DECiMAL POiNT
Innovative Research Solutions

AssetPulse

Global MacroView
Summary

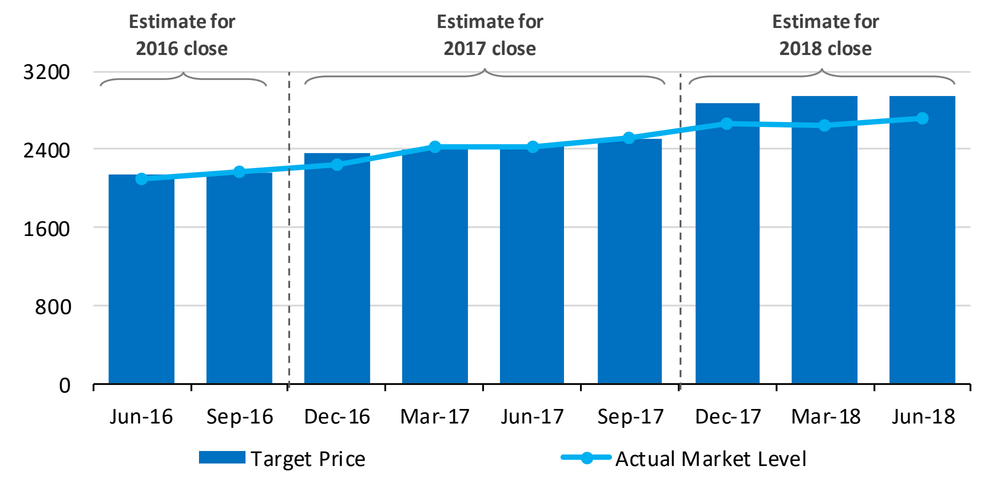
1 October 2018

Asset Class	Consensus Stance	Consensus Target Price	Change w.r.t previous week	Reasons
US Equities	Overweight	2941	↑	• Corporate tax cuts and fiscal stimulus • Solid profit growth and rising economic activity
European Equities	Underweight	402	↑	• Relatively muted earnings growth • Rebound in Eurozone growth likely to drive EUR higher, creating a headwind for stocks
GCC Equities	Overweight	571.07	↓	• The equity market in Saudi Arabia will gain momentum in the fourth quarter • The market displays enormous potential in terms of gains
EM Equities	Overweight	1277.81	↑	• Attractive valuations and strong economic growth
US Treasuries	Overweight	2.97%	↓	• A pleasant effect on the yield level from the more expansive US fiscal policy is likely • The 10Y US Treasury yields are expected to reach 3.20% on a 12-month horizon
Eurozone Treasuries	Overweight	0.46%	↓	• Euro corporate bonds likely to be less sensitive to interest rate movements • The spillover from the Turkish crisis is seen to be limited
US Dollar Index	Underweight	94.59	↑	• An elevated valuation may constrain further gains • Dollar is expected to soften after the effect of fiscal stimulus fades
EURUSD	Underweight	1.1575	↓	• No material evidence of a meaningful reversal in relative data momentum • Technical factors are a headwind for the Euro
GBPUSD	Underweight	1.2920	↓	• Deterioration in trade flows after Brexit could significantly impact UK's business confidence • Political uncertainty remains a major risk to the currency
USDJPY	Overweight	111.10	↑	• Event risks around the Italian budget, Brexit and Trade Wars could support safe-haven • Japan's current account surplus continues to improve
Gold	Bullish	$1,236	↑	• Gold prices could surge over the next year, due to widening US budget deficit • Bullion could average $1,350 an ounce in 2019
Brent	Bullish	$75.33	↑	• US sanctions on Iranian crude oil exports will result in much tighter physical market conditions • The lack of spare oil capacity could push Brent crude to $100/b

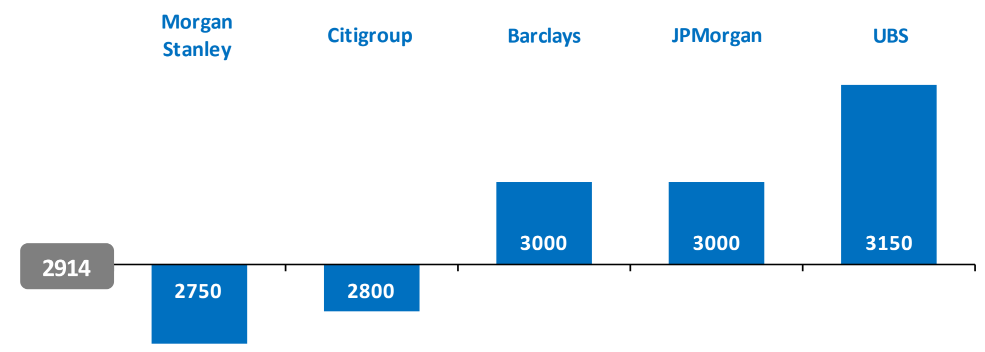
Asset Classes	30-Mar-18	29-Jun-18	28-Sep-18	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2640.87	2718.37	2913.98	10.3%	7.2%
Eurozone Equities (Stoxx 600)	370.87	379.93	383.18	3.3%	0.9%
Emerging Equities (MSCI EM Index)	1170.87	1069.52	1047.91	-10.5%	-2.0%
GCC equities (MSCI GCC Countries Index)	514.11	535.64	538.06	4.7%	0.5%
Currency					
USD ($ Index)	89.97	94.47	95.13	5.7%	0.7%
EUR vs. USD	1.2324	1.1684	1.16	-5.8%	-0.7%
USD vs. JPY	106.28	110.76	113.70	7.0%	2.7%
GBP vs. USD	1.4015	1.3207	1.3031	-7.0%	-1.3%
Fixed Income					
US 10yr Sovereign	2.74	2.85	3.05	31	20
Europe Core Area (German 10 Yr)	0.50	0.34	0.47	-3	13
Europe Peripheral Area (Italy 10 Yr)	1.78	2.67	3.14	136	47
Commodities					
Gold	1325.48	1252.6	1190.88	-10.2%	-4.9%
Brent	69.34	79.23	82.73	19.3%	4.4%

* 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	2018 TP	2019 TP
S&P 500*	2913.98	2944.00	-
PE (x)	21.07	17.3	16.37
EPS ($)	138.28	168.48	178.05
Dividend Yield (%)	1.8	1.97	2.00
Price/Book (x)	3.52	3.36	3.09
EV/EBITDA (x)	13.74	11.49	11.08

*Value as on 28 September 2018

S&P 500 Index Returns

Q3 2017	Q4 2017	Q1 2018	Q2 2018	QTD
4.0%	6.1%	-1.2%	2.9%	7.2%

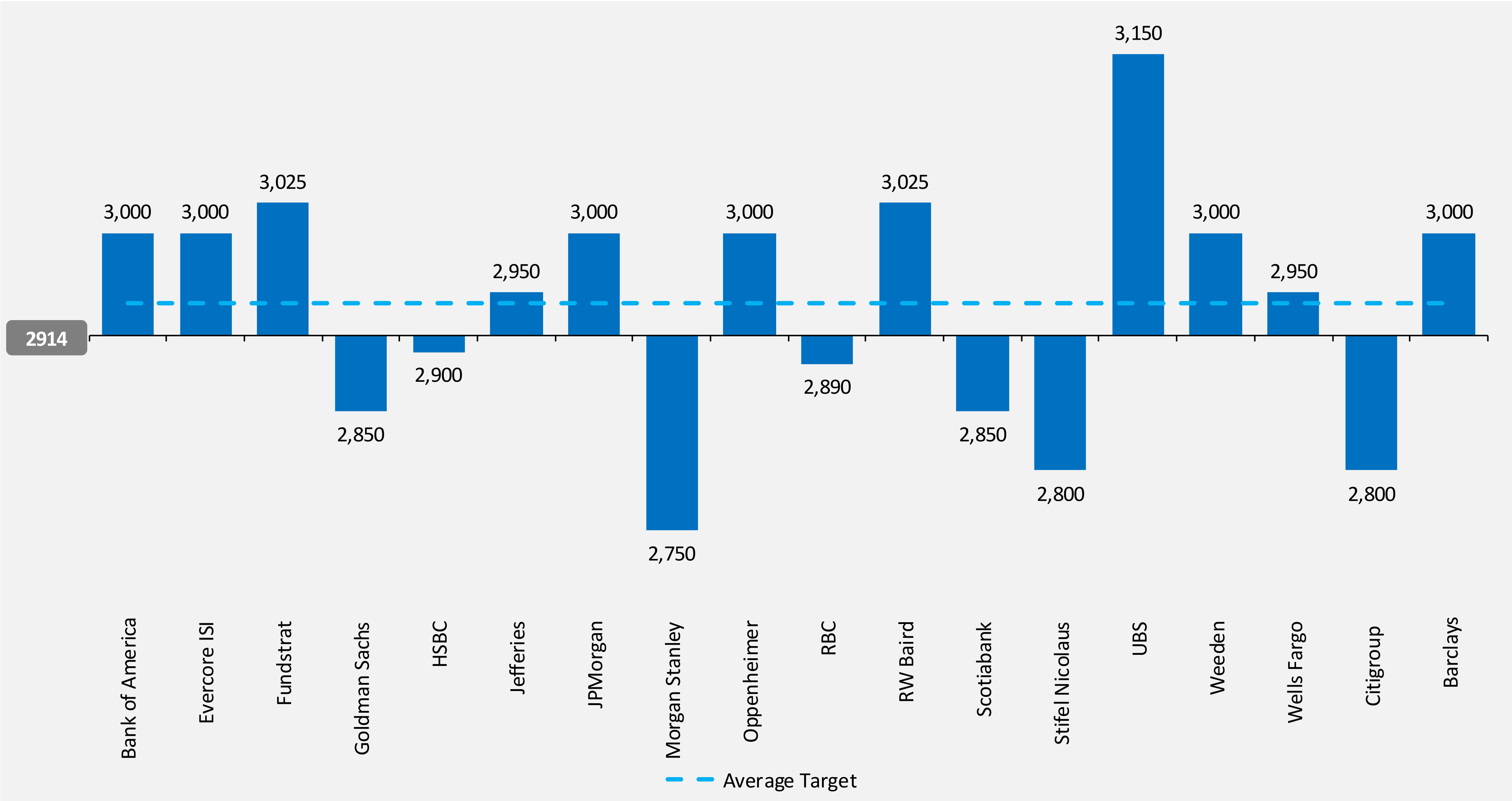
Positive View

- Unmatched earnings momentum
- Solid profit growth and rising economic activity
- Corporate tax cuts and fiscal stimulus
- Positive corporate fundamentals

Negative View

- US President Donald Trump mulling new round of levies against China
- US equities are in the latter stages of a cyclical bull market
- The impact of corporate tax cuts on earnings will soon disappear, and both borrowing costs and wages are headed higher

