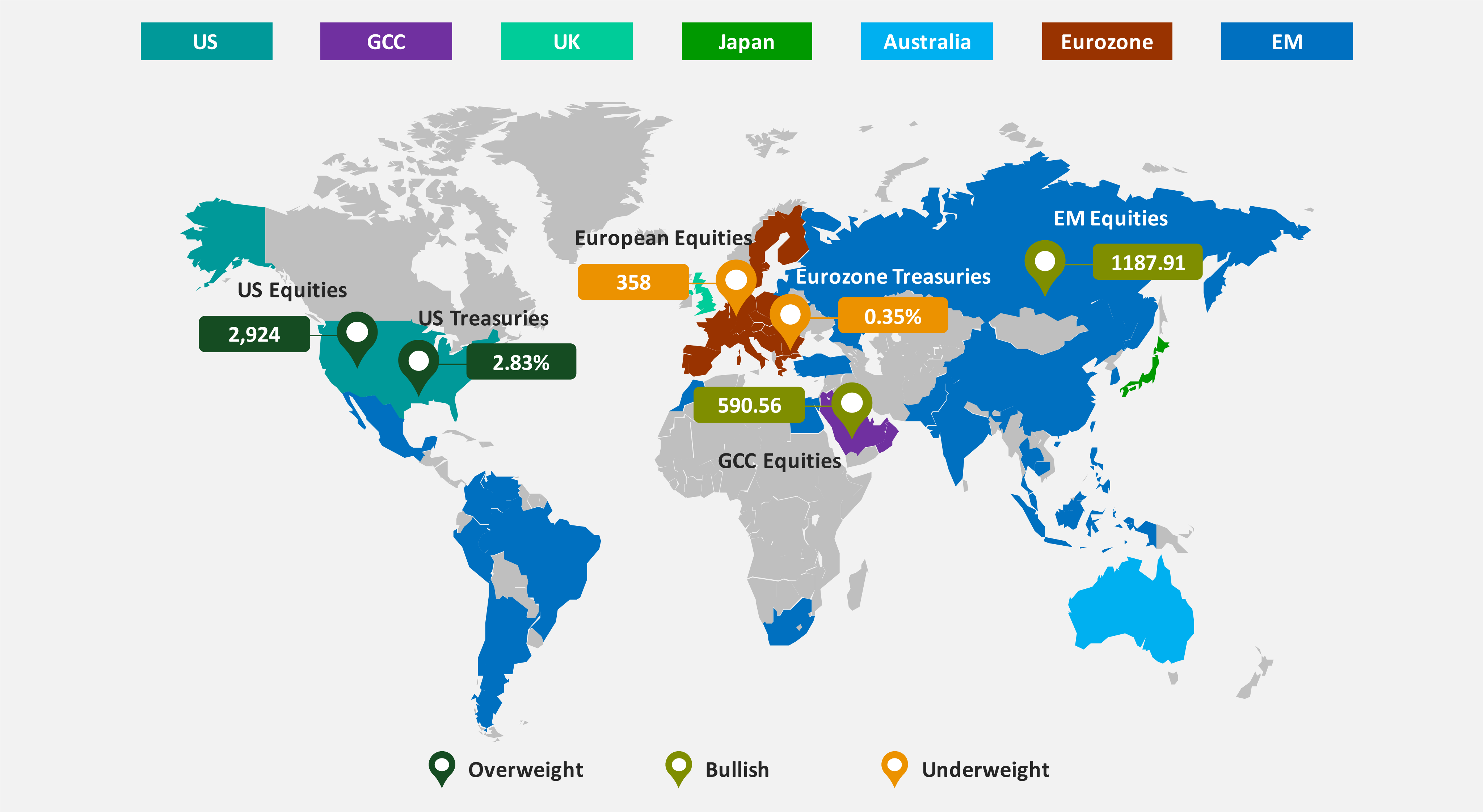
DECiMAL POiNT
Innovative Research Solutions

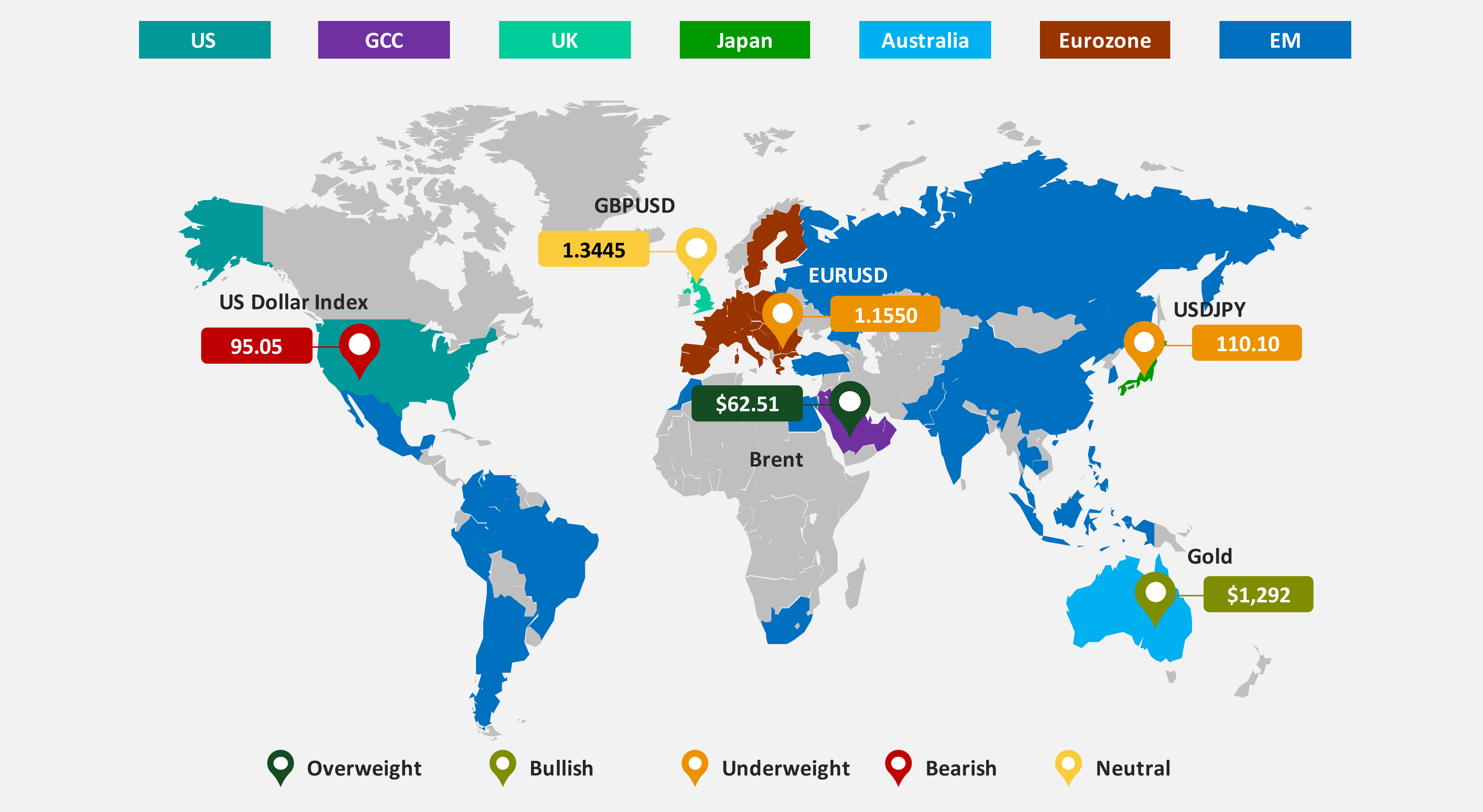
AssetPulse

Global MacroView Summary

12 March 2019


US
GCC
UK
Japan
Australia
Eurozone
EM
European Equities
358
US Equities
2,924
US Treasuries
2.83%
Eurozone Treasuries
0.35%
EM Equities
1187.91
590.56
GCC Equities
Overweight
Bullish
Underweight

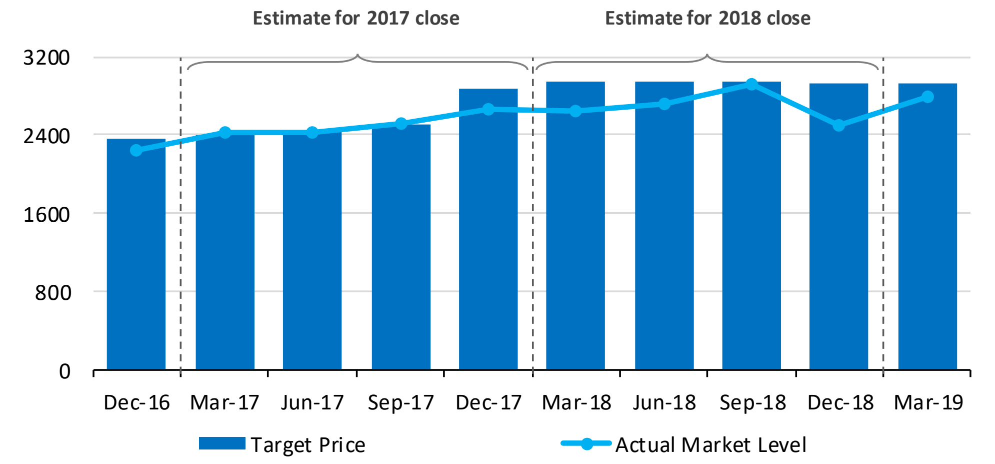
Global MacroView Summary



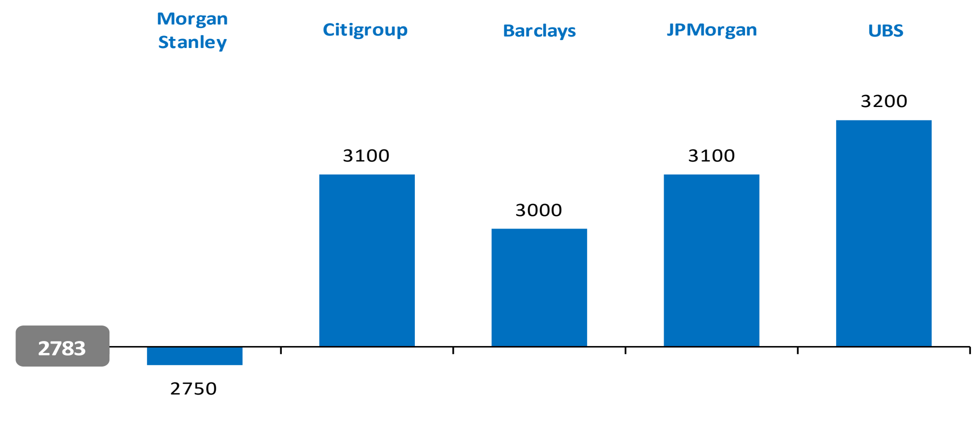
Asset Classes	10-Sep-18	10-Dec-18	11-Mar-19	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2877.13	2637.72	2783.30	-3.3%	5.5%
Eurozone Equities (Stoxx 600)	375.51	338.99	373.48	-0.5%	10.2%
Emerging Equities (MSCI EM Index)	1011.25	962.79	1041.15	3.0%	8.1%
GCC equities (MSCI GCC Countries Index)	530.09	538.51	561.76	6.0%	4.3%
Currency					
USD ($ Index)	95.15	97.22	97.22	2.2%	0.0%
EUR vs. USD	1.1594	1.1356	1.12	-3.0%	-1.0%
USD vs. JPY	111.13	113.33	111.21	0.1%	-1.9%
GBP vs. USD	1.3026	1.2561	1.3150	1.0%	4.7%
Fixed Income					
US 10yr Sovereign	2.94	2.85	2.64	-30	-21
Europe Core Area (German 10 Yr)	0.40	0.26	0.05	-35	-21
Europe Peripheral Area (Italy 10 Yr)	2.91	3.10	2.56	-35	-55
Commodities					
Gold	1195.88	1244.46	1293.35	8.2%	3.9%
Brent	77.37	59.97	66.58	-13.9%	11.0%

* 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	2019TP	2020 TP
S&P 500*	2,783.30	2,923.61	-
PE (x)	18.33	16.62	14.99
EPS ($)	151.84	167.51	185.73
Dividend Yield (%)	1.97	2.38	2.22
Price/Book (x)	3.30	3.07	2.83
EV/EBITDA (x)	12.67	11.00	10.17

