Citigold

2020 MID YEAR OUTLOOK

INVESTMENT OPPORTUNITIES AND CHALLENGES IN A POST COVID-19 RECOVERY

CONTENTS

CITI'S TOP THEMES

INVESTMENT OPPORTUNITIES AND CHALLENGES IN A POST COVID-19 RECOVERY

As COVID-19 spread across the world, it was declared a global pandemic. Governments rolled out social distancing measures and shutdowns to slow the infection rate and daily activities were severely disrupted, leading to a deep global economic contraction with unemployment rates spiking sharply.

Major asset classes saw severe levels of volatility. After hitting a high of 2,434.95 in February, global equities as measured by MSCI World Index, fell 34% and reached lows of 1,602.11 in March as the volatility index (VIX) hit an extreme level of 82. Fixed income markets fell 8% over a 2-week period in March, a fall which took 2 months during the Global Financial Crisis. Benchmark West Texas Intermediate (WTI) crude oil futures fell to an unprecedented negative US$38/bbl in April on a combination of demand weakness, over-supply and storage woes, while gold prices also saw a 15% pullback from US$1,700/oz levels in March on demand for liquidity.

Global policymakers – led by the US – took swift action to create a financial bridge over the short-term fall in economic activity. Policymakers have committed US$9 trillion in fiscal support and central banks have committed US$6 trillion in asset purchases. The US Federal Reserve for example has moved US policy rates back to the zero lower bound and pledged to keep rates there until labor markets have normalized. By doing so, they created broad market confidence, restored the proper functioning of markets and altered the typical recessionary market dynamics. Since March-troughs, global equities have recovered 40.6%, albeit still down 4.0% year-to-date (YTD).

As countries start a gradual process of re-opening, economic activities are expected to partially recover and signs of rising activity levels are apparent in China, who has emerged first out of containment measures, and also more recently in the US. As the global economy enters a new cycle, the recovery looks to be uneven across regions and with some sectors likely to take a longer time to recover than others. Citi analysts expect the full year's global GDP to contract by 3.5% in 2020 before recovering to 5.5% to 2021, largely led by Emerging Markets.

With green shoots seen in economic activities and supportive fiscal and monetary policies, Citi analysts' are overweight on global equities as we head into the second half. Massive dispersion in valuations leaves potential opportunities for investors. Strong income-generating investments and long-term growth opportunities are preferred, while keeping a lookout on depressed assets that may potentially recover faster than expected. By sectors, Citi analysts have a long-term preference on Health Care and Digitization, while also having a thematic preference for Global Real Estate Investment Trusts.

By region, Asia is a long-term thematic preference that is supported by relatively stronger companies and national balance sheets, while Latin American equities have underperformed and valuations look compelling. On the other hand, US large capitalization equities have outperformed and selective small and mid-cap equities may offer opportunities instead.

While Citi analysts are underweight global fixed income as an asset class, cyclical-oriented sectors in US Investment Grade Debt could potentially benefit in a new economic cycle while Emerging Market Debt may offer relative value. To balance risks and potential volatilities in individual markets, a globally diversified portfolio and asset allocation is paramount and gold remains an overweight as a risk hedge.

*All returns in USD as of 23 June 2020

1

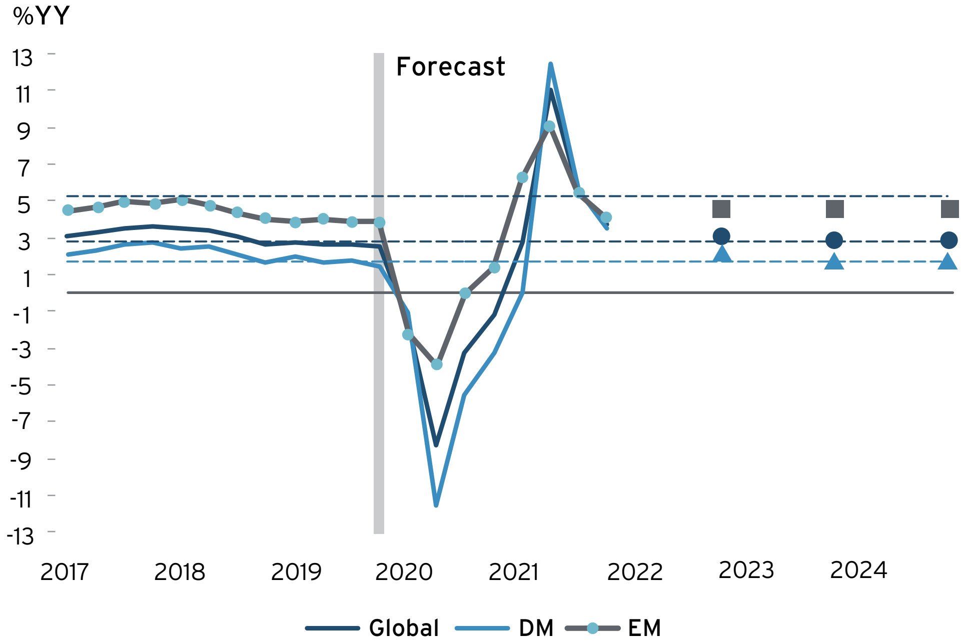
ECONOMY

UNCERTAINTIES IN THE RECOVERY

Key Takeaways

- Global GDP may contract by 3.5% in 2020 before growing 5.5% in 2021. Inflation is expected to remain subdued at 1.8% for 2020, rising to 2.4% in 2021.
- Developed Markets (DMs) GDP growth may fall to -5.0% in 2020, rebounding to 4.8% in 2021. Emerging Markets (EMs) may see a smaller contraction to -1.5% in 2020, improving to 6.4% in 2021.
- Should uncertainties materialize and affect investors' confidence, a return to pre COVID-19 GDP growth may be delayed, yielding a longer recession and a more extended period of recovery. Deteriorating US-China relations and heightened political risks may also weigh on growth.

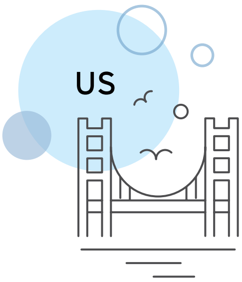
GDP Growth Forecasts



Note: Dashed lines show 2000-2017 average growth.
Source: Citi Research. As of 20 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

COVID-19 has thrown the global economy into a recession that could be far greater than the Global Financial Crisis (GFC) in 2008. As global economies start to re-open from containment measures, uncertainties surround the pace of recovery. China, being the first to confront the virus, has started to see activity levels pick up, with 1Q likely the bottom of the economic slowdown. For most other economies, 2Q economic data may continue to see a weakening, before likely improvement in sequential quarters. As the global economy begins a new cycle, the recovery is likely to be uneven across regions.

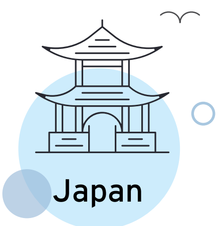
UNCERTAINTIES IN THE RECOVERY / 1



US GDP is forecast to contract by 3.3% for 2020, however we are now seeing the initial signs of reawakening in the economy after the COVID-19 driven hibernation. The unemployment rate reached 14.7% in April, but fell by 1.4% to 13.3% in May, the fastest decline in more than 70 years. Retail sales jumped 17.7% in May after a 14.7% drop in April. In March, the US Federal Reserve (Fed) responded by bringing interest rates down to the zero lower bound and has pledged to keep rates there until labor markets have "normalized". The US government has also rolled out a large fiscal package, surpassing US$2 trillion in total.

Citi analysts see the region's GDP contracting by 6.7% in 2020. While the lifting of more severe restrictions in May and June could foster a meaningful rebound in 2H 2020, it may take around two years for GDP to return to 4Q 2019 levels. Despite slightly higher oil prices, low inflation may persist, allowing the European Central Bank (ECB) to provide huge policy support. Over and above the existing €120 billion asset purchases announced last September, the ECB has rolled out a €750 billion Pandemic Emergency Purchase Program (PEPP) which has been further upsized to €1.35 trillion. On the fiscal end, the European Union (EU) has announced on a €750 billion fiscal-stimulus package on 27 May that will be jointly financed for the first time in history. Along with the recovery plans, the European Commission has proposed a revamped budget of €1.1 trillion between 2021 - 2027. While significant in scale and size, it requires unanimous approval by all EU member states.

In the UK, GDP is expected to contract sharply by 9.7% in 2020 with elevated unemployment, uncertainty and Brexit weighing on the recovery. As the economy reopens, growth is likely to rebound, however a full recovery in output is unlikely to be quick and simple. Fiscal policy may be needed to do the heavy lifting as the economy emerges from the health crisis.



GDP is expected to fall sequentially in 2Q due to a fall in consumer spending but could rebound in 3Q. Inflation is expected to stay in the range around 0% YoY in coming months. Citi analysts expect the Bank of Japan (BoJ) to keep status quo on policy rates. On 27 May, the government announced a second economic package of JPY 117 trillion and a second FY 2020 supplementary budget to fund it. The unprecedented stimulus could help to bridge the financial gap for household and corporates out of the pandemic as Japan's GDP is expected to contract by 5.2% for 2020.

