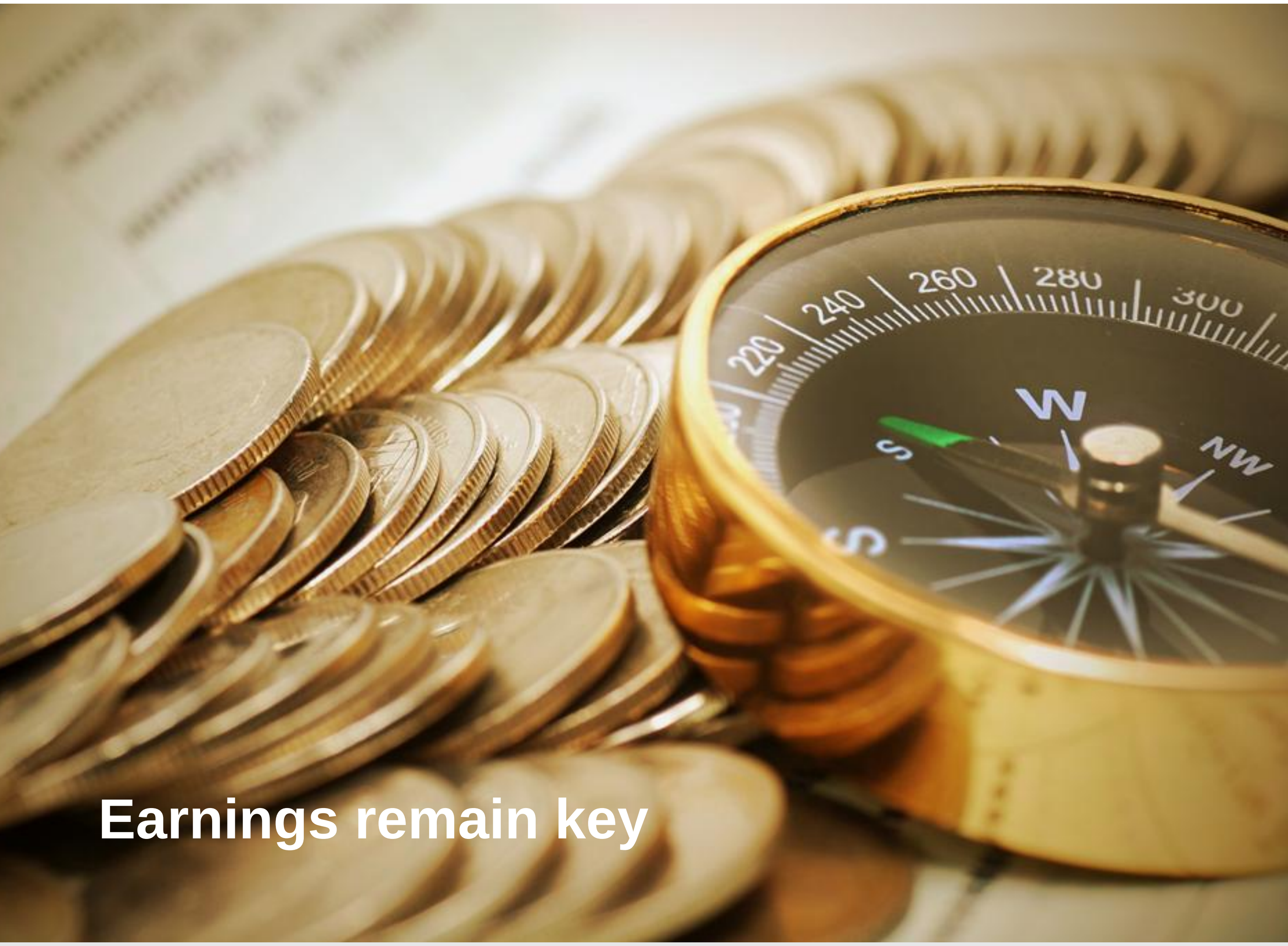
Global Market Outlook



Earnings remain key

Earnings are a key pillar of support behind our preference for equities. The year-to-date (YTD) rise in equities has been supported by earnings growth, and historical data suggests valuations still offer room for reasonable returns from here. Seasonality argues that the likelihood of a pullback in Q4 and Q1 is relatively low, though not absent.

Multi-asset income strategies are likely to help balance the search for yield given rising bond valuations. Global High Yield bond valuations have reached post-2008 highs, potentially limiting returns to the yield on offer. We continue to see better value in Emerging Market USD government bonds and prefer a diversified multi-asset income strategy for income-oriented investors.

We maintain our ongoing preference for multi-asset balanced strategies. Although we expect multi-asset income strategies to do well, we believe balanced strategies' greater exposure to growth assets means they are likely to outperform.

Contents

Investment strategy

IMPLICATIONS
FOR INVESTORS

01 Global equities continue to be our preferred asset class

02 Relative preference for Euro area and Asia ex-Japan equities, and EM USD government bonds

03 Balanced strategies offer an attractive risk/reward, but multi-asset income remains well supported

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- We maintain our ongoing preference for multi-asset balanced strategies. Although we expect multi-asset income strategies to do well, we believe balanced strategies' greater exposure to growth assets means they are likely to outperform.

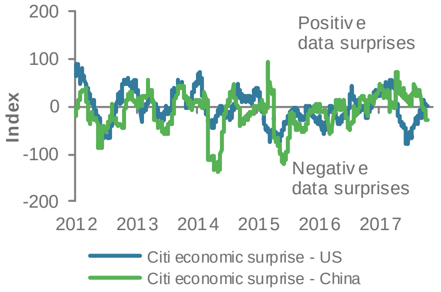
In October, many major equity markets touched consecutive record highs while HY corporate bond valuations similarly approached post-2008 highs. Currencies, however, remained in a relatively tight range as FX market volatility crept lower.

From a macro perspective, there was sufficient reason for optimism. US economic surprises improved as growth data maintained its strong pace. The inflation debate notwithstanding, lower bond yields and YTD USD weakness mean financial conditions offer the Fed room to tighten policy (see Figure 2). However, in China the pace of data disappointments has begun to accelerate, a trend worth watching as efforts to maintain growth stability in the run-up to the 19th Party Congress will now likely lose intensity.

Strong growth and limited inflation are consistent with our view that we remain in a 'goldilocks'-type environment that is positive for equity and corporate bond markets. Our Global Investment Committee believes the risks around this are about evenly balanced and assigns an equal chance of either following through to a reflationary environment or heading back to a more modest 'muddle-through' outcome.

Figure 1: US improving but China weakening

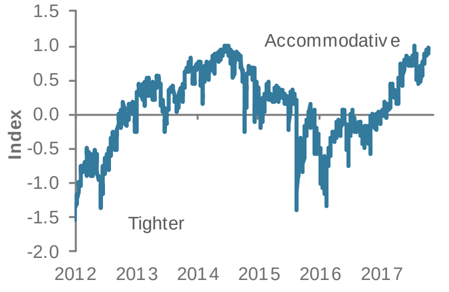
US and China economic data surprise indices



Source: Bloomberg, Standard Chartered

Figure 2: Room for higher Fed rate exists

US financial conditions



Source: Bloomberg, Standard Chartered

Earnings remain a support for equities

One of the most common concerns about our constructive view on global equities has been around valuations. Major equity indices have risen to consecutive new highs alongside relatively elevated valuation, raising questions on whether it still makes sense to enter equity markets at these levels.

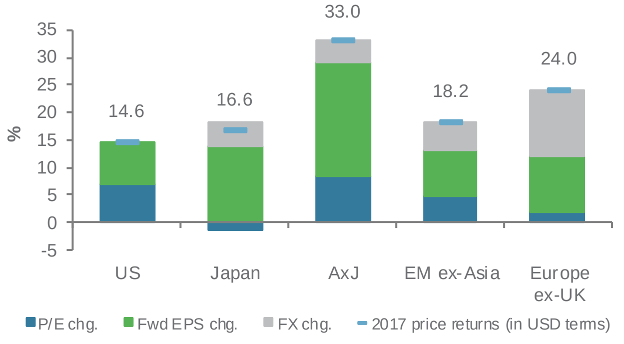
From a fundamental perspective, a specific index level by itself offers little information on whether the rally has room to extend. Instead, we believe it is helpful to ask two questions. First, has the equity market gains YTD been driven by rising valuations alone, or have improved earnings offered support? Second, how have markets performed historically from current valuation levels?

The chart below offers a response to the first question. A rise in valuations has undoubtedly been a contributor to equity market returns YTD. However, the bulk of returns in most major markets have been driven by an improvement in earnings and earnings expectations. Earnings fundamentals, therefore, suggest market gains thus far are justified.

We address the second question by going back in history to see what one-year returns can be expected from current valuations. This perspective illustrates the point that valuations have not yet reached the point where they are a constraint on returns. See page 7 for details.

Figure 3: Improved earnings expectations a key factor behind equity market gains, not just higher valuations

Decomposition of MSCI equity index returns in 2017 YTD



Source: MSCI, FactSet, Standard Chartered

Although short-term pullbacks remain a risk (though we believe the probability of such a pullback at present is low), the above two factors support our view of maintaining a strong preference for equities. They also support our ongoing view that multi-asset balanced strategies are likely to outperform multi-asset income due to the former's greater mix of growth equities.

A harder search for value in bonds

October marked the first time since 2014 that global HY corporate bond valuations touched their post-2008 highs, with the asset class's yield falling to about 5%. By itself, this does not represent an automatic limit on returns – valuations have been higher before 2008 and analyses that adjust for today's low default levels show valuations are not elevated relative to history. However, this does underscore the point that it is increasingly challenging to find value in bonds beyond the yield on offer.

We continue to focus on two sub-asset classes within bonds. First, we continue to see relative value in EM USD government bonds. Valuations have risen over the year, but remain some distance from post-2008 peaks.

Second, we continue to like senior floating rate loans as we see a still strong case for positive total returns. These returns may be limited if today's subdued inflation environment continues, but they are still likely to be positive. However, the magnitude of returns is likely to be higher should inflation rebound. Therefore, we believe staying invested remains an attractive choice.

In addition, we continue to see USD-denominated Asian corporate bonds as an attractive core holding; our ongoing view of a short-term USD rebound creates some short-term risks for EM asset classes, but Asian bonds' strong regional buyer base means the region's USD bonds are likely to be less affected by any temporary pullback in global flows into EM assets.

More broadly, we maintain our conviction in multi-asset income strategies as an attractive choice for income-oriented investors and believe this offers the most attractive approach to obtaining exposure to income assets in an environment of rising corporate bond market valuations.

Figure 4: Our Tactical Asset Allocation views (12m) USD

Asset class	Sub-asset class	Relative outlook	Rationale
Multi-asset Strategies	Multi-asset Income	🟢	Low policy rates, low absolute yields expected to remain a support
	Multi-asset Macro	🔴	Reduced need for insurance-like assets amid continued growth
Equities 🟢	Euro area	🟢	Earnings under pressure due to prior euro strength; Valuations fair
	Asia ex-Japan	🟢	Earnings uptick positive; Valuations fair; Trade tensions long-term risk
	Non-Asia EM	🟡	Commodities key to earnings; Valuations elevated; Politics a risk
	Japan	🟡	JPY key to earnings; Valuations attractive
	US	🟡	Earnings growth taking a pause; Elevated valuations a risk
	UK	🔴	Brexit talks cloud earnings outlook; Elevated valuations; GBP rebound a risk
Bonds 🟡	EM government (USD)	🟢	Attractive yield; Fair valuations; High rate sensitivity; USD rebound is a risk
	EM government (local currency)	🟡	Attractive yield; Short-term USD rebound is a headwind
	Asian USD bonds	🟡	Moderate yield; Fair valuations; Demand/supply favourable
	DM HY corporate	🟡	Attractive yield; Declining default rates; Expensive valuations
	DM IG corporate	🟡	Moderate yield; Elevated valuations; Defensive characteristics
	DM government	🔴	Low yield; Elevated valuations; Policy, higher inflation, yield rebound are risks
Currencies	EUR	🟢	Economic momentum and likely ECB tapering positive, but likely priced-in
	USD	🟡	Longer-term risks to the downside, but likely to extend gains short term
	GBP	🟡	Political and policy uncertainty cloud the outlook
	EM currencies	🟡	Short-term USD rebound is negative, long-term EM fundamentals constructive
	AUD	🟡	Status quo in RBA policy and weaker iron ore prices likely to limit gains
	JPY	🔴	USD/JPY remains tied to US 10-year yields, which we expect to rise gradually

