

# weekly market view

macro strategy | 3 August 2018

This reflects the views of the Wealth Management Group

## Editorial

### A solid earnings season

- **US corporate earnings topped expectations, underpinning our bullish stance on equities, especially in the US. Any significant escalation in trade tensions would be a risk.**
- **Equities:** Almost 85% of US S&P500 companies that have reported earnings have beaten consensus expectations. China's latest stimulus is likely to help ease liquidity and support stocks.
- **Bonds:** Government bond yields have risen in Europe, Japan and US, but we do not expect them to rise significantly higher, barring an inflation surge. Gains in US corporate bonds reflect robust earnings.
- **FX:** US economic outperformance and rate differentials favour near-term EUR/USD downside. A USD/CNH break above 6.85 could extend towards 6.93. Bullish USD positioning is a risk.

### What's new?

- **Solid US earnings.** Almost four-fifths of US S&P500 companies have reported Q2 earnings, with 85% exceeding consensus forecasts. Forward earnings guidance remains firm, with 2018 growth estimates rising since the start of July. The strong US corporate outlook is reflected in healthy economic data, including continued strength in personal income, consumer confidence and spending, helped by a tight job market. US manufacturing activity and new orders slowed a tad from multi-year highs, and this needs a close watch amid global trade uncertainty and USD strength. The outlook for the technology sector, a key driver of US equities, remains positive, despite a few hiccups (see page 3). Overall, solid corporate earnings and the economic outlook underpin our positive stance on equities, especially in the US.
- **Central banks drive government bond yields higher.** The Fed maintained its gradual rate hiking stance despite President Trump's earlier protests, while the BoJ allowed more volatility around its 0% 10-year government bond yield target. The BoE raised interest rates and, earlier, the ECB reiterated its plan to taper and then end bond purchases by year-end. While these moves may lead to gradually higher policy rates, we do not expect longer-maturity government bond yields to rise significantly further given core inflation remains under control (around 2%) in the US and close to 1% in Europe and Japan.
- **China adds stimulus.** Beijing announced more stimulus to support the economy, allowing banks to boost lending to the infrastructure sector, as economic activity (PMI) data indicated some slowing of growth in July. These measures, taken with earlier bank reserve requirement cuts, are likely to ease liquidity. Although China and Hong Kong stocks resumed their decline, we note that the corporate sector's earnings remain robust despite trade tensions, with 2018 earnings estimated to rise 14%. China remains our preferred equity market in Asia, valued attractively at 12.6x 2018 earnings.

### What we are watching

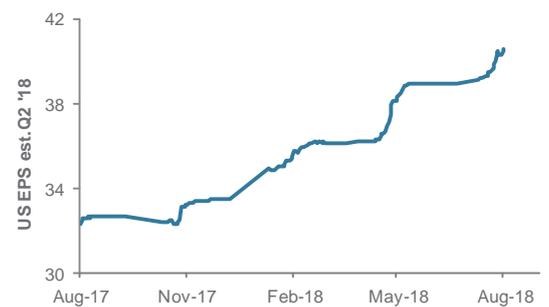
- **US-China trade tensions.** President Trump warned of raising tariffs on another USD 200bn of imports from China to 25%. Any follow-through would signal an escalation in the trade dispute.

## Contents

<i>A solid earnings season</i>	1
<i>What does this mean for investors?</i>	2
<i>Top client questions</i>	3
<i>Market performance summary</i>	4
<i>Economic &amp; Market Calendar</i>	5
<i>Disclosure Appendix</i>	6

### US Q2 earnings estimates have surged through the earnings season, highlighting the robust health of the corporate sector