1 / UNCERTAINTIES IN THE RECOVERY

Asia's GDP growth rate is seen moderating to 0.5% in 2020, with China likely to lead the region with 2.4% growth. With China feeling the effects of COVID-19 earlier at the start of the year, the bottom in economic activity looks to be behind us in 1Q 2020. While the fiscal stimulus delivered at the National People's Congress in May fell short of Citi analysts' expectations and the government also removed its GDP target for the year, the People's Bank of China (PBoC) has pledged to react more proactively to offset negative impacts from COVID-19, with special emphasis on growth and employment targets. However, deteriorating US-China relations present a potential risk that may weigh on growth.

Several of the largest Central & Eastern Europe, Middle East and Africa (CEEMEA) economies are likely to face major economic challenges in coming months. Current account deficits may worsen as exports weaken sharply while budget deficits may deteriorate as tax revenues decline. The region is also vulnerable to oil-price movements which has seen benchmark West Texas Intermediate (WTI) futures drop to unprecedented negative levels in April before recovering. Emerging Europe GDP may fall -4.6% while Middle East and Africa region may see a -2.6% decline for 2020. For Latin America (LatAm), the region may contract by 7.3% for 2020. After failing to reach an agreement with creditors, Argentina missed an interest payment on 22 May and officially entered its 9th external debt default. If no quick progress is made on negotiations, probabilities of a longer drawn restructuring increase, along with higher risk of legal actions.

Risks to the global growth outlook include:

- COVID-19 is not yet under control, although progress is being made.
- A more conservative stance in business investment.
- Trade remains weak with potential trade tensions and continued supply chain disruptions.
- Cautious consumer behaviour which may see more tepid consumer spending.
- Rising political risks. *(See "6. Politics - Simmering Tensions")*

Inflation is expected to moderate down in 2020, as the global inflation outlook depends crucially on policy initiatives and how they support the economies. Citi analysts expect global inflation at 1.8% for 2020, rising to 2.4% in 2021. By region, DMs may see lower inflation of 0.6% in 2020, while EMs may see inflation at 3.3%.

2 EQUITIES
SEEKING OUT OPPORTUNITIES

Key Takeaways

- Global equity markets fell 34% from February highs but have since rallied 40.6% off March lows (as of 23 June). Swift and unprecedented action by central banks and fiscal authorities played a large role in driving that performance as investors consider the potential recovery beyond the severe economic disruptions from COVID-19.
- Overweight global equities: By region, Citi analysts prefer US small and mid-cap equities, emerging Asia and Latin America (LatAm).
- Citi analysts have a long-term preference on sectors such as Health Care and Digitization while thematically adding to Real Estate Investment Trusts (REITs), which have lagged in the rebound.

Equity markets overall have largely held up well despite the severe economic contraction that has resulted from the pandemic. This time, the health crisis being an exogenous shock collapsed world business activity. But policymakers were decisive and swift in spending current and future resources to build a bridge to economic recovery, as central banks have made a US$6 trillion commitment to prop up financial markets via asset purchases. By doing so, they created broad market confidence, ensured the proper functioning of markets and altered the typical recessionary market dynamics.

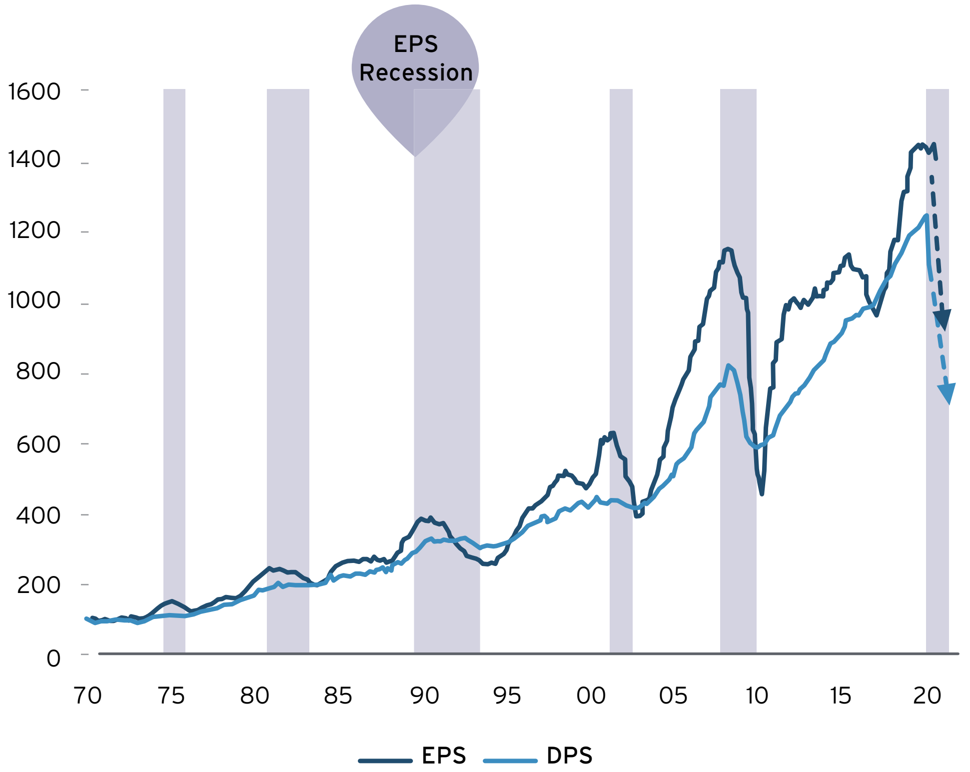
Dividends at risk of falling in certain sectors, in addition to earnings

While central bank commitments have helped support global equity markets, the current collapse in profits cannot be ignored. Citi analysts expect global earnings per share (EPS) to fall at least 50% in 2020. Comparatively, consensus estimates are currently forecasting around -18% drop in EPS for 2020. Looking ahead, Citi analysts note that the more 2020 EPS is downgraded, the more 2021 EPS can rebound in the recovery.

Consistent dividend growth remains among the strongest performance drivers for a firm's shares over the long-term. However, high payout ratios, company prioritisation of balance sheets and employees mean global payouts may be under pressure and dividends may fall much more than in previous EPS downturns. Firms that are least impacted by the COVID-19 led economic crisis such as Health Care and Digitization may see sustained dividend growth, while dividend cuts may be more likely in energy and travel and leisure sectors.

FIRMS THAT ARE LEAST IMPACTED BY THE COVID-19 LED ECONOMIC CRISIS SUCH AS **HEALTH CARE** AND **DIGITIZATION** MAY SEE SUSTAINED DIVIDEND GROWTH

Global Earnings per Share (EPS) and Dividends per Share (DPS)

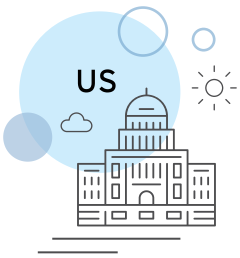


Source: Citi Research. As of 21 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

Global markets may still be subjected to elevated volatility due to unprecedented near-term economic challenges and short-term investor behaviour. There are also significant risks coming from policymakers (*see Chapter 6 – Simmering Tensions*). However with parts of the global economy rebounding and supportive monetary and fiscal easing policies, Citi analysts are overweight on global equities. Staying invested patiently and adding to tactical opportunities may help to add greatly to portfolio value in time.

US large caps have outperformed, leaving the potential for small and mid-caps to play catch up while Asia has cheaper valuations with green shoots emerging in China

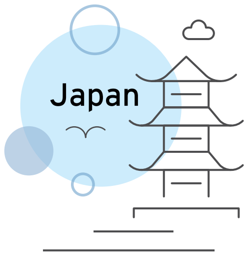
Global equities are trading at trailing price-to-earnings (PE) of 17.5x, slightly above their long-run average of 17x. By region, US looks most expensive while among cheaper markets, EMs like Asia are favored. Europe and Japan may see the largest decline in earnings this year, while consensus earnings projections appear too high in EM and Japan, indicating potential further downgrades on the horizon.



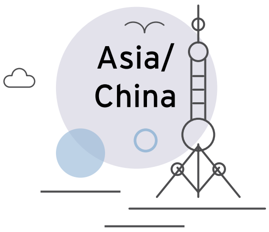
- Valuations in the US look more expensive compared to other regions with trailing PE of 19.7x. High unemployment and tight lending standards present challenges for 2H 2020. Furthermore, the November elections also introduces political risks and may hamper business activity. In terms of themes, digital disruptors and healthcare providers are among Citi analysts' long-term portfolio preferences and this favors US large cap firms. But as large caps have strongly outperformed YTD, more limited gains may be ahead. In a 1-2 year timeframe, Citi analysts see potential for small and mid-cap shares to catch up.

- The economic outlook has deteriorated sharply in Europe with Citi analysts expecting the region to contract by 6.7% in 2020. With economic growth and interest rates likely to remain low/negative, European dividends could halve. Continued social distancing efforts are also likely to remain in sectors like Travel, which constitute 10-15% of GDP for major economies in the region. However, the European Union appears increasingly likely to unify around a stronger fiscal expansion in the coming year. After a 16% fall since February, Citi analysts are now neutral on Eurozone equities which are trading at a trailing PE of 14.0x.

