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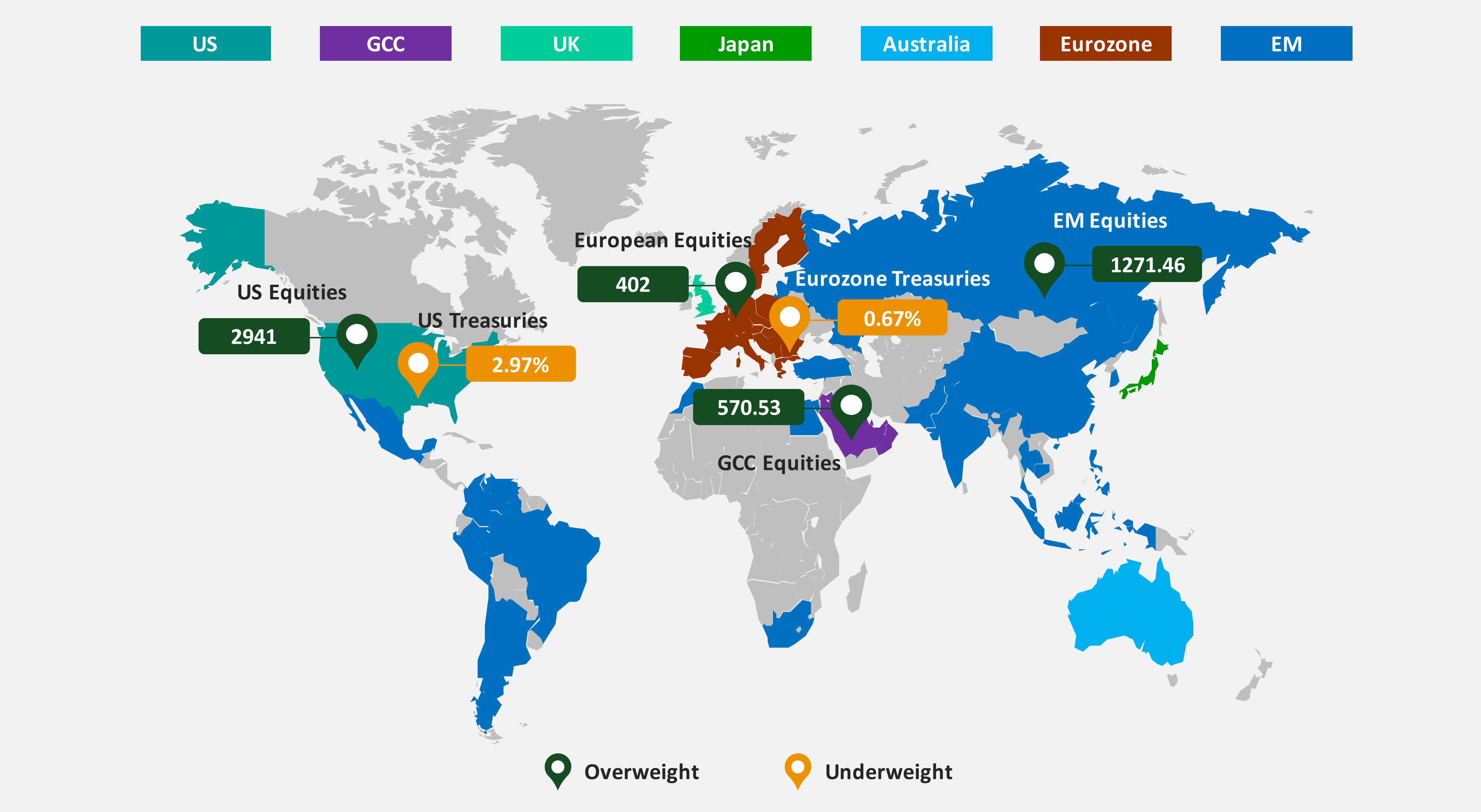
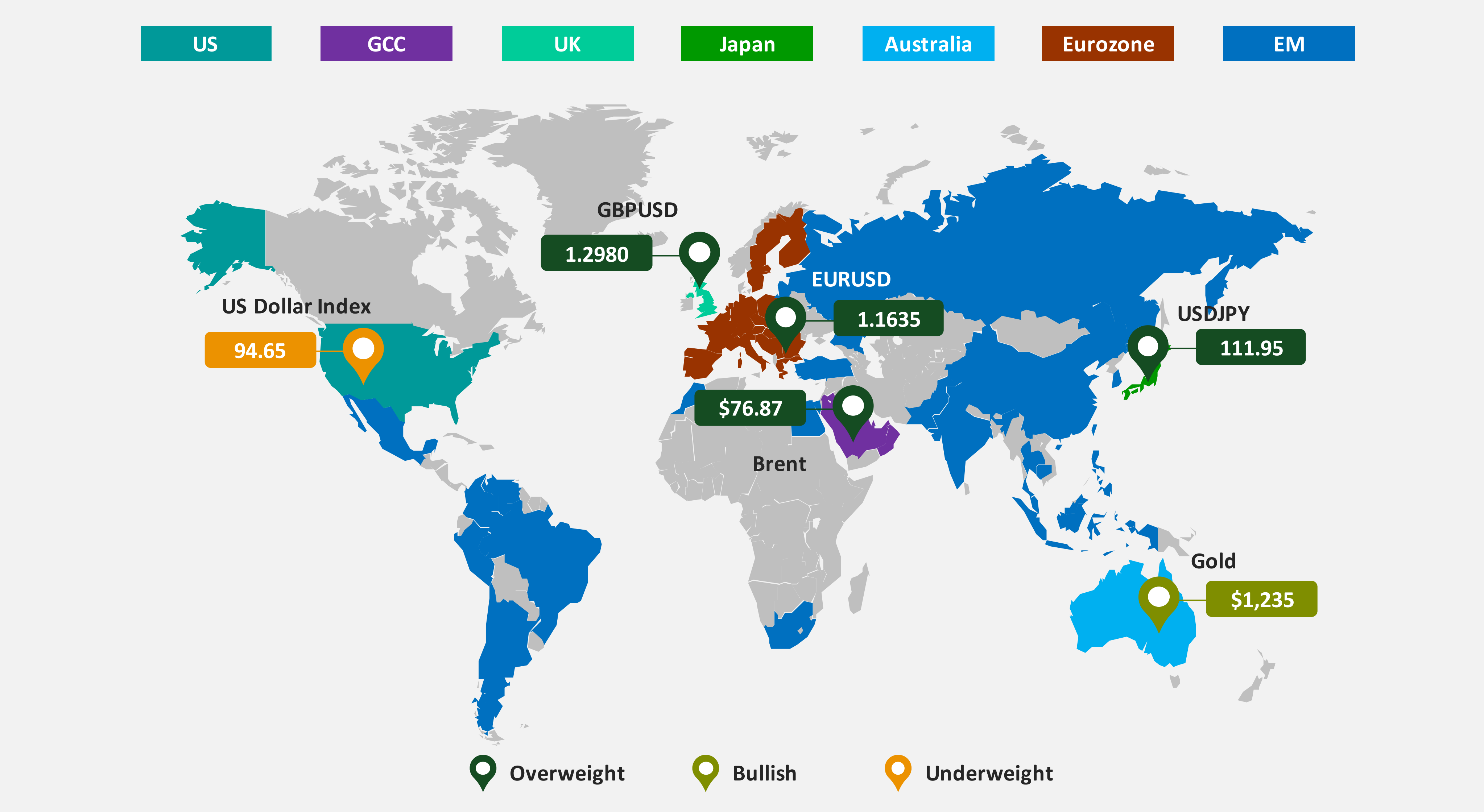
Innovative Research Solutions

AssetPulse

Global MacroView Summary

8 October 2018

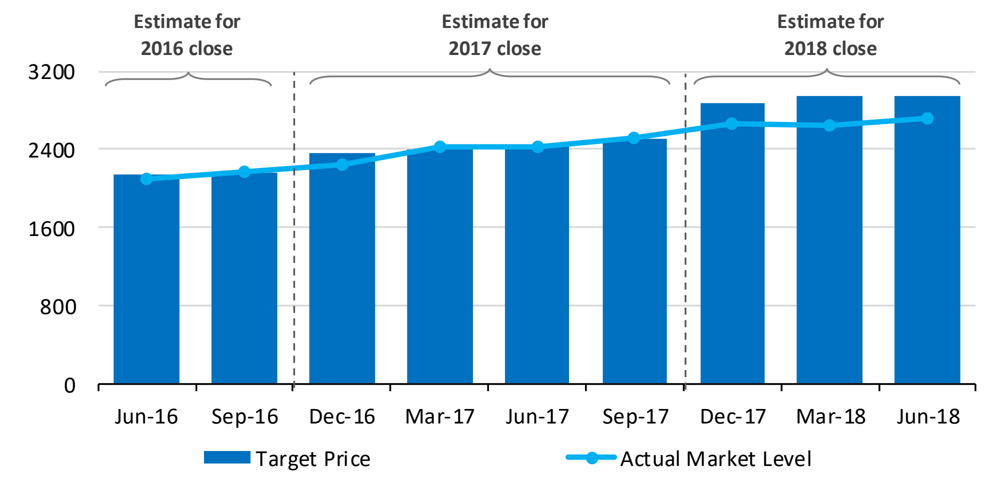

US
GCC
UK
Japan
Australia
Eurozone
EM
European Equities
402
US Equities
2941
US Treasuries
2.97%
Eurozone Treasuries
0.67%
EM Equities
1271.46
570.53
GCC Equities
Overweight
Underweight


US
GCC
UK
Japan
Australia
Eurozone
EM
GBPUSD
1.2980
EURUSD
1.1635
USDJPY
111.95
US Dollar Index
94.65
$76.87
Brent
Gold
$1,235
Overweight
Bullish
Underweight

