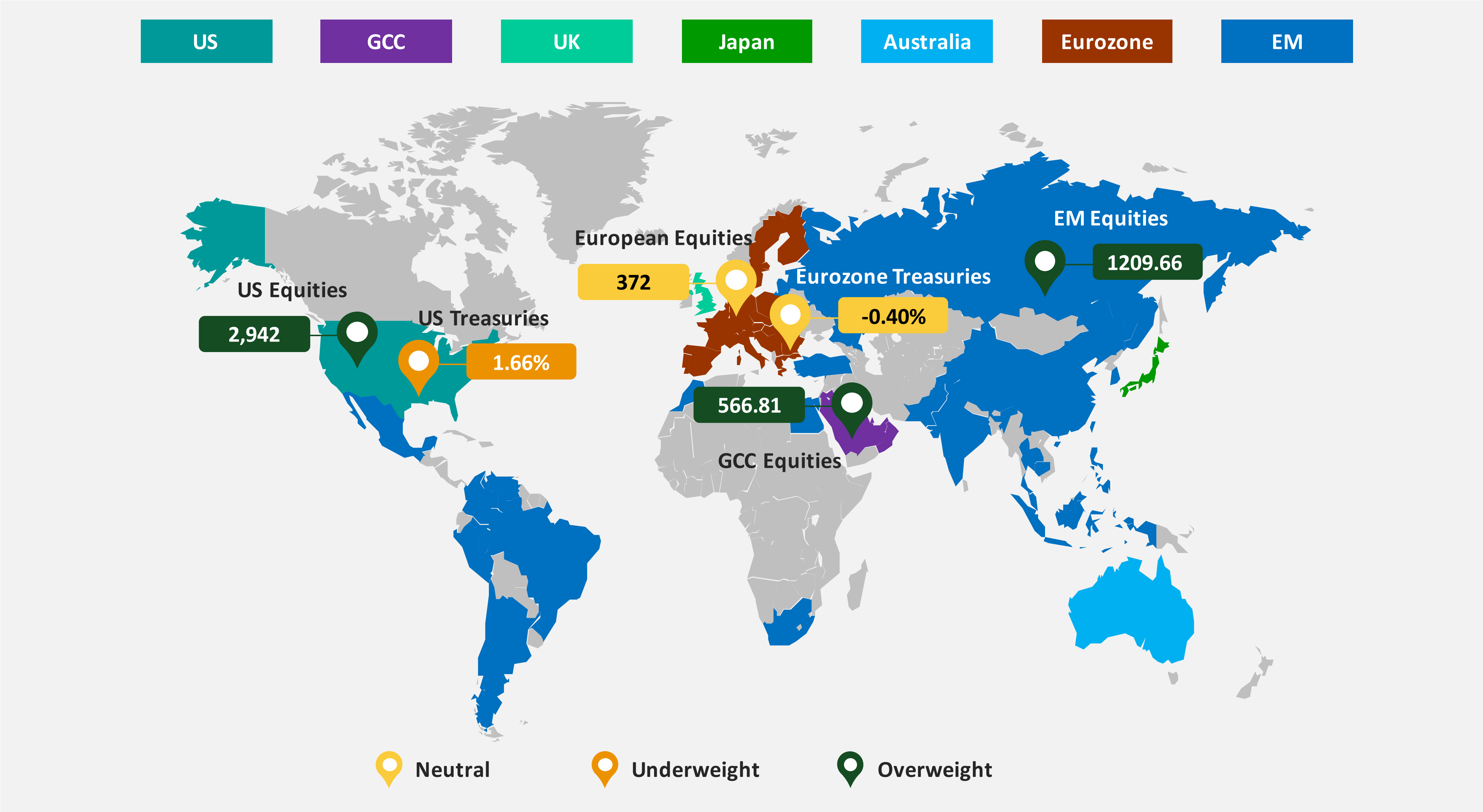
DECiMAL POiNT
Innovative Research Solutions

AssetPulse

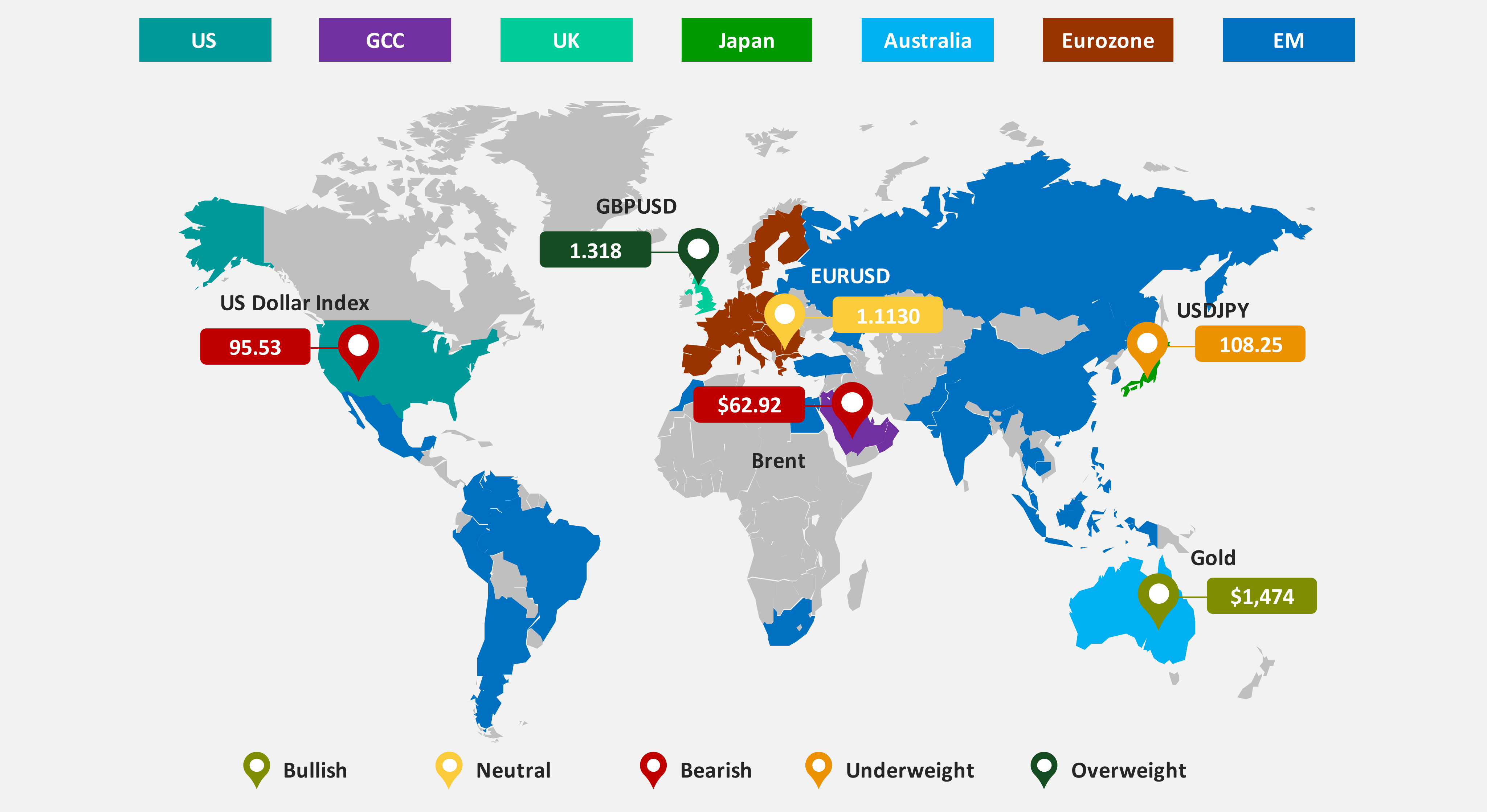
Global MacroView Summary

12 December 2019

Global MacroView Summary



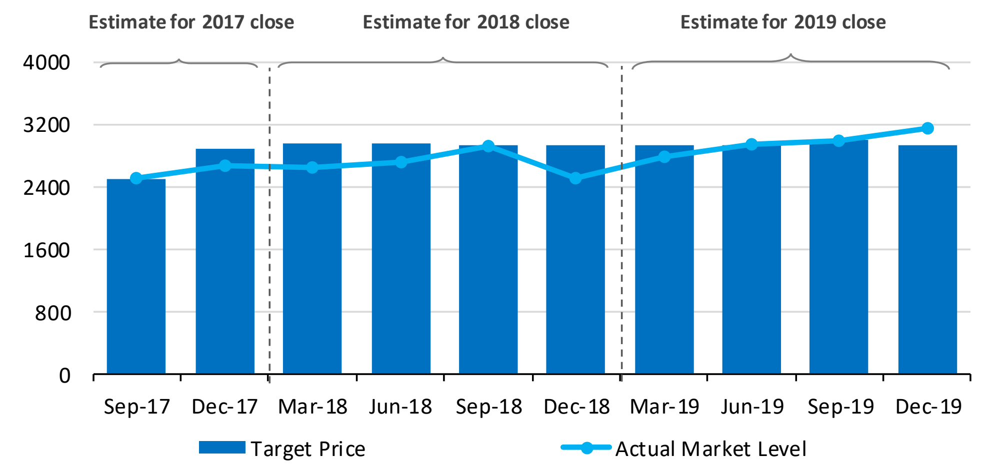
Asset Class Consensus View



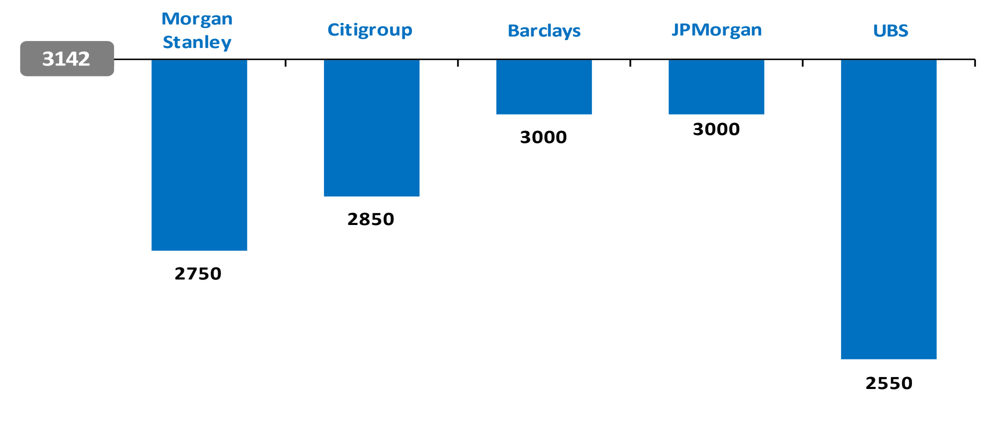
Asset Classes	12-Jun-19	11-Sep-19	11-Dec-19	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2879.84	3000.93	3141.63	9.1%	4.7%
Eurozone Equities (Stoxx 600)	379.74	389.71	406.22	7.0%	4.2%
Emerging Equities (MSCI EM Index)	1026.24	1017.04	1049.50	2.3%	3.2%
GCC equities (MSCI GCC Countries Index)	608.32	545.63	554.38	-8.9%	1.6%
Currency					
USD ($ Index)	97.00	98.65	97.13	0.1%	-1.5%
EUR vs. USD	1.1287	1.1010	1.1130	-1.4%	1.1%
USD vs. JPY	108.50	107.82	108.56	0.1%	0.7%
GBP vs. USD	1.2689	1.2326	1.3196	4.0%	7.1%
Fixed Income					
US 10yr Sovereign	2.13	1.75	1.79	-34	4
Europe Core Area (German 10 Yr)	-0.23	-0.57	-0.31	-8	26
Europe Peripheral Area (Italy 10 Yr)	2.43	0.97	1.20	-123	23
Commodities					
Gold	1333.58	1497.2	1474.88	10.6%	-1.5%
Brent	59.97	60.81	63.72	6.3%	4.8%

* Change in bps for fixed income

Consensus Target Price for S&P 500 Index



S&P 500 Index Target by Major IBs



*Target with respect to actual level

S&P 500 Index Key Parameters

	Actual	2019 TP	2020 TP
S&P 500*	3141.63	2,941.56	3280.00
PE (x)	20.90	18.28	17.41
EPS ($)	150.28	171.83	180.46
Dividend Yield (%)	1.86	2.36	2.01
Price/Book (x)	3.51	3.41	3.18
EV/EBITDA (x)	13.65	12.36	11.85

