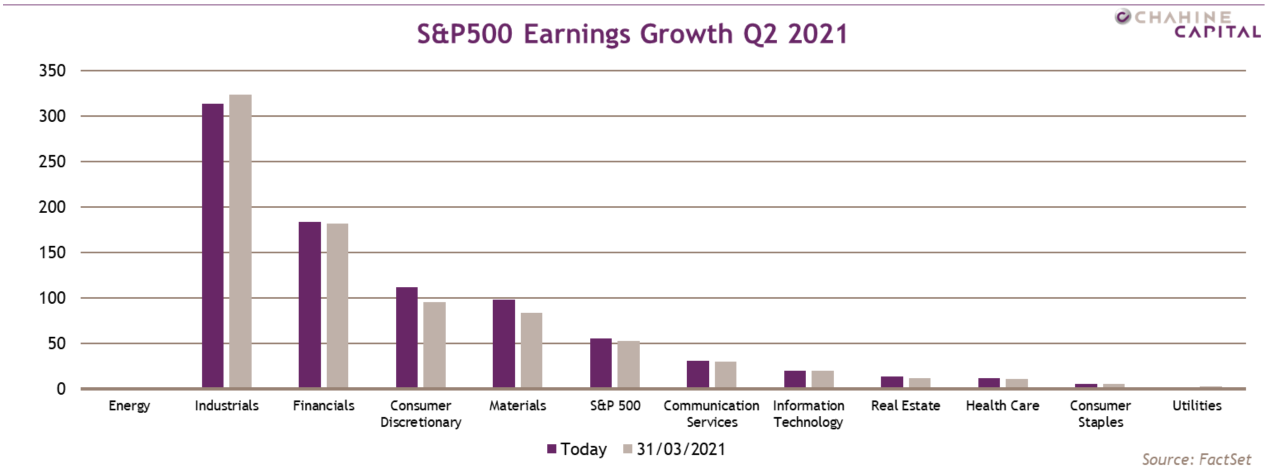
As we mentioned last month, it is important to note that guidance for the IT sector is very bullish, countering a tendency to downbeat commentary in the media since the start of the year.

A return to grace for sectors that suffered in 2020



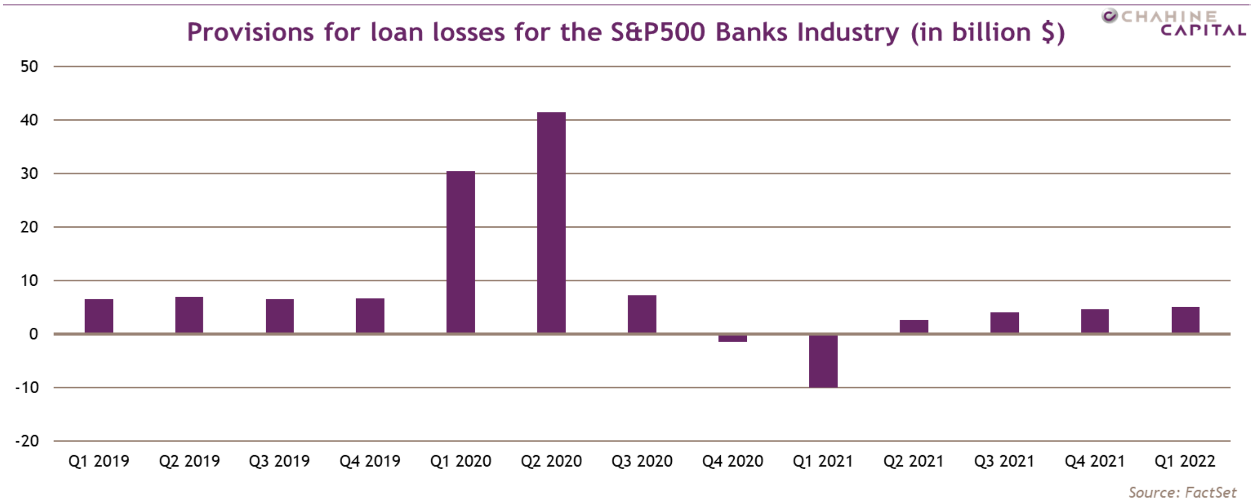
Only the energy and industrial sectors are still struggling to generate earnings growth this year, but for them too the situation ought to improve. According to analysts, and thanks to a base effect, they will end up posting the fastest earnings growth rates of all over 2021 as a whole.

