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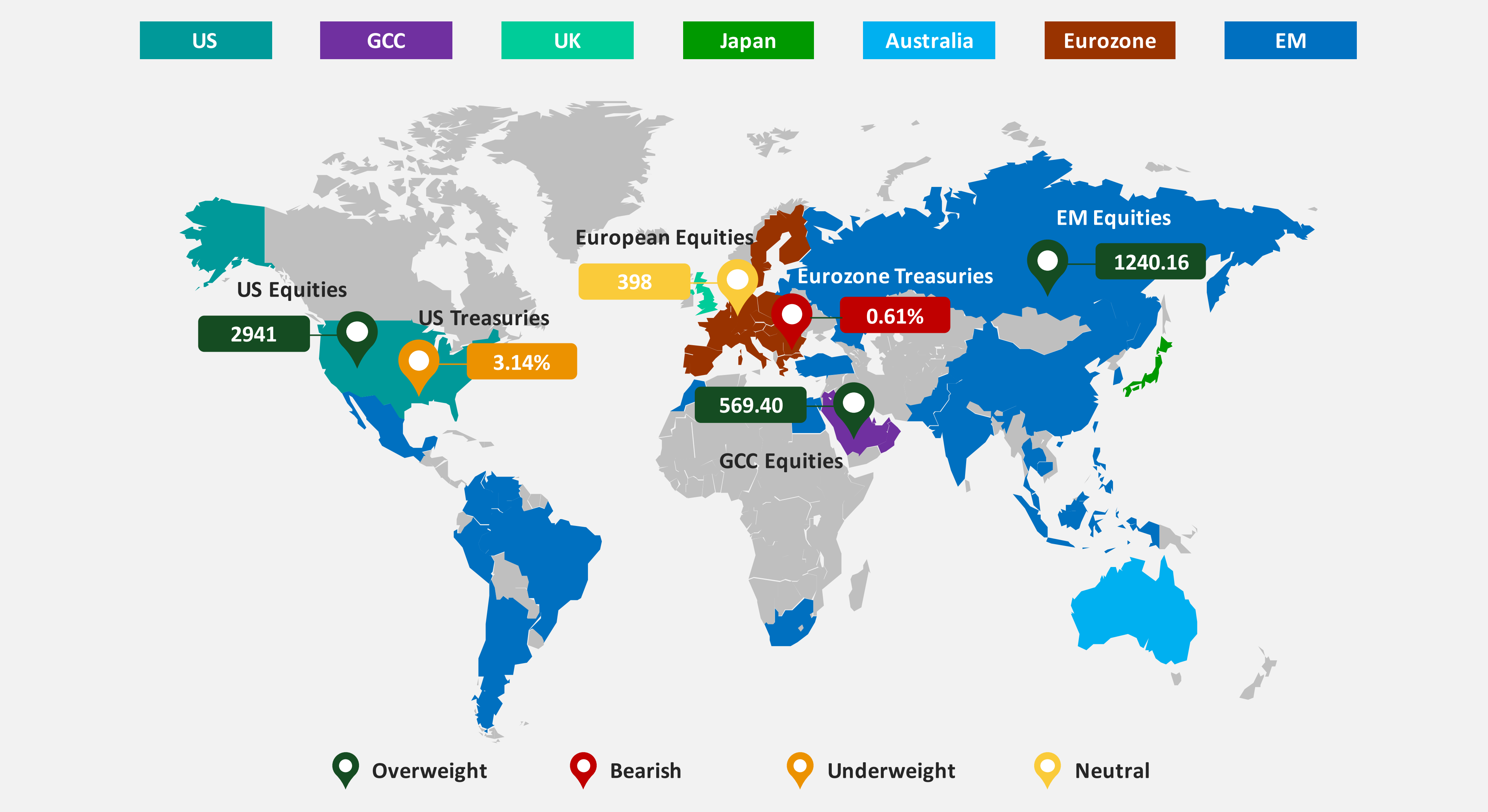
AssetPulse

Global MacroView Summary

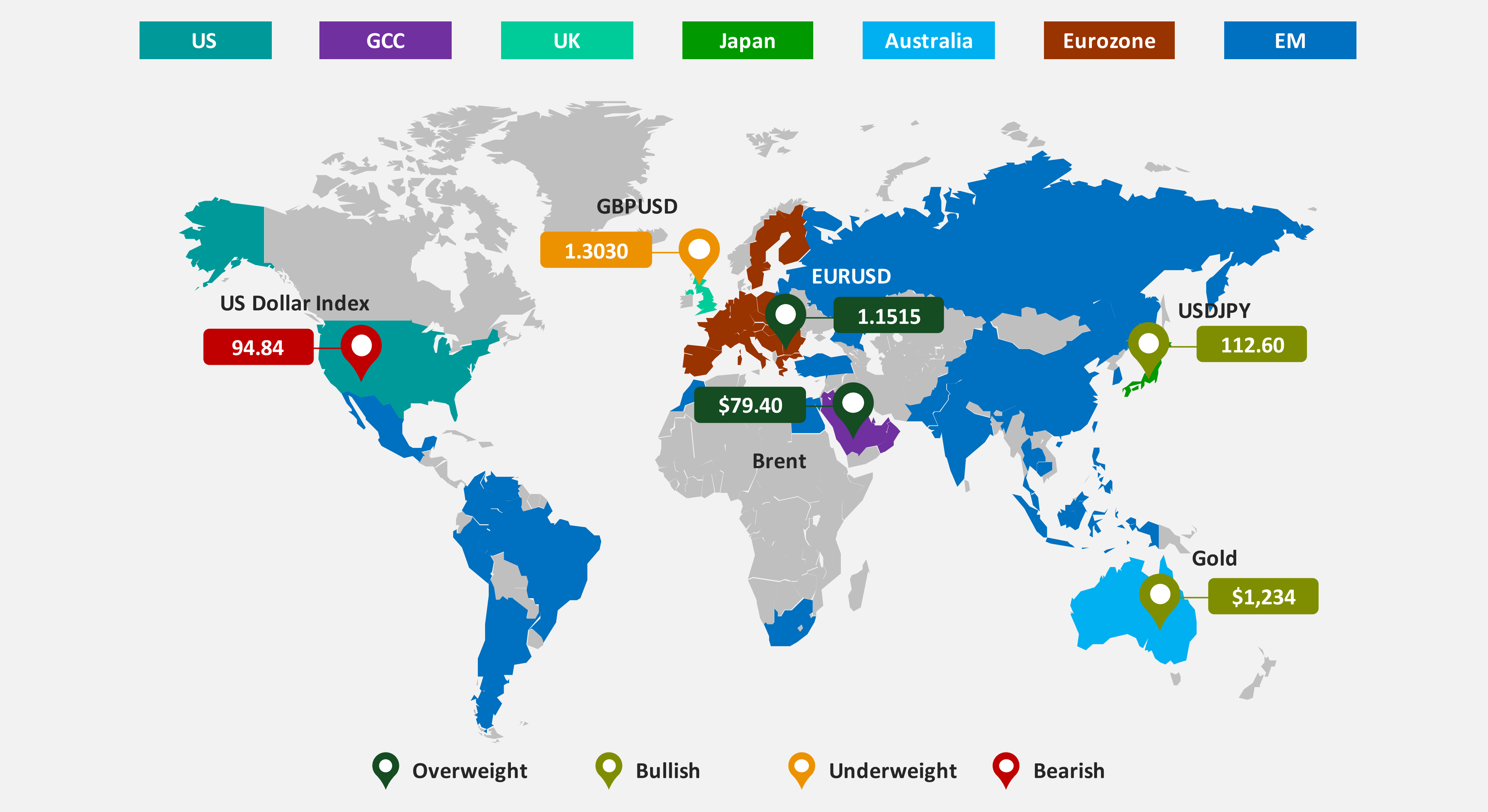
12 November 2018

Global MacroView Summary



Global MacroView Summary

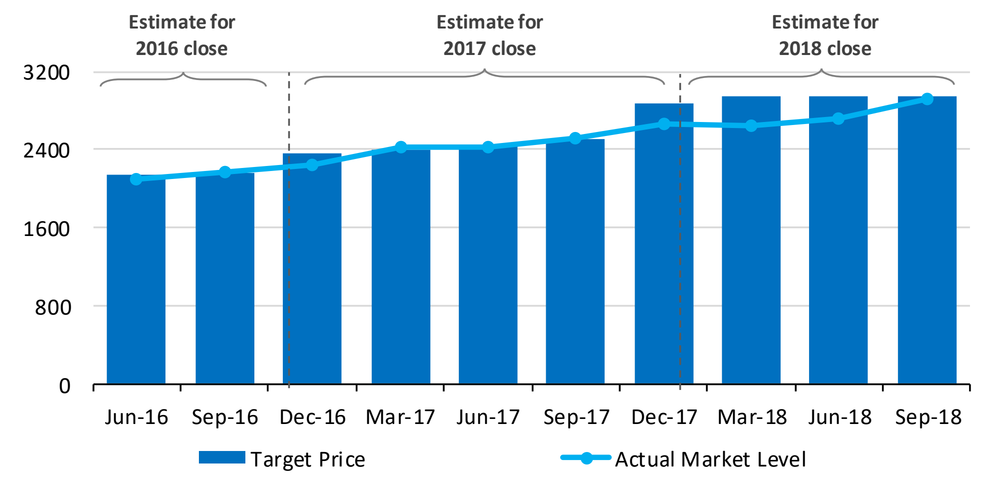
Asset Class Consensus View



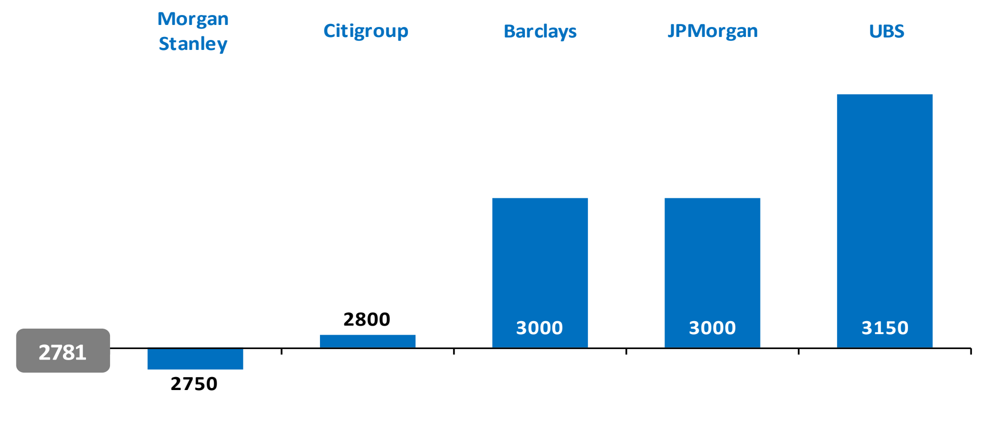
Asset Classes	11-May-18	10-Aug-18	9-Nov-18	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2727.72	2833.28	2781.01	2.0%	-1.8%
Eurozone Equities (Stoxx 600)	392.40	385.86	365.74	-6.8%	-5.2%
Emerging Equities (MSCI EM Index)	1164.49	1062.37	976.17	-16.2%	-8.1%
GCC equities (MSCI GCC Countries Index)	541.86	538.99	537.04	-0.9%	-0.4%
Currency					
USD ($ Index)	92.54	96.36	96.91	4.7%	0.6%
EUR vs. USD	1.1943	1.1413	1.13	-5.1%	-0.7%
USD vs. JPY	109.39	110.83	113.83	4.1%	2.7%
GBP vs. USD	1.3542	1.2758	1.2972	-4.2%	1.7%
Fixed Income					
US 10yr Sovereign	2.97	2.87	3.19	22	32
Europe Core Area (German 10 Yr)	0.58	0.31	0.42	-16	11
Europe Peripheral Area (Italy 10 Yr)	3.32	3.56	3.40	8	-16
Commodities					
Gold	1319.3	1210.57	1209.65	-8.3%	-0.1%
Brent	77.12	72.81	70.18	-9.0%	-3.6%

* 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*	2781.01	2941.00	-
PE (x)	19.12	16.19	15.55
EPS ($)	145.46	171.73	178.86
Dividend Yield (%)	1.91	2.05	2.11
Price/Book (x)	3.29	3.21	2.96
EV/EBITDA (x)	12.79	10.75	10.51

