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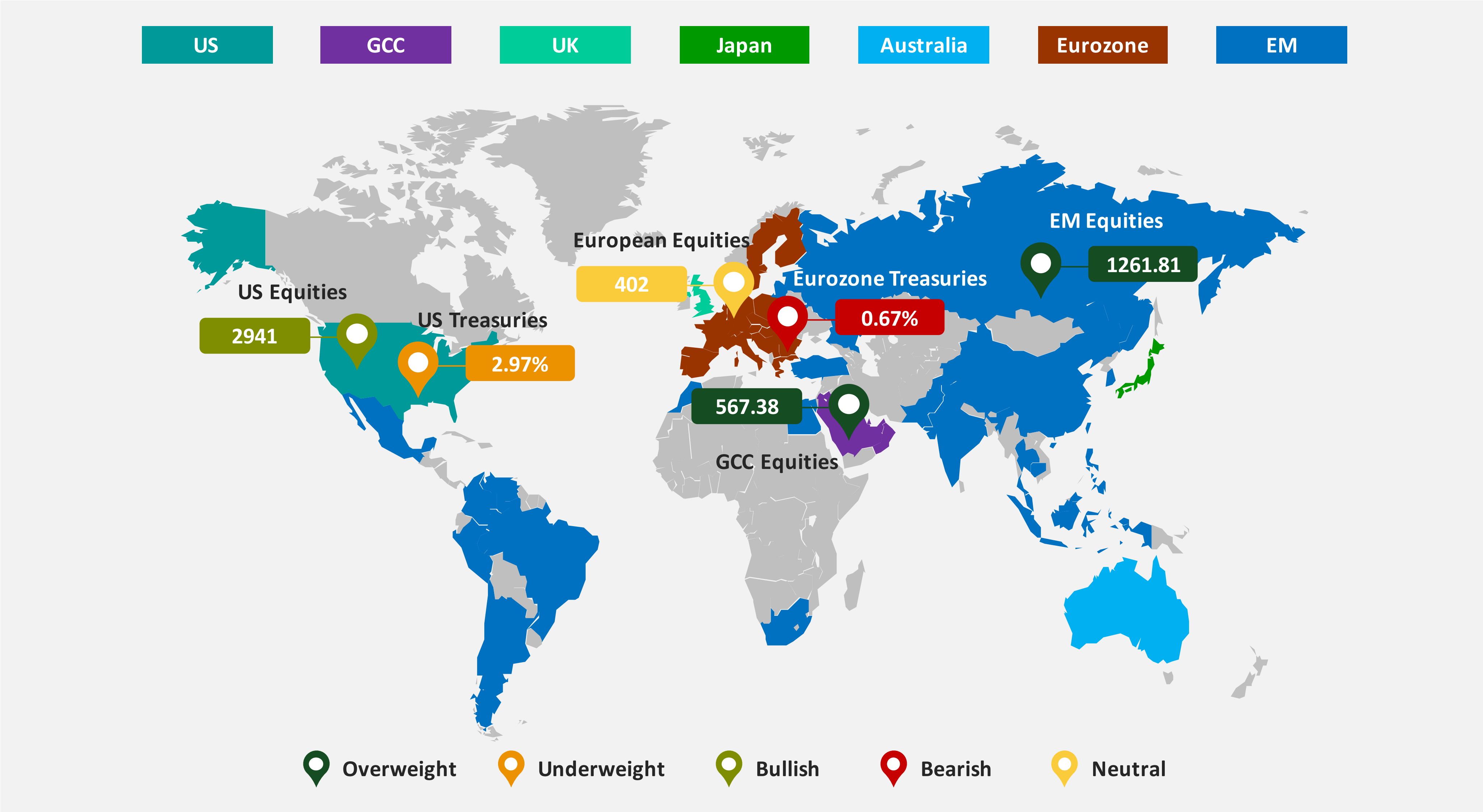
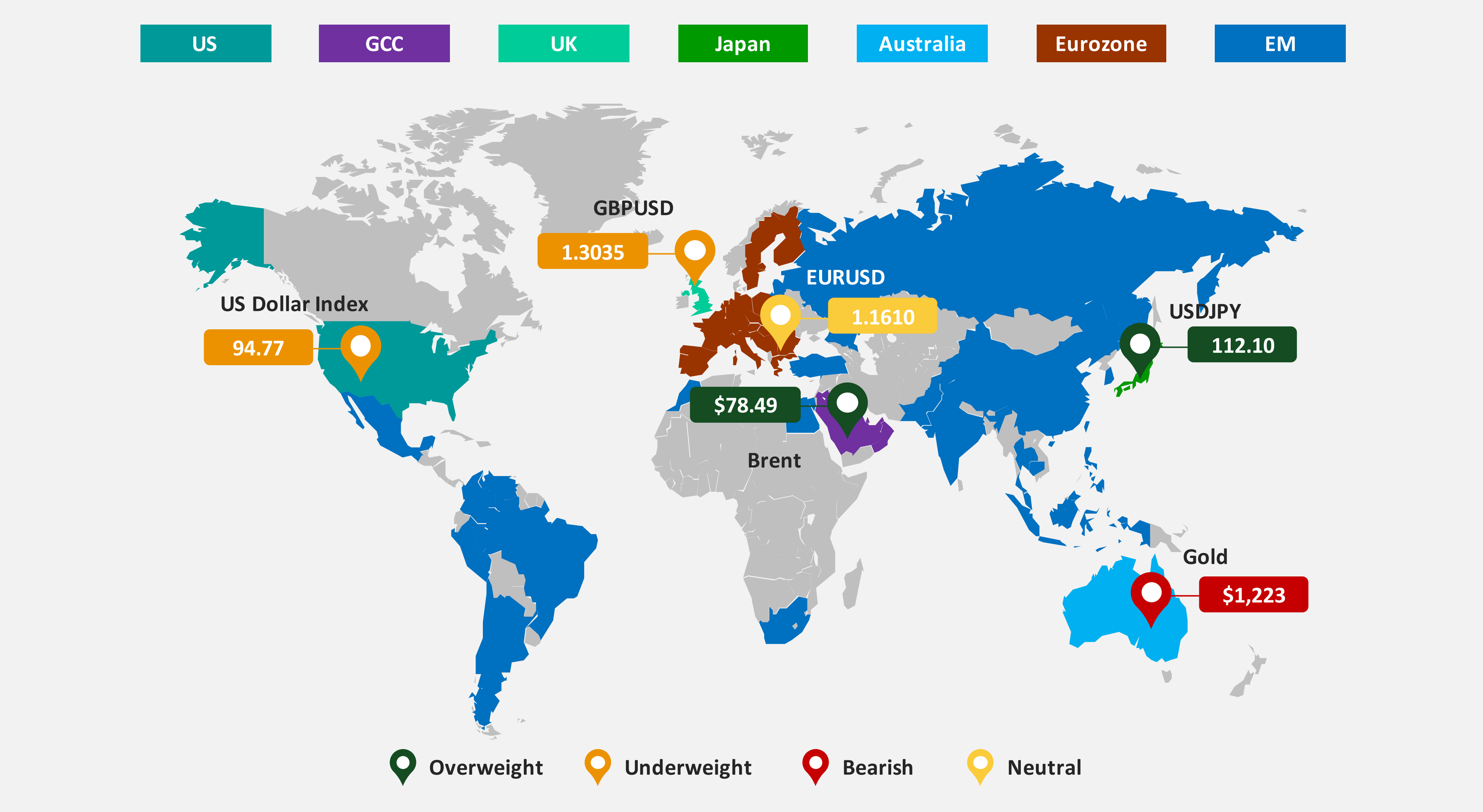
Innovative Research Solutions

AssetPulse

Global MacroView Summary

15 October 2018

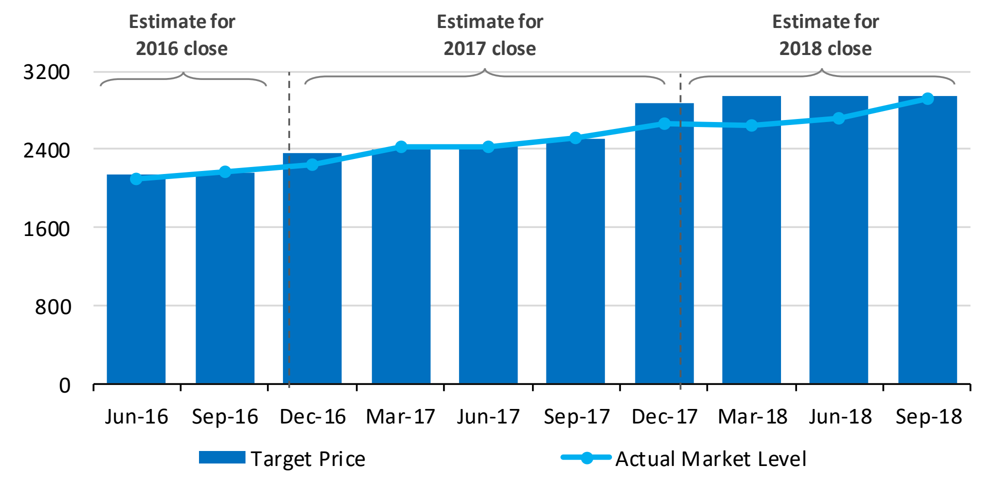

US
GCC
UK
Japan
Australia
Eurozone
EM
European Equities
402
US Equities
2941
US Treasuries
2.97%
Eurozone Treasuries
0.67%
EM Equities
1261.81
567.38
GCC Equities
Overweight
Underweight
Bullish
Bearish
Neutral


US
GCC
UK
Japan
Australia
Eurozone
EM
GBPUSD
1.3035
US Dollar Index
94.77
EURUSD
1.1610
USDJPY
112.10
$78.49
Brent
Gold
$1,223
Overweight
Underweight
Bearish
Neutral

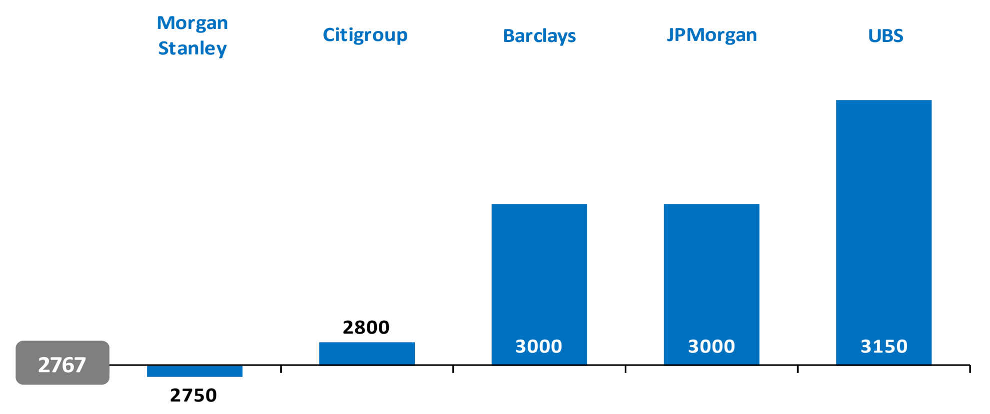
Asset Classes	13-Apr-18	13-Jul-18	12-Oct-18	6 Month Returns	3 Month Returns
Equities					
US Equites (S&P 500)	2656.30	2801.31	2767.13	4.2%	-1.2%
Eurozone Equities (Stoxx 600)	379.20	385.03	358.95	-5.3%	-6.8%
Emerging Equities (MSCI EM Index)	1170.09	1075.64	980.09	-16.2%	-8.9%
GCC equities (MSCI GCC Countries Index)	513.48	545.79	521.12	1.5%	-4.5%
Currency					
USD ($ Index)	89.80	94.68	95.22	6.0%	0.6%
EUR vs. USD	1.2331	1.1685	1.16	-6.3%	-1.1%
USD vs. JPY	107.35	112.38	112.21	4.5%	-0.2%
GBP vs. USD	1.4238	1.3222	1.3153	-7.6%	-0.5%
Fixed Income					
US 10yr Sovereign	2.82	2.83	3.15	33	32
Europe Core Area (German 10 Yr)	0.52	0.32	0.51	-1	19
Europe Peripheral Area (Italy 10 Yr)	1.79	2.55	3.57	178	103
Commodities					
Gold	1346.2	1244.32	1217.05	-9.6%	-2.2%
Brent	72.58	75.33	80.43	10.8%	6.8%