Source: Standard Chartered Global Investment Committee

Legend: 🟢 Overweight 🟡 Neutral 🔴 Underweight

Figure 5: Performance of key #pivot? themes since Outlook 2017

Key themes (12 months)	Date open	Absolute	Relative
Balanced allocation to outperform multi-asset income allocation[6]	15-Dec-16	–	✓
Multi-asset income allocation to deliver positive absolute return[5]	15-Dec-16	✓	–
Alternative strategies allocation to deliver positive absolute returns[3]	15-Dec-16	✓	–

Key Asset Allocation Calls (12 months)	Date open	Absolute	Relative
Corporate Bonds to outperform Government Bonds [1]	15-Dec-16	–	✓
EM USD government bonds to outperform broader bond universe	26-May-17	–	✓
Europe ex UK to outperform global equities	24-Feb-17	–	✓
Asia ex-Japan to outperform global equities	30-Mar-17	–	✓
China to outperform Asia ex Japan equities	24-Feb-17	–	✓
Korea to outperform Asia ex Japan equities	23-Jun-17	–	✗

Absolute return calls (Less than 12 months)	Date open	Absolute	Relative
Bullish USD/JPY	30-Jun-17	✓	–
Bullish Euro area bank sector equities	28-Apr-17	✓	–
Bullish US floating rate senior loans	15-Dec-16	✓	–

Closed calls (Less than 12 months)	Date open	Absolute	Relative
EM LC government bonds to outperform broader bond universe (as of 21-09-2017)	23-Jun-17	–	✓
BRL, RUB, IDR and INR basket[4] to outperform EM FX Index *(as of 24-08-2017)*	15-Dec-16	–	✗
Bullish EUR/USD *(as of 24-08-2017)*	28-Apr-17	✓	–
Bullish Brent crude oil price *(as of 24-08-2017)*	15-Dec-16	✗	–
Bullish Korea equities *(as of 10-08-2017)*	5-May-17	✓	NA
Bearish AUD/USD *(as of 21-07-2017)*	30-Jun-17	✗	NA
US Technology to deliver positive returns and outperform US equities *(as of 23-06-2017)*	15-Dec-16	✓	✓
'New China' equities to deliver positive returns *(as of 09-06-2017)*[2]	15-Dec-16	✓	NA
Positive USD/CNY *(as of 02-06-2017)*	15-Dec-16	✗	NA
DM HY Bonds to outperform broader bond universe *(as of 25-05-2017)*	15-Dec-16	NA	✓
India to deliver positive returns and outperform Asia ex Japan equities *(as of 25-05-2017)*	15-Dec-16	✓	✗
Japan (FX-hedged) to deliver positive returns and outperform global equities *(as of 27-04-2017)*	15-Dec-16	✓	✗
US Small Cap to deliver positive returns and outperform US equities *(as of 27-04-2017)*	15-Dec-16	✓	✗
Indonesia to deliver positive returns and outperform Asia ex Japan equities *(as of 27-04-2017)*	15-Dec-16	✓	✗
US equities to deliver positive returns and outperform global equities *(as of 30-03-2017)*	15-Dec-16	✓	✗
Negative EUR/USD *(as of 17-02-2017)*	15-Dec-16	✗	NA
Positive AUD/USD *(as of 17-02-2017)*	15-Dec-16	✓	NA

Source: Bloomberg, Standard Chartered

Performance measured from 15 Dec 2016 (release date of our 2017 Outlook) to 26 October 2017 or when the view was closed

[1] A custom-made composite of 44% Citi WorldBIG Corp Index Currency Hedged USD and 56% Bloomberg Barclays Global High Yield Total Return Index

[2] 'New China' index is a custom-made market-cap-weighted index of the following MSCI China industry groups: pharmaceuticals, biotech and life sciences, healthcare equipment and services, software and services, retailing, telco services and consumer services

[3] Alternative strategies allocation is described in 'Outlook 2017: #pivot', Figure 13, page 36

[4] A custom-made equally weighted index of the BRL, RUB, IDR and INR currencies

[5] Income allocation is as described in our H2 Outlook, Should I stay, or…?, 30 June 2017, page30

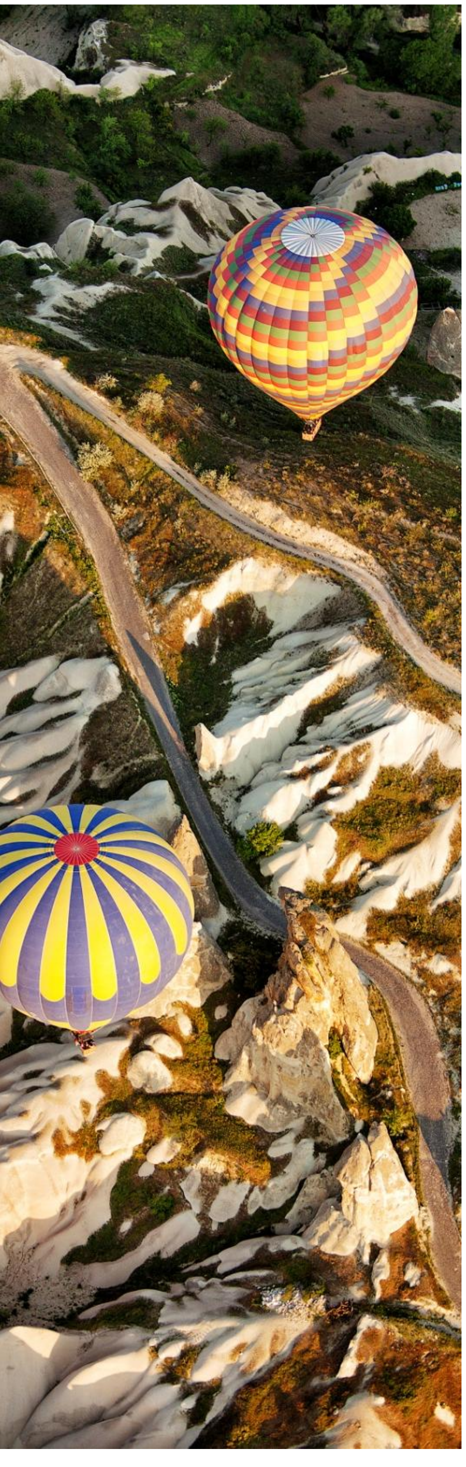
[6] Balanced allocation as described our Global Market Outlook, Fresh opportunities to pivot, 31 March 2017, page 28

✓- Correct call; ✗ - Missed call; NA - Not Applicable

Past performance is not an indication of future performance. There is no assurance, representation or prediction given as to any results or returns that would actually be achieved in a transaction based on any historical data.

Perspectives

on key client questions



Are returns for equities still likely to be positive from today's valuation levels?

One common concern has been whether equity markets still have room to advance further given strong YTD returns in what has been one of the longest periods of consecutive US equity market gains.

To answer the question, we looked back at 20 years of US equity market data to assess the likelihood of achieving positive returns from valuation levels (as measured by 12-month forward P/E) similar to today. Figure 6 summarises the results.

Two key takeaways emerge from this analysis. First, expected returns from P/E levels similar to today (around 18) are still reasonable; according to this analysis, current valuations have historically resulted in a 70% chance of positive returns in a year's time, with an average return of 6.6%. Second, as P/E moves higher, the average return over the year that follows (unsurprisingly) becomes smaller, while the chances of achieving positive returns fall. The average expected return can turn negative when the P/E exceeds 22, but markets have some room to go before getting to this point.

Figure 6: Probabilities of getting positive returns over the next one year are still reasonable

Performance statistics calculated from various forward P/E levels of the MSCI USA TR index from 1995 to 2017

12m forward P/E	9 -11	11-13	13-15	15-17	17-18	18-20	20-22	22-24	24-26	26-27
1y returns average	23%	17%	12%	9%	11%	7%	1%	-4%	-12%	-19%
Volatility	13%	15%	20%	14%	11%	20%	21%	15%	9%	6%
Probabilities of positive 1y returns	**97%**	**90%**	**84%**	**85%**	**82%**	**69%**	**55%**	**48%**	**9%**	**0%**

Source: MSCI, Bloomberg, Standard Chartered

Overall, our historical analysis offers greater comfort that current equity market valuations on their own are unlikely to be a hindrance to positive returns over the next one year. That said, we are mindful of the fact that, should valuations continue to rise amid strong market performance, at some point valuations are likely to cross levels at which the chances of achieving positive returns become small. However, the data suggests we are still some distance away from that point.

Are stalling Brexit negotiations a significant risk for Euro area equities?

The slow progress of Brexit negotiations is something that appears to have taken markets by some surprise. Although the clear differences in the UK's and Europe's constraints and preferences were known at the start, the lack of meaningful headway has led to rising concerns of a 'no deal' scenario. However, as with the Brexit event itself, we believe the risks are disproportionately skewed towards UK assets. We are less concerned about the potential impact on Euro Area equities given that the key drivers of our view are relatively independent of the outcome of Brexit negotiations.

We maintain a positive outlook for Euro area equities for the following reasons:

1. Improving economic growth, strong earnings and profitability growth are key drivers of our view. Given that exports to the UK are only a small proportion of total exports by Euro area companies, the impact is unlikely to be significant.
2. European leaders have a demonstrated track record of striking a last minute deal to safeguard European unity. Therefore, despite the slow progress till date, a late push to reach a deal cannot be ruled out.
3. A 'no deal' scenario is likely to result in trade between the Euro area and the UK reverting to World Trade Organization rules by default. Although this would be damaging for both sides, the impact is still likely to be limited for Euro area assets, especially if broader growth fundamentals continue their current trajectory.

Has the long-term case for gold strengthened?

Gold prices have risen by nearly 10% since the start of the year. However, we do not believe the long-term case has changed materially. We maintain a balanced outlook for gold and expect it to remain range-bound over the next 12 months.

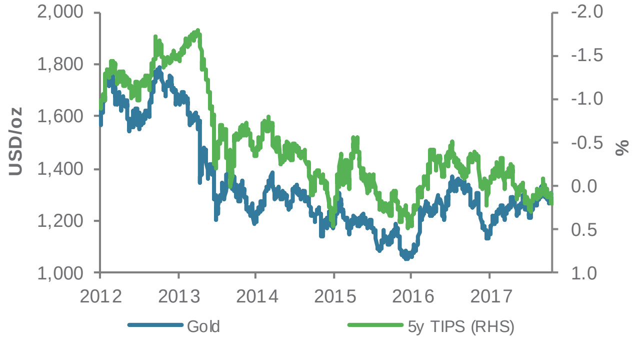
Gold is a non-yielding investment and largely derives its perceived value as an insurance or safe-haven asset and as a hedge against inflation. As illustrated in Figure 7, over the past few years, gold prices have also demonstrated a strong relation with real (net of inflation) yields, illustrating the point that higher yields raise the opportunity cost (potential income forgone) of holding gold.

The Fed has already started raising interest rates and other major central banks are considering reduction of monetary stimulus. However, although this is likely to lead to higher absolute bond yields, it is unclear whether real yields will move significantly if inflation rises alongside and reduce the attractiveness of a non-yielding asset like gold. Therefore, the current environment of tighter monetary policy does not necessarily alter the case for higher gold prices, as modestly higher inflation may keep real yields range-bound. It would likely take a significant change in real interest rates to cause a large move in gold, which, in turn, would need to be driven by either an inflation shock or a surprise jump in yields.

Nevertheless, gold also acts as a safe-haven and usually delivers positive returns when geopolitical tensions rise. One of our key themes since the start of 2017 was our view that we are moving to a multi-polar world, which usually coincides with greater geopolitical tensions. Having a modest allocation to gold can help buffer against risk-off in markets triggered by geopolitical events.

Figure 7: Potentially higher real yields are a headwind to gold prices

5-year TIPS yields (%; inverted) and gold prices (USD/oz)



Source: Bloomberg, Standard Chartered

What are the key implications of China's 19th Party Congress meeting?