Energy and industrial stocks to post renewed earnings growth in Q2



The 128.3% jump in financial sector EPS in Q1 can be attributed largely to banks. Without them, financial sector growth would have been only around 60%. Taken on their own, banks posted earnings growth of 258.8% over the period, even though their revenue rose just 3%. This reflects a base effect related to provisioning (which affects earnings but not revenue) in the first half of last year, when the economic situation was at its worst. This positive base effect will persist into Q2, ensuring that the sector returns impressive EPS numbers for the first half.

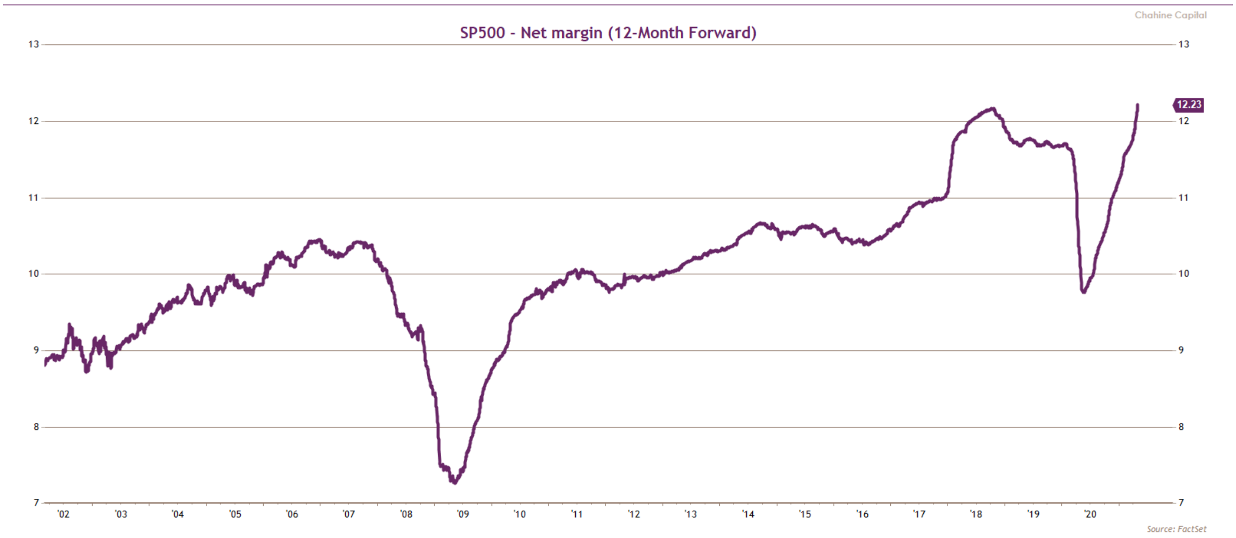
A base effect stemming from bank provisioning to boost sector earnings growth in H1 2021



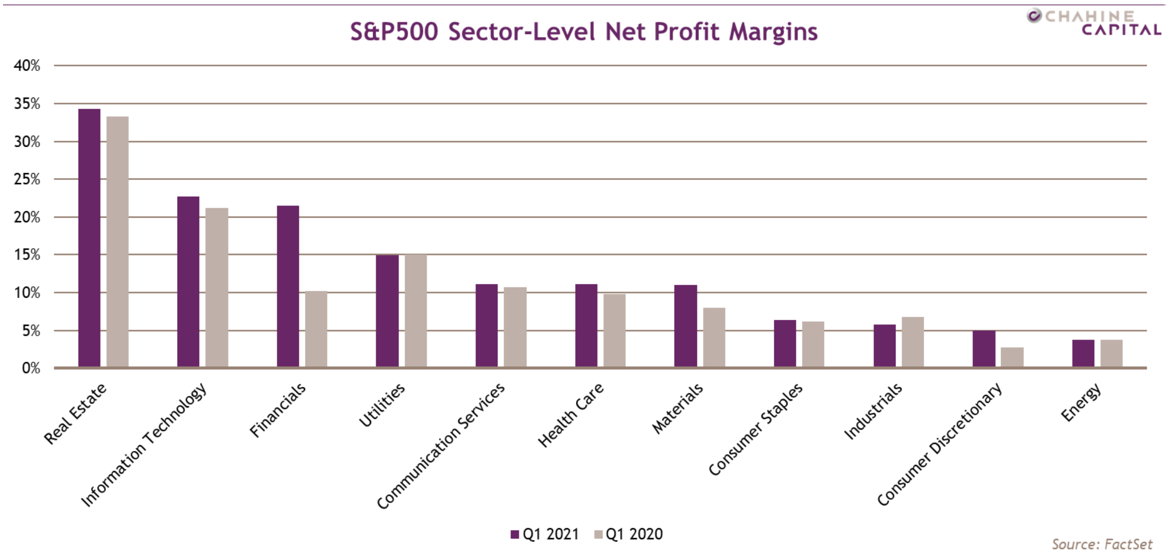
S&P 500 net margins are now at their highest levels since 2018 and Donald Trump's tax changes. The aggregate net margin for index firms over the coming 12 months is 12.1%, compared with an average of 11.2% for the past five years. By quarter, S&P 500 net margin is expected to have been 11.6% in Q1 2021, well up on the 10.6% average over the past five years and the third-highest score ever recorded by FactSet, beaten only by the 12% and 11.7% posted in Q3 and Q2 2018, respectively.