*Value as on 09 November 2018

S&P 500 Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
6.1%	-1.2%	2.9%	7.2%	-4.6%

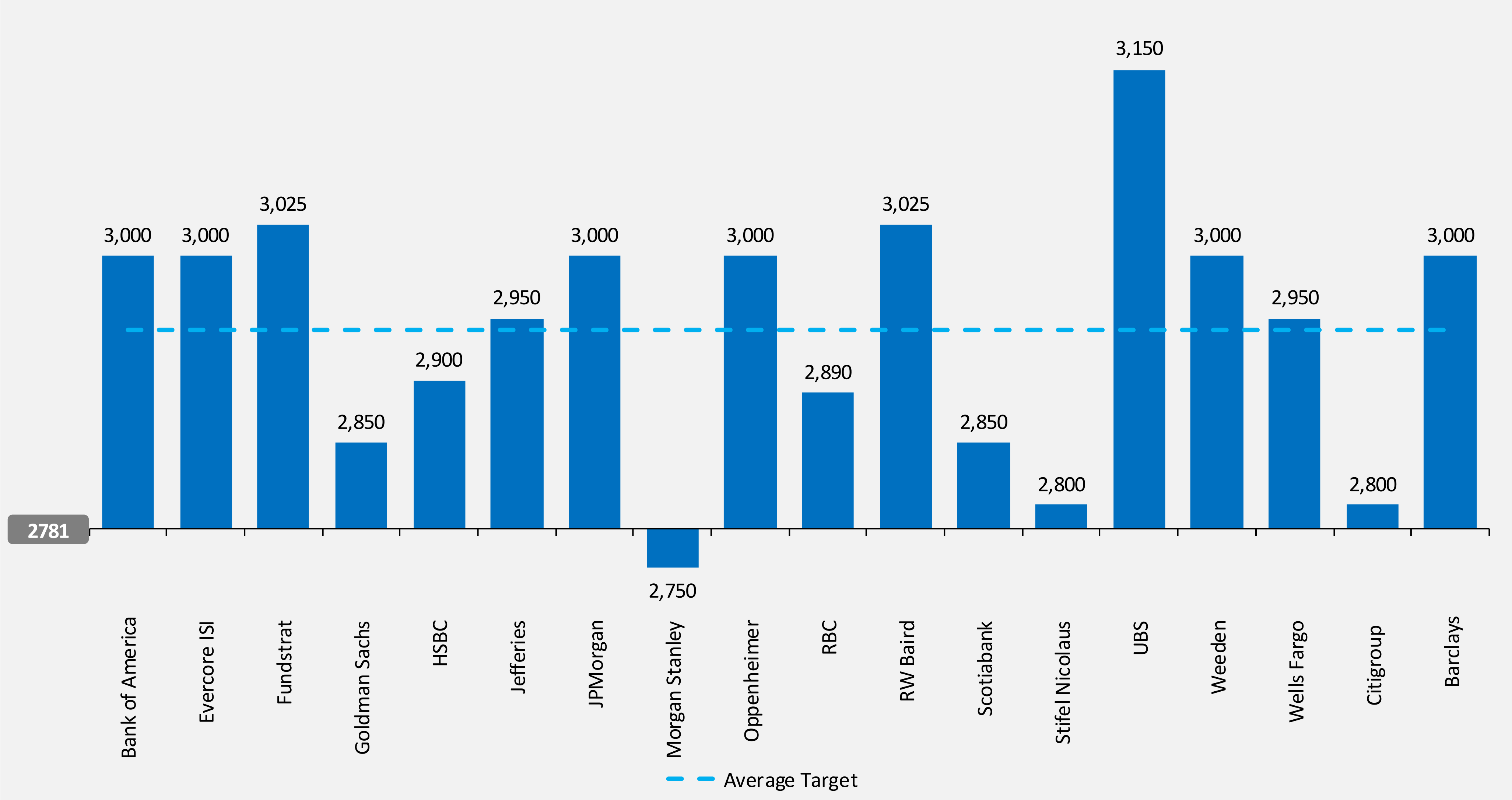
Positive View

- The overall economic backdrop remains solid and earnings are stellar
- The US market has also been boosted by increase in share buybacks
- US equities demonstrate the strongest momentum in both price and earnings revisions

Negative View

- Upward and flattening shift in the yield curve poses risk to equity valuations
- Trade is the obvious issue confronting the US economy
- The impact of corporate tax cuts on earnings will soon disappear, and both borrowing costs and wages are headed higher

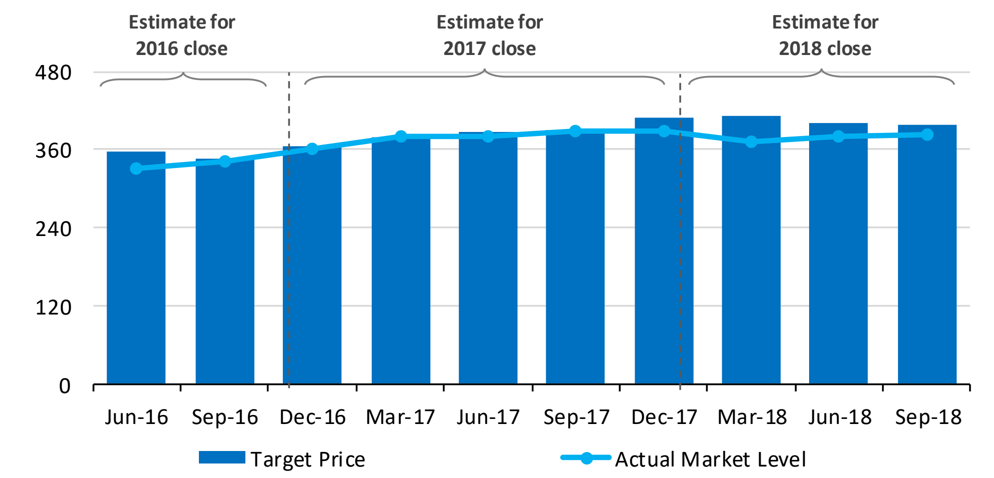
S&P 500 Index Target by Major IBs



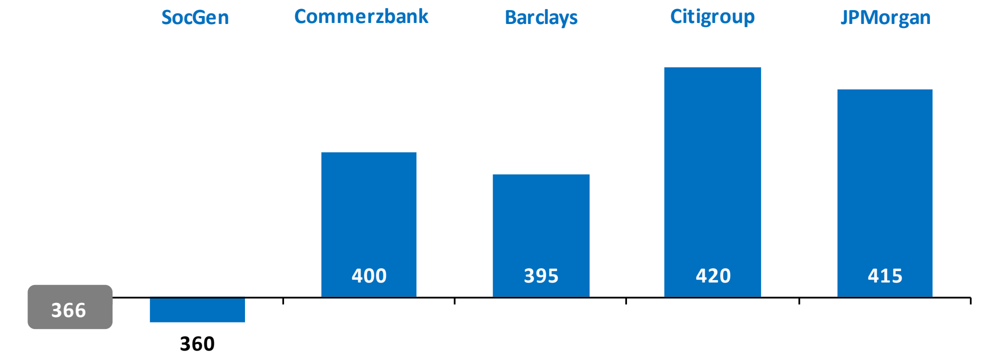
*Target with respect to actual level

Market Experts/ Brokers/ Analyst		Views (Last one month)
JP Morgan	Overweight	• US Equities are set to rally into the year end • Investors will gain the most from riskier asset classes such as small-cap stocks • A split Congress is the best outcome for the US • As the US mid-term election outcome is now in the open, investor sentiment would remain positive through the end of the year
Candriam Investors Group	Overweight	• From a mid-term perspective, the improving earnings growth and the positive impact of Donald Trump's tax reform and deregulation are a support for the asset class
Principal Global Investors	Bullish	• Stocks are likely to push higher in the year end • Historically, stocks are seen to rally after a US election, due to fading political uncertainty • Third-quarter company earnings have been excellent • Worries about US economic growth will diminish
LPL Financial	Overweight	• Historically, October is a very rough month for US equities and a rally is quite possible heading into the year-end • The overall economic backdrop remains solid and earnings are stellar • Valuations are at multi-year lows
GAM Investments	Bearish	• The US market is past its peak • Softness is now showing up in housing and autos • The boost to corporate spending from tax cuts and deregulation will fade next year • Wages are beginning to rise, while productivity lags • Energy costs are also rising, as is the cost of debt finance • Tariffs are pushing up prices for selected inputs
Schroders	Overweight	• US economy remains the most resilient in terms of growth and earnings momentum • The US market has also been boosted by the increase in share buybacks
Prudential Financial	Overweight	• US stocks are likely to continue to outperform other markets with relatively stronger earnings and GDP growth • US Q3 earnings revised up to over 20% and GDP growth tracking around 3% • Fed remains on gradual rate hike path

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*	365.74	398.00	-
PE (x)	16.37	13.50	12.83
EPS (€)	22.34	27.10	28.50
Dividend Yield (%)	3.64	3.85	4.08
Price/Book (x)	1.76	1.70	1.62
EV/EBITDA (x)	9.62	8.75	8.42

*Value as on 09 November2018

Stoxx 600 Index Returns

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

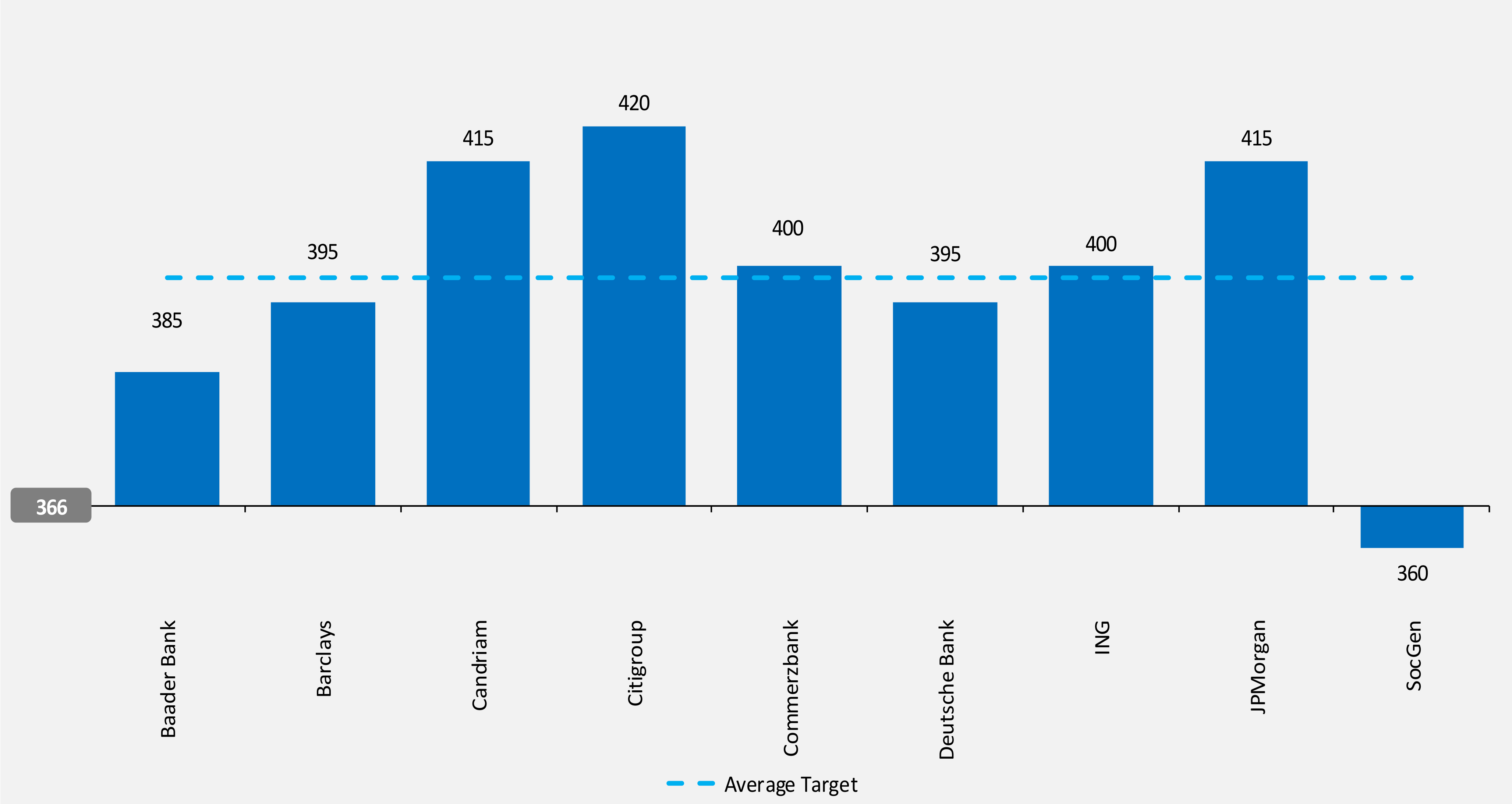
Positive View

- A broad economic expansion and relatively attractive valuations are supportive for corporate profits
- Political uncertainties are accumulating, but are already priced in