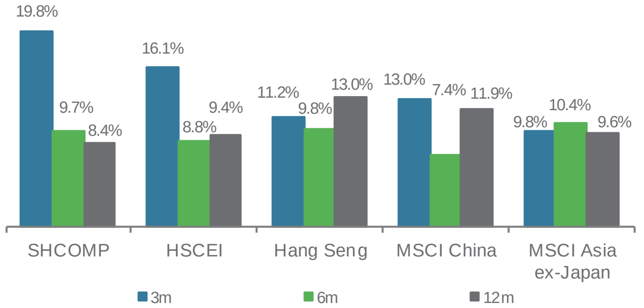
Although Party Congress meetings have historically not been a forum for major policy announcements, an emphasis emerged on the following macro themes: (1) increase centralisation of economic policy decisions; (2) shift focus to quality of growth; (3) tighten banking regulations and improve risk management systems to prevent market bubbles; (4) deepen state-owned enterprise and supply side reforms with a focus on cutting overcapacity; (5) accelerate innovation; (6) encourage environmental protection and alternative energy; (7) accelerate rural sector modernisation; (8) implement coordinated regional development strategy; (9) continued commitment to the 'One Belt, One Road' initiative.

From an equity sector perspective, these proposed reforms should have positive implications on 'new economy' sectors that are innovation-led and service and consumption oriented (with higher growth and earnings visibility), such as technology, healthcare, transportation, tourism, entertainment and new energy-related industries. However, sectors such as housing and energy may face additional headwinds from regulators.

That said, historical equity market reactions to prior Party Congress meetings have tended to be mixed. The chart below illustrates that the reaction to the 2012 meeting was a largely positive one, but it is difficult to separate the impact of the meeting from what was otherwise a strong environment for Asian equity markets at the time.

Figure 8: Equity markets gained following 2012 Party Congress

Returns of various equity indices following the 2012 Party Congress meeting



Source: Bloomberg, Standard Chartered

Macro overview

IMPLICATIONS
FOR INVESTORS

01 The Fed is likely to raise rates two more times over the next 12 months

02 The ECB is likely to taper policy stimulus in the next 12 months; the BoJ to stay on hold for now

03 China could tighten monetary policy further and use fiscal stimulus to support growth

Global growth upgrades continue

- **Core scenario:** Growth expectations continue to improve globally, led by upgrades in the US and the Euro area, likely extending this year's synchronised growth into 2018. Inflation remained subdued across major markets.
- **Policy outlook:** All major central banks, except the BoJ, are preparing to either gradually tighten policy (US, UK and Canada) or reduce accommodation (Euro area). The US, China and (likely) Japan may appoint new central bank heads.
- **Key risks:** a) Geopolitics remains a key risk, with North Korea, Spain and Iraq likely trouble spots; b) Inflation surprise (especially in the US); c) Deflation downside from a policy-driven slowdown in China or a growth slowdown in the US and Euro area.

Core scenario

Consensus estimates are pointing to a second year of acceleration in global growth to 3.6% in 2018 (from 3.5% in 2017 and 3.2% in 2016), following further growth upgrades in the US and the Euro area over the past month. Inflation expectations remained subdued across most major economies. Given this backdrop, our Global Investment Committee continues to assign a combined 75% probability to 'reflation' or 'muddle-through' scenarios unfolding over the next 12 months, with the score for 'reflation' creeping higher. Inflation and deflation risks remain broadly balanced, in our view, with the US remaining the main candidate for a possible upside inflation surprise. The Fed is likely to hike rates once more this year as a pre-emptive measure against inflation. New central bank heads in the US, China and possibly Japan are likely to ensure policy continuity.

Figure 9: Global growth outlook remains broad-based, while inflation remains subdued

Region	Growth	Inflation	Benchmark rates	Fiscal deficit	Comments
US	🟢	🟡	🔴	🟢	Hurricanes likely to be short-term negative, long-term positive for growth. Focus remains on tax reform. Fed on course to gradually tighten policy
Euro area	🟢	🟡	🟡	🟡	Growth expectations continue to be revised higher, although inflation remains tepid. The ECB to start withdrawing stimulus in 2018
UK	🔴	🔴	🔴	🟡	Rising inflation, slowing wages hurting demand. Brexit talks remain key risk. The BoE signals possible rate hike as inflation closes in on 3%
Japan	🟢	🟡	🟡	🟡	Abe's emphatic win in general elections positive for stimulus and growth. BoJ to maintain easy monetary policy as deflationary pressures remain
Asia ex-Japan	🟡	🟡	🟡	🟢	President Xi's grip over party to ensure policy continuity. India's growth may have bottomed. South Korea sees rise in rate hike expectations
EM ex-Asia	🟢	🟡	🟢	🟡	Brazil's pace of rate cuts may slow as inflation accelerates. Russia likely to cut rates further

Source: Standard Chartered Global Investment Committee

Legend: 🟢 Supportive of risk assets 🟡 Neutral 🔴 Not supportive of risk assets

US – tax reform get a boost

Tax cuts to help extend business cycle. Republicans have made some headway in agreeing on tax reform, raising the prospect of tax cuts for companies and households in 2018. If implemented, the measures could encourage businesses to accelerate investment, potentially extending the already-long business cycle. The Republican plan for corporate and personal tax cuts, if passed, could amount to USD 2trn over the next decade, equal to 1% of GDP, according to various estimates. Meanwhile, rebuilding after the hurricanes is likely to boost growth over the next 6-9 months.

All eyes on new Fed chief. Although a new Chair is likely to have limited scope to change the Fed's consensus-driven approach to policy-making, a hawkish shift in policy tone is a risk to markets. However, the still-subdued inflation outlook is likely to restrain even the more hawkish policymakers.

Euro area – growth upgrades continue

Easy credit conditions supporting growth. Euro area growth expectations continue to be upgraded as record low borrowing costs drive consumption and investment, helping offset the effect of the EUR's strength this year. Growth continues to broaden across the region, although the Catalan crisis and Italy's election next year remain potential risks.

ECB plans prolonged tapering. Several ECB policymakers, including President Mario Draghi, have cited the high level of underemployment as a reason for still-subdued inflation. This partly explains the ECB's cautious approach to tapering its bond purchases through 2018 and its decision to reinvest the proceeds of the maturing debt for an 'extended period of time after the end of its net asset purchases'.

UK – BoE to target high inflation

Brexit continues to cloud outlook. The UK economy continues to be buffeted by rising inflation and slowing consumption as uncertainty around the outcome of Brexit talks dampens business and consumer sentiment.

BoE rate hike likely in November. Markets are assigning more than 80% probability of a rate hike on 2 November. However, future BoE moves are likely to depend on the outcome of Brexit talks and its impact on the tight job market.

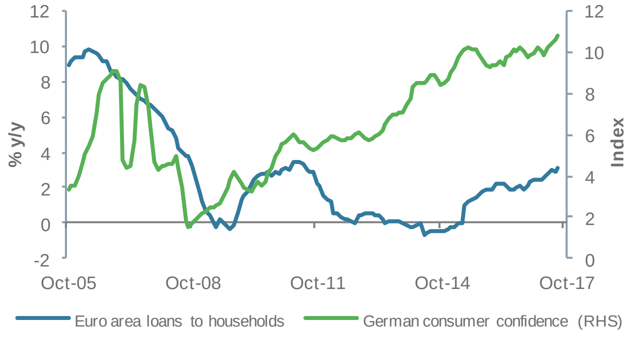
Figure 10: US business confidence indicators are at their strongest in more than a decade; tax cuts could provide a further boost

US ISM manufacturing and Non-manufacturing PMIs

Source: Bloomberg, Standard Chartered

Figure 11: Euro area growth is increasingly being driven by consumers and investments as record-low interest rates help

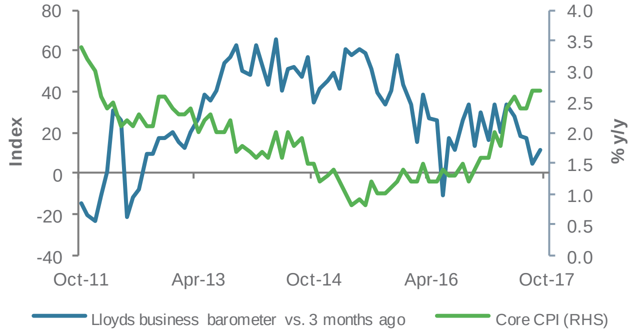
Euro area household lending growth and German consumer confidence



Source: Bloomberg, Standard Chartered

Figure 12: UK's business confidence has deteriorated in recent months, although rising inflation may force the BoE to hike rates

UK Lloyds Bank Business Barometer; core inflation



Source: Bloomberg, Standard Chartered

Japan – Abe's election win positive for growth

Abenomics 2.0. Prime Minister Abe's strong election victory bolsters the prospects for continuation of his programme of fiscal spending, easy monetary policies and structural reforms. Exports, which have been the main driver of the economy's rebound over the past year, could get an added boost with any further depreciation in the JPY.

BoJ to maintain accommodation. Abe's election win has raised the chances of reappointment of BoJ Governor Kuroda after his term expires in April, or the appointment of a governor with a dovish stance. We do not expect the BoJ to remove accommodation anytime soon, given low inflation.

China – rebalancing continues

President Xi's grip on party ensures policy continuity. The latest Communist Party Congress established President Xi Jinping's control. This implies his economic policies of rebalancing growth towards domestic consumption and away from debt-driven investment are likely to continue. Although consensus estimates suggest growth is likely to slow over the coming quarters after the current cycle's peak of 6.9% y/y in Q2, we do not expect a sharp slowdown.

PBoC continues with targeted easing. The PBoC's move to ease bank lending to the small business sector from early 2018 extends its policy of targeted easing towards priority sectors. Although business confidence has remained stable, small businesses have seen a marked slowdown lately.

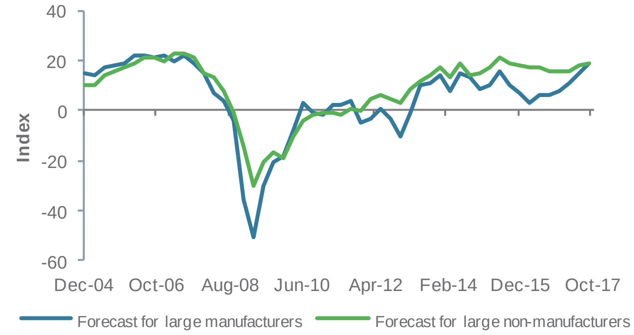
Emerging Markets – boosted by global trade

Indian growth stabilises; rate hike expectations in Korea. Indian data suggests growth may have stabilised after the twin shocks of demonetisation and the goods and services tax rollout. The government's decision to recapitalise banks and start a highway building programme is positive for long-term growth. Elsewhere in Asia, markets are pricing in a rate hike in Korea as strong exports lift its growth outlook.

Brazil rate cuts likely to slow as inflation accelerates: Annual inflation in Brazil accelerated for the first time in over a year, suggesting inflation may have bottomed in the current cycle. While inflation-adjusted rates remain high, the revival of price pressures is likely to slow the pace of rate cuts.

Figure 13: Japan's business confidence was rising in the run-up to the elections, helped by record low borrowing costs and weak JPY

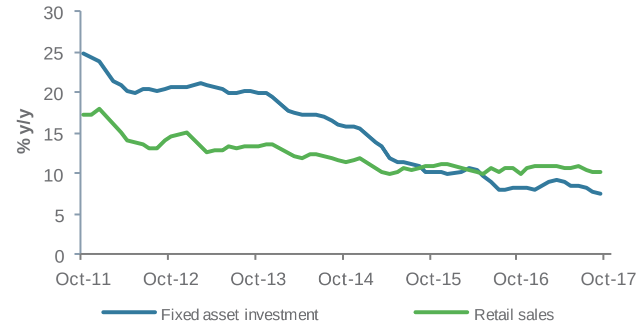
Tankan business conditions forecast for large manufacturing and non-manufacturing businesses



Source: Bloomberg, Standard Chartered

Figure 14: China's retail sales remained robust, even as fixed asset investment growth continued to slow with curbs on bank credit

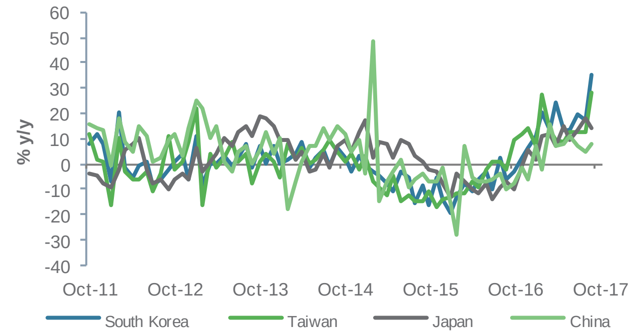
China's fixed asset investment (YTD) and retail sales growth



Source: Bloomberg, Standard Chartered

Figure 15: Continued improvement in global trade has helped boost exports from major Asian export powerhouses

Exports growth indicators for South Korea, Taiwan, Japan and China



Source: Bloomberg, Standard Chartered

Bonds

IMPLICATIONS
FOR INVESTORS

01 We favour EM bonds over DM bonds

02 EM USD government bonds are our most preferred area in bonds

03 Prefer corporate bonds over government bonds within DMs

A tougher search for value

- We continue to view bonds as a core holding in a well-balanced investment allocation. Our focus remains on select opportunities in Emerging Market (EM) bonds given their stable fundamentals and attractive yields relative to Developed Market (DM) bonds.
- EM USD government bonds remain our most preferred sub-asset class, given the relative value on offer, but we also view Asian USD bonds as a relatively defensive 'core holding' given strong regional demand. A USD rebound could hurt returns in EM local currency bonds in the short term, despite the attractive yield on offer.
- Within DMs, we retain our preference for corporate bonds over government bonds and continue to see senior floating rate loans as a source of absolute returns. Valuations are a rising risk, in our view.