* Change in bps for fixed income

Consensus Target Price for S&P 500 Index



S&P 500 Index Target by Major IBs



*Target with respect to actual level

S&P 500 Index Key Parameters

	Actual	2018 TP	2019 TP
S&P 500*	2767.13	2941.00	-
PE (x)	19.96	16.05	15.42
EPS ($)	138.65	172.44	179.5
Dividend Yield (%)	1.9	2.07	2.12
Price/Book (x)	3.34	3.19	2.94
EV/EBITDA (x)	13.15	10.75	10.48

*Value as on 12 October 2018

S&P 500 Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
6.1%	-1.2%	2.9%	7.2%	-5.0%

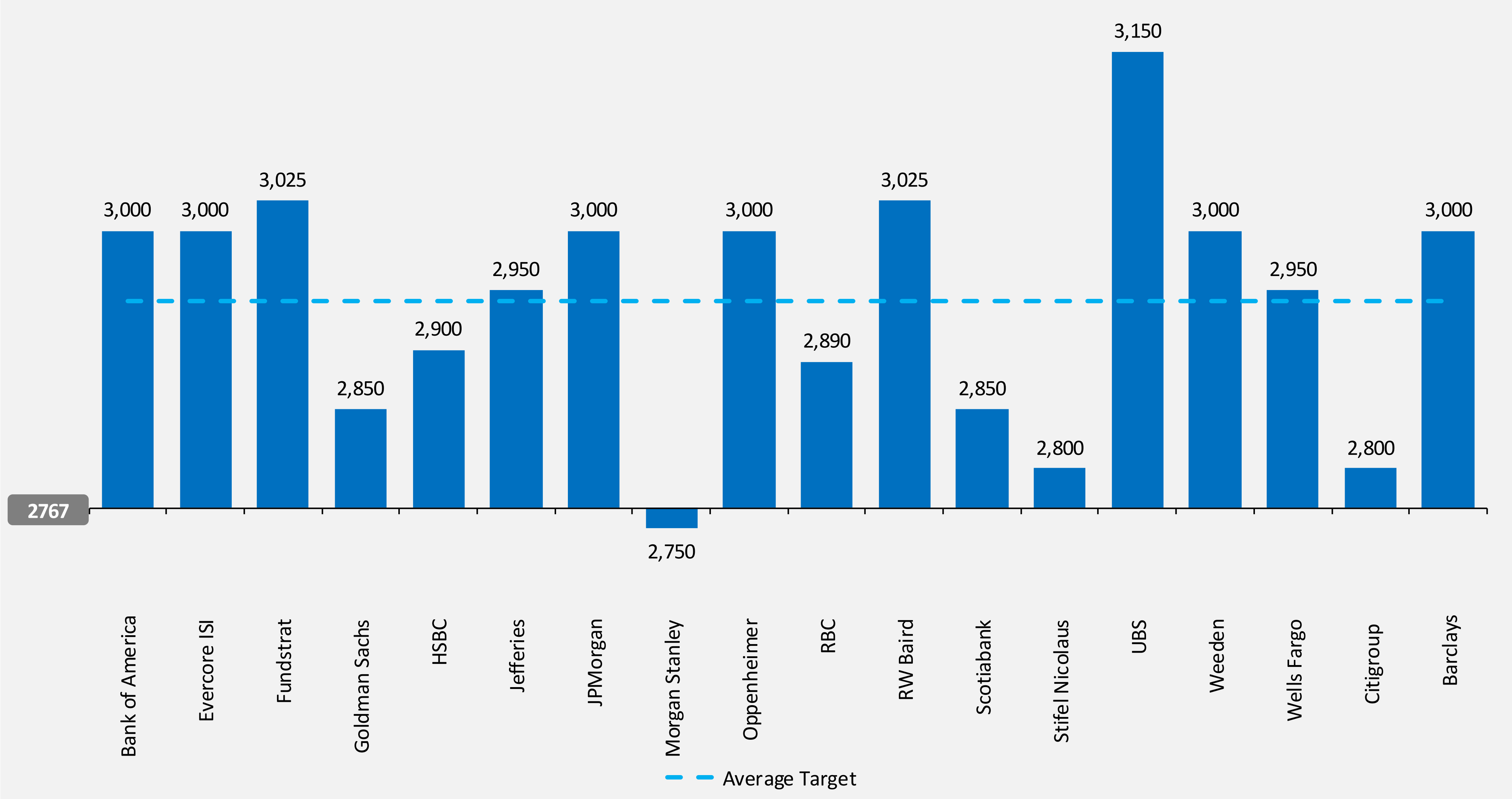
Positive View

- Unmatched earnings momentum
- Solid profit growth and rising economic activity
- There is more favorable risk/reward potential in US equities than their higher-beta developed market peers
- The US market has also been boosted by the increase in share buybacks

Negative View

- Upward and flattening shift in the yield curve poses risk to equity valuations
- Near-term volatility persists
- The impact of corporate tax cuts on earnings will soon disappear, and both borrowing costs and wages are headed higher

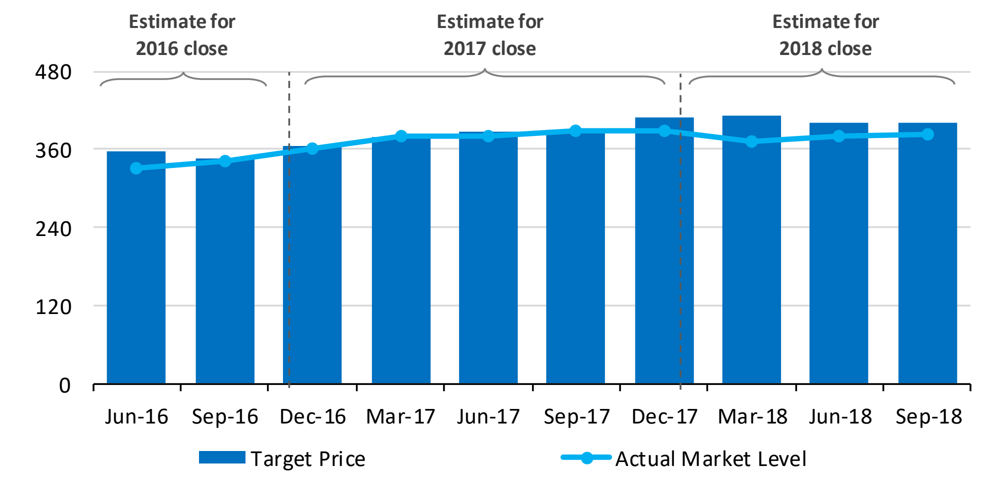
S&P 500 Index Target by Major IBs



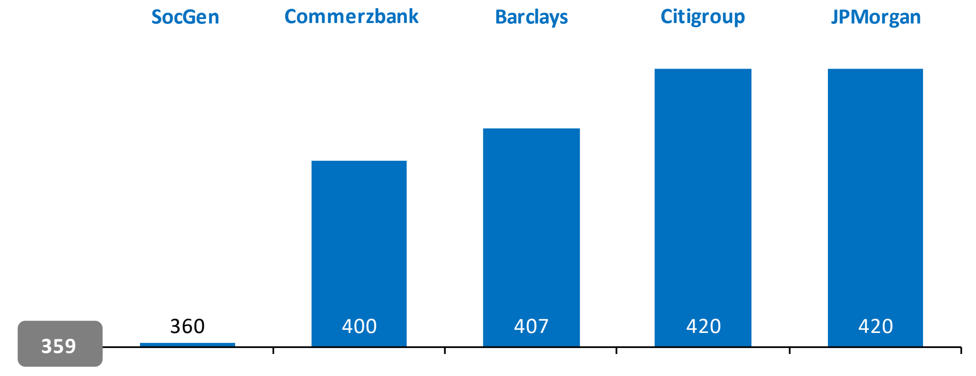
***Target with respect to actual level**

Market Experts/ Brokers/ Analyst		Views (Last one month)
DBS	Overweight	• The broker expects the currently-wide profit margins, as witnessed in the 2Q18 results of US companies, to sustain and this augurs well for the outlook of US equities
Wellington Management International	Bullish	• US economic growth to slow modestly but remain higher than other developed economies • US has a relatively insulated economy and stock market • US consumers should be buoyed by a tight job market and higher wages • Despite getting dinged by trade concerns, capital expenditure data remains robust and investment could add to growth in coming quarters • There is more favorable risk/reward potential in US equities than their higher-beta developed market peers
Pictet Asset Management	Underweight	• US equities are the most expensive and has made little progress in September • We believe there is still a large price gap to close and so stick to an underweight position in US stocks
Schroder Investment Management	Overweight	• The 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 • US Equities are expected to outperform global equities
UBS Asset Management	Overweight	• While the US economic cycle is mature, both consumer spending and corporate capital expenditure appear well supported by recent tax reform • The latter in particular gives grounds for optimism in future US productivity growth and in the sustainability of the cycle • Stronger-than-expected corporate earnings growth, rising M&A and increasing capital returns to shareholders are likely to remain key supports in the coming months • Indeed, US equity valuations are now more attractive after recent profit growth has outpaced share price performance • According to the broker, US equities remain attractively valued relative to bonds despite the recent rise in yields
Lazard Asset Management	Neutral	• US has a robust labor market and wage growth is beginning to grind higher after stalling in 2017 • Fiscal stimulus from February budget and tax cuts are adding to momentum, with the latter also boosting corporate earnings • However, increasing US protectionism could derail economic growth and sentiment over the medium term • Equity market returns are expected to be lower than in 2017 and to be driven primarily by earnings growth, which has been particularly strong in the United States due in part to the economic outlook and in part to tax cuts • Given heightened risks, there is also likely to be higher volatility and greater uncertainty than in 2017

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*	358.95	402.00	-
PE (x)	16.16	11.73	12.49
EPS (€)	22.16	30.53	28.65
Dividend Yield (%)	3.73	3.82	4.12
Price/Book (x)	1.75	1.66	1.58
EV/EBITDA (x)	9.64	8.69	8.28

*Value as on 12 October 2018

Stoxx 600 Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
0.3%	-4.6%	2.4%	0.8%	-6.3%