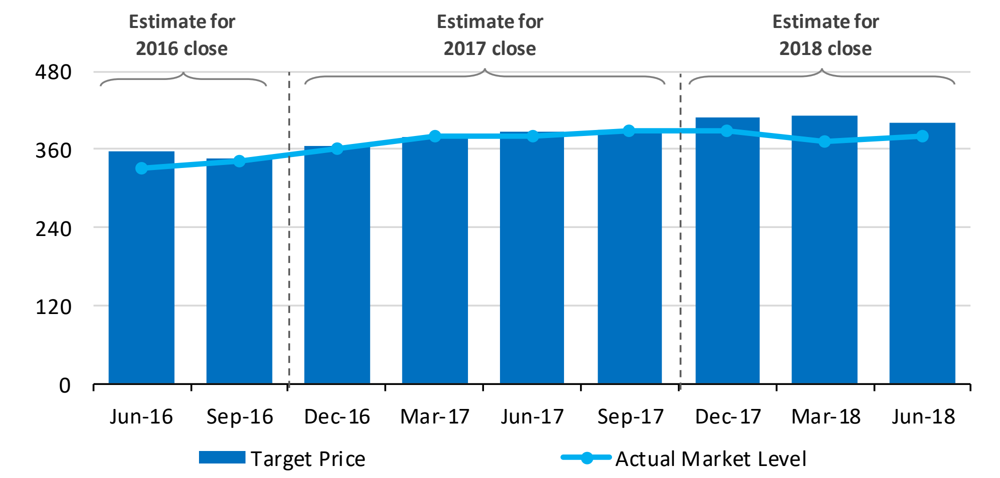
S&P 500 Index Target for Q3 2018 by Major IBs



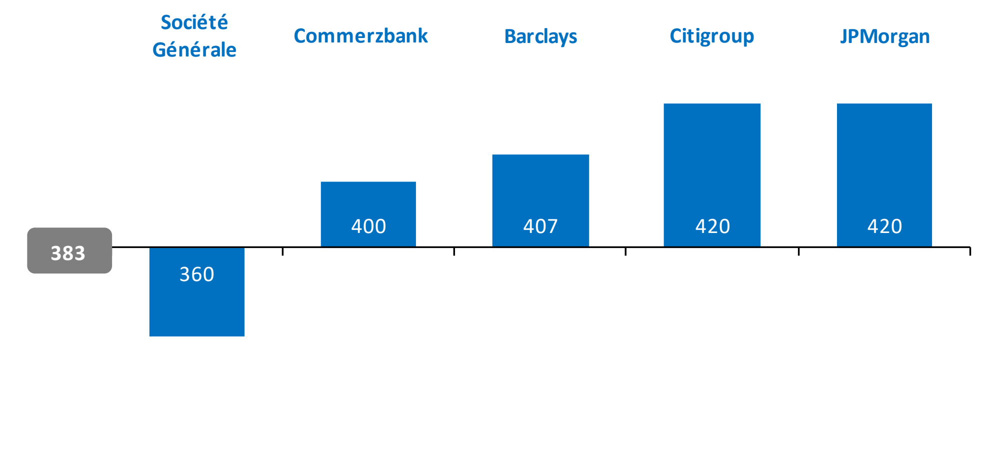
***Target with respect to actual level**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Bank of America	Overweight	• US equities remain the global front-runners, helped by solid profit growth and rising economic activity
JP Morgan	Overweight	• Strong earnings delivery • Market is supprted by fundamentals • Small caps continue to benefit from US domestic strength
Russell Investments	Underweight	• The hurdle for US earnings to surprise on the upside is now very high • The impact of corporate tax cuts on earnings will soon disappear, and both borrowing costs and wages are headed higher • A slowdown in earnings growth will take away one of the main supports for US outperformance relative to other markets
Morgan Stanley	Underweight	• US equities are in the latter stages of a cyclical bull market • While the acceleration of the Trump/Republican progrowth agenda has created a booming economy and earnings outlook, it may also be sowing the seeds for the end of the cycle as the Fed is forced to raise rates and tighten policy in a more deliberate manner
Aberdeen Standard Investments	Overweight	• The US market is supported by healthy macroeconomic conditions • Tax cuts will continue to boost company profits
UBS Group AG	Underweight	• The standout resilience of US stocks is under threat with President Donald Trump mulling a new round of levies against China
BlackRock	Overweight	• Unmatched earnings momentum • Corporate tax cuts • Fiscal stimulus • Financials and technology are the favored sectors
Goldman Sachs	Bearish	• A 25% tariff on Chinese goods could wipe out growth for S&P 500 companies next year • If the US imposed levies on all global imports, earnings could drop 10% as costs go up for Americans • The worst-case scenario could result in the S&P 500 falling to 2,230

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	2018 TP	2019 TP
Eurostoxx 600*	383.18	401.00	-
PE (x)	17.32	14.41	13.47
EPS (€)	22.15	26.62	28.48
Dividend Yield (%)	3.46	3.55	3.82
Price/Book (x)	1.88	1.79	1.7
EV/EBITDA (x)	10.13	9.17	8.76

*Value as on 28 September 2018

Stoxx 600 Index Returns

Q3 2017	Q4 2017	Q1 2018	Q2 2018	QTD
2.1%	0.3%	-4.6%	2.4%	0.8%

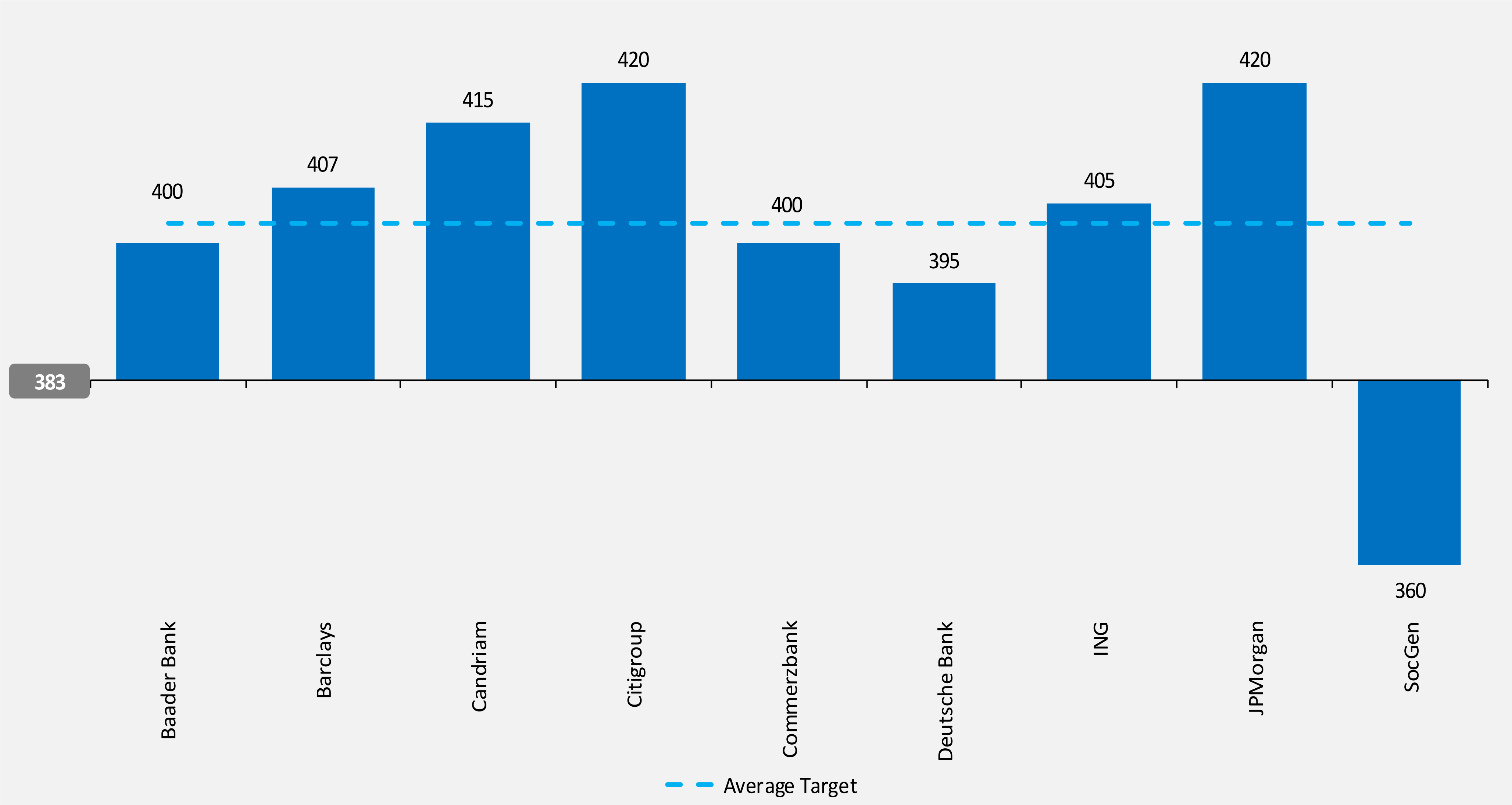
Positive View

- A broad economic expansion and relatively attractive valuations are supportive for corporate profits
- European second quarter results were reassuring
- European equities are expected to fare better into the year-end

Negative View

- Relatively muted earnings growth
- Weak economic momentum
- Rebound in Eurozone growth likely to drive EUR higher, creating a headwind for stocks

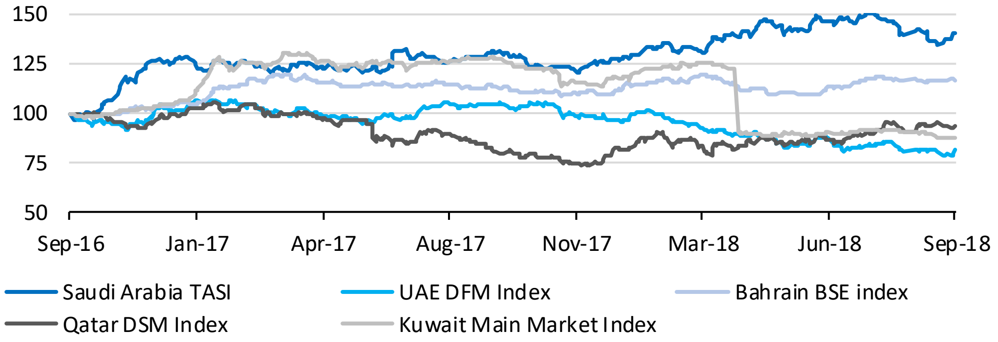
Stoxx 600 Index Target by Major IBs



***Target with respect to actual level**

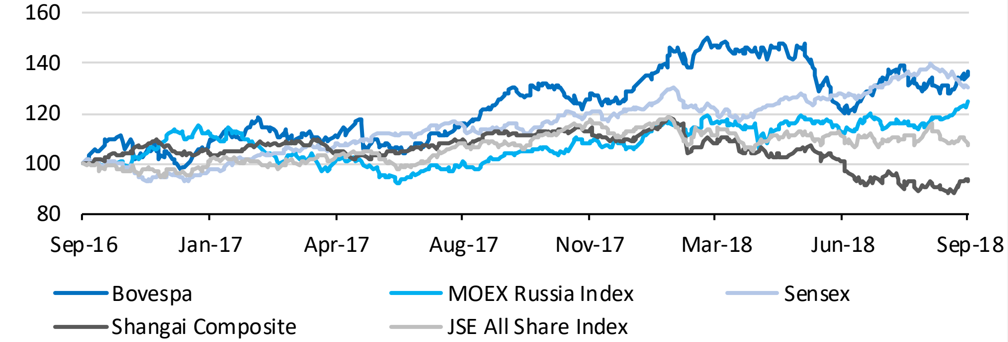
Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Underweight	• Rebound in Eurozone growth likely to drive EUR higher, creating a headwind for stocks
BlackRock	Underweight	• The relatively muted earnings growth • Weak economic momentum • Heightened political risks
Aberdeen Standard Investments	**Neutral**	• A broad economic expansion and relatively attractive valuations are supportive for corporate profits • However the Euro's appreciation and peripheral political risks continues to restrain interest in European stocks
European Securities and Markets Authority	Bearish	• EU financial markets can be expected to become increasingly sensitive to mounting economic and political uncertainty from diverse sources • Weakening economic fundamentals • Transatlantic trade relations • Brexit negotiations
Morgan Stanley Wealth Management	Overweight	• The broker maintains a positive bias for European equity markets • The populist movements around the world are now spreading to Italy, which may spur further fiscal support from Germany and France