Figure 17: Bond sub-asset classes in order of preference

Bond asset class	View	Rates policy	Macro factors	Valuations	FX	Comments
EM USD government	▲	🔴	🟢	🟡	NA	Attractive yields, relative value, positive EM sentiment
EM local currency	◆	🟡	🟢	🟡	🔴	Attractive yields and positive EM outlook. Near-term risk from the USD
Asian USD	◆	🔴	🟢	🟡	NA	Defensive allocation. Influenced by China risk sentiment
DM HY corporate	◆	🔴	🟡	🔴	🟢	Attractive yields on offer, offset by increasingly expensive valuations
DM IG corporate	◆	🔴	🟢	🟡	🟡	Likely to outperform DM IG govt bonds. Yield premium relatively low
DM IG government	▼	🔴	🔴	NA	🟡	Returns challenged by normalising Fed and ECB monetary policy

Source: Standard Chartered Global Investment Committee

Legend: 🟢 Supportive 🟡 Neutral 🔴 Not Supportive ▲ Preferred ▼ Less Preferred ◆ Core

Figure 16: Where markets are today

Bonds	Yield	1-month return
DM IG government	*1.20%	-0.7%
EM USD government	5.28%	0.0%
DM IG corporates	*2.41%	-0.2%
DM HY corporates	5.06%	0.3%
Asia USD	3.80%	0.4%
EM local currency government	6.28%	-1.8%

Source: Bloomberg, JPMorgan, Barclays, Citigroup, Standard Chartered

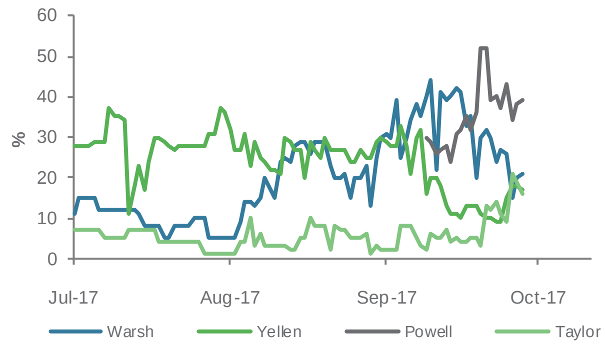
*As of 30 Sep 2017

Developed Market Investment Grade government bonds – Less preferred

Over the past month, 10-year US Treasury yields edged slightly higher, driven by a combination of political headlines and mixed data (especially weak jobs data). The Senate's adoption of the budget raises the likelihood that we could see some form of tax reform in the near future. The finer details of the tax reform and the administration's ability to enact it in the current form remain to be seen. However, the tax reform could be potentially negative for bond investors if it leads to greater government borrowing which, in turn, may push Treasury yields higher.

Figure 18: The frontrunners for the next Fed Chair have changed multiple times over the past few months

Likelihood of a candidate becoming the next Fed chairperson



Source: www.predictir.org, Standard Chartered

Separately, markets have been paying greater attention to potential Fed Chair nominees in an effort to glean any guidance on future interest rate policy. However, we would not overemphasise the likely impact of an individual's biases; history suggests a new Fed chairperson does not necessarily lead to a drastic shift in interest rate policy given the Fed's committee-based approach to monetary policy.

The market's long-term inflation expectations have struggled to move higher. Given the close relation between inflation and long-term yields, we expect the 10-year yields to remain in the 2.25-2.75% range in the next 12 months, consistent with our preference to maintain a balanced maturity profile (around 5-7 years) for USD-denominated bond allocations.

The ECB's guidance on future bond purchases and its pledge to maintain its ultra-low interest rates for a long period of time was more dovish than expected, and is likely behind the fall in German Bund yields. Despite this, we expect 10-year German Bund yields to rise over the next year given the direction of ECB policy remains towards gradual tightening.

Emerging Market USD government bonds – Preferred

Emerging Market (EM) USD government bonds remain our most preferred area within bonds. As highlighted last month, most of the supportive factors – robust economic momentum, lower risk from significant USD strength and continued strong investor inflows – remain in place.

Although valuations are no longer cheap relative to their own history, they are less expensive than valuations in other bond asset classes. Additionally, EM USD government bonds continue to offer an attractive yield of over 5% for a mix of Investment Grade (IG) and High Yield (HY) credit quality and diversified geographical exposure.

EM bonds have seen investor flows of over USD 93bn in 2017 and a reversal of inflows remains a key risk. Additionally, EM USD government bonds remain susceptible to a surprise sharp rise in US yields and EM-specific geopolitical risks.

Figure 19: EM USD bond valuations have turned somewhat expensive over the past month

EM USD government bond spreads (bps)

Source: Bloomberg, Standard Chartered

Developed Market Investment Grade corporate bonds – Core holding

We prefer DM IG corporate bonds over DM government bonds. Although valuations of DM IG corporate bonds are becoming increasingly expensive, we still believe the higher yield on offer will help them outperform government bonds.

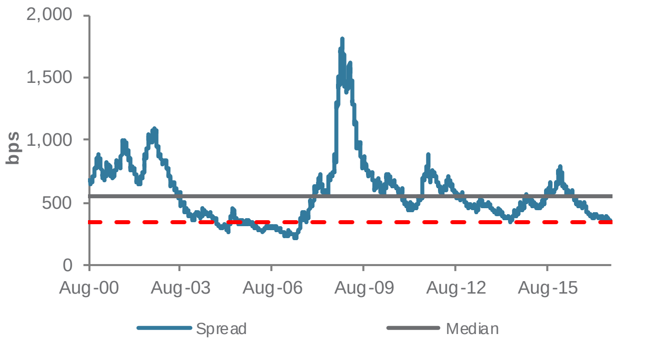
Credit quality appears to have broadly stabilised and even improved in certain segments. This should help support current valuations. Though record high supply has been a drag on US IG corporates this year, it is likely to slow down as corporates have likely frontloaded their borrowing needs relatively early in the year. The possible repatriation of money, should the tax reform go through, could further reduce future bond supply.

Developed Market High Yield corporate bonds – Core holding

Global HY bond valuations (measured by credit spreads) are now the most expensive in the past 10 years. Although the expensive valuations are somewhat justified by the low default rates and stabilisation in aggregate credit quality, room for further capital appreciation is limited. However, given the yield of about 5% on offer and short maturity profile, we continue to see DM HY bonds as a core holding.

Figure 20: DM HY spreads are the lowest since the financial crisis

DM HY bond spreads (bps)



Source: Bloomberg, Standard Chartered

We continue to view US floating rate loans as an attractive alternative to HY bonds. In a scenario where the Fed hikes rates twice or more over the next year, their low interest rate sensitivity and rising coupons are likely to help them outperform HY bonds. In case the Fed hikes at a slower pace than currently projected, floating rate loans are still likely to deliver positive returns, but may underperform HY bonds.

Asian USD bonds – Core holding

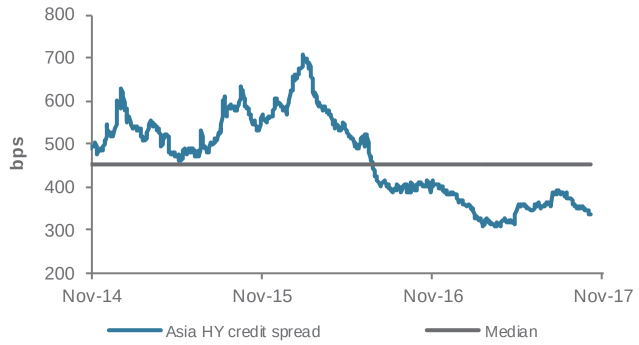
Asia USD bonds are our second-most favoured bond sub-asset class. Although they offer relatively lower yield than some other bond asset classes, we like the potential risk-return trade-off. Asian USD bonds offer higher credit quality relative to other major EM bond asset classes and are anchored by a strong regional buyer base, which should make them less vulnerable to broad sentiment-linked sell-offs or a turn in global flows into EM assets.

The reasonably stable economic data from China and the PBoC's comments indicating its desire to curb excessive corporate leverage are supportive of the market's overall credit quality. This is especially relevant as bonds from Chinese issuers account for nearly half of the total market.

Nevertheless, the recent slowdown in China's property sector is a headwind, especially for Asian HY bonds which currently offer a low yield premium than their historical average. Thus we prefer higher quality IG bonds over HY bonds within the Asian USD bond universe.

Figure 21: Asian HY bonds offer a substantially lower yield premium than the historical average

Asia HY bonds credit spreads (bps)



Source: Bloomberg, Standard Chartered

Emerging Market local currency bonds – Core holding

Since we dialled back our positive view last month, EM local currency bonds have seen two weeks of fund outflows and negative returns. Additionally, we believe a near-term USD rebound will act as a headwind to EM local currency bonds over the next few months.

Despite the above concerns, we would not lose sight of the fact that EM local currency government bonds offer the highest yield among the six major bond sub-asset classes that we follow. They are also likely to benefit from strong EM macroeconomic fundamentals. Therefore, we would maintain them as a core holding and use our asset allocation models (see pages 30-31) to determine the appropriate allocation for the asset class.

Equities

IMPLICATIONS
FOR INVESTORS

01 Global equities our preferred asset class

02 Euro area and Asia ex-Japan are our preferred regional markets

03 Prefer China and Korea within Asia ex-Japan

Renewed hopes for US tax reform

- Global equities remain our preferred asset class. Investors are increasingly focusing on fundamentals as reflected in the decline in intra-equity-market correlations. There is renewed hope the US government can deliver tax reform, which will benefit domestically focused sectors with high marginal tax rates. US equities remain a core holding.
- Euro area equities remain one of our preferred markets. Recent developments in Spain over Catalonia independence are not expected to have a serious negative impact on Euro area equities, given that foreign banks have limited exposure to the domestic market and large Spanish companies are more international as opposed to domestically focused. Euro area earnings and valuations remain attractive.
- Asia ex-Japan equities are also preferred. Earnings upgrades have been a driver for the region's equity markets. Healthy global demand and solid cost controls could further boost consensus 12-month EPS growth forecast, which is currently at 14%. China is our most preferred market and Korea remains a preferred market.
- Emerging Markets ex-Asia is a core holding. Easing concerns over trade protectionism and a stable USD long term could lead to further growth in capital inflows, boosting asset markets. Japan is also a core holding. The recent election result is seen as a positive as it shores up support for PM Abe's reform agenda.
- Risks to our preferred equity view: high valuations and geopolitical uncertainty.