Nine of the 11 sectors are reporting increases in net margins between Q1 2020 and Q1 2021, and the financial sector's net margin has more than doubled over the period to 21.5%. That was its highest net margin since 2008.

Net margins back to new highs

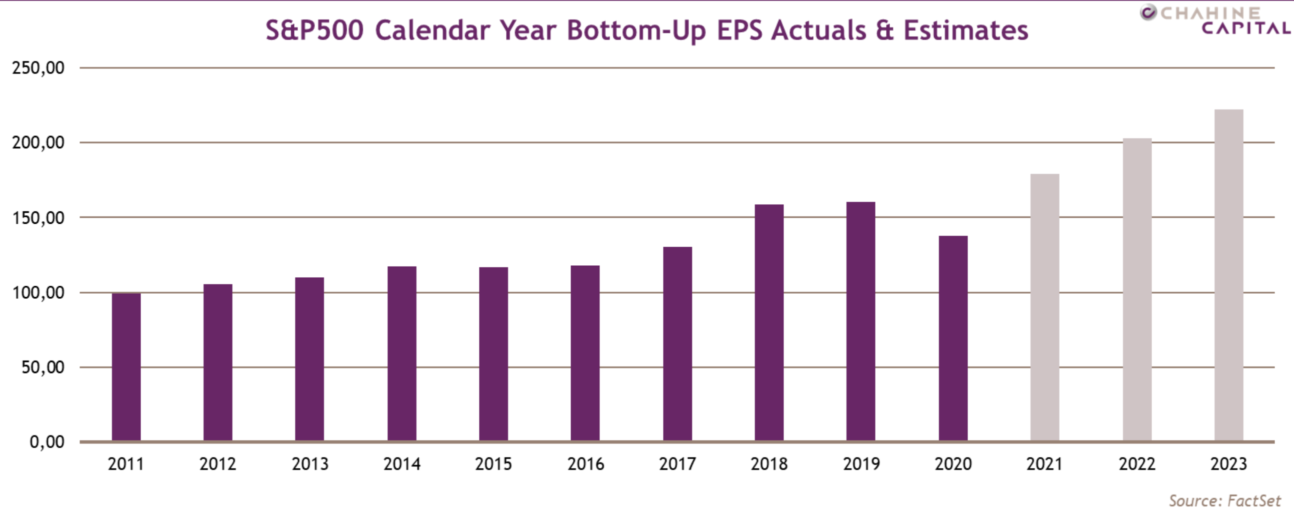


For most sectors, margins are now greater than they were before the crisis



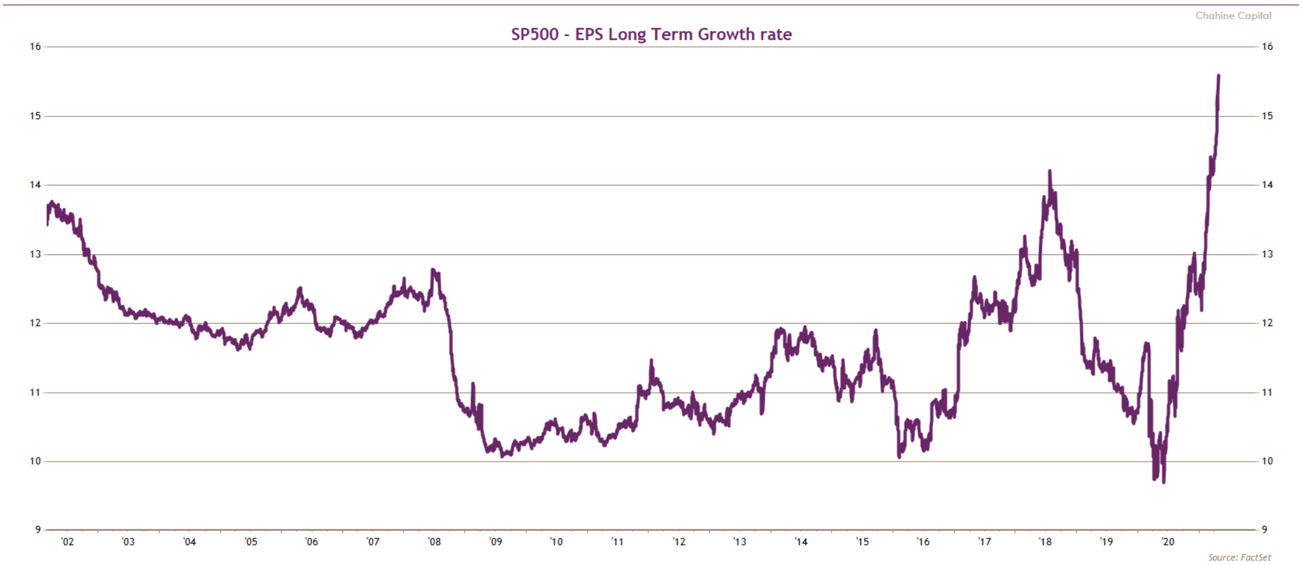
While there seems little doubt that the euphoric expectations for earnings in 2021 will be met, we believe that analysts' earnings forecasts for 2022 and 2023 are over-optimistic. More specifically, their aggregate EPS growth estimates for the S&P 500 are 