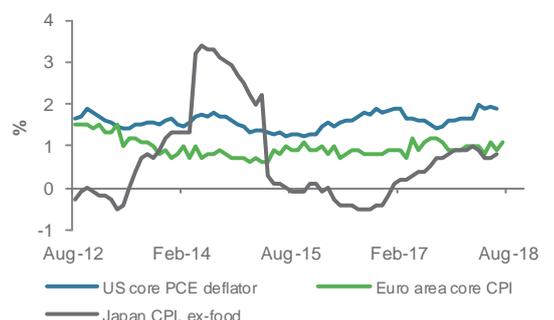
US S&P500 Q2 earnings estimates



Source: Bloomberg, Standard Chartered

### Inflation in major Developed Markets remain stable or subdued, which is likely to put a lid on bond yields

Core inflation in US, Euro area and Japan



Source: Bloomberg, Standard Chartered

**Steve Brice**  
Chief Investment Strategist

**Clive McDonnell**  
Head, Equity Investment Strategy

**Manpreet Gill**  
Head, FICC Investment Strategy

**Arun Kelshiker, CFA**  
Head, Portfolio Strategy

**Audrey Goh, CFA**  
Senior Cross-asset Strategist

**Daniel Lam, CFA**  
Senior Cross-asset Strategist

**Belle Chan**  
Senior Investment Strategist

**Rajat Bhattacharya**  
Senior Investment Strategist

**Francis Lim**  
Senior Investment Strategist

**Jill Yip, CFA**  
Senior Investment Strategist

**Abhilash Narayan**  
Investment Strategist

**Cedric Lam**  
Investment Strategist

**Trang Nguyen**  
Portfolio Strategist

**DJ Cheong**  
Investment Strategist

## What does this mean for investors?

Global stocks pared back recent gains amid escalating trade tensions, with Emerging Markets leading declines. Government bond yields rose, while commodities pared back recent gains.

### Equities: Renewed trade tensions stall rally

- **Global equities trended lower** amid concerns about escalating US-China trade tensions and moderating economic growth in China, which offset healthy US economic data. We await greater earnings clarity from globally-exposed corporate sectors in Europe and Asia in the coming weeks, as they are likely to be more impacted by the trade tensions than their US counterparts. Overall, we expect corporates to be able to pass through higher import costs (from tariffs) to their customers given healthy consumer spending trends globally. We remain positive on global equities as an asset class.
- **US energy sector pulls back.** The US oil and gas sector weakened amid lower oil prices (due to rising US inventories and higher output from OPEC and Russia) and poor earnings. Weaker-than-expected production and inability to capture higher crude oil prices were key reasons for the earnings miss. We expect oil prices to trade within the USD65-75/bbl range over the next 12 months. Given this, US and Euro area energy sectors continue to be among our most preferred sectors in their respective regions as we expect buoyant profit margins.

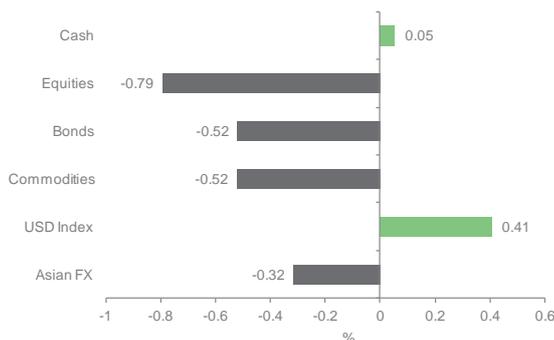
### Bonds: Corporate bonds rebound

- **Earnings boost corporate bonds.** Corporate bonds rallied across Developed Markets, likely buoyed by the strong earnings season, while stabilization of the USD was also supportive for Asian USD bonds. We continue to believe EM USD government bonds offer an attractive opportunity to add at yields of around 6%. We also acknowledge that selective sector opportunities may have emerged in Asia USD corporate bonds.

### FX: Scope for near-term EUR downside

- **US economic outperformance favours EUR/USD downside.** EUR/USD has broken the 1.1600 technical wedge support which may prompt another test of significant support at 1.1500 in the coming days. EUR/USD weakness is driven by US economic outperformance and interest rate differentials, with the escalation of trade tariff rhetoric generally supporting the USD. Bullish USD speculative positioning is a risk.
- **USD/CNH breaks above resistance.** The pair broke above the 6.85 resistance following the escalation of trade tensions and an expectation that rhetoric may continue through the summer months. New tariffs are unlikely to be implemented until September, allowing time for further negotiations. We believe extremely stretched technical signals and lack of diversity in views around the pair may signal an impending correction. A break below 6.80 could trigger a move towards 6.73 and eventually our retracement target of around 6.65. This, however, would depend on both parties returning to the negotiating table to diffuse the current tensions.
- **GBP weakens as Brexit uncertainty trumps rate hike.** The BOE voted unanimously to raise rates by 25bps. However, Governor Carney made it clear during his news conference that there are unlikely to be further hikes for now, and that the direction of the pound is largely dependent on Brexit and the overall direction of the USD. GBP remains vulnerable, and a break of the 1.2920-50 level could trigger a move towards 1.26.