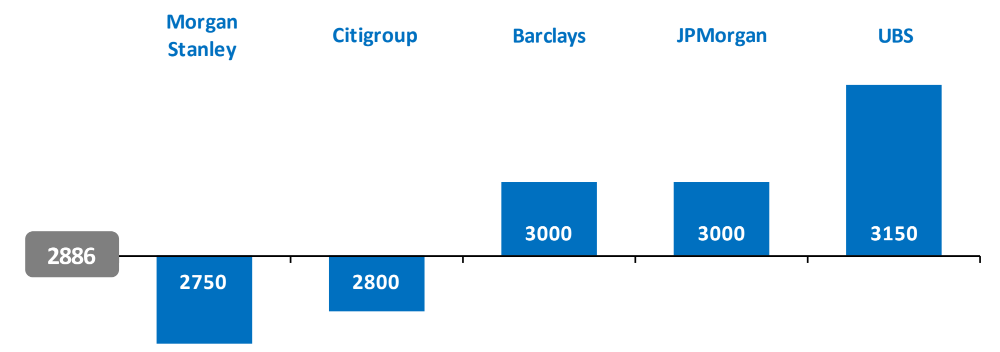
Asset Classes	6-Apr-18	6-Jul-18	5-Oct-18	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2604.47	2759.82	2885.57	10.8%	4.6%
Eurozone Equities (Stoxx 600)	374.82	382.36	376.41	0.4%	-1.6%
Emerging Equities (MSCI EM Index)	1161.97	1059.97	1000.76	-13.9%	-5.6%
GCC equities (MSCI GCC Countries Index)	517.14	543.75	543.08	5.0%	-0.1%
Currency					
USD ($ Index)	90.11	93.96	95.62	6.1%	1.8%
EUR vs. USD	1.2281	1.1746	1.15	-6.2%	-1.9%
USD vs. JPY	106.93	110.47	113.72	6.3%	2.9%
GBP vs. USD	1.4092	1.3283	1.3120	-6.9%	-1.2%
Fixed Income					
US 10yr Sovereign	2.77	2.82	3.23	46	41
Europe Core Area (German 10 Yr)	0.50	0.32	0.56	6	24
Europe Peripheral Area (Italy 10 Yr)	1.78	2.71	3.42	164	71
Commodities					
Gold	1333.03	1255.48	1203.63	-9.7%	-4.1%
Brent	67.11	77.11	84.16	25.4%	9.1%

* 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*	2885.57	2944.00	-
PE (x)	20.87	16.72	16.07
EPS ($)	138.26	172.58	179.58
Dividend Yield (%)	1.82	2.03	2.04
Price/Book (x)	3.48	3.33	3.06
EV/EBITDA (x)	13.61	11.19	10.91

*Value as on 05 October 2018

S&P 500 Index Returns

Q3 2017	Q4 2017	Q1 2018	Q2 2018	QTD
4.0%	6.1%	-1.2%	2.9%	6.2%

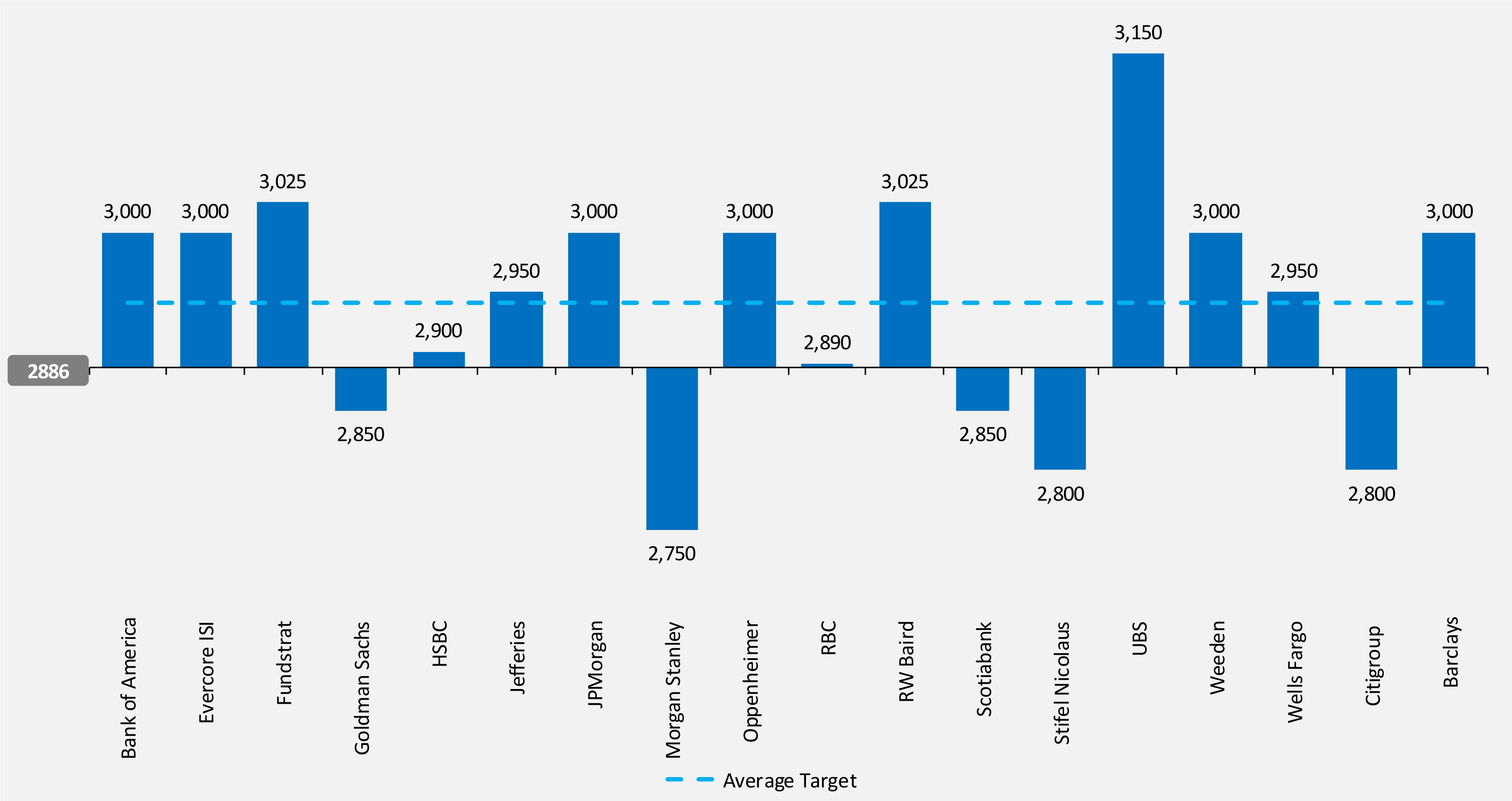
Positive View

- Unmatched earnings momentum
- Solid profit growth and rising economic activity
- Corporate tax cuts and fiscal stimulus
- Earnings multiple remain reasonable

Negative View

- US President Donald Trump mulling new round of levies against China
- Near-term volatility persists
- The impact of corporate tax cuts on earnings will soon disappear, and both borrowing costs and wages are headed higher

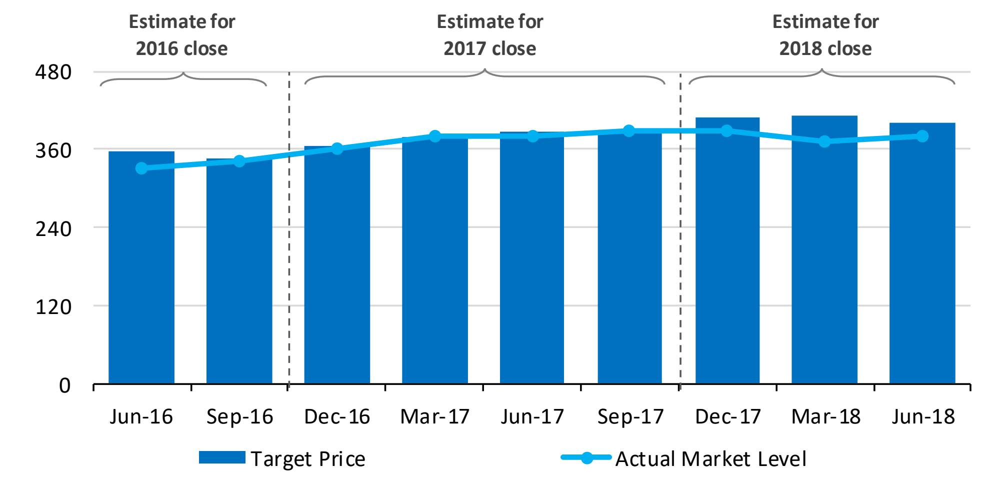
S&P 500 Index Target by Major IBs



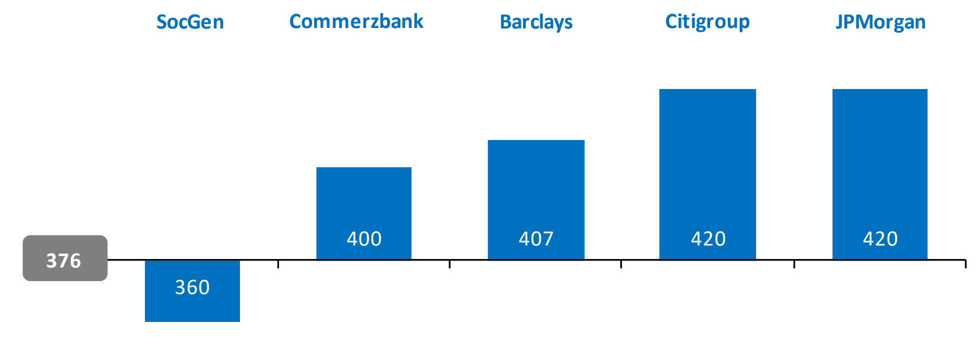
***Target with respect to actual level**

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 • For the long term, the broker believes that the growing attractiveness of US equities among foreign investors is a secular trend and in the middle stages, with plenty of future upside
BlackRock	Overweight	• The US stock rally is expected to continue beyond next year • There are fewer shares available for investors because of increased company buy-backs and dwindling public offerings • Fewer shares to buy “drives prices high’
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
Fiduciary Trust	Overweight	• Strong earnings growth supported by a robust economy • Earnings multiple remain reasonable
Nuveen	Overweight	• The broker is of the view that US equities will continue to outperform non-US developed markets, fueled by stronger earnings growth and economic momentum
Union Bancaire Privee	Underweight	• US corporates should deliver at least 23% earnings growth this year and expectations of a 10% profit rise for 2019 look achievable given the underlying economic scenario • However, there will be near-term volatility driven by further tariffs on Chinese imports by the US, the unveiling of the first Italian budget under its new government, the start of the ECB’s tapering process, as well as the fast approaching deadline for a withdrawal agreement between the UK and the EU
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

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*	376.41	401.00	-
PE (x)	16.94	12.33	13.47
EPS (€)	22.16	30.45	28.65
Dividend Yield (%)	3.55	3.64	3.93
Price/Book (x)	1.84	1.74	1.65
EV/EBITDA (x)	10.00	9.01	8.61

*Value as on 05 October 2018

Stoxx 600 Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
0.3%	-4.6%	2.4%	0.8%	-1.8%