- UK market is heavily exposed to potential dividend cuts in energy and bank sectors. Although UK equities look cheap across trailing valuation measures (trailing PE of 11.8x), going forward Citi analysts expect both EPS and dividends per share (DPS) to fall by around 50% in 2020.



- As investors continue to pay attention to the global economic downturn and its impact on corporate profits, the recent improvement in dividend trends is likely to reverse given pressure on earnings. However, low payout ratios could mean the damage may not be as severe as other regions, but these could still amount to a 35% fall in dividends, similar to the GFC period. Japanese equities are trading at trailing PE of 17.6x.



- Among cheaper markets, Citi analysts favor EMs, especially Asia (trailing PE of 16.3x). This provides exposure to any cyclical-led recovery trade, which the US might lag. Green shoots from the re-opening of China's economy appear to be underway, with Chinese industrial production and retail sales rebounding from earlier lows. Within Asia, China may lead the economic recovery given its largest domestic economy and early response to the virus. Earnings decline in Asia may be less severe than during the Asian Financial Crisis as financial systems are in comparatively better shape. However, escalating tensions between the US and China may produce negative headlines near-term and remain a key risk to be watched.

- Valuations in LatAm markets have improved sharply after a deep selloff (the region is trading at 14.5x trailing PE). Given the severe underperformance relative to other markets, the region may perform when the global rebound comes. However, Citi analysts retain a cautious outlook over the long-term as the region may have to deal with the aftermath of limited policy space.

- Commodity prices may rebound from depressed levels, though remain low. This is likely to weigh on the Middle East and other oil-producing nations such as Russia. 53% of the Russian equity index is weighted in energy stocks and while it trades at a cheap valuation of 6.0x trailing PE, sustained pressure is likely due to the lower oil price and weak domestic demand.

DEFENSIVE SECTORS

HAVE OUTPERFORMED CYCLICALS IN THE MARKET SELL-OFF

Sectors to watch

Citi analysts' long-term thematic trends such as "digital disruptors" and "investing in longevity" fall among more defensive segments of the market that outperformed more cyclical sectors in the market sell-off. Another sector that Citi analysts favor is Real Estate Investment Trusts (REITs). Citi's "new cycle investment strategy" is to retain or expand exposures to the best valued income-generating investments and long-term growth opportunities while gradually adding exposure to depressed assets that may be deemed undervalued a year or more from now.

HEALTH CARE

Health Care has been a traditional defensive industry, with positive EPS growth averaging 9% during the past 3 recessions since 1990, the strongest of any sector. Even more than other periods, a health pandemic demands higher healthcare spending and the sector is among few that are expected to see positive earnings growth this year. Prior to COVID-19, the sector's re-rating over the past few years was tempered by the prospect of US healthcare reform, but was driven by improved research and development capital allocation, a pro-science approach by regulators and increasing risk appetite to value early stage assets involving breakthrough science. Corporate restructuring and rationalization of non-core assets also helped. Merger and acquisitions also remains an ongoing theme, assuming a relatively swift recovery from COVID-19 disruptions.

2 / SEEKING OUT OPPORTUNITIES

DIGITIZATION / COMMUNICATION SERVICES

COVID-19 has catalysed between five and ten years' worth of technological adoption in a very short space of time. Within the technology industry, the degree of cyclical risk may vary sharply and COVID-19 is likely to generate an unusual degree of dispersion in returns. Growth stocks that comprise digitization, such as cybersecurity, e-commerce generally and financial software and services (Fintech) may be less impacted by the economic fallout. Fintech firms (which comprises more than just payment solutions) offer intermediate and long-term growth potential as they help banks automate and upgrade systems and software. Sectors such as 5G and opportunities to improve data monetization and cloud adoption are also themes which Citi analysts favor.

REAL ESTATE INVESTMENT TRUSTS (REITS)

While global equity REITs have recovered significantly since late March, they remain down 20% for the year. As with other sectors, some types of REITs have gained sharply while others have fallen. "Digital disruptors" such as cell tower, digital infrastructure and e-commerce related logistics REITs have fared better, while retail REITs have fallen nearly 50%. Against a backdrop of sharply lower interest rates, central bank credit easing steps and a likely rebound in social engagement, Citi analysts think many real estate assets may be pricing in fairly extreme pessimism.

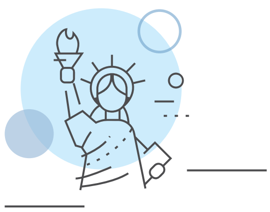
3 BONDS
POSITIONING AMID LOWER INTEREST RATES

Key Takeaways

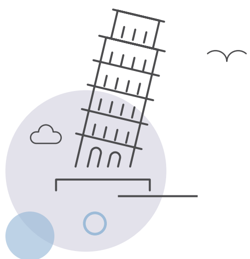
- Central banks have rolled out unprecedented levels of monetary easing and interest rates are expected to stay lower for longer.
- The fall in cash interest rates presents challenges in asset allocation and Investment Grade (IG) corporate bonds are preferred with cyclical-oriented sectors a potential beneficiary in a new economic cycle.
- USD-denominated Emerging Market Debt (EMD) offer compelling valuations. Citi analysts see opportunities in a barbell strategy between Asian (low beta) and Latin American (high beta) credits.

Fixed income markets were not immune from COVID-19 fears as a sharp rise in volatility and dislocation in credit markets saw global bonds losing over 8% in two weeks in March. While the sharp declines have moderated, bond markets are left with lower risk-free rates. As the global economy recovers from the COVID-19 shutdowns, some areas that have yet to bounce back may offer long-term opportunities while keeping in mind potential volatilities ahead.

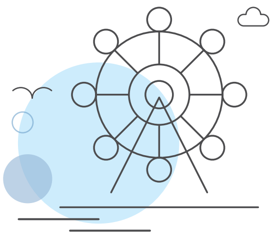
Central banks, led by the US, have responded aggressively and swiftly, cutting interest rates and rolling out unprecedented levels of monetary easing.



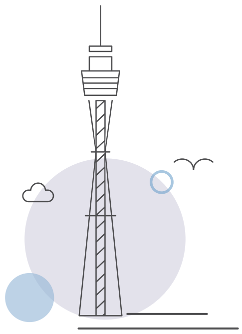
In a series of rate cuts, the US **Federal Reserve (Fed)** has lowered policy rates to the zero lower bound (ZLB) and could leave rates unchanged until 2022. The Fed also committed to purchasing Treasury securities and agency mortgage-backed securities in the "amounts needed to support smooth market functioning". On 16 June, the Fed announced their intention to begin buying individual corporate bonds in addition to corporate exchange-traded funds.



The **European Central Bank (ECB)** was already highly accommodative at the start of the COVID-19 crisis with deposit rates at -0.50%. However, the ECB has increased its €750 billion Pandemic Emergency Purchase Programme announced in March by a further €600 billion to €1.35 trillion on 4 June and extended its duration to June 2021 at least.

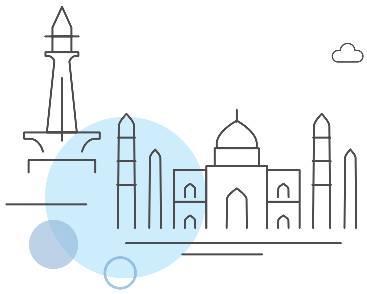


The monetary policy committee had cut rates twice bringing the bank rate to 0.10% from 0.75% in March and on 18 June, increased its asset purchase program by £100 billion to £745 billion. With the QE program extended until the end of the year, the bar for more monetary easing is high for the rest of the year. However, downside surprises on a recovery from COVID-19 and potential Brexit tensions lead Citi analysts to believe that the pressure on **Bank of England (BoE)** to do more may rise again. Citi analysts now expect a 10 bps rate cut and a £50 billion QE top-up by November, with a potentially negative bank rate and further QE next summer.



The **Reserve Bank of Australia (RBA)** cut rates to a record low 0.25% in March and guided that the cash rate may remain unchanged for at least a few years until progress is made towards its 2-3% inflation and full employment objective.