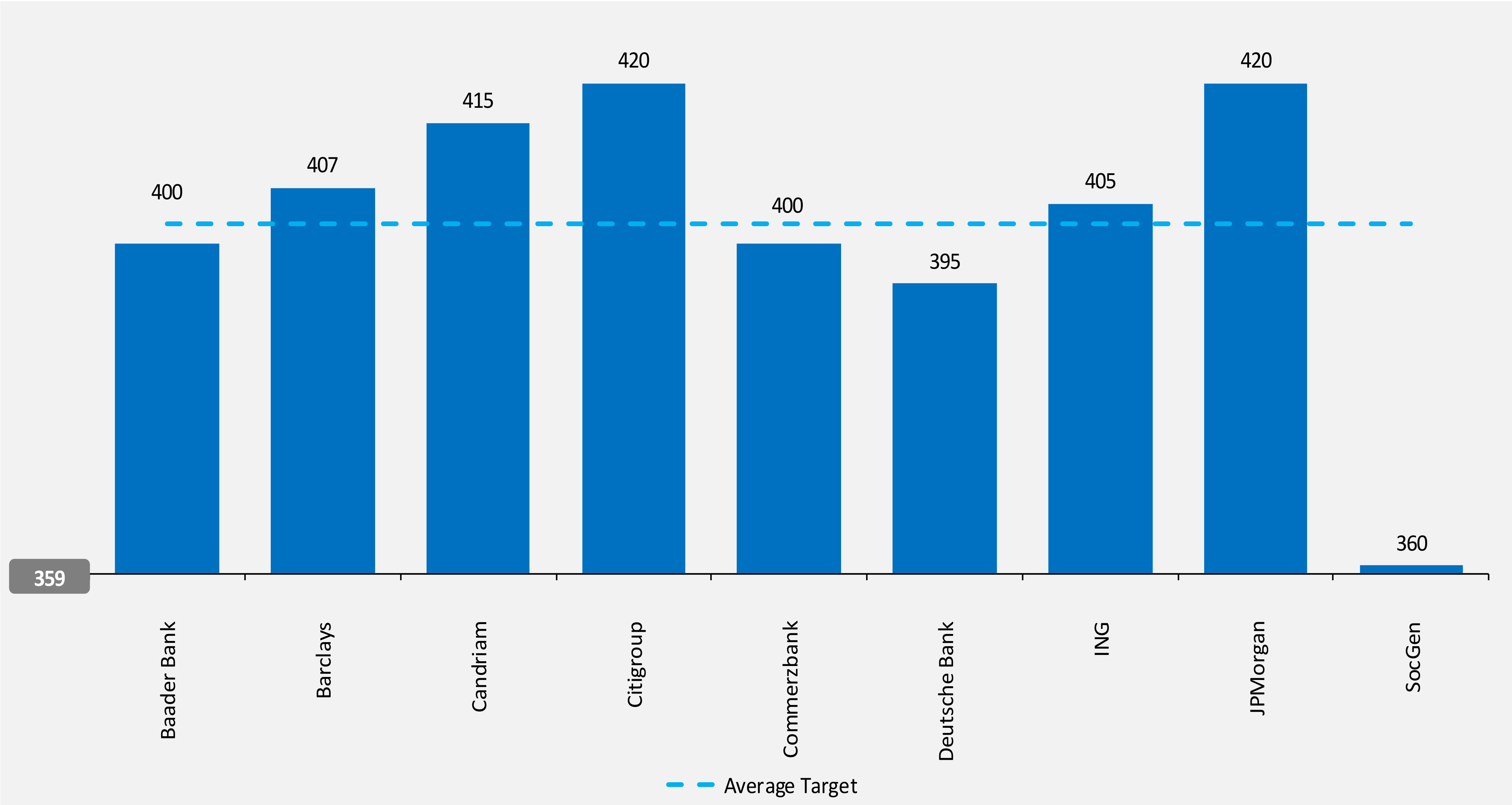
Positive View

- A broad economic expansion and relatively attractive valuations are supportive for corporate profits
- Eurozone stocks are supported by GDP growth rebound and stronger-than-expected earnings results

Negative View

- The European business cycle indicators currently point to a further contraction in 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

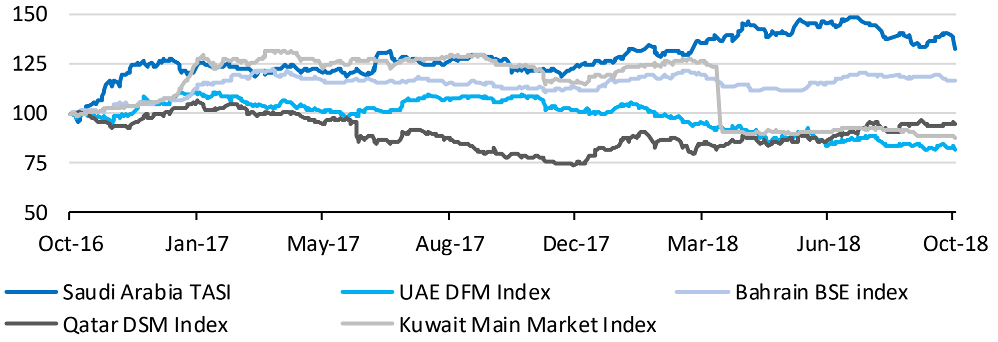
Stoxx 600 Index Target by Major IBs



*Target with respect to actual level

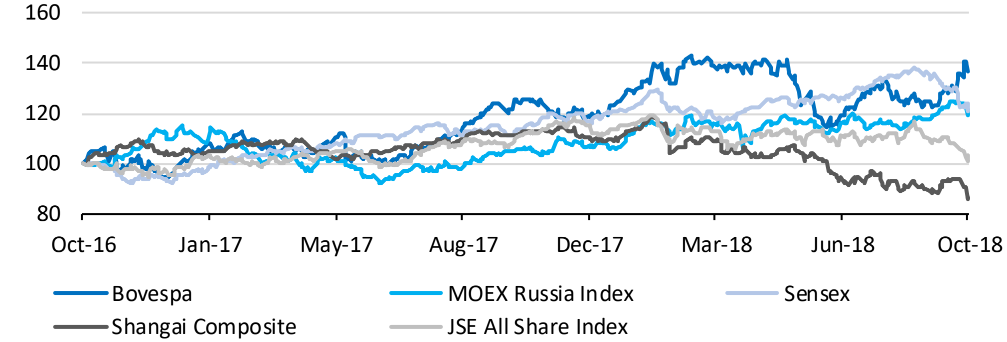
Market Experts/ Brokers/ Analyst		Views (Last one month)
AXA Investment Managers	Neutral	• Macro signals have bottomed out and are rolling over • Relative earnings revisions have improved, while the movement in the Euro should provide some relief to exporters • Sentiment appears to have bottomed out for the region and global investor positioning appears to be very light
Wellington Management International	Neutral	• The European business cycle indicators currently point to a further contraction in growth • Nevertheless, the underpinnings of the European consumer, such as real incomes and the credit channel, are healthy and should prevent much more slowing ahead. • However, outlook for European equities is tempered by lingering concerns about the economy and the high sensitivity of European companies to the global cycle
UBS Asset Management	Overweight	• In Europe, the increased risk premium prompted by recent political developments in peripheral Europe will likely constrain upside potential until more clarity emerges around the fiscal intentions of the new Italian government • Despite these short-term headwinds, the longer-term base case remains positive, supported by demand growth that is still above trend, and the potential support to earnings from re-gearing
Schroder Investment Management	Neutral	• European equities are expected to perform inline with the global market • From a valuation perspective, the region is trading at a discount relative to global peers • However, the backdrop for European banks remains challenging with the need to recapitalize and the prospect of a flatter yield curve with the ECB hiking interest rates • Meanwhile, the weakness of the currency has not helped corporates as this has coincided with concerns around global trade and tightening in financial conditions
Prudential Financial	Neutral	• Eurozone stocks are supported by GDP growth rebound and stronger-than-expected earnings results • However, this is offset by concerns about European banks exposure to Turkey’s private sector debt, ECB on track to end QE, and risk of Italian fiscal crisis
APG	Overweight	• Valuations are supportive in European equites • Rebound in global investment spending is greater than in the US

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 *	521.12	-	-
PE (x)	12.96	12.38	11.35
EPS ($)	39.33	41.15	44.91
Dividend Yield (%)	4.28	4.52	4.56
Price/Book (x)	1.66	1.64	1.54

*Value as on 11 October 2018

MSCI EM Index Key Parameters

	Actual	2018 TP	2019 TP
MSCI Emerging Markets Index *	980.09	-	-
PE (x)	11.86	10.52	10.2
EPS ($)	82.63	93.13	96.05
Dividend Yield (%)	2.91	3.13	3.39
Price/Book (x)	1.49	1.48	1.35
EV/EBITDA (x)	7.82	7.7	7.18

*Value as on 12 October 2018

MSCI GCC Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
-0.7%	7.2%	4.2%	1.3%	-4.0%

MSCI EM Index Returns

Q4 2017	Q1 2018	Q2 2018	Q3 2018	QTD
7.1%	1.1%	-8.7%	-2.0%	-6.5%

Positive View

- There are new government initiatives aimed at making the Emirates one of the region's most business-friendly economies
- The market displays enormous potential in terms of gains

Negative View

- Rising trade tensions could limit upside potential

Positive View

- Moderate growth and lower valuations should benefit emerging market equities
- EM equities are about 30% cheaper than developed market equities, based on relative long-term PE ratios

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	1261.81
Bloomberg Consensus Target Price For MSCI EM Index	1261.81
As on 12 October 2018	980.09
% Change from Current levels compared to avg	28.74%

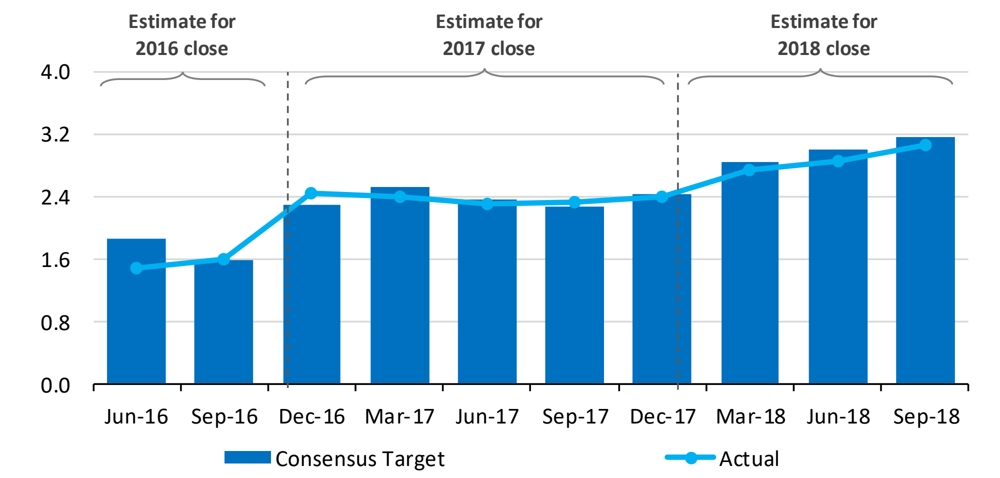
Market Experts/ Brokers/ Analyst		Views (Last one month)
BMO Global Asset Management	Neutral	• EM corporates' earnings are high compared to prior cycles' peaks while equity valuations are close to multi-year lows • EM equities are about 30% cheaper than developed market equities, based on relative long-term PE ratios • Respective EM governments' policy responses could offset some of the negative effects from external shocks • Overall, the broker feels that the recent sell-off in EM equities may have been overdone but the ongoing geopolitical risks, the possibility of higher rates in developed markets and the recent slowdown in economic activity could continue to be a headwind for EM equities at an aggregate level
LPL Financial	Overweight	• EM markets continue to be an attractive opportunity, despite disappointing performance this year • Corporate fundamentals in EM generally look good, where many of the economies are earlier in their economic cycles than developed nations • EM earnings growth expectations are stronger than those in developed international markets • There is upside potential in emerging markets due to attractive valuations, recent economic growth, and potential US-China trade resolution