### Benchmark (USD) performance w/w\*



\*Week of 26 July 2018 to 02 August 2018

Source: MSCI, JP Morgan, DJ-UBS, Citigroup, Bloomberg, Standard Chartered (Indices used are JP Morgan Cash, MSCI AC World TR, Citi World Big, DJ-UBS Commodity, DXY and ADXY)

### US equity market technical indicators are strong

Technical levels of key market indicators as on 02 August

Index	Spot	1st support	1st resistance	Short-term trend
S&P	2,827	2,790	2,848	↑
STOXX 50	3,469	3,430	3,540	→
FTSE 100	7,576	7,508	7,688	→
Nikkei 225	22,566	21,750	23,500	↑
Shanghai Comp	2,768	2,630	2,915	↓
Hang Seng	27,715	26,850	29,100	↓
MSCI Asia ex-Japan	661	659	690	↑
MSCI EM	1,067	1,038	1,097	↓
Brent (ICE)	73	71	80	↓
Gold	1,210	1,170	1,258	↓
UST 10Y Yield	2.99	2.80	3.13	↑

Source: Trading Central, Standard Chartered

Note: Arrows represent short-term trend opinions

### US corporate bond and EM USD government bond yield premiums have narrowed lately

US Investment Grade corporate bond and EM USD government bond yield premiums over US Treasuries



Source: Bloomberg, Standard Chartered

### USD/CNH has broken above the 6.85 technical resistance amid escalating trade tensions

USD / CNH



Source: Bloomberg, Standard Chartered

## Top client questions

**Q1. What is the outlook for the US technology sector after the recent pullback?**

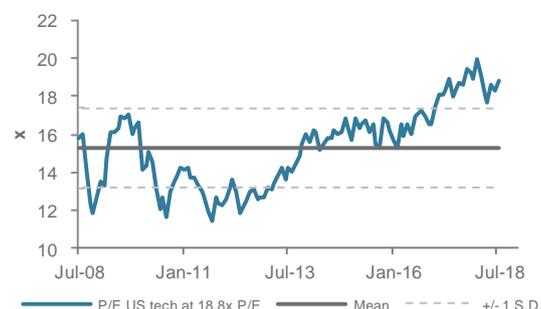
**Recent US information technology (IT) sector weakness was likely a result of elevated expectations ahead of Q2 '18 earnings results.** The S&P 500 IT sector has retraced more than 2.8% from its recent highs. We believe market expectations leading into the Q2 18 earnings results were high, given the IT sector rallied more than 16% since its lows on 8 Feb 2018. Weak forward guidance as well as US technology companies' warning of a prospective adverse impact from the US-China trade war also derailed performance.

**US IT companies' corporate earnings visibility is much clearer than other trade-focused sectors, in our opinion.** While recent performance of the US IT sector may partly reflect "market fatigue", we believe this presents a good opportunity to accumulate the sector on weakness. In particular, we expect the sector to see better corporate earnings visibility relative to other cyclical sectors, such as industrials, where corporate earnings could be more vulnerable to the ongoing trade tensions. Specifically, IT companies focusing on services (rather than products) are expected to be more insulated from the trade tariffs. Despite the ongoing market volatility, the sector's expected earnings growth of 18.5% / 10.1% for FY18 / 19 has been revised up from 13.2% / 9.5% respectively since December 2017. Valuations have also turned cheaper, with the sector trading at 12m consensus forward P/E of 18.8x, down from its recent peak of 20.0x in January 2018 and slightly above its long-term range.

**Structural drivers, including Internet of Things (IoT), cloud computing and Artificial Intelligence, are still supportive of the sector.** The key structural catalysts for the sector remain very much intact, aided by changes in consumer spending patterns as well as corporates' focus on productivity improvement and cost reduction using technology. According to IDC, worldwide spending on IoT is forecast to grow by 14.6% y/y to more than USD 674bn in 2018. In addition, the same agency also guided that 2018's spending on public cloud and infrastructure could reach USD 160bn in 2018, up 23.2% y/y. These could be supportive of the sector's structural growth over the long term, with or without a trade war. Putting valuations, the earnings outlook and growth drivers together, we believe that the fundamentals underpinning the US information technology sector remain intact, supported by relatively better earnings visibility and structural growth drivers. The information technology sector continue to be one of our most preferred sectors in the US.

