

US Election Special: Global Economic Implications

Economics & Currencies | Strategy | Global Sector Highlights

In this week's special edition, we assess potential implications of the Trump Presidency across the markets in the US and around the world.

Trump Wins – The Republican candidate Donald Trump won the 2016 US Presidential Election; Republicans retained their majority in the House of Representatives and the Senate. US presidents have the greatest authority over foreign and security policy and trade. But with a single-political party government and a President-elect that ran his campaign mainly as an 'outsider', the scope for potential policy changes under the next administration is unusually large.

US Implications – The new administration will likely pursue some fiscal loosening, deregulation in certain industries and, at a minimum, reassess the costs and benefits of further liberalization of international trade and investment. But the scale & nature of any fiscal boost or of changes to external trade and investment policy are uncertain at this stage and will depend in part on intra-party agreements about the size of (corporate) tax cuts and infrastructure spending. The combination of fiscal loosening, trade restrictions & anti-immigration policies could raise US inflation, increase the pace of Fed rate hikes and boost the dollar.

Global Implications – US growth, US financial conditions and US-related uncertainties matter greatly for global growth: the US economy accounts for 24.7% of global GDP (at market exchange rates) and an eighth of world goods imports. We note the potential multiplier effects of US policies: a US turn away from globalization would likely lead to reciprocal decisions elsewhere, while US fiscal loosening could encourage more global fiscal loosening. A US-led trade war is a material downside risk for the global economy, which could easily trigger a global recession. The election outcome also has a broader political read-across. Anti-establishment sentiment could rise further around the globe. ➔

© 2016 Citigroup Inc. All rights reserved.

Citi Global Research
+44-20-7500-1400

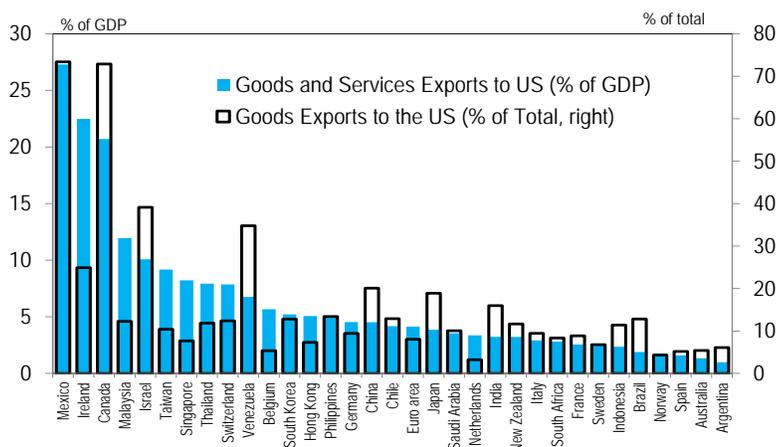
Editors

Tatiana Voytekovich
+61-2-8225-4118

Multi-Asset

Global

Selected Countries – Exports to the US (% of GDP, % of Total Exports), 2015



Source: BEA, IMF and Citi Research

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Citi Research 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. Certain products (not inconsistent with the author's published research) are available only on Citi's portals.

Economics & Currencies

Trump wins: what's next?

Donald Trump wins the 2016 Presidential Election, with Republicans controlling both House and Senate. Trump will start his Presidency with low favorability ratings and without experience of government and the negotiations with Congress that are required to see policies enacted. With a Republican sweep, President Trump would have greater scope to enact his campaign agenda of tax cuts and expansionary spending but success is not guaranteed, given divisions even between Republicans. President Trump likely would also find resistance from a majority Republican Congress if he pursues policies that limit international trade or sour US relations with its foreign allies, given they are in opposition to longstanding party orthodoxy – heightened US political risk continues.