*Value as on 11 March 2019

S&P 500 Index Returns

Q1 2018	Q2 2018	Q3 2018	Q4 2018	QTD
-1.2%	2.9%	7.2%	-14.0%	11.0%

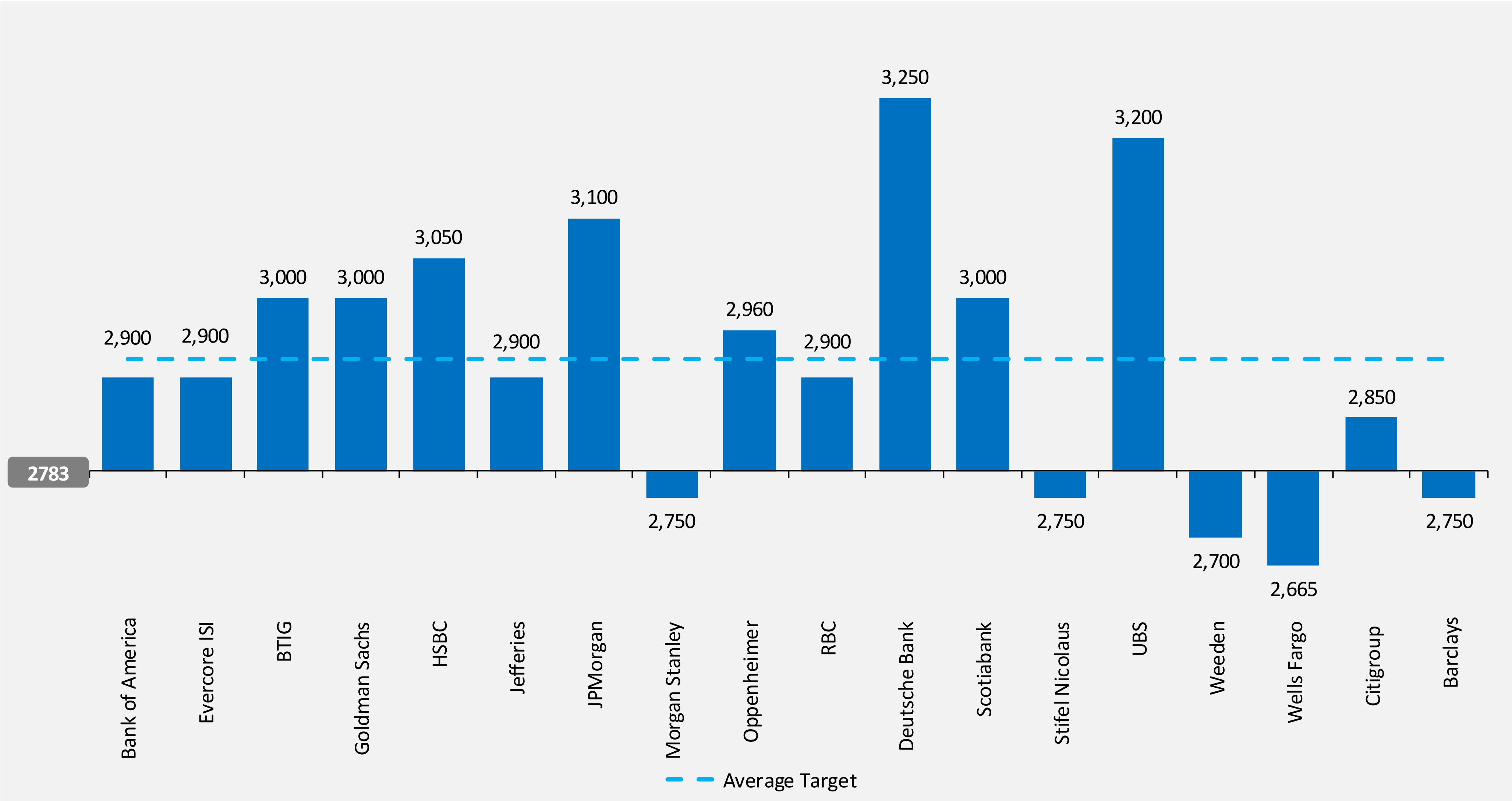
Positive View

- Solid corporate earnings and ongoing economic expansion
- Financial conditions have eased substantially
- FAANG stocks offer more reasonable valuations and the most durable business model in the US economy

Negative View

- Last year's support from strong earnings and economic growth is fading rapidly
- Geopolitical risks remain elevated due to trade frictions with China
- Valuation is the least attractive among equity regions

S&P 500 2019 Index Target by Major IBs

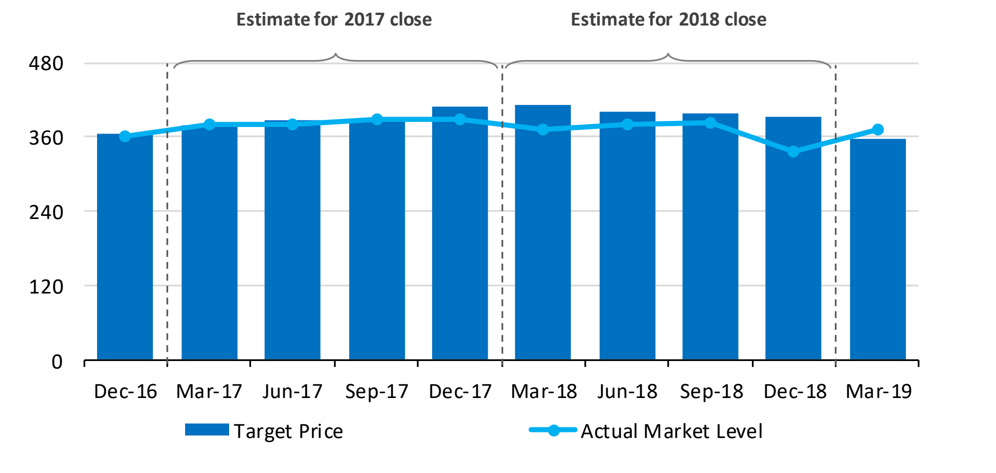


***Target with respect to actual level**

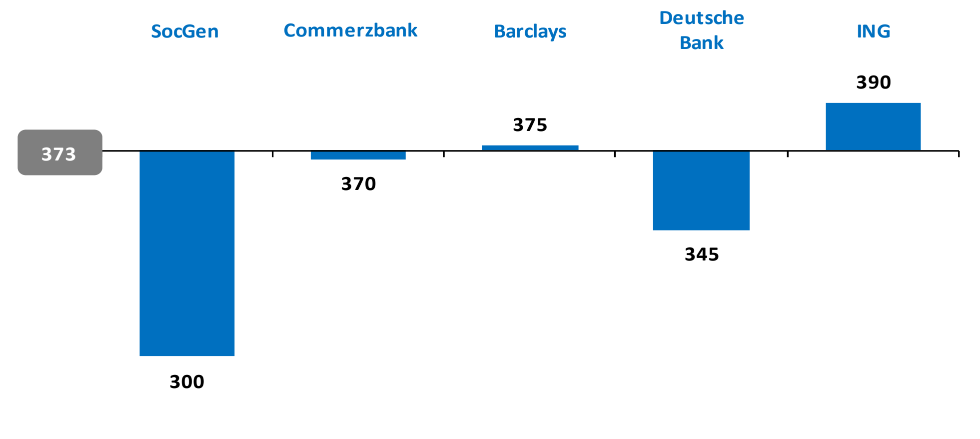
Market Experts/ Brokers/ Analyst		Views (Last one month)
Morgan Stanley	Overweight	• US equities had a very difficult finish to 2018 after holding up better than other equity markets through the first three quarters • The highest quality market is always the last to fall and so the sell-off in US equities as a good sign that the worst of the cyclical bear market that was expected at the beginning of 2018 is now left behind • A target of 2,750 offers attractive upside
Blackrock	Overweight	• Solid corporate earnings and ongoing economic expansion • There is a growing preference for quality companies with strong balance sheets as the 2019 macro and earnings outlooks become more uncertain • Health care is among the favoured sectors
JP Morgan	Underweight	• Although the turnaround in Fed policy and some improvement in trade risk has helped spur recent equity market performance, larger concerns about earnings remain • Announcements by firms that they’re seeing rising labour costs, support the belief that margins in the US look vulnerable
Merrill Lynch Wealth Management	Overweight	• Financial conditions have eased substantially • The Fed has shifted to a much more dovish tone on interest rates and the balance sheet • Opportunities for a China and US trade agreement have improved significantly • Volatility has declined by more than 20% to start the year • The broker expects S&P 500 to reach the 2900 level prior to the close of this year as sentiment improves
Nordea Bank	Neutral	• Last year’s support from strong earnings and economic growth is fading rapidly • Particular concern is the deterioration in the heavyweight sector, IT • Valuation is the least attractive among equity regions • Trade war will weigh on all equity regions, but the US is likely to lose the least if things deteriorate
Bank of America	Overweight	• Whether US equities can return to the highs, or perhaps even go beyond, will likely come down to whether a trade deal between the US and China can be reached in the coming months • A partial deal is increasingly priced into the equity market amid recent positive rhetoric out of the White House • A trade deal is expected to occur in the first half of this year all along

Market Experts/ Brokers/ Analyst		Views (Last one month)
Pictet Asset Management	Underweight	• US stocks are overvalued • Even after a recent sell-off, US stocks remain expensive based on their cyclically-adjusted PE-multiples • More corporate earnings downgrades are expected from analysts • The broker's forecast of 2019 for 3% EPS growth in the US is half the consensus level
Amundi Asset Management	Overweight	• The US market continues to be supported • Volatility will likely remain high as the market navigates through negative earning revisions • The broker has increased preference for the big tech/FAANG sector • FAANG stocks offer more reasonable valuations and the most durable business model in the US economy
Schroder Investment Management	Neutral	• US equities remain competitive due to solid earnings driven by the resilience of the domestic economy • However, earnings revisions have continued to deteriorate and the US remains expensive relative to other markets • At the same time, the normalisation of monetary policy by the Fed is likely to put a squeeze on corporate margins and profitability • Overall, US equities are expected to perform in line with global equities
Neuberger Berman	Overweight	• As the impact of US fiscal stimulus wanes, US growth is expected to converge with developed non-US and emerging market growth • US earnings growth is expected to be in the single digits this year, down from mid-20% growth in 2018 • Geopolitical risks remain elevated due to trade frictions with China • Nonetheless, the sell-off in the last quarter of 2018 was strong enough to leave US equity valuations trading near the lows of their historical range, creating potential for multiple expansion this year
Nuveen	Neutral	• US stocks have reached a new cycle high every year since their bottom in 2009 • Sadly, that streak is likely to be broken in 2019, but prospects for equities could still be quite good • The economic cycle is not over yet and the broker expects that stocks will achieve gains in 2019, but the environment will likely be choppy and frustrating • The year-end 2019 target for the S&P 500 Index is around 2,650, implying a decent year for stocks

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*	373.48	358.00	-
PE (x)	17.32	13.91	12.64
EPS (€)	21.56	26.84	29.56
Dividend Yield (%)	3.75	4.09	4.13
Price/Book (x)	1.74	1.65	1.56
EV/EBITDA (x)	9.53	8.59	7.99

*Value as on 11 March 2019

Stoxx 600 Index Returns

Q1 2018	Q2 2018	Q3 2018	Q4 2018	QTD
-4.6%	2.4%	0.8%	-11.8%	10.5%

Positive View

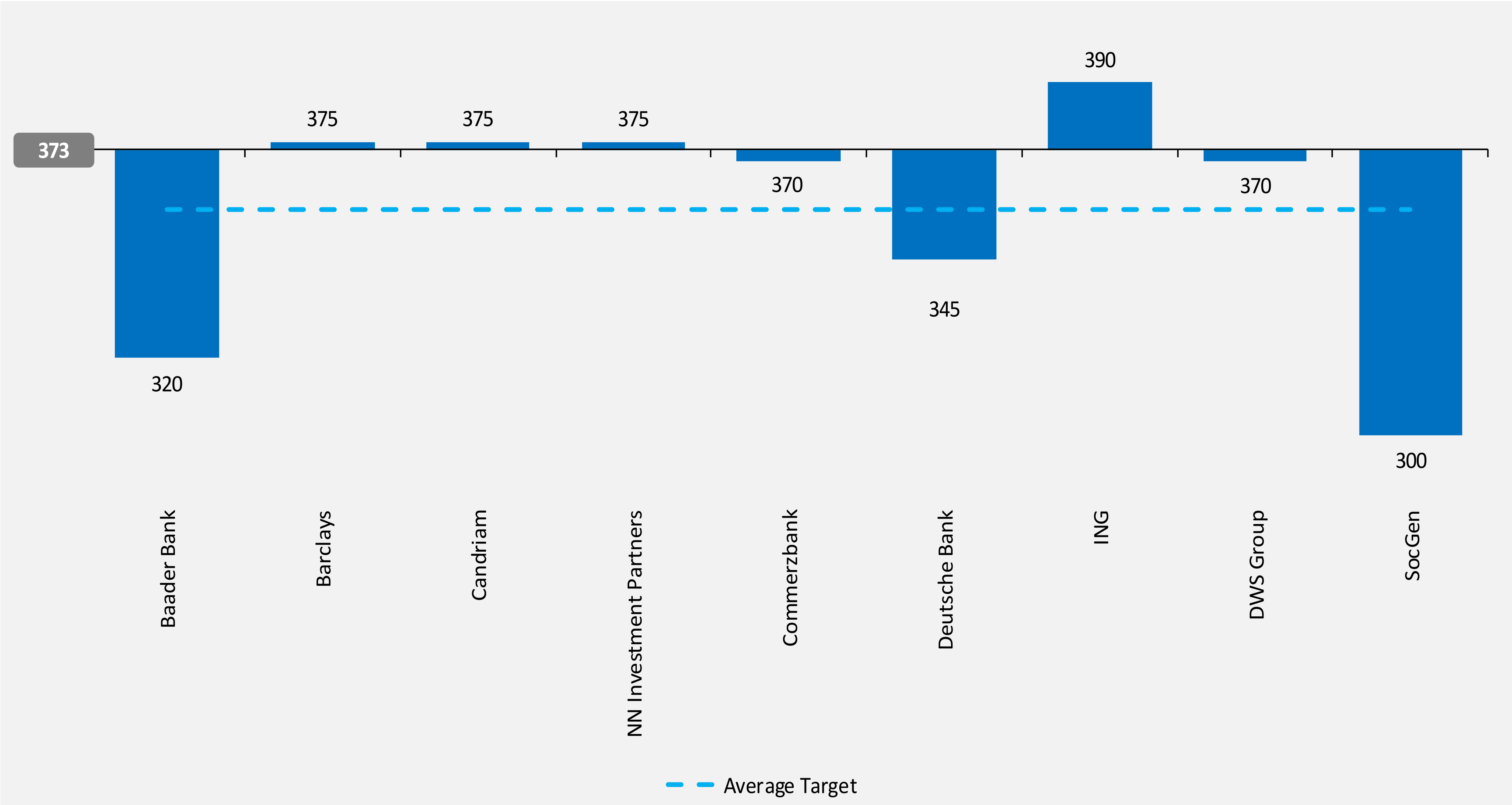
- Financial contagion risk is low
- Monetary conditions remain supportive
- Attractive valuations

