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Disclaimer

All data in this document is as of 30 November 2019 unless otherwise specified.
A balancing act

2019 was a very good year for investors. Our global and Asia-focused tactical asset allocation models have generated returns of 12.3% and 12.1%, respectively, since we published our 2019 Outlook (A Year to Prepare and React, 10 December 2018). Global equities, in particular, had a very impressive year, rising over 20%.

As we assess the possible outlook for 2020, we are often faced with many factors to balance against each other. Stabilising growth, recovering corporate earnings and very loose monetary policies are clearly supportive factors for equities. On the other hand, valuations across equity and bond assets (especially in the US) are a likely constraint that could be expected to limit the quantum of gains. Looking further into the year, a significant fiscal stimulus in the US and/or Europe could potentially accelerate equity market gains while the US political cycle and geopolitical concerns, more generally, should be a drag on performance.

On balance, we continue to expect equities to outperform other asset classes in 2020, especially in the first half of the year. Within this, we have a preference for the Euro area and US markets. For bonds, yields are clearly lower than they were a year ago. This more expensive starting point means that returns will most probably struggle to match those seen in 2019. However, with monetary policies likely to remain very loose in 2020, and with the USD expect to weaken by around 5%, we anticipate the search for yield to guide people towards the attractive yields in Emerging Markets. These same factors, also mean multi-asset income strategies have a good probability of performing well in 2020.

Alexis Calla
Chief Investment Officer
Chair of the Global Investment Committee
Our investment philosophy starts with the idea that diversity of perspectives, views and decision-makers is crucial when it comes to countering many of the decision-making biases all investors face. We gather as many views as possible from leading investment banks, independent research houses, central banks, asset managers and international organisations such as the IMF, World Bank and Bank of International Settlements. A sentiment analysis of the language used in the different cross-asset 2020 outlooks from these multiple sources provides an interesting insight and further supports our ‘balancing act’ theme: interestingly, 48% of the words suggestive of sentiment were bullish in nature, 40% were bearish negative while 12% were talking about potential risks (see the wordmap illustration below).

What you will see as you go through this publication is a small selection of some of the diverse views and factors that our Global Investment Committee (GIC) considered before coming to its conclusions for 2020. A simple, but powerful, way to organise these perspectives is to present them in tables which balance facts and factors that either support a conclusion or oppose it. You will find many such tables in this 2020 Outlook. They are merely a taste of our process as many of the tables actually used by the GIC are full A3 pages of different perspectives contained in the rich and diverse pool of views we have access to.

Another thing we have also done this year is to expose on a standalone basis some of the different approaches that we consider and combine as part of our process. These include sophisticated quantitative methodologies to try to determine where we are in the economic cycle and what this means for potential returns and ranking of asset classes, techniques to measure the probability of a short term market reversal, as well as technical analysis perspectives.

Finally, as 2019 was the year where many sustainably issues came to the forefront, we discuss the rise of ESG investing and suggest ways to get started.

When it comes to investing, many can give you factual information or pieces of knowledge you are missing. Some may give you the individual opinion of their cadre of analysts. For us at Standard Chartered Bank, it is all about helping you decide better, by (1) helping you integrate the information and opinions that you may have received with the rich and diverse pool of perspectives we constantly gather and (2) sharing the tools and approaches we use to reduce as much as possible the decision biases that affect all investors. This is what has been driving the construct of this 2020 investment outlook.

We wish you happy holidays and a successful year of investing in 2020.
Investment strategy
and key themes

Key themes: Cross-Asset

- Equities, led by the Euro area and the US, to outperform bonds and cash
- EM bonds (both USD & local currency) and Asia USD bonds to outperform
other bonds
- USD to weaken; EUR, GBP, INR likely to be biggest beneficiaries of this weakness

Starting 2020 with some optimism

Over the next 6-12 months, our Global Investment Committee expects equities (led by the US and Euro area) to outperform bonds. Emerging Market (EM) bonds should outperform Developed Market (DM) bonds and the US Dollar should weaken.

Ever-present event risks and a long-in-the-tooth economic cycle mean taking these exposures within a balanced, well-diversified investment allocation, rather than on a standalone basis, remains paramount. We continue to see gold as an attractive long-term counterweight to risky assets.

After a late-summer scare in 2019, we believe economic growth and earnings data will stabilise, supporting equities and corporate bonds. In our assessment, the Euro area has the most room for a positive growth surprise given how pessimistic expectations are.

We expect major central banks to either stay on hold or maintain a bias towards easing policy further, supporting growth. Most major economies are likely to offer some form of fiscal stimulus, though none are likely to trigger a major upside surprise given already-significant deficits (such as the US) or legal constraints (in Europe). In the UK, we expect Brexit to be resolved with a deal relatively early in the year, a view reinforced by the recent UK election outcome.

Fig. 1 The recent global growth scare may be behind us…

JPMorgan global PMI manufacturing index

Source: Bloomberg, Standard Chartered

Fig. 2 …though economic uncertainty remains high and rising

Global economic policy uncertainty index

Source: Bloomberg, Standard Chartered
A lot to continue worrying about

There continues to be plenty for the pessimistic investor to worry about: (i) Last year’s focus on broad geopolitical risks is likely to morph into a greater focus on US domestic political risks as US presidential elections kick off in 2020; (ii) Questions over US-China trade relations are likely to persist; (iii) Finally, worries of an abrupt end to the US business cycle will continue to loom over markets.

We do not downplay any of these risks, but instead have incorporated them into our views. First, our reasoning balances these risks against the historical experience of very strong late-cycle returns and offers the perspective of seeing 2019 as an unfinished rally. Second, we concede the path is unlikely to be smooth. Third, we see the key factors supporting our bullish outlook as being much stronger in the first half of the year, but potentially receding as 2020 matures.

The first point drives our preference for equities over bonds, particularly if the Fed supports a rise in USD liquidity by expanding its balance sheet. The second and third is why we suggest a balanced, diversified approach.

Downward pressure on USD to gather pace

We expect the USD to weaken over the coming 12 months. Interest rate differentials moved against the USD for most of 2019, but thus far this has failed to weaken the currency. We believe USD liquidity has been the missing ingredient. Tight liquidity supported the USD in 2019, but Fed efforts to avoid a repeat of the spike in overnight borrowing rates, arguably as a result of low interbank liquidity, means more USD liquidity should be available in 2020. This should finally start a modest decline in the USD.

Within currency markets, we expect Developed Market currencies (mainly the EUR and GBP) to be the biggest beneficiaries of a weaker Dollar, even if the most significant impact is likely to be on Emerging Market assets, which have a track record of doing well in USD-weak environments. We prefer implementing this weak USD/stronger EM theme via bonds rather than equities, a reflection of EM bonds’ more attractive fundamentals and our expectation of a continued environment favouring income-oriented assets.

Rise in US Treasury yields likely contained

Foreseeing a growth rebound inevitably raises the question of whether it would push US bond yields higher, potentially to the point where it begins to choke the recovery itself. We see this as unlikely, both because it would require a notable rebound in US inflation, but also because it would require the growth rebound to be far stronger than our expectations. Hence, while we see 10-year yields crossing above 2%, we expect the size of the move to be relatively muted.

We do expect the US yield curve (which is the gap between long- and short-term bond yields) to widen (steepen). This has two implications – in the equities space, this should be positive for financials. In the bonds space, this should result in risk/reward improving for longer-maturity bonds at some point in 2020.
The Euro area and the US should outperform within equities

Within equities, we prefer the Euro area and the US globally, and Chinese (offshore), Indian and South Korean equities in Asia ex-Japan.

In the Euro area, we see potential for an upside growth surprise relative to consensus. Valuations remain inexpensive relative to the US as the region lagged both global and US equity markets through the 2019 rally. Finally, ECB policy is as supportive as it has ever been and the possibility of a fiscal surprise is increasing.

In the US, we see room for both economic and earnings data to stabilise, or improve, amid contained bond yields and a weaker USD, even if equity valuations are not compelling on their own. We are also mindful of US equities’ reasonably strong track record of outperforming global equities in late-cycle environments.

In Asia ex-Japan, we favour China (offshore), India and South Korea equity markets. China and South Korea equities could significantly outperform the region should US-China trade tensions cool or at least not escalate further. Indian and Chinese equities should also benefit from policymaker efforts to support domestic growth.

EM bonds should outperform their DM counterparts

Within bonds, we expect Emerging Markets (EM) bonds, broadly, to outperform their Developed Market (DM) peers across both USD- and local currency-denominated bonds.

Across EM government bonds, USD bonds are still likely to outperform, in our assessment. The absolute level of their yields remains attractive in a still-low yield world, their valuations allow for further price gains and this asset class’ highly diversified nature continues to help shield against idiosyncratic risk (such as the political uncertainty in Chile, for example).

