



PRESS RELEASE

Citibank, N.A.

25 August, 2016

Seeking Opportunities in Volatile Markets 2016

BANGKOK – Citi analysts expect global economic growth to stay subdued and markets to remain volatile. Equity markets performance was mixed while gains from bonds range upward. This does not mean that there is a shortage of investment opportunities. It just means that greater opportunities lie within selected sectors.

Citi expects global real GDP growth of 2.4% in 2016, which will mark the lowest growth rate since 2009. Global growth has remained below its long-term average of around 3% for five consecutive years. Emerging markets are expected to grow at 3.7% in 2016, underperforming relative to average growth rates of the last few decades. There are also concerns over the momentum of the advanced economies which is forecasted to grow around 1.5% in 2016.

The commodity complex has turned the corner, led by oil, and is unlikely to return to its 1Q16 lows. As Citi analysts warm up to the commodity theme, we prefer to express it via an overweight on the Energy sector. We are reluctant to chase any positive short term momentum in the Materials sector, as it may take a few years for the excess capacity, especially in the bulk commodities, to be absorbed.

The political and economic uncertainties arising from Brexit are likely to keep global policy rates low. This, coupled with a weak economic backdrop, bodes well for fixed income. Importantly, inflationary expectations are expected to remain contained. In an environment where long term bond yields are expected to remain anchored, Citi believes that longer duration investment grade corporate bonds offer relatively attractive carry. High yield bonds are also expected to generate positive returns although Citi prefers to retain a quality bias within the sector.

On the currency front, Citi analysts expect USD strength in the short term but the upside may be more limited over the next 6-12 months. With Asian currencies expected to be weighed down by a weaker CNY, USD assets are likely to remain attractive for Asian investors.

The slower growth environment has potentially made investors more sensitive to risk events globally. The outcome of the UK vote to leave the European Union after 43 years of membership had surprised financial markets. Citi analysts are monitoring market developments but acknowledge that both risks and opportunities exist. While current market dynamics may be challenging, reforms in various markets could bring about positive changes.

Low growth tends to be accompanied by low interest rates. In a low/negative interest rate world, investors may be taking on more risk than they are used to. This adds to market volatility. The search for yield is likely to remain a dominant market driver for the rest of 2016

and potentially beyond. In a low growth environment, Citi remains highly selective. The bank's strategy continues to focus on high quality credits, dividends and selected equity sector opportunities

Table below shows the Economic Growth & Inflation Forecasts

	GDP			Inflation		
	2015	2016F	2017F	2015	2016F	2017F
Global	2.6%	2.4%	2.6%	2.3%	2.6%	3.3%
US	2.4%	1.8%	2.0%	0.3%	1.3%	1.9%
Europe	1.6%	1.5%	1.1%	0.0%	0.3%	1.2%
Japan	0.5%	0.4%	0.4%	0.8%	-0.1%	0.5%
Latin America	-0.6%	-0.7%	1.8%	12.5%	18.5%	19.8%
Emerging Europe	-0.3%	1.4%	2.6%	10.2%	5.4%	4.7%
Middle East & North Africa	2.8%	1.4%	2.2%	4.3%	6.2%	5.2%
Asia	6.0%	5.7%	5.6%	2.0%	2.2%	2.6%
China	6.9%	6.4%	6.0%	1.4%	1.7%	2.1%
Hong Kong	2.4%	1.1%	1.7%	3.0%	2.3%	1.6%
India	7.6%	7.7%	7.8%	4.9%	5.6%	4.8%
Indonesia	4.8%	4.9%	4.8%	6.4%	3.9%	4.3%
Malaysia	5.0%	4.4%	4.5%	2.1%	2.1%	2.7%
Philippines	5.9%	6.3%	6.5%	1.4%	1.7%	2.9%
Singapore	2.0%	1.5%	1.7%	-0.5%	-0.3%	1.2%
South Korea	2.6%	2.4%	2.8%	0.7%	1.2%	2.4%
Taiwan	0.6%	1.0%	2.0%	-0.3%	1.2%	1.3%
Thailand	2.8%	3.2%	3.6%	-0.9%	0.5%	2.2%

Source: Forecasts from Citi Research, as of July 29, 2016.

###

Disclaimer –

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.

About Citi:

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

Additional information may be found at www.citigroup.com | Twitter: @Citi | YouTube: www.youtube.com/citi | Blog: <http://new.citi.com> | Facebook: www.facebook.com/citi | LinkedIn: www.linkedin.com/company/citi

Media Contacts:

Citibank
Hassaya Hasitabhan
Tel: 0 2788 2904
E-mail: hassaya.hasitabhan@citi.com

Branded The Agency Co., Ltd.
Parichard Kridakorn Na Ayudhya/ Walairat Ruamrak
Tel: 0 2650 9090
E-mail: parichard@branded.co.th / walairat@branded.co.th