Tina M Fordham | William Lee | Dana M Peterson | Tiia A Lehto | Andrew Labelle

What Trump's victory means for Europe

Donald Trump's surprise victory in the US election and the Republican sweep of Congress are likely to mean considerable political & some economic uncertainty for Europe over coming years. In the short-run, the result means a downside risk for growth, with Ireland, Germany and the UK most at risk, and could strengthen the ECB's easing bias. In the medium-term, US trade and security policies are likely to affect Europe most. The likelihood of a successful conclusion and ratification of the TTIP agreement has dropped. US protectionism may divert EM exports to the EU, strengthening protectionist forces in the EU as well, including at the Dutch & French elections in spring 2017. This could impact the upcoming Brexit negotiations: rising global protectionism limits the outside options for the UK and raises the values of strong ties with the EU.

Christian Schulz | Guillaume Menuet | Giada Giani | Antonio Montilla

Trump's win & Asia's reflation trades

The initial shock of the US election results has given way to a large reflationary move in markets. We are surprised by the optimism that these market moves suggest. While we had anticipated a boost to markets from Trump's fiscal spending plans, we expected the initial reaction would be much more cautious owing to the many unknowns, especially for EM. This is why our early recommendation to be short EM currencies via KRW and MYR were made against being long the safe-haven currencies of JPY and SGD. Although our trades have underperformed, we encourage investors to remain positioned for greater headwinds to EM Asian currencies. We retain our broad views about EM underperformance and do not rule out more volatility.

Johanna Chua | Siddharth Mathur | Gaurav Garg | Adam Kian Hung Tan | Samiran Chakraborty

Strategy

Global rates & a Trump Presidency

A Trump Presidency and clean sweep of Congress has increased the odds of the passage of many of his proposals. On the USD curve this would imply i) more negative USD swap spreads; ii) higher inflation breakevens; and iii) a steeper USD curve. The risk is that EURUSD is now pushed lower & we would question the market's initial prognosis that Trump has made ECB taper less likely. In the absence of a trade or global security shock, the US fiscal stimulus makes it more likely that the ECB looks to taper QE, where we continue to expect a drop to €60bn per month as well as technical shifts to the PSPP that end the negative convexity bid. We would fade the rally in the € core rates and use this to add to bearish steepening risk.

Harvinder Sian

Washington watch: The Donald trumps Hillary

In an unexpected development, Donald Trump has defeated Hillary Clinton to become the 45th president of the United States as Americans voted for uncertain change in another expression of populist repudiation seen previously in the Brexit experience. The big issues to watch are the policies that develop, and some indication may come via the advisors who coalesce around the president-elect. Investors may avoid multinationals due to the trade issue, but other industries may be seen as winners such as steel, mining, defense and the oil patch. A Trump win would lead to a Brexit-like selloff (or a 5% rapid S&P 500 drop) partially due to the unanticipated nature of the outcome and worries around the impact on trade and the Fed. Investors may want to buy into the expected short-term market correction.

Tobias M Levkovich

US Election: not the most EM-friendly outcome

Risk premium for EM has just gone up. The US election is over and Mr. Trump will be the next president. From the election campaign, one can surmise that Mr. Trump is not exactly trade-friendly and would like to renegotiate certain security agreements. Increased tariffs toward goods made in EM would have an impact on liquidity and profits within EM. Neither of these two outcomes are a positive for EM. For global institutions, EM is part of their 'risk budget spend', and given the uncertainty, that risk budget is likely to be underspent. So keep an eye on the USD on any adjustment to the US trade deficit and focus on individual themes such as rate reductions, reforms & where there is positive growth momentum.

Markus Rosgen | Yue Hin Pong | Mandy Ym Chan

Trump win: what to do in China's equities

There are so many black swans YTD implicating China equities, though few are from China itself. The Trump victory is obviously equity unfriendly given rising risk premium on back of policy uncertainty. Trump's tough stance on China trade may generate some negative impact on export-driven industries/companies but may not result in a dramatic downside shock of China. Similar to Brexit, the external uncertainty may slow down cross-border related business activities, but external pressure may push China's determination on internal consumption and innovation transition. We suggest buy on dips and reiterate our transition-favor sectors preference such as IT, Consumer Discretionary, Industrials and Health Care. *Click the link to see our Buy & Sell ideas after the Trump win.*

