

# weekly market view

macro strategy | 12 April 2019

This reflects the views of the Wealth Management Group

## Editorial

### Looking beyond Q1's earnings slump

- **US earnings are likely to recover from an expected slump in Q1 amid easing financial conditions and a strong job market. A US-China trade deal should brighten the outlook.**
- **Equities:** Chinese companies have issued positive profit alerts for Q1, a support for our preferred market in Asia. A leading indicator for Euro area growth and earnings is turning positive.
- **Bonds:** April's rebound in US/Europe government bond yields offers a chance to rebalance to EM USD government bonds. The surge in corporate bond issuance could drag near-term returns.
- **FX:** The UK-EU pact to extend the Brexit deadline to 31 October is another positive for the GBP. A key risk is a split in the Conservative Party if Brexit hardliners quit, forcing an election.

### What's new?

- **Looking through Q1's earnings slump.** As the US Q1 reporting season gets underway, consensus estimates point to a 2.5% y/y contraction in earnings. This is a near-term risk for US equities as the S&P500 index tests September's record high. We believe the expected US earnings contraction is partially a reflection of the high statistical base set in Q1 18 when earnings grew 25% following President Trump's tax cuts. We prefer to look through the Q1 slump and focus on the positive effects of easing financial conditions, still-strong job market (evidenced by the strong March jobs report) and growing prospects of a US-China trade deal. US equities remain a core holding, with technology and energy as preferred sectors.
- **A European spring?** Following signs of stabilisation in China data, some forward-looking Euro area indicators from the ECB point to improving credit demand from consumers and businesses in Q2. Europe's industrial sector is likely to particularly benefit from any recovery in China. The ECB's record low benchmark interest rates and reiteration of its pledge to keep rates at current levels at least till year-end, citing external downside risks, are also a support. A US-China truce could also give a boost to Europe, provided US authorities do not target European auto exports to the US next. The UK-EU agreement to push the Brexit decline to 31 October also eases a key regional political risk. We retain Euro area equities a core holding, pending signs of further recovery.
- **Tailwinds for energy sector equities.** Crude oil scaled a five-month high as escalating conflict in Libya prompted concerns about supply disruptions, as OPEC members maintained supply cuts and supply from Venezuela continued to decline. Russia's President Putin said current prices suit Russia, dousing expectations of reversing output cuts when Russia and OPEC members meet in June. Although IEA warned that it might cut its outlook for global oil demand, the YTD gains in prices are positive for energy sector corporate earnings. We prefer the energy sector both in the US and Europe (see pg 3 for details).

### What we are watching

- China retail sales and industrial data; US-China trade talks; US' decision on tariff against EU auto exports; European PMIs.

## Contents

<i>Looking beyond Q1's earnings slump</i>	1
<i>What does this mean for investors?</i>	2
<i>What is the risk of a US earnings recession?</i>	3
<i>Market performance summary</i>	4
<i>Economic &amp; Market Calendar</i>	5
<i>Disclosure Appendix</i>	6

**US earnings are expected to recover from Q2 onwards following a contraction in Q1 amid easing financial conditions and strong consumption outlook**  
*US y/y earnings growth trend, including consensus expectations for Q1-Q4 19*



Source: Refinitiv, Standard Chartered

**Demand for loans in the Euro area is likely to recover in Q2, according to an ECB survey, which could revive growth and corporate earnings later this year**

*Expected quarterly change in demand for enterprise, housing and consumer loans in the Euro area*



Source: ECB, Bloomberg, Standard Chartered

- |   |   |
|---|---|
| <b>Alexis Calla</b><br>Global Head,<br>Investment Advisory & Strategy | <b>Rajat Bhattacharya</b><br>Senior Investment Strategist |
| <b>Steve Brice</b><br>Chief Investment Strategist                     | <b>Francis Lim</b><br>Senior Investment Strategist        |
| <b>Clive McDonnell</b><br>Head, Equity Investment Strategy            | <b>Thursten Cheok, CFA</b><br>Senior Portfolio Strategist |
| <b>Manpreet Gill</b><br>Head, FICC Investment Strategy                | <b>Abhilash Narayan</b><br>Investment Strategist          |
| <b>Manish Jaradi</b><br>Senior Investment Strategist                  | <b>Cedric Lam</b><br>Investment Strategist                |
| <b>Audrey Goh, CFA</b><br>Senior Cross-asset Strategist               | <b>Trang Nguyen</b><br>Portfolio Strategist               |
| <b>Daniel Lam, CFA</b><br>Senior Cross-asset Strategist               | <b>DJ Cheong</b><br>Investment Strategist                 |
| <b>Belle Chan</b><br>Senior Investment Strategist                     | <b>Marco Iachini</b><br>Cross-asset Strategist            |

## What does this mean for investors?

Global equities extended gains, led by Emerging Markets, helped by optimism about a US-China trade deal. European and EM local currency bonds led gains in debt markets as the USD weakened.