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	2018 TP	2019 TP
MSCI GCC Countries Index *	538.06	-	-
PE (x)	12.67	11.47	10.84
EPS ($)	82.73	91.37	96.7
Dividend Yield (%)	2.74	2.93	3.2
Price/Book (x)	1.59	1.57	1.43

*Value as on 27 September 2018

MSCI EM Index Key Parameters

	Actual	2018 TP	2019 TP
MSCI Emerging Markets Index *	1047.91	-	-
PE (x)	13.81	13.23	12.1
EPS ($)	39.28	41	44.86
Dividend Yield (%)	4.03	4.21	4.27
Price/Book (x)	1.77	1.75	1.64
EV/EBITDA (x)	0	0	0

*Value as on 28 September 2018

MSCI GCC Index Returns

Q3 2017	Q4 2017	Q1 2018	Q2 2018	QTD
-0.7%	-0.7%	7.2%	4.2%	0.5%

MSCI EM Index Returns

Q3 2017	Q4 2017	Q1 2018	Q2 2018	QTD
7.0%	7.1%	1.1%	-8.7%	-2.0%

Positive View

- The equity market in Saudi Arabia will gain momentum in the fourth quarter
- The market displays enormous potential in terms of gains

Negative View

- Rising trade tensions could limit upside potential

Positive View

- Moderate growth and lower valuations should benefit emerging market equities
- Strong economic growth

Negative View

- EM markets are likely to face further headwinds from trade tensions
- Rising US interest rates

Asset Class	
Emerging Market Equities (MSCI EM Index)	
Analyst expectations	
Average	1277.81
Bloomberg Consensus Target Price For MSCI EM Index	1277.81
As on 28 September 2018	1047.91
% Change from Current levels compared to avg	21.94%

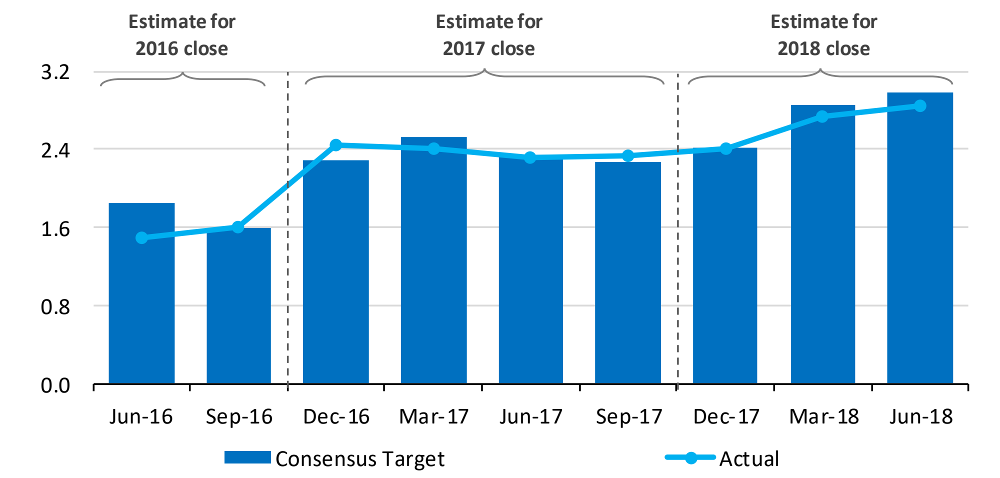
Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Underweight	• EM markets are likely to face further headwinds from trade tensions
Canada Pension Plan Investment Board	**Overweight**	• Emerging markets could actually benefit from the global trade tensions • International trade pressures could eventually force the EM economy governments to implement structural changes and long-term reforms. That would be highly beneficial for long-term investors
SEB Bank	Underweight	• The broker expects EM equities to be relatively stable and perhaps even to recover slightly in the coming few weeks, • However, the poor underlying macro picture, and falling commodity prices, in combination with coming US Fed hikes, imply that EM assets will remain under pressure over the next six to 12 months

Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan Chase China, CEO - Mark Leung	Overweight	• The recent selloff in emerging markets has been overblown • Investors should consider China, in particular, as the country is opening its financial sector • Key developments include setting up a Shanghai-London stock exchange trading link, and a new settlement system for the bond investment scheme connecting the mainland to Hong Kong • The broker hopes to see more supportive measures from the government from a fiscal standpoint
UBS Greater China investment banking arm, Chairman - Catherine Cai	Overweight	• The impact on the Chinese economy from the trade tariffs will be small • The Chinese government is now "prepared" to manage a trade war scenario • The Chinese government has taken a lot of proactive policy to further beef up China's domestic consumption, such as loosening up monetary policy, and the central bank maybe going to ease more credit
Morgan Stanley	Overweight	• EM's are expected to find support not far from current levels and will have a strong finish to the year
Northern Trust Capital	Overweight	• Moderate growth and lower valuations should benefit emerging market equities, • EM's are expected to return 8.3% per annum
Franklin Templeton Investments	Overweight	• The broker holds a constructive view on emerging markets • The contagion impact upon the broader EM asset class should be limited, given most countries have more robust institutions, orthodox economic policy, stronger finances, lower inflation and lower near-term financing requirements
Charles Schwab Corporation	Underweight	• The near-term outlook is poor for EM equities amid rising US interest rates and elevated global trade tensions that support the US Dollar
Aberdeen Standard Investments	Overweight	• EM equities are supported by global growth improvements, especially for key sectors such as Asian technology • A tightening bias in China may prove to be a headwind for some sectors
Morgan Stanley	Overweight	• Market needs to consolidate strong gains • Broker expects EM equities to have a strong finish to the year

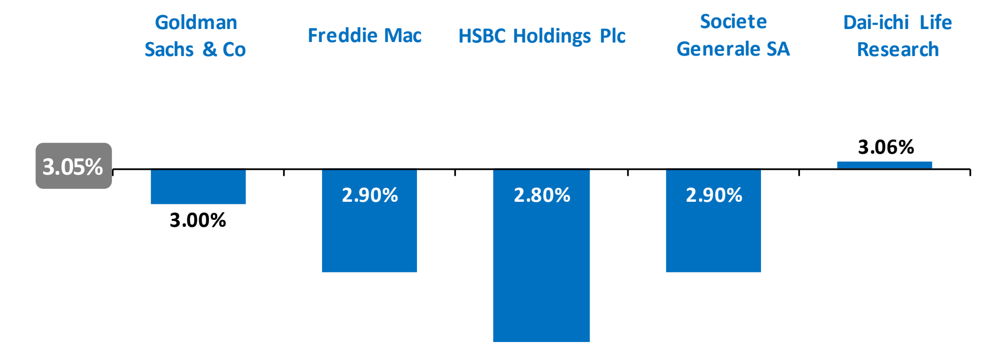
Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	571.07
Bloomberg Consensus Target Price For MSCI GCC Index	571.07
As on 27 September 2018	538.06
% Change from Current levels compared to avg	6.13%

Market Experts/ Brokers/ Analyst		Views (Last one month)
Arqaam Capital	**Overweight**	• Kuwait will join the emerging market index in two 50% phases, on Sept. 24 and Dec. 24 • Kuwaiti stocks in the index can expect inflows of passive funds • The inflows in the two phases combined will approximately be $1 billion
Institute of International Finance	**Overweight**	• Capital flows into GCC countries will remain largely resilient to recent capital flight from emerging markets • The current account surpluses of the GCC countries are improving on the back of higher oil prices
SICO	**Overweight**	• The equity market in Saudi Arabia will gain momentum in the fourth quarter
Menacorp	**Overweight**	• The United Arab Emirates should see a more generous allocation as selling comes to an end, with the anticipated reversal led by numerous government-led economic stimuli • The market displays enormous potential in terms of gains to be made as the currently low prices serve as an attractive entry point