*Value as on 11 December 2019

S&P 500 Index Returns

Q4 2018	Q1 2019	Q2 2019	Q3 2019	QTD
-14.0%	13.1%	3.8%	1.2%	5.5%

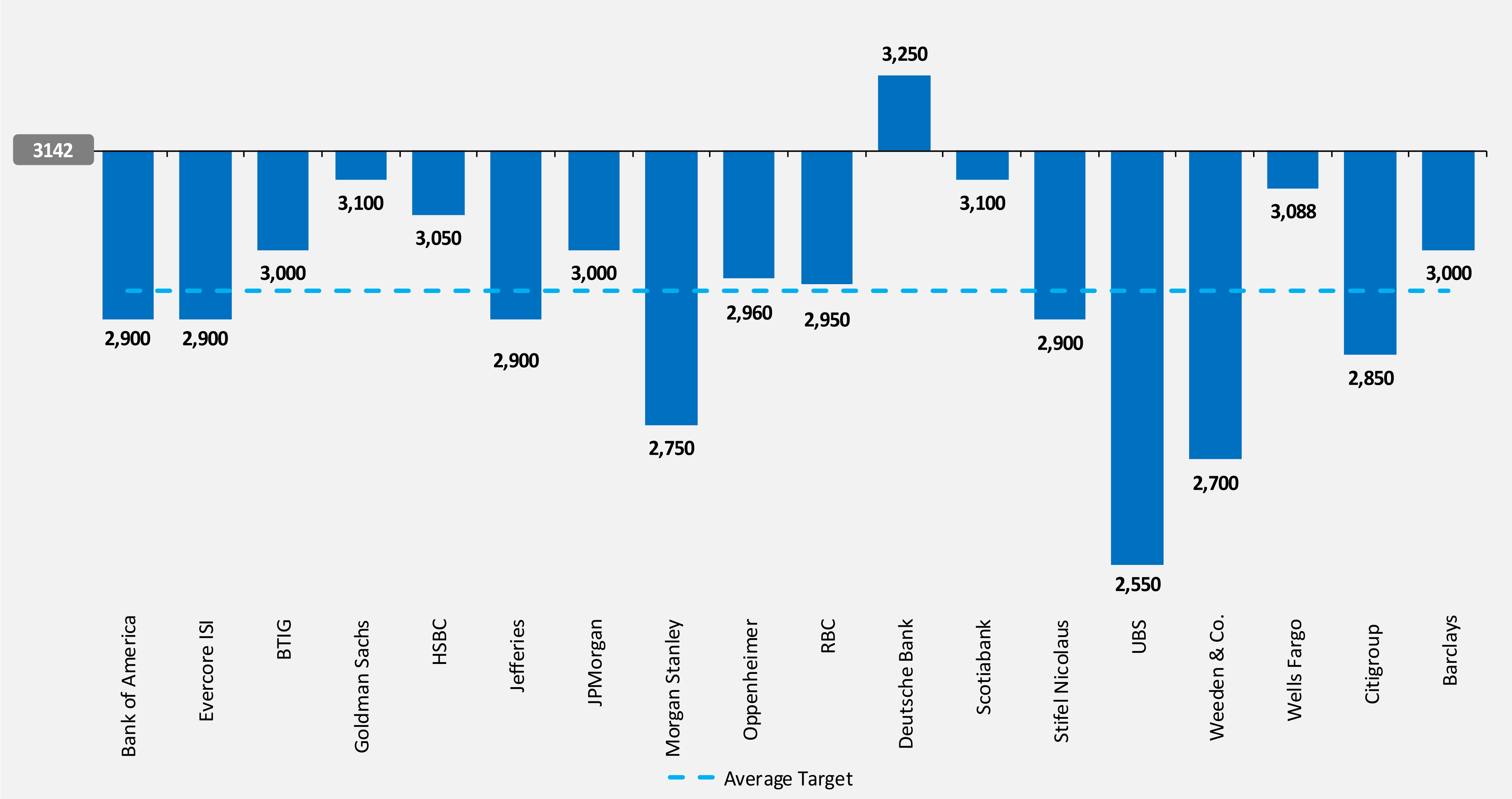
Positive View

- There is reduced risk of US recession
- A moderately positive earnings outlook
- A supportive policy mix
- Valuations appear reasonable

Negative View

- Rising political and policy uncertainty
- Fading fiscal stimulus
- Concerns around the trade war escalation

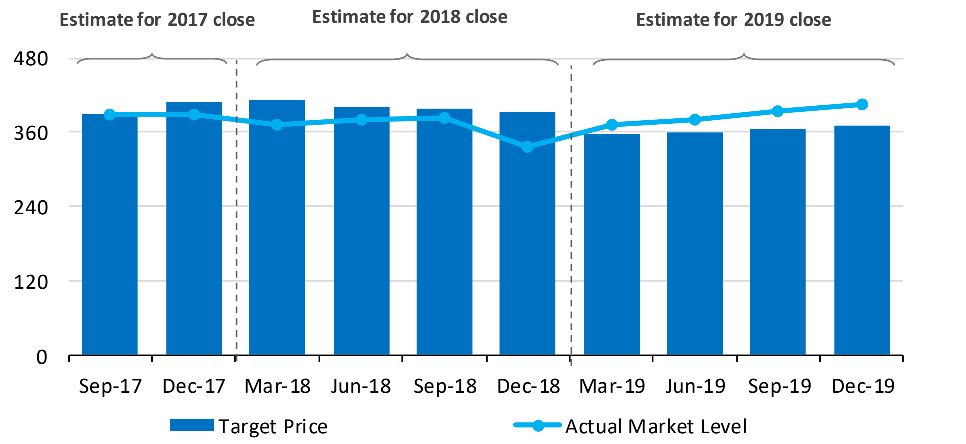
S&P 500 2019 Index Target by Major IBs



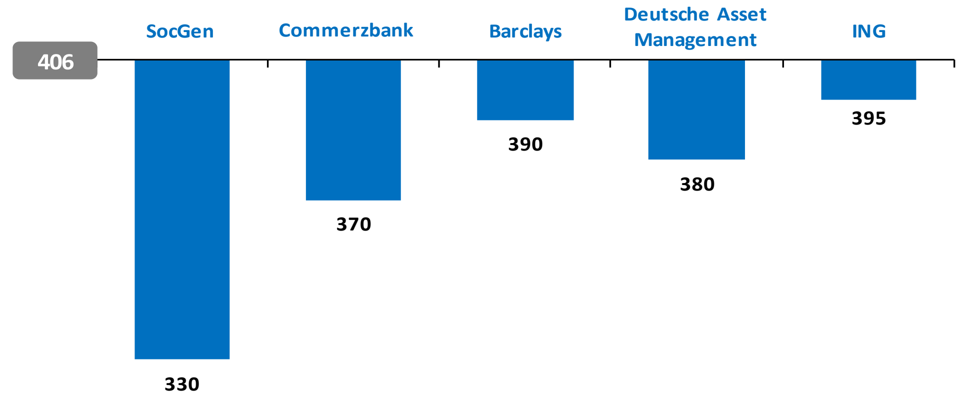
***Target with respect to actual level**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Candrium Investments	Overweight	• US equities remains a relatively safe choice • Valuation are higher than in other regions, but the risk premium seems adequate for now
Bank of America	Overweight	• S&P EPS are forecast to grow 8% to $177 at the year-end • Returns will likely be driven solely by corporate earnings vs. price-to-earnings multiple expansions
BlackRock	Overweight	• A supportive policy mix and the prospect of an extended cycle underpin the positive view • Valuations appear reasonable
UBS Asset Management	Overweight	• Should economic data weaken, the Fed has more leeway to act than the ECB • Consensus expectations for earnings growth look more realistic in the US than in the Eurozone
Goldman Sachs	Overweight	• The longest bull market in modern US history will continue in 2020 • The durable profit cycle and continued economic expansion will lift the S&P 500 index by 5% to 3,250 in early 2020 • However, rising political and policy uncertainty will keep the index range-bound for most of 2020
JP Morgan Asset Management	Overweight	• The broker favours US large cap stocks • They can do relatively well under a range of scenarios • The broker expects a breakthrough in Sino-US trade talks • There is reduced risk of US recession • A moderately positive earnings outlook
RBC Wealth Management	Neutral	• Domestic economic expansion will persist, although there could be some hiccups as the 10-year-old cycle ages • There are muted expectations for S&P 500 earnings growth in 2020 • A modest advance in earnings and revenues, combined with a still-expanding economy, should be "good enough" to provide a foundation for somewhat higher US equity prices in 2020 • Valuations are above average, but not unreasonable

Consensus Target Price for Stoxx 600 Index



Stoxx 600 Index Target by Major IBs



*Target with respect to actual level

Stoxx 600 Index Key Parameters

	Actual	2019 TP	2020 TP
Eurostoxx 600*	406.22	372.00	-
PE (x)	20.16	15.01	14.42
EPS (€)	20.15	27.06	28.16
Dividend Yield (%)	3.62	3.73	3.68
Price/Book (x)	1.87	1.74	1.67
EV/EBITDA (x)	10.52	9.56	9.22

*Value as on 11 December 2019

Stoxx 600 Index Returns

Q4 2018	Q1 2019	Q2 2019	Q3 2019	QTD
-11.8%	12.2%	1.5%	2.2%	3.3%

Positive View

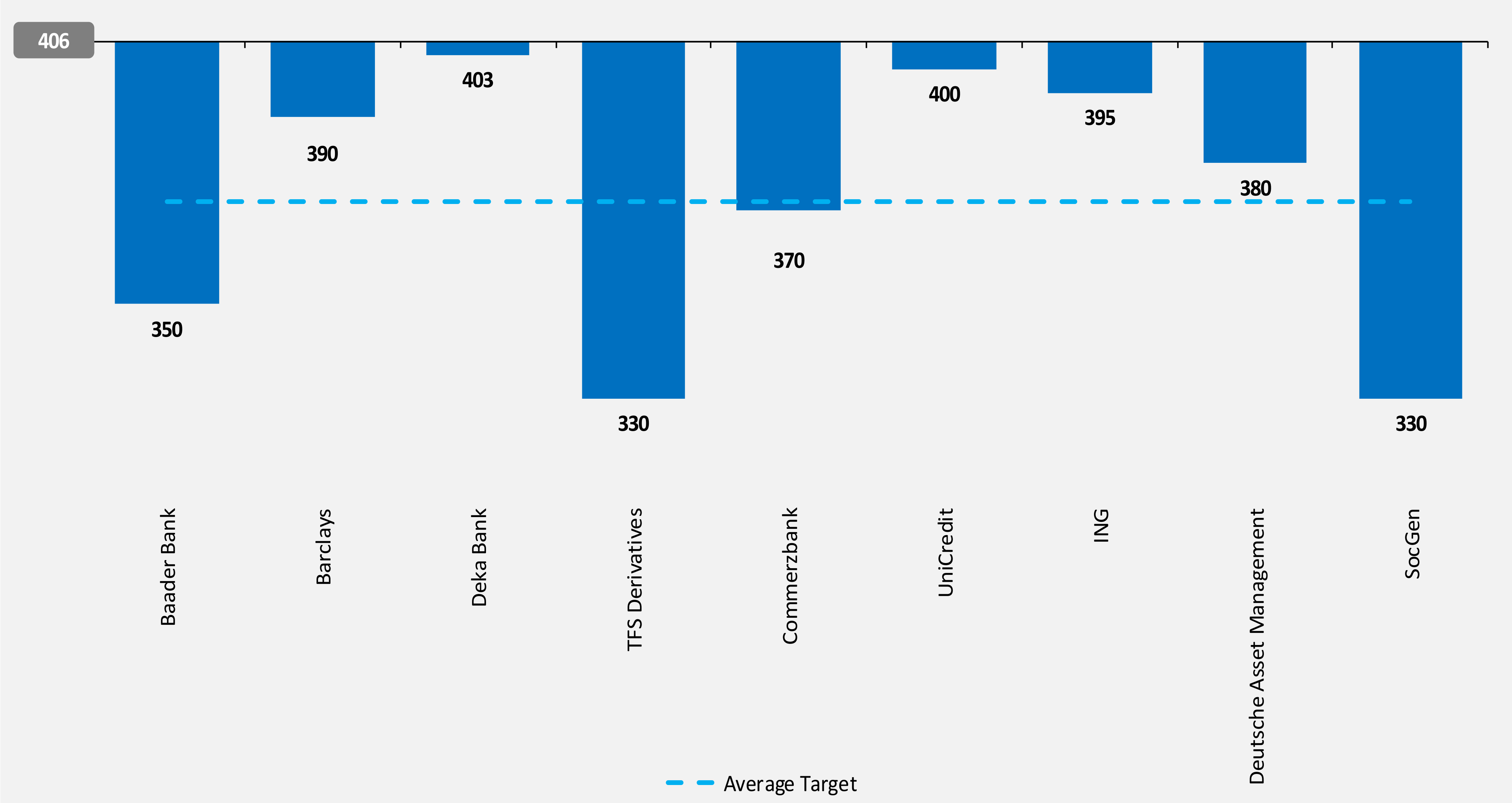
- European equity valuations are attractive compared to the US
- Improving macroeconomic environment and financial conditions
- Mild earnings recovery

