

## HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our themes. We then proceed to expand on our **Gem of GEMs** theme with a focus on 'Going Loco'.

- The risk-on theme from this fall was run over by the German operator of the European train. It is still unconscious, but alive; though, probably, not for long. The more the peripheral pressures persist in Europe in December, the higher the chance they transform into a global risk event. Short and intense.
- In **Passing the Buck**, the Chinese financial sector will have to deal with more protracted tightening in 2011 but not necessarily suffer in terms of profitability.
- In **Gem of GEMs**, the Russians are trying to leverage their banking resources to generate growth and plug their fiscal gap more efficiently.
- In our spotlight piece, we argue that in a world of quantitative easing by developed markets and following the significant fixed income rally of 2010 in external emerging market debt, there are good reasons to expect a catch-up process in local debt. Poland and Turkey offer such opportunities in this asset class.

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