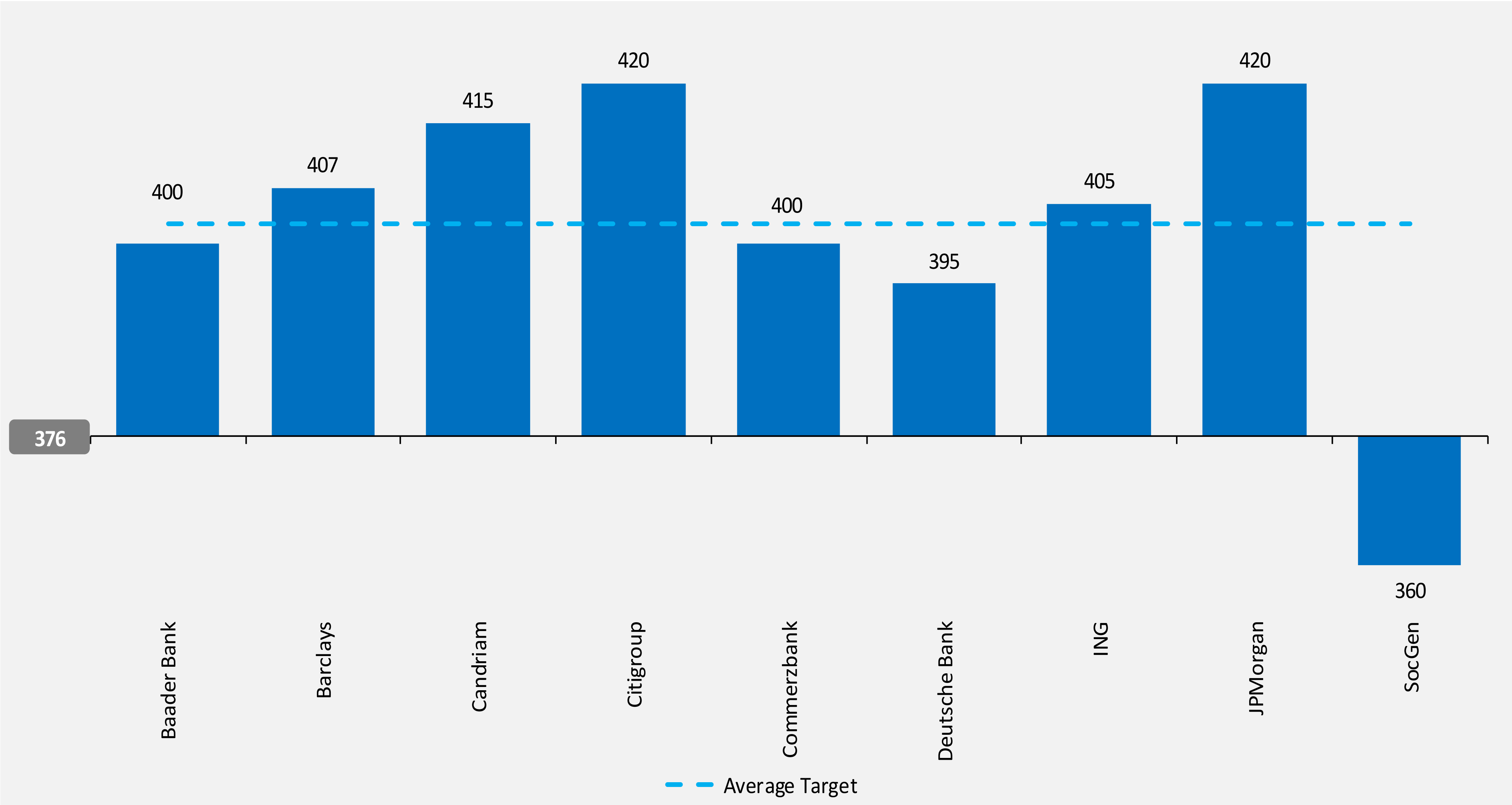
Positive View

- A broad economic expansion and relatively attractive valuations are supportive for corporate profits
- European second quarter results were reassuring
- Valuations are supportive in European equites

Negative View

- Relatively muted earnings growth
- Weak economic momentum
- Rebound in Eurozone growth likely to drive EUR higher, creating a headwind for stocks
- The banking sector continues to be troubled

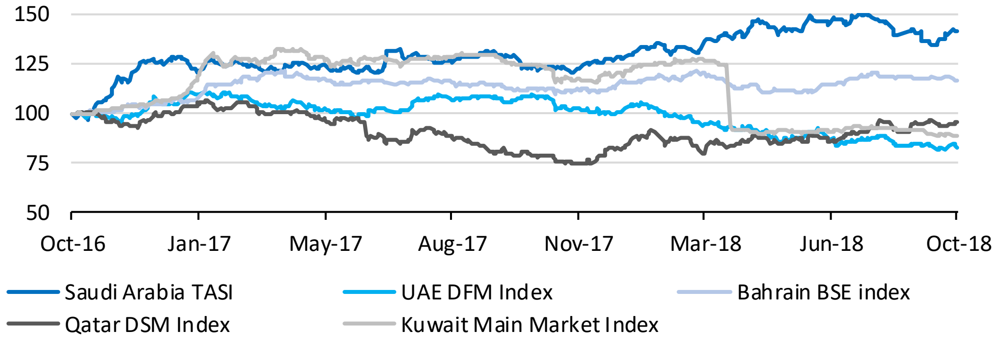
Stoxx 600 Index Target by Major IBs



*Target with respect to actual level

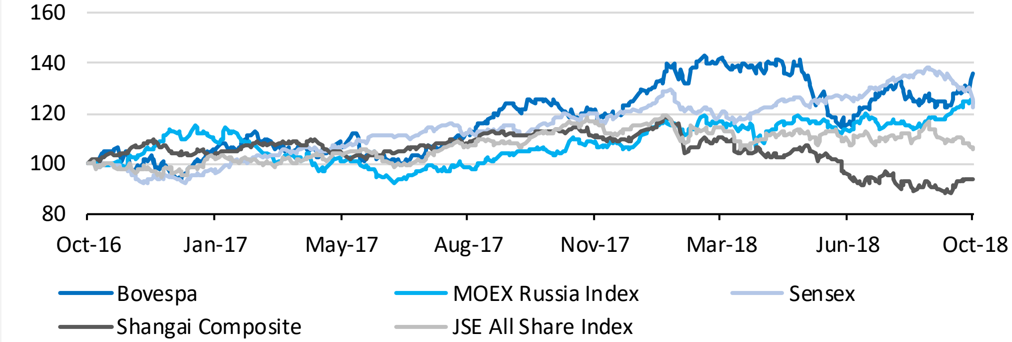
Market Experts/ Brokers/ Analyst		Views (Last one month)
APG	Overweight	• Valuations are supportive in European equites • Rebound in global investment spending is greater than in the US
JP Morgan	Underweight	• The outlook for euro-area equities remains difficult • A stronger euro will likely hurt an already lackluster earnings outlook • The banking sector continues to be troubled • Valuations are far from compelling
Citibank	Overweight	• The broker is less concerned about the possibility of a US-Europe trade war, following constructive discussions in August between US President Donald Trump and European Commission President Jean-Claude Juncker • The US is unlikely to impose auto tariffs upon the EU • The broker favours French and Swiss equities as well as the banking sector • Prefeence is also given to mid-caps – which outperformed over the last six months, benefiting from their domestic orientation as global trade tensions rose
GAM Investments	Overweight	• Despite continued worries over a potential escalation of the trade war, which has seen US investors desert Europe in favour of a home bias, the broker says that there is considerable grounds for optimism at both the macro and micro level • Capacity utilisation in the eurozone stands at 84%, together with accelerating top-line growth, is driving margin enhancement. • Meanwhile, the balance sheets of European corporations are awash with cash and this provides the scope for share buybacks to enhance the already robust earnings growth of cyclicals and financials in particular. • European consumers are also cash rich by virtue of a very high savings rate of 12% • With consumer confidence across the continent beginning to reach new historic highs, in our view, it can be reasonably expected to witness rising private consumption, which will provide a further boost to eurozone corporate profitability
BlackRock	Underweight	• The relatively muted earnings growth • Weak economic momentum • Heightened political risks

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 *	543.08	-	-
PE (x)	13.69	13.07	11.97
EPS ($)	39.28	41.15	44.91
Dividend Yield (%)	4.06	4.27	4.32
Price/Book (x)	1.75	1.73	1.63

*Value as on 04 October 2018

MSCI EM Index Key Parameters

	Actual	2018 TP	2019 TP
MSCI Emerging Markets Index *	1000.76	-	-
PE (x)	12.05	10.7	10.38
EPS ($)	83.02	93.54	96.42
Dividend Yield (%)	2.83	3.08	3.34
Price/Book (x)	1.51	1.5	1.37
EV/EBITDA (x)	7.97	7.81	7.34

*Value as on 05 October 2018

MSCI GCC Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
-0.7%	7.2%	4.2%	1.3%	1.4%

MSCI EM Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
7.1%	1.1%	-8.7%	-2.0%	-4.5%

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
- Momentum in the Saudi Arabian stock market will pick up again in the fourth quarter

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
- Emerging markets look oversold as the third quarter ends

Asset Class	
Emerging Market Equities (MSCI EM Index)	
Analyst expectations	
Average	1271.46
Bloomberg Consensus Target Price For MSCI EM Index	1271.46
As on 05 October 2018	1000.76
% Change from Current levels compared to avg	27.05%

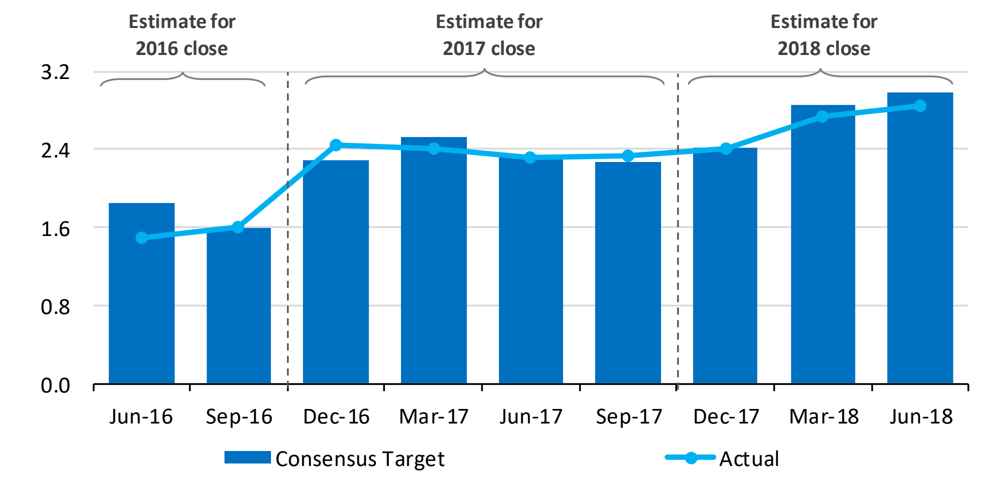
Market Experts/ Brokers/ Analyst		Views (Last one month)
Russel Investments	**Neutral**	• Emerging markets look oversold as the third quarter ends • However, they offer reasonable value • The broker believes that the risks of an escalated trade war and a stronger US Dollar on the back of a more hawkish Fed argue for caution for now
Morgan Stanley	**Overweight**	• EM's are expected to find support not far from current levels and will have a strong finish to the year
Fiduciary Trust	Underweight	• Appealing long term growth prospects • However, rising risk associated with trade wars and a strengthing dollar • EM's are pricing interest rate normalization in the United States