Negative View

- Trade disputes
- A slowing China
- Political uncertainty across the region—along with global growth concerns—have impacted European equities

Global MacroView Summary

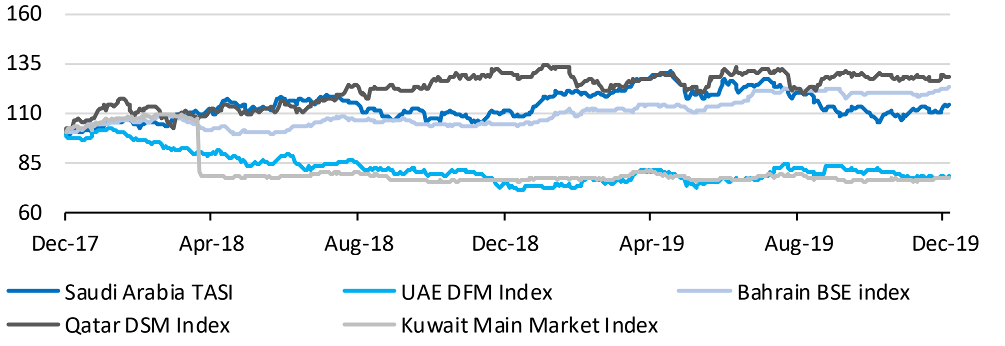
Stoxx 600 2019 Index Target by Major IBs



*Target with respect to actual level

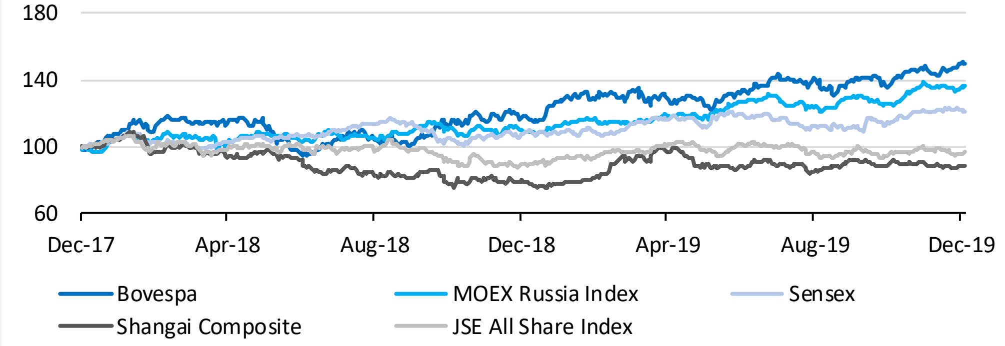
Market Experts/ Brokers/ Analyst		Views (Last one month)
Candrium Investments	Neutral	• The latest macro data show signs of resilience and a bottoming out in the economy • A window of opportunity on fiscal accommodation is staying open with more ECB visibility
Wells Fargo	Neutral	• Valuations have risen, making European equities less attractive • However, they remain at reasonable levels • Overall economic growth remains weak • Political uncertainty across the region—along with global growth and trade concerns—have impacted European equities
BlackRock	Neutral	• European risk assets are modestly overpriced versus the macro backdrop • The dovish shift by the ECB should provide an offset • Trade disputes, a slowing China and political risks are key challenges
Union Bancaire Privee (UBP)	Overweight	• With the Brexit-related overhang set to ease, both UK and continental European equities stand to benefit from fiscal policy momentum moving into the new year • Although investors have sought refuge in global European/UK corporates over the past year, a pivot to more domestic companies is emerging as an opportunity as these headwinds fade
Barclays	Bullish	• European equity valuations are attractive compared to the US • There is a blend of light positioning, an improving macroeconomic environment and financial conditions • Mild earnings recovery • Attractive valuations • The Stoxx 600 index is expected to hit 430 by the end of 2020
RBC Wealth Management	Neutral	• The US-China trade tensions-induced slowdown is showing signs of abating and the economy could be close to bottoming • Political headwinds, such as a populist government in Italy and a hard Brexit have not materialized

2 year Performance of major GCC Indices*



*Data has been rebased to 100

2 year Performance of benchmark BRICS Indices*



*Data has been rebased to 100

MSCI GCC Index Key Parameters

	Actual	2019 TP	2020 TP
MSCI GCC Countries Index *	554.38	566.81	-
PE (x)	15.83	15.19	14.19
EPS ($)	35.03	36.49	39.07
Dividend Yield (%)	4.06	4.38	4.33
Price/Book (x)	1.78	1.58	1.5

*Value as on 11 December 2019

MSCI EM Index Key Parameters

	Actual	2019 TP	2020 TP
MSCI Emerging Markets Index *	1049.50	1209.66	-
PE (x)	14.79	13.15	12.32
EPS ($)	71.57	80.46	85.89
Dividend Yield (%)	2.78	3.00	3.13
Price/Book (x)	1.62	1.60	1.47
EV/EBITDA (x)	9.4	8.77	8.63

*Value as on 11 December 2019

MSCI GCC Index Returns

Q4 2018	Q1 2019	Q2 2019	Q3 2019	QTD
-0.9%	9.3%	0.5%	-7.0%	0.9%

MSCI EM Index Returns

Q4 2018	Q1 2019	Q2 2019	Q3 2019	QTD
-7.8%	9.6%	-0.3%	-5.1%	4.9%

Positive View

- GCC's banking system is driven mainly by strong capital buffers
- Government spending programs are expected to push average non-hydrocarbon GDP growth to 2.6% in 2020

Negative View

- Geopolitical risk
- There are expectations of new problem loans in the construction and real estate sectors

Positive View

- EM equities are cheap and are a good investment bet for 2020
- A dovish US Fed is a tailwind as the USD weakens somewhat

Negative View

- There are overly optimistic market expectations for Chinese stimulus
- Worldwide manufacturing slowdown

Asset Class	
Emerging Market Equities (MSCI EM Index)	
Analyst expectations	
Average	1209.66
Bloomberg Consensus Target Price For MSCI EM Index	1209.66
As on 11 December 2019	1049.50
% Change from Current levels compared to avg	15.26%

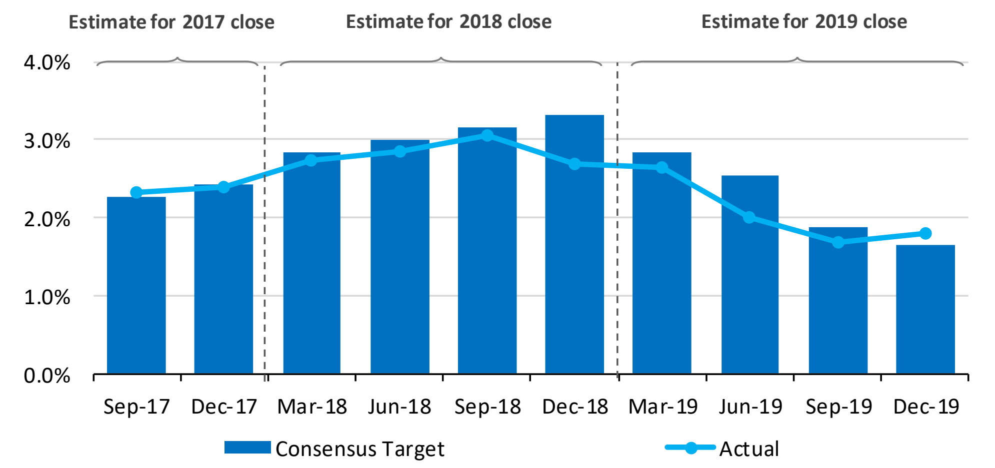
Market Experts/ Brokers/ Analyst		Views (Last one month)
Candrium Investments	Neutral	• The region has underperformed year-to-date and could offer some upside • A dovish US Fed is a tailwind as the USD weakens somewhat
Morgan Stanley	Overweight	• While tensions remain in the Sino-US relationship, the level/breadth of tariff imposition may be peaking, helping natural cyclical recovery forces to come into play in Asia after two tough years • The USD has finally begun to turn and is expected to further decline in 2020 • 2020 could be a year of portfolio reallocation to EM equities
BlackRock	Neutral	• There are overly optimistic market expectations for Chinese stimulus • The greatest opportunities exist in Latin America, such as in Mexico and Brazil, where valuations are attractive and the macro backdrop is stable • An accommodative Fed offers support across the board, particularly for EM countries with large external debt loads

Market Experts/ Brokers/ Analyst		Views (Last one month)
Credit Suisse	Overweight	• Demand for EM equities have risen, owing to worries over China's slowdown and trade concerns • EM equities are cheap and are a good investment bet for 2020 • Within EMs, India remains one of the high conviction ideas
UBS Asset Management	Overweight	• Chinese and Asian bonds are a "prize pot" opportunity away from expensive developed markets' debt • There are going to be improvements in ex-US growth
Amundi Pioneer	Neutral	• Earnings revisions are bottoming out • Domestic stories are expected to remain resilient and provide good opportunities for investors • The broker is constructive on China A-shares
RBC Wealth Management	Overweight	• 2020 may prove to be another eventful year for Chinese stocks, as market participants will look for clues on whether the country can contain economic downside risks • Hong Kong's IPO market has been staging a notable comeback and the trend may persist
Neuberger Berman	Neutral	• Strength in the USD • US-China trade dispute • Worldwide manufacturing slowdown
Mirae Asset Global Investments	Bullish	• Further easing by global central banks and a temporary truce in the Sino-US trade war make EM equities attractive • The broker broadly favours markets in India, Vietnam, China, South Korea, Indonesia and the Philippines • Sectors include semiconductor stocks, banks, financials, insurance and real estate • The recent tax cuts in India and Indonesia are positive • Tax cuts will rekindle a positive investment climate and attract businesses as they look for an alternate manufacturing base from China in light of the trade war

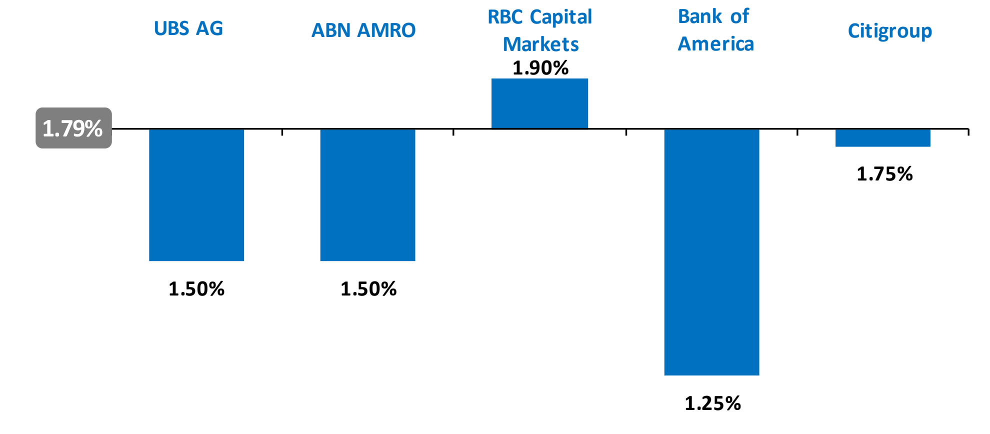
Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	566.81
Bloomberg Consensus Target Price For MSCI GCC Index	566.81
As on 11 December 2019	554.38
% Change from Current levels compared to avg	2.24%