Consensus Target for US 10 Year

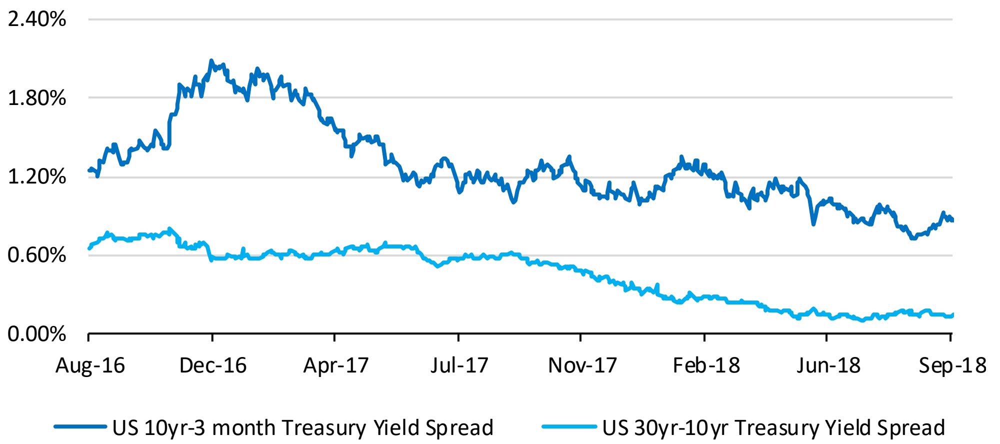


US 10 Year Target by Major IBs



*Target with respect to actual level

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



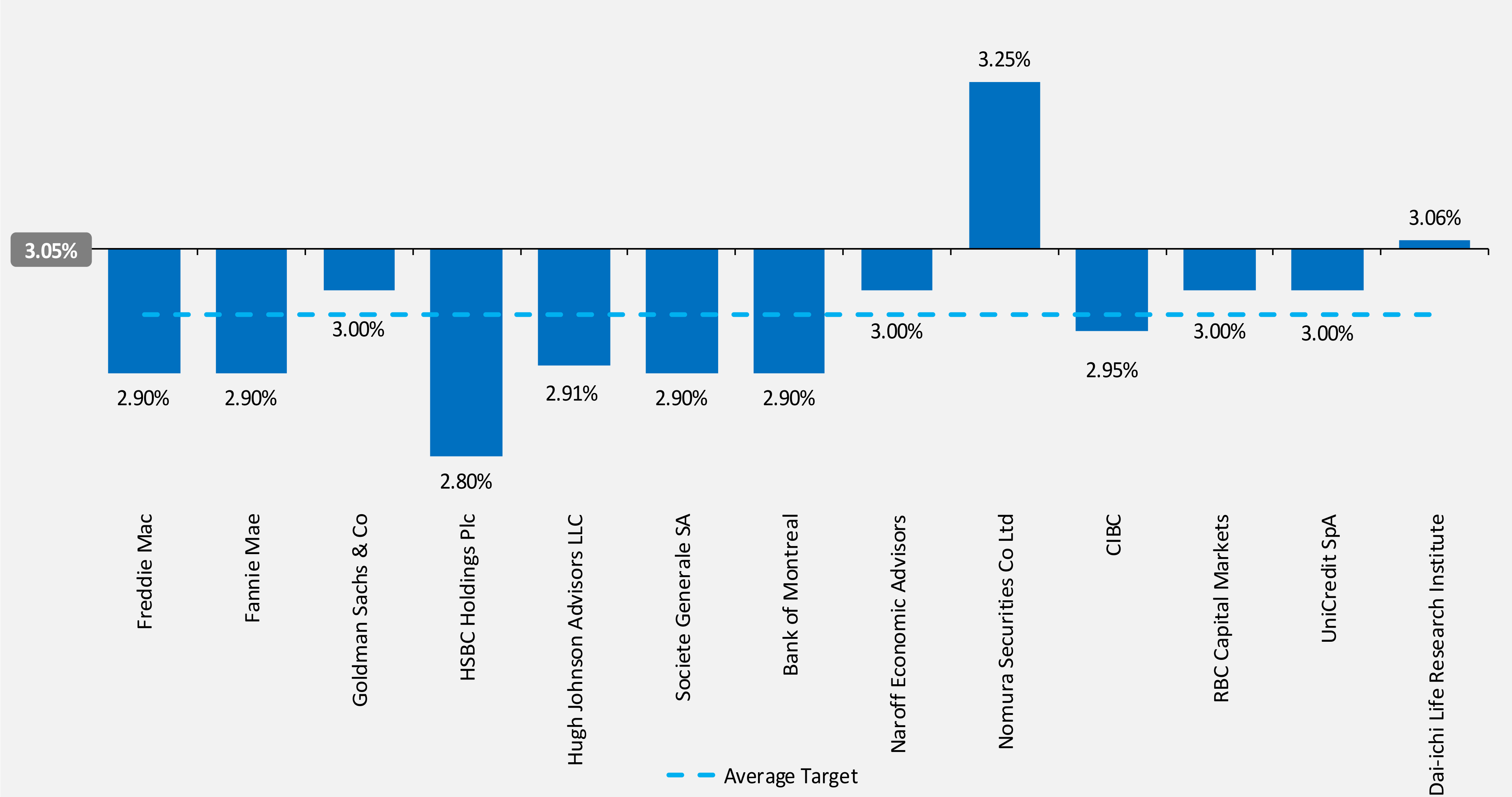
Positive View

- A modest repricing of the US term premium is expected in the long end
- A pleasant effect on the yield level from the more expansive US fiscal policy is likely

Negative View

- Still expensive against a backdrop of a negative term premium
- Rates are likely to rise moderately amid economic expansion and Fed normalization

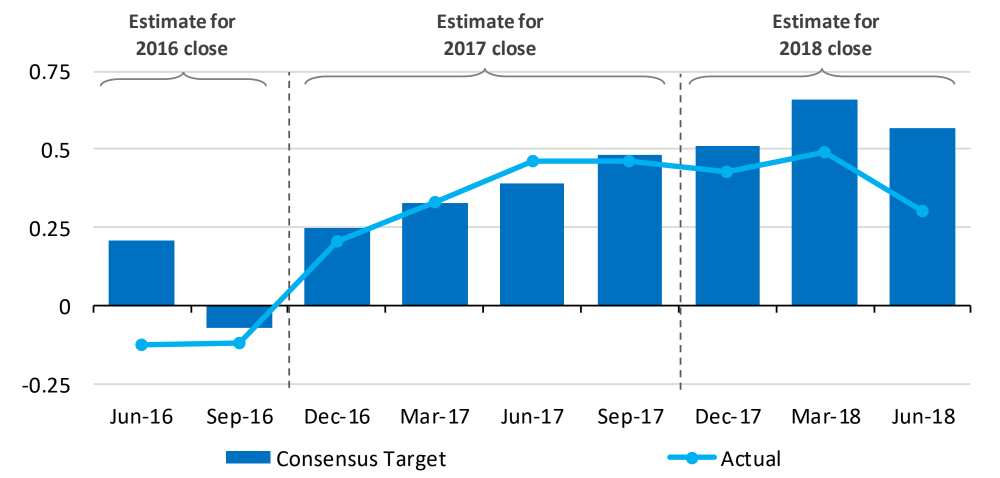
US Treasuries 10 Year Target Yield for Q3 2018 by Major IBs



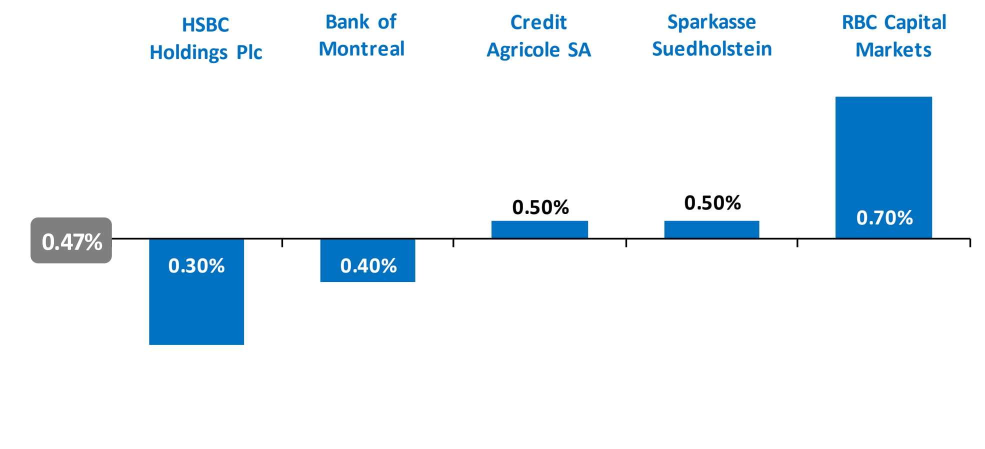
*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Positive	• Positive real yields along most of the curve • Rates may rise a little
BlackRock	Underweight	• The broker sees rates rising moderately amid economic expansion and Fed normalisation • The broker favors shorter-duration and inflation-linked debt as buffers against rising rates and inflation • It is better to prefer 15-year mortgages over their 30-year counterparts and versus short-term corporates
Danske Bank	Overweight	• The broker continues to hold the view that 10Y treasury yields will move above the 3% level in 2019 • The labour market remains tight and the funding need continues to rise due to the expansive US fiscal policy
Aberdeen Standard Investments	Overweight	• The broker believes that most of the tightening is already in the price of longer dated bonds and they offer attractive diversification against downside risks
UBS	Overweight	• The broker is overweight 10-year US Treasury bonds versus USD cash, as they think this part of the curve has largely priced in the rate-hiking cycle and the carry is attractive
SEB Group	Overweight	• The broker's forecast for US 10-year Treasury notes is that yields will exceed 3% around the turn of the year and then rise slowly to around 3.45% late in 2020 • Continued Fed rate hikes combined with tax cuts will lead to larger budget deficits and help boost bond issuance volumes, which suggests higher yields

Consensus Target for German 10 Year

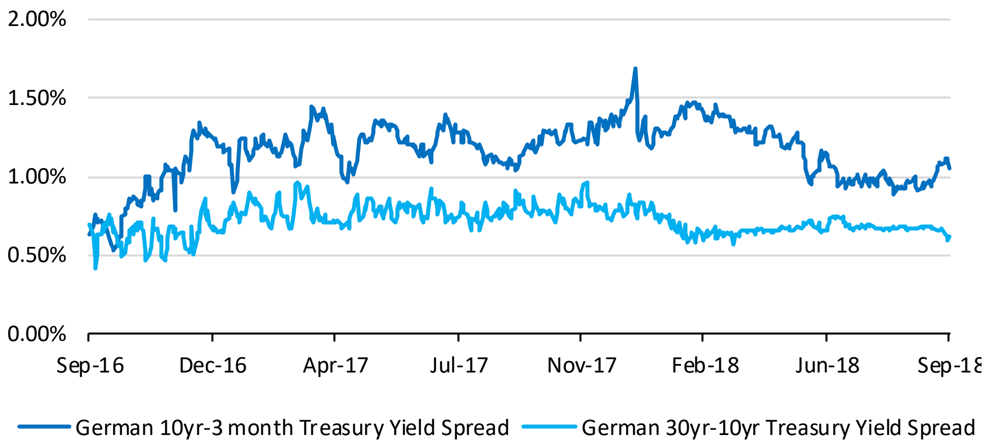


German 10 Year Target by Major IBs



*Target with respect to actual level

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



Positive View

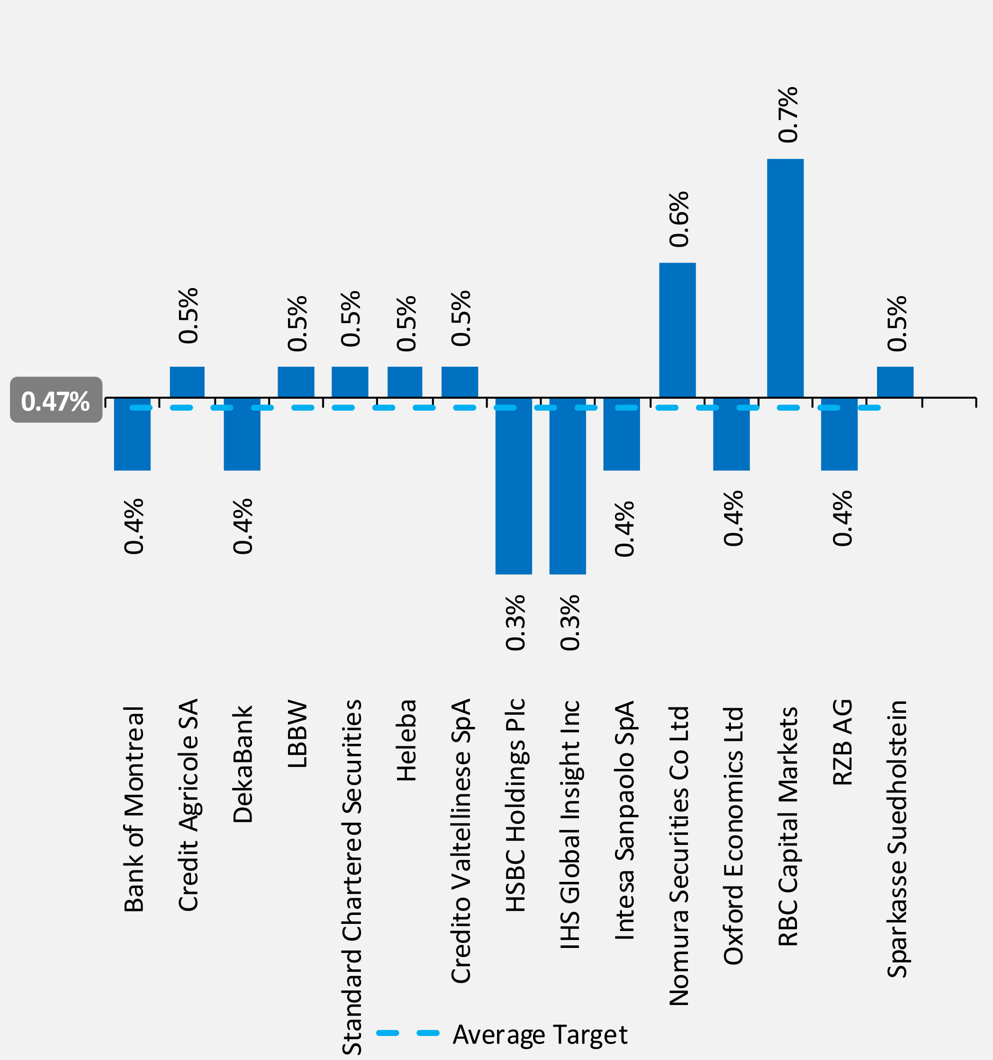
- Euro corporate bonds likely to be less sensitive to interest rate movements
- The spillover from the Turkish crisis is seen to be limited
- The Eurozone economy is steadily expanding