### Equities: Focus on earnings

- Positive profit alerts in China.** The daily turnover for China's onshore equity markets has hit CNY 1trn, over three times the daily average over the past year. We expect the trend to continue, helped by rising participation from foreign and local investors. Sentiment has been boosted by strong preliminary earnings announcements, particularly in the consumer discretionary, financial and construction machinery sectors, raising expectations for strong Q1 results due this month. Financial and consumer discretionary are our preferred China equity sectors. China offshore and onshore equities remain our preferred markets within Asia ex-Japan.
- Euro area equities supported by improving outlook.** Euro area equities have risen 14% YTD, led by the industrials sector which, in turn, has rallied on expectations of an improvement in orders for industrials goods from China. The Euro area bank lending survey on loan demand and credit standards highlighted expectations of an easing in lending standards to households and corporates in Q2, as well as an improvement in credit demand. This is viewed as a positive lead indicator for growth and the equity market. Euro area equities remain a core holding.

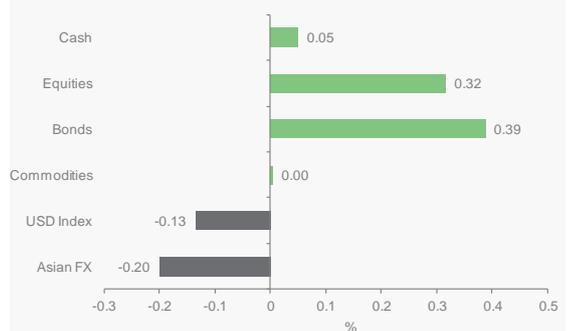
### Bonds: Central banks keep a lid on bond yields

- Fed minutes, ECB meeting drive yields lower.** Fed meeting minutes provided further details about policymakers' concern about US and global growth outlook and their strong view of keeping rates on hold for 2019. This helped push US 10-year Treasury yields lower. The ECB maintained an accommodative tone, which has led markets to push rate hike expectations as far back as 2021, keeping 10-year German Bund yields negative. However, we expect global economic data to improve in H2 19, which should lead yields moderately higher, in our assessment. We would use the opportunity to rebalance into EM USD government bonds.
- High issuance limits corporate bond gains.** The dovish tilt in Fed policy in March has led to a surge in corporate bond issuance. Over the past few weeks, issuance volumes have picked up across Asian USD, EM USD government and DM High Yield (HY) bonds, which has prevented yield premiums from edging lower. This has held back gains despite falling Treasury yields. In fact, YTD supply in Asian USD bonds is the highest ever compared with similar periods in previous years, after lagging previously.

### FX: GBP/USD has strong support at 1.30

- GBP capped by near-term political uncertainty.** The UK-EU agreement to delay Brexit by another six months to 31 October reduces the risk of a hard Brexit, arguably the biggest overhang on the UK economy. However, the delay further prolongs the political uncertainty, likely undermining business confidence and pushing back corporate investment plans. There is a risk of a split in the ruling Conservative party if Brexit hardliners leave the party, possibly leading to a general election. GBP/USD has set a strong base around the psychological and technical support of 1.3000. While we remain bullish on the pair in the medium-term, we would continue to watch political developments near-term.

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



\*Week of 04 April 2019 to 11 April 2019

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)

### Equity market technicals are positive worldwide

Technical levels of key market indicators as on 11 April

Index	Spot	1st support	1st resistance	Short-term trend
S&P500	2,888	2,835	2,940	↑
STOXX 50	3,435	3,392	3,470	↑
FTSE 100	7,418	7,261	7,510	↑
Nikkei 225	21,711	20,900	22,400	↑
Shanghai Comp	3,190	3,073	3,340	↑
Hang Seng	29,839	28,600	30,900	↑
MSCI Asia ex-Japan	679	653	700	↑
MSCI EM	1,087	1,038	1,131	↑
Brent (ICE)	71	66	75	↑
Gold	1,292	1,276	1,322	↓
UST 10Y Yield	2.50	2.34	2.58	↓