Market Experts/ Brokers/ Analyst		Views (Last one month)
Moody's Investor Services	**Overweight**	• GCC's banking system is driven mainly by strong capital buffers, solid economic growth and substantial liquidity • Government spending programs are expected to push average non-hydrocarbon GDP growth to 2.6% in 2020 • Declining interest rates will start to pressure banks' net interest margins but margins will remain strong compared with global peers • At the end of 2020, the broker expects non-performing loans to slightly rise to 3.5% from 3.3% in 2019 • The ratings agency forecasts to see new problem loans in the construction and real estate sectors
Daman Investments	**Underweight**	• Saudi stocks have been losing momentum as passive inflows, triggered by the nation’s inclusion in major EM benchmarks fade • Companies’ earnings, especially petrochemicals, have been under pressure
S&P Global Ratings	**Bullish**	• Rated banks in the GCC region should maintain stable financial profiles in 2020, barring any major increase in geopolitical risk or a sharp fall in oil prices • GCC banks will successfully navigate a less-than-favorable macroeconomic environment in 2020 supported by their solid financial profiles

Consensus Target for US 10 Year

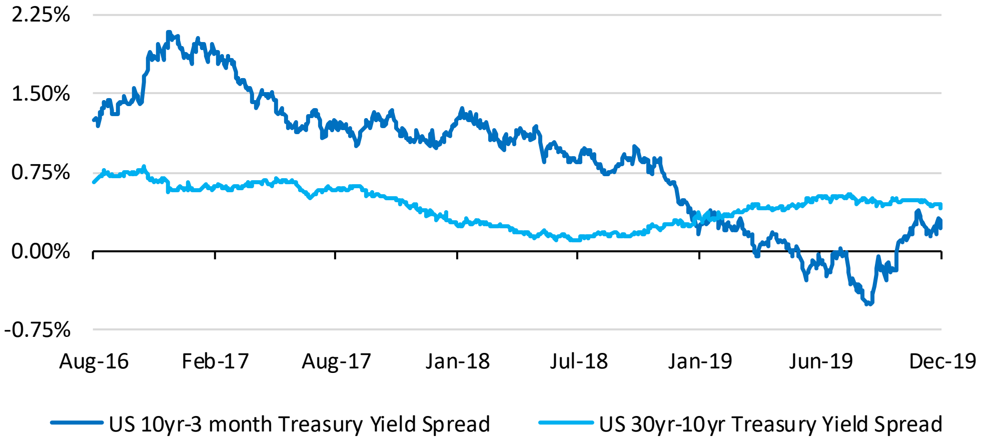


US 10 Year Target by Major IBs



*Target with respect to actual level

Spread Graph for US 10 Yr - 3 month and 30 Yr - 10 Yr



Positive View

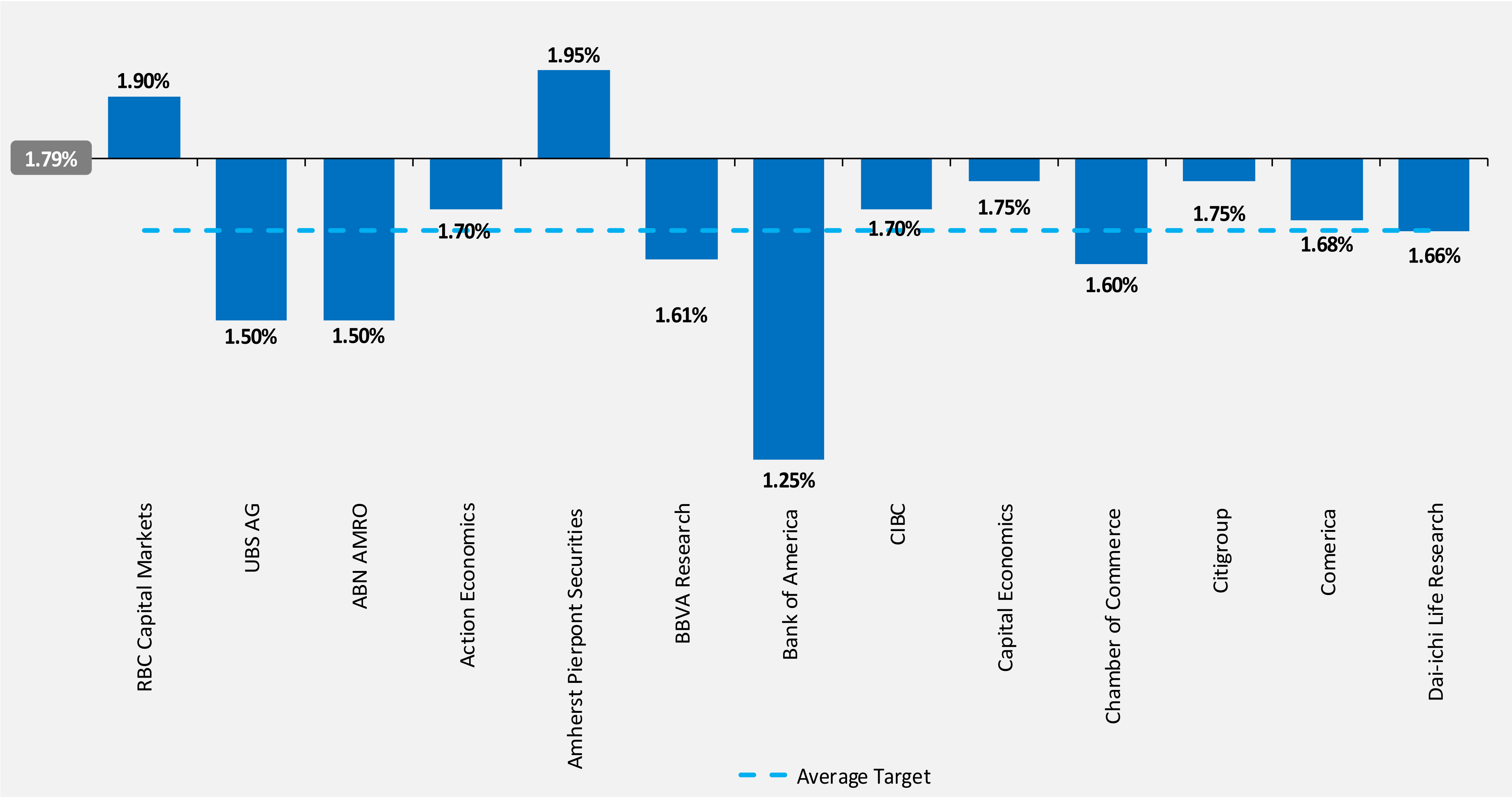
- Long-term government bonds are an effective ballast against risk asset selloffs
- US rates are expected to lead the way in 2020, with downside risks somewhat diminished and higher repricing likely

Negative View

- Gravitational pull of negative global yields, slowing growth and low inflation
- Market expectations of Fed easing look excessive

Global MacroView Summary

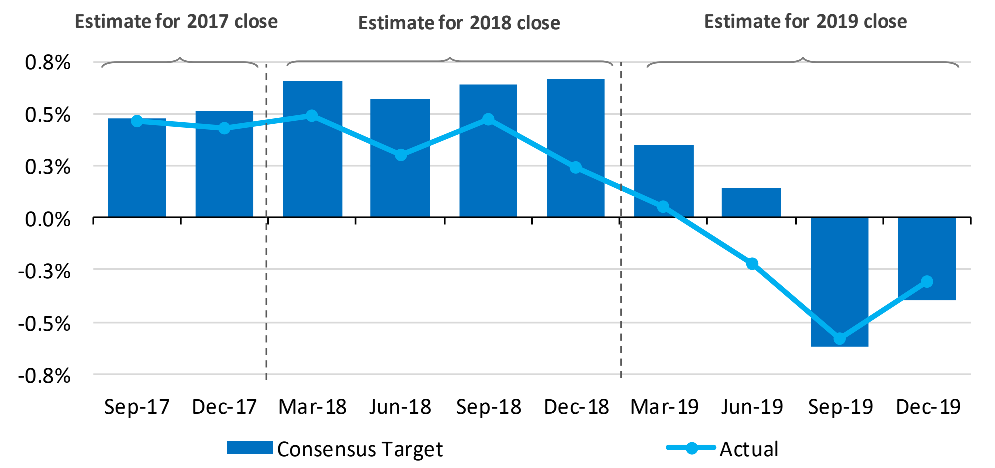
US Treasuries 10 Year Target Yield for Q4 2019 by Major IBs



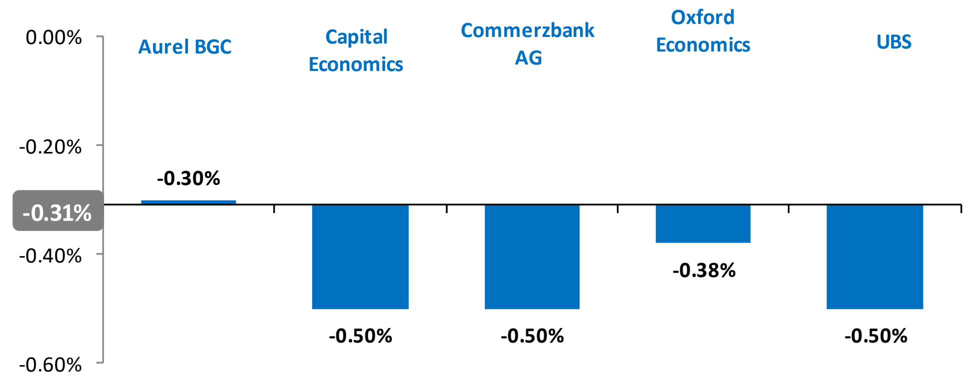
*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Bank of America	Underweight	• US rates are expected to lead the way in 2020, with downside risks somewhat diminished and higher repricing likely • 10-year rates are expected to move from 2.0% at the end of 2019 to 1.8% in 2020 • Fed actions freed other central banks to ease, and with the exception of China, many are also expected to put rate actions on hold next year
BlackRock	Neutral	• The Fed is not expected to cut rates by a further quarter percentage point this year • Market expectations of Fed easing look excessive • This, coupled with the flatness of the yield curve, leaves the broker cautious on Treasury valuations • The broker sees long-term government bonds as an effective ballast against risk asset selloffs
Schroders	Underweight	• US 10-year Treasury yields are expected to remain well below 3% in 2020 • The liquidity provided by the US Fed, has reduced the risk of recession, but lending by commercial banks remains subdued • US Treasuries have a higher sensitivity to economic risks; that is, they tend to outperform other bonds during a slowdown • Pension funds continue to de-risk - This means they are reducing exposure to riskier assets such as equities in favour of more stable assets such as bonds that provide a yield • This demand for bonds stops yields from rising significantly
RBC Wealth Management	Underweight	• The Fed looks set to take a wait-and-see approach to policy and the economy in 2020 after delivering three rate cuts in 2019 • Any chance for a resumption of the rate hike cycle is likely a 2021 event, at the earliest • Recent yield curve inversions raise the risk of such an event, but the Fed’s rate cuts have achieved the goal of re-steepening yield curves and are likely sufficient to extend the economic cycle • As economic risks remain slightly biased to the downside, so too is the outlook for yields • 10-year Treasury could establish a new all-time low—which stands at 1.36% from 2016—largely caused by the gravitational pull of negative global yields, slowing growth and low inflation