Negative View

- European banks remains challenging and the market is exposed to tightening in financial conditions
- There is renewed Italian fiscal uncertainty

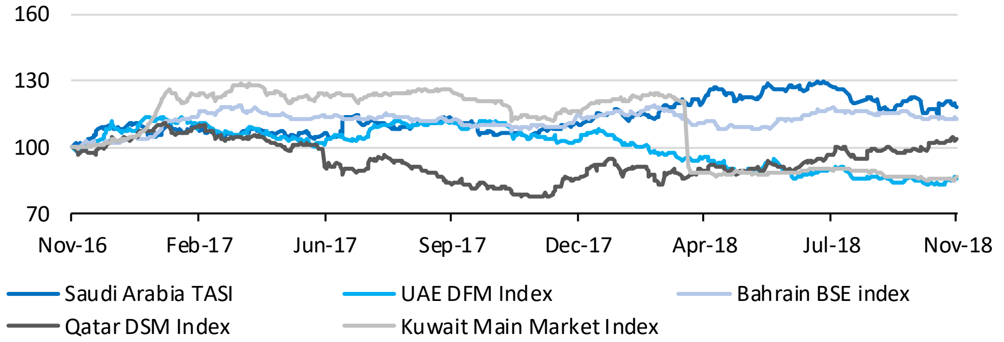
Stoxx 600 Index Target by Major IBs



*Target with respect to actual level

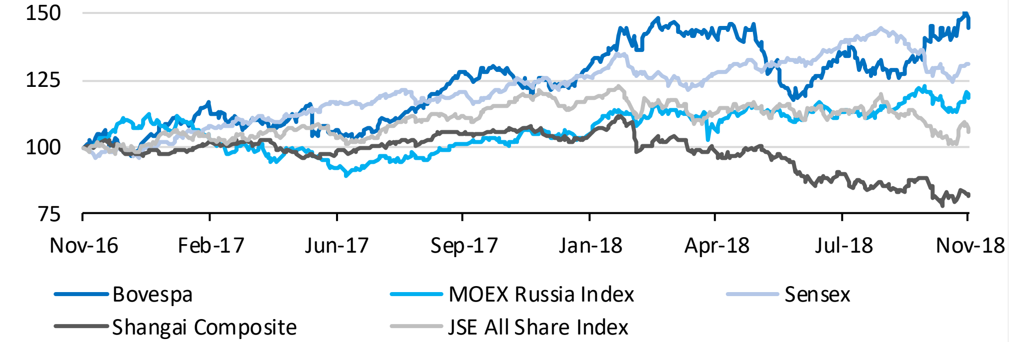
Market Experts/ Brokers/ Analyst		Views (Last one month)
Candriam Investors Group	Bullish	• The region displays a solid, although easing, economic expansion and is attractively valued • Political uncertainties are accumulating, but are already priced in
Schroders	Neutral	• From a valuation perspective, European equities are trading at a discount relative to other markets • However, the backdrop for European banks remains challenging and the market is exposed to tightening in financial conditions
Prudential Financial	Neutral	• Eurozone stocks are supported by growth improvement in Q3 • However, ECB is set to end QE in December • There is renewed Italian fiscal uncertainty
BMO Global Asset Management	Underweight	• The outlook for European equities is less positive • The region faces continued disappointing economic growth profile • There are geopolitical risks overhanging the Eurozone
AXA Investment Managers	Neutral	• The broking firm has upgraded their view on European equities to neutral • Macro signals have bottomed out and are rolling over • Relative earnings revisions have improved, while the movement in the Euro should provide some relief to exporters • Sentiment appears to have bottomed out for the region • Global investor positioning appears to be very light
Allianz Global Investors	Overweight	• Although second-quarter economic growth hit a soft patch, primarily due to France and Italy, Eurozone GDP growth is expected to remain above-potential at around 2% this year • Moreover, the latest batch of macroeconomic data out of Europe contains many highlights, supporting local stock markets • Ongoing restructuring efforts by European energy companies can translate into strong cash generation and dividends
Amundi Asset Management	Overweight	• In European equities, the Italian budget and Bavarian elections may keep uncertainty high in the short term • Valuations look increasingly appealing

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 *	537.04	-	-
PE (x)	13.56	12.87	12.08
EPS ($)	39.52	41.61	44.35
Dividend Yield (%)	4.09	4.41	4.45
Price/Book (x)	3.26	3.21	3.09

*Value as on 08 November2018

MSCI EM Index Key Parameters

	Actual	2018 TP	2019 TP
MSCI Emerging Markets Index *	976.17	-	-
PE (x)	11.73	10.65	10.3
EPS ($)	83.24	91.67	94.76
Dividend Yield (%)	3.02	3.35	3.44
Price/Book (x)	1.5	1.47	1.34
EV/EBITDA (x)	7.65	7.51	7.13

*Value as on 09 November 2018

MSCI GCC Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
-0.7%	7.2%	4.2%	1.3%	-1.0%

MSCI EM Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
7.1%	1.1%	-8.7%	-2.0%	-6.8%

Positive View

- **The upgrade of the Kuwaiti market to FTSE Russell Emerging Markets Index is expected to boost liquidity levels to $800 million.**

Negative View

- **Rising trade tensions could limit upside potential**

Positive View

- **EM assets as a whole have already incorporated a risk premium for a tightening Fed, a strong USD and trade war risks**
- **EM economic fundamentals are still intact**

Negative View

- **EM markets are likely to face further headwinds from trade tensions**
- **EM central banks are forced to hike rates with inflation risks from high oil prices & currency weakness**

Asset Class	
Emerging Market Equities (MSCI EM Index)	
Analyst expectations	
Average	1240.16
Bloomberg Consensus Target Price For MSCI EM Index	1240.16
As on 09 November 2018	976.17
% Change from Current levels compared to avg	27.04%

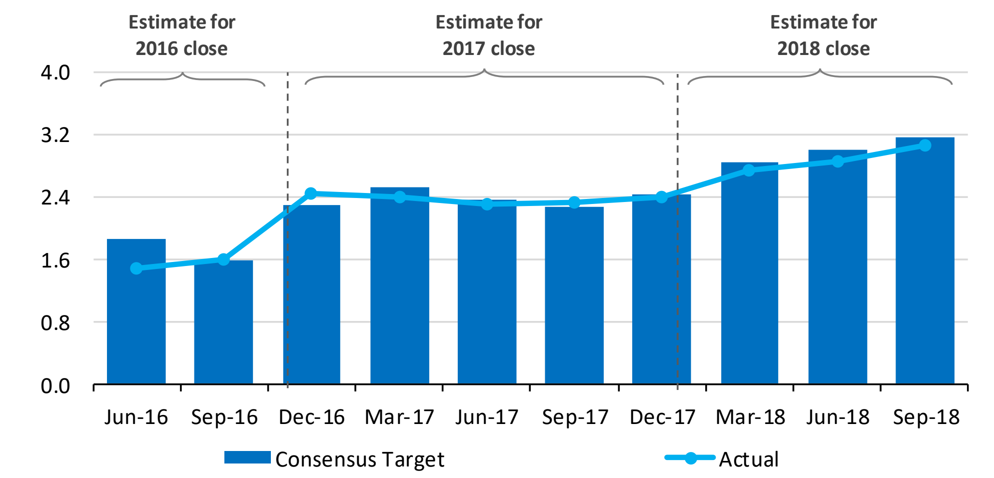
Market Experts/ Brokers/ Analyst		Views (Last one month)
Mobius Capital Partners	**Overweight**	• Stocks in EM's are looking "very cheap" now and that's a buying opportunity • Some countries are already seeing a recovery in their currencies and stock prices • In particular, a number of China's small and medium-sized companies are looking interesting • India — where growth rates have surpassed that of China and Southeast Asia is also a good choice • It is advisable to focus on traditional industries — such as retail — that are using technology to improve their productivity • There is also a preference for firms with strong balance sheets, little debt, and those that split their cash reserves between investing for expansion and paying dividend to shareholders
Candriam Investors Group	**Neutral**	• Global growth remains decent for the foreseeable future • EM assets as a whole have already incorporated a risk premium for a tightening Fed, a strong USD and trade war risks
Schroders	**Overweight**	• The broker retains positive stance on EM equities, despite the volatility • The economic fundamentals are still intact • The region offers an attractive valuation discount versus their developed peers • Moreover, the Chinese authorities have recently started to ease policy to support their domestic economy

Market Experts/ Brokers/ Analyst		Views (Last one month)
Prudential Financial	Underweight	• EM stocks continue to struggle with currency weakness from Fed rate hikes, trade tensions and risk of contagion from Turkey and Argentina • EM central banks forced to hike rates with inflation risks from high oil prices & currency weakness
BMO Global Asset Management	Neutral	• EM equities ex-China are a mixed bag in the short term but still represent a long-term structural opportunity for investment, fueled by a few bright spots such as India • The view towards Chinese equities is neutral on the basis of the negative impact of the ongoing entanglement with the current US administration on trade and other issues
AXA Investment Managers	Neutral	• Fundamentals are slowing but growing • Valuation is supportive and positioning is not crowded • The recent move in US interest rates adds further downside risks
JP Morgan Chase	Overweight	• EM equities offer a level of opportunity that justifies the risk, despite the poor performance so far this year • The degree of pessimism is unlikely to persist • Also, EM stocks are now priced to provide above-average returns • The broker sees beaten-down opportunities in Chinese growth stocks and Brazilian equities
Saxo Group	Overweight	• EMs trade at an unprecedentedly deep discount to developed-economy assets • EM's P/E is also cheaper than the S&P 500 • Chinese equities are tactically a buying opportunity
Hexavest	Neutral	• The macroeconomic environment for EM equities remains hostile in the short term • However, the picture is brighter for EM equities from a valuation perspective

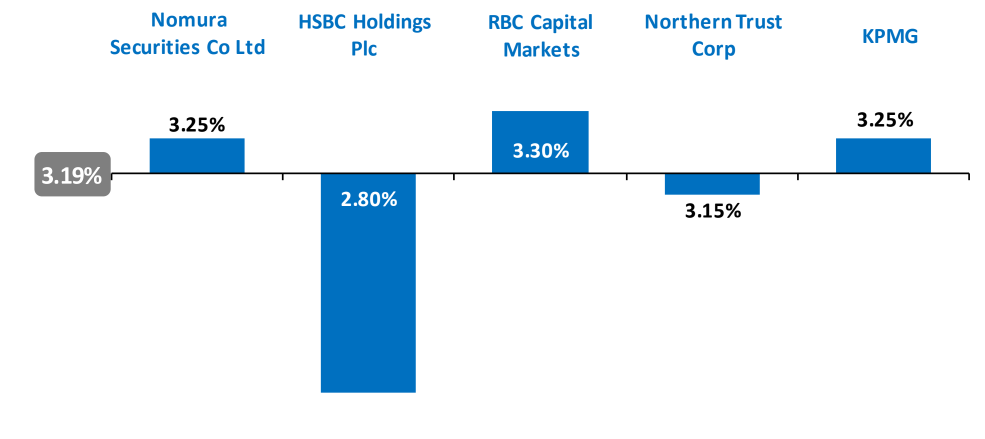
Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	569.40
Bloomberg Consensus Target Price For MSCI GCC Index	569.40
As on 08 November 2018	537.04
% Change from Current levels compared to avg	6.03%