Jason Sun

Global Sector Highlights

Trump's victory & global commodities

Trump's surprise electoral victory saw the immediate impact on the commodities complex as negligible, while Chinese markets have dominated. Can we expect any positive base metal tailwinds from a Trump presidency over the mid-term? It's difficult to figure out right now. While Trump threatened to scrap a number of existing free trade agreements, as well as labelling China as a currency manipulator during his campaign, a lot remains to be seen until he is formally inaugurated in January 2017. In any event, treaties cannot be scrapped by a President. Trump's victory speech was relatively conciliatory & also highlighted the potential for US infrastructure spend. This could be price-supportive to base metals, potentially countering concerns surrounding international trade. Renewables with heavy US exposure may face some challenges, but we remain optimistic on global copper demand from the sector.

Nell Agate | David B Wilson | Tracy Xian Liao | Edward L Morse | Aakash Doshi

US Gas: the election matters, but weather matters more

US gas could be one asset that sees minimal impacts from the surprise outcome of the US election. Historically, natural gas price moves 1 day and 1 week after key macro events did not seem to move in patterns consistent with the broader market. Natural gas prices are uncorrelated with major macro events as weather changes, especially in winter, trump other demand drivers. With cal-2017 prices having fallen to the \$2.8/MMBtu range, the risk-reward factors continue to favor natural gas prices rising in 2017 from where the calendar strip is trading.

[Anthony Yuen](#) | [Edward L Morse](#) | [Adriana Knatchbull-Hugessen](#) | [Aakash Doshi](#) | [Seth Kleinman](#)

US elections: implications for A&D

We note that: 1) Defence is defensive, particularly when governments are likely to increase spending; 2) US defence stocks could react well initially, but we are concerned that a more isolationist policy may make it more difficult for them to export (~25% of sales); this is likely not great for UK defence stocks with US exposure but could be good for Euro defence exporters; 3) weak dollar is bad for Euro commercial aerospace (they have Euro cost base but sell in US\$), but they are hedged, so it will not hit them near term. The UK defence companies with US subsidiaries have much smaller impact, but immediate.

[Charles J Armitage](#) | [Devang Doshi](#)

US E&Cs could build the wall

It is early days of determining the impact of a Trump presidency on Multi-Industry and E&C stocks, but when the dust clears, E&Cs with infrastructure exposure and larger conglomerates are our preferred investments in the current environment. Also, a Republican sweep might actually be good for our call that Public non-res spend will now lead overall non-residential construction as (eventually) we would expect uncertainty to diminish in Washington, and Trump's campaign platform that was based on promoting fiscal spending should result in a normal post-election recovery in public construction-related spend. Most of our companies don't have too much Mexico exposure.

[Andrew Kaplowitz](#)

Trump victory: healthcare investors celebrate while you can

We expect a relief rally following a Trump nomination and a Republican clean sweep of the Senate and House, but the pharma industry longer-term remains exposed to adverse legislative reform under a very much re-shaped GOP leadership; potential offsets include (i) expected near-term Trump-sponsored tax reform to trigger a significant wave of US company consolidation within the sector; and (ii) Trump's intent to repeal the ACA (Obamacare) would likely jeopardize the 351k biosimilar pathway. *Click the link to see our stock picks.*

[Andrew Baum, MD](#) | [Peter Verdult, CFA](#)

US Banks – early take on Trump

Market is viewing Trump victory as bullish for bank stocks, as it expects banks to benefit from 1) easing of regulatory pressures, as Trump has discussed pushing for a repeal of Dodd-Frank & 2) expectations for a steepening yield curve, driven by the belief that deficit spending will increase. It's a little too early to get excited about regulatory changes or a steeper yield curve unless supported by growth/inflation expectations. A Trump win is a positive as it takes potential incremental negative policy changes off the table from a Clinton presidency & Democratic Senate & could scale back the CFPB. But Trump ran on a Populist platform, so we see no mandate to ease the burden on large banks. Policy risk remains high, but tax changes that could spur growth would be positive.