Figure 22: Where markets are today

Market P/E ratio	P/B	EPS	Index Level
US (S&P 500)			
18x	3.0x	12%	**2,560**
Euro area (Stoxx 50)			
15x	1.6x	11%	**3,637**
Japan (Nikkei 225)			
15x	1.3x	9%	**21,943**
UK (FTSE 100)			
14x	1.8x	9%	**7,486**
MSCI Asia ex-Japan			
13x	1.6x	14%	**686**
MSCI EM ex-Asia			
12x	1.4x	14%	**1,447**

Source: FactSet, MSCI, Standard Chartered.
Note: Valuation and earnings data refer to MSCI indices, as of 28 September 2017

Figure 23: Euro area and Asia ex-Japan remain our preferred regions, with UK the least preferred

Equity	View	Earnings revision	Earnings	Return on equity	Economic data	Bond yields	Comments
Euro area	Preferred	Not Supportive	Neutral	Supportive	Supportive	Neutral	Earnings have come under pressure due to prior EUR strength
Asia ex-Japan	Preferred	Supportive	Supportive	Supportive	Neutral	Supportive	Earnings upgrades and ROE recovery combined with attractive valuations
EM ex-Asia	Core Holding	Supportive	Neutral	Supportive	Neutral	Neutral	Market outlook remains a function of commodity prices and politics
Japan	Core Holding	Supportive	Neutral	Supportive	Supportive	Neutral	Accelerating upward earnings revision on weaker JPY
US	Core Holding	Neutral	Neutral	Supportive	Supportive	Neutral	Earnings growth taking a pause after recent strong run
UK	Less Preferred	Supportive	Neutral	Supportive	Not Supportive	Neutral	Brexit negotiations remain tough, investment weakening

Source: Standard Chartered Global Investment Committee

Legend: Supportive | Neutral | Not Supportive | Preferred | Less Preferred | Core Holding

Euro area equities – Preferred

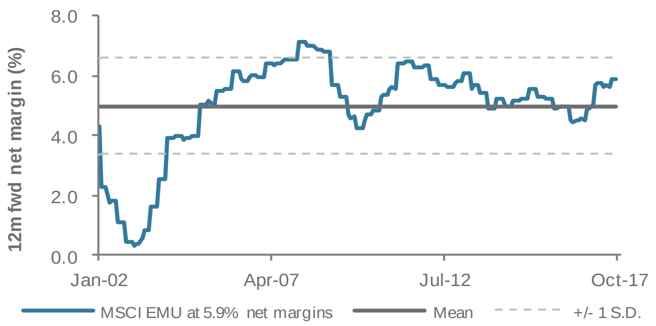
Euro area is one of our preferred markets. We see room for the Euro area economy to extend its recovery, given the economy has lagged the US and other developed markets after the 2008 global financial crisis. This should help offset headwinds from prior periods of EUR strength on European exporters' earnings. Consensus 12-month EPS growth forecast currently stands at 11%. Resilient top-line growth and healthy corporate margins should be supportive of corporate profits and return on equity (ROE) improvement.

In addition, we expect limited contagion impact from the ongoing Catalan independence movement. Although Catalonia accounts for about 20% of Spain's GDP, financial and trade flows are unlikely to be affected. Spain's banking sector is dominated by domestic banks with foreign banks accounting for a fraction of total assets. Thus we do not see a spill-over into the broader Euro area banking sector and equities market. We continue to stay positive on Euro area financials, given our base case scenario that German Bund yields will remain in their current range in the next 3 months. Euro area banks could witness net interest margin expansion, while insurers could see higher investment yields.

On the whole, we believe the investment backdrop for Euro area equities has turned more constructive, as the adverse impact from prior EUR strength is likely priced in. In particular, Euro area equities' relative valuations have turned cheaper, trading at a 9.4% discount to global equities versus a 6.1% discount in April 2017.

Figure 24: Improving ROE supported by healthy top-line growth and corporate margin expansion in the Euro area

MSCI European Economic and Monetary Union (EMU) net margins



Source: MSCI, FactSet, Standard Chartered

Asia ex-Japan equities – Preferred

Asia ex-Japan is one of our preferred regions. Our view is supported by earnings upgrades, inexpensive valuations and a stable long-term USD outlook.

Earnings upgrades have been a driver for Asia ex-Japan equities. Healthy global demand and solid cost controls could further boost consensus 12-month EPS growth forecast, which is currently at 14%. We also see room for margin expansion and ROE improvement given steady revenue growth and good cost discipline.

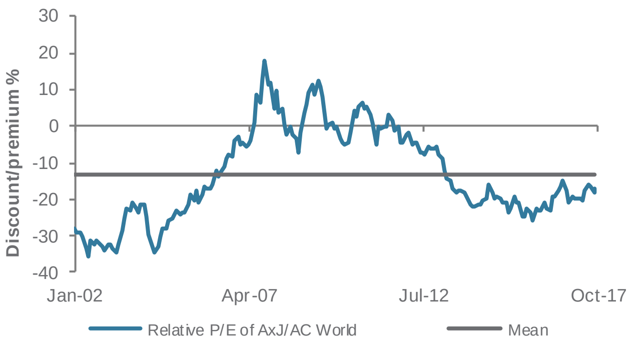
Despite an YTD rise of 44%, Asia ex-Japan's valuations remain attractive, with its 12-month consensus forward P/E trading at a 17% discount to global equities.

China is our most preferred market within Asia ex-Japan. The 19th Party Congress in October has further consolidated the political power of President Xi Jinping and he is expected to maintain continuity in economic policy. We also believe the emphasis on growth quality and technology/innovation-driven consumption could be a likely driver of corporate margins over the long term.

Korea is also a preferred market. Trading at an attractive 33% discount to the region, relative to a long-term average discount of 24%, we believe the risks of geopolitical tensions have been priced in. Gradual government reforms and improved corporate governance could result in a valuation re-rating.

Figure 25: Asia ex-Japan is trading at a discount to global equities

MSCI EM ex-Asia is trading at a 25% discount to MSC All Country (AC) World



Source: FactSet, MSCI, Standard Chartered

EM ex-Asia equities – Core holding

Emerging Market (EM) ex-Asia equities remain a core holding. Steadily improving global economic growth, easing concerns over US trade protectionism and a stable USD could lead to further growth in capital flows into EM ex-Asia. This would be supportive of equity markets in the region.

Trading at a P/E discount of 25% to Developed Markets (DMs), valuations for EM ex-Asia remain attractive on a relative basis. YTD, EM ex-Asia equities have risen 4% on a positive earnings outlook. Driven by a commodity price rebound, solid cost discipline and better demand, the 12-month forward consensus EPS growth forecast is at 14%.

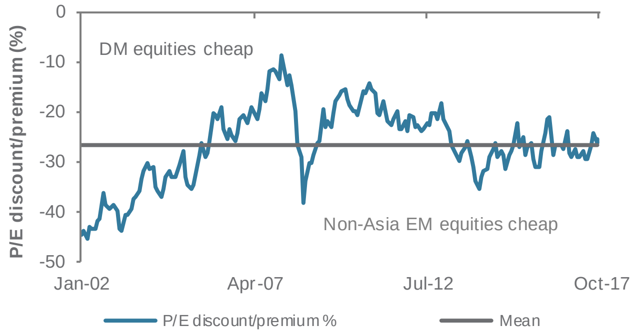
Political risks, however, remain a concern for the region. Brazil is scheduled for elections in 2018. The success of reforms in Brazil depends on the next president. In the meantime, we expect further modest rate cuts by the central bank which may help boost consumption demand. Brazil remains our most preferred market within EM ex-Asia.

South Africa's ruling African National Congress is expected to hold its leadership election in December 2017. Political uncertainty could cap upside in equities. We stay cautious on South African equities.

Mexico is faced with the renegotiation of the North American Free Trade Agreement. The market is likely pricing in a smooth process. Although the outcome of the negotiation remains uncertain, we believe the impact on the EM ex-Asia equity market will be moderate.

Figure 26: Valuations of EM ex-Asia still reasonable relative to DM

MSCI EM ex-Asia 12m forward P/E premium/discount to DM



Source: FactSet, Bloomberg, MSCI, Standard Chartered

Japan equities – Core holding

We retain Japan equities as a core holding. The recent snap election saw the Liberal Democratic Party-led coalition win a two-thirds supermajority in the Lower House, enabling it to change the constitution and PM Abe to continue his structural reforms. This is supportive of our base case scenario for a near-term upside in USD/JPY; a weaker JPY is positive for the economy and corporate profits given around 30% of Japan's corporate sales are derived from overseas.

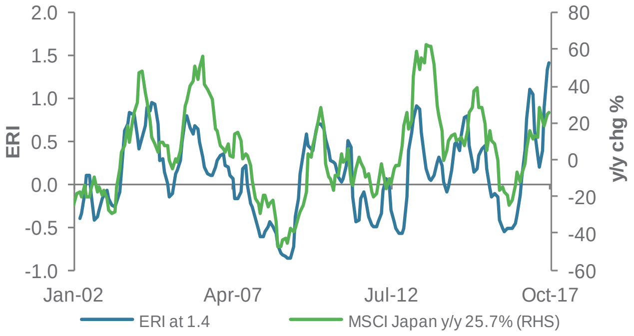
In addition, there have been upward earnings revisions (with accelerating momentum) for Japan's corporate earnings due to strong cost discipline. Forecast for MSCI Japan's 12-month forward EPS growth remains healthy at 9%. The accelerating earnings revision trend has made Japan's equity market valuation attractive; a consensus 12-month forward P/E of 15x is below its historical average of 17x.

Although the pace of corporate share buybacks has decelerated to around JPY 1.3trn YTD (as of September 2017) from JPY 4.6trn in the same period last year, Japanese companies boast an abundant cash holdings of JPY 106trn, which could be used for business expansion.

On a negative note, the latest corporate scandal in the steel sector could negatively impact investor confidence, but we believe healthy earnings growth, attractive valuations and consolidation of PM Abe's political base could lend support to Japan's equities.

Figure 27: Strong positive earnings revision for Japan

Japan's earnings trend has been the driver for equity market performance



Source: FactSet, MSCI, Standard Chartered

US equities – Core holding

We retain US equities as a core holding. Renewed optimism over tax reforms and solid economic momentum are expected to lend support to the US equity market. In particular, companies with domestic operations and high effective tax rates are well positioned to benefit from the prospective policy changes.

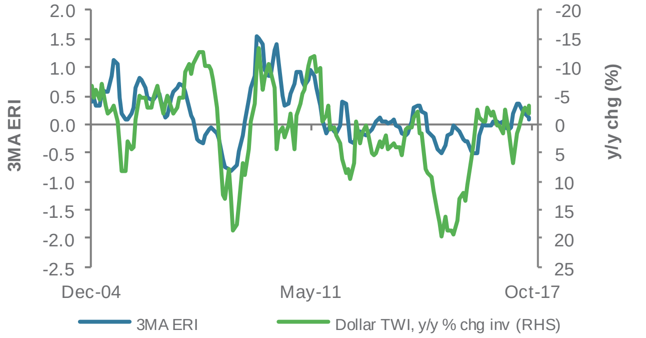
The Q3 earnings season has started. A slowdown in EPS growth is expected given (1) the high base effect from the prior year and (2) the temporary slowdown due to the recent hurricanes. However, investors are likely to look beyond these factors and focus on companies' forward corporate guidance. Consensus 12-month forward EPS growth forecast of 12% looks achievable given the better economic environment, which should filter through to higher wages and, hence, domestic consumption. Prior USD weakness is expected to contribute positively to US corporate earnings, as about 29% is derived from overseas.

On a negative note, valuation is elevated, trading at a consensus 12-month forward P/E of 18x. This has surpassed the previous peak of 17.5x in the past 15 years. Moreover, elevated corporate leverage in the US remains a key risk, as higher US interest rates will raise debt servicing costs.

Overall, we remain constructive on the US market as positive impetus from (1) healthy economic growth, and (2) potential tax reform should offset concerns over valuations and higher interest expense.

Figure 28: Prior periods of weak USD is good for near-term US corporate earnings

US Earnings Revision Index versus Dollar TWI



Source: MSCI, FactSet, Bloomberg, Standard Chartered

UK equities – Less preferred

UK equities remain our least preferred market. The ongoing Brexit 'deadlock' is further clouded by uncertainties over whether PM May will remain in power following her speech at the Conservative Party Conference and recent public disloyalty by UK ministers.

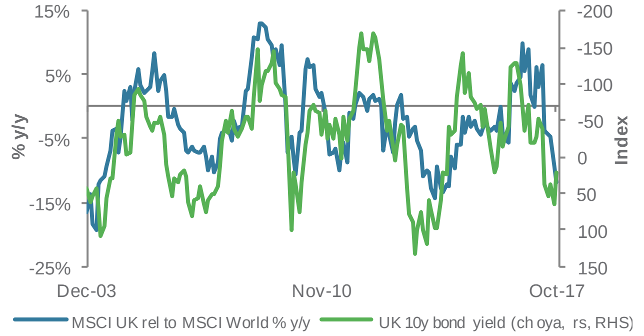
The Brexit-driven economic slowdown is also more visible now, as seen in weak business investment and negative real wages. This could further dampen earnings growth of domestic-oriented companies and put downward pressure on consensus 12-month EPS growth forecast of 9%, with risk of further downward revisions from a weaker domestic economic backdrop. Valuations are also not compelling, trading at a consensus 12-month forward P/E of 14x.