Negative View

- Tight valuations, political risks in Italy
- End to the ECB's net asset purchases
- The outlook for core inflation is still modest for the Eurozone

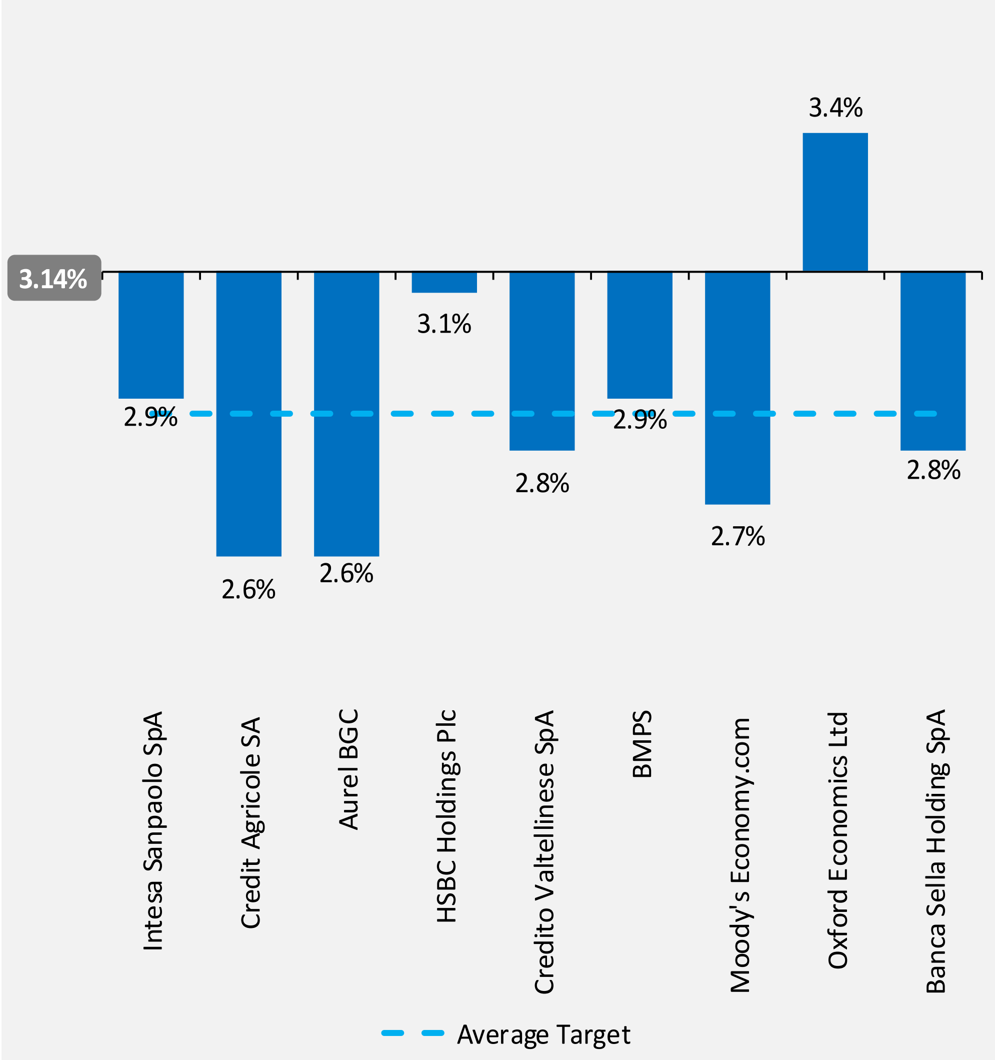
Global MacroView Summary

German 10 Year Target Yield for Q3 2018 by Major IBs



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

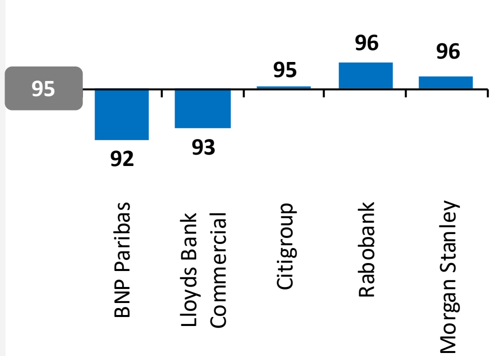
Italy 10 Year Target Yield for Q3 2018 by Major IBs



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

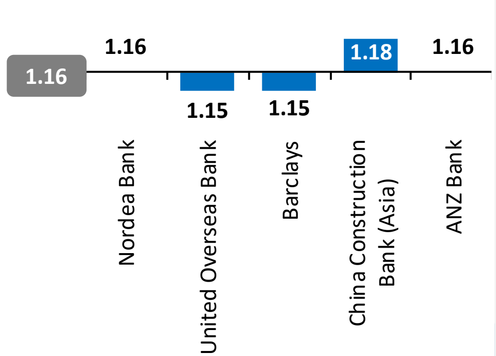
Market Experts/ Brokers/ Analyst		Views (Last one month)
Danske Bank	Underweight	• The outlook for core inflation is still modest for the Eurozone • There is still little risk of a rate hike before December 2019, when the ECB is expected to hike rate by 20bp • The broker expects 10Y German yields to range-trade in a narrow 0.3-0.5% range for the rest of 2018
Morgan Stanley	Overweight	• The broker recommends to tactically buying Italian bonds and stocks ahead of the country's budget announcement • The broker reckons that Italy will aim for a deficit well below the EU threshold of 3% of GDP
SEB Group	Overweight	• The broker forecast is that German 10-year government bond yields will climb to 0.50% at the end of 2018 and 1.10% at the end of 2019
BlackRock	Underweight	• ECB's negative interest rate policy has made yields unattractive • The broker remains cautious on peripherals given tight valuations, political risks in Italy and the upcoming end to the ECB's net asset purchases
Capital Economics	Overweight	• Bond yields are expected to rise over the coming years

US Dollar Index



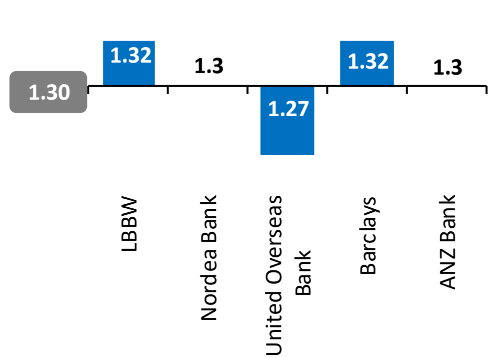
*Target with respect to actual level

EURUSD



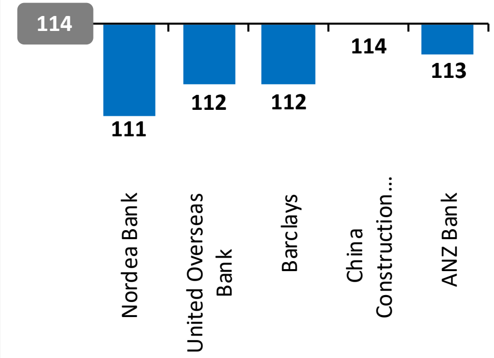
*Target with respect to actual level

GBPUSD



*Target with respect to actual level

USDJPY



*Target with respect to actual level

US Dollar Index

Positive View

- Relative rate expectations should generally move in the Dollar's favour
- Rising global uncertainty provide support

Negative View

- An elevated valuation may constrain further gains
- A moderation in global growth in 2018 suggests no high conviction position

EURUSD

Positive View

- A strong current account surplus will support a return to 1.30
- Euro fundamentals remain in place for a rebound

Negative View

- No material evidence of a meaningful reversal in relative data momentum
- Long-term factors are supportive, but technical factors are a headwind for the Euro

GBPUSD

Positive View

- Pound Sterling is likely to recover over coming weeks as the prospect of a 'no deal' Brexit fades
- Macro data in the UK has stabilised recently

Negative View

- Deterioration in trade flows after Brexit could significantly impact business confidence in the UK
- Political uncertainty remains a major risk to the currency

USDJPY

Positive View

- Italian budget, Brexit and Trade Wars could support safe-haven
- Japan's current account surplus continues to improve

Negative View

- There are deep-rooted fears about trade frictions and emerging fears about a currency war

US

GDP Annualised	4.20% (Q2 2018)
Inflation (YoY)	2.7% (August)
Trade Balance	-$50.10 bn (July)

Eurozone

GDP Annualised	2.10% (Q2 2018)
Inflation (YoY)	2.0% (August)
Trade Balance	€12.80 bn (July)