Negative View

- Economic growth waning and earnings likely to follow
- The prospect of a stronger Euro may become a headwind for European equities
- European equities continue to be hamstrung by regional politics

Global MacroView Summary

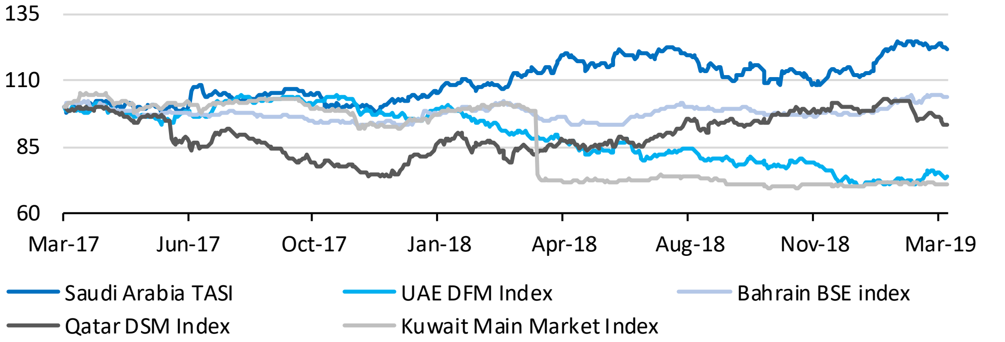
Stoxx 600 2019 Index Target by Major IBs



***Target with respect to actual level**

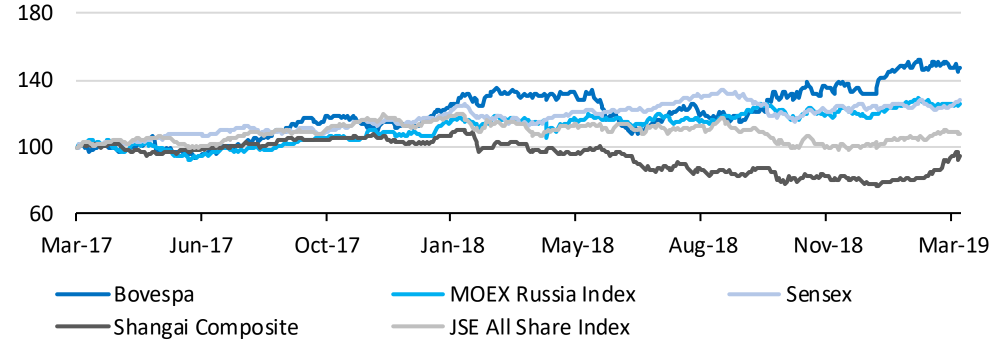
Market Experts/ Brokers/ Analyst		Views (Last one month)
Robeco Investment Solutions	Overweight	• European equities have steadily cheapened vis-à-vis the US on a relative basis since 2009 • A reason often mentioned for this is that the political risks in Europe are relatively high • These risks are overstated and limited, despite all the rhetoric, and European equities are relatively attractive
Blackrock	Underweight	• Weak economic momentum and political risks are challenges to earnings growth • A value bias makes Europe less attractive without a clear catalyst for value outperformance • There is a preference for higher-quality, globally-oriented stocks
Nordea Bank	Neutral	• ECB members have now changed their language accordingly and political risks have eased • Brexit will still take headlines, but it is not likely affect EU equities • With investors being very sceptical on European assets, the broker is starting to see performance risk
Schroder Investment Management	Underweight	• The backdrop for European banks remains challenging and the prospect of a stronger Euro may become a headwind for European equities
Citibank	Overweight	• The broker expects Europe (ex UK) EPS growth of around 10% for 2019 broadly spread across different sectors • Dividend yields in the region are attractive
Lazard Asset Management	Overweight	• 2019 could be a defining period for European equities, owing to a number of key milestones • Positive fundamentals remain in place in Europe and are likely to reassert themselves through 2019, particularly if global head-winds recede • This could lead to a rebound in the most depressed sectors in Europe, including autos
State Street Global Advisors	Underweight	• European equities continue to be hamstrung by regional politics • Leaders in countries such as Germany, France and the UK are preoccupied with their own political survival, Brexit and the immediate financial risks presented by countries such as Italy • This has weakened the impetus to implement much-needed structural reforms aimed at protecting the Eurozone from the next crisis • The broker believes real political risks could weigh on European stocks and justifies a defensive stance that seeks to mitigate market volatility

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 *	561.76	-	-
PE (x)	14.42	12.94	11.53
EPS ($)	38.97	43.4	48.71
Dividend Yield (%)	3.82	4.58	4.81
Price/Book (x)	1.82	1.61	1.52

*Value as on 11 March 2019

MSCI EM Index Key Parameters

	Actual	2019 TP	2020 TP
MSCI Emerging Markets Index *	1041.15	-	-
PE (x)	12.80	12.06	10.81
EPS ($)	81.32	86.32	96.35
Dividend Yield (%)	2.79	3.13	3.37
Price/Book (x)	1.57	1.46	1.35
EV/EBITDA (x)	8.10	8.19	7.49

*Value as on 11 March 2019

MSCI GCC Index Returns

Q1 2018	Q2 2018	Q3 2018	Q4 2018	QTD
7.2%	4.2%	1.3%	-0.9%	4.4%

MSCI EM Index Returns

Q1 2018	Q2 2018	Q3 2018	Q4 2018	QTD
1.1%	-8.7%	-2.0%	-7.8%	7.8%

Positive View

- The UAE government has introduced a number of initiatives to boost non-oil GDP
- Valuations have become increasingly compelling

Negative View

- Rising trade tensions could limit upside potential
- Market volatility

Positive View

- Chinese stimulus measures will start feeding into the macro data
- In 2019, several of the key concerns that have weighed on EM's should dissipate and in some cases may reverse

Negative View

- Earnings outlook is weakening together with the rest of the world
- Valuation no longer a clear support

Asset Class	
Emerging Market Equities (MSCI EM Index)	
Analyst expectations	
Average	1187.91
Bloomberg Consensus Target Price For MSCI EM Index	1187.91
As on 11 March 2019	1041.15
% Change from Current levels compared to avg	14.10%

Market Experts/ Brokers/ Analyst		Views (Last one month)
Morgan Stanley	**Overweight**	• After a difficult first 10 months of 2018, EM equities have performed relatively well • With the USD appearing to have made a cyclical top, global nominal GDP growth could trough in the first quarter as China's fiscal stimulus takes hold • This should disproportionately benefit EM equities
Blackrock	**Overweight**	• Attractive valuations, coupled with a backdrop of economic reforms and policy stimulus, support the case for EM stocks • Financial contagion risk is low • Uncertainty around trade is likely to persist, though much has been priced in
JP Morgan	**Overweight**	• Investors can expect the best returns from Asian stocks in the first half of 2019 as negative sentiment from last year subsides • Clarity on the US-China trade dispute, Chinese economic growth and the US averting a recession can be positive for EM equities • The strategist prefers value stocks • Also favours shares in China, Singapore and the Philippines

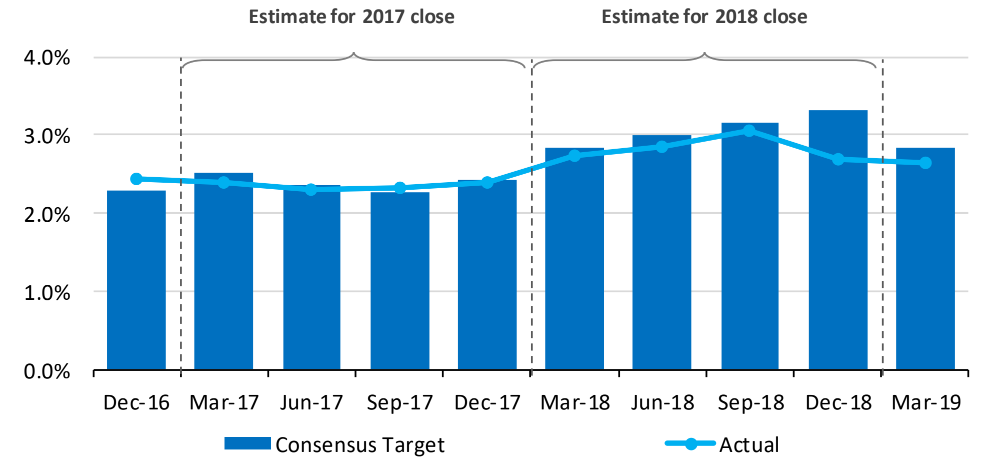
Market Experts/ Brokers/ Analyst		Views (Last one month)
Nordea Bank	Neutral	• EM earnings are highly correlated with EM exports • Both should come under increased pressure as the Chinese import cycle deteriorates further • US-China trade deal remains an upside risk, but any sentiment boost should be short-lived
UBS	Overweight	• The broker prefers EM equities, based on attractive valuations • Chinese stimulus measures will start feeding into the macro data • There might also be a potential further weakness in the USD after the Fed's shift in tone
Amundi Asset Management	Overweight	• The fundamental picture in EM equities are expected to stabilise and improve in 2019 • EM equities look cheap on a relative basis and a global investor underweight in EM provides strong technical support • At a regional level, the broker favours countries with positive growth outlooks (China, India) and very attractive valuations (namely, Russia) • The broker is defensive on countries with expensive valuations (Chile, Thailand) and would avoid countries with high political risk (namely, Turkey)
Ashmore Group	Bullish	• In 2019, several of the key concerns that have weighed on EM's should dissipate and in some cases may reverse • This should enable EM's to re-establish themselves as a prime destination for capital that was temporarily lost to the US • Stronger expected economic and earnings growth, lighter investor positioning and depressed valuation multiples, all bode well for EM's to deliver positive absolute returns and to outperform their developed peers
Schroder Investment Management	Neutral	• While valuations are attractive, given the sell-off last year, there is no evidence of a strong recovery in the cyclical backdrop of these economies • While the Chinese authorities have started to ease policy to support the domestic economy, investors need to see concrete evidence of trade reconciliation with the US and growth stabilisation

Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	590.56
Bloomberg Consensus Target Price For MSCI GCC Index	590.56
As on 11 March 2019	561.76
% Change from Current levels compared to avg	5.13%

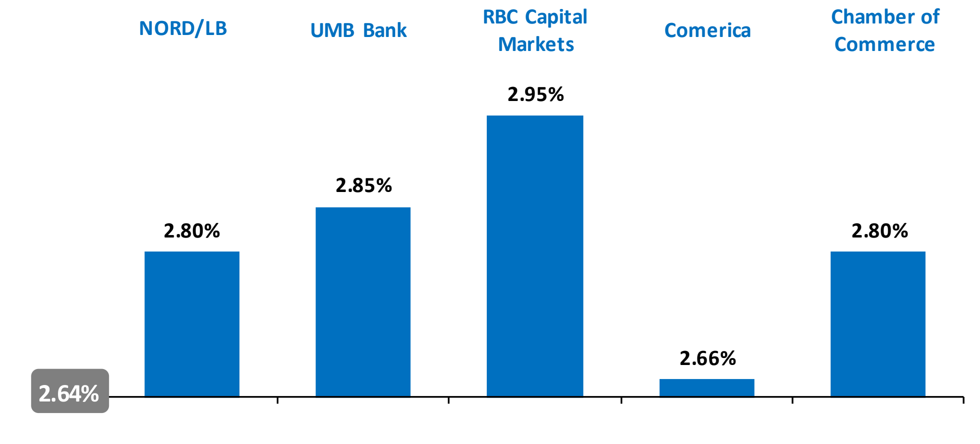
Market Experts/ Brokers/ Analyst		Views (Last one month)
Al Masah Capital	**Bullish**	• UAE equities have already started the year on a positive note and this tone is expected to gain further traction in 2019 • There are a number of reasons to remain bullish about the UAE's prospect for the next two years • The UAE government has introduced a number of initiatives to boost non-oil GDP • The government also remains committed to high spending levels as it announced a zero-deficit budget of $49 billion for three years spanning 2019-21 • Expo 2020 Dubai is expected to start benefitting the broader economy from the second half of this year • Valuations have become increasingly compelling • Investors with medium- to long-term view should have the opportunity to buy quality stocks
QNBFS	**Overweight**	• Qatari equities are set for a positive 2019 • Qatari stocks within the broker's coverage universe is expected to increase by 4% in aggregate earnings as of 2019 • A 3.9% DPS increase for 2019 and a 5.9% growth for 2020 • Qatari equities are expected to post better ROE metrics for 2019 and 2020