[Keith Horowitz, CFA](#)

Appendix A-1

Analyst Certification

The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by "AC" in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

This product merely summarizes previously published research notes. To access the complete report along with the associated Analyst Certification, Important Disclosures and non-US research analyst disclosures please click on the hyperlink alongside or in the headline of each excerpt above.

Disclosure for investors in the Republic of Turkey: Under Capital Markets Law of Turkey (Law No: 6362), the investment information, comments and advices given herein are not part of investment advisory activity. Investment advisory services are provided by authorized institutions to persons and entities privately by considering their risk and return preferences. Whereas the comments and advices included herein are of general nature. Therefore, they may not fit to your financial situation and risk and return preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. Furthermore, Citi Research is a division of Citigroup Global Markets Inc. (the "Firm"), which does and seeks to do business with companies and/or trades on securities covered in this 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.

Analysts' compensation is determined by Citi Research management and Citigroup's senior management and is based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates (the "Firm"). Compensation is not linked to specific transactions or recommendations. Like all Firm employees, analysts receive compensation that is impacted by overall Firm profitability which includes investment banking, sales and trading, and principal trading revenues. One factor in equity research analyst compensation is arranging corporate access events between institutional clients and the management teams of covered companies. Typically, company management is more likely to participate when the analyst has a positive view of the company.

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the issuer(s) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Research product ("the Product"), please contact Citi Research, 388 Greenwich Street, 28th Floor, New York, NY, 10013, Attention: Legal/Compliance [E6WYB6412478]. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at https://www.citivelocity.com/cvr/eppublic/citi_research_disclosures. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Pursuant to the Market Abuse Regulation a history of all Citi Research recommendations published during the preceding 12-month period can be accessed via Citi Velocity (<https://www.citivelocity.com/cv2>) or your standard distribution portal. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Research Equity Ratings Distribution

<i>Data current as of 30 Sep 2016</i>	12 Month Rating			Catalyst Watch		
	Buy	Hold	Sell	Buy	Hold	Sell
Citi Research Global Fundamental Coverage	47%	39%	14%	0%	100%	0%
<i>% of companies in each rating category that are investment banking clients</i>	66%	61%	60%	0%	64%	0%

Guide to Citi Research Fundamental Research Investment Ratings:

Citi Research stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.

Risk rating takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk rating assigned.

Investment Ratings: Citi Research investment ratings are Buy, Neutral and Sell. Our ratings are a function of analyst expectations of expected total return ("ETR") and risk. ETR is the sum of the forecast price appreciation (or depreciation) plus the dividend yield for a stock within the next 12 months. The Investment rating definitions are: Buy (1) ETR of 15% or more or 25% or more for High risk stocks; and Sell (3) for negative ETR. Any covered stock not assigned a Buy or a Sell is a Neutral (2). For stocks rated Neutral (2), if an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Citi Research management not to assign a target price and, thus, not derive an ETR. Analysts may place covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and / or trading in the company's securities (e.g. trading suspension). As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis. To satisfy regulatory requirements, we correspond Under Review and Neutral to Hold in our ratings distribution table for our 12-month fundamental rating system. However, we reiterate that we do not consider Under Review to be a recommendation. Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to

review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

Prior to May 1, 2014 Citi Research may have also assigned a three-month relative call (or rating) to a stock to highlight expected out-performance (most preferred) or under-performance (least preferred) versus the geographic and industry sector over a 3 month period. The relative call may have highlighted a specific near-term catalyst or event impacting the company or the market that was anticipated to have a short-term price impact on the equity securities of the company. Absent any specific catalyst the analyst(s) may have indicated the most and least preferred stocks in the universe of stocks under consideration, explaining the basis for this short-term view. This three-month view may have been different from and did not affect a stock's fundamental equity rating, which reflected a longer-term total absolute return expectation.