Market Experts/ Brokers/ Analyst		Views (Last one month)
Wellington Management International	Neutral	• EMs are highly sensitive to global market conditions • Large countries, such as Brazil, Argentina, Turkey, and South Africa, face idiosyncratic headwinds that could be exacerbated by higher developed market interest rates and a stronger US dollar • Together, these country-specific risks dent the prospects for EM equities over the next 6 – 12 month time frame • However, EMs have cheaper valuations and the potential for better long-term growth than developed markets
UBS Asset Management	Underweight	• In aggregate, EM fundamental conditions remain relatively robust and the recent share price weakness across EM feels out of kilter with these fundamentals • The broker no longer holds a clear preference for Asia (ex China) within the broader EM universe • Attractive valuations are now at least partially countered by vulnerability to any escalation in • the US/China trade war
Pictet Asset Management	Overweight	• The broker remains attracted to EM stocks • Despite recent gains there, valuations remain very compelling, while investor positioning is still very light • Leading indicators of activity and corporate earnings remain resilient in the vast majority of emerging economies and the Dollar is not expected to rise much further from here
Schroder Investment Management	Overweight	• The economic fundamentals of EM equities are still intact and has already overcome the worst of the sharp losses in the recent months • They also offer attractive valuation discount versus their developed peers • Moreover, the Chinese authorities have recently started to ease policy to support their domestic economy
Prudential Financial	Underweight	• EM stocks are likely to continue to struggle in the near-term with risk of contagion from the Turkish lira crisis, trade tensions and US dollar strength • Inflation risks have risen from currency weakness forcing EM central banks to hike rates to control inflation

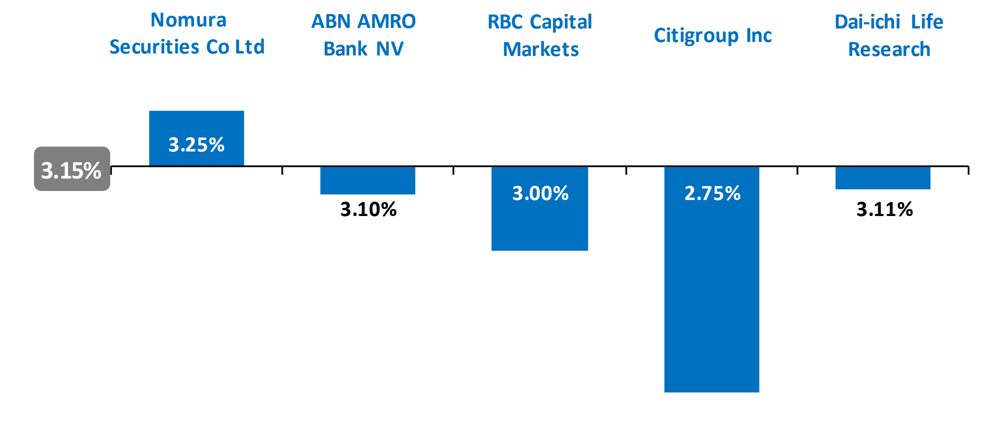
Asset Class	
GCC Equities (MSCI GCC Countries Index)	
Analyst expectations	
Average	567.38
Bloomberg Consensus Target Price For MSCI GCC Index	567.38
As on 11 October 2018	521.12
% Change from Current levels compared to avg	8.88%

Market Experts/ Brokers/ Analyst		Views (Last one month)
Al Etihad Financial Advisors	Overweight	• UAE markets have been under pressure for a while now, creating very promising entry points supported by attractive multiplies relative to their peers, and strong fundamentals for stocks in the real state and the banking sector • Together with the new government initiatives aimed at making the Emirates one of the region's most business-friendly economies, UAE markets will be triggering a lot of investors' eyes in the coming period
Emirates Investment Bank	Neutral	• Anecdotal evidence suggests that there is a slight increase in investor sentiment • Investors are starting to see value at these levels and are positioning themselves for the upcoming dividend season
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

Consensus Target for US 10 Year

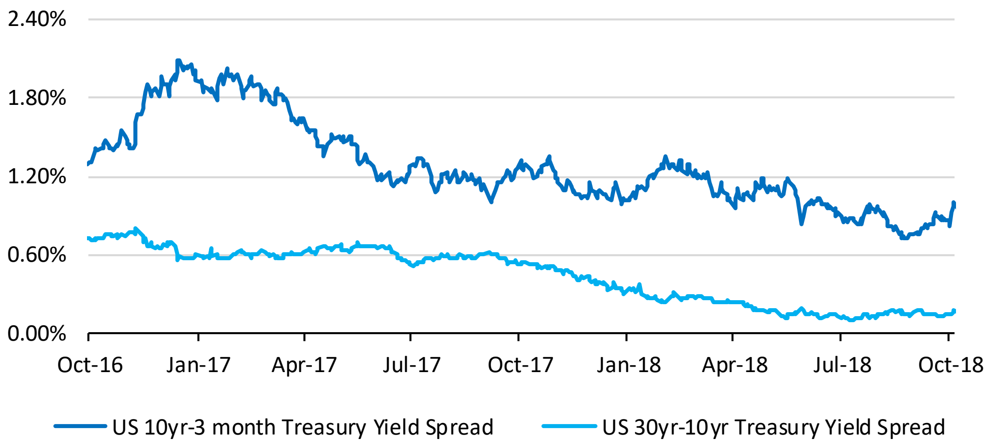


US 10 Year Target by Major IBs



*Target with respect to actual level

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



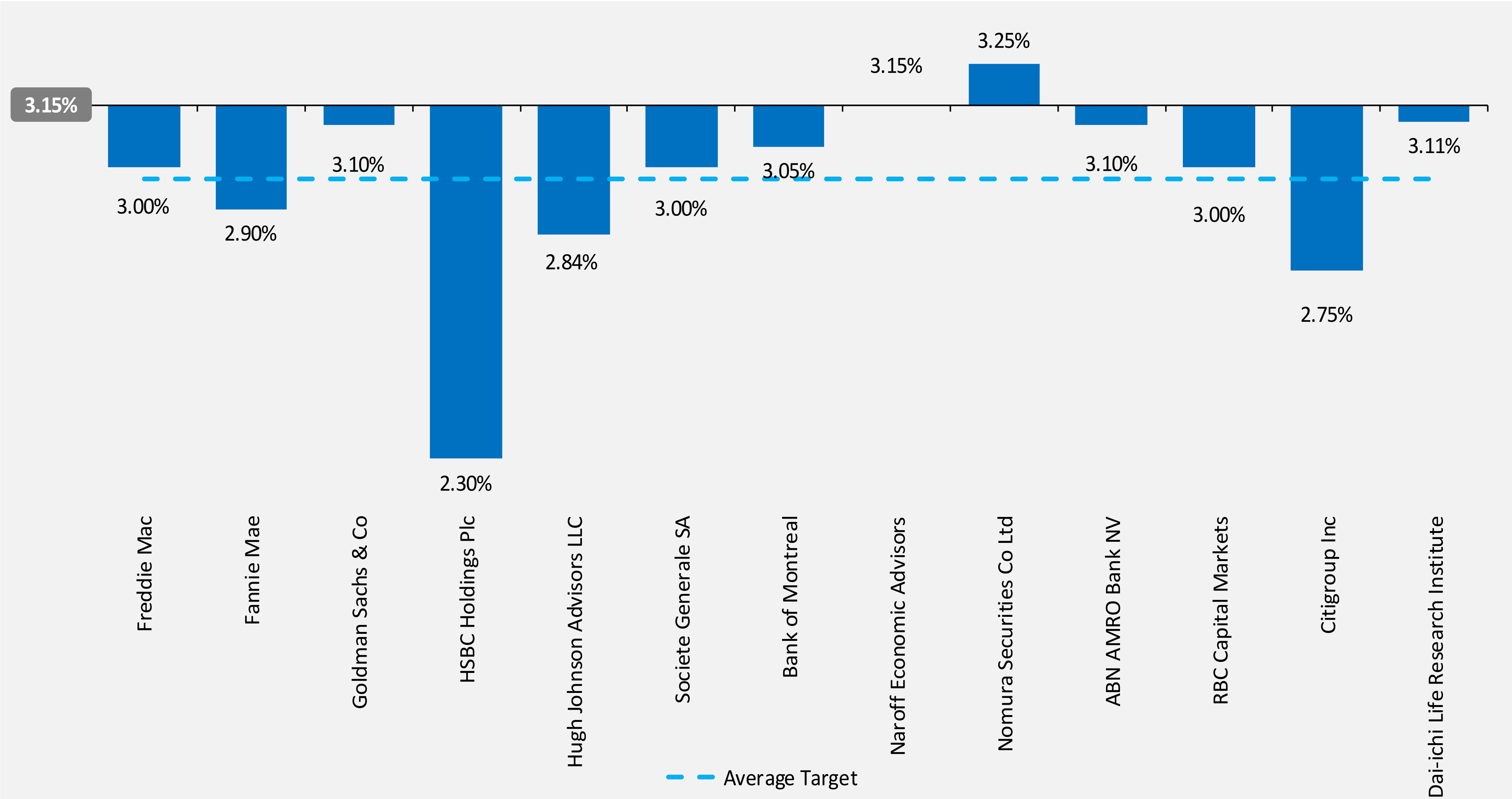
Positive View

- US Treasuries are supported from safe haven demand with trade tensions and Turkey crisis unresolved
- A pleasant effect on the yield level from the more expansive US fiscal policy is likely

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
- There is a combination of negative term premium, large supply increase and higher currency-hedged yields available overseas

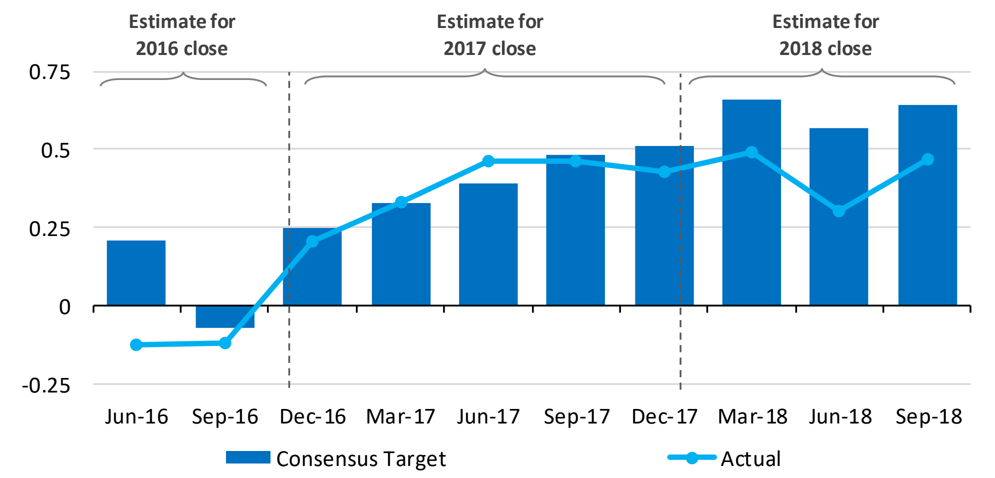
US Treasuries 10 Year Target Yield for Q4 2018 by Major IBs