13.1% in 2022 and 9.5% in 2023; that would follow the 30.1% estimate for this year after the Covid-hit 2020 ended up in a drop of 'only 13.9%. In other words, analysts expect EPS to be 39% higher at the end of 2023 than they were at the end of 2019, and 61% higher at the end of 2023 than they were during their 2020 trough.

Over-optimistic long-term earnings growth forecasts



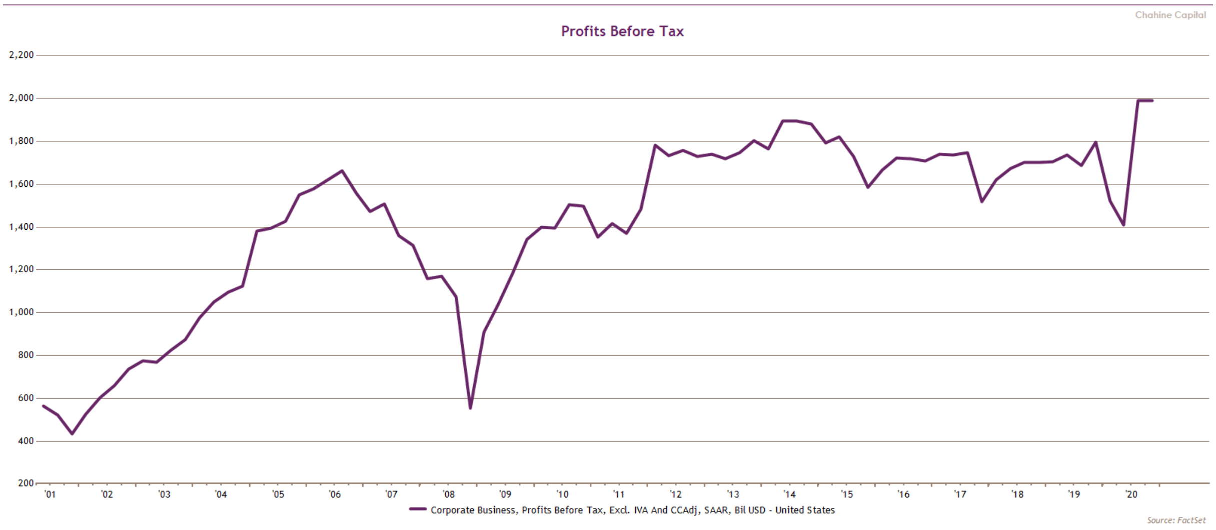
As we have argued repeatedly over the past few months, it is one thing to envisage a return to normal given current vaccination rates in 2021 and quite another to assume such rapid EPS growth beyond that, given the USA's potential economic growth.