In addition, our increasingly bearish USD outlook improves the outlook for EM local currency bonds. Their yield remains attractive, as it has been for much of the last two years. However, what has changed is the EM FX outlook. With FX movements having been almost as important a driver of returns as the yield for local currency bonds, we believe a weaker Dollar (or even a stable Dollar) significantly improves the risk/reward for EM local currency government bonds.

We also favour Asia USD bonds. While their headline yield is less attractive than EM government bonds, the asset class continues to be less volatile than its DM peers. This makes for a very attractive risk/reward trade-off, in our view.

Finally, within DMs, it is difficult to ignore the level of yield offered in DM HY bonds. However, we believe this high level is offset by the risk of rising defaults, particularly in the US energy sector, and this could result in their total returns, net of defaults, lagging those in EM bonds.
Key asset class views

<table>
<thead>
<tr>
<th>Equities</th>
<th>Bonds (Rates)</th>
<th>Bonds (Credit)</th>
<th>Alternative Strategies</th>
<th>Cash</th>
<th>Gold</th>
</tr>
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<tbody>
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<tr>
<td>Euro area</td>
<td>Govt EM local</td>
<td>Govt EM USD</td>
<td>Equity hedge</td>
<td>USD</td>
<td>EUR</td>
</tr>
<tr>
<td>US</td>
<td>Govt DM IG</td>
<td>Asia USD</td>
<td>Event-driven</td>
<td>EUR</td>
<td>GBP</td>
</tr>
<tr>
<td>Asia ex-Japan</td>
<td>Corp DM HY</td>
<td>Relative value</td>
<td>Senior floating rate loans</td>
<td>JPY</td>
<td>CNY</td>
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<tr>
<td>UK</td>
<td>Corp DM IG</td>
<td>Global macro</td>
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<td>Japan</td>
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<tr>
<td>Other EM</td>
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</tbody>
</table>

Source: Standard Chartered Global Investment Committee
Legend: ▲ Most preferred | ▼ Less preferred | ◆ Core holding

Key themes

<table>
<thead>
<tr>
<th>Likely out-performers</th>
<th>Likely under-performers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Global growth to stabilise</strong></td>
<td>Global equities</td>
</tr>
<tr>
<td><strong>USD to weaken</strong></td>
<td>EUR, GBP, INR, EM bonds</td>
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<tr>
<td><strong>Treasury yields to stay capped</strong></td>
<td>Multi-asset income strategies</td>
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<td></td>
<td>High dividend yield equities</td>
</tr>
<tr>
<td><strong>Equities: DM to outperform EM</strong></td>
<td>US, Euro area equities</td>
</tr>
<tr>
<td><strong>Equity sectors: Adding financials</strong></td>
<td>US financials, technology</td>
</tr>
<tr>
<td></td>
<td>Euro area financials, healthcare</td>
</tr>
<tr>
<td></td>
<td>China consumer staples, discretionary</td>
</tr>
<tr>
<td><strong>Bonds: EM to outperform DM</strong></td>
<td>EM USD government bonds</td>
</tr>
<tr>
<td></td>
<td>Asia USD bonds</td>
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<td></td>
<td>EM local currency bonds</td>
</tr>
<tr>
<td><strong>Geopolitics vs. domestic politics</strong></td>
<td>Equity long/short strategies</td>
</tr>
<tr>
<td></td>
<td>Gold</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Global Investment Committee
US presidential election race a key theme in 2020

Much of the recent election focus has been on the Democratic Party’s nomination of a presidential candidate. Recent polls and betting markets currently place Joe Biden ahead of competitors within the Democratic party to win this nomination. The same data suggests the chances of an Elizabeth Warren win have fallen considerably since they peaked in Q3 (see Fig. 7).

Warren’s intended policy agenda (which includes higher taxes and wages, and greater competition) is often perceived as posing downside risks to US equity markets from current levels given the immediate earnings and margin implications. Joe Biden’s stated economic agenda, on the other hand, is perceived as more neutral.

The first key date in the Democratic Party’s election process is February 3 (Iowa Caucus), though March 3 (‘Super Tuesday’ with Primaries in at least 13 states) is likely to be the crucial date.

Once the process to elect a Democratic presidential candidate is complete, the focus shifts to the US presidential election itself. Here, the historical data stands in the incumbent’s favour. The re-election rate of incumbent presidents sits at over 70% since 1860, rising well above this level when no recessions occur around elections and falling to only about 50% in the event of significant scandals.

This historical perspective helps put in context today’s debate – on its own, the data argues Trump’s re-election chances are quite high (see Fig. 8). However, he does have to contend with impeachment efforts, a relatively low approval rating and an economy that remains finely balanced. Betting markets currently place a high probability that president Trump is re-elected in 2020.

Domestic politics focus does not mean ignoring geopolitics

Of course, a disproportionate focus on US domestic politics does not take away what is still likely to be a geopolitically busy year. We expect US relations with China, North Korea, Russia and Europe (on trade) to remain sources of temporary market volatility. In the Middle-East, we would keep a close eye on relations between key energy producers and risks to energy supply routes as these will hold the potential to push prices higher – a key risk for global growth.

In prior annual outlooks, we noted that geopolitical risks are likely to be a multi-year focus for financial markets, particularly given rising competition between the US and China in various spheres. While we try to incorporate the risks into our asset class views, we believe geopolitical risks can still trigger unexpected bouts of volatility.
Economic surprises

On the upside…
- Europe starts significant fiscal stimulus
- US growth is stronger than expected

On the downside…
- Growth fails to recover
- US-China trade relationship takes a turn for the worse
- US falls into a recession

Market surprises

On the upside…
- Earnings rebound more than expected
- USD weakens sharply
- Global USD liquidity rises sharply

On the downside…
- Contagion spreads from Latin America bond markets across EM
- Sizeable corporate or fund defaults
- EM currency crisis

Technical surprises

On the upside…
- Global equities break to a new high, accelerating gains
- USD weakens at faster pace than expected

On the downside…
- US Treasury yields break sharply higher
- USD remains stuck in its upward-trending channel

(Geo)political surprises

On the upside…
- New US administration signals support for globalisation
- Smooth Brexit conclusion

On the downside…
- US-China relationship worsens after major incident
- The UK and the EU fail to agree a post-Brexit trade agreement
- Contagion effect spreads populist protests
- Market-unfriendly outcome in US Presidential elections

What could surprise us in 2020?
Macro Overview – at a glance

Our Global Investment Committee expects growth worldwide to stabilise around long-term trends and inflation to remain subdued. Monetary and fiscal stimulus are likely to extend the record US economic expansion and revive Euro area growth; China should stabilise following targeted policy stimulus and no further escalation in trade tensions, which should also be supportive for Europe and Emerging Markets. Political uncertainty around the outcome of the US presidential election is a growing risk.

## Key chart

**Monetary and fiscal stimulus are likely to support global growth in 2020**

G4 central bank balance sheet and US/Euro area fiscal deficits, % of GDP

Renewed expansion of G4 central bank balance sheets and fiscal stimulus is likely to help extend the economic cycle

### Chart details

- **Source:** Bloomberg, Standard Chartered; G4 comprises of the central banks of the US, Euro area, Japan and UK.

### Key tables

<table>
<thead>
<tr>
<th>Region</th>
<th>Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
<td>Fed’s dovish policy shift and ongoing fiscal spending should stabilise growth near its long-term trend; strong job market will sustain consumption; Fed may cut rates once in 2020</td>
</tr>
<tr>
<td><strong>Euro area</strong></td>
<td>Monetary and fiscal easing should support a modest growth recovery; ECB should ease further amid subdued Euro area inflation; German fiscal easing could be a potential game-changer for growth</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>We expect significant, but targeted, fiscal and monetary easing to support economic growth amid external headwinds, such as trade tensions with the US</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>External risks to the manufacturing sector and exports will be partly offset by resilient business spending due to structural factors; BoJ on hold for now, but its stance could change as growth slows further</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>PM Johnson’s new majority in parliament means a soft Brexit is likely; reduced uncertainty and a proposed fiscal stimulus could potentially revive business confidence</td>
</tr>
<tr>
<td><strong>Other Emerging Markets</strong></td>
<td>Weaker USD, easier global and domestic monetary policies are likely to support the outlook; idiosyncratic country risks remain</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Global Investment Committee

Legend: ○ Significant deceleration | ● Neutral | ● Significant acceleration
Sustaining the record-long expansion

**Accommodative policies to extend economic cycle**

- Our net assessment is that accommodative Fed policy and ongoing government spending will sustain economic growth.
- A robust, albeit slowing job market, is likely to support consumption and the service sector, offsetting the impact of trade uncertainty on manufacturing sector and business investment.
- Policy uncertainty in the run-up to the US presidential election is a key risk.