Source: Trading Central, Standard Chartered

Note: Arrows represent short-term trend opinions

### US 10-year Treasury yields have declined this year despite a recovery in inflation expectations

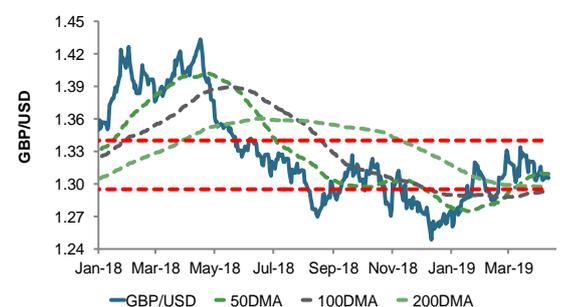
US 10-year Treasury yields and 10-year inflation expectations



Source: Bloomberg, Standard Chartered

### GBP/USD has formed a strong base at 1.30

GBP/USD



Source: Refinitiv, Standard Chartered

## Top client questions

### Q1. What is the risk, and implications, of a US earnings recession?

Our base case is for US equities to avoid an earnings recession (ie. two quarters of negative earnings growth) in 2019. Consensus expects earnings to fall 2.5% in Q1 19, but rebound 3.0% in Q2 19.

Nevertheless, it is worth considering the implications for markets if our base case is wrong and earnings in Q2 19 also contract. An analysis of the data for market performance highlights that equities perform well in a late-cycle environment (which is where we are, in our assessment), especially during an earnings recession. Since 1965, the average annual return in a late-cycle for the S&P500 has been 13%. Market performance during a late-cycle earnings recession is even better, with an 18% average annual return.

Double-digit returns during a late-cycle earnings recession is primarily driven by a rise in P/E valuations. What drives this optimism centres on investor expectations of rate cuts by the Fed, in our assessment, extending the economic cycle. As the market is a discounting mechanism (pricing in future events today), this is a rational reaction. It also explains the 16% return in the S&P500 YTD, despite a slowdown in earnings growth, amid raised expectations of interest rate cuts by the Fed.

### Q2. Does the rally in the European energy sector have legs?

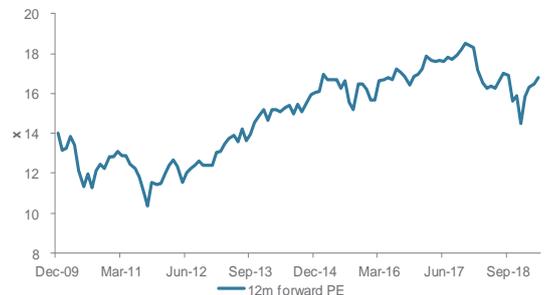
Europe's energy sector is a preferred sector - we expect it to outperform the MSCI Europe index in the coming 6-12 months. The sector has undergone restructuring following the plunge in oil prices in 2018 (and earlier in 2015), reducing debt and bringing down breakeven levels. However, more recently, the decision by OPEC and its partners to reduce supply, and ongoing disruptions elsewhere such as in Venezuela, are likely to continue to support oil prices. With improved cost control and cash flows, the sector could sustain its high dividends as long as oil prices remain above USD 50/bbl. From a valuation perspective, the 12-month forward P/E ratio of 11x is at a discount compared to MSCI Europe's 13x.

From a technical standpoint, the STOXX Europe 600 Oil & Gas index looks set to retest the 2018 highs after its break last month above a tough resistance (200DMA) at about 335. The index has been cruising along nicely in a rising channel from the start of 2019, thanks to the strength in global oil prices. This follows a rebound in December from strong support at the Q1 18 low of about 295, and subsequent break above a downtrend channel from October, confirming that the downtrend has ended.

In the near term, however, the index is looking a bit overbought and is showing signs of fatigue. A minor pullback is possible, though this is likely to be limited to the March lows of 330-334.

**Investors have re-rated S&P500 valuations higher this year as easier financial conditions are likely to extend the business cycle**

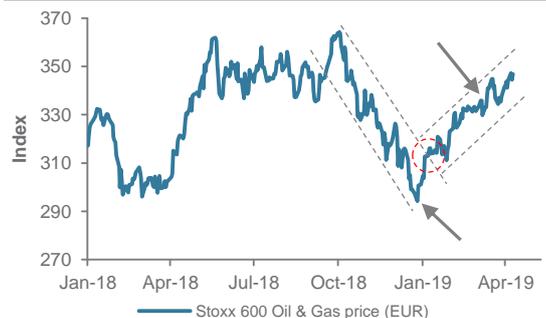
*S&P500 index 12-month forward P/E ratio*