The highest long-term EPS growth forecasts in the FactSet series



Note also that investors appear to be ignoring that Joe Biden's plans for corporate taxation could significantly dent American firms' profits. Although it may be that a congressional compromise will limit the hike in the corporate tax rate to 25% rather than the 28% initially planned, initial research suggests that increases in other taxes (such as the doubling of taxation on overseas earnings) could lower aggregate S&P 500 earnings by around 5%, and we should not forget that pre-tax earnings have stagnated over the past few years (see chart).

US pre-tax profits have stagnated on trend

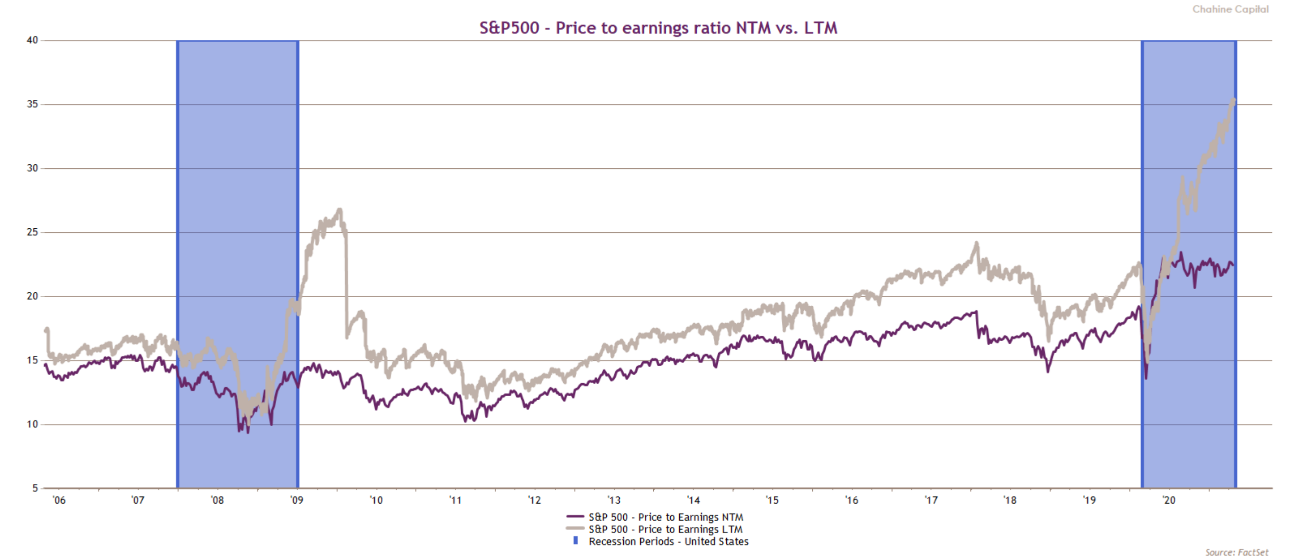


Market valuations: high multiples amid abundant liquidity

Estimates of S&P 500 earnings for the following 12 months have been revised 13.2% higher since the end of 2020, during which time the index has rallied 12.3%. This has kept market multiples high, with the LTM PER oscillating around 22x future earnings for several months now.

This figure may appear high by historical standards, but as we have pointed out before it should be put into the context of unprecedented and continuing central bank liquidity injections, which automatically raise the prices of risky assets and therefore boost valuation ratios. In these unique market conditions, PER is not a pertinent timing indicator for equities. That said, the further it drifts from its 'normal' levels, the bigger the market's disappointment in the event of any bad news.