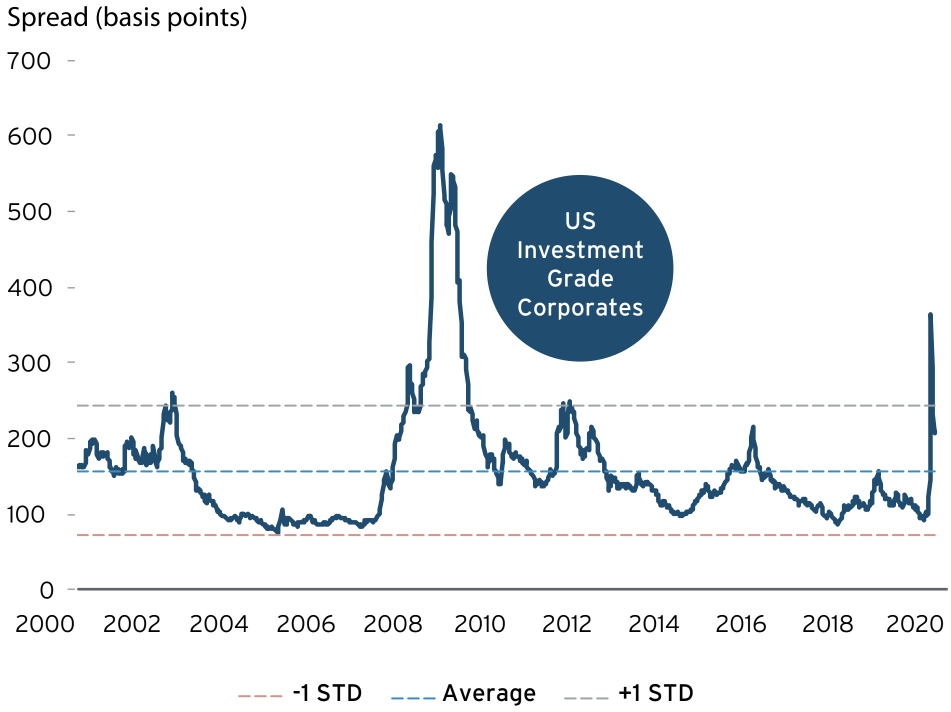
The **Bank of Japan (BoJ)** looks to have effectively reached its limit, and Citi analysts are of the view that a rate cut further into negative territory is highly unlikely. The BoJ has strengthened monetary accommodation, removing the limit on government bond purchases and raising the size of commercial paper and corporate bond purchasing programs.



In **Asia**: Citi analysts expect additional monetary easing measures and fiscal measures across the region. Rate cuts are seen in China, India, Indonesia, Malaysia and Philippines.

Weighing quality and value

Investment Grade Credit Spreads May Continue To Tighten



Source: Citi Private Bank. As of 5 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

SOVEREIGN BONDS

LARGE SCALE FISCAL PACKAGES HAVE TEMPORARILY PUT A FLOOR IN LONG-DATED YIELDS, WHILE THE FED HAS CUT RATES TO THE ZERO LOWER BOUND

Within global sovereigns, Citi analysts' regional preference has been in US Treasury, given their yield premium versus other developed markets such as Europe and Japan. Global "risk off" sentiment has seen US yields drop to record lows, before stabilizing at higher levels. Large scale fiscal packages have temporarily put a floor in long-dated yields, while the Fed has cut rates to the zero lower bound (and are likely to leave rates unchanged through 2022), steepening the yield curve. By duration, Citi analysts prefer short-term US Treasury (relative to the long end), with yields likely to stay low.

3 / POSITIONING AMID LOWER INTEREST RATES

INVESTMENT GRADE

The widening in spreads from early March evolved into a severe market dislocation, as COVID-19 fears grew and liquidity dried up. Peak to trough (6 March to 23 March), US Investment Grade (IG) corporates lost over 15%, with yields rising to 4.5% and spreads widening 250 bps to 370 bps. Over subsequent weeks, credit valuations have improved off their lows and IG credit spreads are likely to continue to grind tighter, assuming financial conditions remain calm and Fed support of corporate debt markets continues. For example, yields on US IG corporates maturing in 3 to 5 years are near 50 bps more than similar bonds maturing between 1 to 3 years, the largest yield pick-up in this part of the IG curve in over 2 years. Looking ahead in the new economic cycle, areas of the market that have lagged in the rebound, such as cyclical-oriented sectors may benefit.

In European IG, yield differentials versus the US have narrowed and look regionally attractive, especially when compared to negative sovereign bond yields. However, by region, Citi analysts are neutral on European IG credit but overweight on US IG corporates.

US IG CORPORATES ARE PREFERRED

EMERGING MARKET DEBT

USD BONDS ARE PREFERRED OVER LOCAL CURRENCY BONDS

In the face of the economic slowdown, the EM fundamental outlook has worsened with the fiscal capacity for many EMs to defend against COVID-19 much less than DMs. On the other hand, valuations are cheap and largely price in these risks. USD bonds are preferred over local currency bonds. However, as the region tends to be more volatile, geographical diversification is important, and a regional barbell strategy with Asia (low beta) and LatAm (high beta) may be potentially attractive.

HIGH YIELD

Global High Yield (HY) bonds were one of the hardest-hit bond markets during the March sell-off, falling over 21%. Despite the subsequent rebound, the magnitude of earlier price declines still leaves global HY down 2.8% (as of 10 June) for the year and Citi analysts continue to express some caution. Default rates have been steadily rising over the last 12 months and are likely to continue, and risk of COVID-19 reinfections could drive a revival of risk aversion, exacerbating underlying problems for troubled companies in US HY. In European HY, regional growth is expected to contract sharply, especially when compared to the US economy. While ECB purchases could end up supporting prices, Citi analysts retain a cautious stance in the near-term.

RISK OF RISING DEFAULTS

4

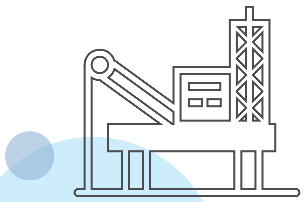
COMMODITIES

GOLD CONTINUES ITS LEAD

Key Takeaways

- Following a volatile 2Q 2020, crude oil prices may be supported by demand improvements and lower supply. Citi analysts' average Brent and WTI prices for 2020 are at US$42/bbl and US$38/bbl respectively.
- Gold continues to lead all commodities in YTD performance, proving to be an outperformer as a safe haven asset and acts as a risk hedge in portfolios. Gold prices are expected to continue to trend up in the medium-term.
- Downside risks to growth and rising US-China tensions may see base metal prices drift lower in coming months, while weak demand may also see iron ore prices trend lower over the longer run.

Three uncertainties are likely to affect commodities throughout the year. First are uncertainties about future pandemics, their scope and scale in the absence of a vaccine. Second are growth uncertainties, which surrounds China's recovery as especially critical to commodity demand, but also surrounds DMs and EMs. Third are looming uncertainties over trade and impacts on growth. These combined with central bank monetary easing are among factors that could make gold shine as an investment of choice.



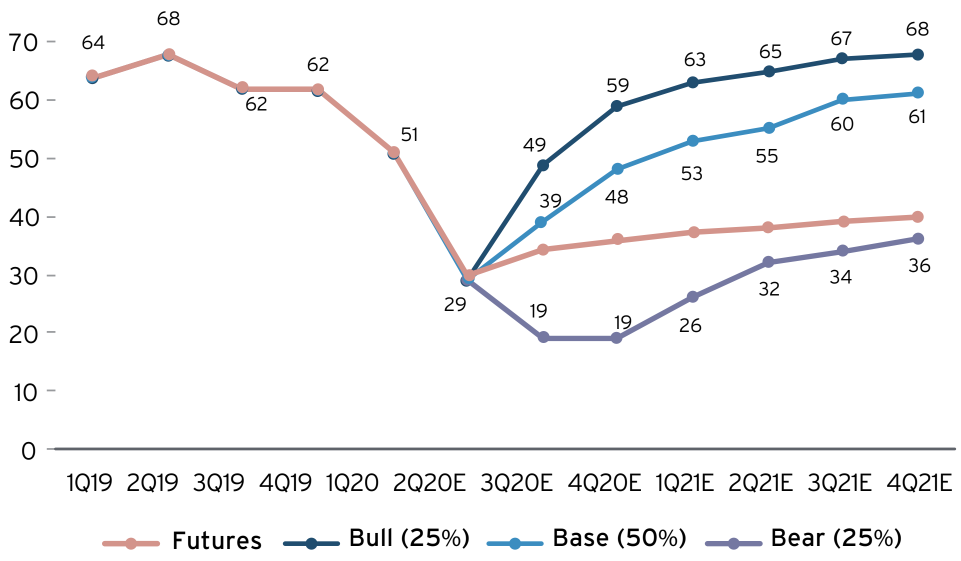
Oil: May see support driven by demand recovery and lower supply

2Q 2020 was a significantly volatile period for crude oil prices. On 20 April, West Texas Intermediate (WTI) crude oil futures fell into negative territory for the first time due to the combination of higher supply from price skirmish between members of the Organization of the Petroleum Exporting Countries (OPEC), demand hit from COVID-19 shuttering activities, and shortage of storage.

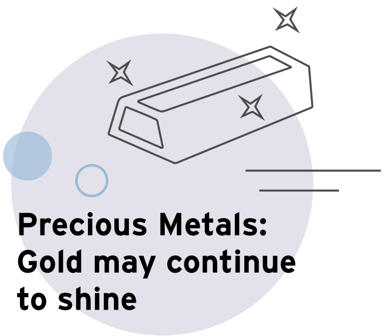
The worst of the demand shock now appears to be history and may be less severe than earlier consensus forecasts, with apparent demand from China looking to have recovered towards pre-crisis levels. On the supply end, export reductions from OPEC+ members and production shut-ins from non-OPEC countries are also tightening crude markets. After record high inventory builds in 2Q, oil markets are likely to see record drawdowns on inventories in 3Q 2020 instead.