**Our net assessment:**

- Growth to stabilise near its long-term trend, helped by accommodative Fed policy
- Lagged effect of overvalued USD, structural pressures should keep inflation subdued close to Fed’s 2% target
- Fed should cut rates once in 2020; renewed bond buying will likely revive global USD liquidity

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest unemployment rate in five-decades is likely to sustain consumer spending</td>
<td>Political and policy uncertainty ahead of the US presidential election could dampen business investment; Democrat win could raise regulatory uncertainty, undermining investment</td>
</tr>
<tr>
<td>Cheaper mortgage rates following Fed rate cuts in 2019 are supportive for the US housing sector</td>
<td>US-China trade tensions could carry on for many years, despite partial truce, dampening business investment</td>
</tr>
<tr>
<td>Crucial services sector (70% of the economy) more resilient to trade tensions</td>
<td>Sustained strength in labour markets could lift wages further, forcing the Fed to tighten policy aggressively</td>
</tr>
<tr>
<td>Higher government debt-ceiling likely to sustain fiscal spending; subdued inflation to help Fed cut rates once in 2020</td>
<td>Pace of job creation could continue to slow, impacting consumption growth and corporate investment</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Global Investment Committee

**Fig. 1 Will US growth accelerate in 2020?**

**Fig. 2 A robust job market should sustain US household confidence and consumption-driven growth**

Source: Bloomberg, Standard Chartered

**Fig. 3 The Fed’s accommodative policy shift is likely to lift consumer and business sentiment, in turn supporting growth**

Source: Bloomberg, Standard Chartered
China

More stimulus coming

Intensity and efficacy of policy stimulus will be key for growth

- China is likely to ease fiscal and monetary policies further as the government partially rolls back earlier de-leveraging policies amid external headwinds.
- However, both fiscal and monetary stimulus have had limited economic pass-through so far.
- A pick-up in the intensity and/or efficacy of fiscal and monetary policy stimulus will be key to China’s growth trajectory in 2020.

Fig. 1 Will China growth accelerate in 2020?

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Further substantial fiscal and monetary stimulus in 2020 should stabilise growth and offset industrial sector deflationary pressures</td>
<td>Chinese policymakers have signalled a willingness to accept a lower growth rate, increasing downside risk</td>
</tr>
<tr>
<td>Policy-driven growth stabilisation will support the job market and social stability, sustaining domestic consumption</td>
<td>External headwinds to the manufacturing sector may cap growth. Stimulus measures have had limited economic impact, partly due to weak private sector sentiment</td>
</tr>
<tr>
<td>US-China trade tensions are unlikely to escalate in 2020, which should help stabilise the outlook</td>
<td>De-risking of the economy and maintaining prudential measures to prevent property market over-heating could weigh on growth</td>
</tr>
<tr>
<td></td>
<td>Monetary policy easing limited by rising food inflation</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Global Investment Committee

Our net assessment:

- Growth to stabilise just below 6% on further policy stimulus
- Consumer inflation should stay elevated driven by food prices, but industrial prices are likely to face deflationary pressures
- Monetary and fiscal policy to ease further to support growth
- Trade tensions unlikely to escalate significantly in 2020

Fig. 2 Limited economic pass-through from stimulus so far

SME credit outlook; infrastructure investment growth

Source: Bloomberg, Standard Chartered

Fig. 3 We expect the current pace of fiscal and monetary stimulus to be stepped up

Major banks’ required reserve ratio; fiscal deficit target

Source: Bloomberg, Standard Chartered
Easing financial conditions should aid a cyclical upturn

- We expect above-consensus growth in the Euro area amid continued improvement in the job market, easy monetary policy and a still-undervalued EUR.
- A negotiated Brexit, partial US-China trade truce should help revive Euro area exports.
- ECB to ease further amid subdued inflation; steps to shield banks from negative rates should lift business confidence; German fiscal easing could be a potential game changer.

Our net assessment:
- Easy monetary policy, undervalued EUR should drive cyclical recovery from a low base
- Inflation should stay well below target due to structural factors
- We expect further monetary and fiscal easing in 2020

A nascent recovery

Our SCB’s net assessment

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ultra-easy ECB monetary policies should help support credit growth to households and companies</td>
<td>German manufacturing sector sentiment remains poor; risk of spilling over into the services sector of the largest Euro area economy</td>
</tr>
<tr>
<td>Consumption should remain buoyant as strong job market lifts wage growth, disposable incomes</td>
<td>Low interest rates are forcing households to save more. This could dampen consumption prospects</td>
</tr>
<tr>
<td>Some fiscal easing should boost the cyclical upturn</td>
<td>Slowdown in global trade and the protracted trade war continue to weigh on business investment decisions</td>
</tr>
<tr>
<td>A ‘soft’ Brexit should revive investment and exports to the UK</td>
<td>Regulatory constraints against significant fiscal easing in Germany will limit the probability of a significant government spending increase</td>
</tr>
</tbody>
</table>

Source: Standard Chartered Global Investment Committee

Fig. 1 Will Euro area growth accelerate in 2020?

Fig. 2 Rise in Euro area credit impulse, aided by ECB easing, is likely building the base for a nascent economic recovery

Fig. 3 Rebound in Euro area investor confidence and growth expectations support our increasingly positive outlook

Source: Standard Chartered, Bloomberg
UK

Light at the end of the tunnel

Fading Brexit risks

- PM Johnson’s new majority implies the UK parliament is likely to approve his Brexit deal.
- A negotiated Brexit and planned fiscal stimulus could revive business confidence and investment. Completing a trade deal with the EU will now be the main source of uncertainty.
- The BoE is likely to stay on hold amid a tight job market as fiscal stimulus drives main policy.

Fig. 1 Will UK growth accelerate in 2020?

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business and consumer sentiment to get a lift as hard-Brexit risk wanes with Johnson’s election win</td>
</tr>
<tr>
<td>End of Brexit uncertainty has the potential to kickstart business investment, while a tight job market supports wage growth and domestic consumption</td>
</tr>
<tr>
<td>UK should receive the biggest boost from fiscal spending among key Developed Markets after decade of austerity</td>
</tr>
<tr>
<td>Potential trade deals with the EU, US and Emerging Markets could ultimately drive long-term growth as Johnson shapes a trade-driven ‘new economy’</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to reach an EU trade agreement ahead of 31 December 2020 deadline remains a risk</td>
</tr>
<tr>
<td>Tightest labour market since the 1970s could fuel wage pressures, forcing the BoE to raise rates</td>
</tr>
<tr>
<td>GBP strength, as Brexit risk fades, could dampen the near-term outlook for exports</td>
</tr>
<tr>
<td>Brexit likely to revive referendum calls in Scotland and Northern Ireland, heightening political risks</td>
</tr>
</tbody>
</table>

SCB’s net assessment

Source: Standard Chartered Global Investment Committee

Our net assessment:

- Growth should stabilise as focus turns to new trade agreements
- Inflation is likely to stay close to the BoE’s 2% target amid a tight job market
- A shift towards fiscal stimulus has the potential to revive the growth outlook, while the BoE stays on hold

Fig. 2 We expect UK business confidence to rebound as the risk of a hard-Brexit recedes after the elections

Lloyds’ UK Business Barometer

Source: Bloomberg, Standard Chartered

Fig. 3 Easing Brexit risk is likely to turn the BoE’s focus towards a strong job market; we see low prospects for a rate cut

Source: Bloomberg, Standard Chartered
Overcoming deflation remains the policy priority

- External uncertainty is likely to continue weighing on Japan’s exports and its manufacturing sector, while a tight job market should support domestic consumption and services.
- Aging population to support sustained business investment in labour-saving technologies.
- BoJ likely to maintain an accommodative policy stance, while the government boosts fiscal spending to offset the impact of the recently-passed consumption tax hike.

Fig. 1 Will Japan growth accelerate in 2020?

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong job market to support domestic demand, limiting the impact of the consumption tax increase</td>
<td>Drag from global trade uncertainty could continue to weigh on exports, investment and the industrial sector</td>
</tr>
<tr>
<td>Government’s plans for additional stimulus measures should boost infrastructure-related public investment</td>
<td>Consumption tax increase likely to weigh on consumer spending in early part of 2020</td>
</tr>
<tr>
<td>Structural investments (e.g. in labour-saving technologies) should support business investment</td>
<td>Renewed JPY appreciation due to external uncertainty could be a headwind to exports</td>
</tr>
<tr>
<td>US decision not to impose punitive tariffs on auto imports from Japan is a relief for exporters</td>
<td></td>
</tr>
</tbody>
</table>

SCB’s net assessment

Our net assessment:

- Growth should remain below-trend (i.e. well below 1%) amid external uncertainty
- Inflation should remain less than half of BoJ’s 2% target
- BoJ is likely to maintain easy monetary policy; while the government boosts fiscal spending

Fig. 2 Japan’s export-driven manufacturing sector is likely to continue to face headwinds from global trade uncertainty

Manufacturing sector business confidence (PMI) and export growth

Source: Bloomberg, Standard Chartered

Fig. 3 BoJ is likely to maintain its easy monetary policy amid Japan’s continued disinflationary trends

G3 2020 CPI consensus estimates y/y

Source: Bloomberg, Standard Chartered
Easing financial conditions should support recovery

- We expect easier global/domestic monetary policies and a weaker USD to revive the outlook.
- The EM-DM growth differential is likely to increase in favour of Emerging Markets as key economies of India and Brazil rebound on the back of fiscal easing and domestic reforms.
- However, political uncertainty in some economies underscores the idiosyncratic risks in Emerging Markets.