In our view, market valuations are not pertinent in hyper-abundant liquidity conditions



Our model: Wall Street is still too expensive, but Europe is fair value

US interest rates have now stabilised. The 30-year yield has actually ticked lower since our last letter, from 2.4% to 2.3%, and compared with 2.2% two months ago. And as we have explained, analysts have raised their estimates for S&P 500 earnings growth in 2021 from 22.6% a month ago to 28.4%, reflecting a revision to Q1 from 19.5% to 34.5% over the same period. Given the clear improvement in Covid trends in the country, 2021 is likely to meet analysts' high expectations. But they seem to be ignoring the impact of Mr Biden's $4 trillion stimulus package, 75% of which will be funded with tax hikes on businesses and the wealthiest households. This is bound to put pressure on US corporate gross and net margins. A compromise tax deal would automatically lower US firms' profits by around 5%, although we would not expect it to take effect before 2022 or even 2023.

Taking all these factors into account, our valuation model suggests that US equity prices are in need of consolidation. Were long-term interest rates to stabilise at current levels, the correction would need to be around 12%. Our scenario of higher taxes and therefore lower earnings for US companies from 2023 onwards indicates a potential 16% correction at unchanged interest rates and 10% in the event that the 30-year declined to 2% (our central scenario). Just like last month, we would urge caution on 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%	2,30%	2,50%	2,75%
Tax increase to 25% (approx. -5% impact on EPS) - CAGR 6.4%	**4 272**	**3 772**	3 518	3 365	3 189
Implied Scenario CAGR 9.4% over 8 years	5 116	4 497	**4 183**	3 994	3 777
Return to normal: 28.4% in 2021, 8.1% in 2022 - CAGR 7.1%	4 491	**3 964**	**3 697**	**3 536**	3 350
Current Index S&P 500			4 183		

Eurozone equities are a rather different proposition. Although the weighted average 30-year yield has ticked up from 0.64% tow months ago to 0.66% last month and 0.73% today, fears of inflation are completely misplaced in view of Europe's potential growth rates. As in the USA, analysts have revised their estimates of earnings growth in 2021, from 33.1% a month ago to 39.4%. Assuming that 2021 could well turn out to be as upbeat as analysts assume, especially as vaccination programmes ought to be up to speed in the second half of the year, our valuation model suggests that European equities are fair value irrespective of our scenario (in the event of a slow recovery, long rates would sink towards zero). This is why we would continue to overweight European equities against American markets.

MSCI EMU - Valuation end 2021 except implied scenario					
CAGR Compounded Annual Growth Rate from 2020	30 Years Gvt bonds				
	0,00%	0,50%	0,73%	1,00%	1,25%
Slow recovery: 32.4% in 2021, 4% in 2022 - CAGR -1.9%	**157**	**134**	125	117	110
Implied Scenario: CAGR -0.2% over 8 years	180	153	**143**	133	125
Return to normal: 39.4% in 2021, 6% in 2022 - CAGR 0.4%	188	160	**149**	**139**	**130**
Current Index MSCI EMU			143		

Conclusions

Following the OECD in March, the IMF is now preaching optimism on the outlook for growth. Against a backdrop of a less severe contraction overall than had been feared in 2020, world GDP is expected to increase by 6% this year, up from a 5.5% forecast that the IMF issued in January. The main drivers are China (an estimated growth rate of 8.4%) and the USA (6.4%). Projections for eurozone growth are stuck at just 4.4%, even though the initial contraction in activity was far worse than in the rest of the world. One would normally have expected a spectacular European recovery that mirrored the preceding slump, but unfortunately this spring-back mechanism appears to be broken. The latest macroeconomic data point the same way. So while we can understand nervousness over higher inflation in Asia and the USA, exaggerated though it may be (see our letter of last month), fears of a general increase in the price level across continental Europe look particularly misplaced.

Given this difficult situation for private economic agents in Europe, support from the public sector looks even more important than it does elsewhere. But here too, European authorities are struggling to match the pace set in other parts of the world. The European Union's 'Next Generation EU' plan was certainly a step forward in terms of the European project – it gives the European Commission new powers to borrow in its own name from the capital markets – but it may turn out to be more of a political than an economic success. The closer we examine the €750 billion European recovery package, the more it looks like a pale shadow of Joe Biden's 'Build Back Better' initiative. After all, it amounts to less than 6% of the EU-27's GDP. At a time when temperatures are rising between eurozone countries, the ECB has no option but to intervene massively to prevent the whole bloc imploding.