Citi analysts continue to see an oil price recovery and have increased their average forecasts for Brent and WTI to US$39/bbl and $37/bbl respectively for 3Q 2020, rising to US$48/bbl and US$45/bbl respectively for 4Q 2020. Brent and WTI average forecasts for 2020 are at US$42/bbl and US$38/bbl respectively.

Citi Brent Crude Oil Price Outlooks Vs. Forward Curve – (US$/bbl, 2019-2021E)



Source: Citi Research. As of 19 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

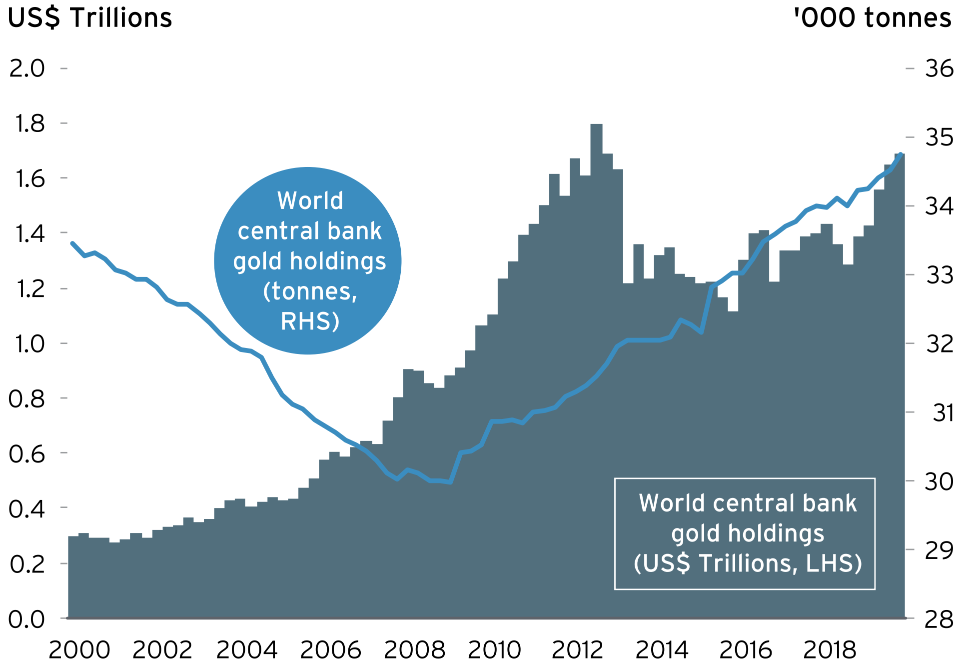


Precious Metals: Gold may continue to shine

Gold markets appear to be in the midst of a multi-year bull cycle and are likely to trade in a higher range. Lower for longer interest rates with QE in full swing, potential lingering macro uncertainty (COVID-19 impacts and new wave of US-China tensions) and strong investor flows could continue to support gold prices and offset weakness in Asian jewelry demand.

However, gold prices are likely to be non-linear and prices may consolidate around the US$1,600/oz area in 3Q, before advancing again. Citi analysts' forecasts are for 2020 prices to average between US$1,625 - $1,775/oz, while 2021's prices may average US$1,925/oz. Adding gold to a portfolio may also improve risk-adjusted performance while volatility in global markets stays elevated.

World Central Bank Gold Holdings



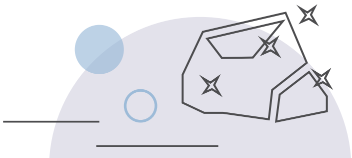
Source: Citi Research. As of 19 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

Base Metals: Copper preferred over the longer-term while nickel may underperform

After a two-month long copper rally, Citi analysts expect copper prices may pull back in the near-term. Potential near-term price pullback drivers include momentum stalling in the broader risk rally, COVID-19 second wave infection risks, potential for escalating US-China trade tensions and downside risks to growth. However, China's upswing in credit impulse could support continued improvement in China's copper consumption over the longer term. Citi analysts expect copper prices to average US$5,535/MT in 2020.

Nickel may underperform in the medium-term being exposed to end-use sectors that are worst hit by COVID-19, such as hospitality, oil and gas and chemicals, and aerospace in DMs. Citi analysts expect nickel prices to average US$12,550/MT in 2020.

4 / GOLD CONTINUES ITS LEAD



Bulk Commodities: Iron ore prices could move lower while coal prices could rebound

Citi analysts expect that iron ore prices may stay elevated and volatile in the short-term, with main upside risk coming from Brazilian supply losses. The COVID-19 outbreak in Brazil has created short-terms risks to iron supply despite mining being allowed to operate as an essential business. Rising infections among workers may prompt local authorities to impose stricter quarantines, which could limit productivity or even close mines. However, China's port iron ore inventories may rise by end of the year while Chinese steel demand growth may be flat on a yearly basis, leading to Citi analysts' bearish base case on iron ore. All in, Citi analysts expect iron ore prices to average US$91/MT in 2020.

On thermal and coking coal, prices could remain low before rebounding from 4Q. Seaborne thermal coal prices fell to levels where 60% of mines were making losses. Prices could rebound over the medium-term on post COVID-19 demand recovery and modest supply curtailments. While coking coal suffers from weak ex-China steel demand, prices could rise on supply / demand rebalancing.

5 CURRENCIES

DEMAND FOR SAFE HAVENS COULD CONTINUE

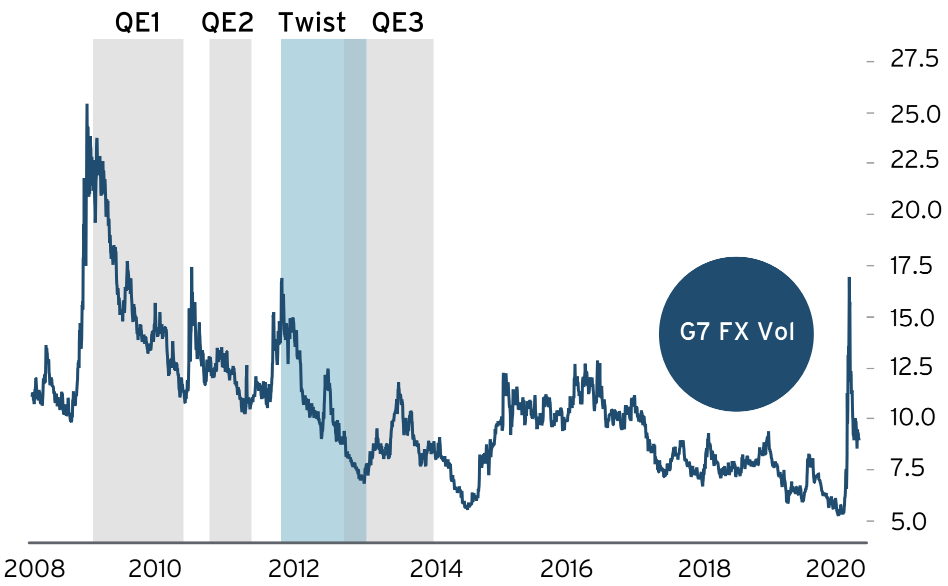
Key Takeaways

- While considerably lower than the spike in early March, FX volatility has not returned to pre COVID-19 lows, likely signalling investor anxiety.
- Uncertainties and bouts of risk aversion could keep safe haven currencies like Gold and JPY in demand.
- With the US Fed on alert to address any USD supply / demand issues, monetary stimulus may pose headwinds to the USD, leaving it not quite the safe haven it used to be. Aggressive Fed balance sheet expansion to address USD liquidity demand would likely leave USD weaker over the medium- to longer-term.

FX volatility as measured by the implied 1 month volatility from FX options, has reversed considerably from the sharp spike during the first half of March 2020 – a period that saw unprecedented volatility across all asset markets from the impact of COVID-19 and which led to the Fed cutting rates by 150 bps to its zero lower bound within a 2 week period.

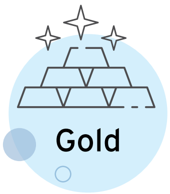
However, even with such an aggressive monetary response, FX volatility has not returned to pre COVID-19 levels which likely signals investor anxiety about the ongoing depth and duration of the COVID-19 impact and accompanying rise in geopolitical tensions (US-China). This means that even as investor risk appetite more recently is buoyed by the partial re-opening of many major economies and vaccine hopes, there lies scope for demand for safe haven assets to continue. In FX, these include Gold and JPY.

FX Volatility Remains Elevated Even As Recovery From COVID-19 Commences

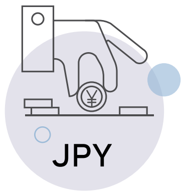


Source: Citi Research. As of 13 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

Safe Haven FX: Could remain in demand this year

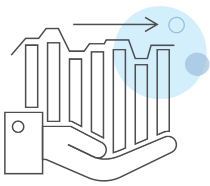


Uncertainty about the global economic outlook has translated into safe haven demand for Gold followed by JPY and on occasions, USD. Lower for longer interest rates and global currency debasement by central banks remain the primary drivers for Citi analysts' bullish Gold view.