Market Experts/ Brokers/ Analyst		Views (Last one month)
Markaz	**Overweight**	• Economic outlook for the GCC region as a whole remains positive • The surge in oil revenues and fiscal reforms of past years will provide the necessary cushion for GCC countries to support economic growth through capital expenditure
First Abu Dhabi Bank	**Bullish**	• UAE equity markets will rally in 2019, boosted by a weaker dollar, higher oil prices and Abu Dhabi's economic stimulus plan • The MSCI EM inclusion of Saudi Arabia and the JP Morgan indices inclusion of GCC bonds into their index will further aid the local equity markets • Valuations, fundamentals and mean reversion – all are set to favour the UAE this year
Emirates Investment Bank	**Overweight**	• In a period of increasing interest rates and stable oil prices, the GCC economy has started seeing signs of improving dynamics that are driving momentum in its markets • A positive phenomenon is the healthy M&A activity in the GCC region • M&A activities have totaled over $10 billion this year, a 3% increase over last year • The GCC banking sector is also seeing an increasing level of consolidation • GCC governments are playing a growing role in stimulating economic growth and boosting investor confidence in regional markets

Consensus Target for US 10 Year

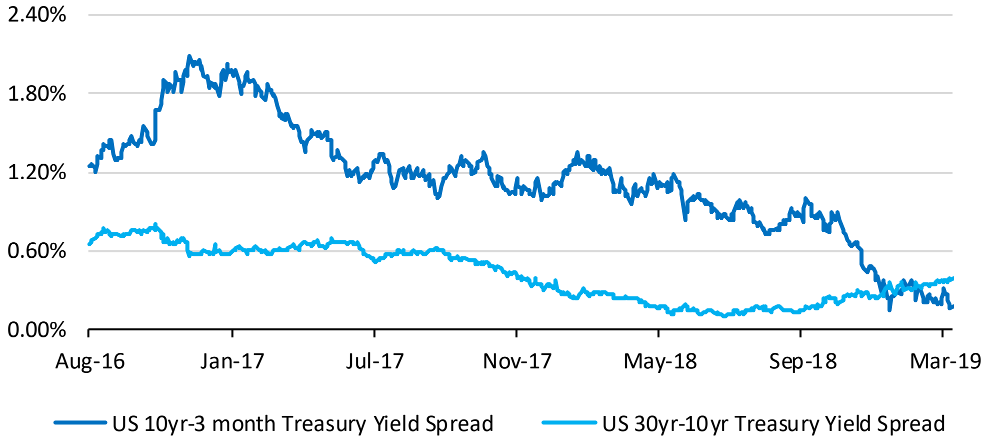


US 10 Year Target by Major IBs



*Target with respect to actual level

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



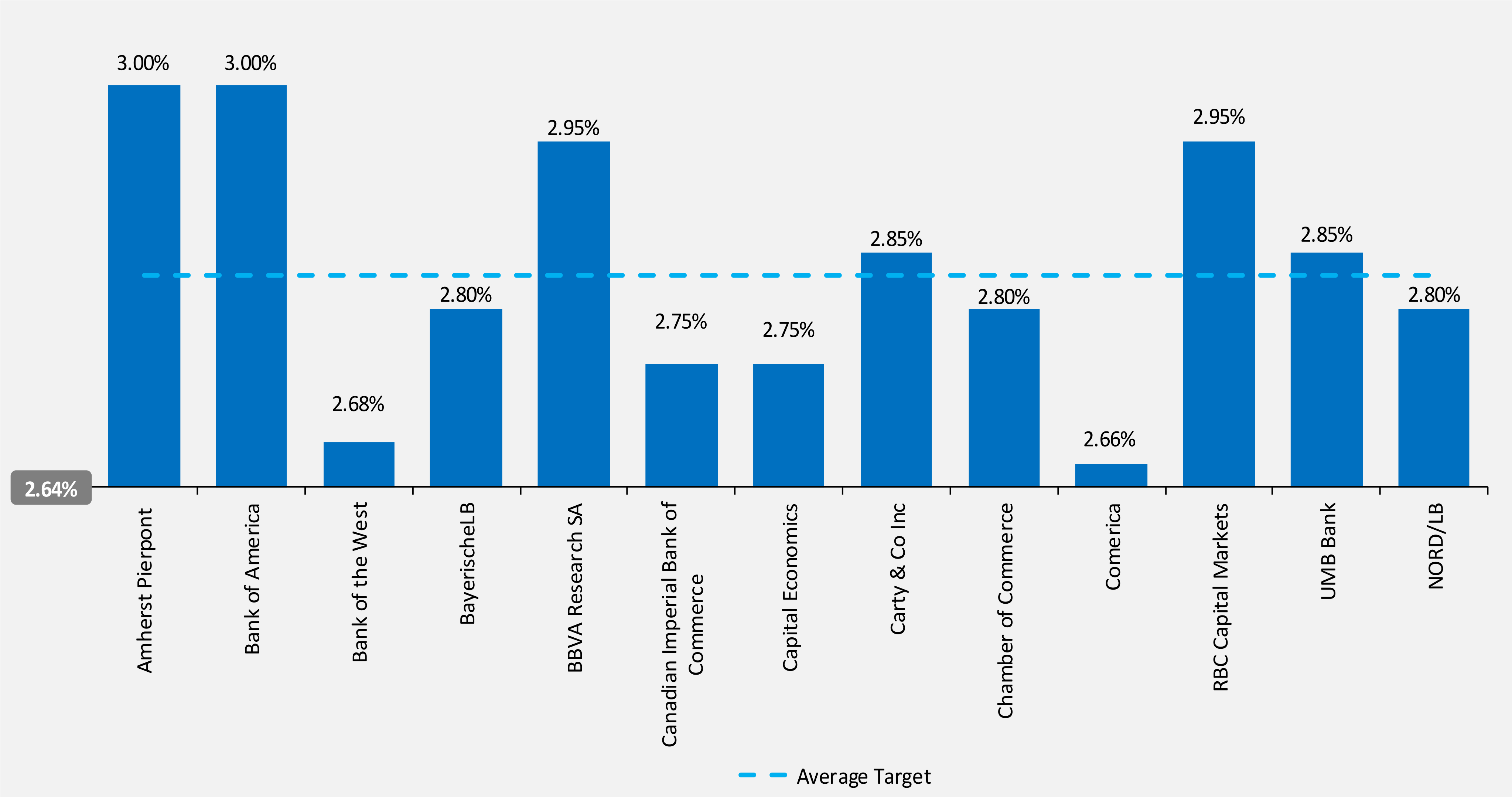
Positive View

- Core fixed income has become relatively more attractive
- Majority of the adjustment higher in interest rates has likely already occurred
- Modestly soft economic news, positive fixed income flows and a first-half pause in Fed rate hikes are seen as supportive

Negative View

- The yield curve between short and long-term bond yields is likely to remain flat
- While recent data has been softer, the market has overshoot to become too dovish on rate expectations

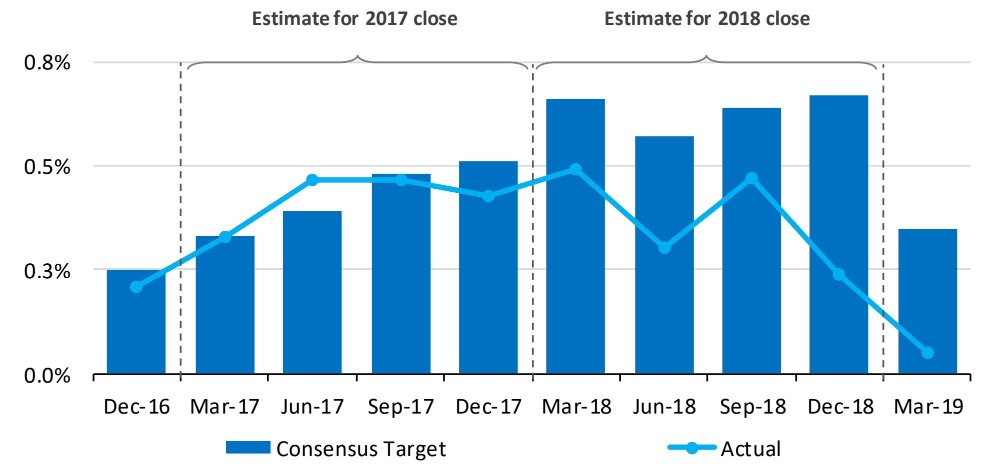
US Treasuries 10 Year Target Yield for Q1 2019 by Major IBs



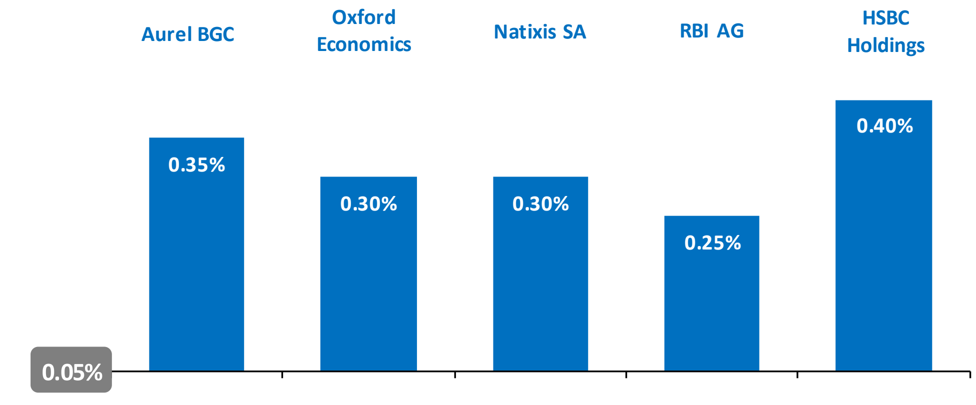
***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Blackrock	Neutral	• A negative correlation with risk assets makes Treasuries attractive portfolio diversifiers • Modestly soft economic news, positive fixed income flows and a first-half pause in Fed rate hikes are seen as supportive • The impact of Fed balance sheet reduction should be muted
Pictet Asset Management	Overweight	• US interest rate hikes are off the agenda for now • The Fed chairman Jay Powell also signalled that the board was open to slowing the pace at which it shrinks its balance sheet • Yields have come down substantially from last autumn's highs • It is down to 2.72% from a recent peak of 3.23% in October • There is scope for them to come down further if the Fed starts to ease policy in the face of an economic slowdown
PNC Financial Services	Overweight	• The US economy can continue to grow but will likely experience a cyclical moderation • A decelerating growth rate combined with contained inflationary pressures likely gives the Fed cover to pause the current interest rate hike cycle sometime in 2019 • This will limit additional upside in interest rates from current levels • The majority of the adjustment higher in interest rates has likely already occurred • Subsequently, core fixed income has become relatively more attractive
Saxo Bank	Overweight	• In sovereigns, the broker prefer safe haven assets, such as 10-year Treasuries • Unlike 2018, the biggest driver will be a slowdown in the global economy • Political and economic uncertainty will remain high in 2019, causing many investors to flee to safety and prefer sovereigns • The main driver for US Treasury performance this year will be the US economic performance
Schroder Investment Management	Underweight	• While recent data has been softer, the market has overshot to become too dovish on rate expectations • However, Treasuries can still be a useful diversifier in the portfolio against a potential economic slowdown this year