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	**Overweight**	• Even if short-term tactical allocation shifts may be made in the asset class as a result of trade and monetary policy developments, EM Asia equities could see strong returns over the coming decade
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
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

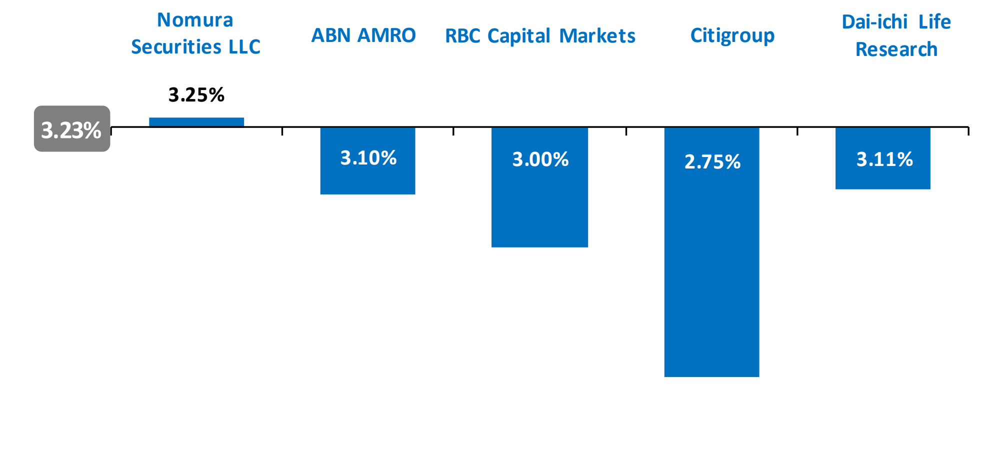
Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	570.53
Bloomberg Consensus Target Price For MSCI GCC Index	570.53
As on 04 October 2018	543.08
% Change from Current levels compared to avg	5.05%

Market Experts/ Brokers/ Analyst		Views (Last one month)
EFG Hermes	**Overweight**	• Higher oil prices are supportive to Saudi Equities as the market prepares to join MSCI and FTSE EM indices, taking in $16 billion worth of passive inflows over March 2019 – March 2020
Zawya	**Overweight**	• The broker is of the view that momentum in the Saudi Arabian stock market will pick up again in the fourth quarter • The stock market will be boosted by inflows of foreign funds in anticipation of Riyadh joining emerging market indices next year
Menacorp Financial Services	**Overweight**	• Saudi Arabia which is set to be upgraded in 2019 • The country has seen $2.1bn worth of equities bought by foreign institutional investors • Enhanced inflows prior to the upgrade are expected as well as after
Arqaam Capital	**Overweight**	• Kuwait will join the emerging market index in two 50 percent 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

Consensus Target for US 10 Year

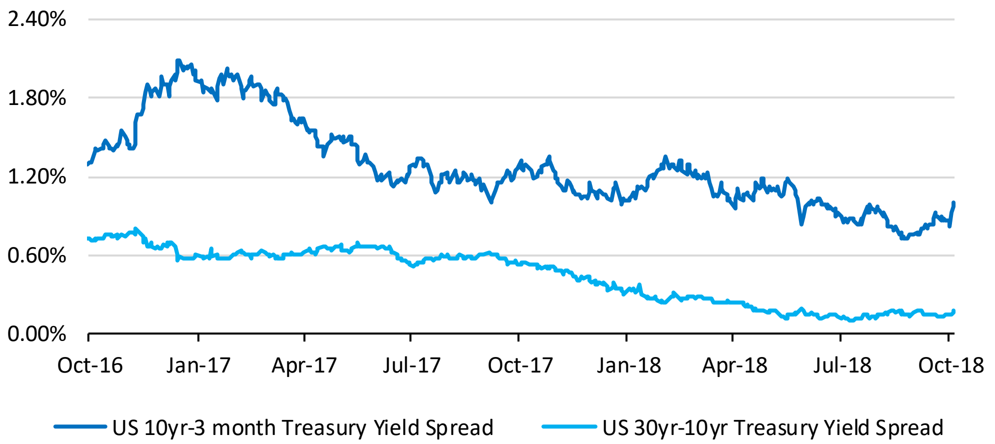


US 10 Year Target by Major IBs



*Target with respect to actual level

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



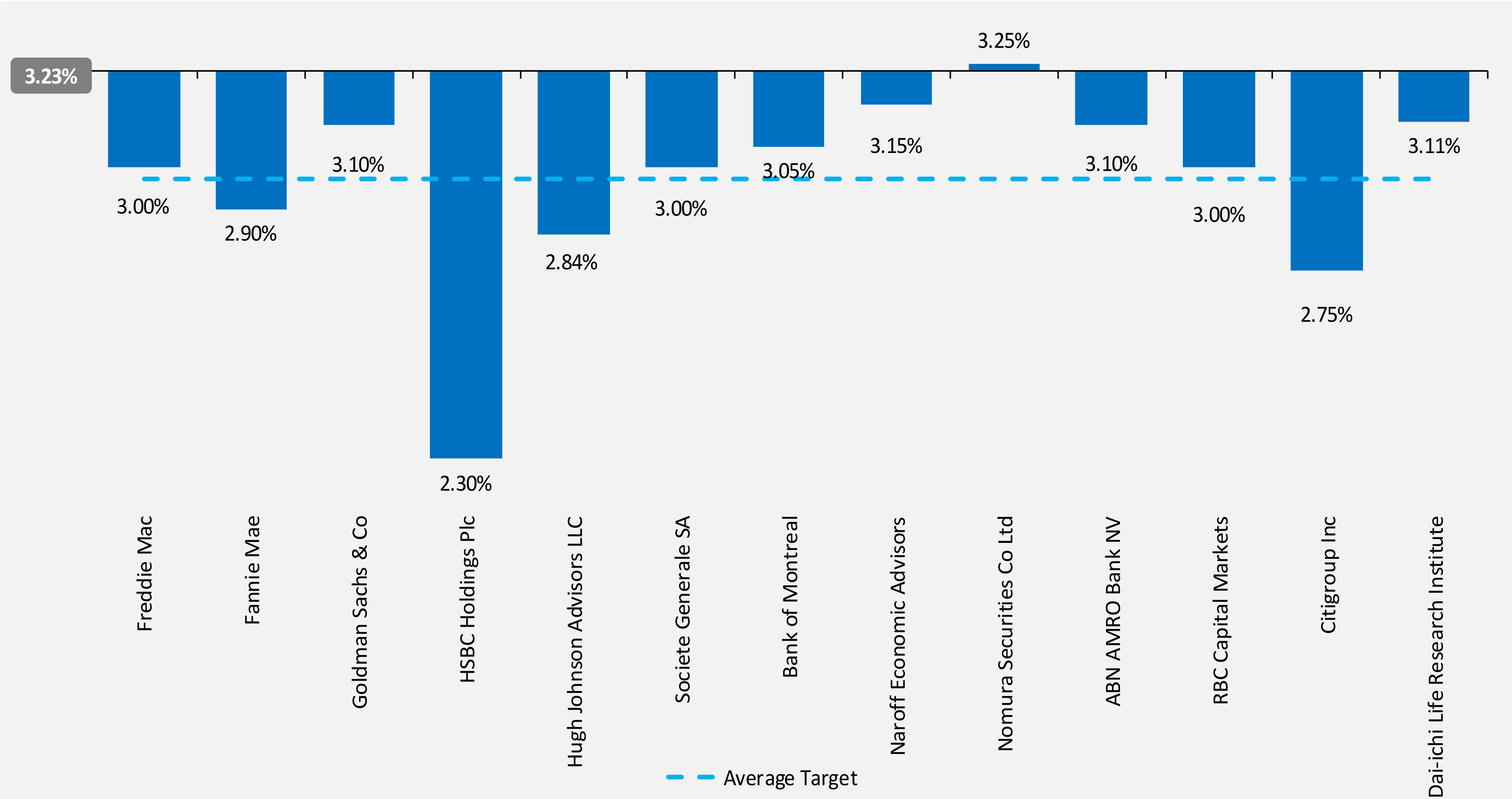
Positive View

- 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
- Positive real yields along most of the curve

Negative View

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

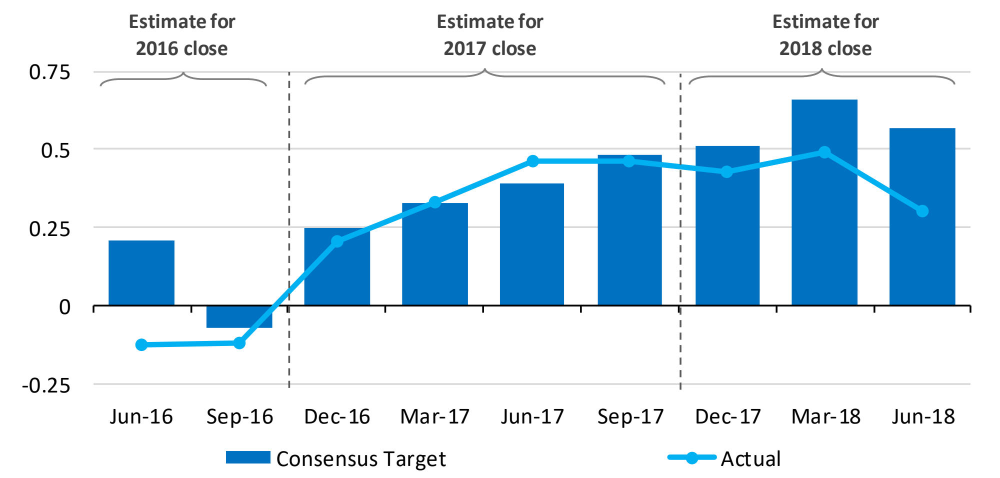
US Treasuries 10 Year Target Yield for Q4 2018 by Major IBs