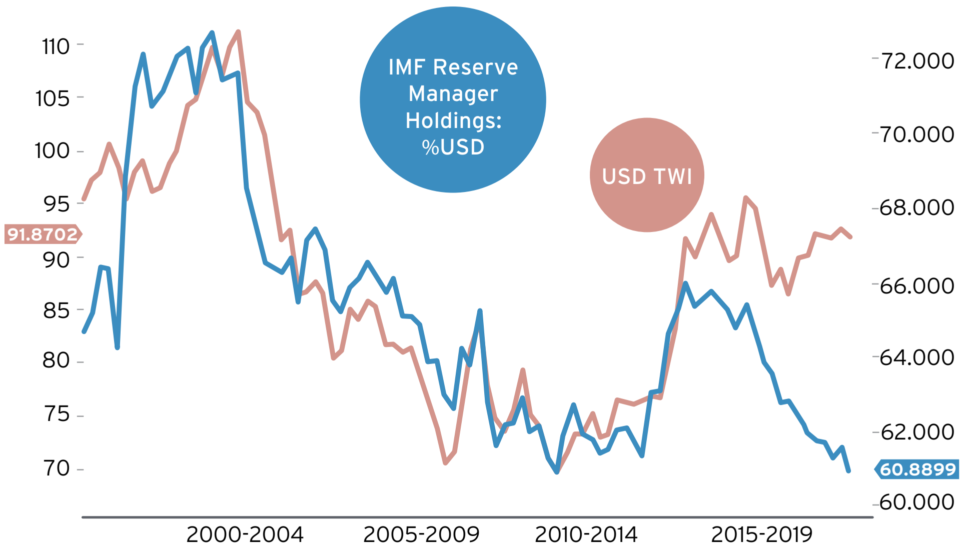
The supply / demand balance also remains favorable for Yen as Japanese pension funds and life insurers signal less appetite to buy foreign assets in 2020, thus removing the need to sell JPY to buy foreign assets. Yen is also in demand due to its safe haven status as investors eye multiple risks to the global recovery. With Yen also currently undervalued on an inflation-adjusted basis, this means valuation is unlikely to be a major concern to the BoJ nor are negative rates in Yen likely to concern investors during bouts of risk aversion.

USD: Not quite the safe haven it used to be



Heavy investor demand for USD was apparent during the first half of March due to dislocation in equity and fixed income markets, leaving investors searching for USD liquidity. Within the US, the impact of COVID-19 left many businesses lacking the liquidity to continue to function. However, the Fed with the help of the US Treasury as a backstop, was able to address this unprecedented (since the GFC) global demand for dollar liquidity through its variety of monetary stimulus, thereby capping USD gains. Such USD demand can return – but the Fed is now alert to redress any such USD supply / demand concerns – a likely headwind for USD.

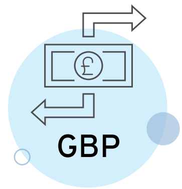
Reserve Manager Diversification Away From USD



Source: Citi Research. As of 13 May 2020.
Past performance is no guarantee of future returns. Real results may vary.

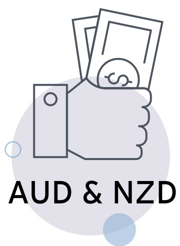
Euro bloc: Facing headwinds but which can be overcome

Negative interest rates have seen EUR being used as a funding currency to buy high yielding EM assets. However, such trades could typically be unwound during times of high risk aversion, and cause EUR to rally. But, during the COVID-19 crisis, unwinding of EUR "carry trades" has been more than countered by 2 major headwinds for EUR – (1) German Constitutional Court undermining the German Bundesbank's participation in ECB's quantitative easing program; (2) the perception that fiscal cohesion is lacking among EU members in its response to COVID-19. However, both these headwinds appear to have seen a strong response from policymakers with the ECB ramping up its Pandemic Emergency Purchase Programme (PEPP) by EUR600 billion to EUR1.35 trillion and vowing to 'fight fragmentation' while the EU has laid out its joint fiscal stimulus plan via a EUR750 billion Recovery Fund. The combination is expected to lead to a more effective coordination between fiscal and monetary policy in the Eurozone to boost longer-term growth expectations and better support the euro.

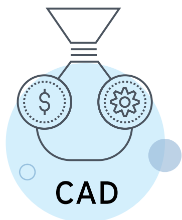


The BoE and UK government also continue to showcase fiscal / monetary coordination – a positive driver for sterling. The BoE is particularly sensitive to "smoothing the profile of UK government borrowing" to protect fiscal space and has raised its asset purchase target by £100 billion to £745 billion at its 18 June meeting. While the additional QE announced is lower than consensus (that expected a £200 billion rise), the measure is still sterling supportive as it works towards stronger fiscal / monetary coordination. A headwind for sterling stems from the lack of tangible progress in Brexit talks ahead of the year-end deadline for UK to exit the EU. However, more recently, even as UK has ruled out an extension to the 31 December exit deadline, top officials from both the EU and UK think the prospects for a trade accord are "very good" as both sides work towards a compromise. Discussions are expected to resume on 29 June in a more concentrated format and intensify in July through to the 3rd week of August. A trade deal allows UK to leave the EU on 31 December and is likely to remove the one headwind that currently stands in the way of a more sustained rally in sterling.

Commodity Bloc: Much of the good news appears discounted



A lot of upside drivers for AUD and NZD (advanced COVID-19 containment, reopening economy and sizeable government and central bank support) seems discounted. This makes both AUD and NZD vulnerable to renewed bouts of risk aversion should US-China and Australia-China tensions escalate. Taking a longer term view, the prospect of the RBA keeping its current ultra-low policy rates for an extended period and Reserve Bank of New Zealand potentially entertaining negative rates means further extensions of recent gains look unlikely.



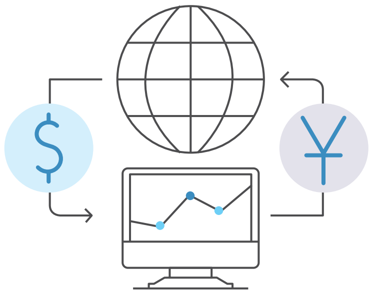
There seems to be a lot of oil-related bearishness priced into CAD and the trade weighted CAD looks to have found support around the lows of the last oil price collapse. At the same time however, Citi analysts' forecast for a significant rebound in 3Q to pre COVID-19 levels is contingent on a sharper economic recovery. Meanwhile, Canadian domestic fundamentals are in a similar place to Australia and while the fiscal / monetary policy response has been robust, as with AUD and NZD, much of this "good news" now appears well discounted into the currency.

Asia EM: Range bound but closely eyeing US-China tensions

- Asia EM currencies look to be largely range bound this year, weighed down by US-China tensions. Supporting EMFX is the prospect of a weaker USD but escalating US-China tensions could see investors demanding a higher risk premium on CNH/CNY and related currencies. The extent of CNH losses however is likely to be limited by wider China-US rate differentials, corporate FX conversion interests (Chinese corporates selling USD) and index inclusions (Chinese equities and bonds having a greater exposure in world benchmark leading to demand from foreign investors). Other currencies with a neutral outlook include SGD where it may be too early for markets to price a policy review by the Monetary Authority of Singapore and MYR, where domestic political tensions are likely to weigh while broad fundamentals remain supportive. INR also looks range bound, boosted by headline fiscal stimulus announcements alongside lower oil prices but weighed down by risks of negative ratings action and potential intervention by the Reserve Bank of India.

- Asia EM currencies that are likely to underperform include IDR that remains overly dependent on foreign portfolio flows and hence susceptible to global sentiment. KRW could also underperform due to vulnerability around domestic equities, US-China tensions and concerns over second wave infections. The potential hit to Thailand's economy primarily from the decline in tourist arrivals amidst COVID-19 concerns and equity outflows may also weigh on THB.

- The outperformer within Asia EMFX may be TWD where the hit to Taiwan's growth from COVID-19 is likely to be due to negative spillovers from supply chain disruptions. But this could be meaningfully offset by ongoing business intent to diversify away from China.



6 POLITICS

SIMMERING TENSIONS

Key Takeaways

- Tensions between US and China are likely to present real risks to the world economy, with recovery largely dependent on the economic rebound of the world's two largest economies.
- Geopolitical / political disruptions are key risks and Citi analysts believe that global portfolio diversification remains paramount in managing potential volatilities.

Some political and geopolitical risks that could introduce volatility in global markets faced with fragile growth prospects in 2020 include:

US

- After initially presiding over the longest US expansion in history, economic growth stalled as a result of COVID-19. The weak state of the US economy is likely to be problematic for President Trump's re-electoral chances. So far, his approval rating has held up, but by some metric has lagged that of many other world leaders since the health crisis unfolded, and is not faring well in key swing states. As we enter the US election season with the presidential election scheduled for 3 November, political rhetoric is likely to get more strident.
- In April, the US completed the final step to bring the United States-Mexico-Canada Agreement (USMCA) into force and the agreement will take effect from 1 July. In other regions, trade tensions between US and EU may rise, as aircraft tariffs are implemented in addition to other potential catalysts such as auto tariffs and digital taxes on the horizon. Separately, trade talks between UK and US have begun after launching UK-US Free Trade Agreement negotiations on 5 May with further rounds expected in coming weeks.