Consensus Target for German 10 Year

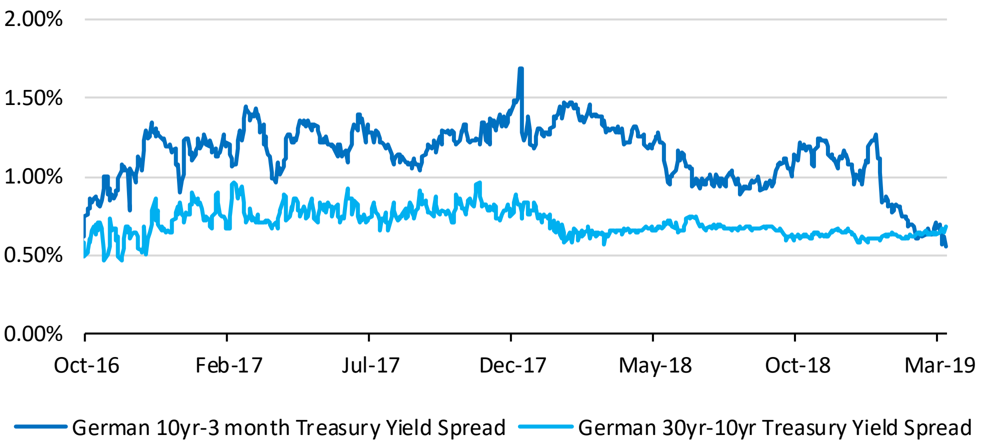


German 10 Year Target by Major IBs



*Target with respect to actual level

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



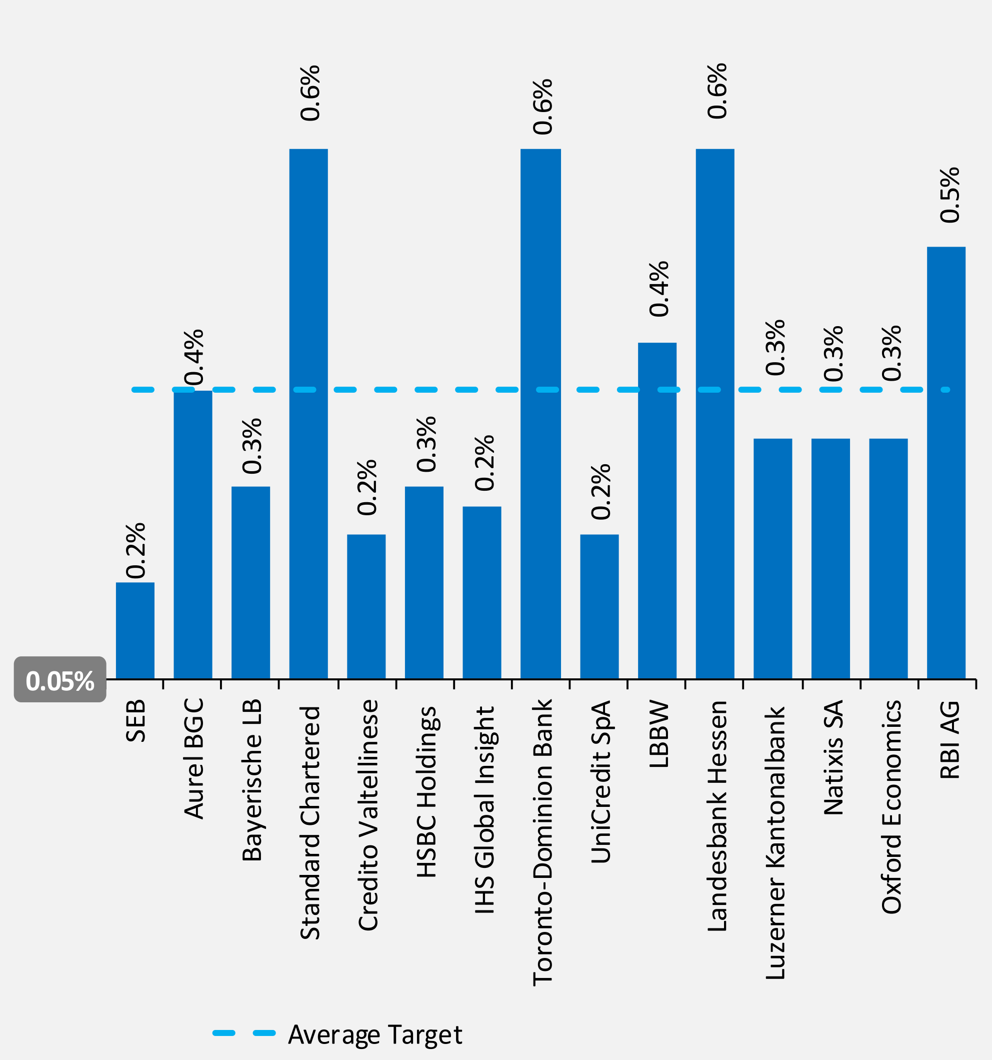
Positive View

- German bonds have been supported by a swathe of risk factors in recent months
- The steep yield curve and disappointing data mean that investors will likely continue to own Bunds
- There are many reasons to fear that the situation between the new Italian government and the EU might destabilise again

Negative View

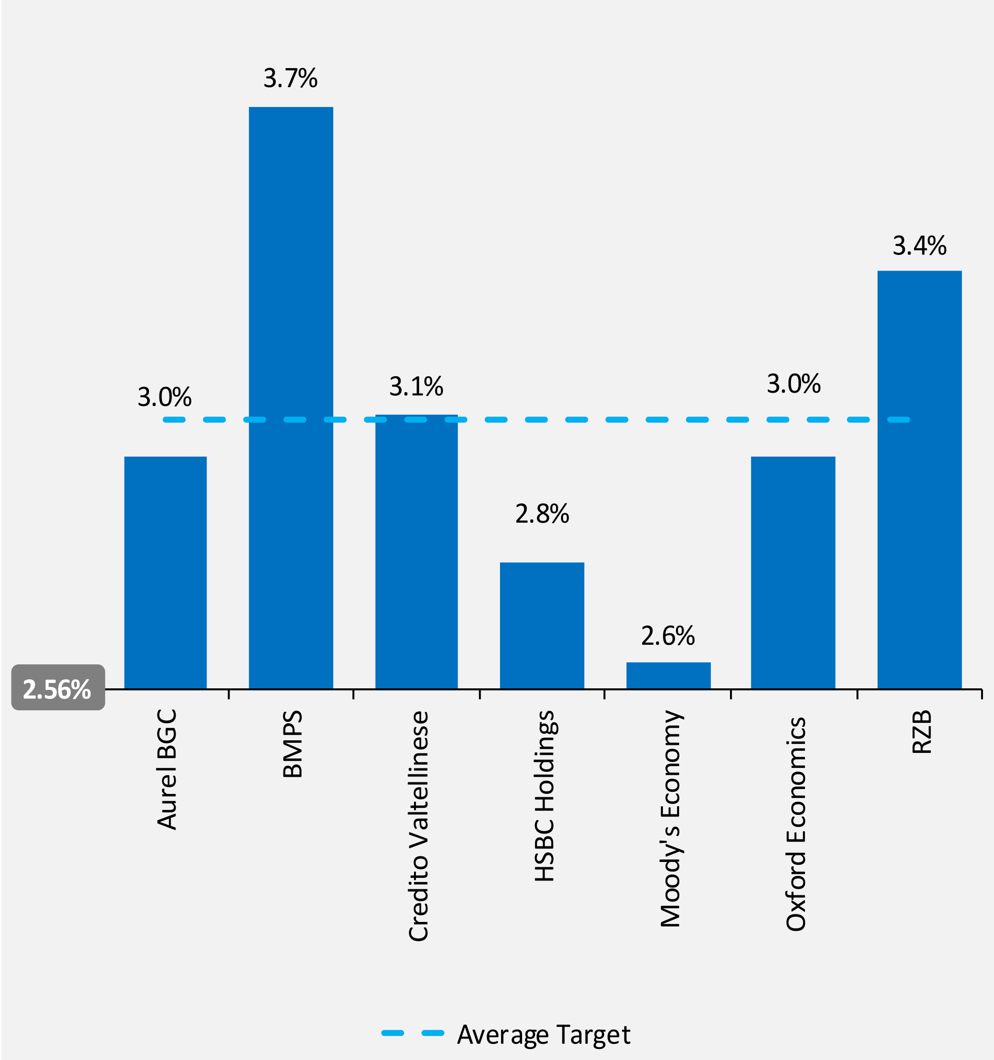
- Valuations look high
- Italian spreads reflect quite a bit of risk

German 10 Year Target Yield for Q1 2019 by Major IBs



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

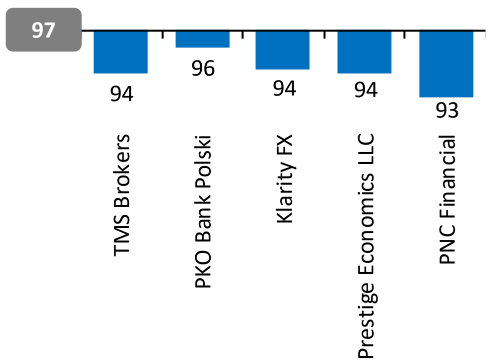
Italy 10 Year Target Yield for Q1 2019 by Major IBs



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

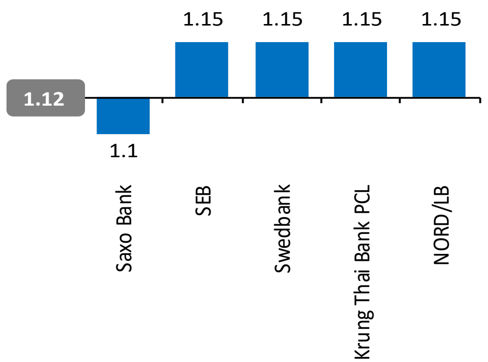
Market Experts/ Brokers/ Analyst		Views (Last one month)
Blackrock	Underweight	• The broker steers away from most euro peripheral debt amid rising political risks • Slowing economic momentum and fewer policy levers to counter any downturn • A no-deal Brexit looks unlikely, but expect a bumpy road
HSBC Bank	Underweight	• Core Eurozone government bonds are overvalued • The market has lost the support of the ECB's net asset purchases
Commerzbank AG	Overweight	• 2019 10-year yield forecast: 0.89% • German bonds have been supported by a swathe of risk factors in recent months • This includes global trade war fears to Italy's budget battles • The broker suggests a long bias initially, with a view to lengthen duration again when US yields look set to peak and the ECB delays the first rate hike into next year
Saxo Bank	Overweight	• The broker remains negative on Italian BTPS and French OATS, but continues to be positive on German bunds given their safe haven status • Although the clash between the new Italian government and the EU seems to be resolved, there are still many reasons to fear that the situation will destabilise again • The two Deputy Prime Ministers, Matteo Salvini and Luigi Di Maio, fight to implement their political policies within the deficit boundaries agreed with the EU
Schroder Investment Management	Neutral	• Valuations look high • However, the steep yield curve and disappointing data mean that investors will likely continue to own Bunds, thus tempering any negative view
Commerzbank AG	Underweight	• Higher government spending and political uncertainty threaten rising debt yields in Italy and France, which could spill over elsewhere • 2019: 10-year yield forecast: 0.89% • German bonds have been supported by a swathe of risk factors in recent months, ranging from global trade war fears to Italy's budget battles • Any signs of those fading, or better-than-expected data in the region, or the UK securing a smooth divorce from the EU could presage higher yields

US Dollar Index



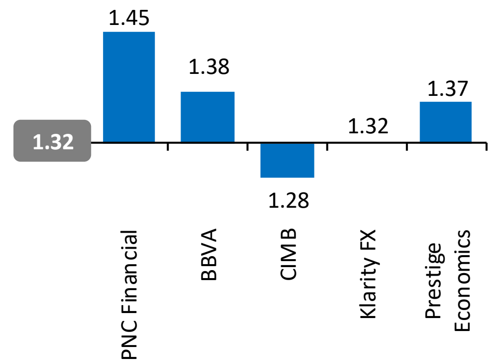
*Target with respect to actual level

EURUSD



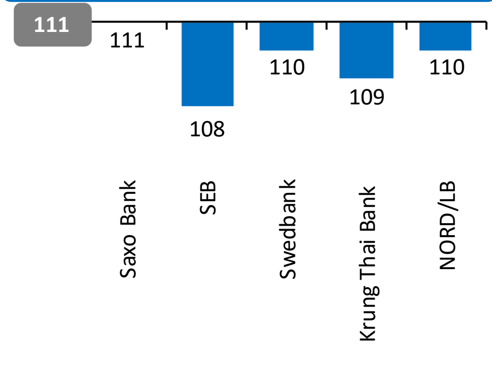
*Target with respect to actual level

GBPUSD



*Target with respect to actual level

USDJPY



*Target with respect to actual level

US

Positive View

- Swirling uncertainties about the US-China trade relationship
- A darkening global-growth outlook

Negative View

- Core inflation is not going up that quickly despite the rise in wage inflation
- America's rising debt burden

Eurozone

Positive View

- The Eurozone is running a large current account surplus
- Loosening monetary policy by the PBoC may spur EU's export to China, which may underpin the EUR

Negative View

- Interest rate and growth differentials could prove headwinds to sustained Euro strength throughout 2019
- The concerns about the rise of populism have returned

UK

Positive View

- UK job creation and wage growth have been stronger than expected
- The UK is likely to avoid a hard or no deal Brexit

Negative View

- Political paralysis
- General Election risk remains high

Japan

Positive View

- The top priority in Japan has shifted from beating inflation to supporting the economy
- Interest rate differentials will continue to work against the JPY in 2019

Negative View

- Japan's recent growth deceleration is expected to reverse
- Changes in the BoJ's balance sheet and JPY valuation

US

GDP Annualised	2.6% (Q4 2018)
Inflation (YoY)	1.6% (January)
Trade Balance	-$59.80 bn (December)

Eurozone

GDP Annualised	1.1% (Q4 2018)
Inflation (YoY)	1.5% (February)
Trade Balance	€15.60 bn (December)