Market Experts/ Brokers/ Analyst		Views (Last one month)
Amwal Invest	**Overweight**	• Qatar is likely to enjoy foreign investment inflows for the next couple of months • Kuwait will start attracting foreign investors and regional attention soon • Kuwait is in the process of joining FTSE Russell's emerging market index and MSCI will decide next year whether to add Kuwait to its own version of that index
SICO	**Overweight**	• Led by banks and petrochemical companies, the GCC listed companies 3Q aggregate earnings are expected to increase 4% y-o-y and 2% q-o-q • Banks in Saudi Arabia are expected to record modest lending book growth but will benefit from NIM expansion • For petrochemicals, on an aggregate level, earnings are likely to increase 14% YoY led by higher product prices
MENA Equities	**Overweight**	• The upgrade of the Kuwaiti market to FTSE Russell Emerging Markets Index is expected to boost liquidity levels to $800 million. • Liquidity levels are projected to continue to rise to as high as $2 billion as a result of the expected upgrade of MCSI Kuwait Index to Emerging Market status. • The positive effects of this upgrade include increased levels of liquidity in the stock market on the short term, improved visibility and attraction of foreign investors

Consensus Target for US 10 Year

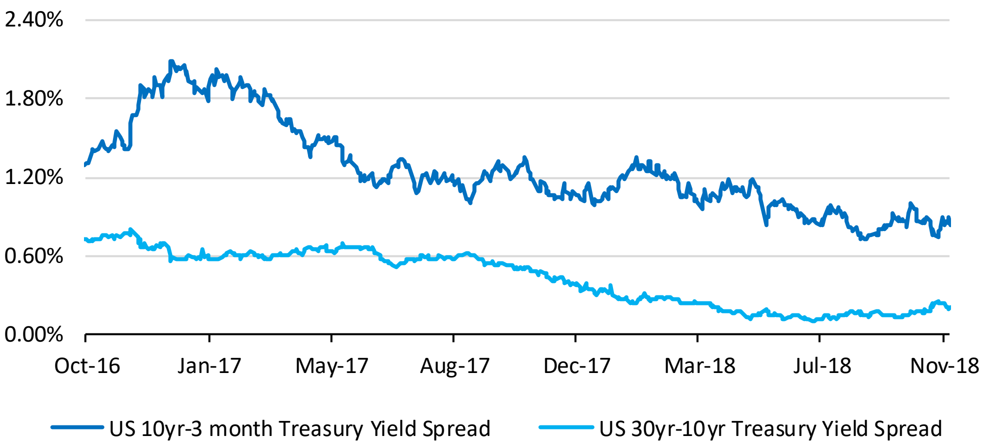


US 10 Year Target by Major IBs



*Target with respect to actual level

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



Positive View

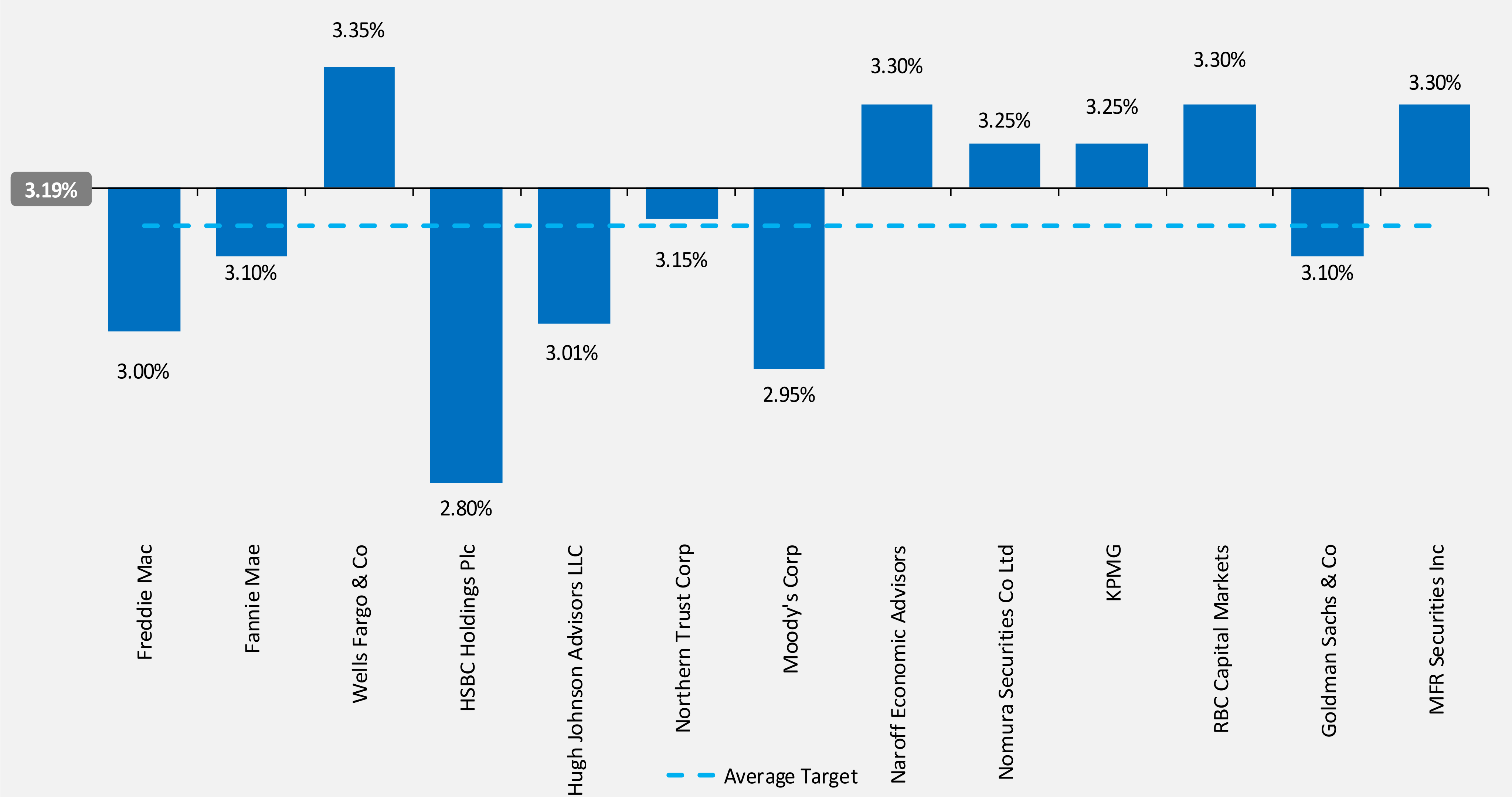
- US Treasuries are supported from safe haven demand with ongoing trade tensions between the US and China
- Solid growth, rising inflation and Fed rate hikes are likely to push yields higher over the coming year

Negative View

- Long-dated US treasury yields could remain contained by trade wars, emerging market volatility and relatively slower non-US growth despite strong US fundamentals and rising inflation
- The 10-year yields are unlikely to rise much further, with the latest FOMC minutes reinforcing the view that rate hikes will remain gradual

Global MacroView Summary

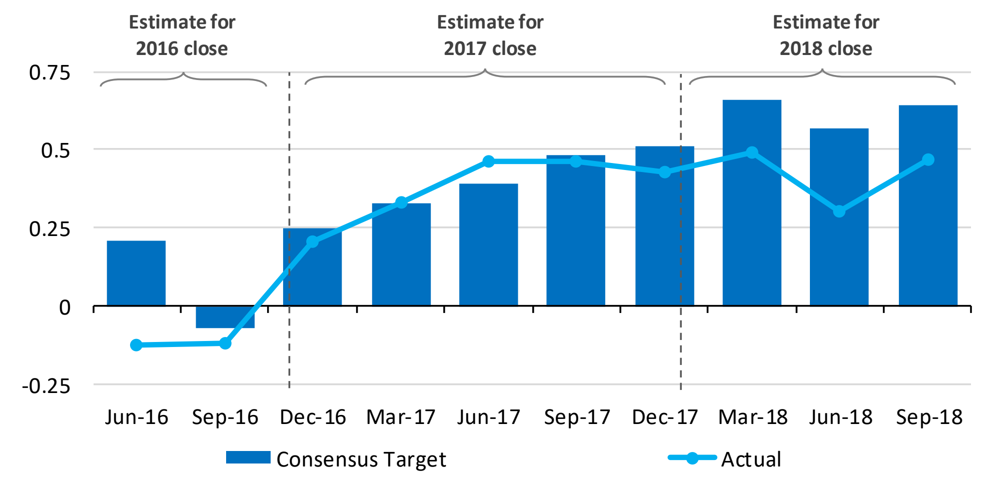
US Treasuries 10 Year Target Yield for Q4 2018 by Major IBs



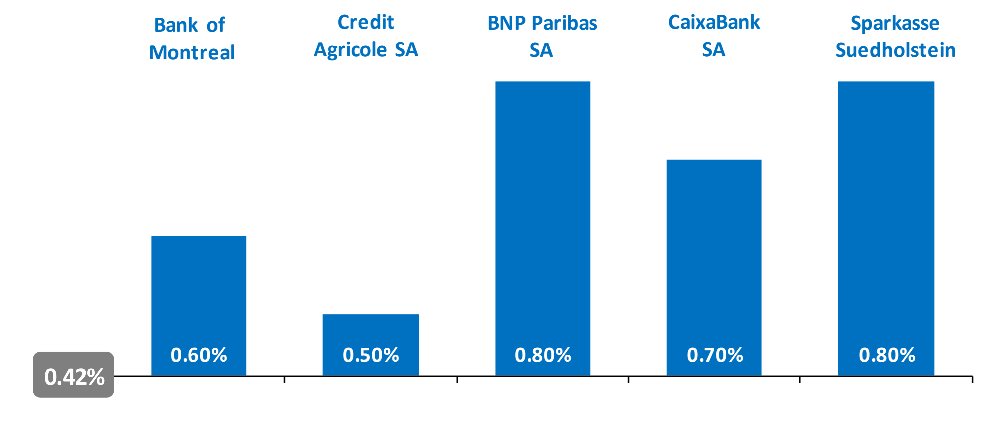
***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Schroders	Underweight	• Treasuries still look expensive on valuation grounds • There is a combination of negative term premium, large supply increase and higher currency-hedged yields available overseas
Prudential Financial	Neutral	• US Treasuries remain supported by safe haven demand • However, it has reduced with easing of some risks, and still benign inflation outlook • Yields are likely to be under pressure with “strong growth outlook” and Fed rate hikes in Q4
UBS Asset Management	Overweight	• The US Treasuries versus the USD cash part of the curve has largely priced in the rate-hiking cycle, and the carry looks attractive
Northern Trust Asset Management	Underweight	• We expect US treasury yields to return to lower levels over time • Economic growth over the past two quarters has been strong, but this growth is expected to slowdown in the future • The effects of earlier-year tax reform will begin to wear off and weaker growth in China and Europe will pull the United States down too. • If the Fed keeps pushing, longer-duration yields will eventually reverse course – and the Fed will be forced to as well
Citibank	Overweight	• Treasury yields are expected to reach 3.75% in 2019 • It may rise further if growth endures and the Fed tightens in line with forecasts
Alliance Bernstein	Overweight	• Solid growth, rising inflation and Fed rate hikes are likely to push yields higher over the coming year • Forecast for 2018 end is 3.25% • Forecast for 2019 end is 3.75%