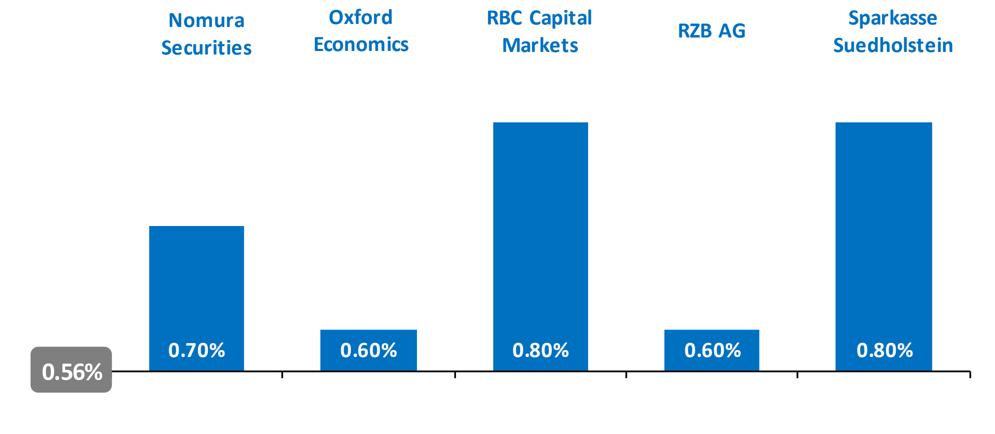
***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
UBS	Underweight	• US 10-year Treasury yields reached a seven-year high of 3.11% last week, ahead of the Fed's unanimous decision to raise rates to 2.25% • But while yields have risen in recent weeks, the broker does not expect a substantial move higher from here • The US 10-year yields have already largely priced in the current Fed tightening cycle • Structural changes are also holding down long-term rates, with slower productivity and population growth weighing on US trend growth
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
JP Morgan	Positive	• Positive real yields along most of the curve • Rates may rise a little
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
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

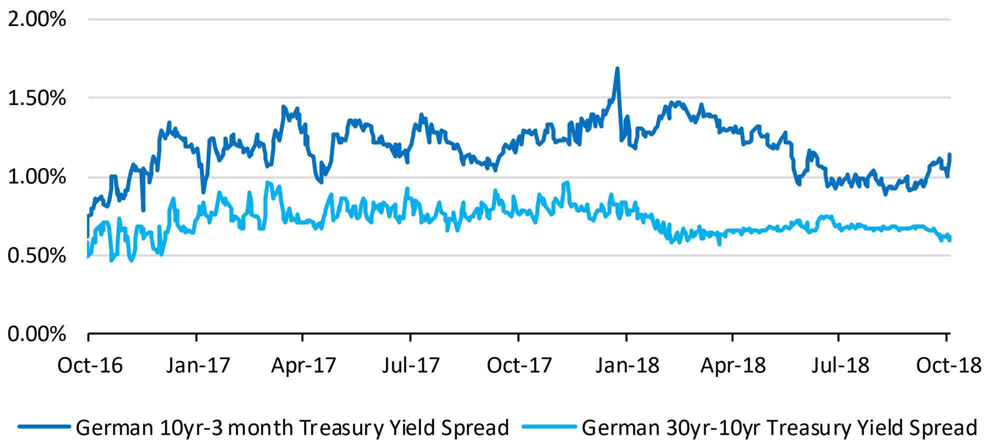


German 10 Year Target by Major IBs



*Target with respect to actual level

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



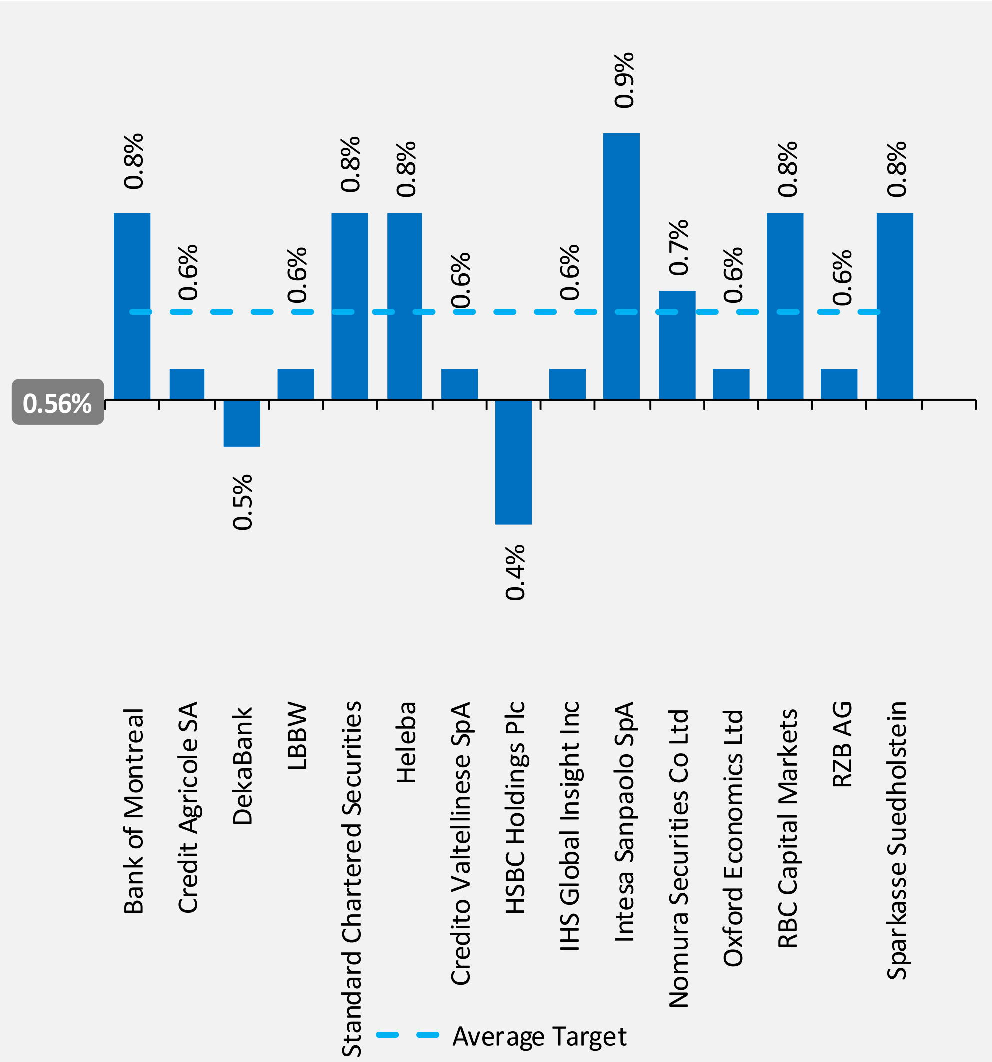
Positive View

- 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

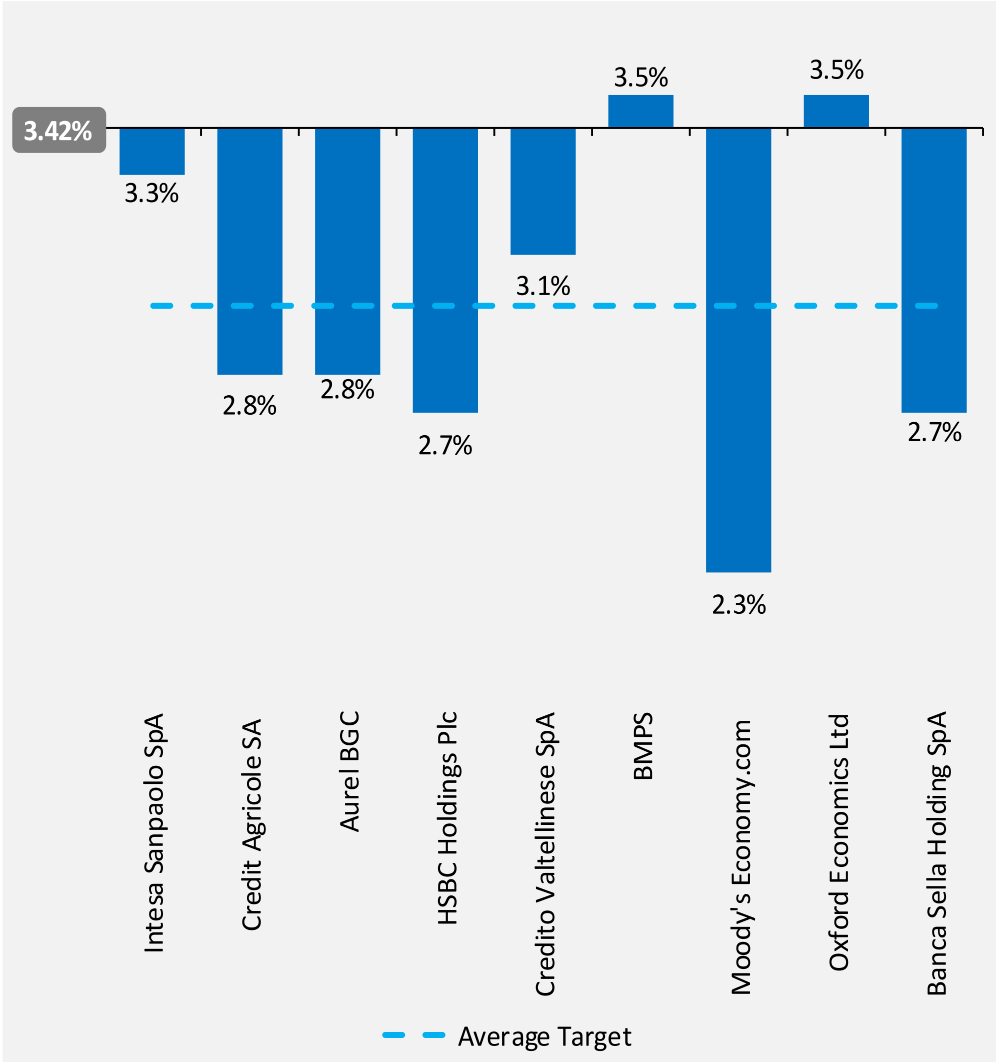
- Italian ructions will place a lid on German yields
- End to the ECB's net asset purchases
- The outlook for core inflation is still modest for the Eurozone

German 10 Year Target Yield for Q4 2018 by Major IBs



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

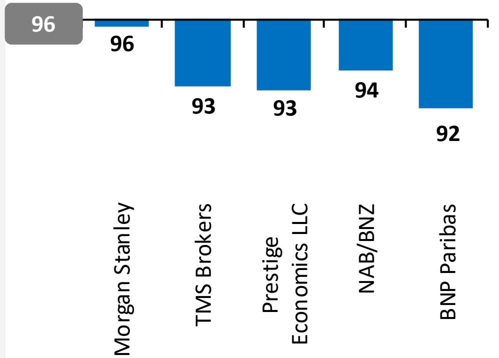
Italy 10 Year Target Yield for Q4 2018 by Major IBs



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

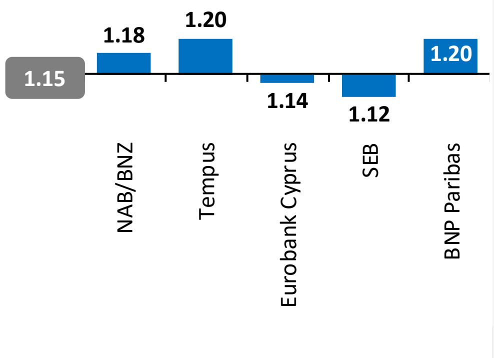
Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Overweight	• Yields on German Bunds are expected to rise as the European Central Bank moves to bring quantitative easing to a close by December
Generali Investments	Underweight	• Italian ructions will place a lid on German yields • Progress towards EU integration has been disappointing, and not just because of Italy; political developments in Germany and the immigration crisis are also major drags
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