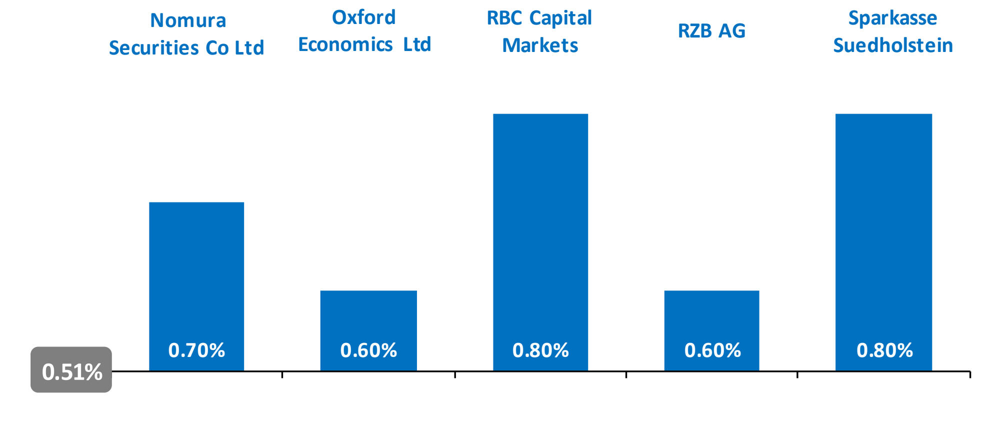
*Target with respect to actual level; Latest values at extreme Right

Market Experts/ Brokers/ Analyst		Views (Last one month)
Schroder Investment Management	Underweight	• US 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
Citibank	Underweight	• Long-dated UST yields could remain contained by trade wars, emerging market volatility and relatively slower non-US growth despite strong US fundamentals and rising inflation • Q4 target for 10-year UST yields is 2.75%
Prudential Financial	Neutral	• US Treasuries are supported from safe haven demand with trade tensions and Turkey crisis unresolved • However, Treasury yields are likely to face upward pressure from strong GDP growth, rising inflation, and Fed rate hike
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

Consensus Target for German 10 Year

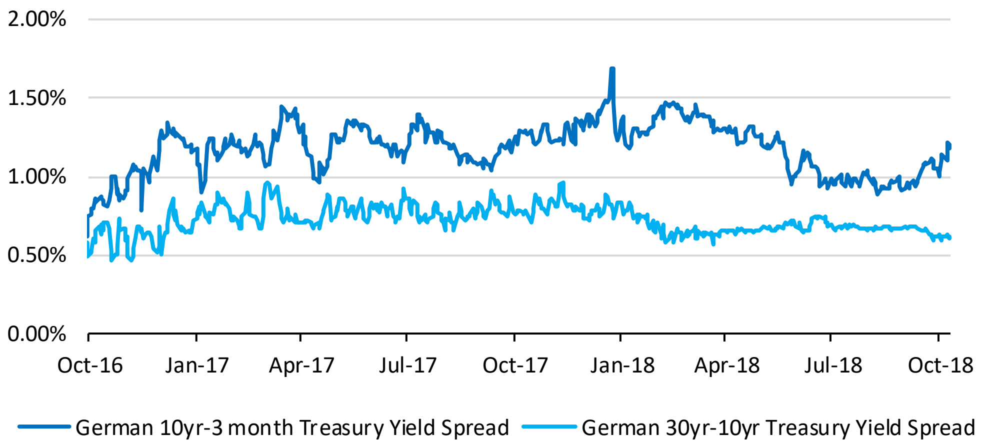


German 10 Year Target by Major IBs



*Target with respect to actual level

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



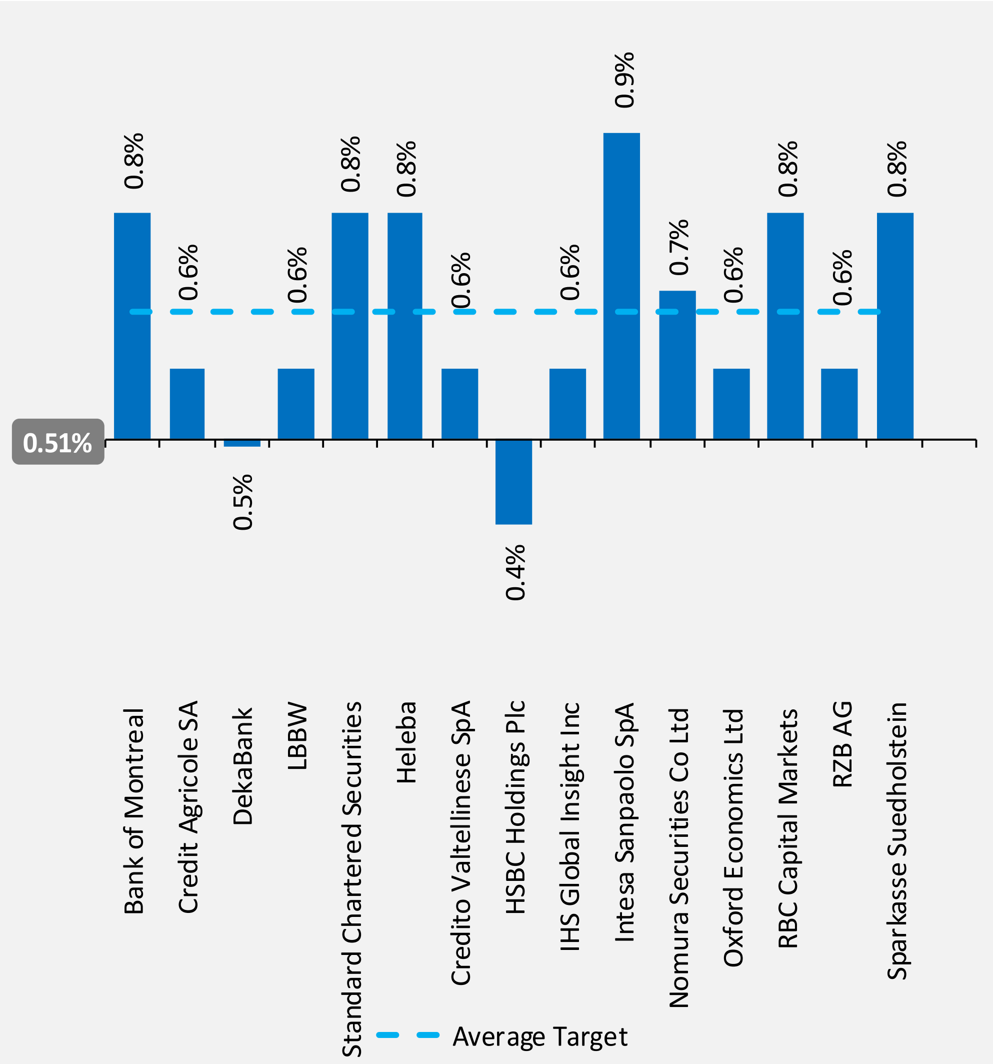
Positive View

- Euro corporate bonds likely to be less sensitive to interest rate movements
- The Eurozone economy is steadily expanding

Negative View

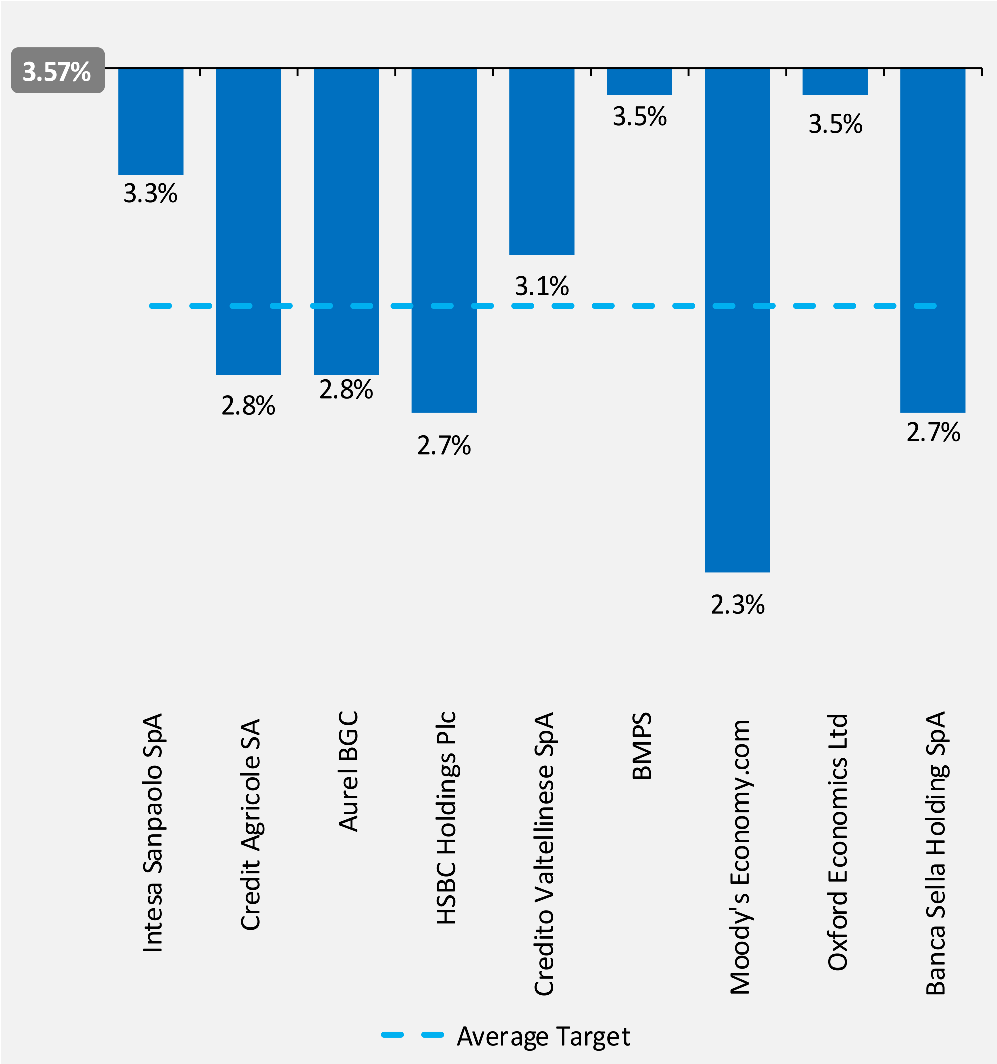
- While the ECB remains reluctant to hike rates too early, the central bank is expected to be less dovish compared to market expectations
- The outlook for core inflation is still modest for the Eurozone

German 10 Year Target Yield for Q4 2018 by Major IBs



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

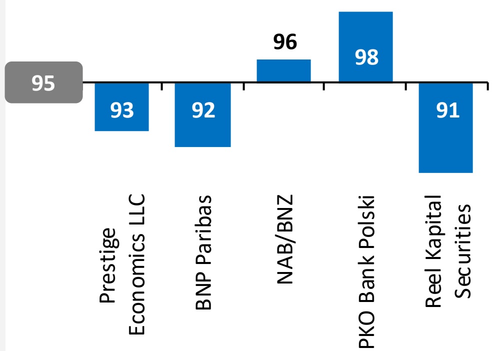
Italy 10 Year Target Yield for Q4 2018 by Major IBs