Fig. 1 Will Emerging Markets ex-China growth accelerate in 2020?

<table>
<thead>
<tr>
<th>Supports stronger growth</th>
<th>Supports weaker growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global policy easing, a weaker USD and partial US-China trade deal should boost EM growth</td>
<td>Structurally slowing Chinese growth could continue hurting export demand</td>
</tr>
<tr>
<td>India’s corporate tax rate cut and other fiscal stimulus measures should revive growth in 2020</td>
<td>Stronger EM currencies could offset some of the benefits of easier local policy measures</td>
</tr>
<tr>
<td>Korea’s planned record fiscal spending and Indonesia’s proposed reforms will support these Asian economies</td>
<td>Political uncertainty in some economies (Chile, Ecuador, Lebanon) creates idiosyncratic risks</td>
</tr>
<tr>
<td>Brazil’s pension reforms could boost business sentiment and structural growth outlook</td>
<td>Commodity-exporting EMs could remain under pressure if prices remain subdued</td>
</tr>
</tbody>
</table>

SCB’s net assessment

accelerate significantly: 5
accelerate: 4
stable: 3
decelerate: 2
decelerate significantly: 1

Source: Standard Chartered Global Investment Committee

Fig. 2 Most Emerging Markets are likely to maintain a sizeable fiscal deficit in 2020, which should help support their growth

Consensus 2020 fiscal deficit estimates for key Emerging Markets

Source: Bloomberg, Standard Chartered; (*) India’s estimates are for the fiscal year ending March 2021

Fig. 3 Aggregate Emerging Market growth is expected to diverge from Developed Markets amid easier financial conditions

EM-DM growth differential; 2019-20 are consensus estimates

Source: Bloomberg, Standard Chartered
Crude Oil (WTI)

Range-bound as the tug of war continues

Awaiting clarity around macro uncertainties

- We expect WTI to trade broadly in a range of USD 50-60/bbl over the next 6-12 months with the oil market’s demand-supply dynamics remaining broadly unchanged.
- Supply-side drivers are relatively balanced as non-OPEC (ex-US) supply growth is expected to offset OPEC production restraint. US shale oil production growth is likely to slow due to oil companies’ increased capital discipline and decelerating productivity improvements.
- Oil demand growth should recover modestly on the back of receding global economic uncertainty, accommodative monetary policies and additional fiscal stimulus. However, a significant revival appears unlikely.

Fig. 1 Will the oil price rise in 2020?

<table>
<thead>
<tr>
<th>Supports bullish outlook</th>
<th>Supports bearish outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global demand growth recovery given easy monetary and fiscal policies worldwide will prop up oil prices</td>
<td>OPEC members’ unwillingness to deepen or comply with cuts could negatively impact prices</td>
</tr>
<tr>
<td>US shale oil production growth is slowing on falling rig counts, driven by capital discipline and decelerating productivity</td>
<td>Non-OPEC (ex-US) supply is expected to rise</td>
</tr>
<tr>
<td>Renewed geopolitical tensions could cause a supply shock</td>
<td></td>
</tr>
</tbody>
</table>

SCB’s net assessment

Source: Standard Chartered Global Investment Committee

Our net assessment:

- We expect oil prices to trade in a broad range of around USD 50-60/bbl
- This is driven by expectations of higher non-OPEC (ex-US) supply, offsetting a pick-up in global demand
- A repricing of geopolitical risk premiums and/or lingering demand weakness are risks

Fig. 2 Significant oil price gains unlikely as falling OPEC market share constrains ability to cut production

OPEC, US (% of market share)

Source: EIA, Refinitiv, Standard Chartered

Fig. 3 Falling US rig counts suggest slower US shale supply growth going forward

WTI (USD/bbl), US rig count (RHS)

Source: Bloomberg, Standard Chartered
Geopolitics
what to watch out for in 2020

Presidential election
Democratic nomination is a contest between Biden, Buttigieg, Warren and Sanders
Policy implications of each candidate are very different
Markets worried about Warren’s policy agenda and its implications for corporate earnings
The ongoing Trump impeachment debate could complicate matters

3 March: Super-Tuesday
End-March: Democratic nomination may be largely sealed
3 November: US Presidential election

Brexit
Conservative Party election victory suggests Brexit (finally) likely to happen
Further extension of the deadline cannot be ruled out

31 January: Deadline for an agreement
30 June: UK-EU trade deal extension deadline
31 December: Trade deal deadline

Timeline

Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

03  Super Tuesday (Democratic primaries)
03  UK-EU trade deal extension deadline
20  Hong Kong legislative council election
03  US Presidential election
21-32 G20 summit in Riyadh

11  Taiwan Presidential election
31  Deadline for Brexit
31  UK trade deal deadline
Fiscal policy stimulus
German government comes under increasing pressure to ease its fiscal policy as risks of early election rise
German economic conditions will be decisive to a significant easing being implemented
Signs of a global recovery may delay the debate within the country

US-China
Continued tensions
Periodic confrontations are likely for the foreseeable future, with recent trade tensions a symptom rather than a cause
US election cycle means ‘China-bashing’ is likely to continue in 2020
China will be keen to maintain cordial US relations as it focuses on stabilising domestic growth
Taiwan’s coming election create a potential flashpoint

11 January: Taiwan Presidential election
20 September: Hong Kong legislative council election

Middle East
A prominent source of risks
US-Iran tensions are unresolved
Unrest in Iraq is growing
Increased scrutiny over Iran’s influence in the region

21-22 November: G20 summit in Riyadh

North Korea
Nuclear capability
Missile tests are likely to continue
Risk of further sanctions are growing
Global contagion likely to be limited, as in the past
Where has diversity been falling or rising?

Improved sentiment from recent geopolitical developments and confidence in ongoing policy support has seen risk assets bounce strongly. As a result, our diversity indicator is showing a decline in market diversity for many risky assets, especially in Developed Market equities (except in the UK), as a rapid rise in prices is putting some stress on liquidity conditions.

In equity markets, we are seeing borderline low market diversity in both Japan and global dividend stocks, which suggests it might be wise not to chase the rally in these markets over the near term. Europe and the US have also seen a contraction in market diversity, but not to a level that would warrant near-term concern. Outside of equities, there is not much to see from a diversity perspective, with bond performance having been mixed since the recent rise in global bond yields.

Fractal dimension as a measure of the market’s structural diversity

Diversity plays a crucial role in our investment process, particularly the idea of structural diversity in a market at any point in time. This idea is closely related to the Fractal Market Hypothesis (FMH). Under the FMH, there are two distinct market regimes:

1. A stable market where investors with different investment horizons come together and balance each other out, thus creating ample liquidity and structural diversity.
2. An unstable market where different investors converge to a short-term investment view, leading to a market trend that is too linear, as liquidity and structural diversity dry up.

One implication of the FMH is that diversity can be used to identify which one of these two states any market is in. This would enable us to identify market trends that are more likely to persist, and those where the risk of a short-term reversal is more likely.

Fractal dimension is a way to estimate a market’s structural diversity and takes on a minimum value of 1 – a diversity value of a straight line. Asset prices rarely move in straight lines, but they become more linear when structural diversity drops due to rising supply and demand imbalances. Much like a rubber band that stretches too far and breaks, the critical point of 1.25 is an estimated value of the fractal dimension when the reversal risk of an asset class rises significantly.

### Fig. 1 Asset with low and high market diversity

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Diversity</th>
<th>Direction since Oct 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE World Broad IG Bond ex-MBS Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI All Country World Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>Gold Spot</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>HFRX Global Hedge Fund Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSCI USA Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI Europe Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI UK Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI Japan Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI AC Asia ex-Japan Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>MSCI EM ex-Asia Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTSE DM IG Sovereign Bond Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>FTSE DM IG Corporate Bond Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>Bloomberg Barclays Global High Yield Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>JPM EM Global Diversified Bond Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>JPM EM Government Local Currency Bond Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>JPM Asia Credit Index</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td><strong>Currencies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD/CNY</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/EUR</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/JPY</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/GBP</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/AUD</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/SGD</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/MYR</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/IDR</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td>USD/INR</td>
<td>●</td>
<td>➔</td>
</tr>
<tr>
<td><strong>US Treasury Yields</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US 10-year Treasury Yield</td>
<td>●</td>
<td>➔</td>
</tr>
</tbody>
</table>

Source: Bloomberg, Standard Chartered; data as on 6 December 2019.

Legend:

- ○ Very low
- ● Low
- ● Moderate/high

Tracking market diversity
Tracking market technicals

Our Global Investment Committee decision-making process actively makes use of many different perspectives it has access to, one of which is technical analysis.