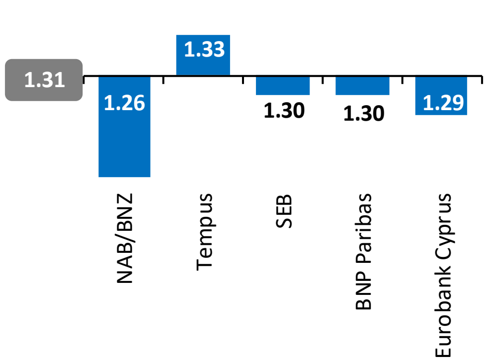
*Target with respect to actual level

EURUSD



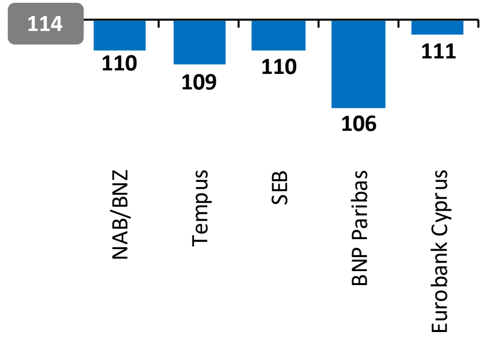
*Target with respect to actual level

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)

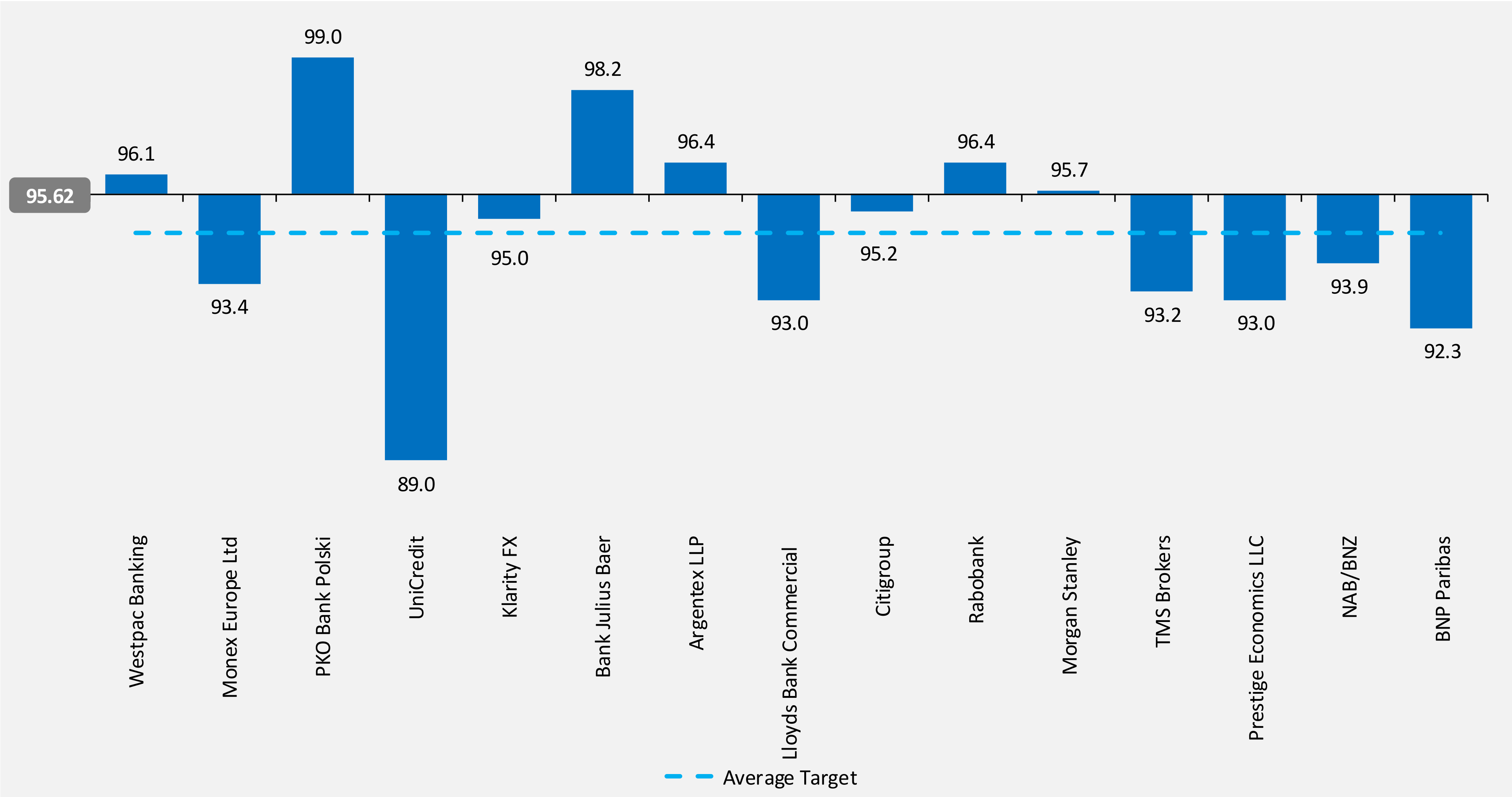
UK

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

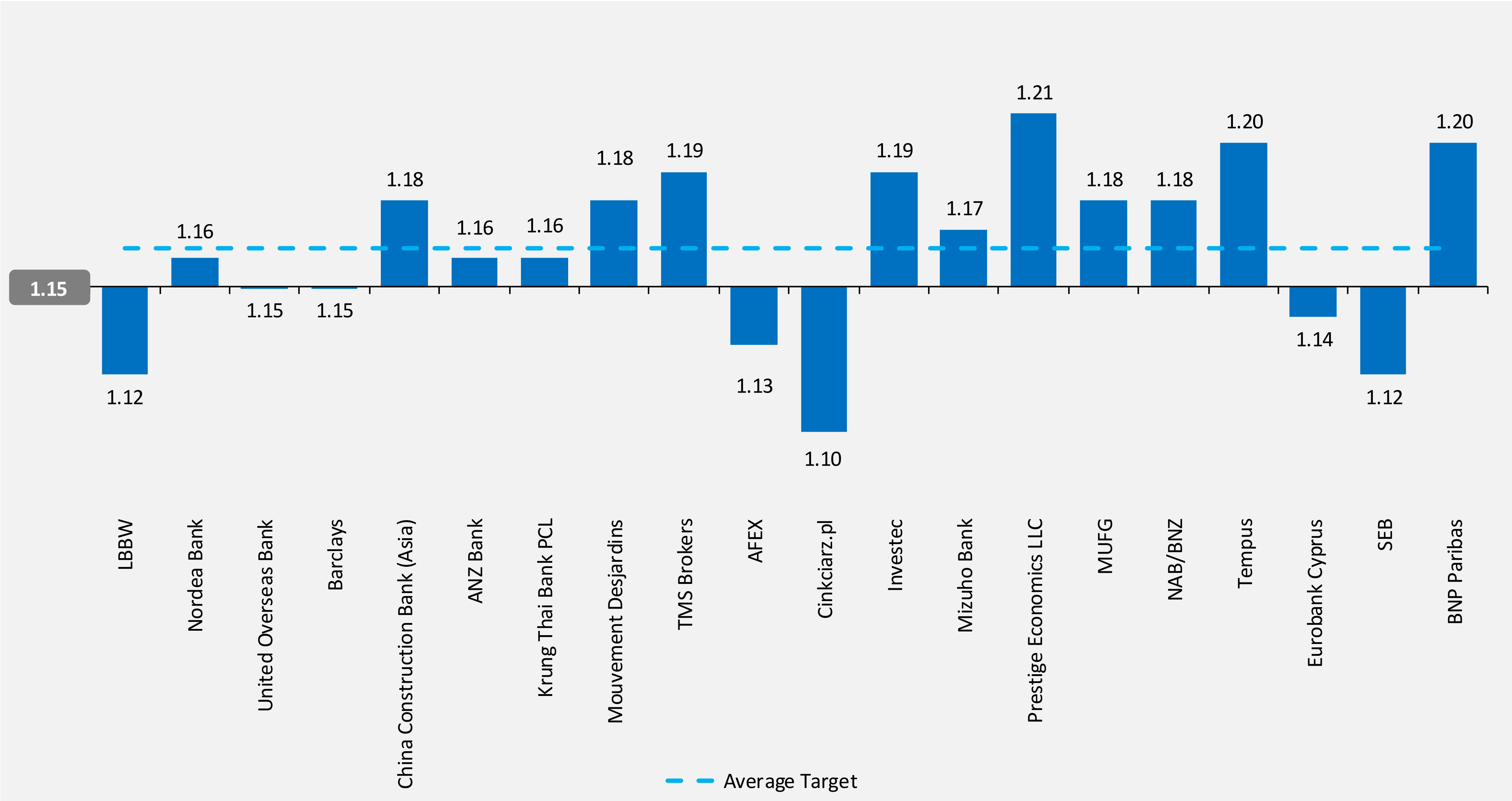


***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
DBS	Overweight	• US inflation expectations remain supported by a tight labour market and the recent resurgence in oil prices • The implied yield for Fed Fund Futures maturing in December 2019 has risen by 12bps to 2.93% last week, a sharp upswing compared to the 16bps increase to 2.81% last month • The US Dollar index is expected to push higher towards 100 on US President Trump cheering a strong US economy into the US mid-term elections on November 6
Goldman Sachs	Underweight	• The US Dollar may soon give up 2018's gains and turn lower • The broker forecasts US economic growth to slow from an anticipated 3.2% in 2018 to around 2% next year, while the rest-of-world economy is projected to expand at a steady pace of around 2%. This, along with the broker's analysis of the Dollar's behaviour, suggests the currency is destined to reverse its 2018 rally at some time over the coming quarters • The anticipated slowdown in the US is projected to result from the boost of President Donald Trump's 2018 tax cuts and reforms fading away, as well as the gradual withdrawal of economic stimulus brought about by the Fed and its interest rate rises
HSBC	Overweight	• HSBC projects the Dollar will remain on the front foot through the rest of 2018 and at least until the end of 2019 • US rates are high enough to continue to suck in capital into the short end of the curve. Meanwhile, many other G10 central banks would continue to struggle to begin tightening, while those that might hike would do so very slowly
Citigroup	Underweight	• The broker is of the view that if Democrats regain control over the Lower House in the upcoming US midterm elections, this could accelerate the turning point where US fiscal policy becomes less USD supportive, turning USD strength into long-term weakness • Fiscal stimulus, tax reform and larger deficits may all be bearish factors for the USD
JP Morgan	Underweight	• The US Dollar is overvalued in real terms, which is likely unsustainable in the long run • The dollar is likely to be pushed gradually lower over the Long-Term Capital Market Assumptions forecast period by a large US current account deficit • Narrowing interest rate and real economic growth differentials between the US and its major trading partners, resulting in relative capital flows supportive of non-dollar currencies • The US's gradual abandonment of its several-decades old "strong dollar policy"