Beyond political and economic headwinds, an uptick in UK bond yields may also undermine the relative performance of UK equities to global equities, given that 37% of the FTSE100 are in the defensive/high dividend sector. In particular, higher interest rates could dampen the attractiveness of UK equities, given their high-dividend characteristics. Currently, the dividend yield of UK equities amounts to 4.3%, which is the highest among the six key regions/markets we focus on.

The key risks to our view on UK equities are (1) investor pessimism towards the UK, which could trigger a meaningful stock market rebound if fundamentals improve and (2) a significant recovery in EM and commodities, which may spur a UK market outperformance relative to the global region.

Figure 29: UK tends to underperform when UK bond yield rises

MSCI UK relative to MSCI World % y/y versus UK 10y bond yields



Source: Bloomberg, FactSet, Standard Chartered

Equity derivatives

Focus on China's consumption rebalancing

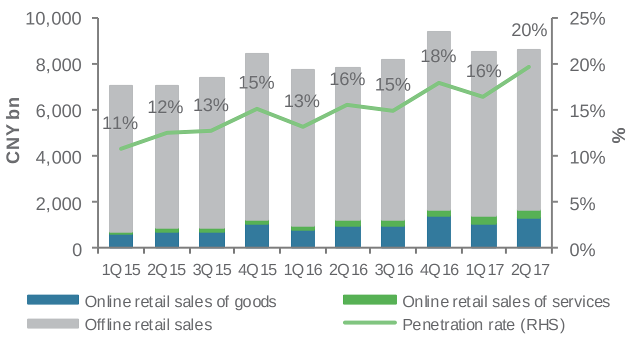
In our last *Global Market Outlook*, we discussed potential opportunities for investors to sell put options in European autos and US financials. Helped by a weaker EUR and a firmer USD due to better US data and hawkish comments from the Fed, both ideas did well over the past few weeks.

Volatility is still at a low level, in general. We believe investors searching for opportunities in derivatives should focus on specific sector themes, rather than broader markets.

Asia ex-Japan equities remain one of our most preferred regions, with Chinese equities a preferred market within the region. At his opening speech at the 19th Party Congress in China, President Xi talked about "…boosting fundamental role of consumption in China's growth". We expect a continuation of his policies to rebalance China's economy to become more consumption-driven. This lends a tailwind to the online consumption sector, in our view.

Figure 30: Increasing online retail penetration in China

Online retail penetration at 20% in Q2 17



Source: Bloomberg, Standard Chartered

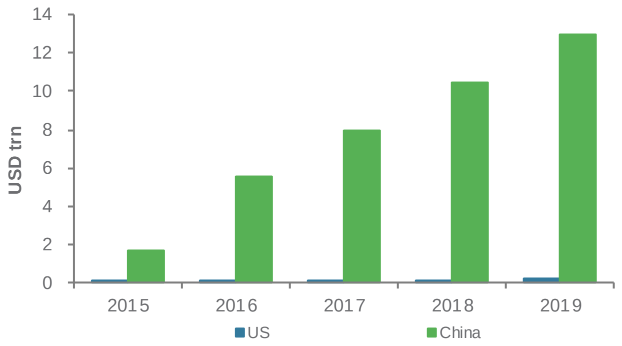
Despite delivering strong growth in earnings, valuations are a rising concern across the sector at current levels.

This is precisely where derivatives can add value. Six-month implied volatility in the sector's large cap segment is trading significantly higher than that for the Nasdaq 100, and close to a one-year high. Selling put options allows investors to receive income, with the possibility of ownership should there be a pullback to more reasonable valuations.

For long-term investors, a case can be made for ownership at lower valuations. The online retail penetration in China was at 20% in Q2 17 (already almost double from 11% in Q1 15). Mobile payments in China dwarf those in the US as digital payment and lending platforms help facilitate and drive e-commerce.

Figure 31: Digital payment and lending platforms help drive e-commerce

Mobile payment via third party in China versus the US



Source: FT/iResearch, Statista, Standard Chartered

Commodities

IMPLICATIONS
FOR INVESTORS

01 Oil price gains to be limited for now

02 Gold to remain range-bound

03 Modest retracement of base metal prices likely

Figure 32: Where markets are today

Commodity	Current level	1-month return
Gold (USD/oz)	1,267	-2.1%
Crude Oil (USD/bbl)	59	2.4%
Base Metals (index)	133	6.9%

Source: Bloomberg, Standard Chartered

Room for near-term consolidation

- We expect commodities to rise modestly amid continued strength in global growth, though, near term, we believe there is potential for consolidation.
- We remain moderately constructive on oil prices medium term, though there is likely limited room for further price gains in the near term.
- Gold is expected to trade largely range-bound from here.

Figure 33: Commodities: key driving factors and outlook

Commodity	View	Inventory	Production	Demand	Real interest rates	USD	Risk sentiment	Comments
Oil	◆	Neutral	Neutral	Supportive	NA	Neutral	Neutral	OPEC cuts and slowing US shale production to support prices
Gold	◆	Neutral	Neutral	Not Supportive	Neutral	Neutral	Neutral	Gradually rising yields to weigh on gold
Metals	◆	Not Supportive	Not Supportive	Neutral	NA	Neutral	Neutral	Modest retracement likely as China demand stalls

Source: Standard Chartered Global Investment Committee

Legend: ● Supportive ● Neutral ● Not Supportive ▲ Preferred ▼ Less Preferred ◆ Neutral

Further short-term gains to be limited

We remain moderately constructive on commodities as global economic data improves, with growth broadening across both Developed and Emerging economies. China's macroeconomic outlook remains resilient, although a moderate slowdown in growth could limit further commodity price gains in the short term.

Oil prices are likely to edge higher longer term, but the near-term outlook is more muddled. We believe temporary factors have contributed to the recent narrowing of supply and demand differentials. In the near term, we believe moderation in China data and resumption in US production growth will cap prices.

We expect further gains in gold prices to be limited in the short term amid higher US yields and a temporarily stronger USD. However, we continue to see value in a modest allocation to gold as a hedge against unforeseen risks.

For industrial metals, we believe their strong gains are at odds with fundamentals, particularly as China's fixed asset investment data continues to weaken. This suggests risks of a pullback are rising.

Crude oil – not so fast

Brent crude prices remained above USD 55/bbl for another month. We believe strong crude demand and a drawdown in inventories from peak levels as well as other temporary factors (such as Iraq supply disruptions) have led to the recent faster-than-expected rebalancing.

Going forward, the rebalancing process is unlikely to be smooth. Negative China economic data surprises, along with a moderating Li Keqiang index and industrial metal prices, suggest potential slower China demand. With respect to supply, OPEC extending its cuts well into 2018 cannot be taken as a given yet. Moreover, we expect US shale oil production growth to resume amid current higher prices.

Therefore, we do not expect oil prices to rise further from here, with a relapse towards USD 55 mark likely. Longer term, though, we have more confidence that the adjustment of the supply-demand imbalance is likely to continue.

Gold – hedge against the unknown

We expect limited upside in gold prices from current levels in the short term, and continue to see a largely range-bound gold in the next 6-12 months. In our view, interest rates (net of inflation) remain the main driver for gold in the medium term. Since we expect a gradual tightening of monetary policy, largely keeping pace with inflation data, real interest rates are likely to remain stable.

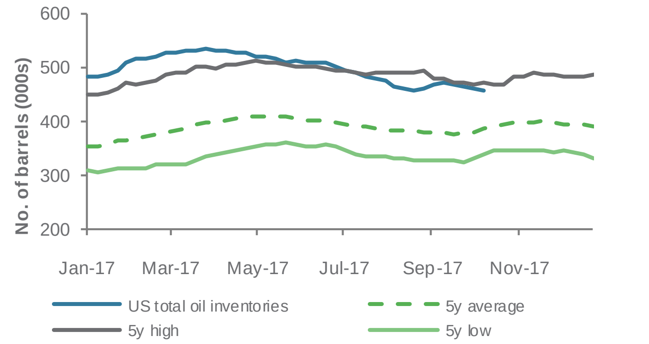
Gold remains a hedge against geopolitical and financial/economic risks, in our opinion. For example, recent tensions in North Korea have been reflected in the jump in gold denominated in JPY (see the adjacent chart). As a result, we continue to see value in a modest allocation to gold as a hedge against unforeseen events.

Industrial metals – what goes up...

Recently, we have seen strong performance in industrial metals, which have outperformed both crude oil and gold. However, we do not believe the gains are sustainable, as key fundamentals, such as China's fixed asset investments in real estate, continue to slow. Copper prices, in particular, have been supported by an earlier drawdown in China copper inventories and better-than-expected China growth.

Figure 34: Fall in US oil product inventories help support prices

US total oil inventories (000 bbls); 5y averages, highs, lows



Source: Bloomberg, Standard Chartered

Figure 35: Gold pricing in a premium relative to other safe havens such as the JPY, likely due to geopolitical concerns

Gold prices (USD/oz) in terms of JPY

Source: Bloomberg, Standard Chartered

Figure 36: What has changed – Oil

Factor	Recent moves
Supply	OPEC continues to cut production; US crude oil inventories declined
Demand	Leading economic indicators in the US and China continue to expand
USD	Rising from YTD lows

Source: Standard Chartered

Figure 37: What has changed – Gold

Factor	Recent moves
Interest rate expectations	US yields have risen as the Fed looks to pare down its balance sheet
Inflation expectations	Rising moderately in the US
USD	Rising from YTD lows

Source: Standard Chartered

Alternative strategies

IMPLICATIONS
FOR INVESTORS

01 Actively use both substitutes and diversifiers

02 Equity Hedge (most preferred) and Event Driven are long-equity substitutes

03 Scenarios drive our allocation

USD moves support Global Macro

- Global Macro strategies benefitted from moves in the USD, rising +1.0% over the month; the USD index has rebounded since its trough in early September.
- Equity Hedge strategies also delivered positive performance driven by rising global equities, while other alternative strategies were flat to marginally negative; our diversified alternative strategies allocation is up 5.1% since our *Outlook 2017.*
- We continue to favour Equity Hedge strategies, given positively trending equity markets and our reflationary/muddle-through economic outlook.

Following a framework for alternative strategies

Using various quantitative analysis and qualitative inputs, we identified potential drivers for alternative strategies, as shared in our mid-year Outlook (Figure 39).

Despite Global Macro's challenging year due to extremely low volatility* levels, Global Macro strategies have performed better recently. Rising USD volatility has led to increased opportunities for currency pair trades. Since its plateau in September, the USD index**, whose constituents include EUR (58%), JPY (14%) and GBP (12%), has made gains in recent weeks.

Positively trending equity markets continue to support Equity Hedge strategies, while continued narrowing of credit spreads may potentially improving the cost of funding and performance for Relative Value strategies.

Equity Hedge strategies remain preferred, within an alternatives allocation as follows: Equity Hedge 34%, Event Driven 26%, Global Macro 16% and Relative Value 24%. For more on how to build an alternatives allocation, please refer to the *Outlook 2017* report.

Figure 38: Where markets are today

Alternatives	Since outlook	Since last publication
Equity Long/Short	7.3%	0.7%
Relative Value	3.1%	0.2%
Event Driven	7.2%	-0.2%
Macro CTAs	1.1%	1.0%
Alternatives Allocation	5.1%	0.4%

Source: Bloomberg, Standard Chartered

Figure 39: A traffic light framework for alternative strategies

		Description	View	Drivers for strategies to perform	
SUBSTITUTES	Equity Hedge	In essence, buying undervalued stocks and selling overvalued stocks	▲	• Positively trending equity markets	🟢
				• Rising equity market dispersion	🟡
	Event Driven	Taking positions based on an event such as a merger or acquisition	◆	• Positively trending equity markets	🟢
				• Rising mergers and acquisitions	🟡
				• Narrowing credit spreads	🟡
	Relative Value	Looking to take advantage of differences in pricing of related financial instruments	◆	• Lower interest rate levels	🟢
				• Cost of funding, narrowing credit spreads	🟡
DIVERSIFIERS	Global Macro	Looking to exploit themes, trends and asset class relationships (correlations) at a global level, generally with leverage	▼	• Rising volatility and credit spreads	🔴
				• Increasing cross asset dispersion	🟡
				• Clear market trends (up/down)	🟡

Legend: 🟢 Supportive 🟡 Neutral 🔴 Not Supportive ▲ Preferred ▼ Less Preferred ◆ Neutral

Source: Standard Chartered Global Investment Committee; * Volatility is tracked by the VIX index; ** DXY index

FX

IMPLICATIONS
FOR INVESTORS

01 EUR strength medium term

02 JPY weakness medium term

03 AUD likely range-bound

USD stabilising

- We believe there is potential for further short-term USD gains. However, longer term, we continue to look for stability, albeit with downside risks.
- We believe the EUR is likely to appreciate further over the medium term. However, we continue to see risks of a short-term pullback.
- We believe JPY weakness is likely to extend both in the short and medium term amid continued policy divergence with most other central banks.
- We expect the AUD to trade largely range-bound over the medium term, though it is likely to weaken short term.