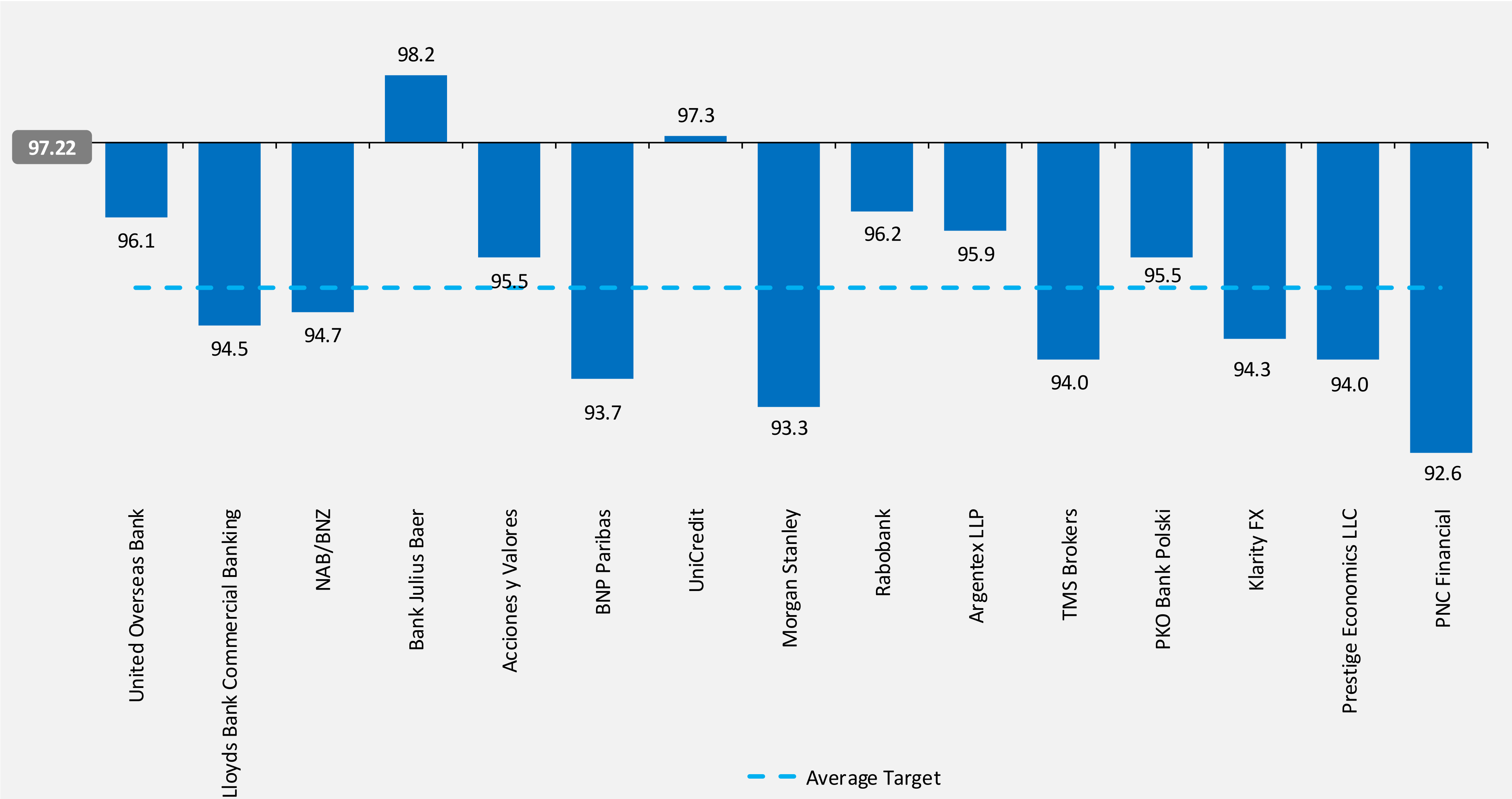
UK

GDP Annualised	1.3% (Q4 2018)
Inflation (YoY)	1.8% (January)
Trade Balance	-£13.08 bn (January)

Japan

GDP Annualised	1.9% (Q4 2018)
Inflation (YoY)	0.2% (January)
Trade Balance	-¥964.80 bn (January)

US Dollar Index Target for Q2 2019 by Major IBs



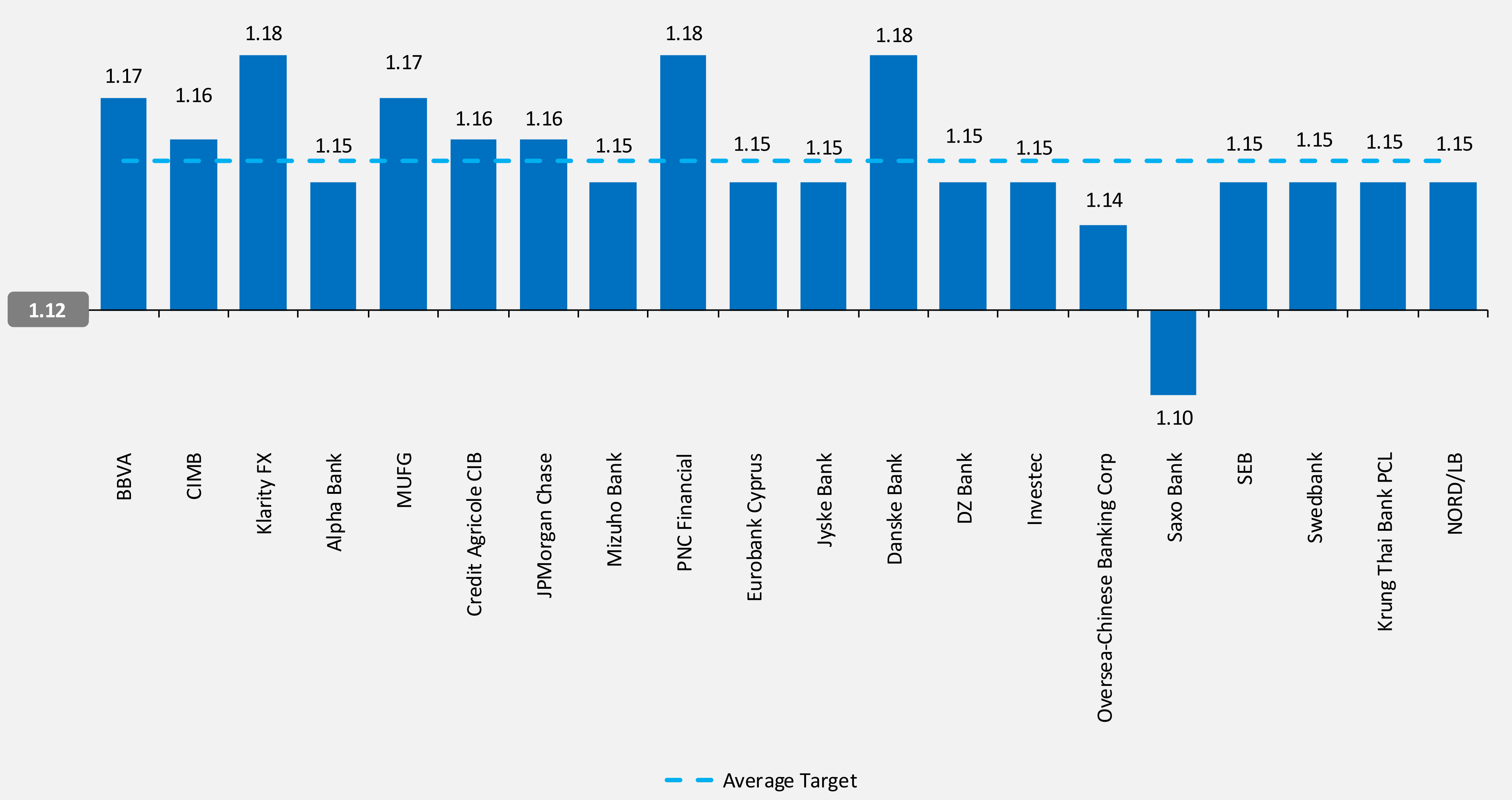
***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	Underweight	• US growth outperformance may narrow from 2% to 1.8% in Q2 and further reduce to 0.7% in Q4, which may undermine the USD • The USD is expected to be around 1% weaker vs. G10 over 0-3m and around 4% weaker over 6-12 months
Invesco	Bearish	• The USD is expected to weaken against a backdrop of renewed global growth convergence • This will likely be driven by the unwind of the US exceptionalism theme of 2018 and the pivot toward a more dovish Fed policy going forward • Additionally, US budget and current account deficit concerns will likely persist, potentially weighing on the USD
CIBC Capital Markets	Neutral	• Despite some soft news from within the US, subpar data readings from abroad have continued to support the USD index • However, as expectations for growth abroad rebuild, USD weakness should materialize in H2 2019, helped by markets accounting for a possible Fed ease in 2020
BNP Paribas	Bearish	• The gains for the USD are to be considered a shorter-term phenomenon • Factors that will ultimately lead to the currency's depreciation include America's rising debt burden, the impact of Donald Trump's fiscal stimulus wearing off, and political deadlock in Washington • Even in the event of a trade truce between China and the US, the Fed will not start hiking aggressively again • The Fed is not in a big rush, core inflation is not going up that quickly despite the rise in wage inflation
Blackrock	Underweight	• Over the medium-term, the USD is expected to depreciate from here • The Fed is expected to remain on pause for an extended period and this will be the main factor weighing on USD • The US is in the late business cycle as well

Market Experts/ Brokers/ Analyst		Views (Last one month)
Hayman Capital Management	Underweight	• The US will start to slow down in 2H 2019 and enter a “mild recession” in 2020, neither of which bodes well for the USD • The impact from the tax cut will be only $150 billion in 2020 • Politics could also play a part in increasing the chances of a recession in the US
PIMCO	Neutral	• By many conventional measures, the USD is too pricey • Swirling uncertainties about the US-China trade relationship and a darkening global-growth outlook could support the already “rich” greenback in the months ahead • A truce would buoy risk sentiment and likely see the USD weaken across the board • However, a further fraying of the relationship could send investors searching for safety in the USD
Saxo Bank	Underweight	• 2019 is getting under way with a weaker US dollar as the Fed appears to have finally realised that its policy mix and guidance were already beyond what the market can bear • The risk for USD bears is that the market over-celebrates the Fed’s turn, which is so far just a deceleration • A further calming of financial conditions and a continued spike in US wages could even see the Fed making one last hike in March • But in general, the broker is of the view that the Fed is done for the cycle
Scotiabank	Underweight	• While the USD benefitted from rising interest rates and solid US growth dynamics in 2018, a lot of good news has been factored into the exchange rate at current levels from an economic perspective • The USD remains relatively elevated against most of its major currency peers from a PPP perspective • Interest rate differentials will narrow against the USD as other central banks “catch up” with the Fed • The accumulation of US current account and (especially) fiscal deficits will weaken the USD in the medium to longer run
Lazard Asset Management	Overweight	• Following the recent sell-off, there is compelling upside in US equity markets • Given slowing global growth and the continued overhang of political risk, volatility is expected to remain elevated in 2019 • While there are signs of economic deceleration and difficulties in quantifying risks such as trade friction, China rebalancing challenges, Eurozone politics, and Fed monetary policy tightening—the markets appear to be oversold