Global MacroView Summary

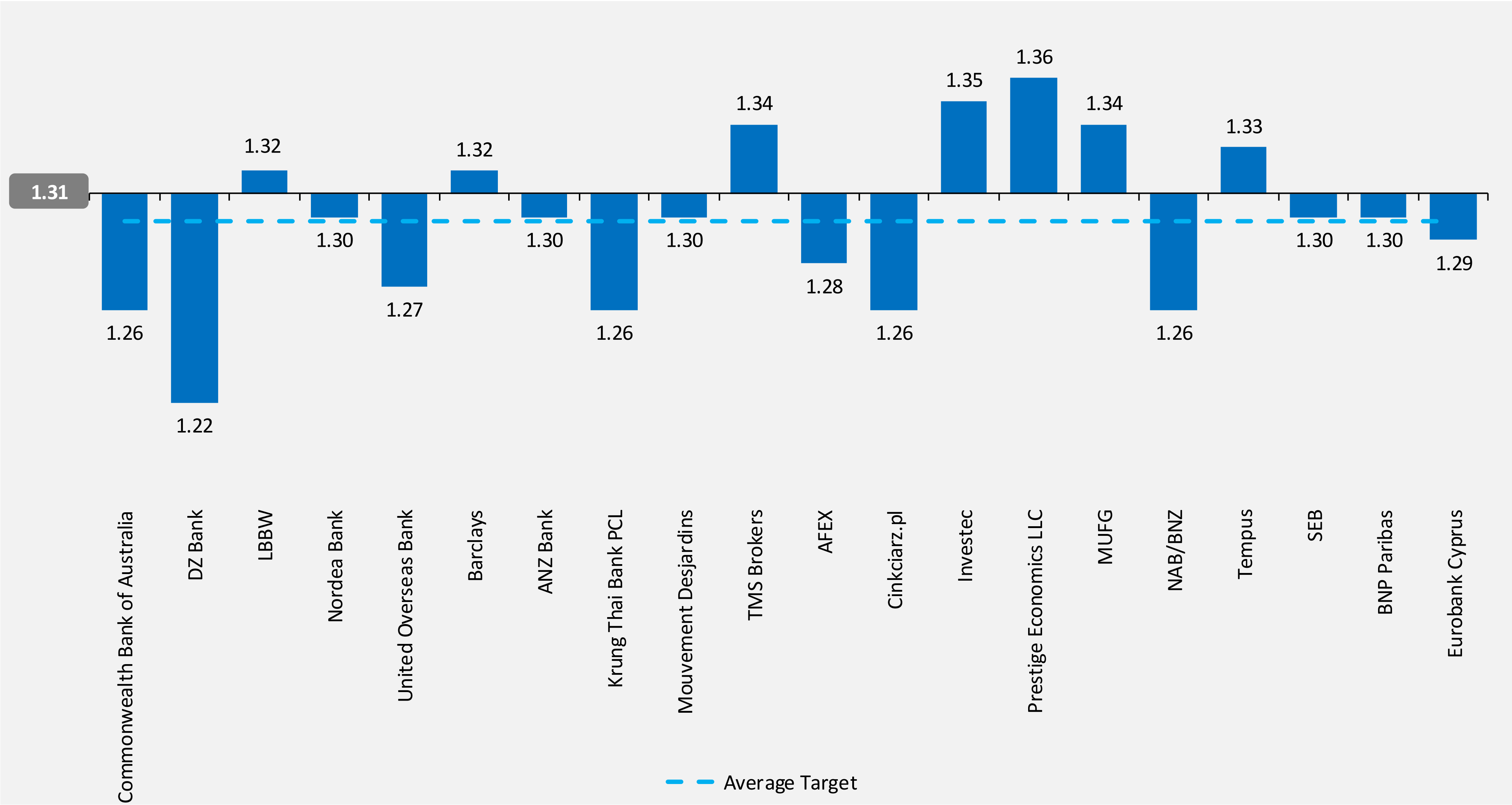
EURUSD Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	Neutral	• The broker is bullish on the EUR for the long term if Europe's data momentum improves • However, renewed political uncertainty from Italy or elsewhere and continued weak data/inflation news may pose as downside risks for EUR
JP Morgan	Overweight	• The ECB's monetary policy should gradually become more hawkish over 2019, forcing a change in the market's currently very dovish policy pricing; along with a better growth backdrop • This should help the Euro strengthen and government bond yields rise • The euro seems to be the major currency with the clearest upside potential against the dollar • The broker expects a rise into the mid-1.20s over the next year
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

GBPUSD Target for Q4 2018 by Major IBs

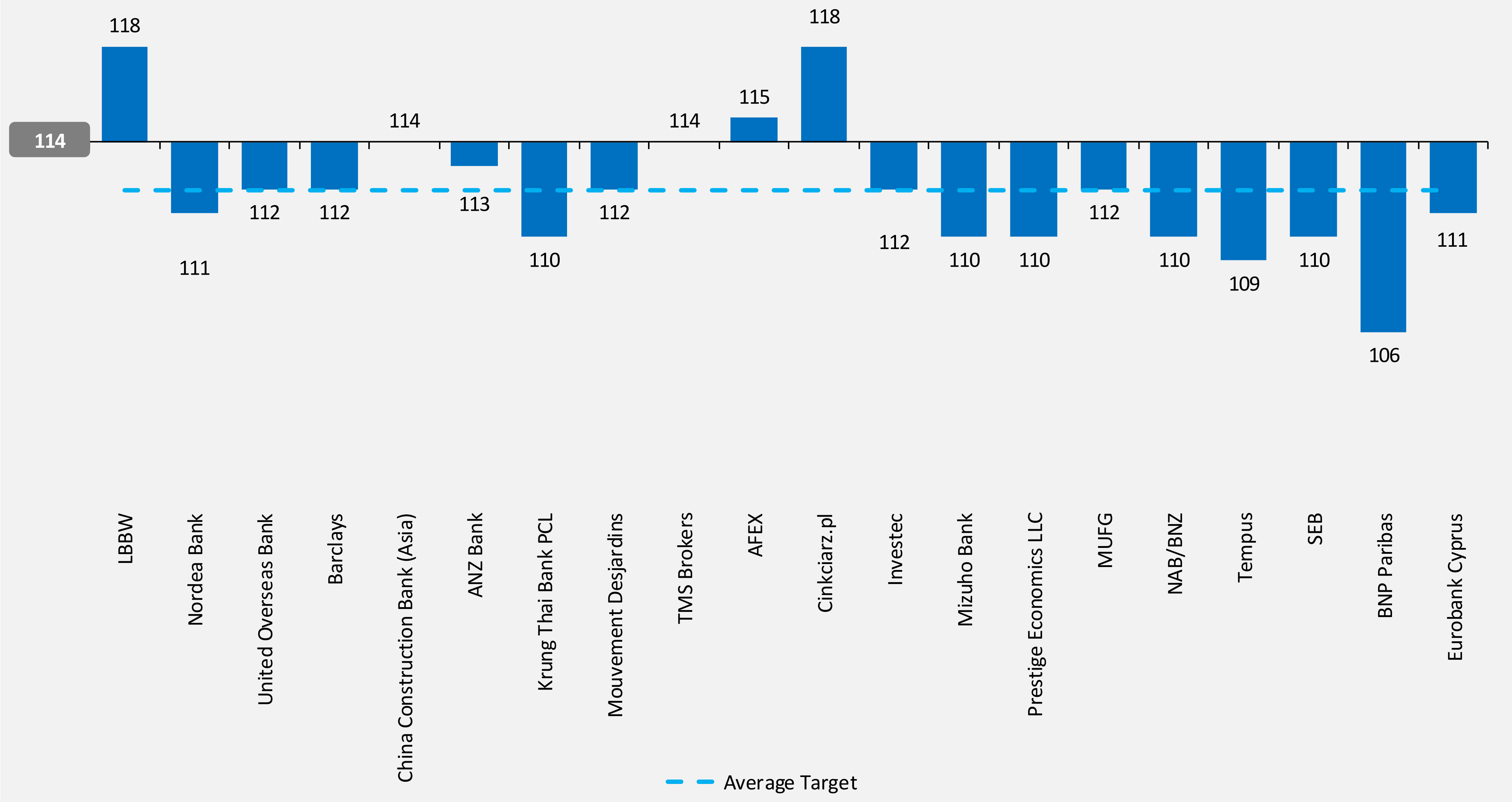


***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citigroup	Underweight	• The Pound could experience further weakness and volatility in the short term as the UK heads towards the climax of Brexit negotiations
ING	Overweight	• The Pound-to-Dollar exchange rate could well reach 1.40 by the end of the year • The broker maintains a base-case scenario that sees the UK and EU reaching some sort of a withdrawal agreement by the end of the year • Two other factors leading to the bullish forecast are "solid UK economic data" and "a cyclically weak Dollar"
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

Global MacroView Summary

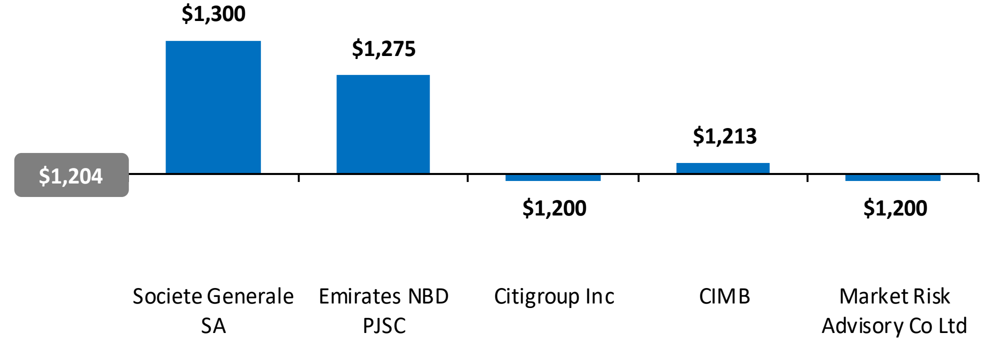
USDJPY Target for Q4 2018 by Major IBs



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

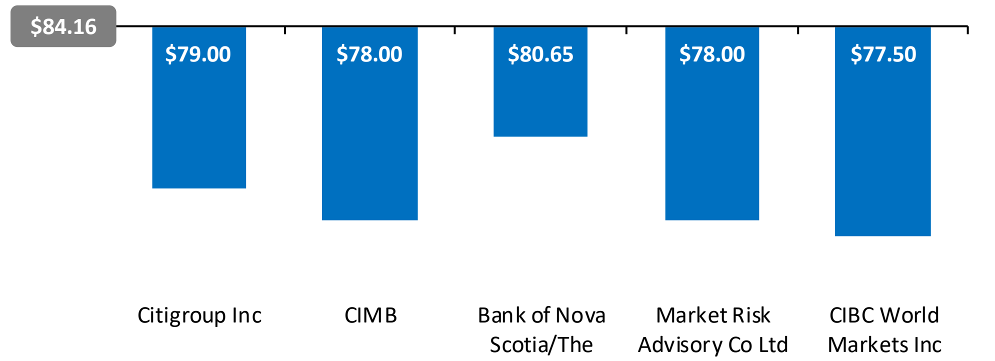
Market Experts/ Brokers/ Analyst		Views (Last one month)
Russell Investments	Overweight	• The yen has three advantages • It is 20% undervalued relative to purchasing power parity • Is getting cycle support at the margin as the Bank of Japan becomes less dovish • It has solid sentiment support from sizeable net short positions • The added benefit is that the yen performs well as a safe haven, so it gets a tick as a defensive diversifier on portfolio construction grounds
Citigroup	Overweight	• Event risks around the Italian budget, Brexit and trade disputes could support the currency
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