Figure 41: Foreign exchange; key driving factors and outlook

Currency	View	Real interest rate differentials	Risk sentiment	Commodity prices	Broad USD strength	Comments
USD	◆	● Neutral	● Neutral	NA	NA	Policy divergence diminishing, actions by other central banks key
EUR	▲	● Supportive	● Supportive	NA	● Neutral	Rising yields in the EU to support EUR 12m
JPY	▼	● Not Supportive	● Neutral	NA	● Neutral	Higher yields in the US to weigh on the JPY
GBP	◆	● Neutral	● Neutral	NA	● Neutral	Political and policy uncertainty to weigh
AUD, NZD	◆	● Neutral	● Supportive	● Neutral	● Neutral	Central banks likely to maintain policy amid limited upside in commodities
EM FX	◆	NA	● Supportive	● Neutral	● Neutral	Headwinds mounting short term

Source: Bloomberg, Standard Chartered Global Investment Committee

Legend: ● Supportive ● Neutral ● Not Supportive ▲ Preferred ▼ Less Preferred ◆ Neutral

USD downside risks priced in

The USD has consistently weakened YTD, but is now beginning to stabilise. We attribute three reasons for the USD weakness: 1) other major central banks (the ECB, the BoE and the BoC) are moving towards stimulus withdrawal; 2) a decline in US inflation expectations is resulting in a drop in US long-end yields; and 3) disappointment with respect to US fiscal policy by the US administration. However, we believe the USD has weakened excessively even after incorporating the impact from these factors. As a result, we believe a relief rally is likely heading into the year end, especially if some of these factors are reversed.

Beyond the short-term rebound, however, we believe continued focus of major global central banks towards tightening monetary policy and robust growth in Emerging Market (EM) countries is likely to limit any near-term USD gains.

Figure 40: Where markets are today

FX (against USD)	Current Level	1-month change
Asia ex-Japan	107	-0.2%
AUD	0.77	-2.9%
EUR	1.17	-1.2%
GBP	1.32	-2.2%
JPY	114	-1.5%
SGD	1.37	-0.9%

Source: Bloomberg, Standard Chartered

EUR – pullback before the next leg up

The EUR has remained resilient recently amid expectations of ECB stimulus withdrawal. Although an easing of structural and cyclical factors implies a stronger EUR medium term, we believe a further pullback is likely going into the year end.

Three factors continue to support this view. First, the USD is likely to recover some losses amid expectations of some progress on fiscal policy measures and a revival of Fed rate hike expectations. Second, most positive EUR factors appear to be priced in, as it continues to trade expensive relative to interest rate differentials. Third, although politics related to the Catalan referendum is unlikely to pose a significant threat to stability, we doubt Euro area risks have room to continue to decline from current levels.

JPY – recent weakness to extend

The JPY has strengthened moderately so far in 2017, mostly on the back of declining US yields, which have reduced the US-Japan real (inflation adjusted) yield differential. However, we believe US yields are likely to pick up as the US economy recovers further and as Japan maintains its current policy. Recently, the US 10-year yields and the USD/JPY appear to be breaking out of their downward-trending price channel.

We believe the recent victory by PM Abe reduces risks of a stronger JPY as it likely implies monetary policy continuity. The likelihood of a hawkish policy shift has now reduced significantly, in our opinion.

GBP – policy uncertainty to limit gains

The GBP has edged higher through most of 2017. We believe cyclical factors, especially prospects of policy rate normalisation, have been the main source of support (see the adjacent chart).

Nonetheless, we believe GBP gains are likely to be limited for two reasons. First, there is little clarity regarding the BoE rate hike trajectory, beyond the likely November rate hike amid economic uncertainty. Second, structural risks, including large external imbalances, are likely to reassert themselves, which could limit gains. As a result, more clarity on Brexit and trade negotiations with the EU remains paramount for sustainable gains in the GBP.

Figure 42: What has changed – G3 currencies

Factor	Recent moves
Real interest rate differentials	Moved in favour of the USD at the expense of the EUR, JPY and the GBP
Risk sentiment	Equity and FX volatility has risen from the lows of last month. Still at low levels compared with historical averages
Speculator positioning	USD positioning remains net-short while EUR positioning is near extreme net long. JPY positioning remains significantly net-short, while for GBP it is near historical averages

Source: Bloomberg, Standard Chartered

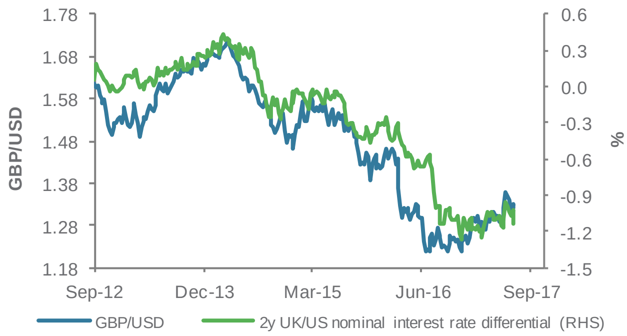
Figure 43: Downtrend price channel in both USD 10-year yields and the USD/JPY appears to be breaking down

US 10-year Treasury yields and USD/JPY

Source: Bloomberg, Standard Chartered

Figure 44: UK front-end yield differential has been a major support behind the YTD recovery in the GBP

US-UK 2-year nominal interest rate differential and GBP/USD



Source: Bloomberg, Standard Chartered

AUD – largely range-bound

The AUD has strengthened modestly YTD; however, we do not believe this strength is likely to extend into year end. Higher iron ore prices have been the main source of support for the AUD (see the adjacent chart), while real (net of inflation) interest rate differentials have been less supportive.

Given weak fundamentals in the iron ore market, particularly with respect to the declining trend in China fixed asset investments, we believe there is the possibility of a further retracement. We also believe the RBA is more likely to maintain policy for now as structural risks (high household leverage and transition from mining) still pose challenges (despite improving cyclical indicators). As a result, the AUD is likely to weaken short term, but will probably continue to trade in a broad range medium term, as markets anticipate the timing of an RBA rate hike.

Emerging Market currencies – broad-based USD gains are a headwind

Although the overall macro environment is likely to favour EM currencies over the next 12 months, we are seeing a number of reasons to turn more cautious short term. These factors include a broad-based USD strength (see chart), a slowdown in capital inflows, and a pickup in volatility from exceptionally low levels.

The recent China Party Congress suggests an affirmation of the existing policy of a more market determined CNY. Therefore, a more market oriented exchange rate implies higher volatility. Directionally, we believe a stronger USD is likely to weigh on the CNY. However, longer term, we expect stability to prevail as the capital outflow pressure reduces and China continues to move along a modest growth path.

We believe there is potential for modest SGD weakness near term, as it remains closely (inversely) correlated with the broad USD. The MAS's shift to a slightly more hawkish stance has likely been priced in. As a result, we believe the strong SGD inverse correlation with the USD index is likely to remain intact. We also expect the KRW to weaken modestly near term, although longer term, higher global growth, stability in China and positive risk sentiment are likely to limit any significant decline.

Figure 45: Higher iron ore prices have been a major support for the AUD; this could fade as iron ore fundamentals still look weak

AUD/USD and China iron ore prices

Source: Bloomberg, Standard Chartered

Figure 46: What has changed in Emerging Market currencies

Factor	Recent moves
USD	USD is beginning to stabilise
China risks	China economic surprises have turned negative; in particular fixed asset investment data has been weak
Risk sentiment	EM FX volatility has been rising for the past two months from the lowest level since 2014

Source: Standard Chartered

Figure 47: Strong inverse correlation between the USD and Asian currencies

Asia USD index and the broad USD index

Source: Bloomberg, Standard Chartered

Multi-asset

IMPLICATIONS
FOR INVESTORS

01 Gradually rising yields generally positive for risk assets

02 Preference for growth-tilted multi-asset balanced strategy

03 Historically, senior floating rate loans, TIPS, convertible bonds have lowest pullback in a rising yield scenario

Pullback limited in gradual yield rise

- Gradually rising yields are generally viewed by investors as a sign of a strengthening economic environment – this benefits traditional equity and credit-linked asset classes such as High Yield (HY) and senior floating rate loans.
- Rising yields could be potentially negative for bond investors. Understanding the pullback characteristics of various asset classes could help limit pullback of an investor's overall allocation.
- Senior floating rate loans, TIPS and convertible bonds exhibit the lowest pullbacks (based on historical data) during rising yield environments.

A series of consecutive new highs for equity markets over the past month has led to positive performance from both our balanced (+0.9%) and multi-asset income (+0.6%) allocations. Both traditional and dividend equity assets have delivered strong performance led by Asia ex-Japan and the US. Europe ex-UK equity underperformed other regions, driven by poor performance from the financial sector. The strong performance from equity markets has allowed our growth-tilted balanced allocation to continue to outperform our multi-asset income allocation. Since we published our Annual Outlook at the end of 2016, this outperformance stands at 271bps.

Within fixed income, most asset classes delivered positive returns except the Developed Market (DM) sovereign bond universe (on an un-hedged basis). Credit assets including DM HY and senior floating rate loans, along with Emerging Market (EM) USD bonds, were the outperformers within fixed income. In a month of generally positive performance, the other notable exception has been EM local currency sovereign bonds, which delivered negative returns since our last publication.

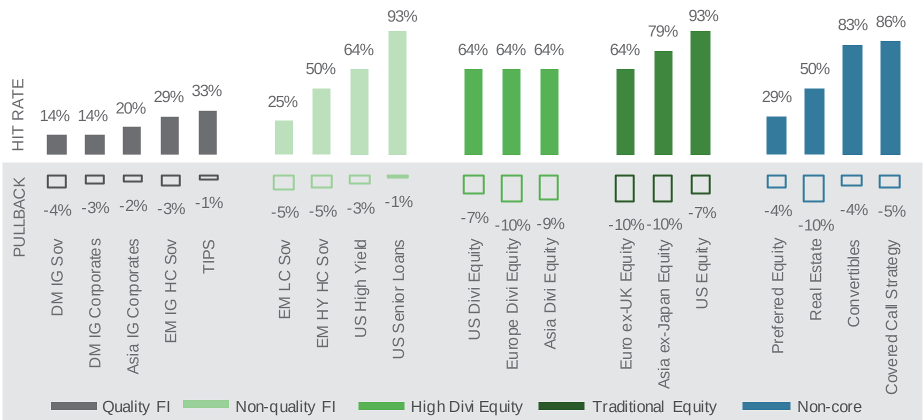
Figure 48: Key multi-asset views

Allocation Performance	Since Outlook	1-month return
Balanced	13.3%	0.9%
Multi-asset income	10.6%	0.6%

Source: Bloomberg, Standard Chartered

Figure 49: Reviewing hit rate and pullback is useful in preparing allocation for rising yields

% of periods with positive returns (hit rate) and pullback over various rising yield periods (>50bps) since 2000



Source: Bloomberg, Standard Chartered;

Quality FI includes G3 Sov, TIPS, DM IG Corp, EM HC Sov IG, Asia IG Corp. Non-quality FI includes Leveraged loans, US HY, EM HC Sov HY, EM LC Sov

Pullback a useful lens to assess rising yields

In last month's Global Market Outlook, '*US dollar to reign short term?*', we discussed the impact of rising yields on various asset classes using a metric called hit rate (percentage of periods with positive returns over various rising yield periods since 2000). A key takeaway was that gradually rising interest rates are generally viewed by investors as a sign of a strengthening economic environment – this benefits traditional equity and credit-linked asset classes such as HY and senior floating rate loans.