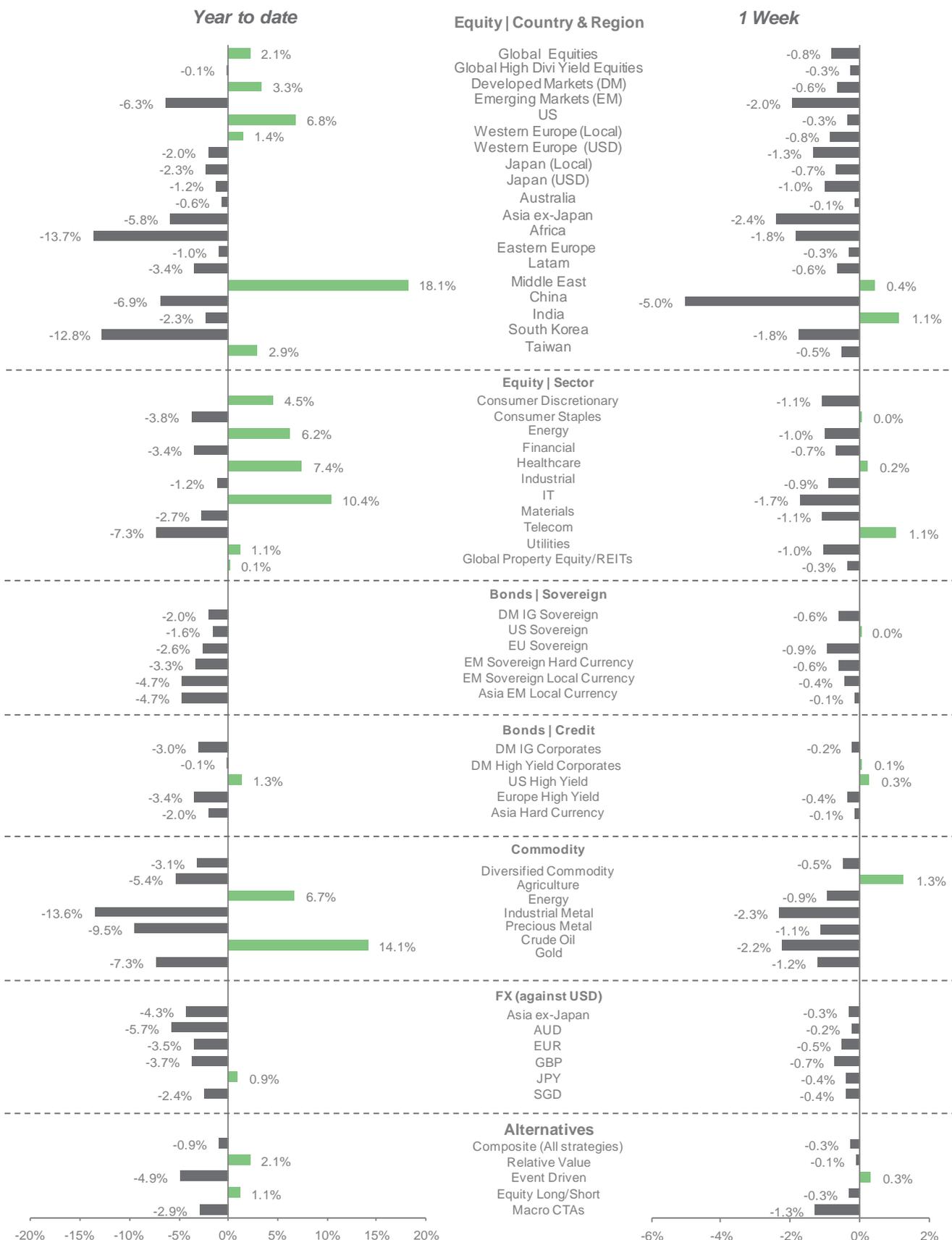
**Valuations in the US technology sector have turned cheaper after the recent pullback**

*12m forward P/E of MSCI US information technology sector*



Source: MSCI, Standard Chartered

### Market performance summary\*



\*Performance in USD terms unless otherwise stated, YTD period from 31 December 2017 to 02 August 2018, 1 week period: 26 July 2018 to 02 August 2018  
 Sources: MSCI, JP Morgan, Barclays Capital, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