Gold Target by Major IBs



*Target with respect to actual level

Brent Target by Major IBs



*Target with respect to actual level

Positive View (Gold)

- 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

Negative View (Gold)

- 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

Positive View (Brent)

- 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

Negative View (Brent)

- 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

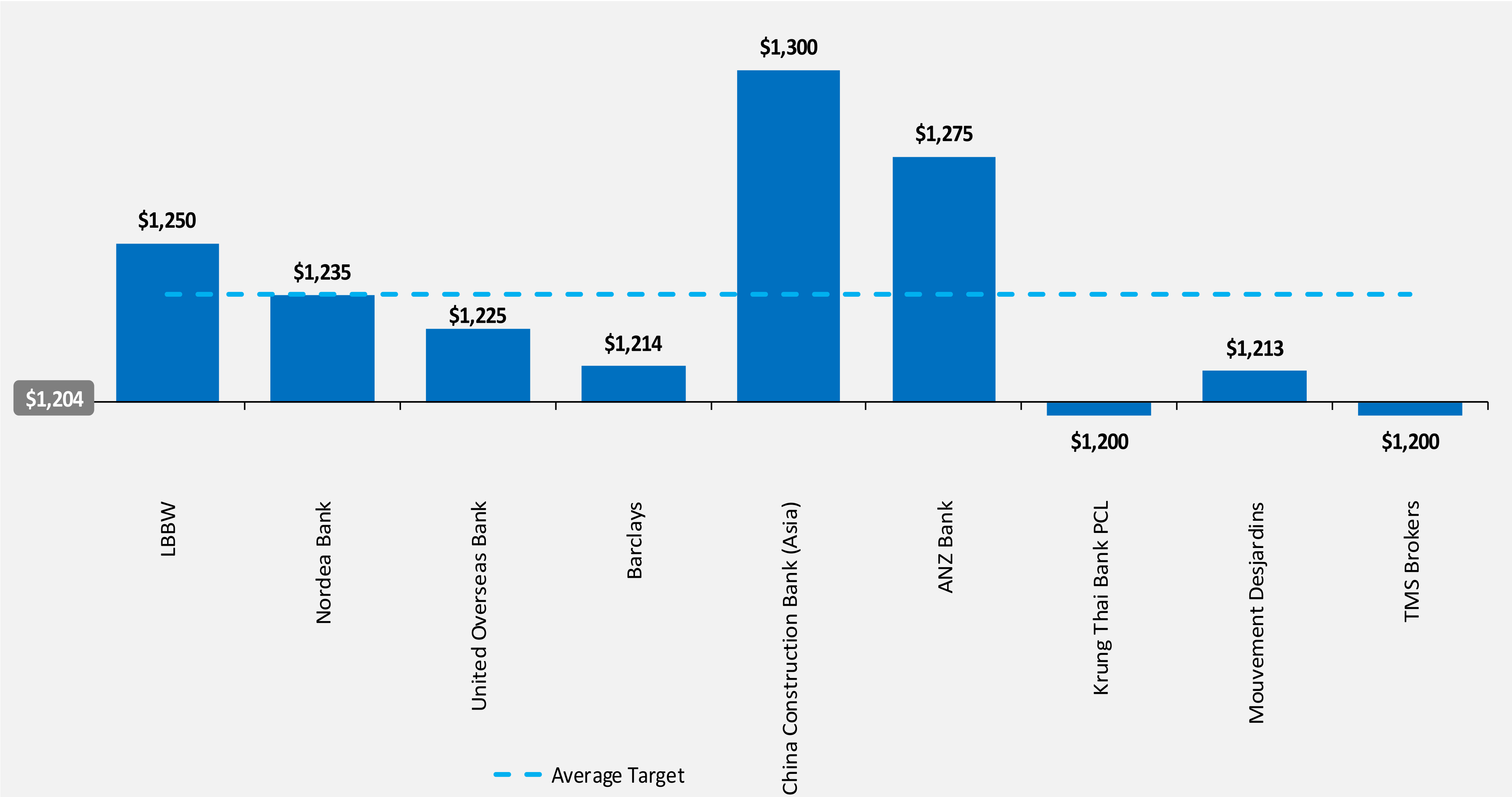
Gold

	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

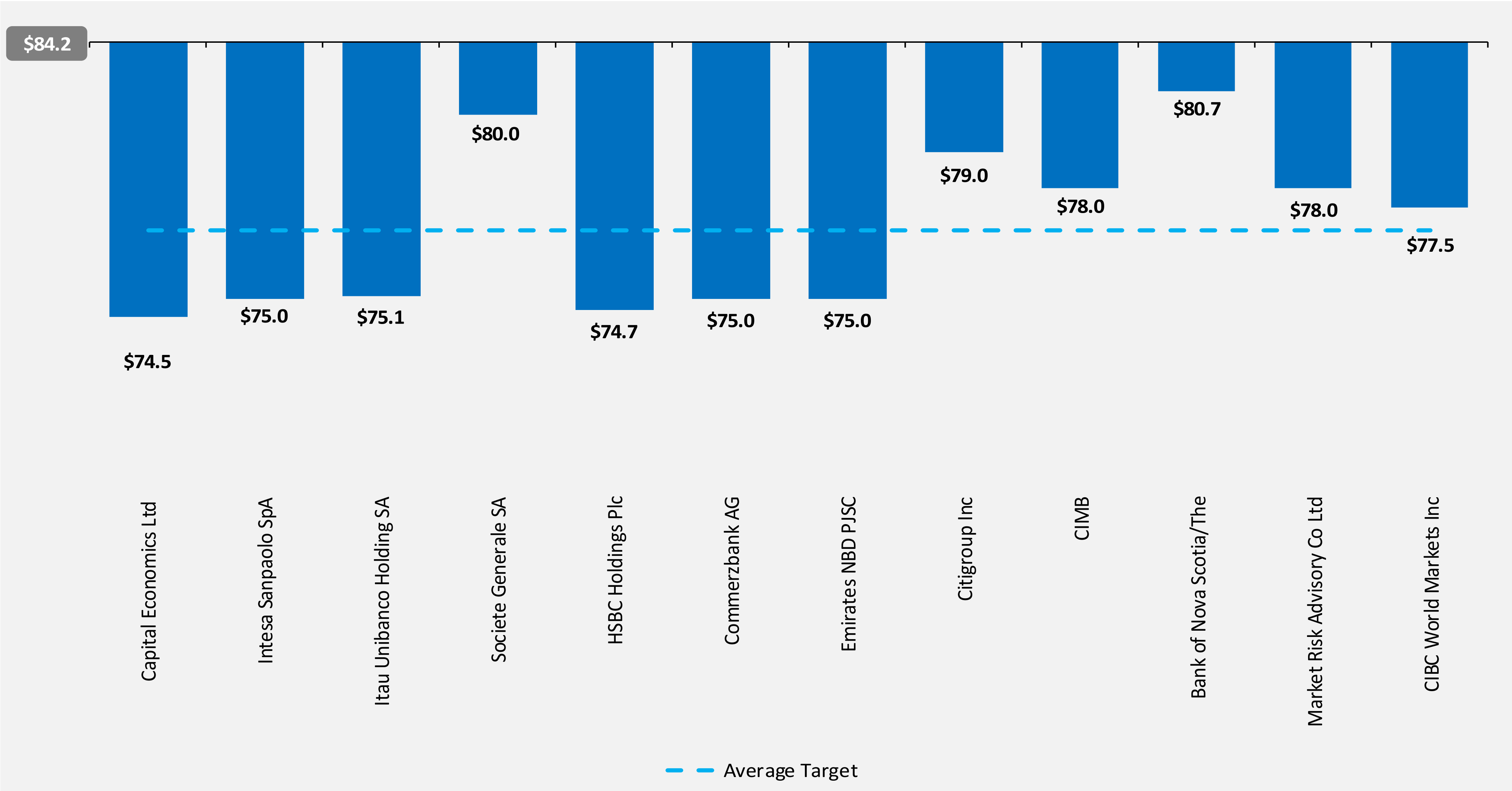
Gold Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Morgan Stanley	Overweight	• Gold prices are expected to rise to $US1273/oz next year • However, it will flattening out at $US1280/oz
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
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 Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Jefferies	Overweight	• There is currently enough oil to meet demand • However, global spare capacity is dwindling to the lowest level that can be documented, meaning any further supply disruptions would be difficult for the market to manage - and could lead to spiking crude oil prices
Bank of America	Overweight	• The increase in US oil production and exports has not been able to offset the rising global demand and production cuts by the OPEC and Russia and lower supplies from producers like Venezuela • It is likely, therefore, that the upward pressure on oil prices continues through the rest of the year
Morgan Stanley	Overweight	• The broker forecasts Brent oil averaging about $85 per barrel in the next three to six months • Global inventories remain low, spare capacity is shrinking, Iranian exports are plummeting and production potential from hydraulic fracking in the Permian basin is increasingly capped by pipeline constraints
Pimco	Overweight	• The broker forecasts Brent oil averaging about $85 per barrel in the next three to six months • Global inventories remain low, spare capacity is shrinking, Iranian exports are plummeting and production potential from hydraulic fracking in the Permian basin is increasingly capped by pipeline constraints
Russel Investments	**Bullish**	• Oil prices could head higher • Global supply is restricted by the renewed US sanctions against Iran, the economic collapse in Venezuela and the growing risks of a civil war in Iraq
UBS	Overweight	• Preconditions for an oil supply shock are building • US sanctions on Iran take effect in November, US inventories are low, Venezuela is in crisis, and production in Saudi Arabia and other Gulf Cooperation Council countries is close to capacity • The broker expects a tight market to lead Brent crude oil prices to rise to $85/bbl over the next six months. • Further upside could come from a sharper than-expected drop in Iranian exports, or Iranian retaliatory measures against the US sanctions

About Decimal Point Analytics

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