Consensus Target for German 10 Year

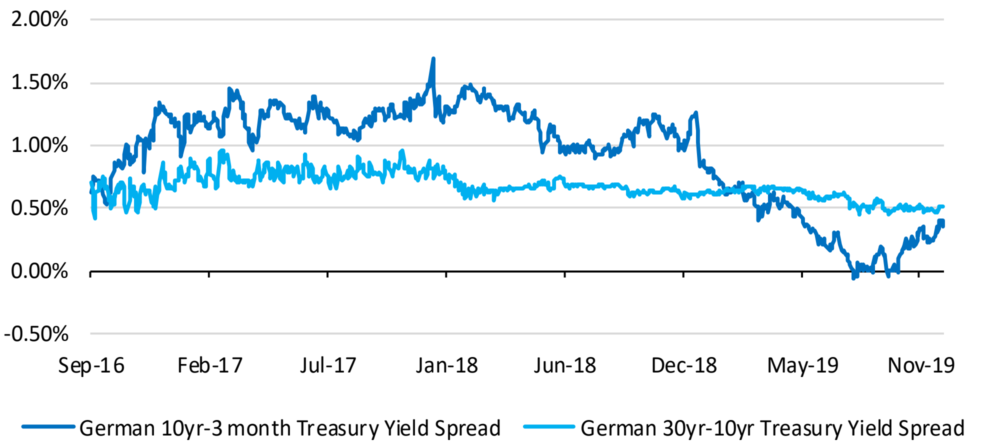


German 10 Year Target by Major IBs



*Target with respect to actual level

Spread Graph for German 10 Yr- 3 month and 30 Yr-10 Yr



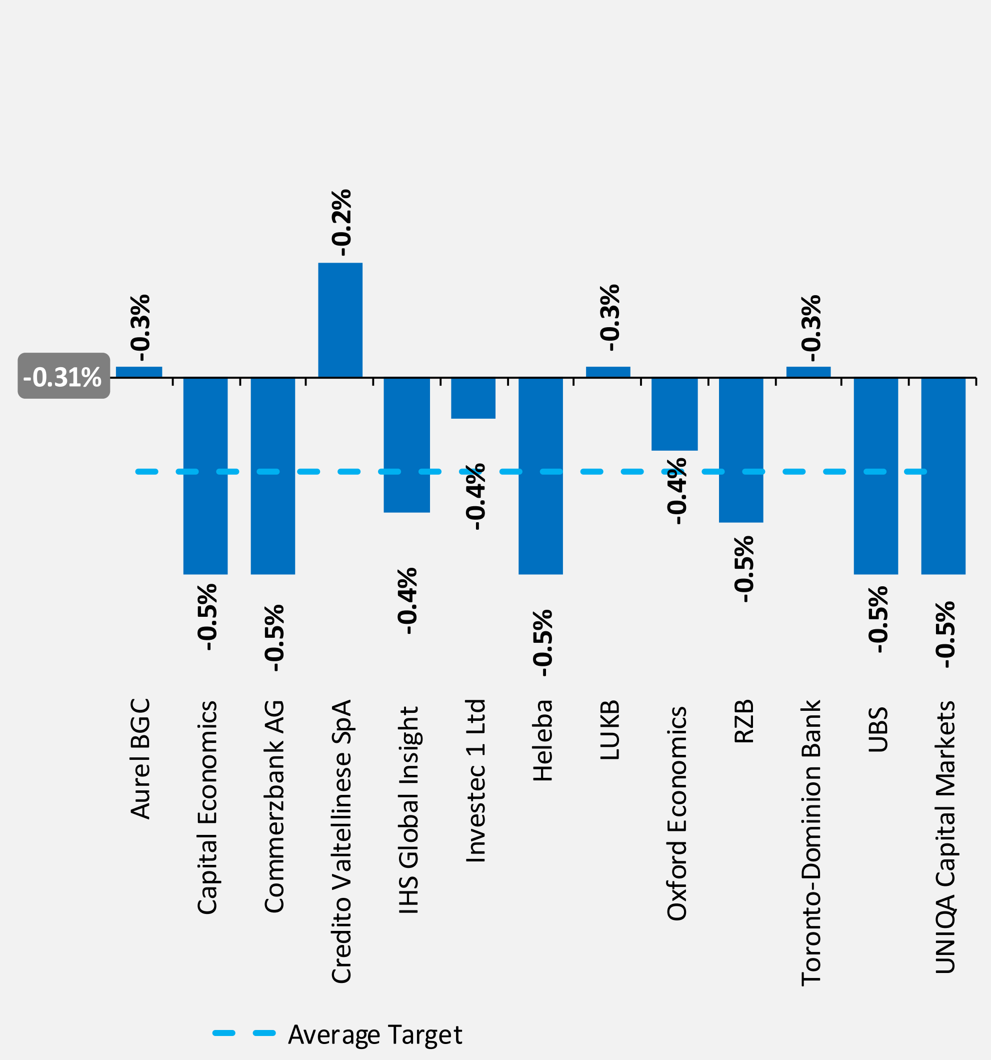
Positive View

- The resumption of asset purchases by the ECB
- Yields look attractive for hedged USD-based investors, thanks to the hefty US-Euro interest rate differential
- A new political coalition in Italy has raised the ongoing search for yields

Negative View

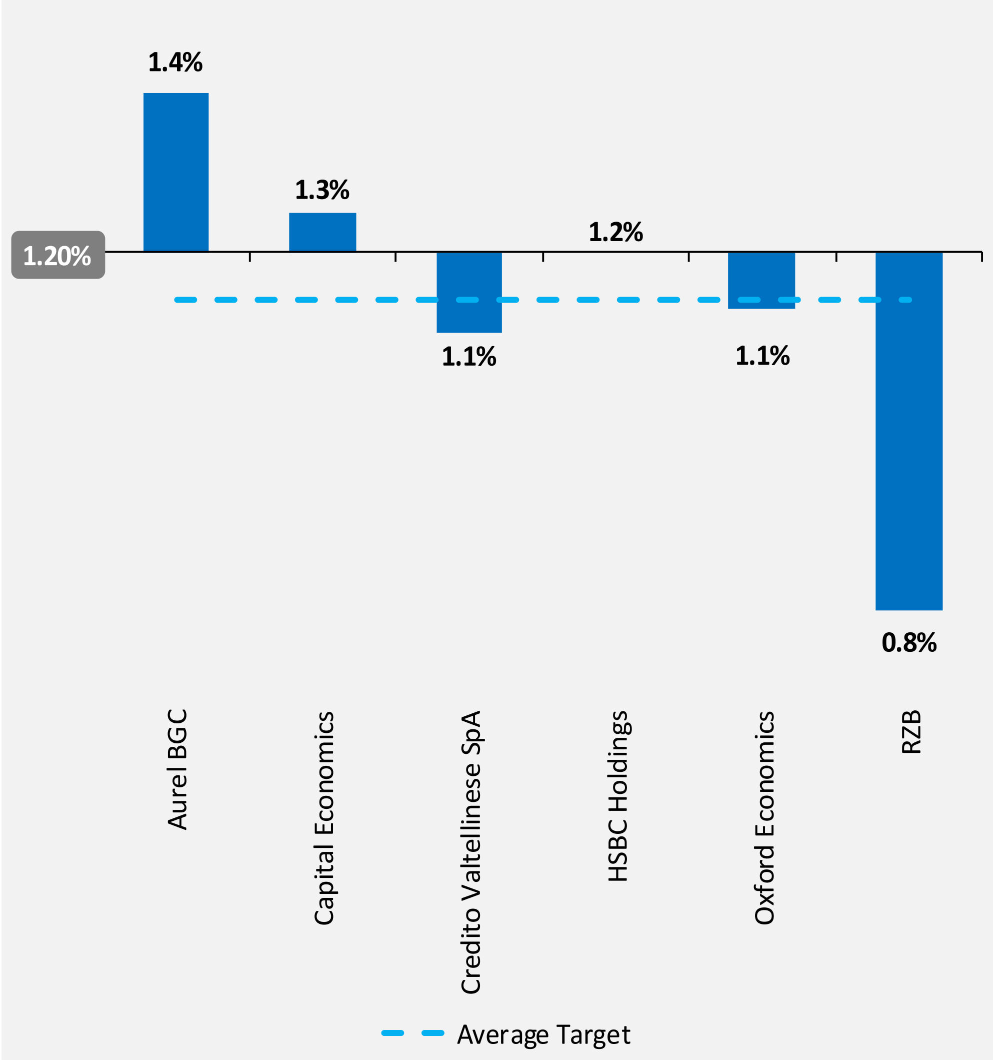
- Rates and bond yields are expected to creep up very gradually but stay low
- Monetary policy is expected to be on pause for a while
- Continuing soft economic data may warrant an additional interest rate cut or extension of quantitative easing

German 10 Year Target Yield for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

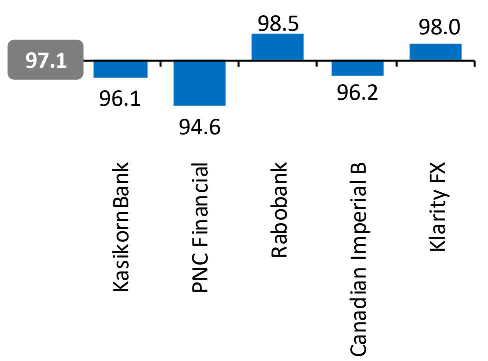
Italy 10 Year Target Yield for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

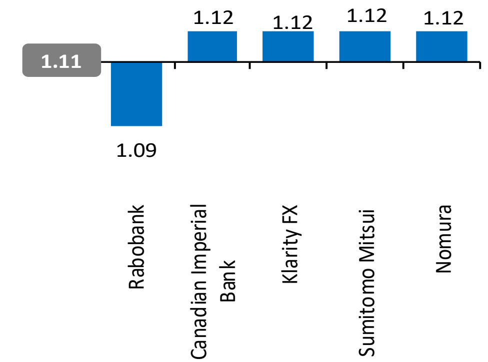
Market Experts/ Brokers/ Analyst		Views (Last one month)
Candrium Investments	Underweight	• Christine Lagarde has begun her tenure as President of the ECB • She faces two major challenges: Healing the rift between the policy makers of the Governing Council and national governments still being reluctant to take over the baton with fiscal stimulus policies • Rates and bond yields are expected to creep up very gradually but stay low
BlackRock	Overweight	• The resumption of asset purchases by the ECB supports the overweight stance, particularly in non-core markets • A relatively steep yield curve, particularly in these countries, is a plus for Euro area investors • Yields look attractive for hedged US Dollar-based investors, thanks to the hefty US-Euro interest rate differential
Morgan Stanley	Bullish	• A rise is expected in longer-maturity German Bund yields • The probability of higher yields in the 2-year and 5-year maturities remains fairly low and any increase in yields will be in the 10-year and 30-year Bunds
Amundi Pioneer	Underweight	• Among European government bonds, the broker remains constructive on the main peripheral European countries (Spain and Italy) • It is fuelled by ECB action, a new political coalition in Italy and the ongoing search for yield • Curves are expected to flatten on the back of persistent yield hunting
RBC Wealth Management	Neutral	• With a new ECB President and a substantial stimulus package as a departing gift from outgoing President Mario Draghi, monetary policy is expected to be on pause for a while • Continuing soft economic data may warrant an additional interest rate cut or extension of quantitative easing • There is an expectation that individual Euro area countries may provide a fiscal boost to their domestic economies • This depends on the appetite of each government for stimulus and the budgetary restrictions of the EU Commission

US Dollar Index



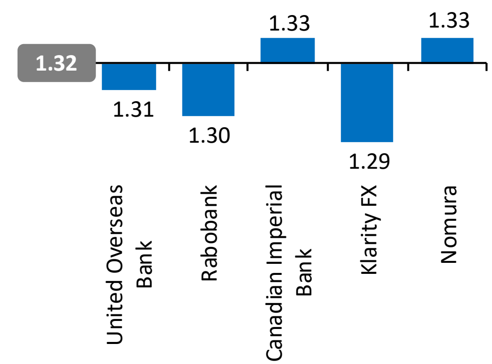
*Target with respect to actual level

EURUSD



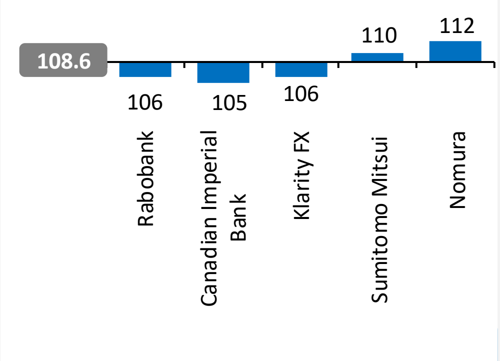
*Target with respect to actual level

GBPUSD



*Target with respect to actual level

USDJPY



*Target with respect to actual level

US Dollar Index

Positive View

- Safe-haven demand emanating from trade tensions
- A resilient domestic economy against a backdrop of slowing global growth