Global MacroView Summary

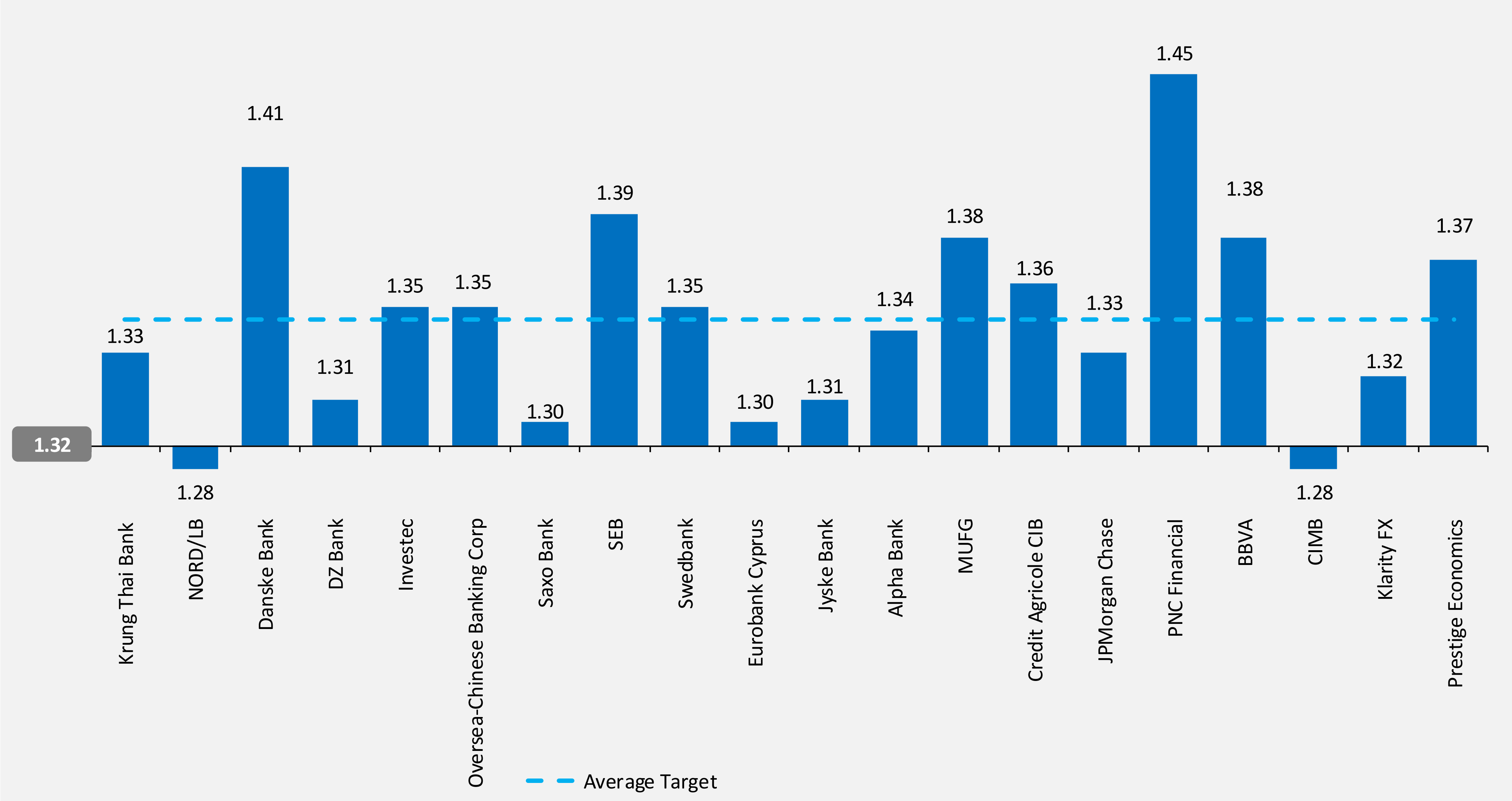
EURUSD Target for Q2 2019 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Crédit Agricole	Underweight	• A potential turning point for the relative rate outlook for EUR/USD may come later than June 2019 • The broker has subsequently revised down the short-term EUR/USD forecasts to reflect the Eurozone's deteriorating economic outlook and the prospects of further credit easing by the ECB
Citibank	Overweight	• Eurozone current account surplus • Chinese easing and fading US growth outperformance • These factors might underpin the EUR in the medium and long term
CIBC Capital Markets	Underweight	• Given internal data disappointments and downside risks to the outlook including Brexit and upcoming elections, euro strength looks to be further in the future and less material than previously thought
Saxo Bank	Underweight	• The concerns about the rise of populism that weighed on the Euro at the beginning of 2017 ahead of key elections have returned and could dog the Euro before EU parliamentary elections in May • Furthermore, Brexit weighs at the margins, and the Euro could continue to fail to strengthen
Scotiabank	Overweight	• The broker expects above potential rates of expansion in the coming quarters, keeping inflation on an upward track • The ECB will be on course to shift gradually towards policy normalisation later this year, which is expected to boost the EUR more materially in H2 2019
Neuberger Berman	Neutral	• Despite a slowdown in 2018, growth is still at or above trend and the Eurozone is running a large current account surplus • Risks to the view include accommodative ECB policy in the face of weak inflation • Political risks that include the Italian budget negotiations and the threat of tariffs in the auto sector
National Bank of Canada	Overweight	• The common currency does not look good right now, saddled by soft economic growth and political uncertainty (including Brexit and Italy) • The ECB, which continues to be frustrated by slow GDP growth, low inflation and a fragile banking sector in the Eurozone, is unlikely to change its loose stance on monetary policy soon • But at some point investors will come to expect the central bank to start the process of policy normalisation • That, coupled with USD weakness and the reversal of large speculative net short positions on the euro, could allow the common currency to bounce back this year. • The end-of-2019 forecast of for the EURUSD is 1.23

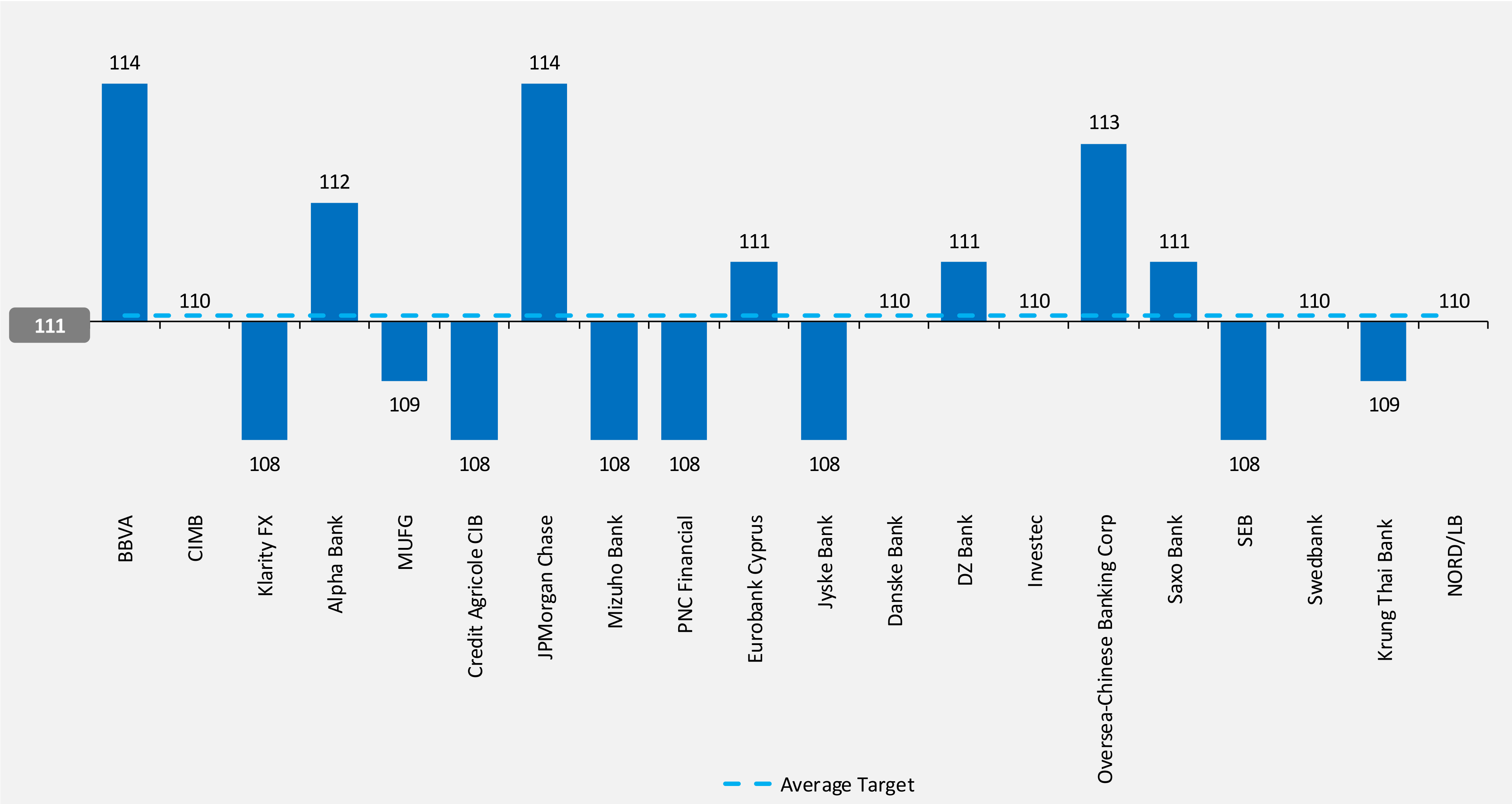
GBPUSD Target for Q2 2019 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	Neutral	• The extension of Article 50 remains the highest probability outcome, which may underpin GBP mildly • Importantly though, 'no-deal' remains the default legal position; hence a significantly large expected depreciation in this outcome remains probable • Also, General Election risk remains high • If a Corbyn-led Government looks likely, one could also expect a new low in GBP
CIBC Capital Markets	Underweight	• Political paralysis continues to underpin Sterling volatility • The slide in macro activity, combined with Brexit uncertainty, suggests that BoE tightening is likely further than previously thought • That implies a flatter Sterling outlook in the near term
Neuberger Berman	Overweight	• GBP is undervalued based on PPP measures, offering a potentially attractive Brexit premium • UK job creation and wage growth have been stronger than expected • Risks to the view include the high uncertainty around Brexit, as well as continued weakness in the UK's trade balance and manufacturing data
UBP	Underweight	• Sterling appears to reflect Britain's modest economic activity and softening housing market • Though progress has been made towards a Brexit agreement, risks of a 'hard' Brexit in March 2019 appear moderately underpriced in currency markets
Lombard Odier	Overweight	• The UK is likely to avoid a hard or no deal Brexit • The broker believes that Theresa May will eventually get a withdrawal agreement through Parliament, or because the country will halt the process unilaterally • Both scenarios would be Pound positive

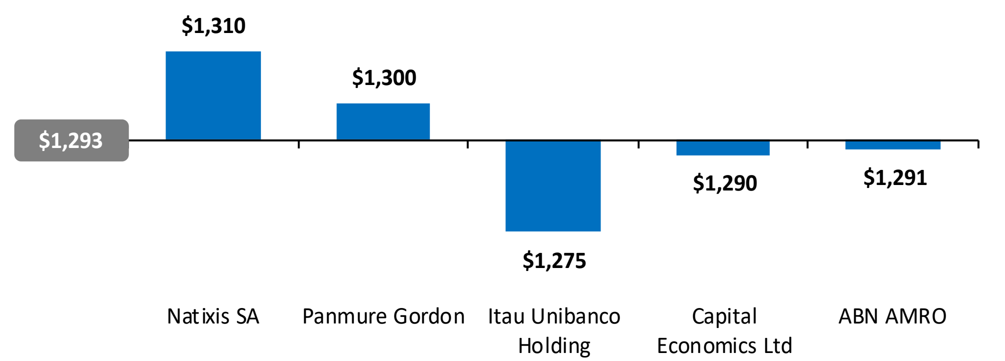
USDJPY Target for Q2 2019 by Major IBs



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

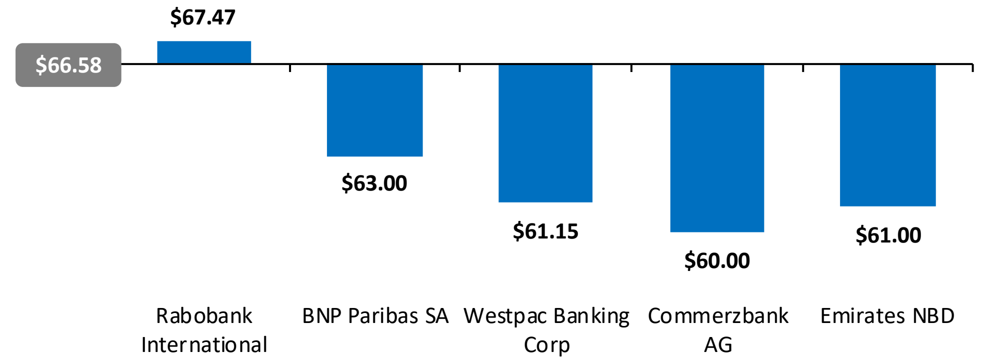
Market Experts/ Brokers/ Analyst		Views (Last one month)
Crédit Agricole	Underweight	• The broker has lowered the end-Q1 USD/JPY forecast from 114 to 110 • The longer-term USD/JPY profile is also being lowered, considering that the depreciation of the USD is starting earlier and from a lower base than expected
Citibank	Underweight	• In the medium term, driven by yield differentials, yearly changes in the BoJ's balance sheet and JPY valuation, USD/JPY may be undermined
CIBC Capital Markets	Underweight	• BoJ views headwinds to the Japanese economy as more significant now • A tightening labour market suggests that inflation could finally accelerate, something that should support JPY strength into the end of the year
Scotiabank	Underweight	• The JPY is expected to strengthen modestly against a broadly softer USD this year but to underperform against the EUR and GBP • The BoJ is liable to maintain policy accommodation for some time to come • Recent comments from central bank policy makers suggest growing concerns that the BoJ will not achieve its inflation target • As a consequence, the BoJ is expected to continue targeting a 0% nominal rate for 10-year government bonds • While that might suggest the JPY is susceptible to the USD against the backdrop of a tightening Fed, the JPY has been immune to wider US-Japan yield spreads this year
Neuberger Berman	Neutral	• JPY is undervalued on a PPP basis and tends to be a safe haven during risk aversion • Moreover, the recent growth deceleration is expected to reverse, the current account is in surplus, and the BoJ has signaled a willingness to reconsider its yield curve-targeting policy • However, the currency is burdened by unfavorable yield differentials and could be vulnerable to outflows if there happens to be a rebalancing of the global economy in 2019

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)

- The volatility of the global stocks markets is not expected to subside any time soon
- Equity markets remain extremely fragile due to global growth concerns
- A halt to Fed tightening
- The outlook for gold is bolstered by the diminishing appeal of the USD as a safe haven

Negative View (Gold)

- Stronger US dollar and a steady rise in US interest rates
- USD stays bid on continued central bank divergence

Positive View (Brent)

- Improved coordination between OPEC and NOPEC producers
- Demand from chemical and aviation industries are likely to increase this year
- Ongoing lack of sizeable CAPEX into conventional exploration could create a supply shock event within the next few years

Negative View (Brent)

- Weaker than previously expected demand growth expectations
- USD continues its ascent as global growth slows and trade tariffs bite