## Economic &amp; Market Calendar

	Event	Next Week	Date	Period	Expected	Prior
MON	GE	Factory Orders WDA y/y	6-Aug-18	Jun	–	4.4%
	EC	Sentix Investor Confidence	6-Aug-18	Aug	–	12.1
TUE	AU	RBA Cash Rate Target	7-Aug-18	7-Aug	1.5%	1.5%
	GE	Exports SA m/m	7-Aug-18	Jun	–	1.8%
	GE	Industrial Production WDA y/y	7-Aug-18	Jun	–	3.1%
WED	US	Consumer Credit	8-Aug-18	Jun	\$16.000b	\$24.559b
	CH	Exports y/y	8-Aug-18	Jul	–	11.3%
THUR	CH	PPI y/y	9-Aug-18	Jul	–	4.7%
	CH	CPI y/y	9-Aug-18	Jul	–	1.9%
	US	PPI Ex Food and Energy y/y	9-Aug-18	Jul	2.8%	2.8%
FRI/ SAT	JN	GDP Annualized SA q/q	10-Aug-18	2Q P	1.3%	-0.6%
	UK	Industrial Production y/y	10-Aug-18	Jun	–	0.8%
	UK	GDP y/y	10-Aug-18	2Q P	1.3%	1.2%
	IN	Industrial Production y/y	10-Aug-18	Jun	–	3.2%
	US	CPI Ex Food and Energy y/y	10-Aug-18	Jul	2.3%	2.3%

	Event	This Week	Date	Period	Actual	Prior
MON	EC	Economic Confidence	30-Jul-18	Jul	112.1	112.3
TUE	JN	Industrial Production y/y	31-Jul-18	Jun P	-1.2%	4.2%
	CH	Non-manufacturing PMI	31-Jul-18	Jul	54.0	55.0
	CH	Manufacturing PMI	31-Jul-18	Jul	51.2	51.5
	JN	BOJ Policy Balance Rate	31-Jul-18	31-Jul	-0.1%	-0.1%
	EC	Unemployment Rate	31-Jul-18	Jun	8.3%	8.3%
	EC	CPI Core y/y	31-Jul-18	Jul A	1.1%	0.9%
	US	Personal Income	31-Jul-18	Jun	0.4%	0.4%
	US	Real Personal Spending	31-Jul-18	Jun	0.3%	0.3%
	US	PCE Core y/y	31-Jul-18	Jun	1.9%	1.9%
WED	IN	RBI Repurchase Rate	1-Aug-18	1-Aug	6.5%	6.25%
	US	ISM Manufacturing	1-Aug-18	Jul	58.1	60.2
THUR	US	FOMC Rate Decision (Upper Bound)	2-Aug-18	1-Aug	2.0%	2.0%
	BZ	Selic Rate	2-Aug-18	1-Aug	6.5%	6.5%
	UK	Bank of England Bank Rate	2-Aug-18	2-Aug	0.75%	0.5%
FRI/ SAT	MX	Overnight Rate	3-Aug-18	2-Aug	7.75%	7.75%
	JN	Nikkei Japan PMI Composite	3-Aug-18	Jul	51.8	52.1
	UK	Markit/CIPS UK Composite PMI	3-Aug-18	Jul	–	55.2
	US	Change in Nonfarm Payrolls	3-Aug-18	Jul	–	213k
	US	Average Hourly Earnings y/y	3-Aug-18	Jul	–	2.7%
	US	ISM Non-Manf. Composite	3-Aug-18	Jul	–	59.1

Previous data are for the preceding period unless otherwise indicated

Data are % change on previous period unless otherwise indicated

P - preliminary data, F - final data, sa - seasonally adjusted

y/y – year-on-year, m/m - month-on-month

Source: Bloomberg, Standard Chartered; key indicators highlighted in blue

## Disclosure Appendix

### **THIS IS NOT A RESEARCH REPORT AND HAS NOT BEEN PRODUCED BY A RESEARCH UNIT.**

This document is not research material and it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. This document does not necessarily represent the views of every function within Standard Chartered Bank, particularly those of the Global Research function.

Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Banking activities may be carried out internationally by different Standard Chartered Bank branches, subsidiaries and affiliates (collectively "SCB") according to local regulatory requirements. With respect to any jurisdiction in which there is a SCB entity, this document is distributed in such jurisdiction by, and is attributable to, such local SCB entity. Recipients in any jurisdiction should contact the local SCB entity in relation to any matters arising from, or in connection with, this document. Not all products and services are provided by all SCB entities.