That said, equity indices are still trending positively on the back of the improving outlook for growth, stimulus packages and robust microeconomic news. The MSCI World is up 11.3% so far this year, compared with a 3.9% gain to the beginning of February, thanks largely to performance on American and European markets. Emerging and Asian indices started off the year very strongly but have since consolidated slightly (MSCI Emerging Markets up 6.8% year to date after 8.9% at end-January, MSCI Japan up 6.7% after 8% at end-January).

A new US corporate results season has just started, and the first announcements from S&P 500 companies are (to say the least) very encouraging. At the time of writing, around 25% of these firms (123, to be precise) have published, and 84% have posted higher earnings per share than analysts expected. Moreover, aggregate earnings for the S&P 500 as a whole are expected to be up 33.8% in Q1, up from a consensus estimate of 23.8% at end-March. This would be the biggest increase in earnings since Q3 2010… In terms of sector, and despite sharp upward revisions to estimates over the past month, we are not seeing any new pattern in performance relative to a month ago. In other words, Q1 is likely to have seen a rebound from those that suffered the most in the final three quarters of 2020: financials, discretionary consumer goods (cars, etc.) and basic materials.

Our valuation model suggests that Wall Street is in need of consolidation. Were interest rates to stabilise where they are now, the required correction would be around 12%. In our scenario that integrates the fact that higher taxes will affect US company profits from 2023 onwards, our model suggests a potential 16% correction with unchanged interest rates, or just 10% if long rates tick down to 2% (our main scenario). As we did last month, we recommend caution on US equities and would therefore overweight European markets relative to Wall Street.

Michaël Sellam

Main ratios for markets and sectors as of 29/04/2021 (in local currency)