Consensus Target for German 10 Year

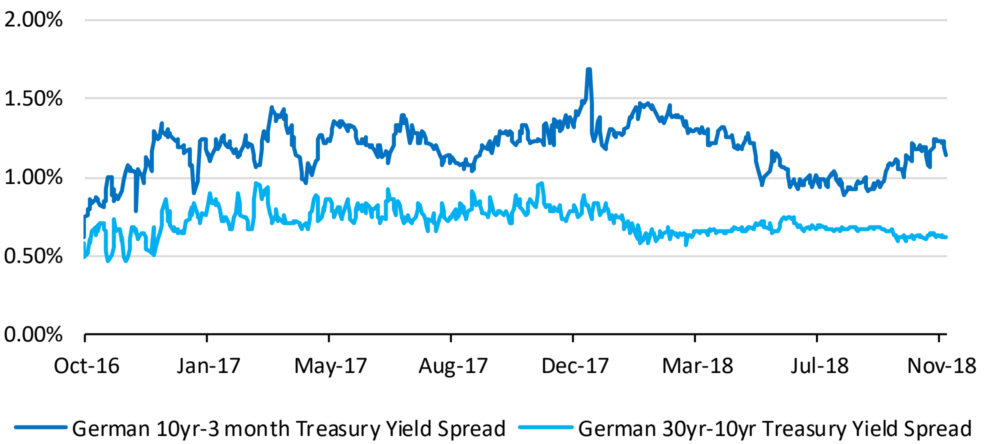


German 10 Year Target by Major IBs



*Target with respect to actual level

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



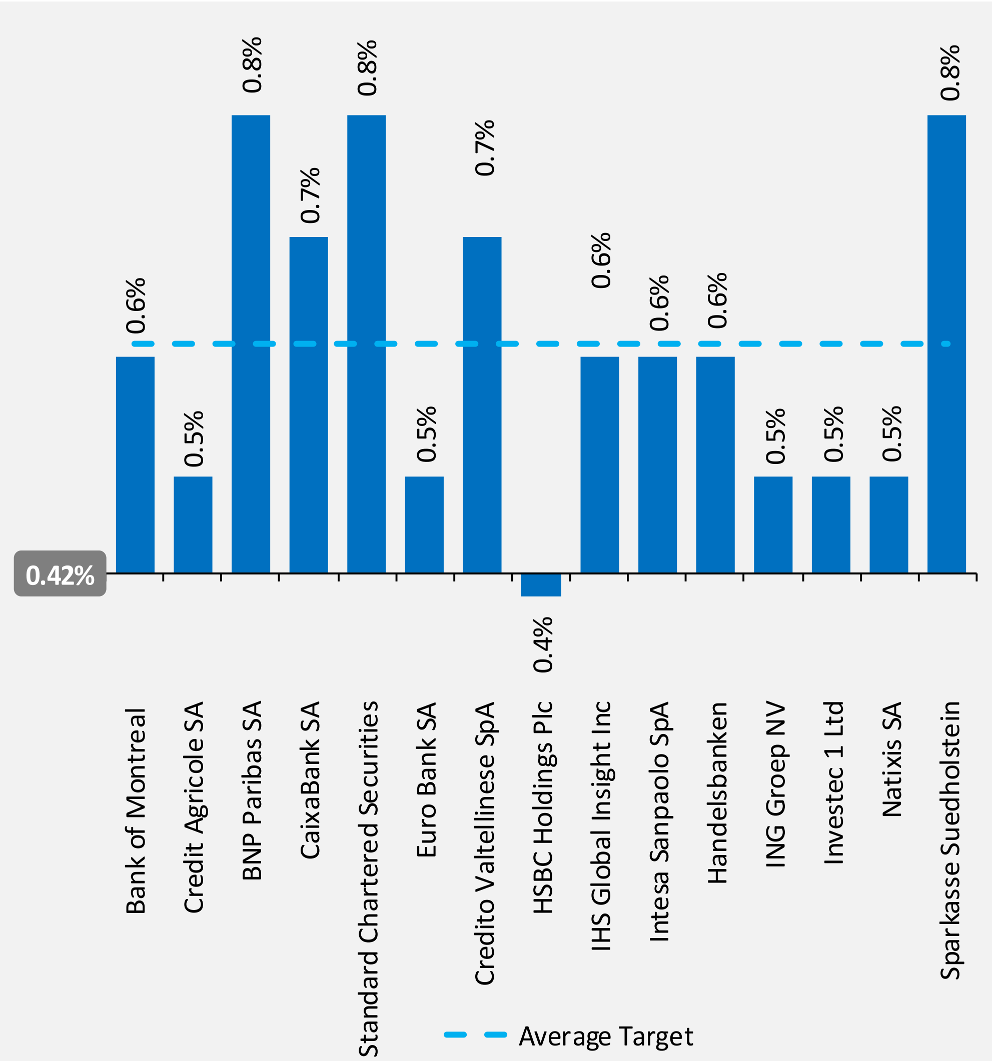
Positive View

- Bund yields still dislocated from fair value and are set to rise as the ECB starts to withdraw policy stimulus
- The Eurozone economy is steadily expanding

Negative View

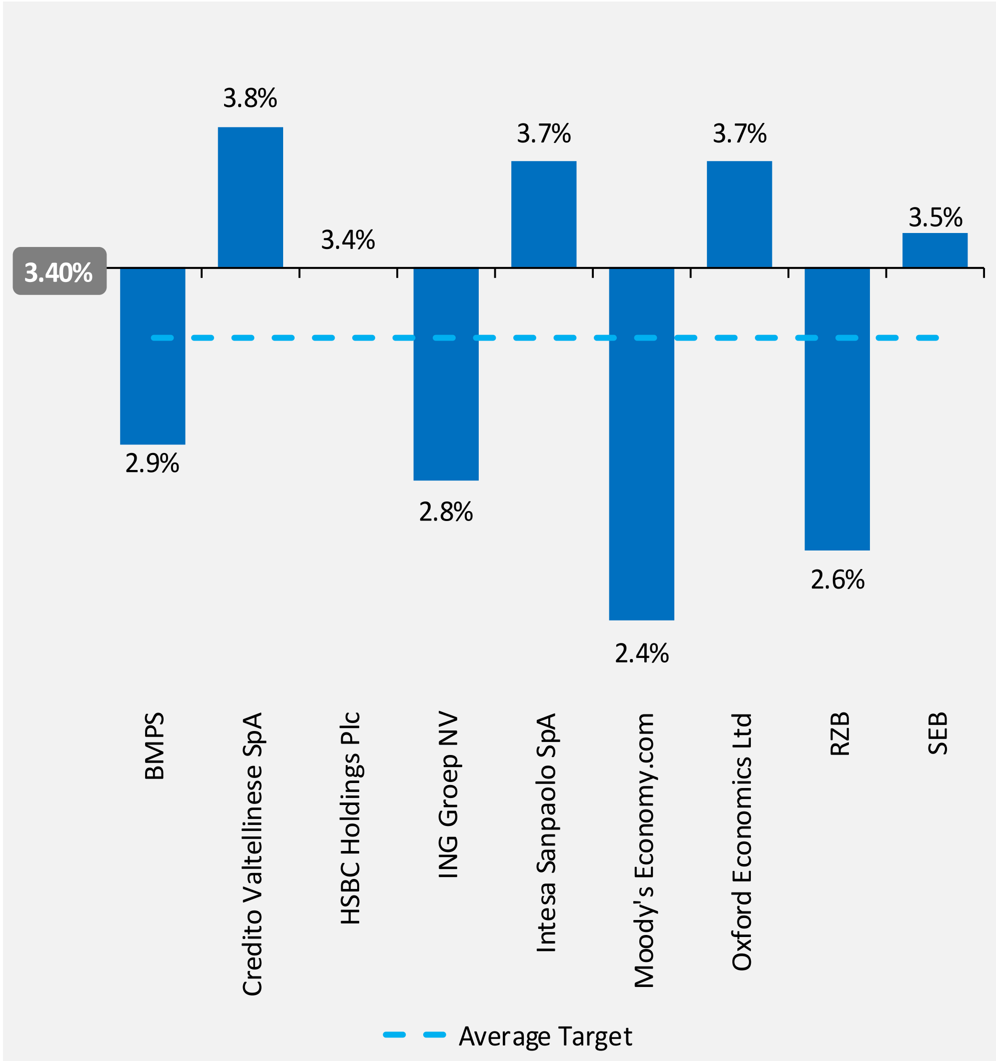
- While the ECB remains reluctant to hike rates too early, the central bank is expected to be less dovish compared to market expectations
- The outlook for core inflation is still modest for the Eurozone

German 10 Year Target Yield for Q4 2018 by Major IBs



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

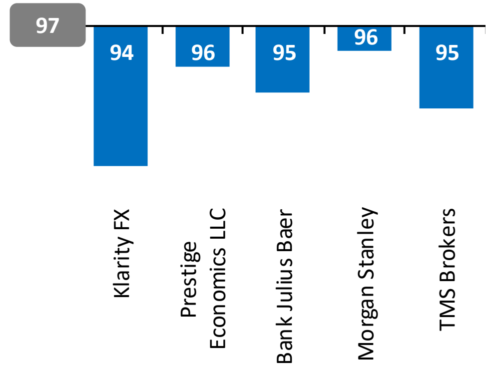
Italy 10 Year Target Yield for Q4 2018 by Major IBs



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

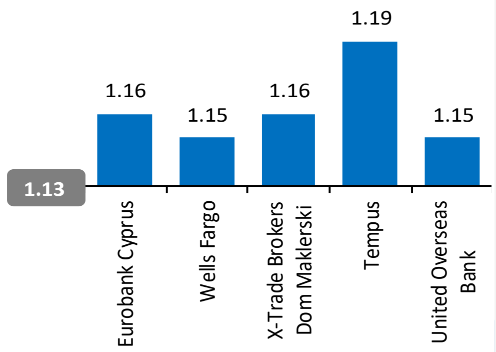
Market Experts/ Brokers/ Analyst		Views (Last one month)
Schroders	Bearish	• Weaker growth has already been priced in, but inflation risks have not • While the ECB remains reluctant to hike rates too early, the centralbank will be less dovish compared to market expectations
Prudential Financial	Underweight	• ECB ending QE buying in December • Eurozone bonds supported by low core inflation and modest GDP growth
UBS Asset Management	Overweight	• Short-term Italian rates look appealing at current levels, given the low likelihood of Italy defaulting over the coming years, and the attractive carry and roll-down
HSBC	Underweight	• Yields on benchmark 10-year German government bonds could fall to 25 basis points • This is likely due to ongoing uncertainty surrounding Italian budget plans and still subdued price pressure in the single currency bloc • Further, falling oil prices and evidence of still-subdued core inflation, both of which have seemed to alleviate concerns that the ECB might tighten monetary policy too quickly, will keep downward pressure on core yields
BMO Global Asset Management	Overweight	• While, Europe is expected to face further project challenges, this will ultimately result in structural reform • This will make Italian bonds (that have priced in some euro break-up risk and concerns around the budget deficit) as attractive • It will, however be a bumpy ride and exposure to Italian bonds should be limited and adjusted on a tactical basis
Danske Bank	Overweight	• The 10 year German bund yields are expected to be pushed higher • Factors include the end of ECB QE and the pricing of rate hikes in 2019-20 • Overall, the 10Y German bund yields are likely to rise to 0.9% on a 12M horizon
Alliance Bernstein	Overweight	• Bund yields still dislocated from fair value and are set to rise as the ECB starts to withdraw policy stimulus • Forecast for 2018 end is 0.75% • Forecast for 2019 end is 1.25%

US Dollar Index



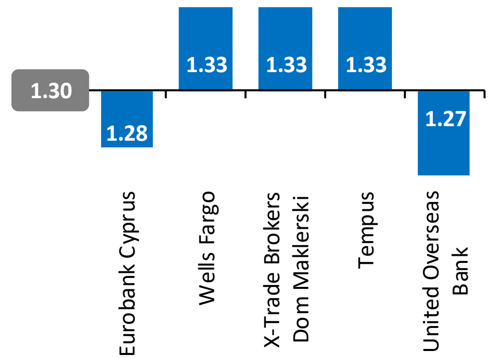
*Target with respect to actual level

EURUSD



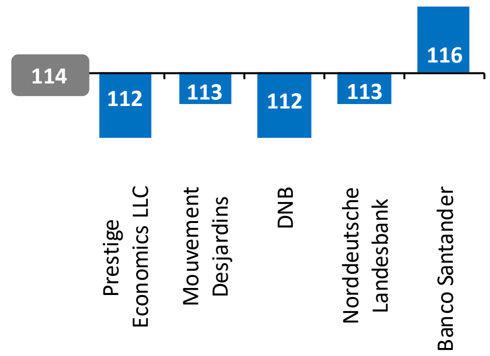
*Target with respect to actual level

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 concerns on trade disputes continue to support the USD in the short term

Negative View

- A divided congress at the US mid-term elections will stymie further reforms
- Investors are likely to shun the Dollar as signs of an end to the current Fed interest rate cycle appear on the horizon next year

EURUSD

Positive View

- The ECB President Mario Draghi has struck an upbeat tone about the economy
- Euro fundamentals remain in place for a rebound

Negative View

- Political tensions between core and periphery is ongoing
- Concerns over Brexit talks and the emergence of Italian populist budget proposals pose risk for the EUR

GBPUSD

Positive View

- The UK is close to reaching a deal on Brexit, setting the stage for appreciation of the embattled pound
- Macro data in the UK has stabilised recently

Negative View

- Deterioration in trade flows after Brexit could significantly impact business confidence in the UK
- Ongoing political angst will weigh on the Pound