This document is being distributed for general information only and it does not constitute an offer, recommendation or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only, it does not take into account the specific investment objectives, financial situation or particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons.

Investment involves risks. The prices of investment products fluctuate, sometimes dramatically. The price of investment products may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling investment products. You should not rely on any contents of this document in making any investment decisions. Before making any investment, you should carefully read the relevant offering documents and seek independent legal, tax and regulatory advice. In particular, we recommend you to seek advice regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before you make a commitment to purchase the investment product.

Opinions, projections and estimates are solely those of SCB at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be). This document has not been and will not be registered as a prospectus in any jurisdiction and it is not authorised by any regulatory authority under any regulations.

SCB makes no representation or warranty of any kind, express, implied or statutory regarding, but not limited to, the accuracy of this document or the completeness of any information contained or referred to in this document. This document is distributed on the express understanding that, whilst the information in it is believed to be reliable, it has not been independently verified by us. SCB accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of this document, howsoever arising, and including any loss, damage or expense arising from, but not limited to, any defect, error, imperfection, fault, mistake or inaccuracy with this document, its contents or associated services, or due to any unavailability of the document or any part thereof or any contents.

SCB, and/or a connected company, may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities, currencies or financial instruments referred to on this document or have a material interest in any such securities or related investment, or may be the only market maker in relation to such investments, or provide, or have provided advice, investment banking or other services, to issuers of such investments. Accordingly, SCB, its affiliates and/or subsidiaries may have a conflict of interest that could affect the objectivity of this document. This document must not be reproduced, forwarded or otherwise made available to any other person without the express written consent of SCB, nor should it be distributed into any other jurisdiction unless permitted by the local laws and regulations of that jurisdiction. Neither SCB nor any of its directors, employees or agents accept any liability whatsoever for the actions of third parties in this respect.

Copyright: Standard Chartered Bank 2018. Copyright in all materials, text, articles and information contained herein is the property of, and may only be reproduced with permission of an authorised signatory of, Standard Chartered Bank. Copyright in materials created by third parties and the rights under copyright of such parties are hereby acknowledged. Copyright in all other materials not belonging to third parties and copyright in these materials as a compilation vests and shall remain at all times copyright of Standard Chartered Bank and should not be reproduced or used except for business purposes on behalf of Standard Chartered Bank or save

with the express prior written consent of an authorised signatory of Standard Chartered Bank. All rights reserved. © Standard Chartered Bank 2018.

Standard Chartered Private Bank is the private banking division of SCB. Private banking activities may be carried out internationally by different SCB legal entities and affiliates according to local regulatory requirements. Not all products and services are provided by all SCB branches, subsidiaries and affiliates. Some of the SCB entities and affiliates only act as representatives of the Standard Chartered Private Bank, and may not be able to offer products and services, or offer advice to clients. They serve as points of contact only.

### Country Specific Disclosures

**Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46:04 and is listed in the Botswana Stock Exchange.

**China – Hong Kong:** In Hong Kong, this document, except for any portion advising on or facilitating any decision on futures contracts trading, is distributed by Standard Chartered Bank (Hong Kong) Limited (“SCBHK”), a subsidiary of Standard Chartered Bank. SCBHK has its registered address at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong and is regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission (“SFC”) to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571) (“SFO”) (CE No. AJ1614). The contents of this document have not been reviewed by any regulatory authority in Hong Kong and you are advised to exercise caution in relation to any offer set out herein. If you are in doubt about any of the contents of this document, you should obtain independent professional advice. Any product named herein may not be offered or sold in Hong Kong by means of any document at any time other than to “professional investors” as defined in the SFO and any rules made under that ordinance. In addition, this document may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and any interests may not be disposed of, to any person unless such person is outside Hong Kong or is a “professional investor” as defined in the SFO and any rules made under that ordinance, or as otherwise may be permitted by that ordinance. In Hong Kong, Standard Chartered Private Bank is the private banking division of Standard Chartered Bank (Hong Kong) Limited.

**China - Mainland:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking Regulatory Commission (CBRC), State Administration of Foreign Exchange (SAFE), and People’s Bank of China (PBOC).