Bullish break in European equities
After staying in a range in recent years, the MSCI Europe ex-UK index rose in November above a key horizontal trendline resistance at 155 that had held since 2015. This indicates potential for further rise in the coming weeks/months, potentially toward 185. The horizontal trendline marked the upper edge of an ascending triangle starting in 2015. The lower edge of the channel is an upward-sloping trendline from 2016. Interestingly, within the pattern, there is a complex reverse head and shoulders (H&S) pattern – the two left shoulders at the 2017 and early-2018 lows; the head at the end-2018 low; the right shoulders at the Q1-2019 and Q3-2019 lows. The reverse H&S pattern points to a rise toward 175.

Together with positive fundamentals (highlighted in the Equities section) there is a case for being bullish the region’s equities.

S&P 500: Triangle points to further upside
The S&P 500 index’s break in November has been similar to the MSCI Europe ex-UK index. The US benchmark’s rise above a mildly-downward sloping neckline from July triggered a bullish break from a triangle, implying a potential move toward 3,210, and 3,295 should this level break. The lower edge of the triangle configuration is an upward-sloping neckline from last August. Triangles are generally seen as being consolidation or continuation patterns (implying continuation of the prior trend following a pause) and seldom occur at the end of a move (i.e. a reversal pattern). Notwithstanding a temporary pause on overbought conditions, the strength of the recent rise raises the odds of an eventual upside in the index.

Gold: The rally is not over
The retreat in gold since September has raised some doubts regarding the sustainability of the one-year old rally. The recent pullback is most likely a consolidation, in our assessment, which typically takes place after sharp gains. Indeed, the recent pattern resembles a flag pattern, i.e. a consolidation pattern. Beyond the pause, there is a case for a rise toward 1,605 – the price objective of the ascending triangle from 2016 (see chart).
FX – at a glance

Key themes
We believe that the USD is peaking after trending higher since early 2018, and will begin a broad-based downtrend. We expect the USD index (DXY) to decline by around 5% during 2020 as the Fed adds fresh global USD liquidity.

The EUR and the GBP are likely to be the biggest beneficiaries on the back of fading US economic exceptionalism, narrowing economic growth and interest rate differentials as well as political uncertainty shifting from Europe to the US Presidential election.

Key chart
USD to weaken as the Fed provides the world with more liquidity
USD index (DXY), USD monetary base, y/y (RHS, inverted)

The Fed’s policy shift to supply the world with more dollar liquidity, via an expanding balance sheet, is a key driver of our bearish USD view

Source: Bloomberg, Standard Chartered

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>Drivers</th>
<th>Key driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD (DXY)</td>
<td>Narrowing interest rate and growth differentials as well as rising dollar liquidity should drive USD capital outflows</td>
<td></td>
</tr>
<tr>
<td>EUR/USD</td>
<td>The EUR should benefit from USD outflows as Euro area growth improves and chances of fiscal stimulus rise</td>
<td></td>
</tr>
<tr>
<td>GBP/USD</td>
<td>A quick Brexit deal could finally unlock strong pent-up demand for undervalued UK assets and the GBP</td>
<td></td>
</tr>
<tr>
<td>USD/CNY</td>
<td>We see US-China trade tensions peaking. This should reduce the volatility of USD/CNY</td>
<td></td>
</tr>
<tr>
<td>USD/JPY</td>
<td>The JPY will likely be caught between bouts of safe-haven inflows and Japanese investors’ return-seeking outflows</td>
<td></td>
</tr>
<tr>
<td>AUD/USD</td>
<td>The AUD should see support from improving domestic fundamentals, but RBA monetary policy may deter strong gains</td>
<td></td>
</tr>
</tbody>
</table>

Source: Standard Chartered

Legend: ▲ Bullish view | ▼ Bearish view | ◆ Range view | ○ Not supportive | ● Neutral | ◇ Supportive | □ Key driver
What drives our FX Outlook?

- Narrowing interest rate differentials will undermine USD
- Rising USD liquidity weighs on the dollar
- US political risk may rise while European risks recede
- Falling US growth exceptionalism will no longer support the dollar
- Investment flows will likely move away from USD assets
- Historically low FX volatility may reverse...?
USD (DXY)

Bearish – US exceptionalism to reverse in 2020

Dollar to weaken, reversing a 2-year uptrend

- Increased global dollar liquidity facilitated by the Fed, combined with bottoming global economic indicators are likely to drive a narrowing of economic growth differentials to the detriment of the USD.
- Falling real interest rate differentials, and a possible shift to more fiscal stimulus outside of the US, are expected to turn the real rate differential from a tailwind into a headwind for the USD.
- We see potential for de-escalation of US-China trade tensions near-term and rising US policy uncertainty ahead of the US elections. This should undermine the USD’s safe-haven status.

Fig. 1 Will the USD (DXY) rise in 2020?

Bullish factors | Bearish factors
--- | ---
Absolute growth and interest rates could continue to favour the US despite narrowing differentials | The Fed’s balance sheet expansion will increase global USD liquidity
A lack of attractive alternatives to US assets could see the counter-cyclical dollar stay strong for longer | Real yield differentials likely to narrow further in 2020 with a Fed having more scope to ease monetary policy than elsewhere in the G3
The US election process could trigger elevated trade tensions and drive safe-haven-ows to the USD | Narrowing growth differentials as global economics adjust fiscal policy to boost growth outside the US and make non-US assets more attractive

SCB’s net assessment

Source: Standard Chartered Global Investment Committee

Our net assessment:

- We expect the USD index (DXY) to fall by around 5%
- We expect initial USD weakness against EUR and GBP
- We see rising potential for sharper currency moves in 2020 as FX volatility is unlikely to remain at 5-year lows

Fig. 2 Real interest rate differentials argue for a weaker USD

Fig. 3 USD reserve currency status could continue to weaken
EUR/USD

Bullish – Building a platform for steady gains in 2020

Stabilising Euro area growth and capital inflows are tailwinds for the EUR

• Global dollar liquidity, a bottoming global manufacturing cycle and receding trade tensions should create a supportive scenario for the undervalued EUR.

• The ECB has limited options to ease its monetary policy but the Fed could ease further if required. Narrowing interest rate differentials should reduce a key headwind for EUR/USD.

• The Euro area could benefit from additional fiscal stimulus alongside existing easy monetary policy, attracting significant capital inflows in return.

Fig. 1 Will the EUR/USD rise in 2020?

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro area growth has room for an upside surprise relative to the US; the undervalued EUR should gain as the USD reverses a 2-year uptrend</td>
<td>Counter-cyclical dollar could retain current strength if global growth does not rebound, leaving EUR/USD in its mild downtrend</td>
</tr>
<tr>
<td>Rate differentials becoming more supportive as the ECB has less scope to cut rates and the Fed adds global USD liquidity</td>
<td>Nominal high US rates and market size may favour US assets with EUR remaining a funding currency</td>
</tr>
<tr>
<td>Euro area asset valuations are more attractive than US; as USD hedging costs rise, a return of capital inflows may support the EUR</td>
<td>Germany could refrain from further fiscal stimulus, undermining Euro area growth and currency outlook</td>
</tr>
<tr>
<td>The stabilisation of US-China trade relations and rising US policy uncertainty may increase risk appetite for non-USD currencies</td>
<td>Continuous deflationary pressures could force the ECB to ease monetary policy even further</td>
</tr>
</tbody>
</table>

SCB’s net assessment

Our net assessment:

• We expect the EUR/USD to rise by 5% towards 1.17 in 2020

• Euro area assets relatively attractive; return of capital inflows are likely to support undervalued EUR

• EUR strength is likely to be further bolstered if Germany acts on ECB President Lagarde’s call for more fiscal stimulus

Fig. 2 Stabilising manufacturing sector and improved business expectations should aid the EUR recovery

Fig. 3 Real interest rate differentials more supportive of the EUR

Source: Bloomberg, Standard Chartered

*Derived from 5-year inflation-linked bonds
GBP/USD

Bullish – Conservative victory to clear the Brexit cloud

Pro-business parliament could release upside potential as Brexit risk ebbs

- PM Johnson’s comfortable majority should reduce uncertainty and give him a strong legislative position.
- Increased confidence in Brexit deal may unleash pent-up demand for the undervalued pound.
- Increased fiscal spending and rising global growth should support GBP/USD. The Bank of England is likely to consider rate hikes if inflationary pressures rise, providing a further GBP boost.

Fig. 1 Will the GBP/USD rise in 2020?