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
- Japan is expected to witness slower growth next year, alongside subdued inflation

US

GDP Annualised	3.50% (Q3 2018)
Inflation (YoY)	2.3% (September)
Trade Balance	-$54.00 bn (September)

Eurozone

GDP Annualised	1.70% (Q3 2018)
Inflation (YoY)	2.2% (October)
Trade Balance	€16.60 bn (August)

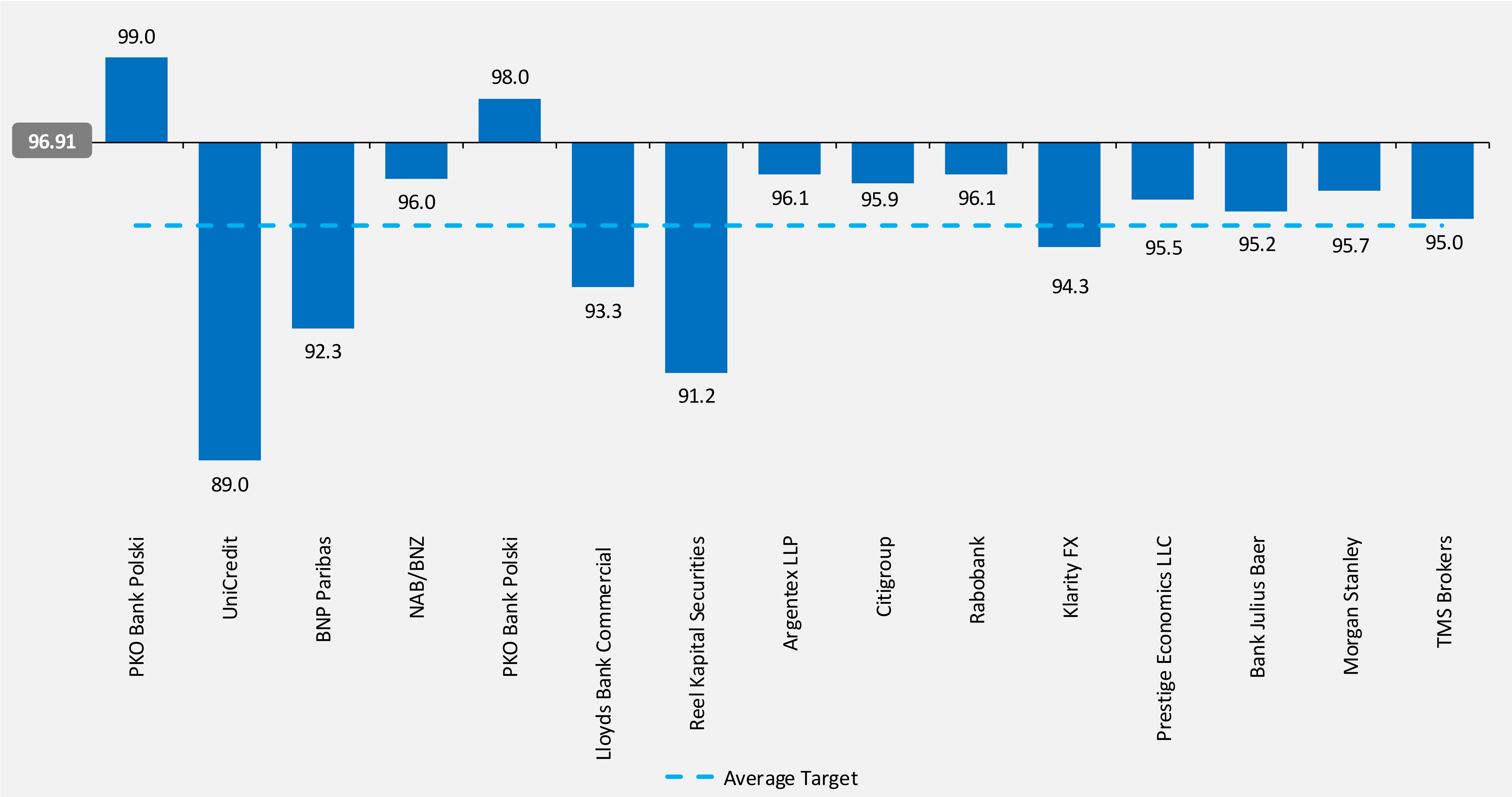
UK

GDP Annualised	1.5% (Q3 2018)
Inflation (YoY)	2.4% (September)
Trade Balance	-£0.03 bn (September)

Japan

GDP Annualised	3.00% (Q2 2018)
Inflation (YoY)	1.2% (September)
Trade Balance	¥139.60 bn (September)

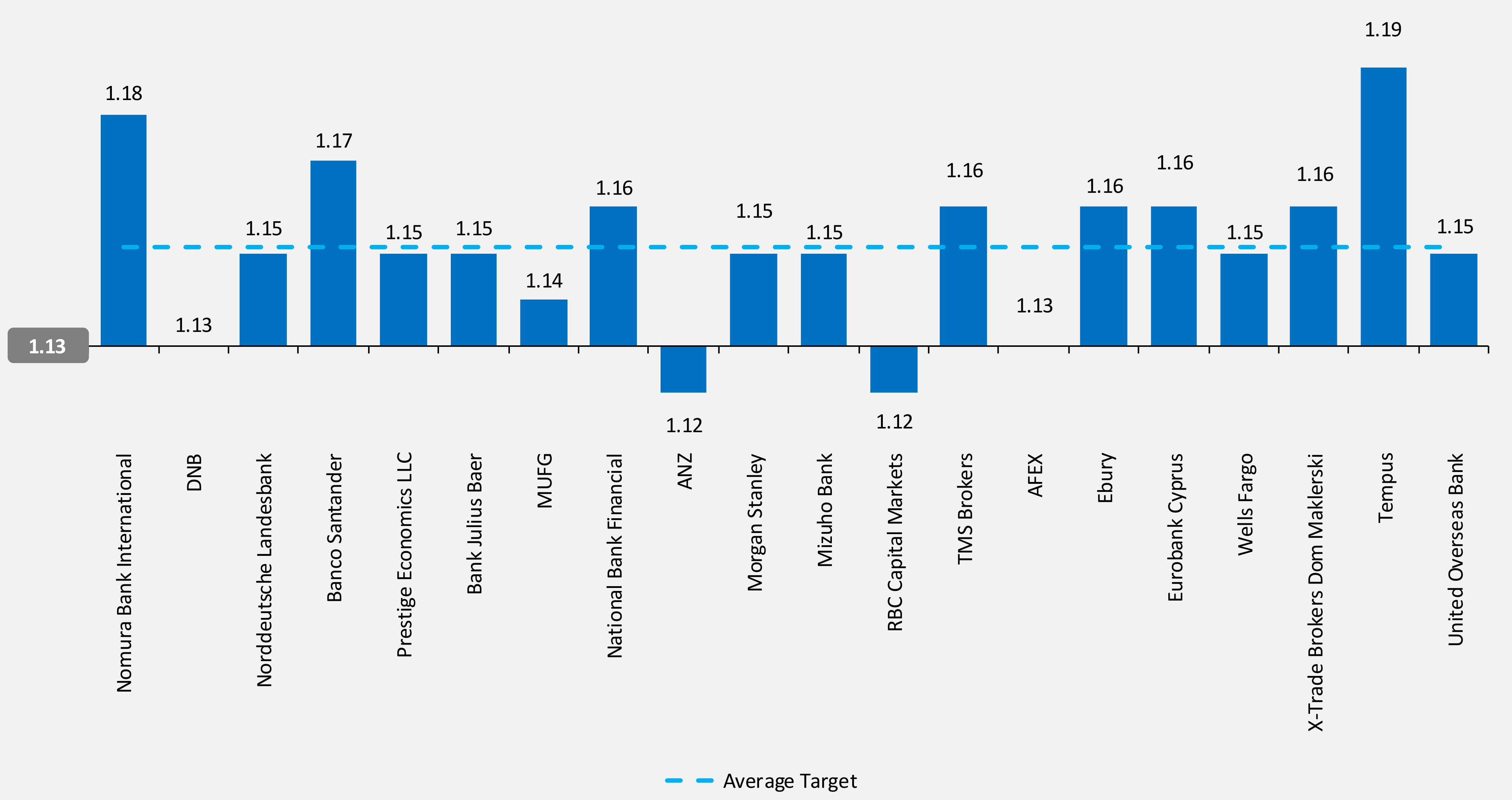
US Dollar Index Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Commerzbank	Bearish	• The US Dollar is losing its luster for investors and will decline steadily over the coming year • Investors are likely to shun the Dollar as signs of an end to the current Fed interest rate cycle appear on the horizon next year
JP Morgan Asset Management	Underweight	• The dollar's world-beating rally is about to run out of steam • A divided congress at the US mid-term elections will stymie further reforms
Natixis	Bearish	• Next year will be the time for slowdown for the US Dollar • The most significant impact on the US Dollar next year will be the Fed wrapping up its tightening cycle • At the same time, the ECB is likely to continue policy normalization and will begin raising rates in the second half of next year • Both the end of the Fed rate hike cycle and higher ECB rates (and other major central banks) should push the dollar lower • The US Dollar will also feel downward pressure from slower US economic growth next year • The impact of tax cuts will also start to dissipate during second half of the year • The US Dollar index is expected to lower down to 90 from the current level of 96.25
Citibank	Overweight	• The US-China trade tensions are potentially set to worsen • External drivers (EUR and CNY weakness) could add further modest support to USD to the year-end
Nordea Markets	Neutral	• The Dollar will continue its reign of supremacy over other currencies into year-end, but is seen capitulating to a range of adverse pressures once into 2019 • The outlook for the Dollar could turn increasingly negative once into January • Political uncertainty may become elevated in the US if the Democrats win the majority in the House in the mid-terms
AXA Investment Managers	Neutral	• The US dollar is expensive on a real effective exchange rate basis • The current environment does not offer clear catalysts to a meaningful correction in the near term • The broker thus maintains a neutral view on the USD for the time being