Data as of	Weight vs	Perf		Weighted P/E		% Wted EPS Chge			Div Yield	Revision vs M-2%	
29/04/21	World	2021	2020	2022	2021	2022	2021	2020	2021	Fiscal 22	Fiscal 21
World - Developed	**100,0%**	**9,66%**	**15,04%**	**18,3 x**	**21,0 x**	**14,87%**	**48,29%**	**-19,12%**	**1,85%**	**2,8%**	**5,1%**
United States	54,3%	11,56%	20,22%	21,7 x	24,8 x	14,19%	43,62%	-15,66%	1,36%	2,8%	5,9%
Japan	7,8%	-0,27%	11,46%	15,5 x	17,9 x	15,59%	28,18%	-8,89%	2,03%	1,5%	2,2%
Eurozone	11,0%	10,25%	8,66%	16,5 x	19,7 x	19,14%	65,53%	-38,65%	2,51%	4,5%	8,0%
Europe	20,0%	9,41%	7,19%	16,4 x	19,0 x	16,06%	60,13%	-35,46%	2,66%	3,8%	6,6%
Austria	0,2%	14,02%	-3,26%	11,7 x	13,8 x	17,67%	68,85%	-41,33%	3,23%	6,3%	9,5%
Belgium	0,4%	6,44%	-2,41%	18,3 x	21,4 x	16,96%	19,54%	-25,04%	2,53%	2,6%	4,6%
Denmark	0,7%	3,29%	40,90%	24,4 x	25,5 x	4,60%	27,95%	-6,83%	1,59%	4,8%	8,2%
Finland	0,4%	6,94%	27,09%	19,2 x	22,0 x	14,73%	15,62%	-13,69%	2,83%	4,9%	6,3%
France	3,7%	12,53%	6,34%	18,0 x	22,1 x	22,97%	123,21%	-55,02%	2,35%	4,4%	6,1%
Germany	2,9%	9,24%	13,28%	15,1 x	17,5 x	15,81%	44,89%	-18,74%	2,51%	6,1%	10,4%
United Kingdom	4,0%	10,64%	-8,98%	13,9 x	15,9 x	14,64%	72,00%	-40,02%	3,32%	2,4%	5,4%
Ireland	0,1%	10,45%	11,11%	19,2 x	35,0 x	82,06%	2567,38%	-105,64%	1,03%	3,0%	-1,2%
Italy	0,9%	8,74%	1,91%	12,7 x	15,1 x	18,60%	60,95%	-41,57%	3,60%	1,7%	3,2%
Netherlands	1,3%	12,55%	21,86%	20,7 x	23,2 x	12,11%	58,47%	-26,62%	1,53%	3,0%	7,9%
Norway	0,5%	14,12%	5,88%	16,2 x	18,3 x	12,39%	138,26%	-52,71%	3,06%	4,3%	6,8%
Spain	0,9%	6,93%	-4,61%	15,4 x	19,0 x	22,95%	39,68%	-42,78%	3,36%	4,7%	19,5%
Sweden	1,4%	15,64%	31,77%	20,3 x	22,9 x	13,22%	55,71%	-38,36%	2,29%	6,7%	9,3%
Switzerland	2,4%	1,92%	10,73%	17,9 x	19,6 x	9,33%	22,86%	-7,89%	2,66%	2,2%	0,4%
Europe / Commercial Services	0,5%	9,82%	3,13%	20,1 x	24,4 x	21,29%	51,43%	-29,30%	1,88%	3,1%	2,1%
Europe / Communications	0,5%	6,81%	-3,23%	14,3 x	16,3 x	13,76%	-6,97%	4,86%	4,41%	3,2%	2,6%
Europe / Consumer Durables	0,9%	17,85%	18,46%	9,7 x	11,3 x	16,66%	207,88%	-56,63%	3,01%	8,0%	13,4%
Europe / Consumer Non-Durable	3,2%	8,17%	8,89%	22,7 x	25,6 x	13,01%	21,80%	-21,01%	2,10%	2,5%	3,3%
Europe / Consumer Services	0,5%	18,63%	-1,65%	23,4 x	58,3 x	148,83%	316,11%	-122,57%	1,64%	3,1%	-4,1%
Europe / Distribution Services	0,2%	9,11%	22,70%	20,9 x	24,6 x	18,22%	31,64%	-15,04%	1,71%	2,4%	3,0%
Europe / Electronic Technology	0,8%	10,51%	8,85%	20,9 x	26,9 x	28,55%	133,42%	-51,14%	1,16%	3,8%	5,1%
Europe / Energy Minerals	0,7%	10,62%	-27,63%	10,3 x	11,9 x	15,60%	2773,88%	-92,12%	4,84%	7,4%	17,1%
Europe / Finance	3,7%	12,17%	-5,87%	11,7 x	13,1 x	12,67%	42,15%	-34,46%	3,83%	3,0%	7,8%
Europe / Health Services	0,2%	8,15%	12,06%	21,9 x	24,2 x	10,59%	12,50%	-0,81%	1,60%	3,2%	3,6%
Europe / Health Technology	2,1%	2,40%	8,87%	18,8 x	21,4 x	14,08%	5,67%	-0,95%	2,36%	1,0%	1,6%
Europe / Industrial Services	0,3%	10,41%	-9,31%	15,0 x	19,4 x	29,62%	77,53%	-51,43%	2,89%	2,0%	2,2%
Europe / Miscellaneous	0,0%	6,28%	33,67%	8,1 x	10,0 x	24,81%	72,83%	-55,43%	5,59%	2,9%	4,0%
Europe / Non-Energy Minerals	0,7%	20,93%	17,23%	11,6 x	9,9 x	-15,11%	73,41%	27,70%	4,60%	7,5%	11,1%
Europe / Process Industries	0,8%	7,40%	17,61%	19,2 x	21,4 x	11,37%	29,73%	-13,99%	2,50%	5,2%	6,1%
Europe / Producer Manufacturin	1,8%	13,44%	31,52%	21,2 x	25,7 x	21,14%	79,28%	-31,73%	1,67%	7,0%	7,5%
Europe / Retail Trade	0,5%	6,59%	21,69%	22,0 x	29,0 x	30,90%	64,23%	-23,90%	1,93%	2,1%	4,5%
Europe / Technology Services	1,0%	5,88%	23,86%	26,4 x	31,2 x	18,32%	20,35%	-5,86%	0,79%	3,3%	4,6%
Europe / Transportation	0,6%	17,15%	3,88%	19,2 x	59,7 x	209,87%	123,16%	-255,19%	1,92%	3,0%	8,1%
Europe / Utilities	0,9%	-3,38%	24,35%	16,6 x	17,9 x	7,96%	9,60%	-17,43%	3,88%	2,7%	3,2%

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