Source: FactSet, Standard Chartered

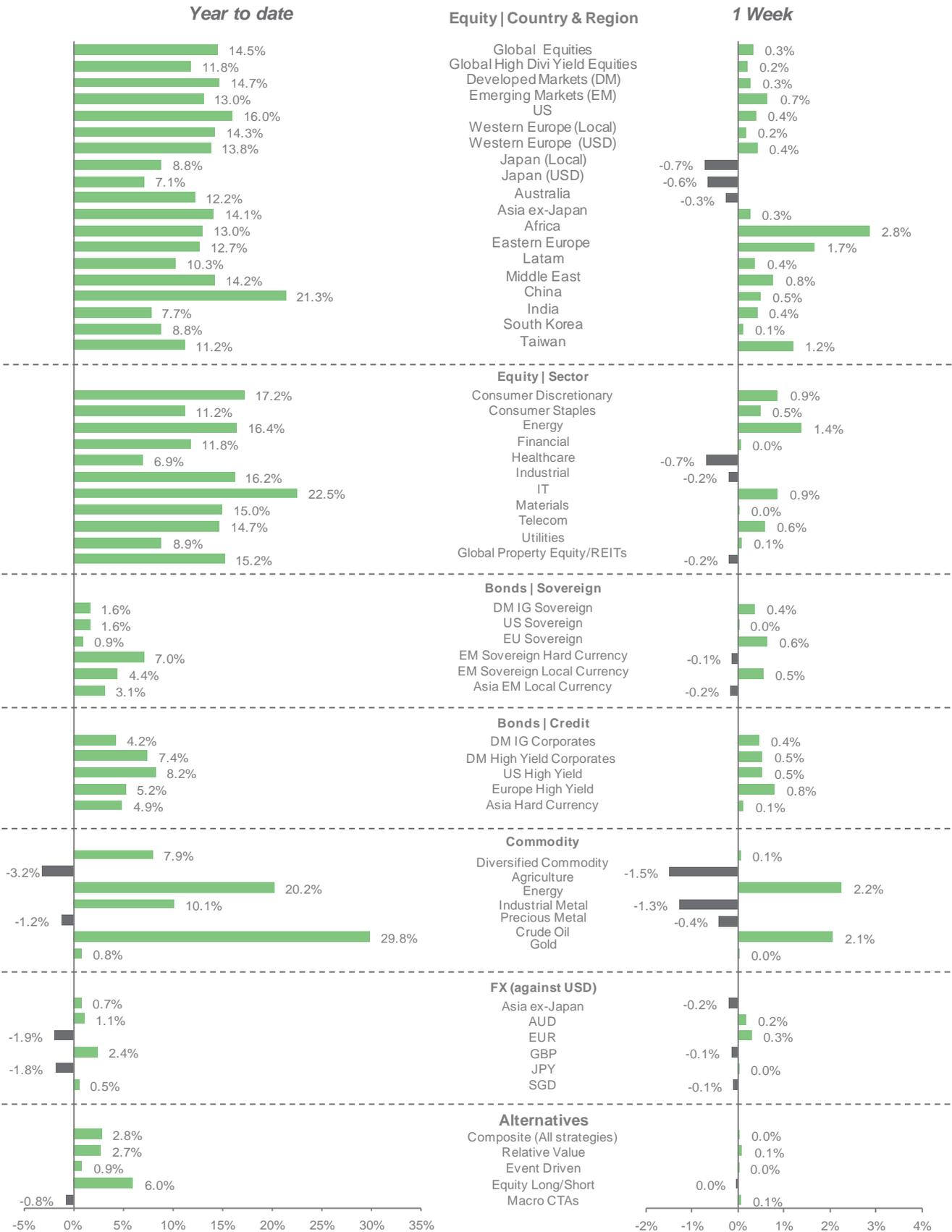
**The European oil and gas sector index is likely to retest 2018 highs after its break in March through a tough resistance**

*Stoxx Europe 600 Oil & Gas index with medium-term trend line*



Source: Bloomberg, Standard Chartered

### Market performance summary\*



\*Performance in USD terms unless otherwise stated, YTD period from 31 December 2018 to 11 April 2019, 1 week period: 04 April 2019 to 11 April 2019