Catalyst Watch Upside/Downside calls:

Citi Research may also include a Catalyst Watch Upside or Downside call to highlight specific near-term catalysts or events impacting the company or the market that are expected to influence the share price over a specified period of 30 or 90 days. A Catalyst Watch Upside (Downside) call indicates that the analyst expects the share price to rise (fall) in absolute terms over the specified period. A Catalyst Watch Upside/Downside call will automatically expire at the end of the specified 30/90 day period; the analyst may also close a Catalyst Watch call prior to the end of the specified period in a published research note. A Catalyst Watch Upside or Downside call may be different from and does not affect a stock's fundamental equity rating, which reflects a longer-term total absolute return expectation. For purposes of FINRA ratings-distribution-disclosure rules, a Catalyst Watch Upside call corresponds to a buy recommendation and a Catalyst Watch Downside call corresponds to a sell recommendation. Any stock not assigned to a Catalyst Watch Upside or Catalyst Watch Downside call is considered Catalyst Watch Non-Rated (CWNR). For purposes of FINRA ratings-distribution-disclosure rules, we correspond CWNR to Hold in our ratings distribution table for our Catalyst Watch Upside/Downside rating system. However, we reiterate that we do not consider CWNR to be a recommendation. For all Catalyst Watch Upside/Downside calls, risk exists that the catalyst(s) and associated share-price movement will not materialize as expected.

OTHER DISCLOSURES

Any price(s) of instruments mentioned in recommendations are as of the prior day's market close on the primary market for the instrument, unless otherwise stated.

The completion and first dissemination of any recommendations made within this research report are as of the Eastern date-time displayed at the top of the Product. If the Product references views of other analysts then please refer to the price chart or rating history table for the date/time of completion and first dissemination with respect to that view.

European regulations require that where a recommendation differs from any of the author's previous recommendations concerning the same financial instrument or issuer that has been published during the preceding 12-month period that the change(s) and the date of that previous recommendation are indicated. For fundamental coverage please refer to the price chart or rating change history within this disclosure appendix or the issuer disclosure summary at https://www.citivelocity.com/cvr/epublic/citi_research_disclosures.

European regulations require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to Citi Research's Products can be found at https://www.citivelocity.com/cvr/epublic/citi_research_disclosures.

The proportion of all Citi Research fundamental research recommendations that were the equivalent to "Buy", "Hold", "Sell" at the end of each quarter over the prior 12 months (with the % of these that were at the time investment banking clients shown in brackets) is as follows: Q3 2016 Buy 32% (68%), Hold 44% (64%), Sell 24% (61%); Q2 2016 Buy 31% (68%), Hold 45% (63%), Sell 24% (61%); Q1 2016 Buy 31% (67%), Hold 45% (63%), Sell 24% (61%); Q4 2015 Buy 31% (67%), Hold 45% (63%), Sell 24% (63%).

Citigroup Global Markets India Private Limited and/or its affiliates may have, from time to time, actual or beneficial ownership of 1% or more in the debt securities of the subject issuer.

Citi Research generally disseminates its research to the Firm's global institutional and retail clients via both proprietary (e.g., Citi Velocity and Citi Personal Wealth Management) and non-proprietary electronic distribution platforms. Certain research may be disseminated only via the Firm's proprietary distribution platforms; however such research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the author's previously published research. Certain research is made available only to institutional investors to satisfy regulatory requirements. Individual Citi Research analysts may also opt to circulate published research to one or more clients by email; such email distribution is discretionary and is done only after the research has been disseminated. The level and types of services provided by Citi Research analysts to clients may vary depending on various factors such as the client's individual preferences as to the frequency and manner of receiving communications from analysts, the client's risk profile and investment focus and perspective (e.g. market-wide, sector specific, long term, short-term etc.), the size and scope of the overall client relationship with the Firm and legal and regulatory constraints.