EURUSD Target for Q4 2018 by Major IBs

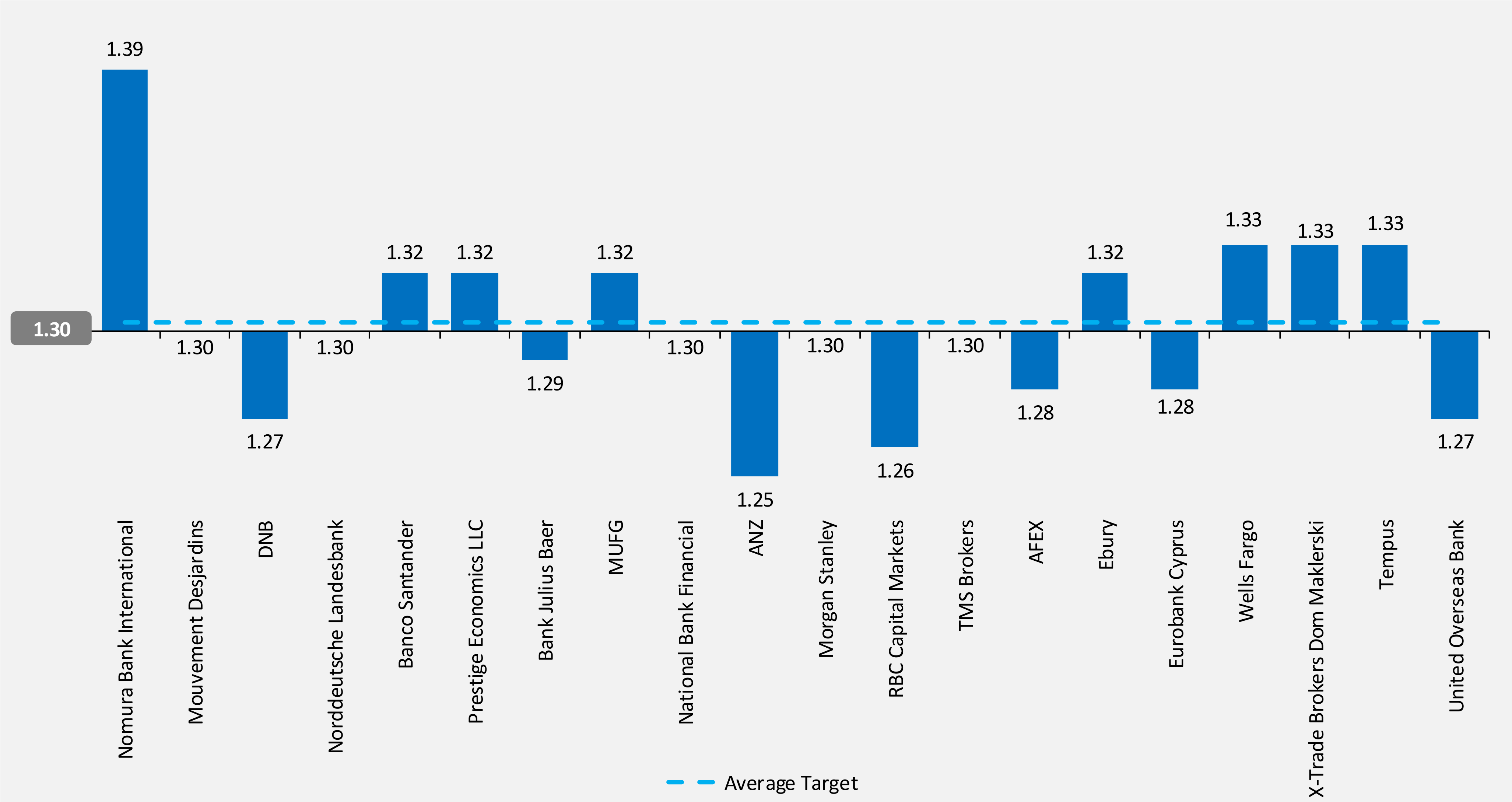


***Target with respect to actual level; Latest values at extreme Right**

Market Experts/ Brokers/ Analyst		Views (Last one month)
Commerzbank	Overweight	• Support for the Dollar is eroding and new arguments are being added in support of the Euro • It seems that everything is already pointing to higher EUR-USD rates as soon as the Italian issue is off the table • Next year, ECB policy could even provide moderate support for the Euro • If it raises its key interest rate at the end of 2019 - which appears likely without an Italian crisis - it will probably signal that an at least gradual interest rate normalization cycle is now beginning
Saxo Group	Overweight	• A rebound is in order for the Euro • The ECB'S quantitative easing policy will soon reach an end • In order to counter the populist threat in the region, the EU is likely to move towards a tighter monetary policy and easier fiscal policy, which is a more currency positive outcome
Standard Chartered	Underweight	• The EUR is likely to face headwinds from slowing Chinese growth • Concerns over Brexit talks and the emergence of Italian populist budget proposals are also a risk
Schroder Investment Management	Underweight	• Risk for further economic slowdown persists • Political tensions between core and periphery is ongoing
Union Bancaire Privee	Overweight	• EUR is undervalued from a historical point of view in terms of real exchange rates • Market positioning is coming back to neutral • The start of tapering from the ECB with more measured language surrounding Fed policy in early 2019 may help the EUR to strengthen
Scotiabank	Overweight	• There is potential for modest gains in the EUR initially next year • There might be more significant appreciation in the second half of the year • The assumption is that the ECB will start to reverse out of negative policy rates at that point
Citibank	Underweight	• EUR may 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 • 0-3M forecast: 1.18; 6-12M forecast: 1.12

Global MacroView Summary

GBPUSD Target for Q4 2018 by Major IBs

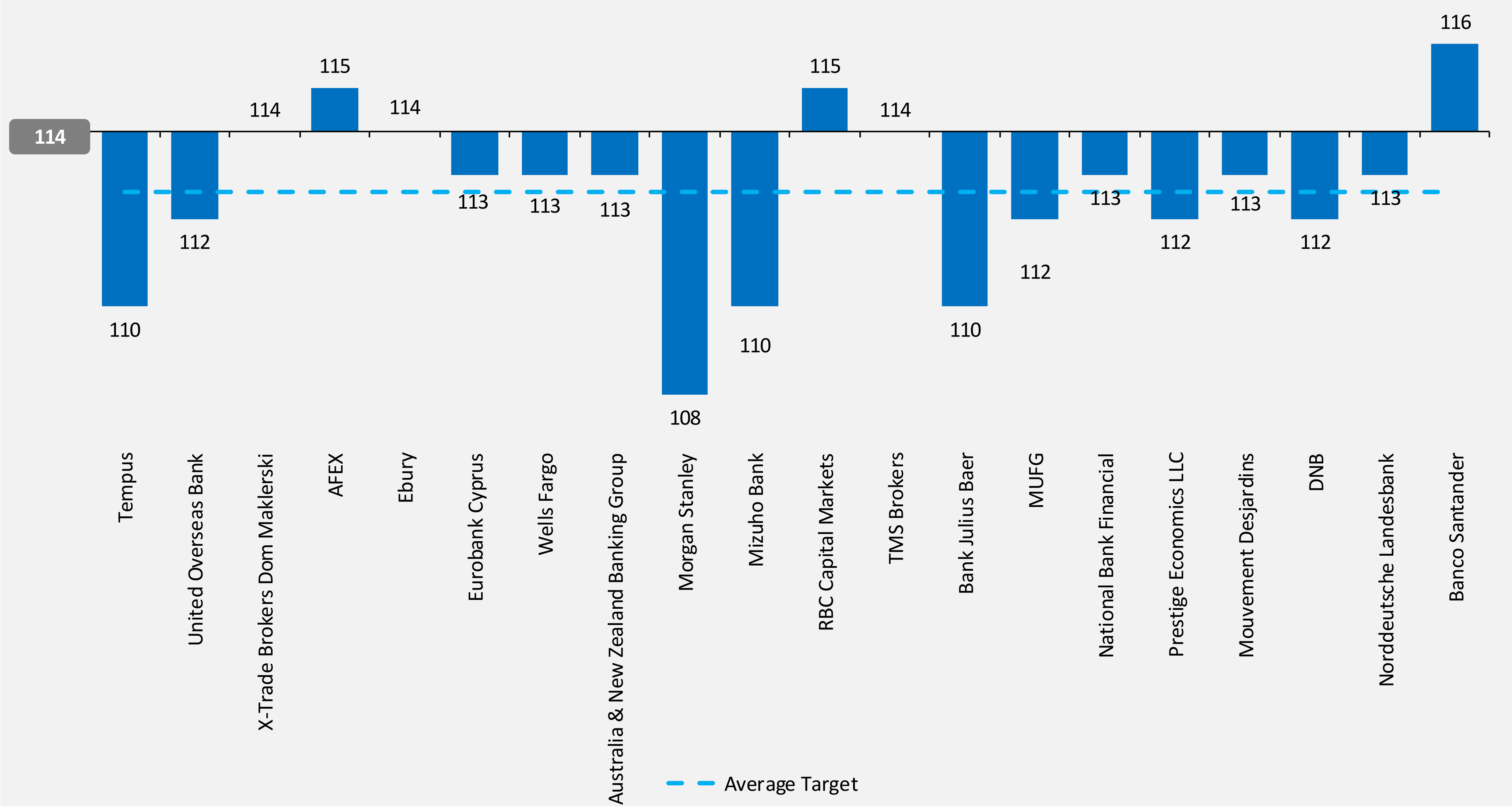


*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Commerzbank	Underweight	• An amicable Brexit settlement is likely to drag on for some time • The Pound is expected to weaken due to the uncertainty surrounding a possible exit without an agreement • As the Fed continues with its rate hike cycle, Sterling will remain under pressure against USD until the end of 2018
BMO Capital Markets	Underweight	• "Unresolved Brexit Issues" will cause the British currency to underperform during the months ahead • For now, the risks of a "no deal/cliff edge Brexit" are increasing, and this would continue to weigh on the GBP • The broker envisages the Brexit talks going down the wire, certainly crossing over into January • GBP/USD is likely to sit at 1.25 on a three-month horizon
Commonwealth Bank Australia	Overweight	• UK's budget 2018 bodes for a stronger Pound longer-term as the looser fiscal policy signalled by Chancellor Philip Hammond will ultimately command higher interest rates at the BoE • The fiscal impulse will be a modest tailwind to UK's economic activity over the next year
BNP Paribas	Overweight	• Two interest rate hikes are in prospect in 2019, more than markets expect • This will be notably constructive for Sterling as the market will inevitably have to bid the currency higher to reprice from barely one rate rise to two
Citibank	Bearish	• Ongoing political angst will weigh on the Pound • There remain lingering concerns that May might face a vote of no confidence • It would significantly ramp up the prospects of a 'no deal' Brexit
Mitsubishi UFJ Financial Group	Bearish	• Theresa May's leadership challenge is a niggle that has returned to the fore for markets • The current Brexit mood also remains negative for the Pound
Schroder Investment Management	Neutral	• There is not a strong case for excessive depreciation given that hard Brexit, having emerged as a serious possibility, now appears mostly priced in

Global MacroView Summary

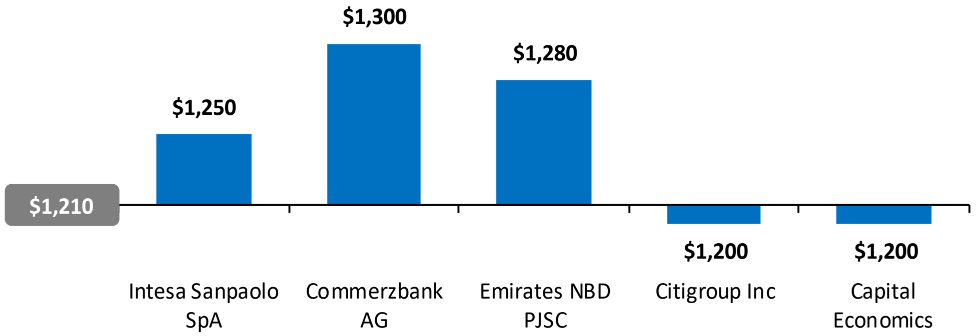
USDJPY Target for Q4 2018 by Major IBs



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

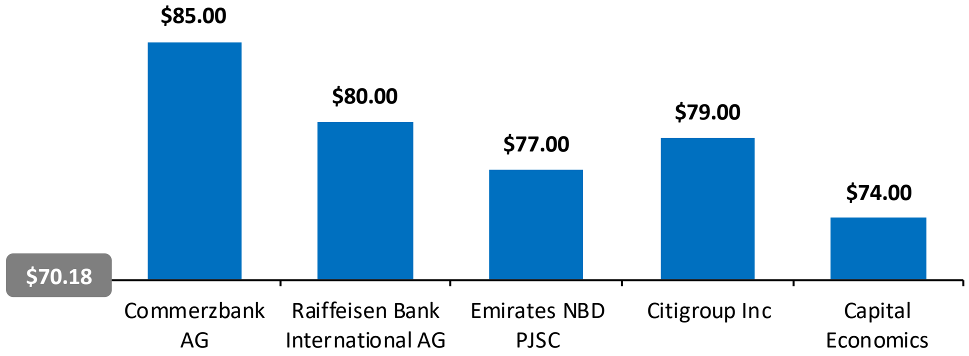
Market Experts/ Brokers/ Analyst		Views (Last one month)
Standard Chartered	Overweight	• The BoJ is expected to hold to its monetary policy, despite talk of "stealth tapering" • The USD/JPY is likely to press towards the strong 114.70-115.00 level near term in the near term
Schroder Investment Management	Bullish	• Japanese growth remains robust and there are some signs of higher inflation, which will have an impact on Bank of Japan policy • JPY also acts as a hedge for a global slowdown
Scotiabank	Underweight	• Japan is expected to witness slower growth next year, alongside subdued inflation • The BoJ is likely to retain a substantial degree of policy accommodation, even if settings are tweaked and asset purchases reduced • The JPY will remain relatively soft as a consequence
Mizuho Bank	Overweight	• The biggest factor the currency pair will probably be the direction of US/Japan trade talks • It seems likely the US will try to introduce some foreign exchange stipulations into talks with Japan • With negotiations likely to be stormy either way, the USD/JPY pair will probably trade with a • heavy topside in October, on growing concerns about trade frictions between the US and Japan
Citibank	Overweight	• The broker maintains a moderate strengthening path for USD/JPY to 112 and 114 • Policy divergence and unhedged purchases of US Treasury , event risks around the Italian budget, Brexit and Trade Wars could support safe- haven JPY. • 0-3m forecast: 112; 6- 12m forecast: 114
Russell Investments	Overweight	• 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

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)