UK

- Having left the European Union on 31 January, the UK is due to leave its one-year transition period on 31 December. Trade talks have begun and negotiations are likely to be tough. However as COVID-19 has caused sharp downturns in both the Eurozone and UK economies, Citi analysts think pragmatism may prevail on both sides with a basic trade agreement reached before the end of the transition period.

EUROPE

- Relations between Italy and the EU were strained when COVID-19 struck Northern Italy and the initial response to Italy's request for assistance with healthcare supplies were lacking. However, there now appears to be greater collective action in the Eurozone, with movements to assist the countries most impacted by the virus outbreak with mutualized debt obligations. The composition of the EU's €750 billion Recovery Fund that sees 5 countries (Italy, Spain, Greece, Portugal and Cyprus) receiving more than half of the allocation has gone a long way in repairing relations between Italy and the richer EU states.

MIDDLE EAST

- Saudi Arabia oil infrastructure were damaged after an attack in September 2019. In January, US-Middle East tensions took a turn towards escalation after a strike by the US on Iran.

CHINA

- President Trump said the US could "cut off the whole relationship" between US and China. Showing continued bi-partisan support for any anti-China legislation, the US Senate passed a bill that may in time force Chinese companies to de-list equities from US exchanges

and move their listings elsewhere. The US administration also announced new technology restrictions that could result in a permanent ban in US-derived technology sales to certain Chinese technology companies.

- The Phase One trade deal signed with US in mid-January includes China's commitment to purchase an additional $200 billion worth of US products over 2017 levels in four sectors over the next 2 years. With the sharp collapse in oil prices earlier this year and economic disruption from COVID-19, it is unlikely for China to be able to meet the import targets for this year. However, Citi analysts expect the Phase One deal to hold - high profile Chinese goods that come with it may prove to be a valuable political tool for President Trump; while China may want to maintain the global trade order after the already significant growth shock from the pandemic that could be further hurt by a resumption of tariff escalations.

HONG KONG

- China's National People's Congress (NPC) has voted to approve a new National Security Law that is likely to be enacted officially during regular meetings of the NPC Standing Committee between June to August. Potential resurging social unrest is a key risk to watch, with months of protests prior to the spread of COVID-19 already putting a strain on Hong Kong's economy which is in its fifth quarter of recession.
- Following on China's passing of the National Security Law, US President Trump announced to start the process of revoking Hong Kong's special trading status. Hong Kong's autonomy was certified on a yearly basis compelled by the Hong Kong Human Rights and Democracy Act signed by President Trump last year. The move may have limited direct impact on trade since only 7% of Hong Kong's exports go to the US and most are re-exports that are tariffed at source. However, this bigger impact may be on businesses' confidence in using Hong Kong as a regional hub, particularly the 1,300 US firms operating in Hong Kong.

NORTH KOREA

- Leaders of the US and North Korea have met three times, first in Singapore (June 2018), in Hanoi (February 2019) and at the Korean Demilitarized Zone (June 2019) to negotiate an end to North Korea's nuclear and missile programs. However, the efforts appear to have made no substantial progress.

AUSTRALIA

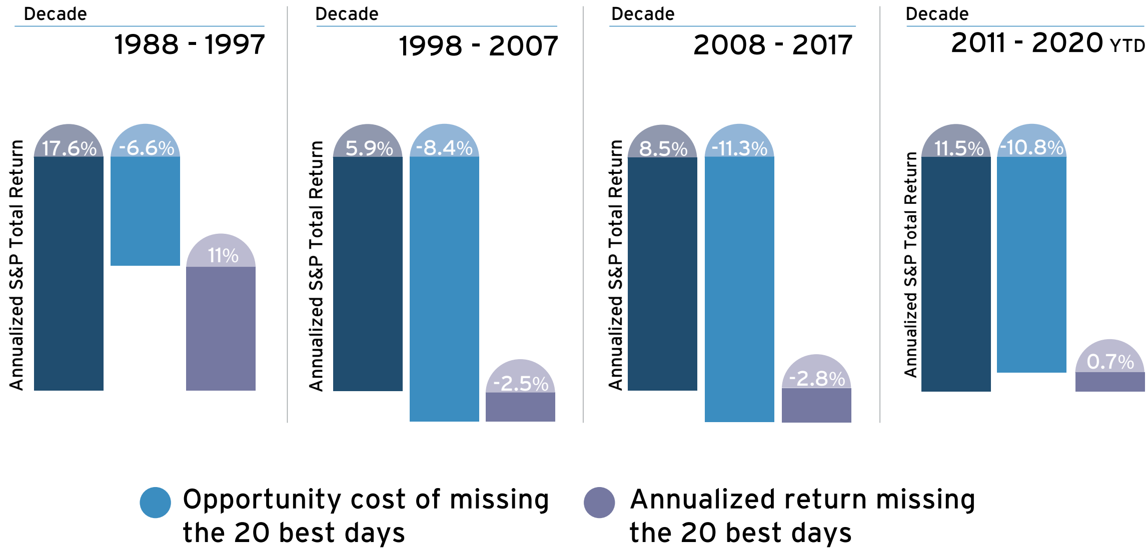
- Effective 19 May, China imposed an 80% tariff on Australian barley imports for five years following an 18-month investigation. This decision followed an import ban on four Australian abattoirs earlier in the month for beef exports to China. Citi analysts expect that the Australian government may pursue the matter with the World Trade Organisation unless China decides to remove the tariff. The timing of the dispute corresponds with Australia calling for an independent investigation into the origins of COVID-19.

6 / SIMMERING TENSIONS

Geopolitical / political disruptions are key risks that could challenge or impede economies and markets as they recover from the health crisis. As such, Citi analysts believe portfolio diversification and asset allocation remain paramount in managing potential volatilities.

In the long run, Citi analysts also avoid timing the markets as research shows that over four discrete periods, investors who missed only the 20 top days out of a decade have weaker performance returns.

Annualized Returns By Decade



Citi Private Bank. As of 3 May 2020.

The historical performance shown is based on historical index performance and is gross of any commissions, expense ratios, margin costs, or fees that would reduce the return. For illustrative purposes only. Past performance is no guarantee of future returns. Real results may vary.

ECONOMIC GROWTH & INFLATION FORECASTS

	GDP			Inflation		
	2019	2020	2021	2019	2020	2021
Global	2.6%	-3.5%	5.5%	2.4%	1.8%	2.4%
US	2.3%	-3.3%	4.2%	1.4%	1.0%	2.0%
Europe	1.2%	-6.7%	6.5%	1.2%	0.4%	1.2%
Japan	0.7%	-5.2%	2.5%	0.5%	0.0%	0.1%
Latin America	0.7%	-7.3%	4.7%	8.9%	7.4%	8.8%
Emerging Europe	2.3%	-4.6%	4.8%	5.9%	4.7%	4.7%
Middle East & North Africa	1.9%	-2.6%	3.8%	2.4%	3.1%	4.1%
Asia	5.0%	0.5%	7.4%	2.8%	2.3%	2.3%
China	6.1%	2.4%	8.2%	2.9%	2.4%	2.1%
Hong Kong	-1.2%	-4.6%	2.7%	2.9%	1.4%	2.3%
India	4.2%	-3.5%	9.2%	4.8%	3.9%	4.1%
Indonesia	5.0%	-3.7%	5.9%	2.8%	2.0%	2.1%
Malaysia	4.3%	-4.3%	6.0%	0.7%	-0.5%	3.0%
Philippines	6.0%	-4.5%	8.1%	2.5%	2.2%	2.4%
Singapore	0.7%	-8.5%	7.3%	0.6%	-0.6%	0.3%
South Korea	2.0%	0.2%	3.5%	0.4%	0.5%	1.4%
Taiwan	2.7%	1.7%	2.2%	0.6%	-0.1%	1.2%
Thailand	2.4%	-6.8%	3.5%	0.7%	-1.7%	0.8%
Vietnam	7.0%	2.4%	8.7%	2.8%	3.7%	3.9%

Source: Forecasts from Citi Research. As of 24 June 2020.

EXCHANGE RATE FORECASTS (VS. USD)

	3Q20	4Q20	1Q21	2Q21
Europe	1.15	1.15	1.16	1.17
Japan	109	110	110	109
UK	1.26	1.28	1.30	1.32
Australia	0.72	0.73	0.73	0.73
China	7.00	6.94	6.88	6.80
Hong Kong	7.76	7.76	7.77	7.77
India	74.7	74.3	74.0	74.1
Indonesia	13,802	14,030	14,214	14,274
Malaysia	4.32	4.28	4.24	4.21
Philippines	49.9	50.2	50.5	50.6
Singapore	1.41	1.40	1.40	1.39
South Korea	1,187	1,183	1,180	1,178
Taiwan	29.7	29.7	29.6	29.5
Thailand	31.3	31.1	31.0	31.2

Source: Forecasts from Citi Research. As of 10 June 2020.

INTEREST RATE FORECASTS

	Current	3Q20	4Q20	1Q21	2Q21
US	0.25%	0.25%	0.25%	0.25%	0.25%
Euro Area Depo Rate	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
Japan	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Australia	0.25%	0.25%	0.25%	0.25%	0.25%
UK	0.10%	0.10%	0.00%	0.00%	-0.10%

Source: Forecasts from Citi Research, as of 24 June 2020. Current rates as of 24 June 2020.
Past performance is no guarantee of future returns. Real results may vary.