Pursuant to Comissão de Valores Mobiliários Rule 483, Citi is required to disclose whether a Citi related company or business has a commercial relationship with the subject company. Considering that Citi operates multiple businesses in more than 100 countries around the world, it is likely that Citi has a commercial relationship with the subject company.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are

subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Research does not set a predetermined frequency for publication, if the Product is a fundamental equity or credit research report, it is the intention of Citi Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental research reports, Citi Research may not provide regular updates to the views, recommendations and facts included in the reports. Notwithstanding that Citi Research maintains coverage on, makes recommendations concerning or discusses issuers, Citi Research may be periodically restricted from referencing certain issuers due to legal or policy reasons. Citi Research may provide different research products and services to different classes of customers (for example, based upon long-term or short-term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative research product, provided that each is consistent with the rating system for each respective product.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

Important Disclosures for Bell Potter Customers: Bell Potter is making this Product available to its clients pursuant to an agreement with Citigroup Global Markets Australia Pty Limited. Neither Citigroup Global Markets Australia Pty Limited nor any of its affiliates has made any determination as to the suitability of the information provided herein and clients should consult with their Bell Potter financial advisor before making any investment decision.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in **Australia** through Citigroup Global Markets Australia Pty Limited. (ABN 64 003 114 832 and AFSL No. 240992), participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. Citigroup Global Markets Australia Pty Limited is not an Authorised Deposit-Taking Institution under the Banking Act 1959, nor is it regulated by the Australian Prudential Regulation Authority. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. The Product is made available in **Brazil** by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários ("CVM"), BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBIMA - Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais. Av. Paulista, 1111 - 14º andar (parte) - CEP: 01311920 - São Paulo - SP. If the Product is being made available in certain provinces of **Canada** by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. This product is available in **Chile** through Banchile Corredores de Bolsa S.A., an indirect subsidiary of Citigroup Inc., which is regulated by the Superintendencia de Valores y Seguros. Agustinas 975, piso 2, Santiago, Chile. The Product is distributed in **Germany** by Citigroup Global Markets Deutschland AG ("CGMD"), which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). CGMD, Reuterweg 16, 60323 Frankfurt am Main. Research which relates to "securities" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) is issued in **Hong Kong** by, or on behalf of, Citigroup Global Markets Asia Limited which takes full responsibility for its content. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Research is made available through Citibank, N.A., Hong Kong Branch, for its clients in Citi Private Bank, it is made available by Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citibank N.A. is regulated by the Hong Kong Monetary Authority. Please contact your Private Banker in Citibank N.A., Hong Kong, Branch if you have any queries on or any matters arising from or in connection with this document. The Product is made available in **India** by Citigroup Global Markets India Private Limited (CGM), which is regulated by the Securities and Exchange Board of India (SEBI), as a Research Analyst (SEBI Registration No. INH000000438). CGM is also actively involved in the business of merchant banking, stock brokerage, and depository participant, in India, and is registered with SEBI in this regard. CGM's registered office is at 1202, 12th Floor, FIFC, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051. CGM's Corporate Identity Number is U99999MH2000PTC126657, and its contact details are: Tel:+9102261759999 Fax:+9102261759961. The Product is made available in **Indonesia** through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. The Product is made available in **Israel** through Citibank NA, regulated by the Bank of Israel and the Israeli Securities Authority. Citibank, N.A, Platinum Building, 21 Ha'arba'ah St, Tel Aviv, Israel. The Product is made available in **Italy** by Citigroup Global Markets Limited, which is authorised by the PRA and regulated by the FCA and the PRA. Via dei Mercanti, 12, Milan, 20121, Italy. The Product is made available in **Japan** by Citigroup Global Markets Japan Inc. ("CGMJ"), which is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. If the Product was distributed by SMBC Nikko Securities Inc. it is being so distributed under license. In the event that an error is found in an CGMJ research report, a revised version will be posted on the Firm's Citi Velocity website. If you have questions regarding Citi Velocity, please call (81 3) 6270-3019 for help. The Product is made available in **Korea** by Citigroup Global Markets Korea Securities Ltd., which is regulated by the Financial Services Commission, the Financial Supervisory Service and the Korea Financial Investment Association (KOFIA). Citibank Building, 39 Da-dong, Jung-gu, Seoul 100-180, Korea. KOFIA makes available registration information of research analysts on its website. Please visit the following website if you wish to find KOFIA registration information on research analysts of Citigroup Global Markets Korea Securities Ltd. <http://dis.kofia.or.kr/websquare/index.jsp?w2xPath=/wq/fundMgr/DISFundMgrAnalystList.xml&divisionId=MDIS03002002000000&serviceId=SDIS030020020000>. The Product is made available in Korea by Citibank Korea Inc., which is regulated by the Financial Services Commission and the Financial