This month, we extend the analysis by looking at another metric – pullback during periods of rising yields. For consistency, we look at the same periods of rising yields that we used last month, limiting our analysis to periods where the US 10-year Treasury yield rose by greater than 50bps. The chart in Figure 49 replays our hit rate analysis, but adds in the pullback variable for each asset class.

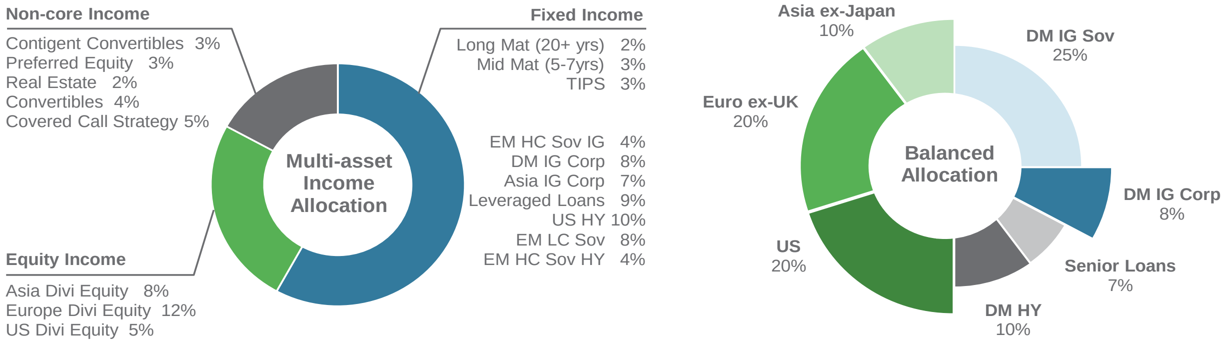
Although the hit rate and pullback percentages are not mutually exclusive, reviewing the pullback metric can give investors a sense of the risk they are exposed to within their respective allocation.

A range of options to limit pullback

Within fixed income, using historical data since 2000, we see the largest pullbacks in DM and EM sovereign bonds. While DM credit is not far behind, the standouts in terms of smaller pullback percentages are senior floating rate loans and inflation-protected Treasuries (TIPS). These asset classes also have the highest hit rates in the Quality and Non-quality fixed income categories, which reinforce their attractiveness in an environment of rising inflationary pressures.

Within equity, the picture is a bit more nuanced. US equity has equivalent or higher hit rates and the lowest pullback in both traditional and dividend equity asset classes relative to other regions. However, US equity has the lowest dividend yield (3.1% versus 5.3% for Europe and 4.0% for Asia ex-Japan) among equity regions. In addition, from a regional perspective, we see greater potential for capital growth from Europe ex-UK and Asia ex-Japan equity relative to the US. Despite these factors, for investors concerned about pullback, the US may offer attractive characteristics within the equity space. A middle ground for this category of investors might be the non-core income asset class. Convertible bonds and the covered call strategy, which have significant US exposure, offer high hit rates and pullback amounts that are lower than equity and comparable with certain fixed income asset classes.

Figure 50: Revised multi-asset income allocation and balanced allocation (asset class weight in %)



Source: Standard Chartered

Figure 51: A three-pronged approach to assessing income assets

Income potential, capital growth and risk of pullback

Asset Classes	Yield	Income potential	Capital growth	Risk of pullback	Comments
Fixed Income	**4.4**	🟡	🟡	🟡	**Portfolio anchor; source of yield; some pockets of value, but not without risks**
Leveraged Loans	**5.1**	🟢	🟡	🟡	Attractive alternative to traditional HY exposure; senior in capital structure to simple HY bonds; small yield penalty in return; returns positively correlated to short-term US interest rates, but loan callability a risk
Corporate - US HY	**5.4**	🟢	🟡	🟡	Valuations remain elevated; attractive yields; default rates contained
EM HC Sovereign Debt	**5.3**	🟢	🟡	🔴	Need to be selective given diverse risk/reward in IG, HY bonds; high sensitivity to a rise in US interest rates a risk; commodity exposure may be a support; valuations fair
EM LC Sovereign Debt	**6.3**	🟢	🟡	🔴	Carry play; policy rates mostly flat or falling; foreign demand a recent risk. FX stability a positive
Investment Grade*	**2.6**	🔴	🟡	🟡	Portfolio anchor, structural carry; some interesting ideas, but interest rate sensitivity a risk
Corporate - DM IG*	**2.4**	🔴	🟡	🟡	Yield premiums have narrowed, but prices fair; long-term US corporate bonds look appealing if Fed hiking cycle muted
Corporate - Asia IG	**3.5**	🟡	🟡	🟢	Cautiously positive. Fairly valued, marginally improving credit quality; key risks include concentration risk from Chinese issuers and risk of lower regional demand
TIPS	**2.4**	🔴	🟢	🟡	Offers value as an alternative to nominal sovereign bonds; impact of a rate rise similar to G3 sovereigns, but offers exposure to a further rise in US inflation
Sovereign*	**1.4**	🔴	🔴	🟡	QE offers strong anchors for sovereign yields, but little, if any, value is left. Risks include rate hikes and higher inflation. Prefer higher-yielding/high-quality markets (US, AU, NZ)
Equity Income	**4.4**	🟡	🟡	🔴	**Key source of income and modest upside from capital growth**
North America	**3.1**	🔴	🟡	🟡	Fair to slightly elevated valuations; low yields; some sectors attractive
Europe	**5.3**	🟢	🟢	🟡	Fair valuations; attractive yields; overhang from political risk, mitigated by improving global growth outlook; improving momentum
Asia ex-Japan	**4.0**	🟡	🟢	🔴	Good payouts; selectively attractive valuations, but pullback a risk from challenges in China/US growth, earnings, Fed and leverage.
Non-core Income	**4.7**	🟡	🟡	🟡	**Useful diversifier for income and growth**
Preferred	**5.4**	🟢	🟡	🔴	Attractive yields and exposure to financials; risk from higher rates may not be completely offset by improvement in banks' underlying credit
Convertibles	**3.5**	🟡	🟡	🟡	Moderate economic expansion and gradual pace of rate hikes should be good for converts. Risk: policy mistake
Property	**3.9**	🟡	🟡	🔴	Yield diversifier; stable real estate market; risk from higher rates, valuations stretched in some regions. Potential for large pullbacks
Covered Calls	**5.8**	🟢	🟡	🟡	Useful income enhancer assuming limited equity upside
Cocos	**4.3**	🟡	🟡	🔴	Yields have fallen sharply; relatively low sensitivity to rising yields and improving bank credit quality over the past few years

Source: Bloomberg, Standard Chartered Global Investment Committee; Yield data as of 26 October 2017;*Yield data as of 29 September 2017
For indices used, refer to the end note at the conclusion of this section
Please note: The Financial Conduct Authority (FCA) has introduced Permanent Marketing Restrictions on the sale of CoCos to residents of the EEA

Legend: 🟢 Attractive potential/low risk 🟡 Moderate potential/medium risk 🔴 Unattractive potential/high risk

Market performance summary*

Bonds

	Year to date		1 month	
SOVEREIGN				
Global IG Sovereign	5.7%	↑	-1.1%	↓
US Sovereign	1.7%	↑	-1.0%	↓
EU Sovereign	10.3%	↑	-0.7%	↓
EM Sovereign Hard Currency	8.8%	↑	-0.2%	↓
EM Sovereign Local Currency	10.4%	↑	-2.5%	↓
Asia EM Local Currency	8.6%	↑	-1.3%	↓
CREDIT				
Global IG Corporates	7.3%	↑	-0.4%	↓
Global HY Corporates	9.7%	↑	0.4%	↑
US High Yield	7.5%	↑	0.6%	↑
Europe High Yield	17.9%	↑	0.1%	↑
Asia High Yield Corporates	5.6%	↑	0.0%	↑

Equity

	Year to date		1 month	
Global Equities	19.0%	↑	2.3%	↑
Global High Dividend Yield Equities	16.3%	↑	1.2%	↑
Developed Markets (DM)	17.5%	↑	2.3%	↑
Emerging Markets (EM)	31.0%	↑	2.7%	↑
BY COUNTRY				
US	15.8%	↑	2.6%	↑
Western Europe (Local)	10.8%	↑	2.7%	↑
Western Europe (USD)	22.7%	↑	1.4%	↑
Japan (Local)	15.8%	↑	5.7%	↑
Japan (USD)	18.6%	↑	4.1%	↑
Australia	14.2%	↑	1.5%	↑
Asia ex- Japan	35.5%	↑	3.8%	↑
Africa	13.8%	↑	0.7%	↑
Eastern Europe	11.1%	↑	0.1%	↑
Latam	24.3%	↑	-2.0%	↓
Middle East	2.4%	↑	-2.9%	↓
China	47.1%	↑	3.8%	↑
India	32.6%	↑	6.0%	↑
South Korea	39.3%	↑	5.1%	↑
Taiwan	28.6%	↑	5.3%	↑
BY SECTOR				
Consumer Discretionary	17.4%	↑	1.9%	↑
Consumer Staples	11.3%	↑	-0.1%	↓
Energy	1.6%	↑	-0.5%	↓
Financial	19.5%	↑	3.7%	↑
Healthcare	18.1%	↑	0.2%	↑
Industrial	21.3%	↑	2.5%	↑
IT	36.1%	↑	5.6%	↑
Materials	24.0%	↑	4.1%	↑
Telecom	5.2%	↑	-1.9%	↓
Utilities	16.7%	↑	1.4%	↑
Global Property Equity/REITS	10.1%	↑	-0.5%	↓

Commodity

	Year to date		1 month	
Diversified Commodity	-1.1%	↓	1.4%	↑
Agriculture	-10.4%	↓	-0.9%	↓
Energy	-11.5%	↓	0.2%	↑
Industrial Metal	23.5%	↑	6.9%	↑
Precious Metal	7.3%	↑	-1.9%	↓
Crude Oil	1.0%	↑	2.4%	↑
Gold	10.0%	↑	-2.1%	↓

FX (against USD)

	Year to date		1 month	
Asia ex- Japan	4.2%	↑	-0.2%	↓
AUD	6.3%	↑	-2.9%	↓
EUR	10.8%	↑	-1.2%	↓
GBP	6.7%	↑	-2.2%	↓
JPY	2.6%	↑	-1.5%	↓
SGD	5.9%	↑	-0.9%	↓

Alternatives

	Year to date		1 month	
Composite (All strategies)	4.7%	↑	0.5%	↑
Relative Value	2.9%	↑	0.2%	↑
Event Driven	6.2%	↑	-0.3%	↓
Equity Long/Short	7.6%	↑	1.2%	↑
Macro CTAs	1.0%	↑	1.0%	↑

Source: MSCI, JPMorgan, Barclays, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

*All performance shown in USD terms, unless otherwise stated

*YTD performance data from 31 December 2016 to 26 October 2017 and 1-month performance from 26 September 2017 to 26 October 2017

Events calendar

2017

OCTOBER

11-25	China's 19th National Party Congress
22	Japan General Election
26	ECB policy decision
31	BoJ policy decision

NOVEMBER

02	FOMC policy decision
11-12	APEC Annual Summit
30	OPEC meeting to decide extending output cuts beyond March 2018

DECEMBER

08	US Congress budget and debt ceiling deadline
14	ECB meeting
14	FOMC policy decision
21	BoJ policy decision
31	Tentative deadline for Brexit principles to be agreed with the EU
31	Tentative deadline for NAFTA renegotiation between the US, Canada and Mexico
31	IMF to decide on further Greek bailout participation

2018

JANUARY

23	BoJ policy decision
25	ECB policy decision

FEBRUARY

01	FOMC policy decision

MARCH

08	ECB policy decision
09	BoJ policy decision
18	Russia General Election
22	FOMC policy decision

APRIL

26	ECB policy decision
27	BoJ policy decision

MAY

03	FOMC policy decision
20	Italy General Election due

JUNE

14	FOMC policy decision
14	ECB policy decision
15	BoJ policy decision

JULY

01	Mexico General Election
26	ECB policy decision
31	BoJ policy decision

AUGUST

02	FOMC policy decision
24	Malaysia General Election due

SEPTEMBER

13	ECB policy decision
19	BoJ policy decision
27	FOMC policy decision

Legend: X – Date not confirmed | **ECB** – European Central Bank | **FOMC** – Federal Open Market Committee | **BoJ** – Bank of Japan

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