Negative View

- Large fiscal and current account deficits in the US
- Dovish Fed

EURUSD

Positive View

- After delivering a stimulus package, the ECB could remain on hold through most of 2020
- Eurozone's large current account surplus

Negative View

- Economic activity slows and continues to disappoint
- Eurozone assets show a poor risk/return profile

GBPUSD

Positive View

- The BoE continues to push back suggestions of future rate cuts
- The GBP is substantially undervalued and holds appreciation potential

Negative View

- Political turmoil
- Potential amendments to the existing bill remains on the table

USDJPY

Positive View

- Japan's ultraloose policy could persist through 2020
- Japanese investor appetite for unhedged higher-yielding assets abroad could cap gains

Negative View

- A resolution to the trade war could see the USD weaken, given its counter-cyclical tendency
- The JPY is substantially undervalued

US

GDP Annualised	2.1% (Q3 2019)
Inflation (YoY)	2.1% (November)
Trade Balance	-$47.20 bn (October)

Eurozone

GDP Annualised	1.2% (Q3 2019)
Inflation (YoY)	1.0% (November)
Trade Balance	€18.30 bn (September)

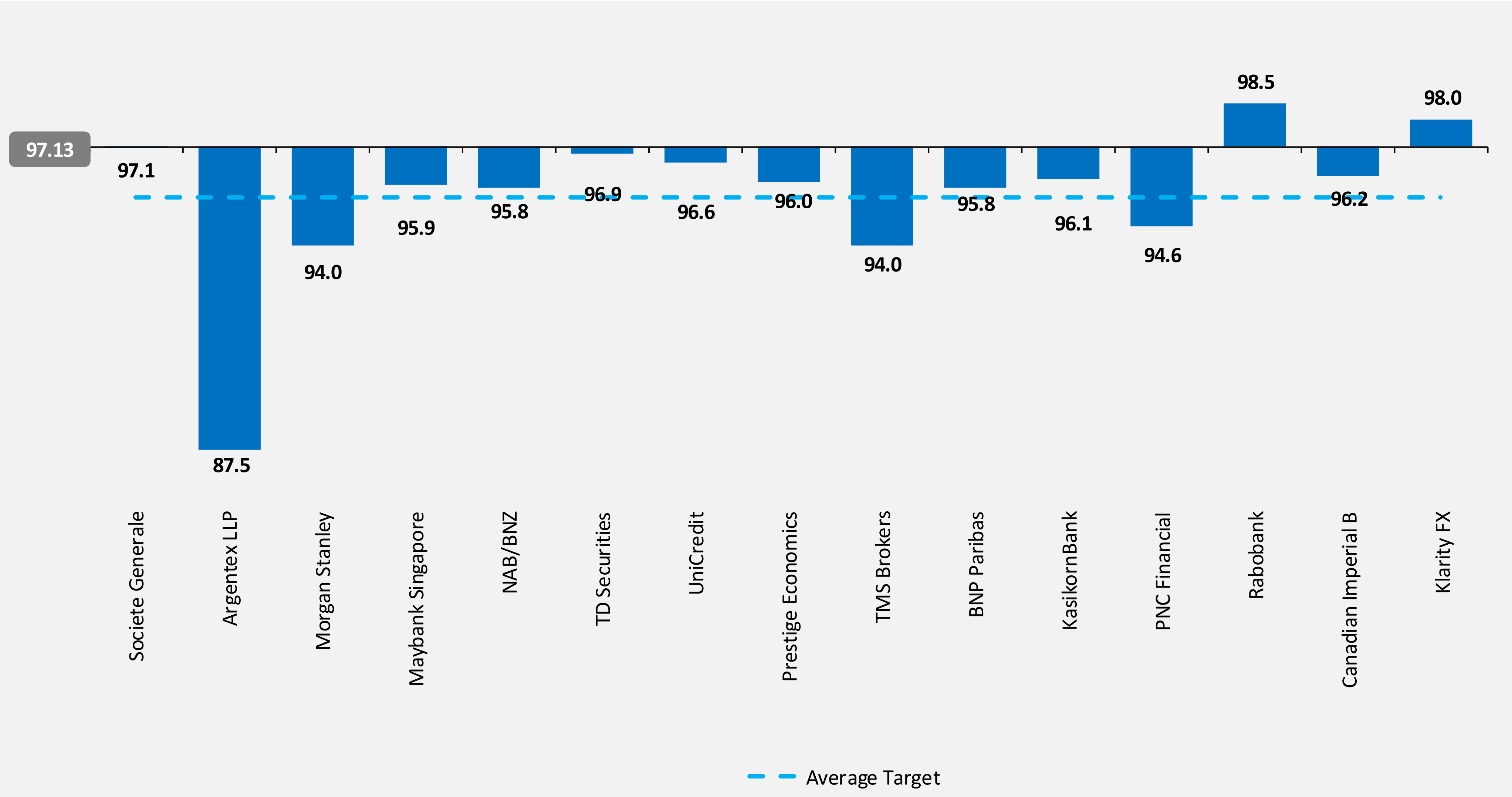
UK

GDP Annualised	0.7% (Q3 2019)
Inflation (YoY)	1.5% (October)
Trade Balance	-£14.49 bn (October)

Japan

GDP Annualised	0.2% (Q3 2019)
Inflation (YoY)	0.2% (October)
Trade Balance	¥17.30 bn (October)

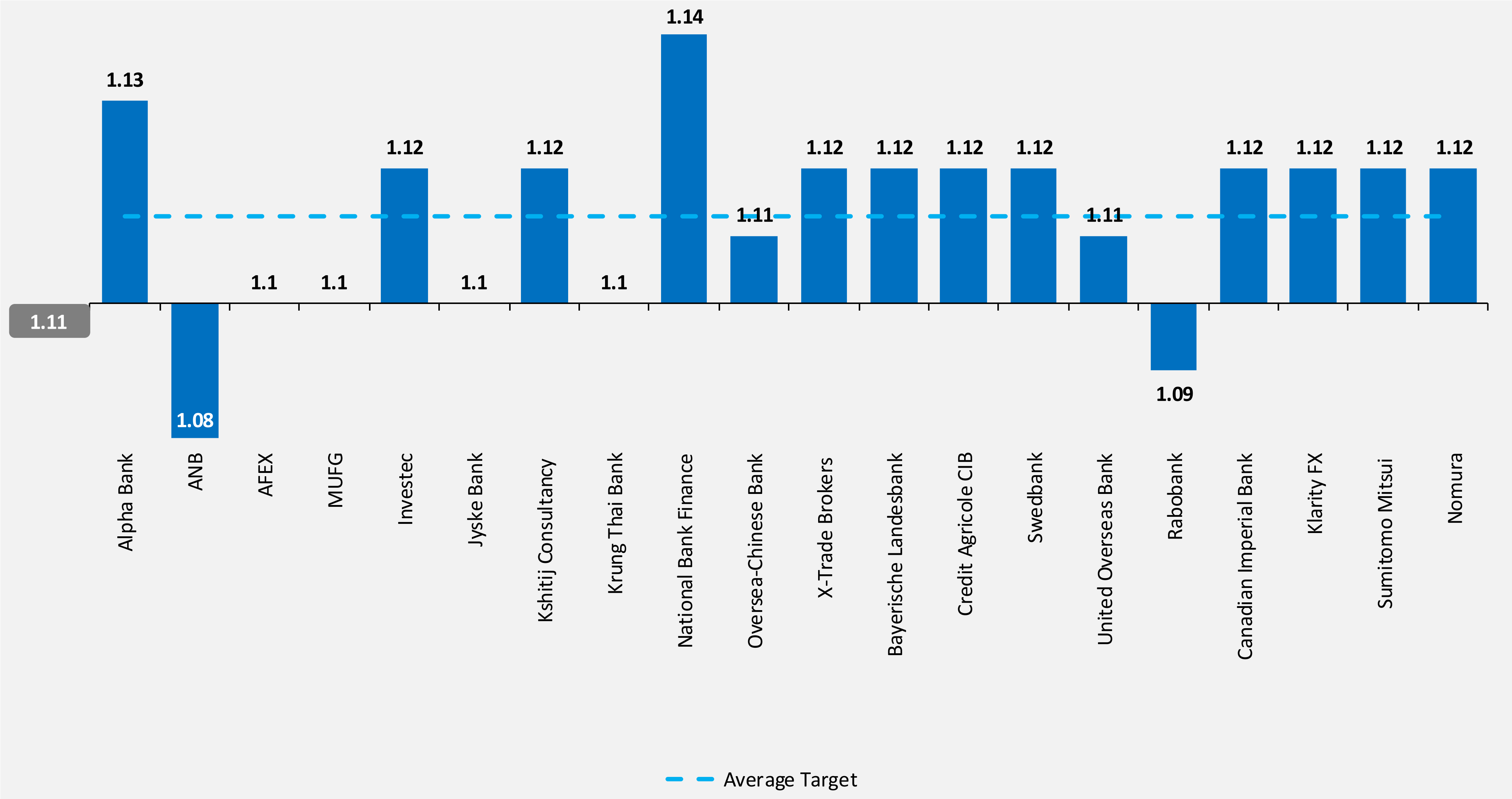
US Dollar Index Target for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
RBC Wealth Management	Overweight	• The USD continued to grind higher in 2019 despite a dovish Fed, thanks to safe-haven demand emanating from trade tensions and a resilient domestic economy against a backdrop of slowing global growth • Although US economic growth could slow in 2020, so long as this does not derail the broad economic expansion narrative, the USD should remain supported
Amundi Pioneer	Bearish	• The upside scenario (with concerns on growth dissipating) needs to materialise or the US-China trade dispute to soften (with CNY rallying) before there will be a sustained USD plunge • In that case, the era of King USD will finally end
Citibank	Bearish	• The USD is expected to trade near current levels into 2020 against most major currencies • Longer-term, the USD's advance is running out of steam • Large fiscal and current account deficits in the US
Neuberger Berman	Neutral	• The US looks likely to maintain a growth gap over the rest of the developed world • A rise in geopolitical and political risks is generating demand for USD-denominated assets • Risks to the view include a re-convergence of global growth; positive news on the US-China trade talks; the already long position held by market participants; long-term overvaluation on PPP metrics and the US twin deficit
Standard Chartered Bank	Neutral	• Growth and rate differentials to narrow • The USD has remained relatively resilient on the back of the US's strong cyclical story • Tight USD liquidity and capital flows have remained USD-supportive