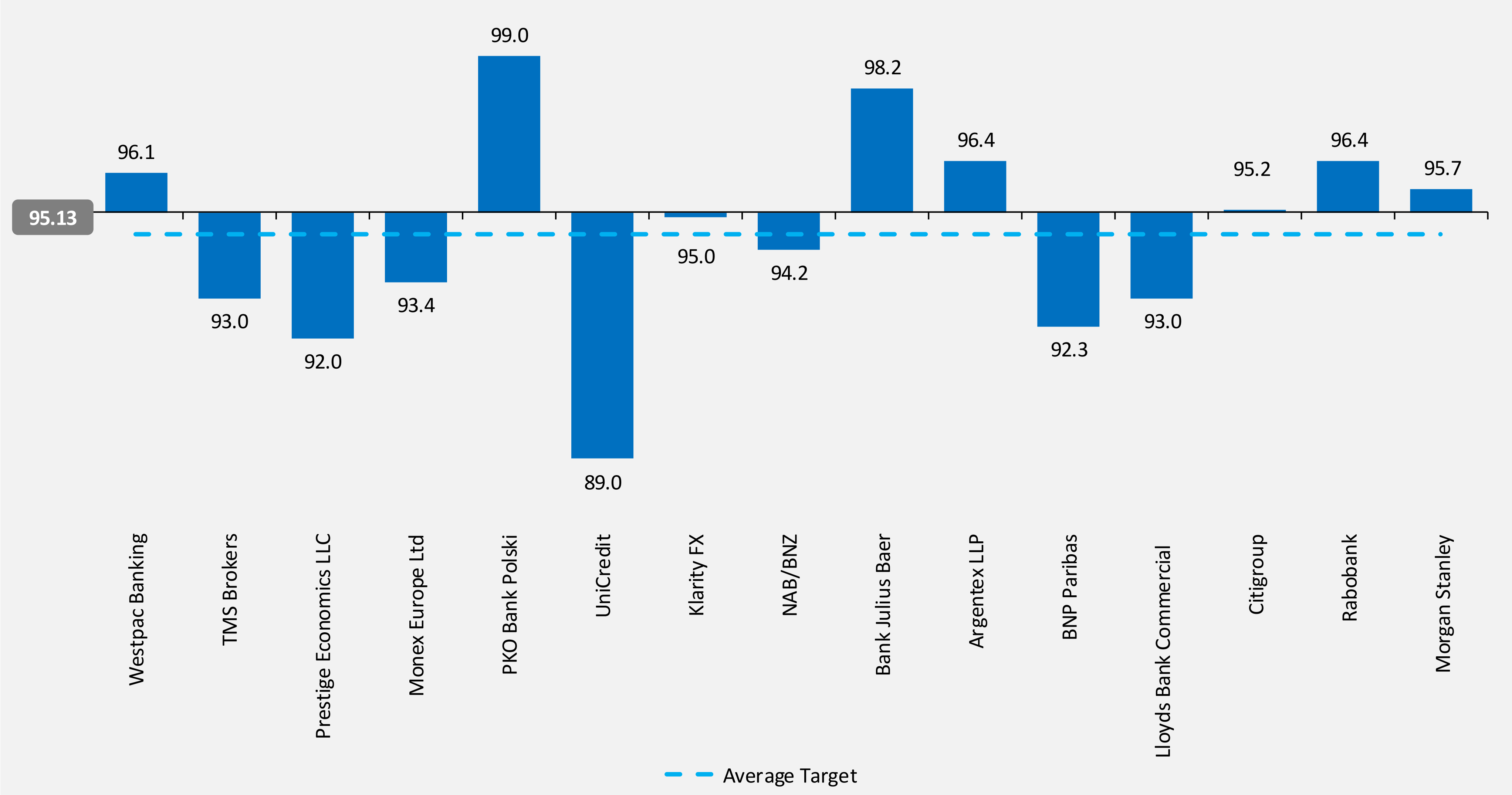
UK

GDP Annualised	1.2% (Q2 2018)
Inflation (YoY)	2.5% (July)
Trade Balance	-£0.11 bn (July)

Japan

GDP Annualised	3.00% (Q2 2018)
Inflation (YoY)	0.90% (July)
Trade Balance	-¥231.2 bn (July)

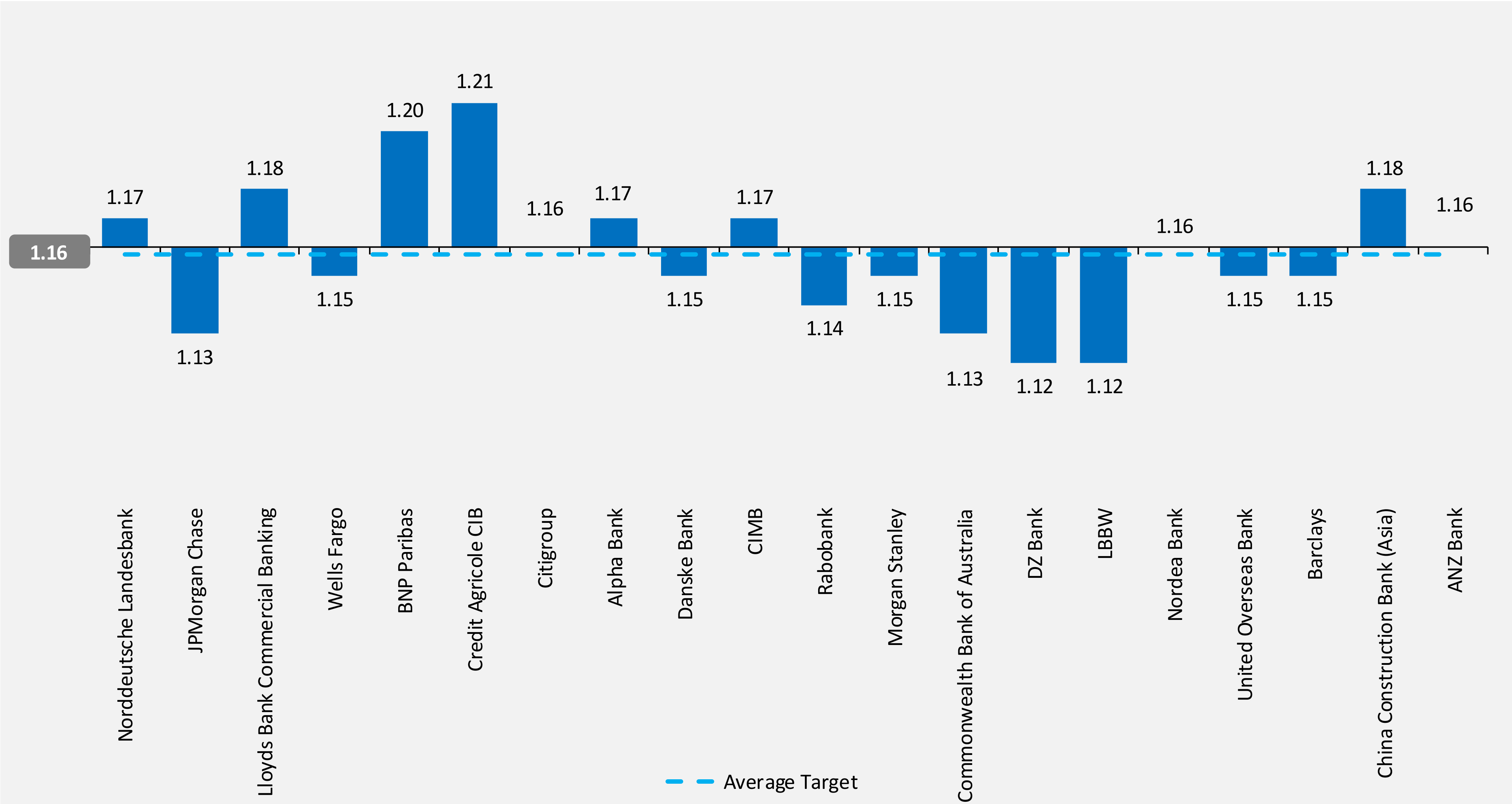
US Dollar Index Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Wells Fargo	Underweight	• The broker expects the Dollar's strength to wane in 2019 • The Dollar strength, based on macroeconomic and monetary-policy divergence, has almost run its course, and the broker does not fully share the "king dollar" view • The Dollar weakness seen in late 2017 and early 2018 will resume—and will be more apparent in 2019
BlackRock	Neutral	• The broker is neutral on the US Dollar • Rising global uncertainty and a widening US yield differential with other economies provide support • However, an elevated valuation may constrain further gains
BNP Paribas Asset Management	Bearish	• The broad greenback could plunge 10% in the next six to nine months
Invesco	Bearish	• The Dollar will sink about 3% against the Euro by year-end • As global growth improves and market participants start to speculate about policy changes from the ECB and BoJ, the Dollar's support from Fed hikes and trade tensions will wear off
HSBC	Bullish	• The Dollar will strengthen further in the coming year and is a "buy" under most scenarios • A superior US economic performance has enabled the Fed to go on raising interest rate • Robust US GDP growth, higher ISM readings and the ongoing push higher in wage growth is further reason for the Fed to stick to its path • The Dollar will remain on the front foot through the rest of 2018 and at least until the end of 2019
CIBC	Underweight	• Dollar dominance days are numbered • 2019 will see a slower pace for Fed hikes, and some initial monetary tightening by overseas central banks
Aberdeen Standard Investments	Underweight	• Most of the Federal Reserve's interest rate increases have been priced into the market • A moderation in global growth in 2018 suggests no high conviction position
DoubleLine Capital	Underweight	• The Dollar will probably end lower at year-end than it is right now

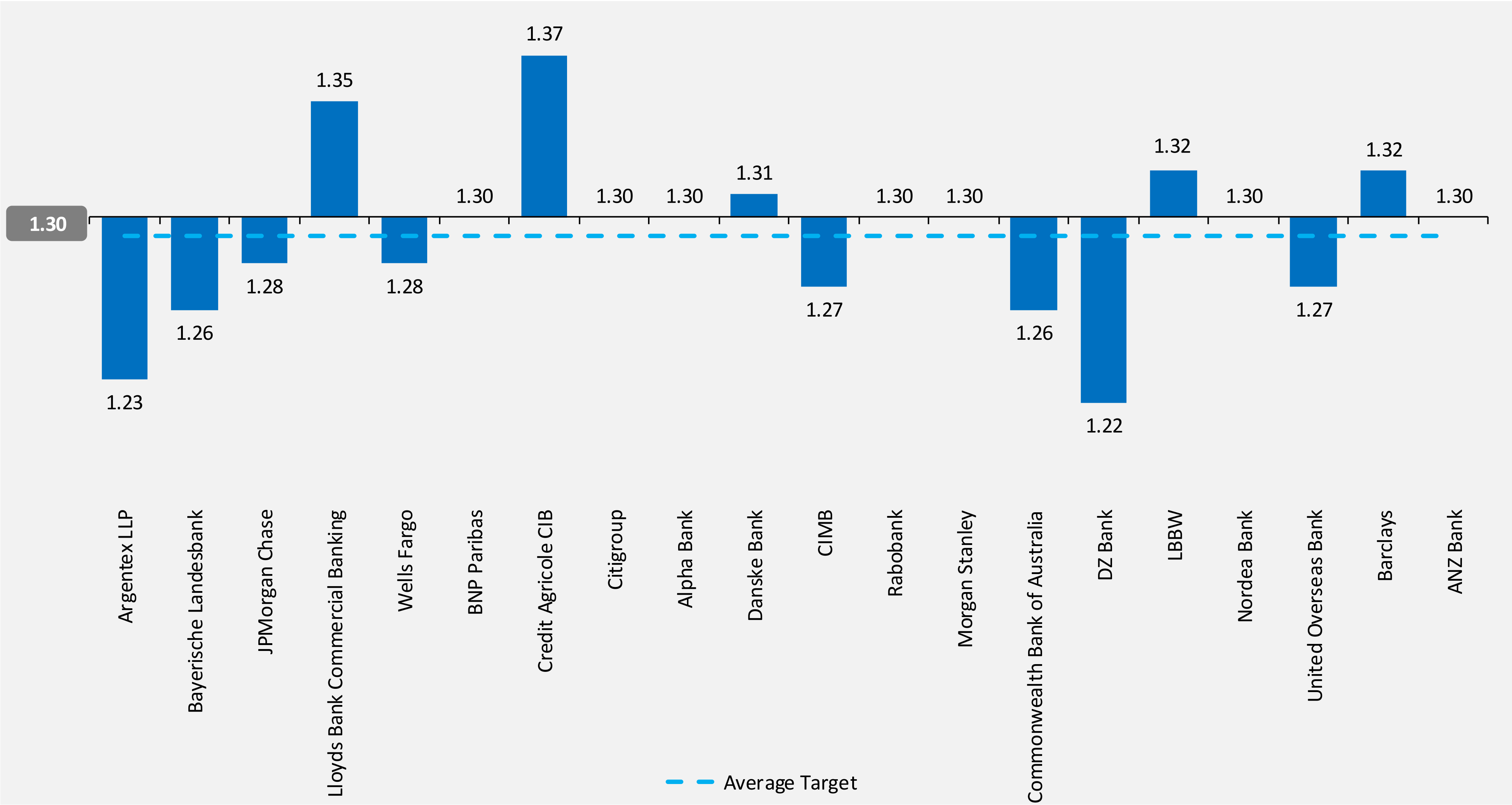
EURUSD Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Overweight	• There is scope for a rise in EUR/USD as the ECB turns more hawkish and growth in Eurozone remains strong
Citibank	Underweight	• Although EUR rebounded 400 bps from lowes, EUR may still face downside risk for the coming weeks as US data momentum still looks relatively buoyant compared with Europe and the Fed is still hawkish than the ECB
HSBC	Underweight	• The EUR/USD rate is expected to decline to 1.13 by December before dropping to 1.10 in 2019
CIBC	Overweight	• A strong current account surplus will support a return to 1.30 by 2020 as ECB starts hiking and Fed slows its current hiking cycle
Aberdeen Standard Investments	Underweight	• Long-term factors are supportive, but technical factors are a headwind for the Euro
ING Group	Underweight	• The Euro-to-Dollar rate is forecast to close the year at 1.17, down from 1.1935 at the beginning of January 2018
SEB Group	Overweight	• The EUR/USD rate might move somewhat lower in the short term but will rebound and reach 1.15 at the end of 2018 • The EUR/USD rate will reach 1.28 by the end of 2020
Citibank	Underweight	• There has been no material evidence of a meaningful reversal in relative data momentum • In the short term, EUR/USD may be constrained to a range of 1.05-1.15