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

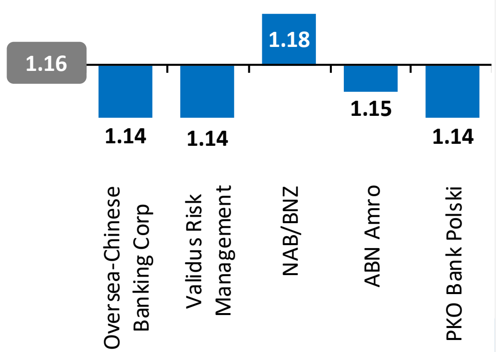
Market Experts/ Brokers/ Analyst		Views (Last one month)
Schroder Investment Management	Bearish	• Weaker growth has already been priced, but inflation risks have not • While the ECB remains reluctant to hike rates too early, the central bank is expected to be less dovish compared to market expectations
Prudential Financial	Underweight	• Eurozone bond yields are likely to be mixed with the Turkish crisis supporting German bunds but periphery yields likely to be under pressure with the exposure of the Eurozone periphery banks to Turkey's private sector debt • Further, risk of Italian fiscal crisis carries risk for Italian government bonds
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

US Dollar Index



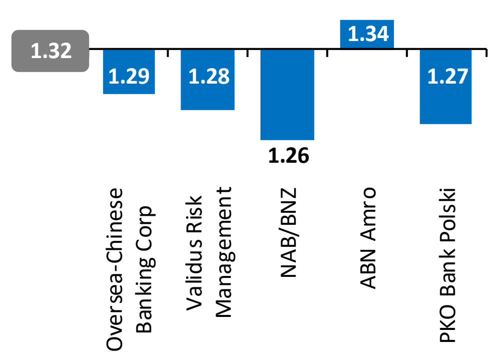
*Target with respect to actual level

EURUSD



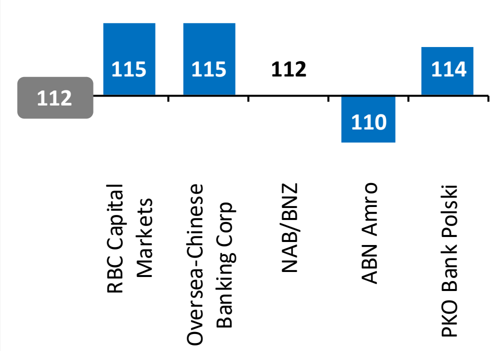
*Target with respect to actual level

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

- An elevated valuation may constrain further gains
- The greenback has largely priced in Federal Reserve rate hikes and is not expected to appreciate much further in the year ahead

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

- 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

- 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
- 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)	2.3% (September)
Trade Balance	-$53.20 bn (August)

Eurozone

GDP Annualised	2.10% (Q2 2018)
Inflation (YoY)	2.1% (September)
Trade Balance	€12.80 bn (July)

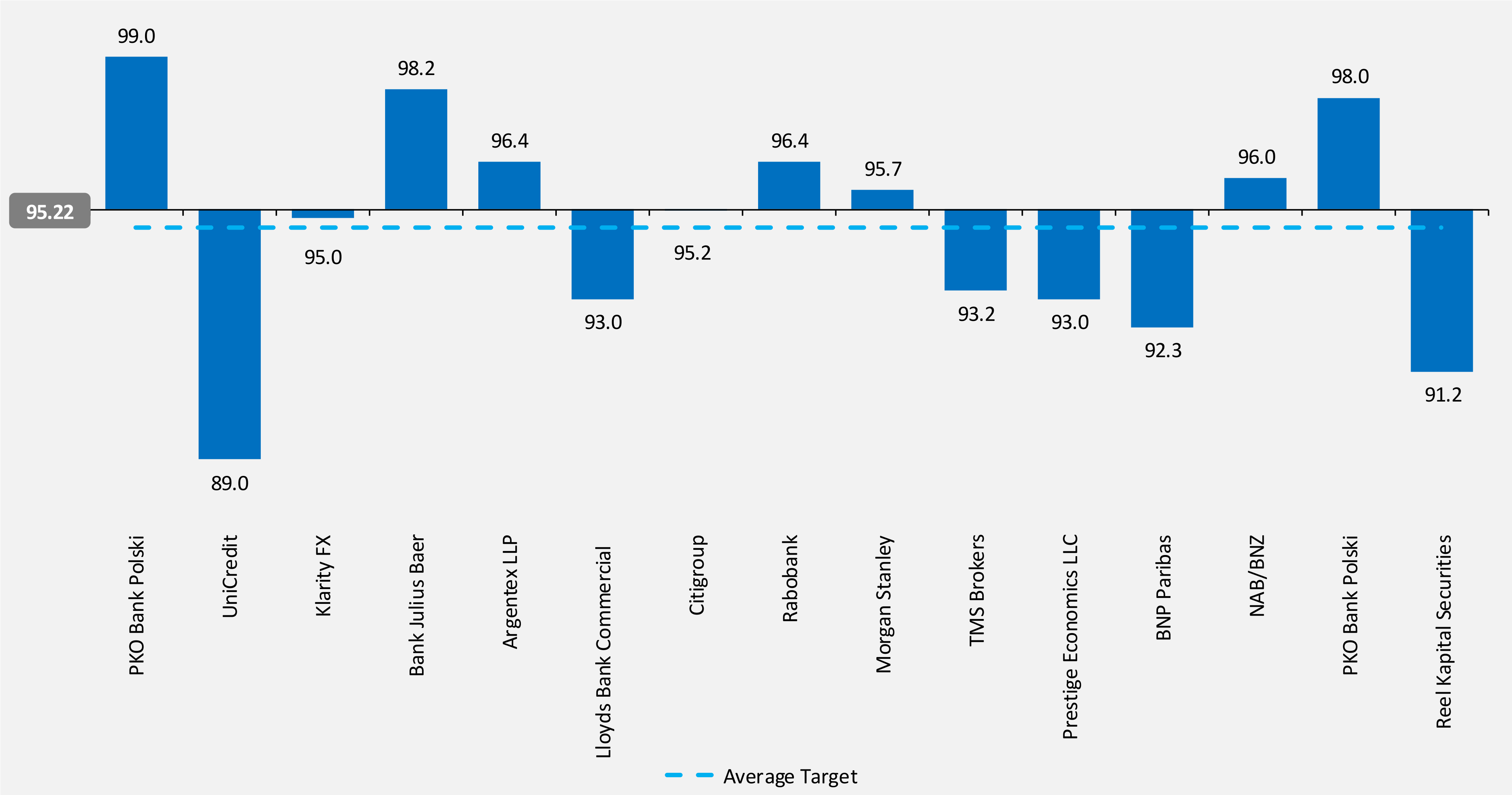
UK

GDP Annualised	1.2% (Q2 2018)
Inflation (YoY)	2.7% (August)
Trade Balance	-£1.27 bn (August)

Japan

GDP Annualised	3.00% (Q2 2018)
Inflation (YoY)	1.3% (August)
Trade Balance	-¥444.60 bn (August)

US Dollar Index Target for Q4 2018 by Major IBs



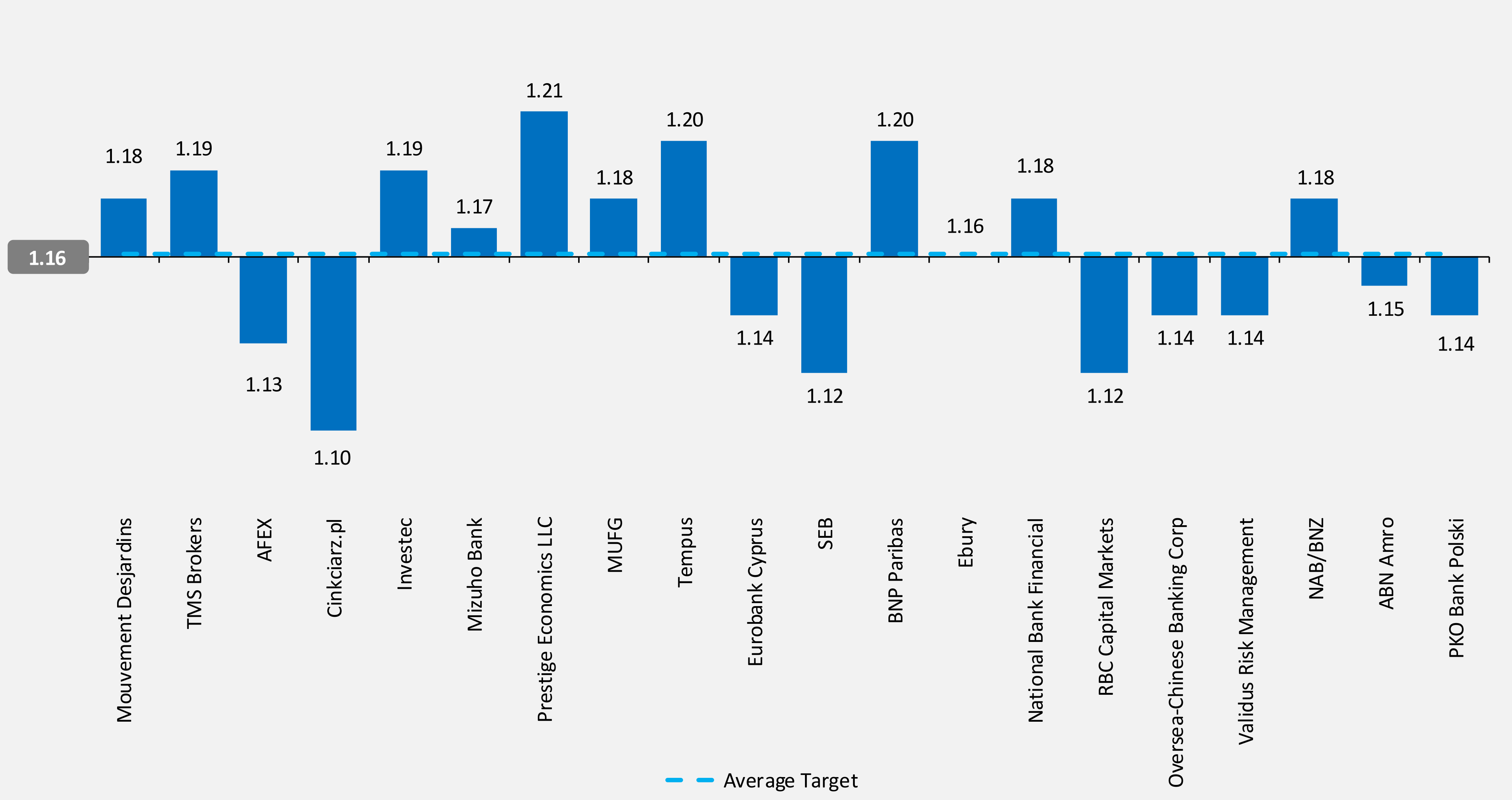
*Target with respect to actual level; Latest values at extreme Right

Global MacroView Summary

Market Experts/ Brokers/ Analyst		Views (Last one month)
Loomis Sayles	Neutral	• The US dollar is expected to remain firm for the next few quarters, given growth and interest rate differentials • However, there is a low-probability but high-impact risk that the Fed surprises with a more dovish tone, which is not currently priced into most markets
LPL Financial	Underweight	• The greenback has largely priced in Federal Reserve rate hikes and is not expected to appreciate much further in the year ahead
National Bank of Canada	Underweight	• Generalized USD weakness is just around the corner • Should investor sentiment improve, if there is an improvement in the U.S.-China relationship or value seekers feel tempted to dive right back in after this year's stock market slump in emerging economies – the USD could struggle
Amundi Asset Management	Positive	• Ongoing and rising concerns on trade disputes continue to support the USD in the short term • The broker is positive on the USD, as global growth and rising inflation are supportive
Western Asset Management	Underweight	• The long-term trend is for the US dollar to weaken as Fed policy normalization is fully priced and growth • expectations outside of the US are likely to improve over the coming quarters
State Street Global Advisors	Overweight	• Political uncertainty in Europe (especially in Italy) and lower-than-expected Eurozone growth have contributed to euro weakness against the dollar • Capital flows to Europe, which last year offset tighter US monetary policy and kept the dollar range-bound, have paused • As a result, the broker believes that there could be continued dollar strength this year