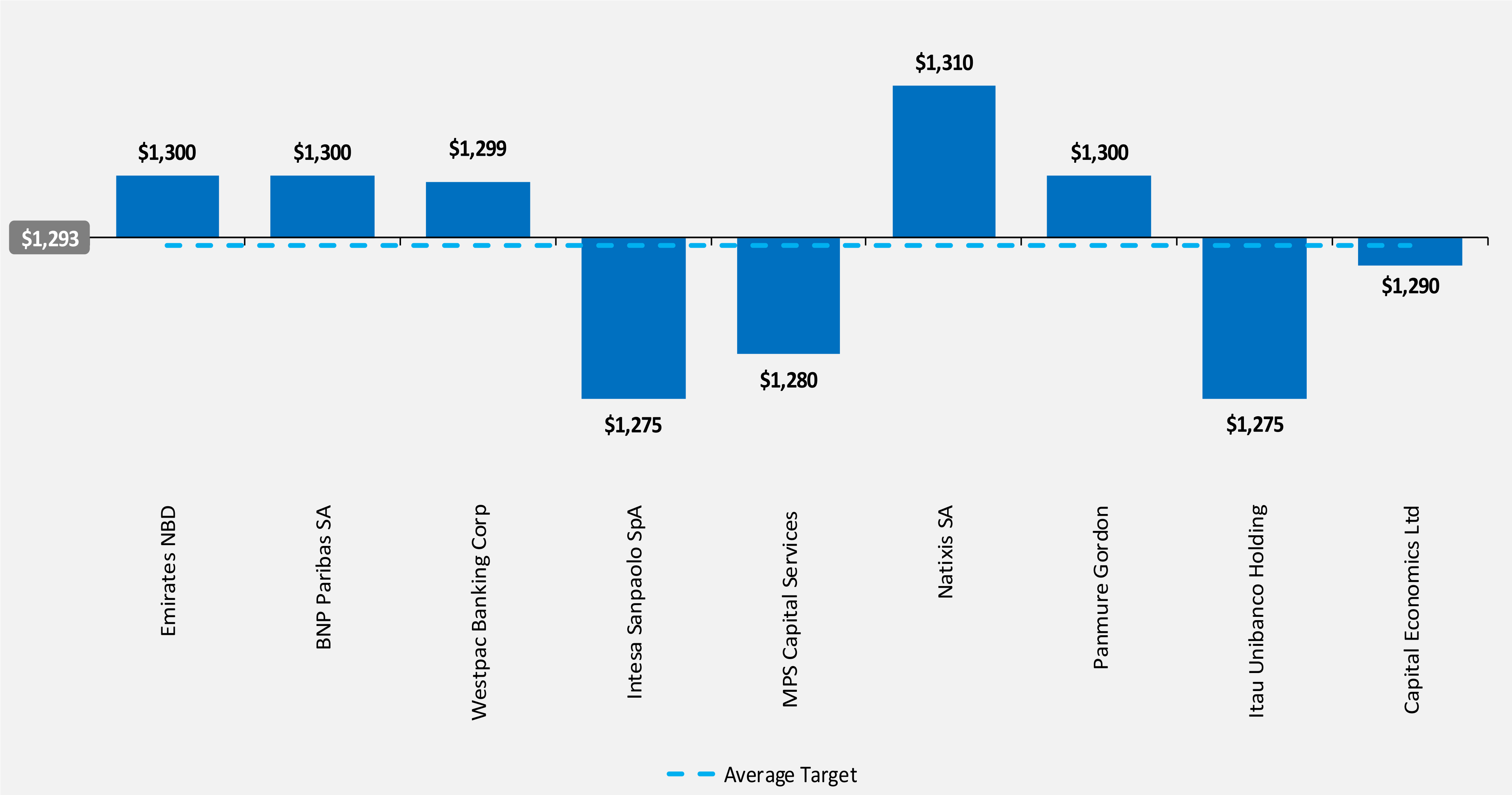
Gold

	Q4 2017	Q4 2018
Demand	1,108.1 t	1,281.5 t
Supply	1,123.9 t	1,129.4 t

Brent

	November 2018	December 2018
US Production (thousand barrels per day)	11,908	11,849
US Supply (thousand barrels per day)	20,548	20,479

Gold Target for Q1 2019 by Major IBs



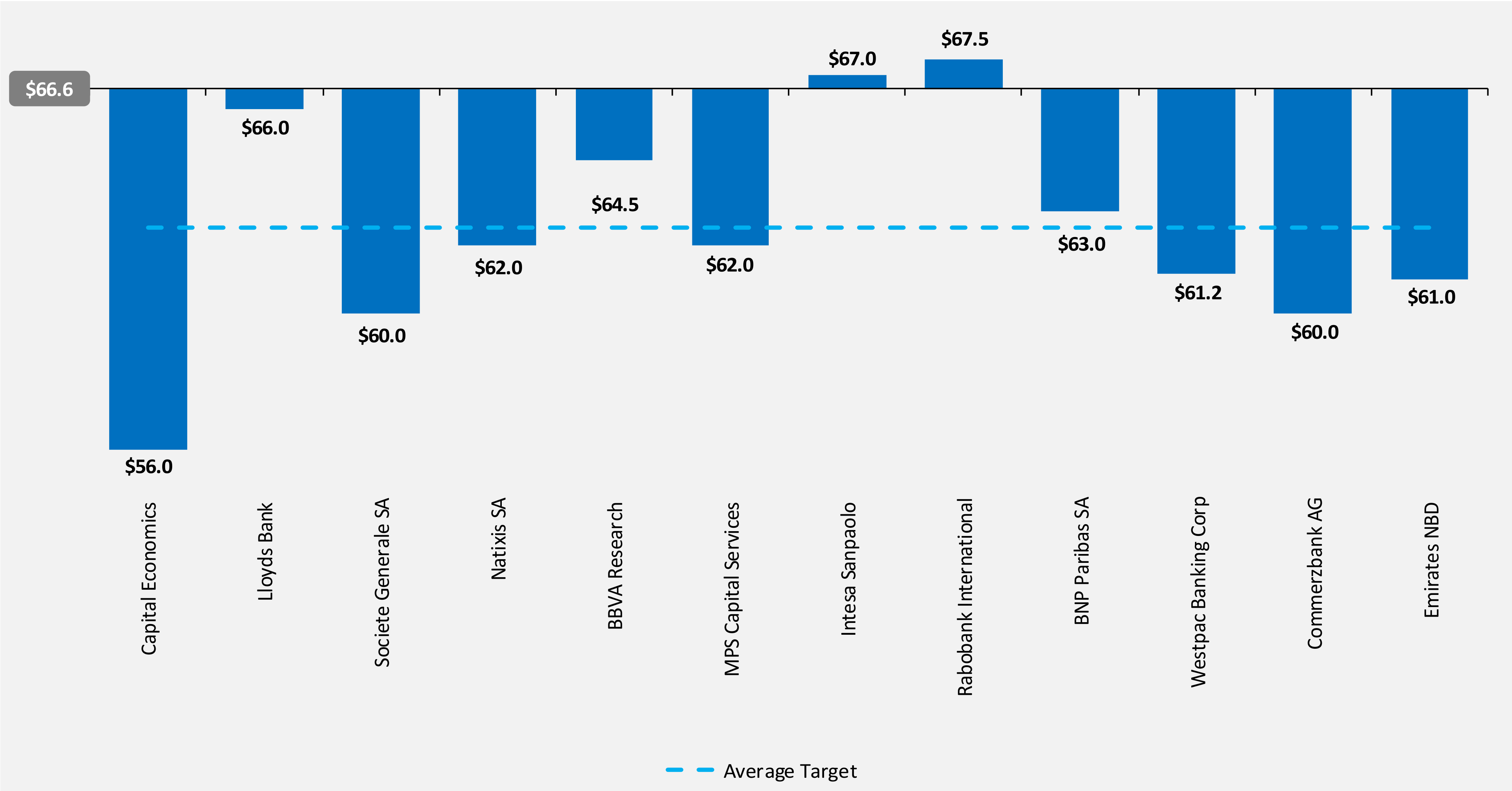
***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Minelife	Bullish	• Gold will continue the bullish price pattern that began in mid-August • There are a host of factors that are supportive of gold, not the least of which is the ongoing turmoil directly related to the Trump presidency • There is likely to be no end to the volatility • This is great news for gold and prices are expected to consolidate between $1250 and $1350 during 2019
Hantec	Bearish	• The medium term recovery on gold has turned into reverse for now amidst a strengthening outlook on the USD and perceived geopolitical tensions between Pakistan and India subsiding • With US data holding up relatively well in the perceived global slowdown, Treasury yields have pushed higher and the USD has gained ground. This move into the dollar is hitting gold. • Breaking below the long term pivot band $1300/$1310 has shifted the outlook on a near to medium term basis and put the brakes on the recovery
Legg Mason	Overweight	• Investors remain optimistic that gold will shine in 2019 as they search for stability • According to the firm's Global Investment Survey 2018, 23% of the 16,810 investors polled said they saw gold as one of the best investment opportunities this year, unchanged from 2017
Oanda Corp	Overweight	• The outlook for gold is bolstered by the diminishing appeal of the USD as a safe haven • The volatility of the global stocks markets is not expected to subside any time soon • Equity markets remain extremely fragile due to global growth concerns
Aberdeen Standard Investments	Overweight	• A recently dovish tone from the Fed drives a more bullish outlook for gold • Consensus expectations are for no more Fed rate hikes this year • Gold historically performs well when real rates are below 2%, and real rates have retreated back below 1% in recent weeks

Market Experts/ Brokers/ Analyst		Views (Last one month)
Pictet Asset Management	Overweight	• A halt to Fed tightening • The Chinese central bank is once again stimulating its economy by using some extraordinary policy measures • It is therefore a good time to hold a hedge against both market volatility, geopolitical risks and a sharp fall in the USD
UBP	Bullish	• Gold prices will continue to go up, at least until the trade dispute between the US and China is settled • Even though China has agreed to ramp up its imports from the US, the intellectual property and technology transfer questions remains unsettled for the time being • Even if an agreement is reached in the trade dispute, the US debt ceiling debate will reignite soon in the US as the current debt limit will be reached by 1 March • In this context, gold prices could well remain positive for the months to come, holding up around the $1,300 mark
Scotiabank	Overweight	• A peak in the USD and "toxic US debt" should continue to support gold prices • However, the broker warns against expecting a significant rally in 2019 • Gold prices are likely to average the year around $1,300 as prices are caught in a $150 range with the peak coming in at $1,350 an ounce • A weaker USD will be a major factor in gold's potential • The second factor to drive gold will be if uncertainty continues to sweep through financial markets
Saxo Bank	Overweight	• There is likely to be continued demand for gold as investors once again seek tail-end protection against increased volatility and uncertainty across other asset classes • An end-of-year price target for gold can be placed at $1,350/oz
MKS PAMP Group	Bullish	• Gold prices are expected to hit a high of $1,460 an ounce with prices averaging the year around $1,355 an ounce • There is a potential for gold price to rise as the Fed looks to slow the pace of its monetary policy tightening this year • In such a scenario the USD might not strengthen much further, especially in the second half of the year • This combined with the ongoing US-China trade debates, geopolitical tensions, political turmoil and additional stock market downside corrections, will be supportive for gold • Volatility in equity markets should also support gold prices through 2019

Global MacroView Summary

Brent Target for Q1 2019 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Blackrock	Overweight	• Oil prices will remain underpinned by the effort of major oil-producing countries to eliminate global oil oversupply
Goldman Sachs	Overweight	• The broker believes that oil demand is holding up despite gloomy forecasts • On the supply side, the bank says Saudi Arabia is taking a “shock and awe” approach to cutting output, while production in Venezuela and Iran is bound to fall further as the two OPEC members remain under US sanction • That could push Brent crude oil futures toward $70-$75 in the near term • However, oil prices are expected to slip in the second half of 2019, on an anticipated increase in output from OPEC countries and US drillers
Nordea Bank	**Neutral**	• Positive output surprise from both US and OPEC • US waivers for the main Iranian oil importers and technical headwind led to a bear market in oil • Structurally, the outlook is mixed due to the battle between the rise in shale production vs. underinvestment in traditional oil (depletion of traditional wells) • Earnings estimates has been slashed, despite the recent uptick in oil prices
First Abu Dhabi Bank	Overweight	• Crude prices appear to have stabilised so far in 2019 • Geopolitics, improved coordination between OPEC and NOPEC producers, together with ongoing natural demand for oil will be the core drivers on the upside of the equation • Demand from chemical and aviation industries are likely to increase this year • The International Maritime Organisation for shipping companies has imposed a new rule to reduce the permitted amount of sulphur in the bunker fuel they use to 0.5% from 3.5% by 2020 • The broker anticipates the price of Brent to record a US$70-US$75 average in 2019, while WTI should be in the region of US$60-US$65 • The broker also highlights that the ongoing lack of sizeable CAPEX into conventional exploration could create a supply shock event within the next few years, unless this specific issue is adequately dealt with
Emirates NBD	**Underweight**	• Oil demand will underperform long-run averages in 2019 as major consuming economies face a slowdown and serious downside risks • Despite OPEC cuts, supply growth will still be positive and contribute to an overall market surplus and stock builds in 2019

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