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced Brexit uncertainty should help the GBP to rise towards its medium-term valuation</td>
<td>Failure to agree on a clear outline for a UK-EU long-term trade deal, or evidence that ex-EU trade deals will be difficult to achieve, could stall any rally</td>
</tr>
<tr>
<td>Rising global dollar liquidity and an improving Euro area growth outlook supportive of the GBP</td>
<td>Concerns over Scottish independence and a hard-to-achieve solution for Northern Ireland may become lingering and increasingly serious headwinds for GBP</td>
</tr>
<tr>
<td>A quick and positive trade agreement with the EU could help delay concerns over Scottish independence and Northern Ireland tensions</td>
<td>Lingering Brexit-related uncertainty could undermine growth, pushing the BoE to cut rates and weakening the GBP</td>
</tr>
<tr>
<td>Inflationary pressure may rise despite an appreciating GBP, encouraging the Bank of England to take a more hawkish stance</td>
<td>Any unexpected obstacles to a rapid enactment of the Withdrawal Agreement could dampen GBP sentiment</td>
</tr>
</tbody>
</table>

SCB’s net assessment

Source: Standard Chartered Global Investment Committee

Our net assessment:

- We expect GBP/USD to rally towards 1.41 in 2020
- UK economic growth could rise on fiscal spending and fresh capital inflows
- Bank of England policy may turn hawkish as growth rises, supporting GBP strength

Fig. 2 GBP likely to retrace more post-referendum losses

GBP/USD before and after the 2016 Brexit referendum date

Source: Bloomberg, Standard Chartered

Fig. 3 Real interest rate differentials indicate a stronger GBP/USD

GBP/USD, UK-US real interest rate differential* (RHS)

Source: Bloomberg, Standard Chartered

*Derived from 2-year bond yields minus current inflation
USD/CNY could pivot around 7 as focus remains on US-China talks

- We see USD/CNY trading between 6.80 – 7.20 as it responds to the ebb and flow of bilateral trade tensions through 2020.
- Increased global dollar liquidity is likely to support the CNY as it would lead to falling domestic debt stress and rising international risk appetite for Chinese investments.
- Fear of deflationary pressure could prompt Chinese authorities to accelerate monetary and fiscal stimulus; an orderly weakening of the CNY could then be an acceptable policy tool.

**Fig. 1 Will the USD/CNY rise in 2020?**

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deteriorating global trade and geopolitical tensions could reduce risk appetite and support USD/CNY</td>
<td>A conclusion of one or more trade deals that include a significant tariff rollback would likely see USD/CNY adjust lower</td>
</tr>
<tr>
<td>The continued de-leveraging of China’s economy should see a narrowing China-US growth rate differential, supporting USD/CNY</td>
<td>The PBOC has stated its intention to keep interest rates positive with an upward sloping yield curve and not to engage in competitive CNY devaluation</td>
</tr>
<tr>
<td>Rising fears of a deflationary spiral could see the PBOC cutting rates further, reducing rate differentials, boosting USD/CNY</td>
<td>A shift from globalisation to regionalisation could see more investment allocation and reserves flowing into CNY</td>
</tr>
<tr>
<td>Capital flows may become more tightly managed and regulated, deterring CNY inflows and supporting USD/CNY</td>
<td>Growth stabilisation could lead to a positive cycle that improves China’s growth differential with the US and push USD/CNY lower</td>
</tr>
</tbody>
</table>

**SCB’s net assessment**

- **Bullish** USD/CNY
- **Bearish** USD/CNY

Source: Standard Chartered Global Investment Committee

**Fig. 2 USD/CNY has moved in-step with negative and positive trade announcements**

Source: Bloomberg, China Briefing, Standard Chartered

*Vertical bars indicate dates of key trade-related announcements*
USD/JPY & AUD/USD

Rangebound:
USD/JPY – Driven by global risk appetite
AUD/USD – RBA policy to counter AUD strength

USD/JPY and AUD/USD are both sensitive to trade tensions

• We expect USD/JPY to be rangebound; JPY is a popular funding currency when FX volatility stays subdued and Japanese investors seek attractive yields from unhedged overseas assets.

• Although not our base case, if global growth remains weak and trade tensions rise, JPY would likely attract safe-haven flows due to its strong net international investment position.

• Australia’s terms of trade (TOT)* are supportive, but expected Chinese stimulus does not contain strong demand for commodities. The RBA could deter rapid AUD appreciation.

Fig. 1 Will USD/JPY & AUD/USD rise in 2020?

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD/JPY</strong></td>
<td>US assets continue to offer attractive returns on an unhedged basis if volatility stays low, driving demand for USD/JPY</td>
</tr>
<tr>
<td><strong>USD/JPY</strong></td>
<td>JPY is typically a “risk-off” currency at times of geopolitical tension or slow global growth</td>
</tr>
<tr>
<td><strong>USD/JPY</strong></td>
<td>BoJ is expected to keep rates policy on hold, making it likely that the JPY remains a favoured funding currency, supporting USD/JPY</td>
</tr>
<tr>
<td><strong>USD/JPY</strong></td>
<td>Japanese investors may need to hedge significant currency exposure and sell USD/JPY</td>
</tr>
</tbody>
</table>

SCB’s net assessment

AUD/USD: Fading trade tensions, better global growth and Terms of Trade* are supportive
AUD/USD: Accommodative RBA monetary policy and guidance could lean against a rapid AUD rise
AUD/USD: Improving consumer spending and housing data; Attractive long-term valuation
AUD/USD: Measured Chinese stimulus may not see strong Australian commodity demand

SCB’s net assessment

Our net assessment:

• We expect a 105 – 112 USD/JPY trading range

• The JPY’s role as both a funding and safe-haven currency are likely to opposing drivers during 2020

• We see AUD/USD in a 0.66 – 0.72 trading range

• AUD is attractive from a long-term value standpoint, but accommodative RBA policy should repel rapid strength

Source: Standard Chartered Global Investment Committee

Fig. 2 Net Japanese investment outflows may limit JPY strength

USD/JPY, JP foreign purchases of US securities (3m rolling; RHS)

Fig. 3 Favourable Terms of Trade limits AUD downside

AUD/USD, AUD Terms of Trade* (RHS)

Source: Bloomberg, Standard Chartered

*See Glossary on page 78 for definitions
**EM Asia FX**

**Bearish USD/INR; Rangebound SGD, KRW and MYR**

**Attractive investment opportunities could drive EM Asia capital inflows**

- A recovery in global growth, gradual easing of trade tensions and a broadly weaker USD should improve risk sentiment towards Emerging Markets currencies.

Fig. 1 Will Asian currencies rise in 2020?

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD/INR:</strong> Possible RBI rate cuts along with non-bank financial sector stress may underpin USD/INR</td>
<td><strong>USD/INR:</strong> Range-bound oil prices are expected to further ease current-account pressure; INR investment inflows should respond to favourable fiscal conditions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bullish USD/INR</th>
<th>Bearish USD/INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

| **USD/KRW:** If global growth and trade fail to rebound, USD/KRW will be supported | **USD/KRW:** A less aggressive US trade policy stance should provide a window for the USD/KRW to fall into a slightly lower trending range |

<table>
<thead>
<tr>
<th>Bullish USD/KRW</th>
<th>Bearish USD/KRW</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

| **USD/SGD:** The domestic economy is highly sensitive to global and regional trade; long lasting trade tensions support USD/SGD | **USD/SGD:** Monetary policy is likely to remain stable; easing trade tensions could push USD/SGD lower near-term |

<table>
<thead>
<tr>
<th>Bullish USD/SGD</th>
<th>Bearish USD/SGD</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

| **USD/MYR:** Exposure to trade flows with China and Singapore and rising inflationary pressure could see upward pressure on USD/MYR | **USD/MYR:** Relatively attractive domestic rates could cap USD/MYR on trade calm and broadly improving risk sentiment |

<table>
<thead>
<tr>
<th>Bullish USD/MYR</th>
<th>Bearish USD/MYR</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

**Our net assessment:**

- We expect USD/INR to fall by around 5% towards 68.00 in 2020
- Our USD/KRW view sees potentially volatile range trading towards 1150
- We believe USD/SGD will be rangebound between 1.34 – 1.40
- USD/MYR is expected to be rangebound between 4.05 – 4.25

Source: Standard Chartered Global Investment Committee

Fig. 2 USD/INR could decline on strong portfolio INR inflows

USD/INR, Foreign investment flows into Indian equities and bonds, y/y level change* (RHS)

Source: Bloomberg, Standard Chartered

Fig. 3 USD/KRW direction is highly sensitive to trade tensions

USD/KRW, US-China trade-related announcements

Source: Bloomberg, China Briefing, Standard Chartered
Gold

Preferred – Fundamentals still supportive

Still preferred; opportunistically add long exposure on dips

- We retain gold as a preferred holding and see the current pause in gold’s rally as an opportunity to add exposure to the precious metal.
- Real (net of inflation) interest rates, inflation expectations and the USD remain key drivers. We believe the historical negative gold-USD correlation should reassert itself, which should benefit gold as the USD retreats.
- In the near term, catalysts for gold to move higher are lacking. An unexpected flare up of trade tensions and/or any indications of global growth weakness could see renewed upside for gold given its safe-haven characteristics.

Fig. 1 Will gold rise in 2020?