Global MacroView Summary

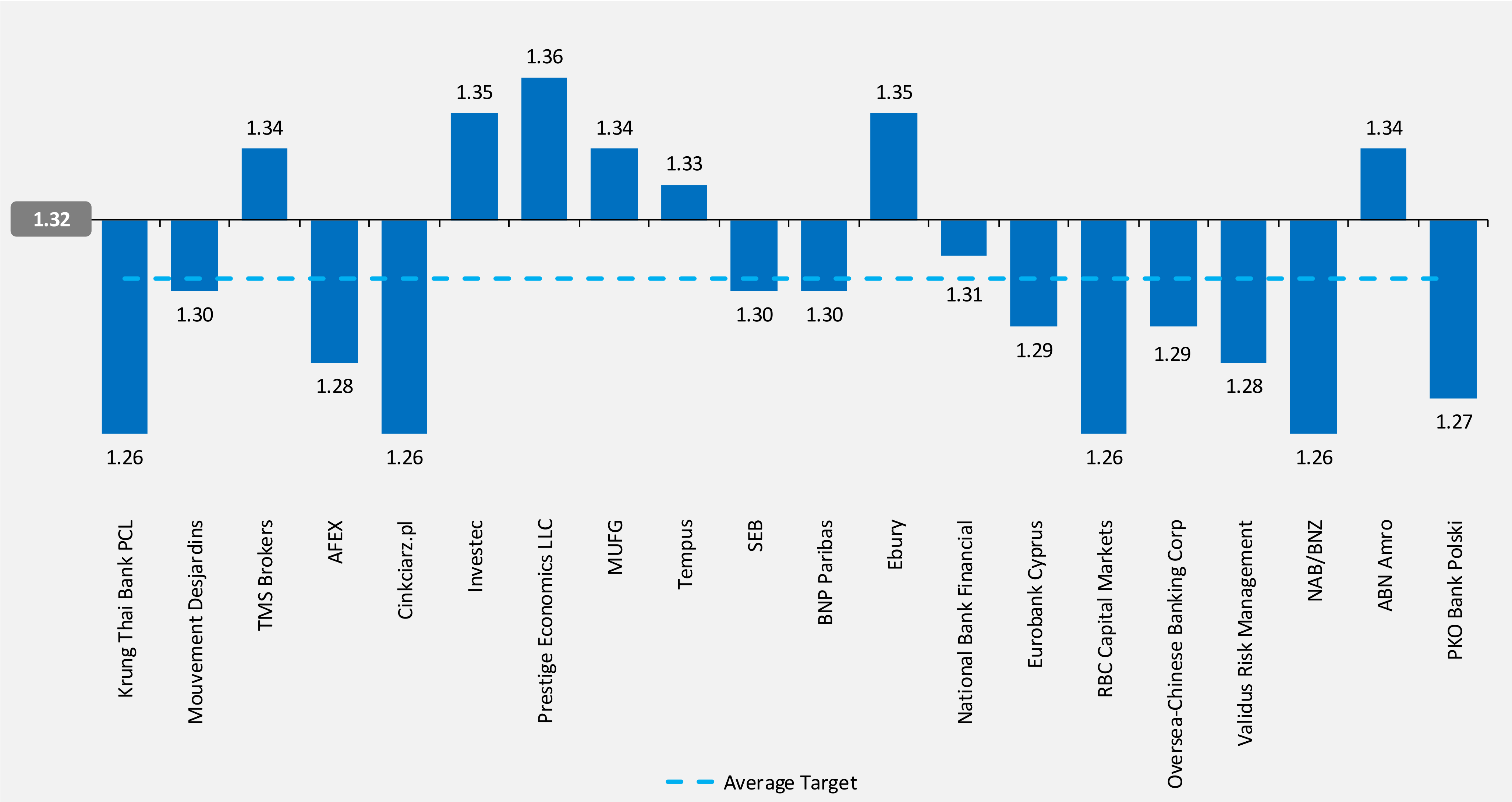
EURUSD Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Citibank	Underweight	• UST yields continue to rise, widening yield spreads between USD and other major currencies • This may underpin USD in the short term and undermine EUR
Mizuho Bank	Neutral	• The ECB will face many challenges as it moves steadily toward policy normalization • The ECB President Mario Draghi has struck an upbeat tone about the economy despite concerns about the future • However, there are no signs of the ECB shifting its policy of maintaining record-low interest rates until next • summer at the earliest • As such, an early ECB rate hike seems unlikely and the euro will probably not be pushed higher by expectations for such a move
National Bank of Canada	Overweight	• The Euro remains grounded by the ECB's loose policy as well as internal strife (e.g. Brexit, Italian politics) The common currency has potential to bounce back over the coming year when investors start to expect an end to Fed tightening
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

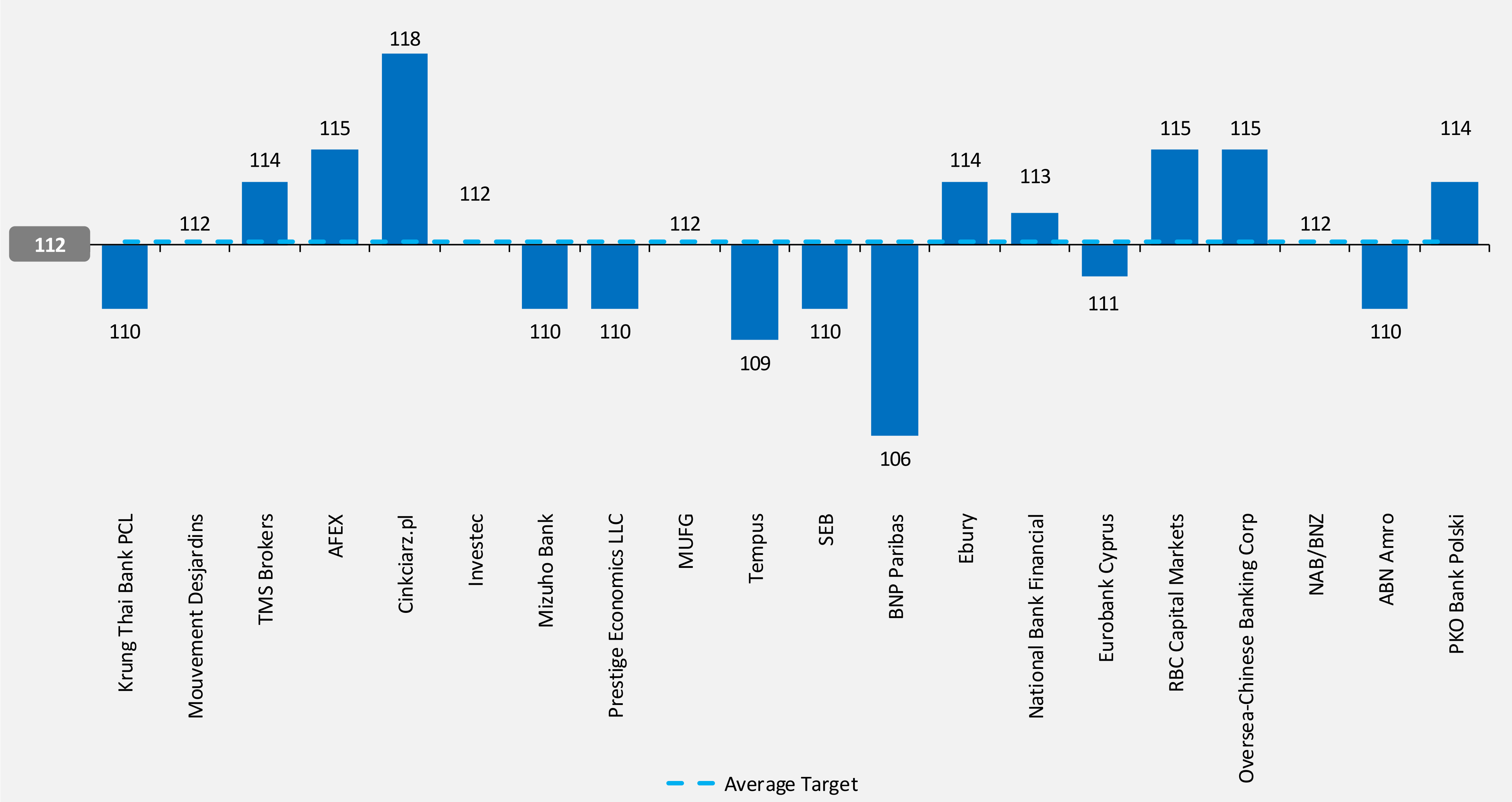
GBPUSD Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
Eurizon SLJ Capital	Overweight	• The UK is close to reaching a deal on Brexit, setting the stage for a potentially historic appreciation of the embattled pound • A rally to \$1.35-\$1.38 is expected in the short-term as Britain agrees the terms of the divorce deal with Brussels • It is likely to touch \$1.38-\$1.45 as the details of the trade relationship with the EU become clearer, with another leg higher to \$1.45-\$1.55 set to come as Britain enters negotiations with the rest of the world
Citibank	Underweight	• Macro data in the UK has stabilized somewhat recently, with Citi's UK ESI now back in positive territory, vindicating somewhat the unanimous vote to hike the Bank Rate at the August MPC • However, the broker is of the view that the BoE could be on hold, possibly until August 2019. • As UK enters into to climax of Brexit negotiations, GBP may further weaken • GBP/USD 0-3M forecast: 1.33; 6-12M forecast: 1.26
Mizuho Bank	Neutral	• The most important event this month will be the EU summit, set to convene on October 18 • This will be the last formal summit before the alleged deadline for Brexit negotiations in November • The pound will probably move with a lack of direction until the specific details of the Brexit negotiations • become clearer
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