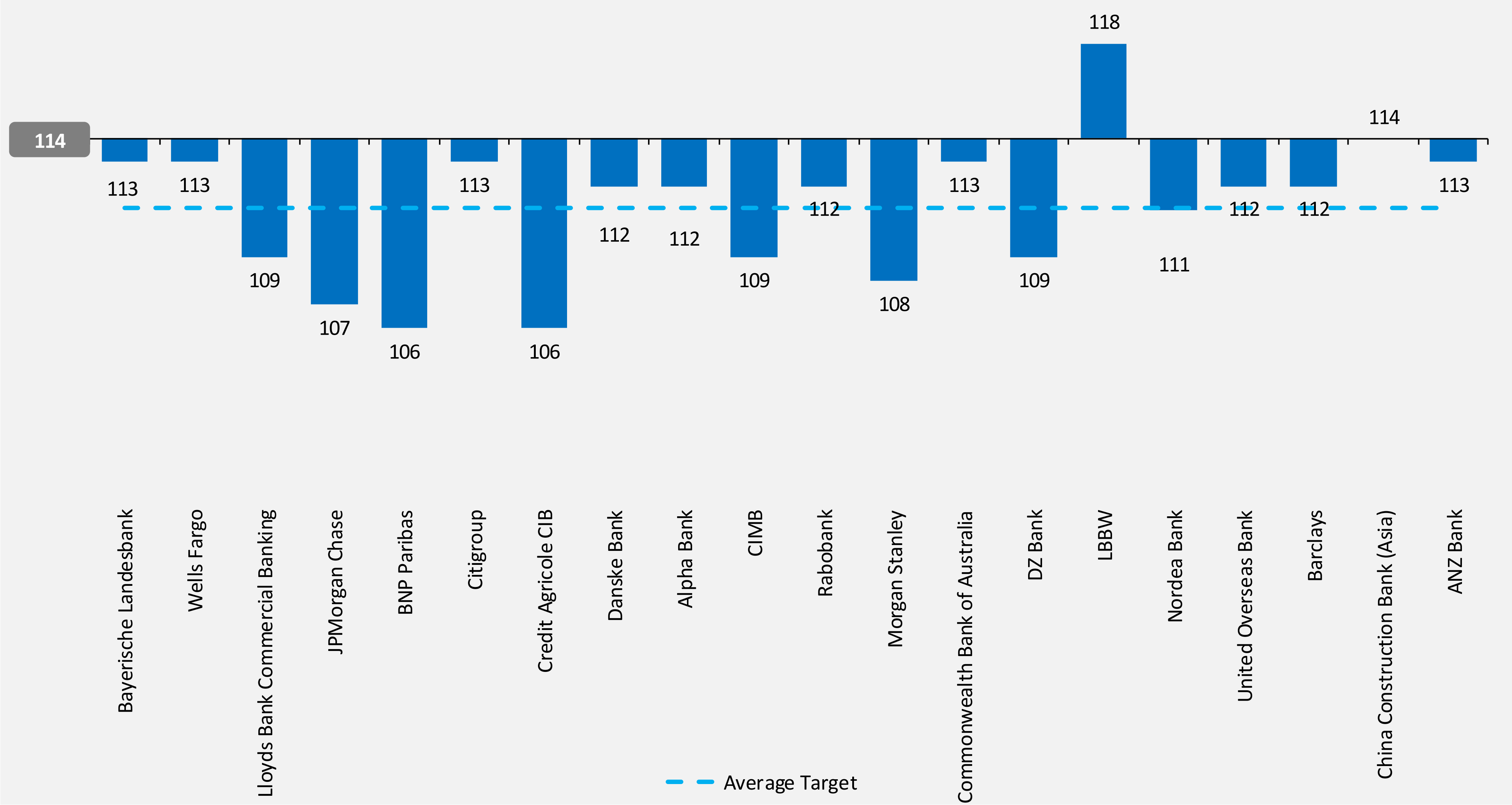
GBPUSD Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Neutral	• GBP/USD is highly sensitive to Brexit outcomes • Will be above 1.20 on a no deal • Will reach upper 1.30s on a deal
Goldman Sachs	Overweight	• Near-term, the Pound is expected to continue reflecting swings in Brexit sentiment with gains seen on growing expectations for a deal, and losses to reflect deteriorating sentiment for such an outcome • However, longer-term expectations for a recovery in the value of Sterling remain intact as the likelihood of a deal being secured by the EU and UK are high • In the event of a deal, the GBP would be around 5% stronger vs. EUR and USD • On a 12 month horizon, the Pound-to-Dollar exchange rate is forecast to be at 1.39
HSBC	Underweight	• The GBP/USD rate will decline to 1.30 before year-end and remain close to that level through 2019
CIBC	Underweight	• GBP bulls will have to wait till 2019 when the BoE hikes rates again and Brexit uncertainty dissipates to see Sterling break out of the low 1.30s
Aberdeen Standard Investments	Neutral	• Brexit concerns remain a cause of short term volatility • Valuations are broadly neutral for the Sterling
ING Group	Underweight	• The Pound-to-Dollar rate will finish 2018 at 1.33, down from 1.34 at the beginning of the year
SEB Group	Overweight	• The broker expects a positive outlook for the Pound in the long term on the likelihood of a Brexit agreement being reached

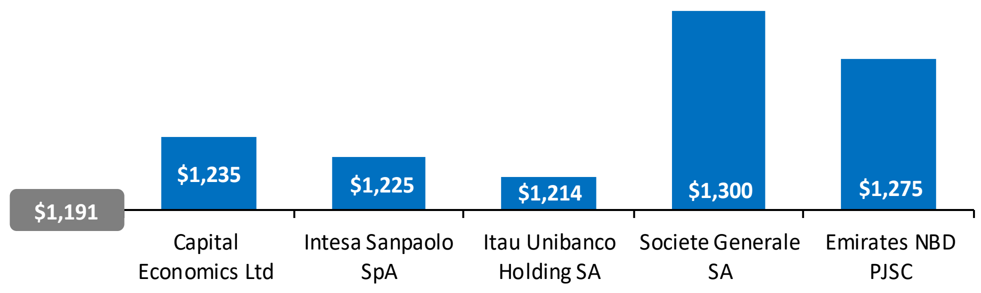
USDJPY Target for Q4 2018 by Major IBs



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

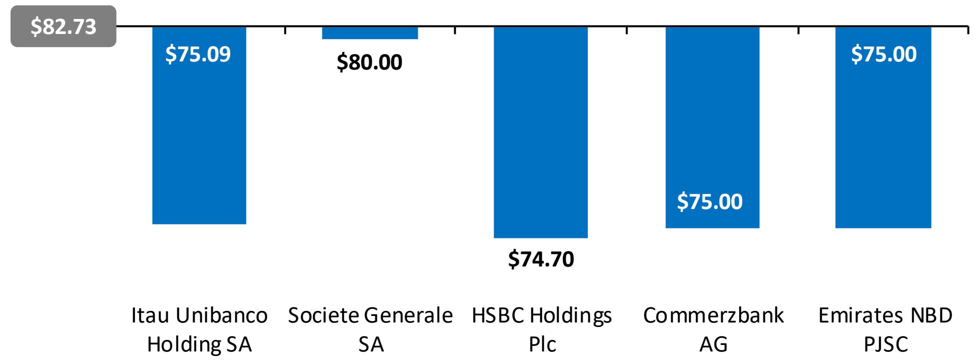
Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	Overweight	• The broker maintains the moderate strengthening path for USD/JPY to 112 and 114 as policy divergence and unhedged purchases of US Treasuries, event risks around the Italian budget, Brexit and Trade Wars could support safe-haven • JPY. 0 - 3m forecast: 112; 6 - 12m forecast: 114
Aberdeen Standard Investments	Overweight	• Yen will act as a diversifier against risk of a global activity decline, due to safe haven characteristics
CIBC	Overweight	• All signs point to a revival of Yen strength, with a sizeable current account surplus being a key ingredient, along with improving domestic fundamentals
SEB Group	Underweight	• The USD/JPY pair will trade in the 105-110 range this year and in 2019 • It will move towards 100 in the long term, as the Bank of Japan prepares to launch a less expansionary monetary policy
Citibank	Underweight	• The broker does not expect a hike in policy rates until 2020 • EM risk aversion may remain the main headwind for JPY bears near term

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

- Short investor positioning and recent pick-up in physical demand
- Gold prices could surge over the next year, due to widening US budget deficit and the prospect of the Trump tariff war hurting the US economy
- The US Dollar pressure might subside in the future
- Two factors that could end up underpinning gold are political risks and rising inflation

Gold – Negative View

- The current environment remains unattractive for precious metals
- Synchronized global growth
- Expectations of higher US interest rates have translated to further pain for the zero-yielding metal

Brent – Positive View

- Crude oil prices will continue to be volatile but the direction is likely to be tilted slightly upwards as OPEC will continue to manage prices
- US sanctions on Iranian crude oil exports will result in much tighter physical market conditions once they take effect in November
- The lack of spare oil capacity could push Brent crude to $100/b

Brent – Negative View

- Supply shifts, alongside the ongoing surge in Saudi production, create the risk that the oil market moves into surplus in third-quarter 2018
- Geopolitical issues, weaker uptake from China, and supply side issues at OPEC countries, could be the upside risks