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
TUE	US	Industrial Production m/m	16-Apr-19	Mar	0.3%	0.0%
	JN	Exports y/y	17-Apr-19	Mar	-2.7%	-1.2%
WED	CH	Fixed Assets Ex Rural YTD y/y	17-Apr-19	Mar	6.3%	6.1%
	CH	Industrial Production y/y	17-Apr-19	Mar	6.0%	–
	CH	Retail Sales y/y	17-Apr-19	Mar	8.4%	–
	CH	GDP y/y	17-Apr-19	1Q	6.3%	6.4%
	EC	ECB Current Account SA	17-Apr-19	Feb	–	36.8b
	UK	CPI Core y/y	17-Apr-19	Mar	–	1.8%
	THUR	GE	Markit/BME Germany Composite PMI	18-Apr-19	Apr P	–
EC		Markit Eurozone Composite PMI	18-Apr-19	Apr P	–	51.6
US		Retail Sales Ex Auto and Gas	18-Apr-19	Mar	0.5%	-0.6%
US		Markit US Composite PMI	18-Apr-19	Apr P	–	54.6
US		Leading Index	18-Apr-19	Mar	0.4%	0.2%
FRI/SAT	JN	Natl CPI Ex Fresh Food, Energy y/y	19-Apr-19	Mar	0.4%	0.4%
	US	Housing Starts	19-Apr-19	Mar	1234k	1162k
	US	Building Permits	19-Apr-19	Mar	1300k	1291k

	Event	This Week	Date	Period	Actual	Prior
MON	JN	BoP Current Account Adjusted	8-Apr-19	Feb P	¥1957.6b	¥1833.0b
	GE	Exports SA m/m	8-Apr-19	Feb	-1.3%	0.1%
	EC	Sentix Investor Confidence	8-Apr-19	Apr	-0.3	-2.2
WED	JN	PPI y/y	10-Apr-19	Mar	1.3%	0.9%
	JN	Core Machine Orders y/y	10-Apr-19	Feb	-5.5%	-2.9%
	EC	ECB Main Refinancing Rate	10-Apr-19	10-Apr	0.0%	0.0%
	US	CPI Ex Food and Energy y/y	10-Apr-19	Mar	2.0%	2.1%
THUR	CH	CPI y/y	11-Apr-19	Mar	2.3%	1.5%
	CH	PPI y/y	11-Apr-19	Mar	0.4%	0.1%
	US	PPI Ex Food and Energy y/y	11-Apr-19	Mar	2.4%	2.5%
	US	Initial Jobless Claims	11-Apr-19	6-Apr	196k	204k
FRI/SAT	IN	CPI y/y	12-Apr-19	Mar	–	2.6%
	IN	Industrial Production y/y	12-Apr-19	Feb	–	1.7%
	US	U. of Mich. Sentiment	12-Apr-19	Apr P	–	98.4
	CH	Exports y/y	12-Apr-19	Mar	–	-20.8%

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 2019. 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 2019.

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 and Area 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.

**Brunei Darussalam:** This document is being distributed in Brunei Darussalam by, and is attributable to, Standard Chartered Securities (B) Sdn Bhd which is a limited liability company registered with the Registry of Companies with Registration Number RC20001003 and licensed by Autoriti Monetari Brunei Darussalam as a Capital Markets Service License Holder with License Number AMBD/R/CMU/S3-CL.

**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).

**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.

**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 Sector Conduct Authority 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. **Deposit Insurance Scheme:** Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S\$75,000 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. 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. **Deposit Insurance Scheme:** Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S\$75,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured

Taiwan: Standard Chartered Bank ("SCB") or Standard Chartered Bank (Taiwan) Limited ("SCB (Taiwan)") may be involved in the financial instruments contained herein or other related financial instruments. The author of this document may have discussed the information contained herein with other employees or agents of SCB or SCB (Taiwan). The author and the above-mentioned employees of SCB or SCB (Taiwan) may have taken related actions in respect of the information involved (including communication with customers of SCB or SCB (Taiwan) as to the information contained herein). The opinions contained in this document may change, or differ from the opinions of employees of SCB or SCB (Taiwan). SCB and SCB (Taiwan) will not provide any notice of any changes to or differences between the above-mentioned opinions. This document may cover companies with which SCB or SCB (Taiwan) seeks to do business at times and issuers of financial instruments. Therefore, investors should understand that the information contained herein may serve as specific purposes as a result of conflict of interests of SCB or SCB

(Taiwan). SCB, SCB (Taiwan), the employees (including those who have discussions with the author) or customers of SCB or SCB (Taiwan) may have an interest in the products, related financial instruments or related derivative financial products contained herein; invest in those products at various prices and on different market conditions; have different or conflicting interests in those products. The potential impacts include market makers' related activities, such as dealing, investment, acting as agents, or performing financial or consulting services in relation to any of the products referred to in this document

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 (license 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 Standard Chartered Bank.

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