

HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our existing themes. We then present in the spotlight piece a closer examination of our **Gem of GEMs** theme following this year's underperformance of emerging equity markets.

- Our expected policy crunch time came and left in the past month leaving us with what we already had: muddle through. The last hope for the markets for a decisive move up is more and earlier-than-expected monetary easing. China, the Euro zone and the US have to do their parts. We think the risk is that they will indeed become more aggressive.
- In our **Price is Right** theme update, we see that the inflation numbers support this view, especially for the emerging markets. In our **Buy the DIVs** theme update, we re-examine the data and point to some interesting differences between the US and European dividend-paying stocks.
- In our spotlight piece, we argue that market decoupling between developed and emerging markets is still illusory but the EM shine is not lost. Indeed, there is one call to be made regarding upcoming relative BRIC market performance and that is whether local liquidity in China will return to a better state. We think yes.

the team

eurogad@eurobank.gr

Global investment Advisory Division • GAD
Eurobank
3rd floor, 8 Othonos str.
Athens GR-10557, Greece

Platon Chaldeos
+30 210 337 1113
pchaldeos@eurobank.gr

Christos Elafros
+30 210 337 1755
celafros@eurobank.gr

Yianos Kontopoulos
+30 210 337 1115
ykontopoulos@eurobank.gr

Pepi Tatakis
+30 210 337 1779
ptatakis@eurobank.gr

Christos Tsenes
+30 210 337 1114
ctsenes@eurobank.gr

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