**Ghana:** Standard Chartered Bank Ghana Limited accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please click [here](#). Please do not reply to this email. Call our Priority Banking on 0302610750 for any questions or service queries. You are advised not to send any confidential and/or important information to the Bank via e-mail, as the Bank makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. The Bank shall not be responsible for any loss or damage suffered by you arising from your decision to use e-mail to communicate with the Bank.

**India:** Standard Chartered Bank is registered with Securities and Exchange Board of India as an Investment Advisor (Registration Number: INA000002249) under the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013. You can avail of investment advisory services of Standard Chartered Bank only upon (i) executing separate documents with the Investment Advisory Group of Standard Chartered Bank for availing 'Investment Advice' (as defined in the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013); and (ii) paying specific fees (if applied by Standard Chartered Bank ) for such 'Investment Advice'. Standard Chartered Bank acts as a distributor of mutual funds and referrer of other third party financial products, for which Standard Chartered Bank receives commission / referral fees from the product provider.

**Jersey:** In Jersey, Standard Chartered Private Bank is the Registered Business Name of the Jersey Branch of Standard Chartered Bank. The Jersey Branch of Standard Chartered Bank is regulated by the Jersey Financial Services Commission. Copies of the latest audited accounts of Standard Chartered Bank are available from its principal place of business in Jersey: PO Box 80, 15 Castle Street, St Helier, Jersey JE4 8PT. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter in 1853 Reference Number ZC 18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Jersey Branch of Standard Chartered Bank is also an authorised financial services provider under license number 44946 issued by the Financial Services Board of the Republic of South Africa. Jersey is not part of the United Kingdom and all business transacted with Standard Chartered Bank, Jersey Branch and other Standard Chartered Group Offices outside of the United Kingdom, are not subject to some or any of the investor protection and compensation schemes available under United Kingdom law.

Kenya: Investment Products and Services are distributed by Standard Chartered Investment Services Limited, a wholly owned subsidiary of Standard Chartered Bank Kenya Limited (Standard Chartered Bank/the Bank) that is licensed by the Capital Markets Authority as a Fund Manager. Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya.

Malaysia: This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document.

Singapore SCBSL: This document is being distributed in Singapore by, and is attributable to, Standard Chartered Bank (Singapore) Limited ("SCBSL"). Recipients in Singapore should contact SCBSL in relation to any matters arising from, or in connection with, this document. SCBSL is an indirect wholly-owned subsidiary of Standard Chartered Bank and is licensed to conduct banking business in Singapore under the Singapore Banking Act, Chapter 19. IN RELATION TO ANY FIXED INCOME AND STRUCTURED SECURITIES REFERRED TO IN THIS DOCUMENT (IF ANY), THIS DOCUMENT TOGETHER WITH THE ISSUER DOCUMENTATION SHALL BE DEEMED AN INFORMATION MEMORANDUM (AS DEFINED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 ("SFA"). IT IS INTENDED FOR DISTRIBUTION TO ACCREDITED INVESTORS, AS DEFINED IN SECTION 4A OF THE SFA, OR ON TERMS THAT THE SECURITIES MAY ONLY BE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S\$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION. Further, in relation to fixed income and structured securities mentioned (if any), neither this document nor the Issuer Documentation have been, and will not be, registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons other than a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions, specified in section 275 of the SFA, or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S\$50,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured.

Singapore SCB, Singapore Branch: This document is being distributed in Singapore by SCB, Singapore branch only to accredited investors, expert investors or institutional investors, as defined in the Securities and Futures Act, Chapter 289 of Singapore. Recipients in Singapore should contact SCB, Singapore branch in relation to any matters arising from, or in connection with, this document. In Singapore, Standard Chartered Private Bank is the Private Banking division of SCB, Singapore branch. SCB, Singapore branch (Registration No. S16FC0027L) (GST Registration No.: MR-8500053-0) is licensed to conduct banking business under the Banking Act, Chapter 19 of Singapore. IN RELATION TO ANY FIXED INCOME AND STRUCTURED SECURITIES REFERRED TO IN THIS DOCUMENT (IF ANY), THIS DOCUMENT TOGETHER WITH THE ISSUER DOCUMENTATION SHALL BE DEEMED AN INFORMATION MEMORANDUM (AS DEFINED IN SECTION 275 OF THE SFA). IT IS INTENDED FOR DISTRIBUTION TO ACCREDITED INVESTORS, AS DEFINED IN SECTION 4A OF THE SFA. Further, in relation to fixed income and structured securities mentioned (if any), neither this document nor the Issuer Documentation have been, and will not be, registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons other than a relevant person pursuant to section 275(1) of the SFA, and in accordance with the conditions, specified in section 275 of the SFA, or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S\$50,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured. In relation to any collective investment schemes referred to in this document (if any), this document is for general information purposes only and is not an offering document or prospectus (as defined in the SFA). This document is not, nor is it intended to be (i) an offer or solicitation of an offer to buy or sell any financial product; or (ii) an advertisement of an offer or intended offer of any financial product.