- A weaker dollar and macroeconomic environment will be the main driver behind higher gold prices in 2019
- The economy is running well above its long run potential growth rate and signs of faltering growth could push investors away from equities and into more traditional safe-haven assets

Negative View (Gold)

- Looking ahead, in the current environment, gold could remain under pressure for the rest of the year and could fall to 2016 lows
- Rising interest rates will continue to present the harshest headwinds for bullion through 2020

Positive View (Brent)

- Oil supplies over the next 3 to 6 months are sufficiently at risk in a number of countries, particularly Iran, Libya and Venezuela
- Oil prices are likely to be "biased to the upside" for the rest of the year as demand from refineries rises in November and December
- 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
- Geopolitical issues, weaker uptake from China, and supply side issues at OPEC countries, could be the upside risks

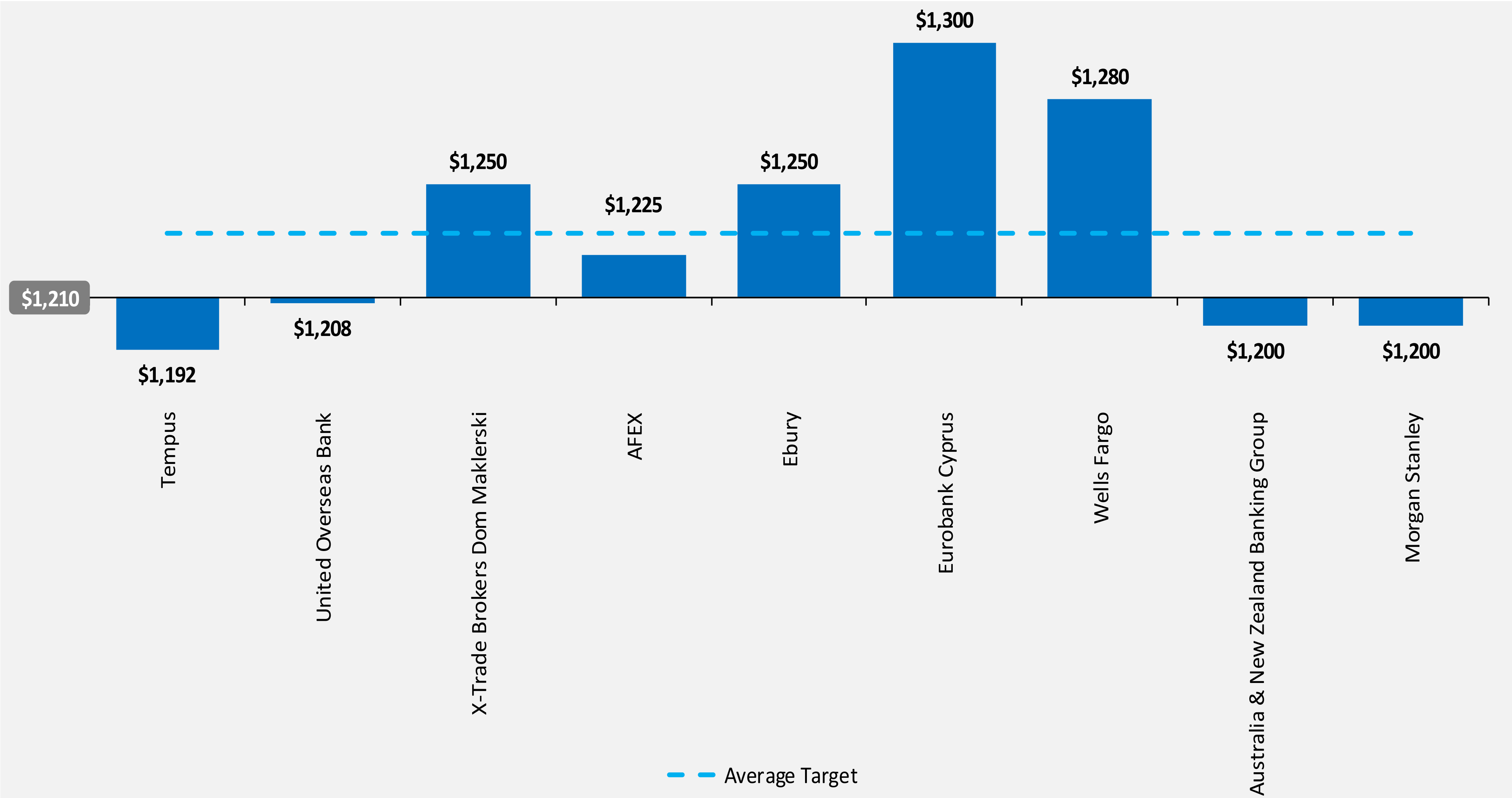
Gold

	Q3 2017	Q3 2018
Demand	958.1t	964.3t
Supply	873.4t	875.3t

Brent

	July 2018	August 2018
US Production (thousand barrels per day)	10,964	11,346
US Supply (thousand barrels per day)	20,621	21,302

Gold Target for Q4 2018 by Major IBs

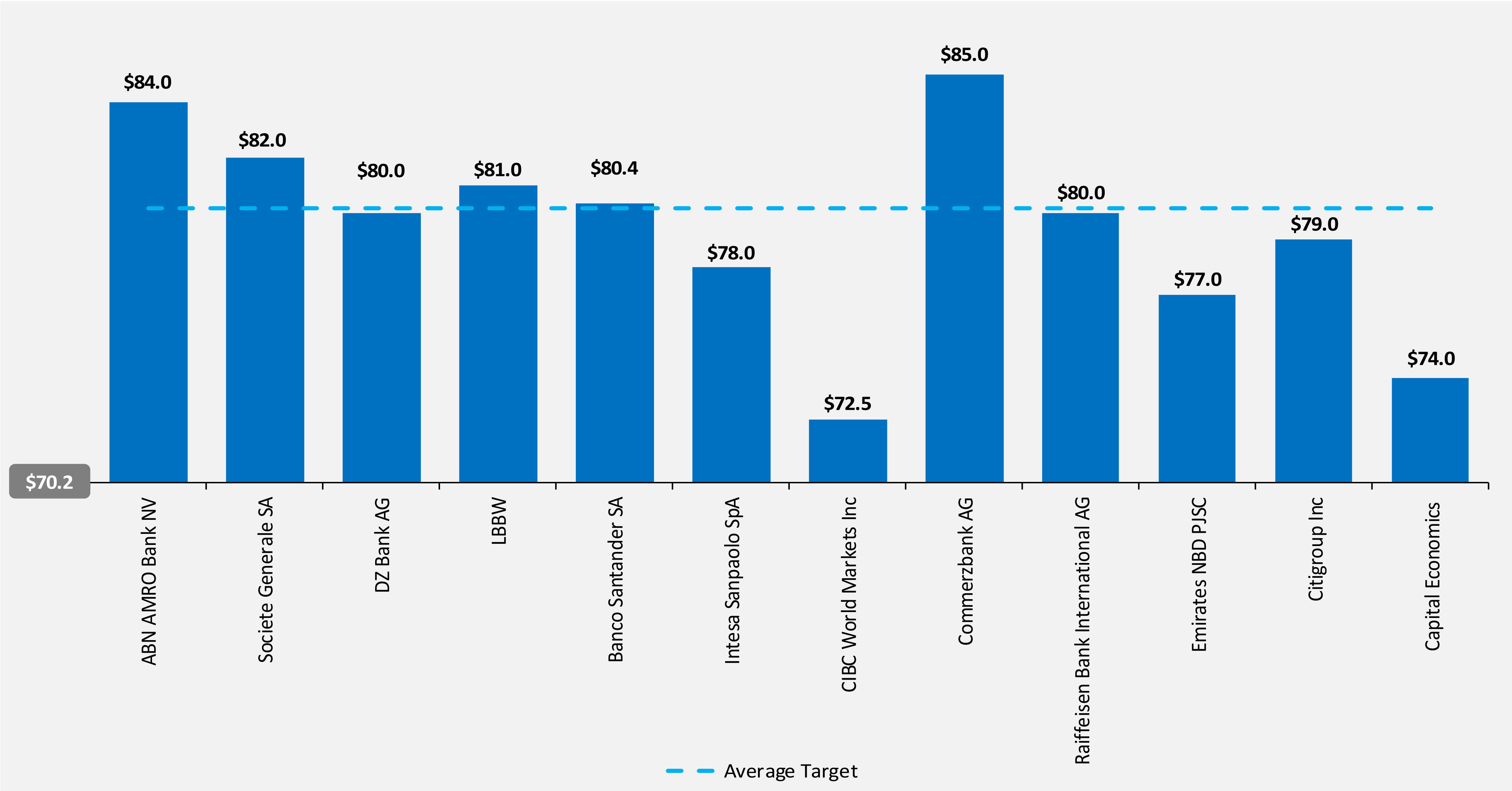


*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Natixis	Bullish	• Gold prices will rise in 2019 • A weaker dollar and macroeconomic environment will be the main driver behind higher gold prices • Gold prices are expected to average $1,275 an ounce in 2019 and $1,300 in 2020 • Gold's mine supply is projected to continue dropping moderately in 2019-2020, while central banks' gold reserve remain around the same levels • The trade war is most likely to be a long-term issue
Wells Fargo	Overweight	• Gold's tight negative correlation with the US Dollar will help prices go higher within the next 12 months • The US Dollar is likely to weaken • Rolling 12-month target price for gold remains $1,250 - $1,350 per ounce
Goldman Sachs	Overweight	• The broker expects market 'fear' of a US recession to strengthen • Recession worries and gold investment may increase further after US growth begins to slow down • The broker has described bullion's fundamentals as solid, and kept its three, six and 12-month forecasts at $1,250, $1,300 and $1,350, respectively
Bank of America	Bullish	• In this current environment, gold prices are likely to push towards $1,400 an ounce by the end of 2019 • Equity markets are already sowing the winds of change and a rising VIX will eventually force the Fed to slow down • There is also potential for gold to shine as inflation pressures pick up, particularly as US sanctions on Iran boost oil prices • Further, growing debt and deficits in the US could "super-charge" gold to its year-end forecast
Schroder Investment Management	Bearish	• With positions held outside the US at an all-time high (50%), the broker sees higher sensitivity to the US dollar, which is likely to further appreciate and weigh on gold prices
Emirates NBD	Bullish	• Gold price are headed for an improvement in the final months of 2018 before accelerating next year • There is a strong risk that the current strength in the US economy will show signs of waning by the end of 2019 • The economy is running well above its long run potential growth rate and signs of faltering growth could push investors away from equities and into more traditional safe-haven assets

Global MacroView Summary

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)
Citigroup	Bullish	• Oil prices are likely to be "biased to the upside" for the rest of the year as demand from refineries rises in November and December • An average price of $80 a barrel for this quarter is "realistic," with spikes to $90 or even $100 possible if further disruptions worsen a supply crunch amid rising consumption • Supply disruptions are expected in countries like Nigeria, Libya and Venezuela
Schroders	Overweight	• Global oil demand remains stable • Oil supplies over the next 3 to 6 months are sufficiently at risk in a number of countries, particularly Iran, Libya and Venezuela
RBC Capital Markets	Overweight	• On a fundamental basis, there will be support for higher crude pricing over the balance of 2018 and into 2019 • Specifically, the OPEC spare capacity is at very low levels • US extraterritorial sanctions on Iran come into effect on November 4 • Even if US shale production did pick up, the sidelining of Iranian oil would keep prices consistently high through 2019
UBS Asset Management	Overweight	• Diplomatic tensions between the US and Saudi Arabia have continued to simmer over the disappearance of a prominent critic of the Saudi regime • Given the mutual dependence of the two nations, there is unlikely to be a serious escalation that would disrupt oil supplies • But even if the dispute blows over, oil prices are expected to remain firm • The 1 million barrel per day fall in Iranian crude exports since May has been steeper than expected • Also, global spare capacity is set to reach a 10-year low by year-end, with Saudi Arabia being forced to boost production to cover shortfalls in Iran and Venezuela • As a result, risks to oil prices are tilted to the upside, and Brent is likely to trade between $85–90/bbl in three months and $85/bbl in 12 months, versus around $80/bbl at present
Scotiabank	Neutral	• Saudi Arabia is expected to increase oil production to make up for the less output from Venezuela and Iran • However, it might not be as many barrels that are needed to close the supply gap completely • Brent oil prices are forecast to average $80/bbl in 2019 before gradually falling back to $75/bbl in 2020

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