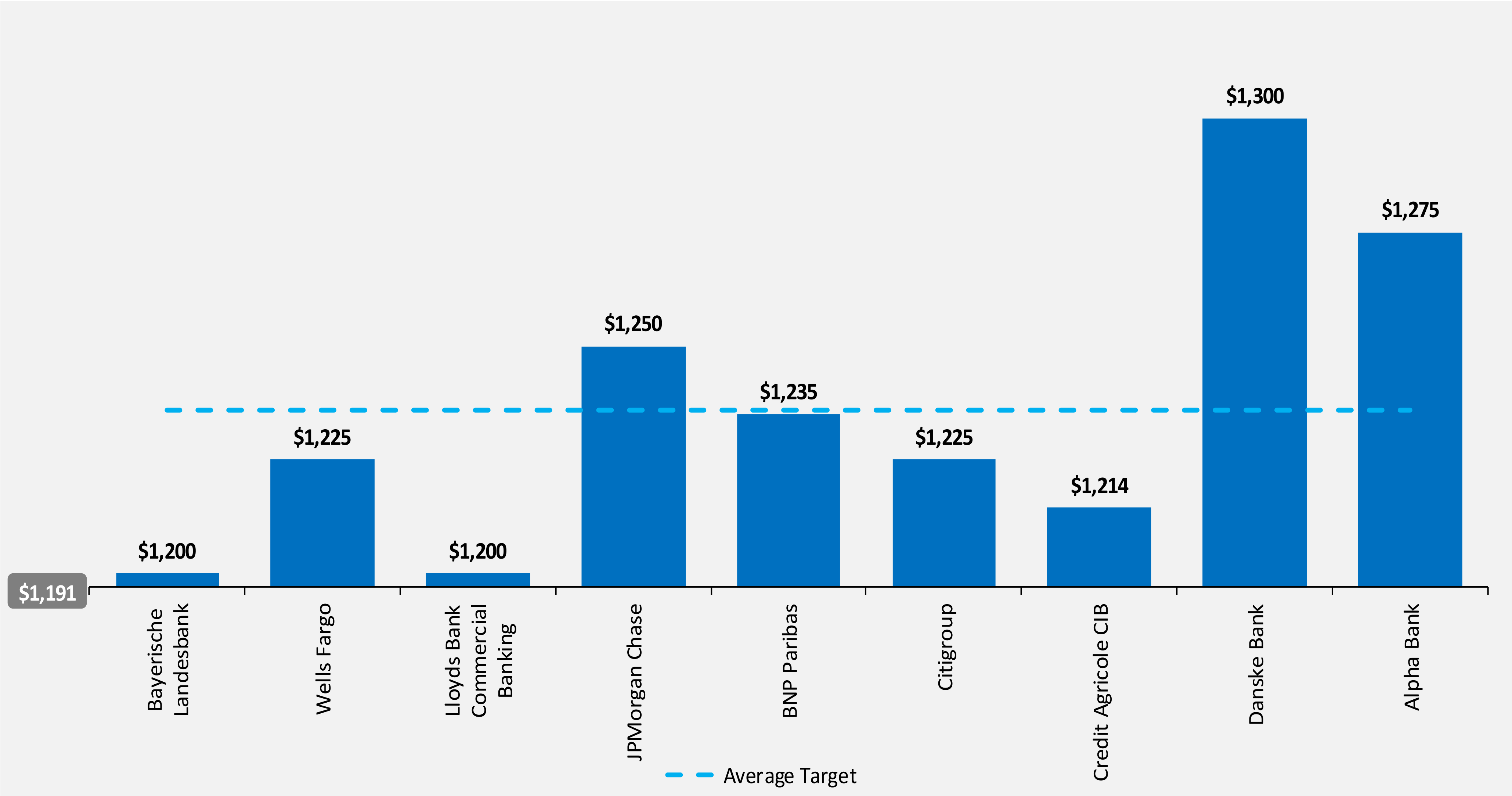
Gold

	Q2 2017	Q2 2018
Demand	1007.6t	964.3t
Supply	811.4t	835.5t

Brent

	May 2018	June 2018
US Production (thousand barrels per day)	10,442	10,674
US Supply (thousand barrels per day)	20,357	20,705

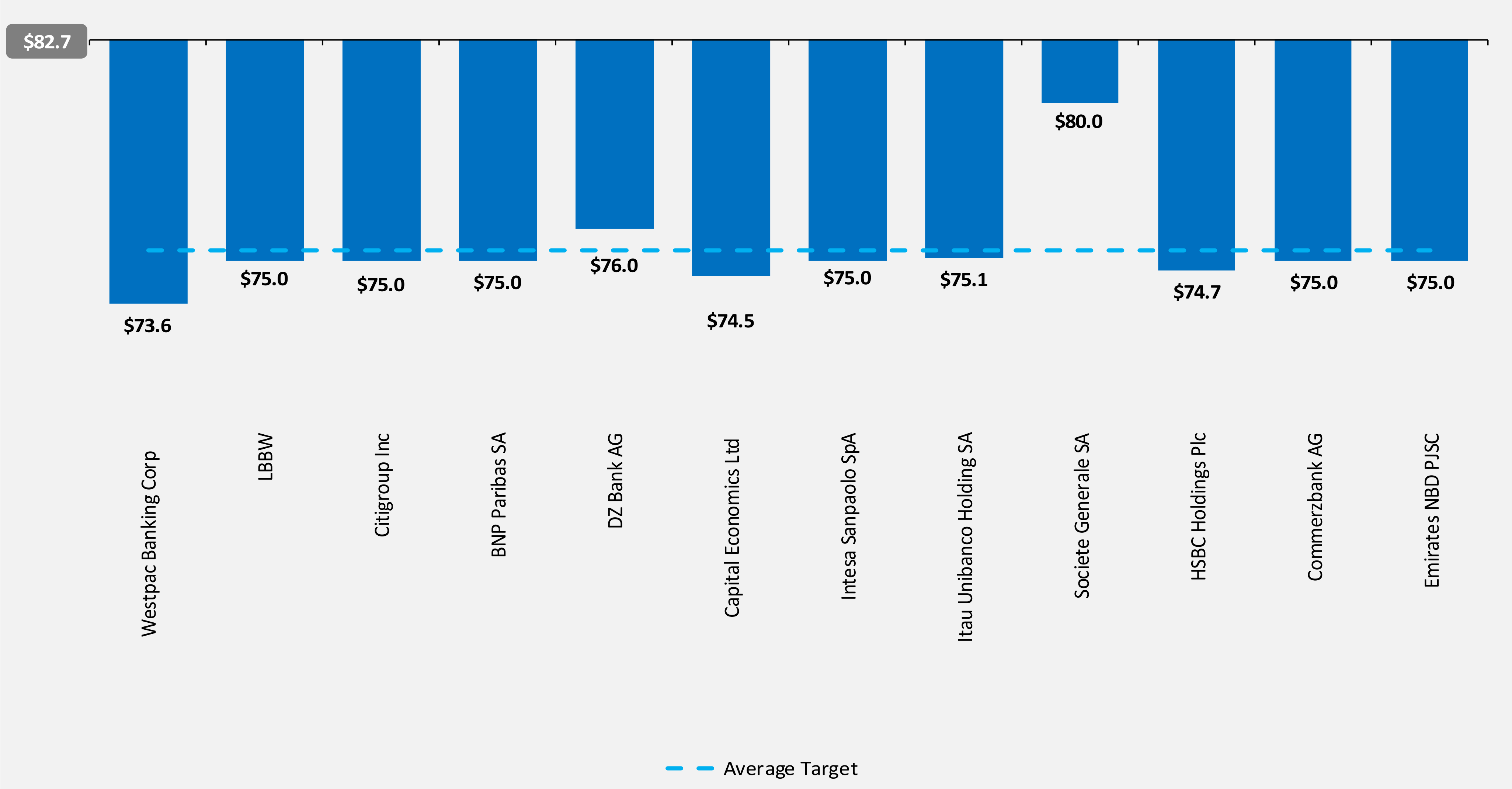
Gold Target for Q3 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Bank of America	Bullish	• Gold prices could surge over the next year, due to widening US budget deficit and the prospect of the Trump tariff war hurting the US economy • Bullion could average $1,350 an ounce in 2019
Goldman Sachs	Underweight	• The broker stated that it is moderating its bullish view for gold due to a sell-off in emerging markets • It lowered its 12-month price forecast for the metal to $1,325 per ounce, down from $1,450 an ounce earlier
Mitsubishi	Bullish	• Investors may be overlooking some factors that potentially could underpin gold prices • Two factors that could end up underpinning gold are political risks and rising inflation • Donald Trump's presidency hinges on the mid-term elections. If the Democrats gain control of the House of Representatives in November, impeachment proceedings could begin in fairly short order. • The political uncertainty engendered by an impeachment could see the Dollar lose ground and give some support to gold • The second supportive aspect is if inflation starts to outstrip the Fed's guidance of raising interest rates to just over 3% by the end of 2019 – with the US economy at full employment and inflation already hitting the Fed's 2% target, it would not take much for inflation to outstrip nominal rates, increasing the attractiveness of gold as an inflation hedge
Morgan Stanley	Overweight	• Investors should take profits in some of their equities and use it to build a 3% to 5% position in gold • Gold can be used tactically as a potential hedge for a stock market correction and/or a reversal in the dollar and real interest rates • Gold prices will eventually recover by the end of the year and push to $1,300 an ounce as market volatility rises • The US dollar is likely to weaken and as the yield curve continues to invert, highlighting the growing risk of a slowdown in the US economy
TD Securities	Underweight	• The current environment remains unattractive for precious metals • It remains unlikely that the yellow metal will be able to muster any sustainable rally in the near term
ICBC Standard Bank	Underweight	• Growing productivity, increased corporate investments and further tightening in the labour market in the US could prompt the Federal Reserve to revise its outlook for what it sees as a balanced interest-rate policy, which would be negative for the gold market

Brent Target for Q3 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
OANDA	Bullish	• Oil prices are expected to remain in the bulls' domain • Concerns remain that the US sanctions on Iranian crude oil exports will result in much tighter physical market conditions once they take effect in November
London Capital Group Holdings	Overweight	• Russia and Saudi Arabia are essentially ignoring Trump’s pleas • Additionally, US sanctions hitting Iran’s oil exports in early November means there will be fresh multi year highs for oil
ABans Group of Companies	Bullish	• Brent oil prices are expected to remain at elevated levels • Brent oil prices are set to rise further from current levels on supply disruption after Iran sanctions and a broader range of $80 to $90 per barrel looks achievable in the last quarter of this year
Bank of America	Overweight	• There exists near-term supply risk from secondary sanctions on Iran that are set to begin November 4 and will be in full force in the first half of next year • If additional Iranian production is removed from the oil market, which seems likely, and demand remains as strong as it has been, there is significant upside to oil prices • When you throw Venezuelan supply disruptions into the mix, the upside risk feels even more significant
Goldman Sachs	Overweight	• Oil has a strong fundamental outlook helped by US demand growth, supply losses and disruptions, and still constrained US shale output • The broker's near-term Brent crude oil price target remaines at $80 a barrel
SICO Bank	Neutral	• Oil will broadly remain range-bound in the near-term between $70-$80 per barrel • Hurricane Florence, Iran sanctions and other geopolitical risks would positively support it, while lower demand with a rise in interest rate cycles and trade war will be a drag to prices

About Decimal Point Analytics

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