<table>
<thead>
<tr>
<th>Bullish factors</th>
<th>Bearish factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity costs of holding gold are still low as real yields are unlikely to rise significantly</td>
<td>Gold is sensitive to higher interest rates given its non-yielding attributes. A falling stock of negative-yielding debt, as global yields gradually rise, would reduce the attractiveness of holding gold</td>
</tr>
<tr>
<td>A broadly weaker USD provides an additional tailwind for gold prices</td>
<td>Physical demand has been relatively subdued, but seasonal buying could provide a floor for prices</td>
</tr>
</tbody>
</table>

The precious metal remains a safe-haven asset and continues to offer investors diversification benefits. Central bank buying also remains supportive of net demand for gold

SCB’s net assessment

Our net assessment:

- Gold remains a preferred holding
- We expect a test of 1,600 in 2020, but the risk-on environment may limit gains near term
- Real interest rates, inflation expectations and the USD remain key drivers of our bullish outlook

Fig. 2 Still-elevated global policy uncertainty supportive of gold

Gold (USD/oz), Global economic policy uncertainty* (RHS)

Source: Baker, Bloom and Davis, Refinitiv, Standard Chartered
*For more information on the index, visit policyuncertainty.com

Fig. 3 Real bond yields unlikely to rise significantly from here, limiting gold’s downside

Gold prices (USD/oz), 10-year US TIPS* (% inverted; RHS)

Source: Refinitiv, Standard Chartered
*Real bond yields are proxied by US Treasury Inflation Protected securities
How we generate investment views
Our adaptive process

We have a robust advisory process ensuring we deliver high-quality insights and solutions to our clients.

01
OPEN-PLATFORM INPUTS
Third party market views as diverse as possible are curated from leading research boutiques, banks and asset management companies to harness the collective intelligence of our network.

02
DISCUSS & DEBATE
Once a month, these curated questions, insights and analysis are shared and digested by the Global Investment Committee (GIC) members through a rigorous debating process to ensure full consideration is given to diverse perspectives.

03
INVESTMENT STRATEGY DECISIONS
Decisions are not based on consensus. GIC members vote anonymously on key questions and decisions to form final house views. Voting process involves a detailed questionnaire and all individual results are tracked to identify key trends associated with house views.

04
ADVISORY COMMUNICATION
The results of the vote are organised to form our “House Views” and articulated by our Investment Strategists through investment publications; they are communicated immediately to all our global and local product teams.

05
RELEVANT & ACTIONABLE CONVICTIONS
GIC ideas and themes are discussed with product and country teams to formulate conviction lists of relevant investment opportunities for our clients.

06
COMMUNICATION TO CLIENTS
Our “House views” and conviction-based investment opportunities reach our clients through our various publications, relationship managers and investment advisors.

07
THOROUGH REVIEW
Investment results of our House views and conviction-based opportunities are thoroughly reviewed together with all the quantitative data collected during the voting process.
The rise of ESG investing

2019 was the year where many sustainability issues came to the forefront and this is set to accelerate in 2020, with an increasing number of businesses having it on their corporate agendas as material risks and opportunities — from climate change to data privacy and diversity and inclusion.

According to a global survey by the UN Principles for Responsible Investment (PRI) network and the CFA Institute, more than 50% of investors in Asia Pacific believe that environmental and social factors will impact share prices by 2022\(^1\). The figures are similar for investors in Europe, the Middle East and Africa\(^2\).

Governance is the ESG (environmental, social and governance) factor most investors are integrating into their process, while environmental and social factors are increasingly gaining acceptance. The main drivers of ESG integration are risk management and increasing client demand.

With increasing demand, fund managers in both public and private markets are also building their capabilities to meet the needs of its investors.

According to Morningstar, approximately USD 41 billion flowed into European sustainable fund products in the first half of 2019, more than any other semi-annual period. In addition, the report also noted that sustainable equity funds benefited from inflows while conventional equity funds suffered from net outflows. To match investor demand, there was a 27% increase in the number of ESG fund launches from 2017 to 2018, and the pace in 2019 is on track to match or even exceed the number of new product offerings in 2018.

However, ESG integration remains in its relative infancy, with investors calling for more guidance on exactly “how” they can “do ESG” and integrate ESG data into their portfolios. On top of that, there are also concerns of “greenwashing” or “ESG-washing”, where fund manager claims of ESG integration are exaggerated.

Fig. 1 Impact of ESG issues in 2017 and the expected impact in 5 years’ time (2022) on share prices, corporate bond yields/spreads and sovereign debt yields

<table>
<thead>
<tr>
<th>ESG ISSUES IMPACT ON SHARE PRICES</th>
<th>AFFECTED IN 2017</th>
<th>AFFECTED IN 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>ASIA PACIFIC</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>EUROPE, THE MIDDLE EAST AND AFRICA</td>
<td>60%</td>
</tr>
<tr>
<td>Environmental</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Social</td>
<td>30%</td>
<td>24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESG ISSUES IMPACT ON CORPORATE BOND YIELDS/SPREADS</th>
<th>AFFECTED IN 2017</th>
<th>AFFECTED IN 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>43%</td>
<td>60%</td>
</tr>
<tr>
<td>Environmental</td>
<td>15%</td>
<td>48%</td>
</tr>
<tr>
<td>Social</td>
<td>17%</td>
<td>42%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ISSUES IMPACT ON SOVEREIGN DEBT YIELDS</th>
<th>AFFECTED IN 2017</th>
<th>AFFECTED IN 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>32%</td>
<td>49%</td>
</tr>
<tr>
<td>Environmental</td>
<td>14%</td>
<td>41%</td>
</tr>
<tr>
<td>Social</td>
<td>19%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Note: Percentages represent respondents who answered “often” or “always”

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1. ESG Integration in Asia Pacific: Markets, Practices and Data, UN PRI and CFA Institute
2. ESG Integration in Europe, the Middle East and Africa: Markets, Practices and Data, UN PRI and CFA Institute
How to get started with ESG investing?

ESG investing is the use of ESG criteria as a set of standards to screen for potential investments, which allows for alignment with the investor’s values or interests. Investors can choose from various ESG investment strategies such as:

- **Exclusionary screening**
  When exclusion screens are applied, stocks are excluded from an investment universe which prevents investors from investing in companies not aligned with their values. Some common exclusions are tobacco, pornography, gambling and civil weapons and most, if not all, ESG funds employ exclusions to some extent.

- **ESG integration**
  ESG integration refers to the systematic consideration of ESG factors alongside financial metrics in the analysis of a company. In a sophisticated ESG integration strategy, ESG factors will be weighted accordingly by the materiality of those factors depending on the sector. For example, health and safety metrics will be more relevant for a mining company than in the financial industry. A sample list of high level ESG metrics by category can be seen below:

  **Environmental**
  - Resource Use
  - Emissions
  - Innovation

  **Social**
  - Workforce
  - Human Rights
  - Community
  - Product Responsibility

  **Governance**
  - Management
  - Shareholders
  - Corporate Social Responsibility (CSR Strategy)

- **Best-in-class/positive screening**
  Unlike exclusionary screening, best-in-class or positive screening is the active and intentional selection of companies that display leading sustainability practices based on ESG factors. The idea is that strong ESG performers are companies better positioned to outperform their peers, encouraging companies to improve their ESG score. For example, some industries may face a higher stranded asset risk due to environmental issues. How a company responds to future risks can be teased out by analysing specific ESG factors.

- **Sustainability-themed investing**
  Thematic investing focuses on assets linked to a specific area of ESG interest for an investor. These interest areas will address a social and/or environmental issue, sometimes aligned with the Sustainable Development Goals, such as clean water and sanitation, climate action or good health and well-being.

- **Impact investing**
  Impact investing are investments made that have specific targets, typically social or environmental, that the investor would like to solve. This is a strategy more commonly seen in the private markets, although there are also listed equity fund managers launching impact funds.

Of course, ESG investing strategies are not mutually exclusive as multiple strategies can be applied at once, and there are various investment instruments an investor can invest in, both in the public and private markets, where some are higher risk and have a longer lock-in period than others. What is critical is selecting the strategy and investment instrument, that is in line with the investor’s risk profile and financial/non-financial goals are taken into consideration.