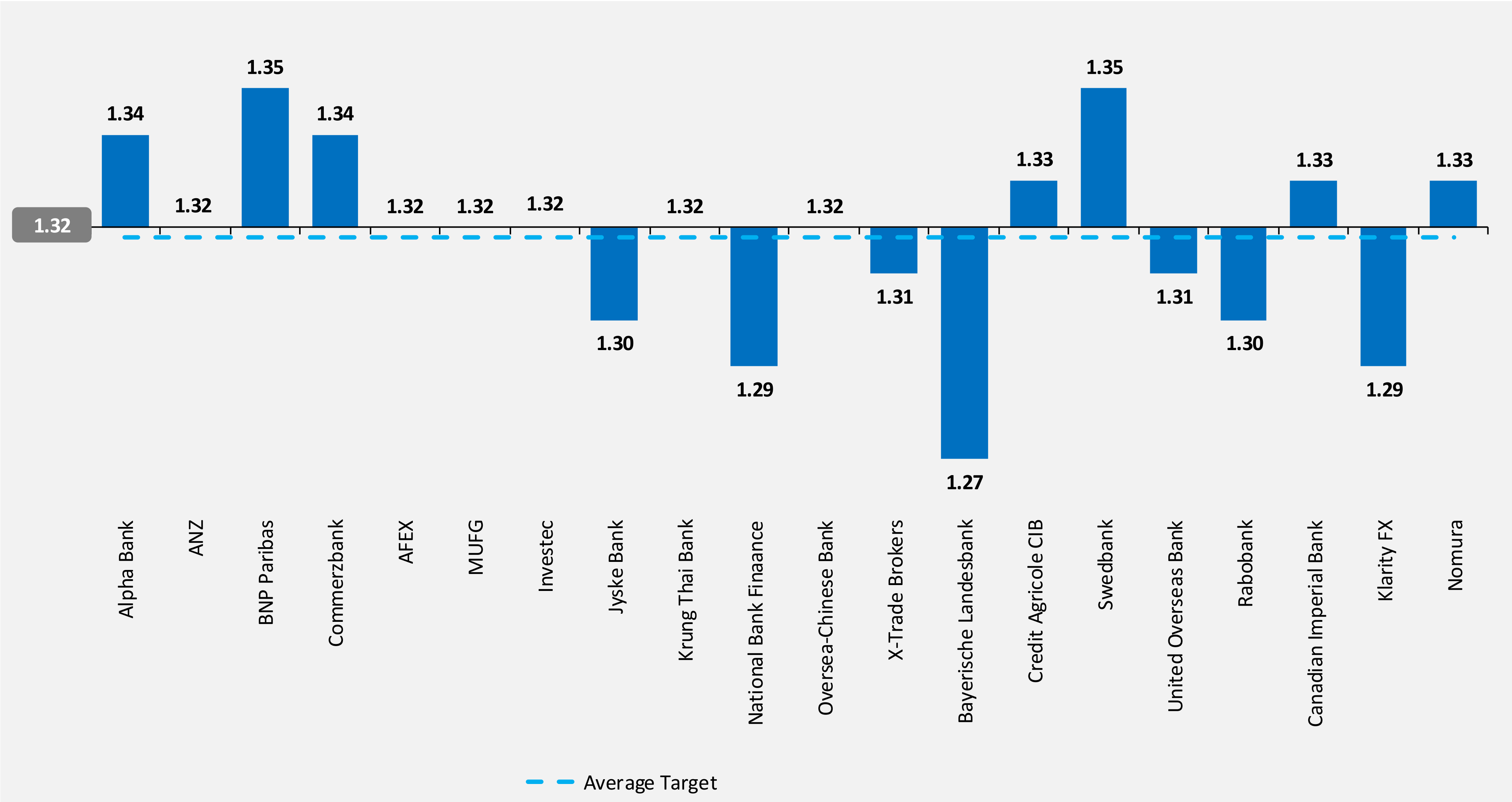
EURUSD Target for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Bank of America	Overweight	• The EUR should benefit from a resolution of Brexit uncertainty • The USD is expected to weaken in 2020 with diminishing policy uncertainty
RBC Wealth Management	Neutral	• Euro weakness prevailed through 2019 as economic activity slowed and continued to disappoint • After delivering a comprehensive stimulus package, the ECB could remain on hold through most of 2020, limiting downward pressure on the EUR • But the challenging growth outlook points to little impetus for a material EUR recovery for now
Mizuho Bank	Underweight	• The eurozone economy is clearly slowing • The Eurozone bank lending survey also suggests that lending to business has continued to stall • With the markets still facing perpetual Brexit uncertainty, the EUR/USD pair is expected to continue trading with a heavy topside
Union Bancaire Privee (UBP)	Overweight	• EUR/USD is expected to gradually appreciate over the course of 2020, reflecting USD weakness rather than specific EUR strength • Eurozone assets show a comparatively poor risk/return profile • The Eurozone current account surplus will encourage corporates to increase EUR purchases
Neuberger Berman	Underweight	• The large negative carry already discourages long positions and the ECB has recently adopted a still more dovish stance • European Purchasing Managers' Indices are still weak • Brexit risk is still weighing on the currency

GBPUSD Target for Q4 2019 by Major IBs

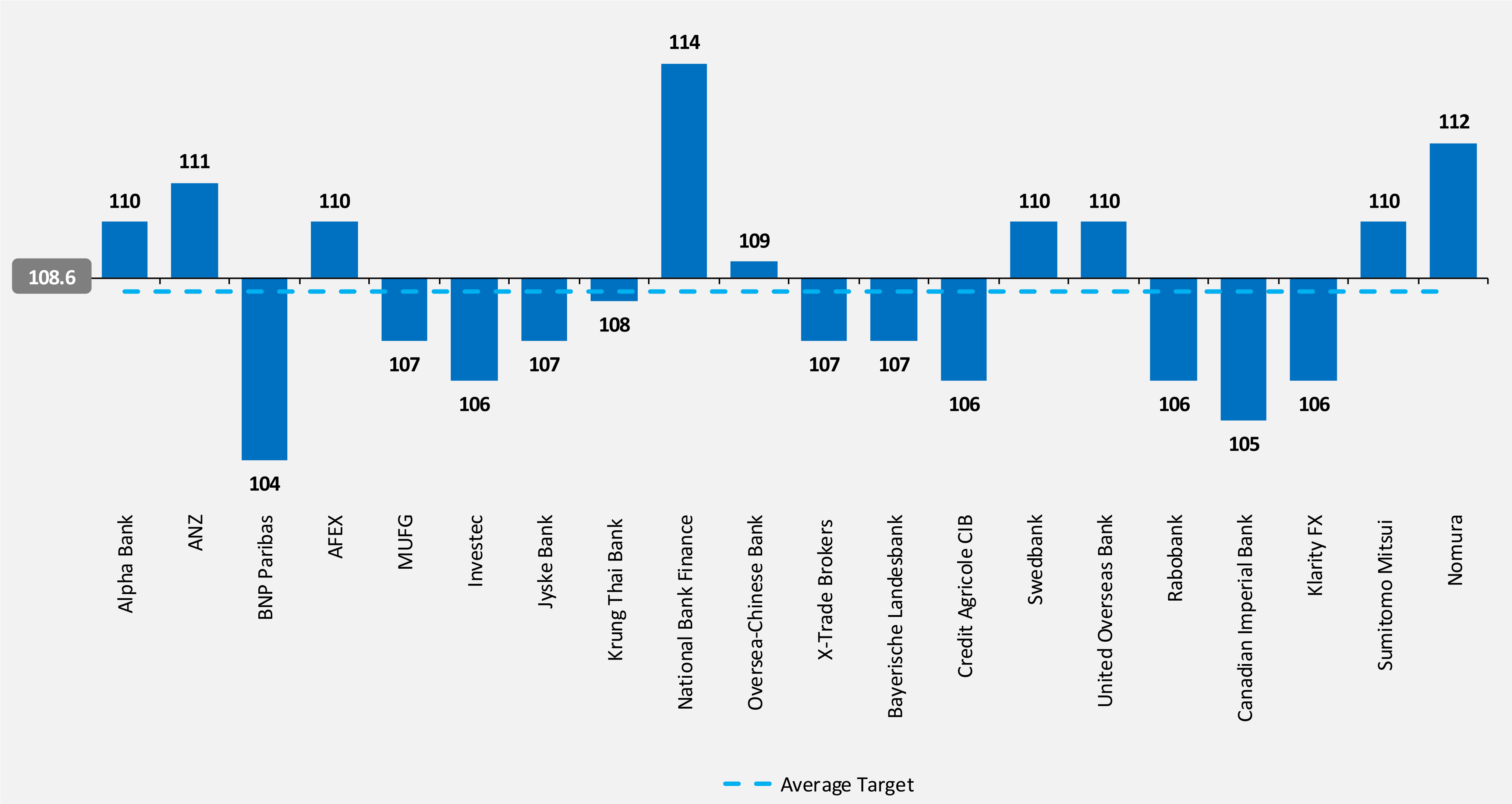


***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
UBS Asset Management	Overweight	• The GBP is substantially undervalued and thus offers significant appreciation potential over the coming years • It outweighs the benefits of currency hedging
Barclays	Neutral	• GBP is expected to remain volatile over the medium term • Brexit extension • Potential amendments to the existing bill remain on the table • However, the GBP is expected to eventually strengthen on the back of a positive resolution
Neuberger Berman	Overweight	• The GBP appears undervalued based on PPP measures • Despite Brexit uncertainty, UK's job creation and wages have been stronger than expected and consumption activity has remained remarkably healthy • The BoE is unlikely to make a move in either direction until there is clarity on Brexit
Standard Chartered Bank	Bullish	• Risk-reward in the GBP remains attractive as odds of a 'no-deal' Brexit has receded
Russel Investments	Neutral	• GBP is undervalued • It is expected to remain volatile around Brexit uncertainty
Citibank	Overweight	• Bearish GBP catalysts have moderated • A heavy reliance on the Liberal Democrats would limit the scope for radical policies

Global MacroView Summary

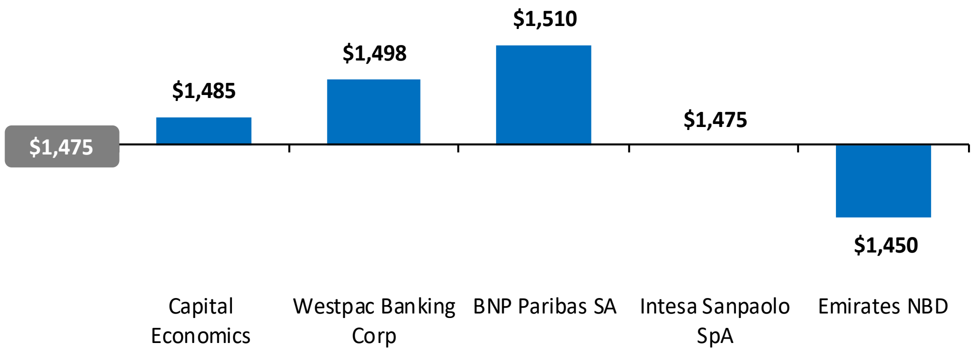
USDJPY Target for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

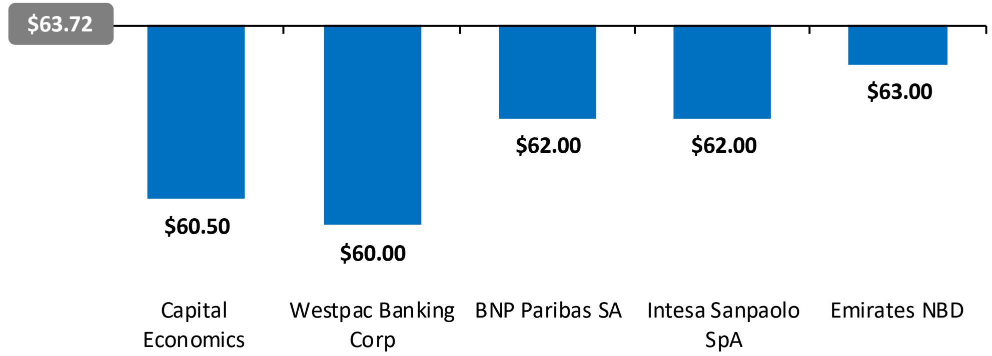
Market Experts/ Brokers/ Analyst		Views (Last one month)
UBS Asset Management	Underweight	• The JPY is substantially undervalued and thus offers significant appreciation potential over the coming years • It outweighs the benefits of currency hedging
Emirates NBD	Underweight	• JPY will continue to be supported by its appeal as a safe haven • There are expectations of wide spread geopolitical uncertainty that has persisted through much of 2019
Mizuho Bank	Overweight	• The USD/JPY pair will be swayed by the direction of US/China trade talks from here on • Risk appetite will probably rise on swelling hopes as a partial US/China trade deal seems more likely, with the USD/JPY pair expected to break clearly through its 200-day moving average line
RBC Wealth Management	Overweight	• External factors could be key drivers for the JPY • Japan to deliver dovish forward guidance and ultraloose policy could persist through 2020 • Japanese investor appetite for unhedged higher-yielding assets abroad could cap gains
Union Bancaire Privee (UBP)	Underweight	• Trade war concerns add a layer of complexity to the picture • USD will generally weaken on a trade-weighted basis • A good performance is expected from the likes of JPY
Neuberger Berman	Underweight	• Japan runs a current account surplus • Long JPY remains attractive during periods of risk aversion and both PPP and real exchange rates suggest that the JPY is undervalued • Japanese growth continues to be strong and extremely low unemployment should support inflation

Gold Target by Major IBs



*Target with respect to actual level

Brent Target by Major IBs



*Target with respect to actual level

Gold

Positive View

- High global uncertainty persists
- The confrontational international policy being conducted by the US is encouraging more countries to find alternative wealth savings in gold

Negative View

- The USD and the US economy look a lot better compared to other countries
- Loose monetary policy supports equity markets

Brent

Positive View

- Continued production cuts
- The impact of mounting geopolitical tensions is offsetting the effects of weakening economic sentiment

Negative View

- Iran's recent oil discovery
- The OPEC World Outlook has stated that there will be more US shale production
- Global growth concerns weigh on demand