DISCLAIMER

"Citi analysts" refer to investment professionals within Citi Research ("CR"), Citi Global Markets Inc. ("CGMI"), Citi Private Bank ("CPB") and voting members of the Citi Global Investment Committee. Citibank N.A. and its affiliates / subsidiaries provide no independent research or analysis in the substance or preparation of this document.

The information in this document has been obtained from reports issued by CGMI and CPB. Such information is based on sources CGMI and CPB believe to be reliable. CGMI and CPB, however, do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute CGMI and CPB's judgment as of the date of the report and are subject to change without notice. This document is for general information purposes only and is not intended as a recommendation or an offer or solicitation for the purchase or sale of any security or currency. No part of this document may be reproduced in any manner without the written consent of Citibank N.A. Information in this document has been prepared without taking account of the objectives, financial situation, or needs of any particular investor. Any person considering an investment should consider the appropriateness of the investment having regard to their objectives, financial situation, or needs, and should seek independent advice on the suitability or otherwise of a particular investment. Investments are not deposits, are not obligations of, or guaranteed or insured by Citibank N.A., Citigroup Inc., or any of their affiliates or subsidiaries, or by any local government or insurance agency, and are subject to investment risk, including the possible loss of the principal amount invested. Investors investing in funds denominated in non-local currency should be aware of the risk of exchange rate fluctuations that may cause a loss of principal. Past performance is not indicative of future performance, prices can go up or down. Investment products are not available to US persons. Investors should be aware that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. If an investor changes residence, citizenship, nationality, or place of work, it is his/her responsibility to understand how his/her investment transactions are affected by such change and comply with all applicable laws and regulations as and when such becomes applicable. Citibank does not provide legal and/or tax advice and is not responsible for advising an investor on the laws pertaining to his/her transaction.

Citi Research (CR) is a division of Citigroup Global Markets Inc. (the "Firm"), which does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For more information, please refer to https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures.

MARKET SPECIFIC DISCLOSURES

Australia: This document is distributed in Australia by Citigroup Pty Limited ABN 88 004 325 080, AFSL No. 238098, Australian credit licence 238098. Any advice is general advice only. It was prepared without taking into account your objectives, financial situation, or needs. Before acting on this advice you should consider if it's appropriate for your particular circumstances. You should also obtain and consider the relevant Product Disclosure Statement and terms and conditions before you make a decision about any financial product, and consider if it's suitable for your objectives, financial situation, or needs. Investors are advised to obtain independent legal, financial, and taxation advice prior to investing. Past performance is not an indicator of future performance. Investment products are not available to US people and may not be available in all jurisdictions.

Bahrain: This document is distributed in Bahrain by Citibank, N.A., Bahrain. Citibank, N.A., Bahrain, may in its sole and absolute discretion provide various materials relating to the securities for information purposes only. Citibank, N.A., Bahrain is licensed by the Central Bank of Bahrain as a Conventional Retail and Wholesale Bank and is bound by the CBB's regulations and licensing conditions with regards to products and services provided by Citibank, N.A. Bahrain. These terms are governed by and shall be construed in accordance with the laws of the Kingdom of Bahrain. The Customer irrevocably agrees that the civil courts in the Bahrain shall have non-exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with these Terms and Conditions and for such purposes the Customer irrevocably submits to the jurisdiction of such courts. Investment products are not insured by government or governmental agencies. Investment and Treasury products are subject to Investment risk, including possible loss of principal amount invested. Past performance is not indicative of future results: prices can go up or down. Investors investing in investments and/or treasury products denominated in foreign (non-local) currency should be aware of the risk of exchange rate fluctuations that may cause loss of principal when foreign currency is converted to the investors' home currency. Investment and Treasury products are not available to U.S. persons. All applications for investments and treasury products are subject to Terms and Conditions of the individual investment and Treasury products. Customer understands that it is his/her responsibility to seek legal and/or tax advice regarding the legal and tax consequences of his/her investment transactions. If customer changes residence, citizenship, nationality, or place of work, it is his/her responsibility to understand how his/her investment transactions are affected by such change and comply with all applicable laws and regulations as and when such becomes applicable. Customer understands that Citibank does not provide legal and/or tax advice and are not responsible for advising him/her on the laws pertaining to his/her transaction. Citibank Bahrain does not provide continuous monitoring of existing customer holdings.

People's Republic of China:	This document is distributed by Citibank (China) Co., Ltd in the People's Republic of China (excluding the Special Administrative Regions of Hong Kong and Macau, and Taiwan).
Hong Kong:	This document is distributed in Hong Kong by Citibank (Hong Kong) Limited ("CHKL"). Prices and availability of financial instruments can be subject to change without notice. Certain high-volatility investments can be subject to sudden and large falls in value that could equal the amount invested.
India:	This document is distributed in India by Citibank N.A. Investment are subject to market risk including that of loss of principal amounts invested. Products so distributed are not obligations of, or guaranteed by, Citibank and are not bank deposits. Past performance does not guarantee future performance. Investment products cannot be offered to US and Canada Persons. Investors are advised to read and understand the Offer Documents carefully before investing.
Indonesia:	This report is made available in Indonesia through Citibank N.A., Indonesia Branch. Citibank N. A., is a bank that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).
Korea:	This document is distributed in South Korea by Citibank Korea Inc. Investors should be aware that investment products are not guaranteed by the Korea Deposit Insurance Corporation and are subject to investment risk including the possible loss of the principal amount invested. Investment products are not available to US persons.
Malaysia:	Investment products are not deposits and are not obligations of, not guaranteed by, and not insured by, Citibank Berhad, Citibank N.A., Citigroup Inc. or any of their affiliates or subsidiaries, or by any government or insurance agency. Investment products are subject to investment risks, including the possible loss of the principal amount invested. These are provided for general information only and are not intended as a recommendation or an offer or solicitation for the purchase or sale of any security or currency or other investment products. Citibank Berhad does not represent the information herein as accurate, true or complete, makes no warranty express or implied regarding it and no liability whatsoever will be accepted by Citibank Berhad, whether in contract, tort or otherwise, for the accuracy or completeness of such information including any error of fact or omission herein which may lead to any direct or consequential loss, damages, costs or expenses arising from any reliance upon or use of the information in the material.
Philippines:	This document is made available in Philippines by Citicorp Financial Services and Insurance Brokerage Phils. Inc, and Citibank N.A. Philippine Branch. Investors should be aware that Investment products are not insured by the Philippine Deposit Insurance Corporation or Federal Deposit Insurance Corporation or any other government entity.
Singapore:	This report is distributed in Singapore by Citibank Singapore Limited ("CSL"). Investment products are not insured under the provisions of the Deposit Insurance and Policy Owners' Protection Schemes Act of Singapore and are not eligible for deposit insurance coverage under the Deposit Insurance Scheme.
Thailand:	This document contains general information and insights distributed in Thailand by Citigroup and is made available in English language only. Citi does not dictate or solicit investment in any specific securities and similar products. Investment contains certain risk, please study prospectus before investing. Not an obligation of, or guaranteed by, Citibank. Not bank deposits. Subject to investment risks, including possible loss of the principal amount invested. Subject to price fluctuation. Past performance does not guarantee future performance. Not offered to US persons.
UAE:	This document is distributed in UAE by Citibank, N.A. UAE. This is not an official statement of Citigroup Inc. and may not reflect all of your investments with or made through Citibank. For an accurate record of your accounts and transactions, please consult your official statement. Before making any investment, each investor must obtain the investment offering materials, which include a description of the risks, fees and expenses and the performance history, if any, which may be considered in connection with making an investment decision. Each investor should carefully consider the risks associated with the investment and make a determination based upon the investor's own particular circumstances, that the investment is consistent with the investor's investment objectives. At any time, Citigroup companies may compensate affiliates and their representatives for providing products and services to clients.

United Kingdom: This document is distributed in the U.K. by Citibank UK Limited and in Jersey by Citibank N.A., Jersey Branch. Citibank UK Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our firm's Financial Services Register number is 805574. Citibank UK Limited is a company limited by shares registered in England and Wales with registered address at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, Companies House Registration No. 11283101.

Citibank N.A., Jersey Branch is regulated by the Jersey Financial Services Commission. Citi International Personal Bank is registered in Jersey as a business name of Citibank N.A. The address of Citibank N.A., Jersey Branch is P.O. Box 104, 38 Esplanade, St Helier, Jersey JE4 8QB. Citibank N.A. is incorporated with limited liability in the USA. Head office: 399 Park Avenue, New York, NY 10043, USA.

Vietnam: This document is distributed in Vietnam by Citibank, N.A., - Ho Chi Minh City Branch and Citibank, N.A. - Hanoi Branch, licensed foreign bank's branches regulated by the State Bank of Vietnam. Investment contains certain risk, please study product's prospectus, relevant disclosures and disclaimers and the terms and conditions for details before investing. Investment products are not offered to US persons.

NOTES

NOTES

NOTES