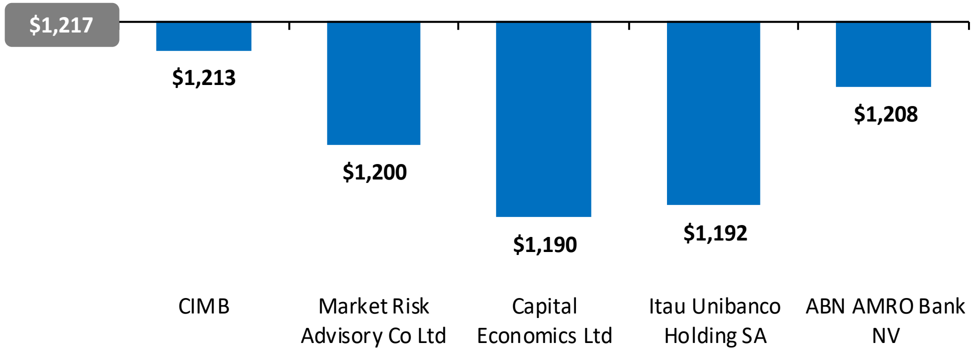
USDJPY Target for Q4 2018 by Major IBs



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

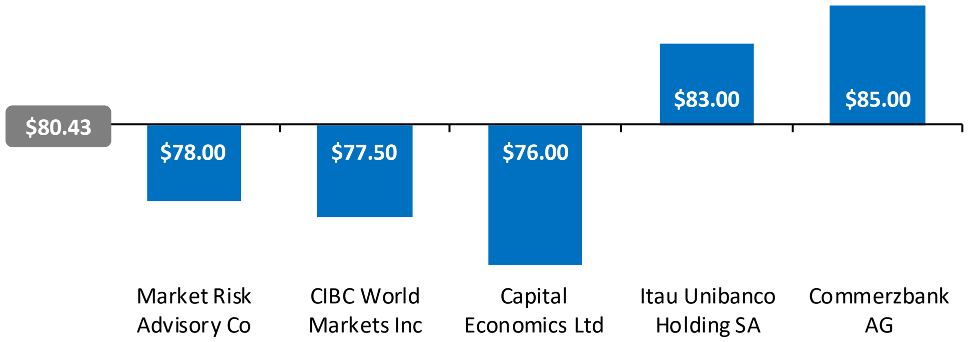
Market Experts/ Brokers/ Analyst		Views (Last one month)
Mizuho Bank	Overweight	• The biggest factor the currency pair will probably be the direction of US/Japan trade talks • It seems likely the US will try to introduce some foreign exchange stipulations into talks with Japan • With negotiations likely 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	• 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

Gold Target by Major IBs



*Target with respect to actual level

Brent Target by Major IBs



*Target with respect to actual level

Gold – Positive View

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

Gold – Negative View

- Looking ahead, in the current environment, gold could remain under pressure for the rest of the year and could fall to 2016 lows
- Expectations of higher US interest rates have translated to further pain for the zero-yielding metal

Brent – Positive View

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

Brent – Negative View

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

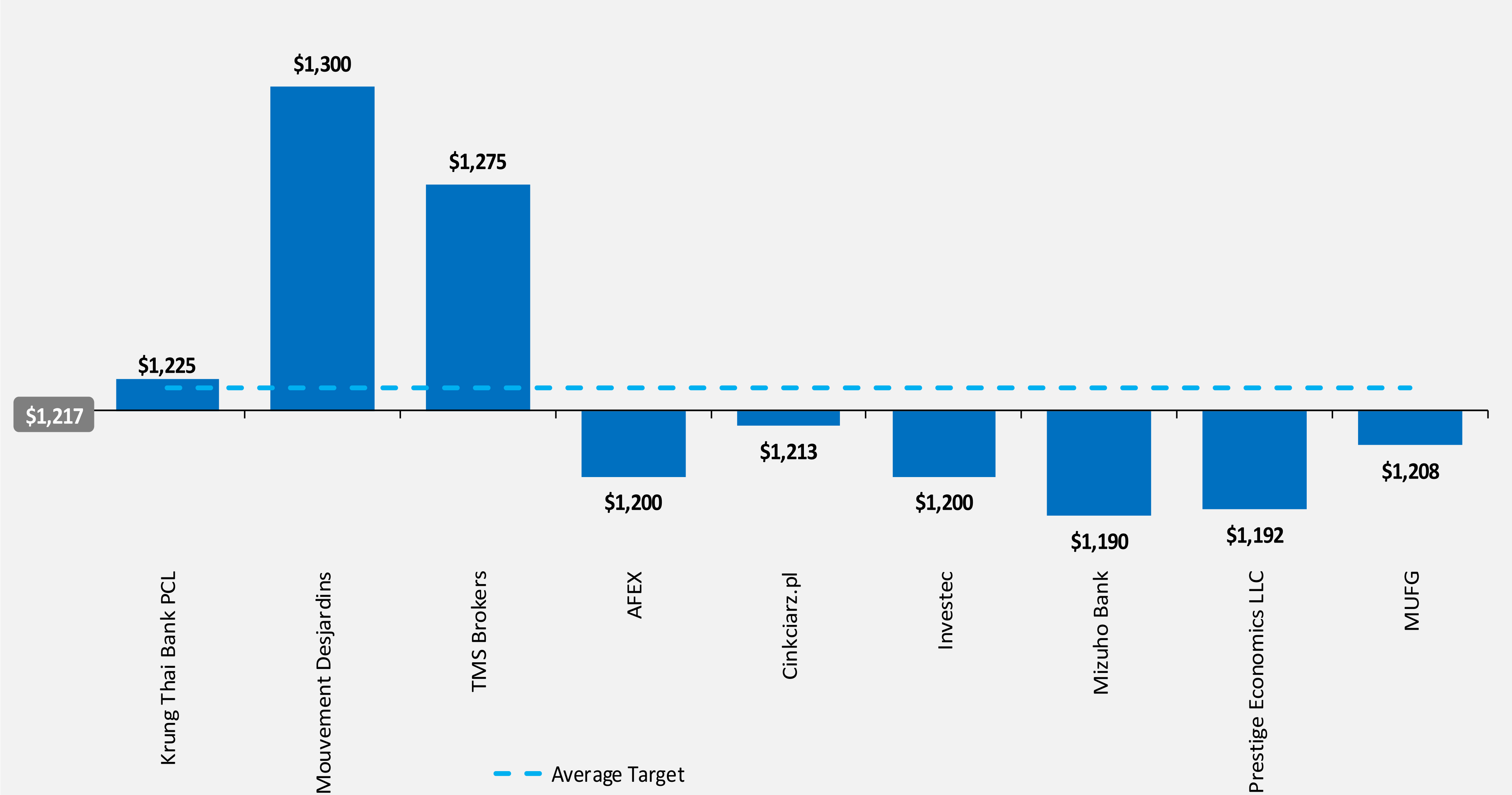
Gold

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

Brent

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

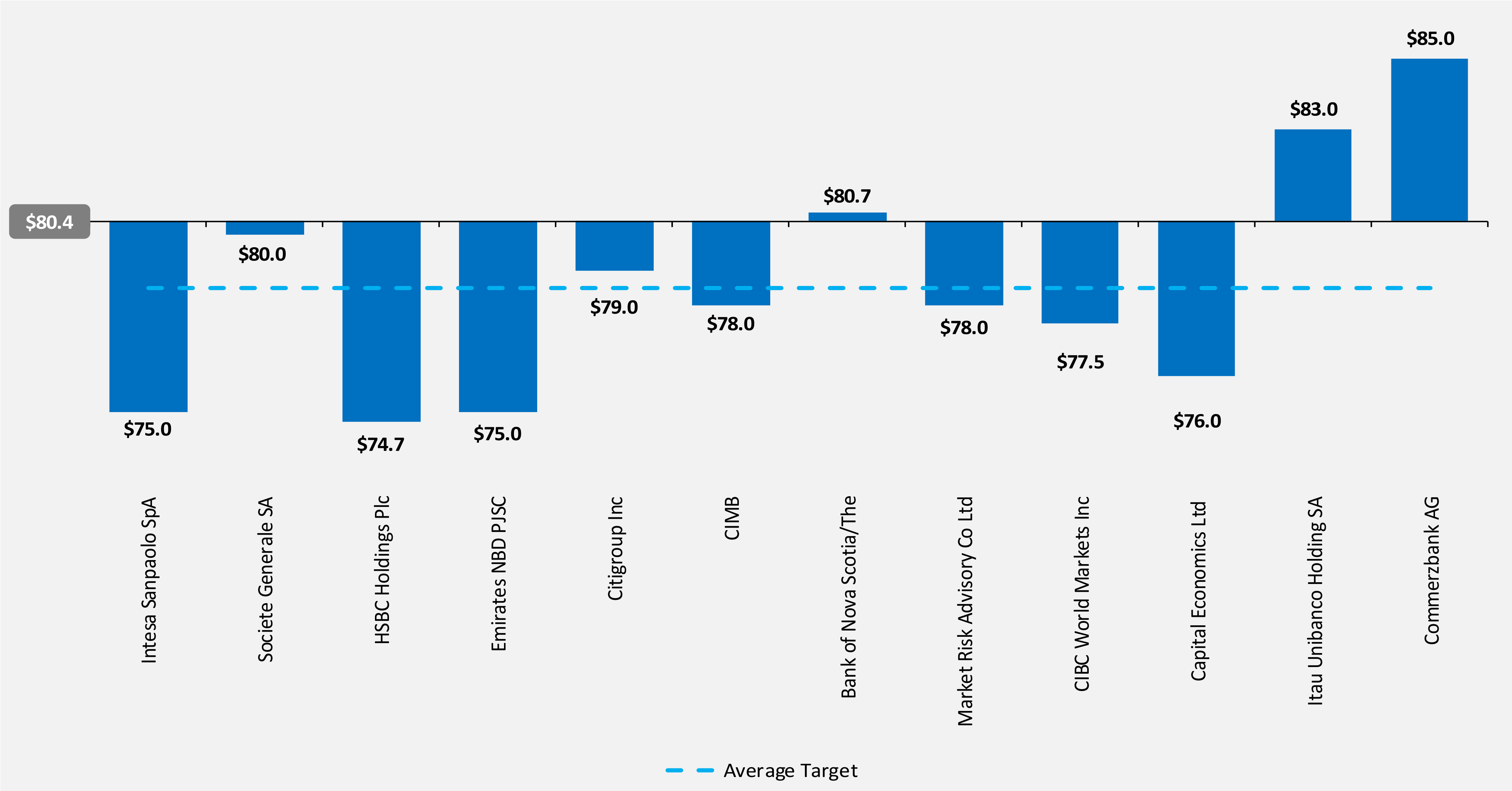
Gold Target for Q4 2018 by Major IBs



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

Market Experts/ Brokers/ Analyst		Views (Last one month)
BNP Paribas	**Bearish**	• US bond yields can push higher if the US economic data shows that the economy is still firing on all cylinders and this would be bad for gold prices • If US economic data continues to surprise to the upside, then expectations around the number of Fed rate hikes in 2019 can be revised up and consequently nudge bond yields higher, generating just enough incremental opportunity cost in holding gold to send the price of the yellow metal lower
FXTM	**Bearish**	• Bond yields are not expected to push much higher in the short term • However, gold investors should not expect to see a recovery in gold prices even if bond yields are capped • For the gold market, Ahmad said higher bond yields will continue to support the US dollar as investors see value in US sovereign debt • Looking ahead, in the current environment, gold could remain under pressure for the rest of the year and could fall to 2016 lows
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

Brent Target for Q4 2018 by Major IBs



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Market Experts/ Brokers/ Analyst		Views (Last one month)
Schroder Investment Management	Overweight	• Global oil demand remains stable, while oil supplies over the next 3 to 6 months are sufficiently at risk in a number of countries, particularly Iran, Libya and Venezuela
Socio-Economic Research Centre	Overweight	• Oil prices are likely to climb towards the US$100 mark — albeit for the short term — should the threatened oil sanctions come to pass and other producers keep to current production levels
United Overseas Bank	Neutral	• The upcoming Iran supply disruption could be offset by global growth concerns over the escalating US-China trade war • Overall, the broker continues to maintain a neutral outlook for Brent crude, but have raised the trading range expectation from US$70 to US$80 per barrel to US$75 to US$85 per barrel for the coming four quarters
Al Etihad Financial Advisors	Overweight	• The global macro outlook and the pressure on emerging markets • The impact of sanctions on Iran and rising trade uncertainties are all potential risks to oil demand growth • The 2018 demand-growth outlook has been revised to 1.2m barrels per day, from 1.4m previously • Oil prices are expected to average $70 per barrel in both 2018 and 2019
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

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