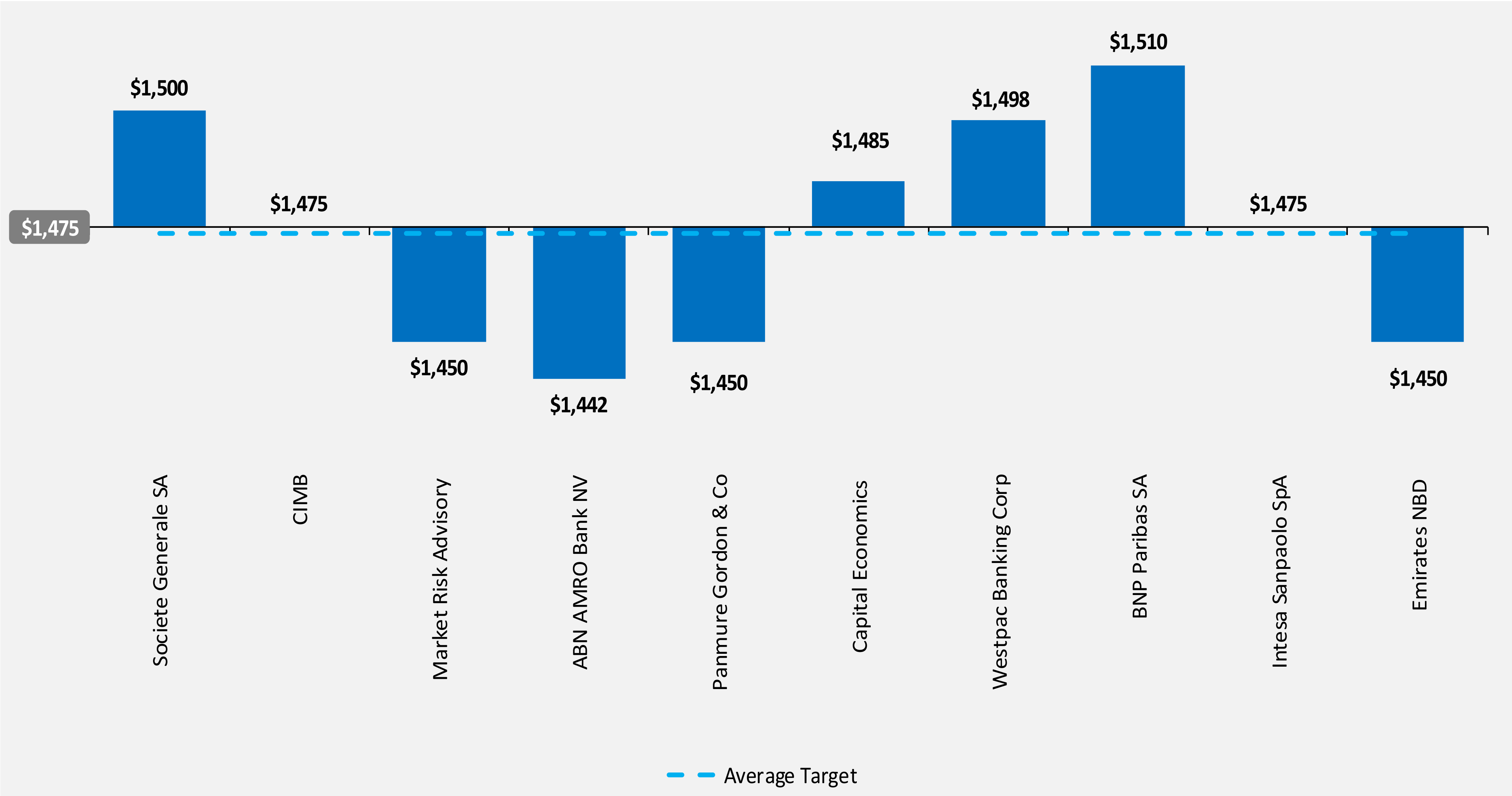
Gold

	Q3 2018	Q3 2019
Demand	1,078.0 t	1,107.9 t
Supply	1,179.7 t	1,222.3 t

Brent

	August 2019	September 2019
US Production (thousand barrels per day)	12,397	12,463
US Supply (thousand barrels per day)	21,062	20,221

Gold Target for Q4 2019 by Major IBs

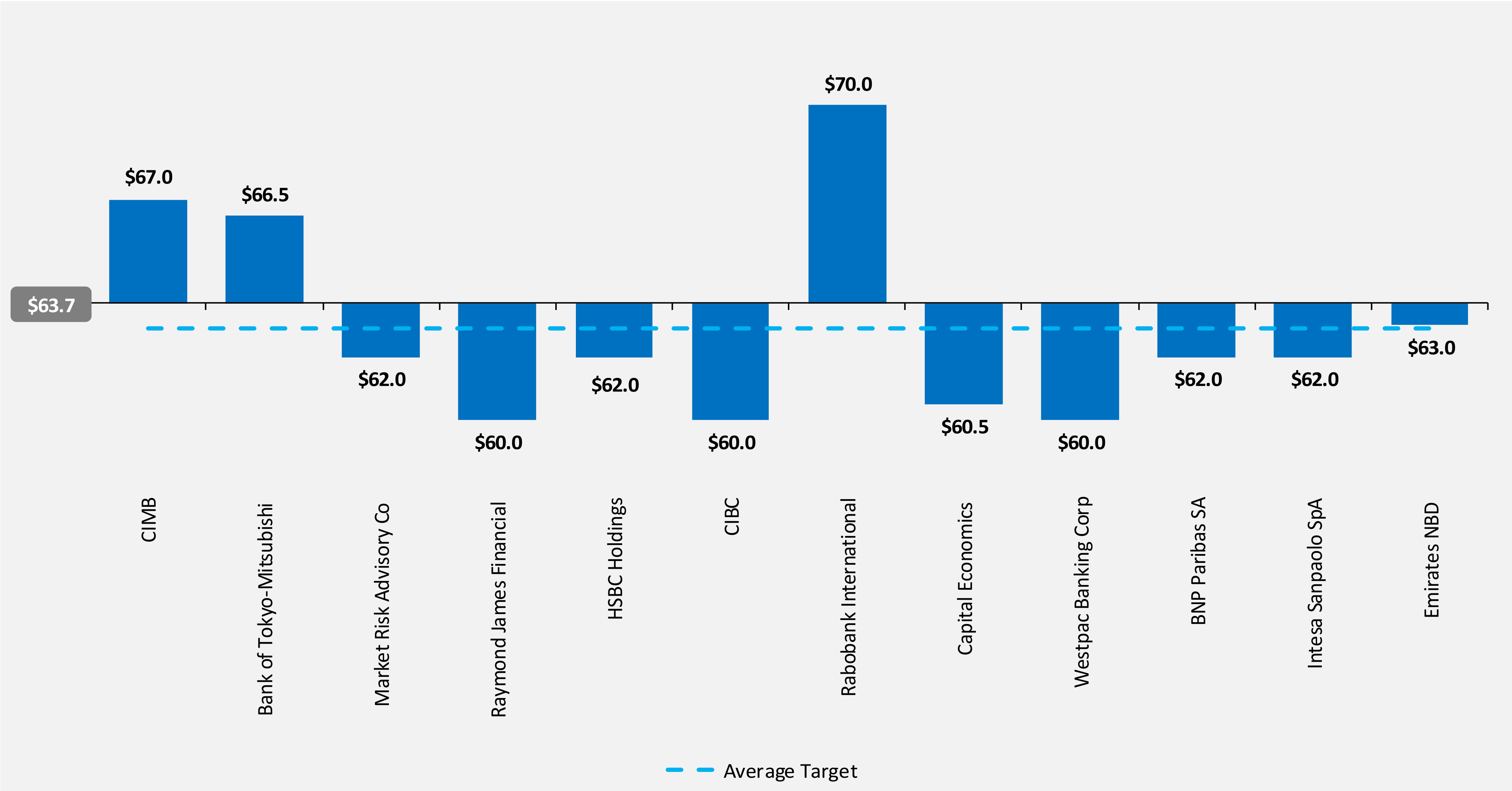


*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Barclays	Bullish	• High global uncertainty persists • Slowing global growth • Gold adds defensiveness in a diversified portfolio • Central banks' demand for the precious metal continues to grow • The confrontational international policy being conducted by the US is encouraging more countries to find alternative wealth savings in gold
ING	Bullish	• Gold prices in 2020 will be dictated by the same themes as 2019 • Trade uncertainty and concerns over global growth give an upside to gold prices from current levels • The broker currently forecast that gold prices will average around US$1,475/oz over the course of 2020
IG	Overweight	• Gold prices remain within the descending channel from September, but there are signs that the trend may be starting to change • There is heightened uncertainty in financial markets due to increasing macroeconomic tensions, which increases the safe-haven appeal of gold
RBC Wealth Management	Overweight	• The outcomes of the US-China trade dispute and Brexit should be key drivers of gold in 2020 • Increase in investors' risk appetite could also play a role
Refinitiv GFMS	Bullish	• Gold will continue to benefit from global economic concerns and political tensions, particularly should there be further escalation of the US-China trade conflict • There are fears of an economic downturn and central banks embarking upon more aggressive monetary measures • Even though the broker is projecting downward pressure on prices in 2020 and 2021, he does not rule out a move above $1,650 in the future • A weak fundamental picture and a strong USD will pose a major drag for gold prices • Prices are expected to average $1,455/oz in 2020 and $1,505/oz in 2021

Global MacroView Summary

Brent Target for Q4 2019 by Major IBs



*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Bank of America	Bullish	• Strong co-operation of oil producing nations with OPEC • Positive economic developments such as a US-China trade deal could push Brent to $70 a barrel before 2Q20
LBBW	Bearish	• Oil prices will remain subdued in 2020 as growth concerns weigh on demand • Crude glut • Brent crude is expected to average $62.50 a barrel in 2020
Oanda	Overweight	• US shale growth will slow in 2020 • Prices should be fairly supported in the first half of 2020
Barclays	Underweight	• The oil market is likely to be stuck in a tug of war between less supportive fundamentals and geopolitical events and tensions in the Middle East • Oil demand in 2020 will likely remain lacklustre • However, inventories declined in the second half of 2019 and the tense geopolitical environment is likely to keep adding a premium on the oil price throughout 2020 • Oil prices will stay in a wide range of around $60 per barrel in the next twelve months.
IG	Neutral	• The outlook for crude oil prices is constructive • However, strong gains are unlikely until a “phase one” trade deal is reached between the US and China
Well Fargo	Overweight	• Trade and global growth developments will likely be the main macro commodity drivers for the balance of 2019 • Continuity of planned and potential production cuts by key producers
KPMG	Bearish	• The OPEC World outlook has stated that there will be more US shale production • Iran has discovered an oil field in the country’s South • Markets have overly priced in demand side risk • Oil prices are expected to drop below $60 before the end of the year and will stay there through the first half of next year

About Decimal Point Analytics

Decimal Point Analytics is a Financial Research and Analytics company. Decimal Point Analytics does not conduct investment business and as such does not hold positions in securities mentioned in this report. However its directors, officers, employees and contractors may have positions in any or related sectors mentioned in this report.

We offer customised research and analytics solutions for entities across the spectrum of financial markets globally. Our clientele includes investment banks, institutional asset managers, private equity, wealth managers, independent research companies, hedge funds, broker dealers, et al, across the globe. Our capabilities have been efficiently utilized by clients in the key areas of Investment Research, Sector Specific Research, Analysis and Modeling in various segments ranging from Equity Research, Portfolio Management, Fixed Income and Strategic Investment Advisory. Our domain knowledge in financial markets, coupled with seamless delivery capabilities, has enabled our clients to improve their decision making process, raise productivity and sharpen their competitive edge thus saving on time and cost and further enhancing the quality of their processes.

INDIA	UK	US
5A, B-Wing, Trade Star Building, J.B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059 Maharashtra, India Phone: + 91 22 4919 5200 Fax: + 91 22 3001 5250 Email: info@decimalpointanalytics.com	1st Floor, 99 Bishopsgate, London, EC2M 3XD, United Kingdom Tel: +44 20 3286 1998	17 State Street, Suite 4000, New York, NY 10004 U.S.A. Tel.: +1 (917) 341 3218

Disclaimer