Thailand: Please study the Scheme Information Documents carefully e.g. investment policy, risks, fund performance before investing.

UAE: DIFC - Standard Chartered Bank, Dubai International Financial Centre (SCB DIFC) having its offices at Dubai International Financial Centre, Building 1, Gate Precinct, P.O. Box 999, Dubai, UAE is a branch of Standard Chartered Bank and is regulated by the Dubai Financial Services Authority ("DFSA"). This document is intended for use only by Professional Clients and is not directed at Retail Clients as defined by the DFSA Rulebook. In the DIFC we are authorized to provide financial services only to clients who qualify as Professional Clients and Market Counterparties and not to Retail Clients. As a Professional Client you will not be given the higher retail client protection and compensation rights and if you use your right to be classified as a Retail Client we will be unable to provide financial services and products to you as we do not hold the required license to undertake such activities. For Islamic transactions, we are acting under the supervision of our Shariah Supervisory Committee. Relevant information on our Shariah Supervisory Committee is currently available on the Standard Chartered Bank website in the Islamic banking section [here](#).

UAE: For residents of the UAE – Standard Chartered Bank UAE does not provide financial analysis or consultation services in or into the UAE within the meaning of UAE Securities and Commodities Authority Decision No. 48/r of 2008 concerning financial consultation and financial analysis.

Uganda: Our Investment products and services are distributed by Standard Chartered Bank Uganda Limited, which is licensed by the Capital Markets Authority as an investment adviser.

United Kingdom: Standard Chartered Bank (trading as Standard Chartered Private Bank) is an authorised financial services provider (licence number 45747) in terms of the South African Financial Advisory and Intermediary Services Act, 2002.

Zambia: This document is distributed by Standard Chartered Bank Zambia Plc, a company incorporated in Zambia and registered as a commercial bank and licensed by the Bank of Zambia under the Banking and Financial Services Act Chapter 387 of the Laws of Zambia.

### Market Abuse Regulation (MAR) Disclaimer

Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Banking activities may be carried out internationally by different Standard Chartered Bank branches, subsidiaries and affiliates (collectively "SCB") according to local regulatory requirements. Opinions may contain outright "buy", "sell", "hold" or other opinions. The time horizon of this opinion is dependent on prevailing market conditions and there is no planned frequency for updates to the opinion.

This opinion is not independent of SCB's own trading strategies or positions. SCB and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document or have material interest in any such securities or related investments. Therefore, it is possible, and you should assume, that SCB has a material interest in one or more of the financial instruments mentioned herein. If specific companies are mentioned in this communication, please note that SCB may at times do business or seek to do business with the companies covered in this communication; hold a position in, or have economic exposure to, such companies; and/or invest in the financial products issued by these companies. Further, SCB may be involved in activities such as dealing in, holding, acting as market makers or liquidity providers, or performing financial or advisory services including but not limited to, lead manager or co-lead manager in relation to any of the products referred to in this communication. SCB may have received compensation for these services and activities. Accordingly, SCB may have a conflict of interest that could affect the objectivity of this communication.

SCB has in place policies and procedures, logical access controls and physical information walls to help ensure confidential information, including material non-public or inside information is not disclosed unless in line with its policies and procedures and the rules of its regulators.

Please refer to <https://www.sc.com/en/banking-services/market-disclaimer.html> for more detailed disclosures, including past opinions in the last 12 months and conflict of interests, as well as disclaimers. This document must not be forwarded or otherwise made available to any other person without the express written consent of SCB.

**THIS IS NOT A RESEARCH REPORT AND HAS NOT BEEN PRODUCED BY A RESEARCH UNIT.**