Sustainable investing is a space that will continue to grow and evolve as new lessons emerge through successes and failures. Some are ahead of the curve and others are playing catch up, but it has gone mainstream and it is here to stay.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition/Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD</td>
<td>Australian dollar</td>
</tr>
<tr>
<td>AxJ</td>
<td>Asia ex-Japan</td>
</tr>
<tr>
<td>bbl</td>
<td>barrels</td>
</tr>
<tr>
<td>bn</td>
<td>billion</td>
</tr>
<tr>
<td>BoE</td>
<td>Bank of England</td>
</tr>
<tr>
<td>BoJ</td>
<td>Bank of Japan</td>
</tr>
<tr>
<td>bp</td>
<td>basis point; 0.01%</td>
</tr>
<tr>
<td>CNY</td>
<td>Chinese yuan (onshore)</td>
</tr>
<tr>
<td>CoCos</td>
<td>Contingent Convertibles</td>
</tr>
<tr>
<td>DM</td>
<td>Developed Market</td>
</tr>
<tr>
<td>dMA</td>
<td>x-day moving average</td>
</tr>
<tr>
<td>DXY</td>
<td>US dollar index</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortization</td>
</tr>
<tr>
<td>ECB</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>EM</td>
<td>Emerging Market</td>
</tr>
<tr>
<td>EUR</td>
<td>European Central Bank</td>
</tr>
<tr>
<td>FOMC</td>
<td>Federal Open Market Committee</td>
</tr>
<tr>
<td>FX</td>
<td>Foreign Exchange</td>
</tr>
<tr>
<td>GBP</td>
<td>British pound sterling</td>
</tr>
<tr>
<td>GICS</td>
<td>The Global Industry Classification Standard for equities</td>
</tr>
<tr>
<td>HC</td>
<td>Hard-currency</td>
</tr>
<tr>
<td>HDY</td>
<td>High Dividend Yield</td>
</tr>
<tr>
<td>HY</td>
<td>High-yield</td>
</tr>
<tr>
<td>IG</td>
<td>Investment-grade</td>
</tr>
<tr>
<td>INR</td>
<td>Indian rupee</td>
</tr>
<tr>
<td>JPY</td>
<td>Japanese yen</td>
</tr>
<tr>
<td>LCY</td>
<td>Local-currency</td>
</tr>
<tr>
<td>LTV</td>
<td>Loan-to-value</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>Mergers and Acquisitions</td>
</tr>
<tr>
<td>m/m</td>
<td>month-on-month</td>
</tr>
<tr>
<td>Mark-to-Market</td>
<td>Measure of the fair value of a particular asset; Reflection of current market levels</td>
</tr>
<tr>
<td>mMA</td>
<td>x-month moving average</td>
</tr>
<tr>
<td>mn</td>
<td>million</td>
</tr>
<tr>
<td>Neutral rate</td>
<td>Fed’s estimated benchmark interest rate at which real US GDP is expected to grow at its trend rate and inflation is expected to remain stable</td>
</tr>
<tr>
<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
</tr>
<tr>
<td>Outside view</td>
<td>A learning based on data from a class of roughly similar previous cases</td>
</tr>
<tr>
<td>oz</td>
<td>ounces</td>
</tr>
<tr>
<td>PE</td>
<td>Price-earnings</td>
</tr>
<tr>
<td>PMI</td>
<td>Purchasing Managers’ Index</td>
</tr>
<tr>
<td>q/q</td>
<td>quarter-on-quarter</td>
</tr>
<tr>
<td>RBA</td>
<td>Reserve Bank of Australia</td>
</tr>
<tr>
<td>RSI</td>
<td>Relative Strength Index</td>
</tr>
<tr>
<td>Senior floating rate loans</td>
<td>A debt financing obligation issued by a bank or similar financial institution to a company or individual that holds legal claim to the borrower’s assets above all other debt obligations. Yields may vary based on changes in benchmark interest rates</td>
</tr>
<tr>
<td>SGD</td>
<td>Singaporean dollar</td>
</tr>
<tr>
<td>Terms of trade (TOT)</td>
<td>The ratio of an index of a country’s export prices to an index of its import prices</td>
</tr>
<tr>
<td>trn</td>
<td>trillion</td>
</tr>
<tr>
<td>USD</td>
<td>US dollar</td>
</tr>
<tr>
<td>VIX</td>
<td>CBOE Volatility Index</td>
</tr>
<tr>
<td>wMA</td>
<td>x-week moving average</td>
</tr>
<tr>
<td>y/y</td>
<td>year-on-year</td>
</tr>
<tr>
<td>YTD</td>
<td>Year-to-date</td>
</tr>
</tbody>
</table>
2019 markets summary

Source: MSCI, J.P. Morgan, Barclays, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

*All performance shown in USD terms, unless otherwise stated.

The column '2019 Year to date' indicates performance from 31 December 2018 to 30 November 2019.

The column '2018' indicates performance from 31 December 2017 to 31 December 2018.

Equity | Country & Region

Global Equities
Global High Div Yield Equities
Developed Markets (EM)
Emerging Markets (EM)
US
Western Europe (Local)
Western Europe (USD)
Japan (Local)
Japan (USD)
Australia
Asia ex-Japan
Africa
Eastern Europe
Latam
Middle East
China
India
South Korea
Taiwan

2018

-9.4%
-6.3%
-8.7%
-14.0%
-5.0%
-10.6%
-14.9%
-15.1%
-12.9%
-19.0%
-14.4%
-22.7%
-4.2%
-6.8%
-8.9%

-6.8%
-8.9%

Equity | Sector

Consumer Discretionary
Consumer Staples
Energy
Financial
Healthcare
Industrial
IT
Materials
Telecom
Utilities

Global Property Equity/REITs

-5.5%

Bonds | Sovereign

DM IG Sovereign
US Sovereign
EM Sovereign Hard Currency
EM Sovereign Local Currency
Asia EM Local Currency

-1.0%
-3.2%
-4.0%
-4.7%
-1.4%

0.9%

Bonds | Credit

DM IG Corporates
DM High Yield Corporates
US High Yield
Europe High Yield
Asia Hard Currency

-5.6%
-5.5%
-2.1%
-8.2%
-0.8%

Commodities

Diversified Commodity
Agriculture
Energy
Industrial Metal
Precious Metal
Crude Oil

-11.2%
-12.5%
-14.4%
-21.1%
-6.4%
-7.4%

FX (against USD)

Asian ex-Japan
AUD
EUR
GBP
JPY
SGD

Composites (All strategies)
Relative Value
Event Driven
Equity Long/Short
Macro CTA

-0.7%
-1.2%
-9.4%

-4.0%
-9.7%
-4.5%
-5.6%
-2.0%

2.8%
# 2020 key events

<table>
<thead>
<tr>
<th>JANUARY</th>
<th>FEBRUARY</th>
<th>MARCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Taiwan general election</td>
<td>N.A</td>
</tr>
<tr>
<td>23</td>
<td>ECB policy decision</td>
<td>03 US Super Tuesday (Democratic presidential primaries)</td>
</tr>
<tr>
<td>30</td>
<td>FOMC policy decision</td>
<td>10 More US Democratic presidential primaries</td>
</tr>
<tr>
<td>30</td>
<td>BoE policy decision</td>
<td>12 ECB policy decision</td>
</tr>
<tr>
<td>31</td>
<td>Brexit deadline</td>
<td>19 FOMC policy decision</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>FOMC policy decision</td>
<td>04 ECB policy decision</td>
</tr>
<tr>
<td>30</td>
<td>ECB policy decision</td>
<td>10-12 G7 summit in the US</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 FOMC policy decision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18 BoE policy decision</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>BoE policy decision</td>
<td>x China’s President Xi visits Germany for summit with EU state leaders</td>
</tr>
<tr>
<td>30</td>
<td>ECB policy decision</td>
<td>04 ECB policy decision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 FOMC policy decision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18 BoE policy decision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>29 1st US presidential debate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCTOBER</th>
<th>NOVEMBER</th>
<th>DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>US presidential election</td>
<td>10 ECB policy decision</td>
</tr>
<tr>
<td>22</td>
<td>2nd US presidential debate</td>
<td>17 FOMC policy decision</td>
</tr>
<tr>
<td>29</td>
<td>3rd US presidential debate</td>
<td>17 BoE policy decision</td>
</tr>
<tr>
<td>29</td>
<td>ECB policy decision</td>
<td>18 BoE policy decision</td>
</tr>
<tr>
<td></td>
<td>BoJ policy decision</td>
<td>21-22 G20 Summit in Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31 Deadline for Brexit transition period</td>
</tr>
</tbody>
</table>

- Central bank policy
- Geopolitics
- EU politics

Meet the team

Alexis Calla
Chief Investment Officer
Chair of the Global Investment Committee

Manish Jaradi
Senior Investment Strategist

Francis Lim
Senior Investment Strategist

Ajay Saratchandran
Senior Portfolio Manager

Steve Brice
Chief Investment Strategist

Belle Chan
Senior Investment Strategist

Fook Hien Yap
Senior Investment Strategist

Samuel Seah, CFA
Senior Portfolio Manager

Christian Abuide
Head
Discretionary Portfolio Management

Daniel Lam, CFA
Senior Cross-asset Strategist

Abhilash Narayan
Investment Strategist

Thursten Cheok, CFA
Senior Portfolio Strategist

Clive McDonnell
Head
Equity Investment Strategy

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Senior Investment Strategist

DJ Cheong, CFA
Investment Strategist

Trang Nguyen
Portfolio Strategist

Manpreet Gill
Head
FICC Investment Strategy

Audrey Goh, CFA
Senior Cross-asset Strategist

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