Supervisory Service. Address is Citibank Building, 39 Da-dong, Jung-gu, Seoul 100-180, Korea. The Product is made available in **Malaysia** by Citigroup Global Markets Malaysia Sdn Bhd (Company No. 460819-D) ("CGMM") to its clients and CGMM takes responsibility for its contents. CGMM is regulated by the Securities Commission of Malaysia. Please contact CGMM at Level 43 Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia in respect of any matters arising from, or in connection with, the Product. The Product is made available in **Mexico** by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, Integrante del Grupo Financiero Banamex ("Accival") which is a wholly owned subsidiary of Citigroup Inc. and is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In **New Zealand** the Product is made available to 'wholesale clients' only as defined by s5C(1) of the Financial Advisers Act 2008 ('FAA') through Citigroup Global Markets Australia Pty Ltd (ABN 64 003 114 832 and AFSL No. 240992), an overseas financial adviser as defined by the FAA, participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in **Pakistan** by Citibank N.A. Pakistan branch, which is regulated by the State Bank of Pakistan and Securities Exchange Commission, Pakistan. AWT Plaza, 1.1. Chundrigar Road, P.O. Box 4889, Karachi-74200. The Product is made available in the **Philippines** through Citicorp Financial Services and Insurance Brokerage Philippines, Inc., which is regulated by the Philippines Securities and Exchange Commission. 20th Floor Citibank Square Bldg. The Product is made available in the Philippines through Citibank NA Philippines branch, Citibank Tower, 8741 Paseo De Roxas, Makati City, Manila. Citibank NA Philippines NA is regulated by The Bangko Sentral ng Pilipinas. The Product is made available in **Poland** by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Nadzoru Finansowego. Dom Maklerski Banku Handlowego S.A. ul.Senatorska 16, 00-923 Warszawa. The Product is made available in the **Russian Federation** through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in **Singapore** through Citigroup Global Markets Singapore Pte. Ltd. ("CGMSPL"), a capital markets services license holder, and regulated by Monetary Authority of Singapore. Please contact CGMSPL at 8 Marina View, 21st Floor Asia Square Tower 1, Singapore 018960, in respect of any matters arising from, or in connection with, the analysis of this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore Branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Please contact your Private Banker in Citibank N.A., Singapore Branch if you have any queries on or any matters arising from or in connection with this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). This report is distributed in Singapore by Citibank Singapore Ltd ("CSL") to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of this report. Please contact your Citigold/Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this report. This report is intended for recipients who are accredited investors as defined under the Securities and Futures Act (Cap. 289). Citigroup Global Markets (Pty) Ltd. is incorporated in the **Republic of South Africa** (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in the **Republic of China** through Citigroup Global Markets Taiwan Securities Company Ltd. ("CGMTS"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan and/or through Citibank Securities (Taiwan) Company Limited ("CSTL"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan, subject to the respective license scope of each entity and the applicable laws and regulations in the Republic of China. CGMTS and CSTL are both regulated by the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan, the Republic of China. No portion of the Product may be reproduced or quoted in the Republic of China by the press or any third parties [without the written authorization of CGMTS and CSTL]. If the Product covers securities which are not allowed to be offered or traded in the Republic of China, neither the Product nor any information contained in the Product shall be considered as advertising the securities or making recommendation of the securities in the Republic of China. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or financial products. Any decision to purchase securities or financial products mentioned in the Product must take into account existing public information on such security or the financial products or any registered prospectus. The Product is made available in **Thailand** through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 399 Interchange 21 Building, 18th Floor, Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok 10110, Thailand. The Product is made available in **Turkey** through Citibank AS which is regulated by Capital Markets Board. Tekfen Tower, Eski Buyukdere Caddesi # 209 Kat 2B, 23294 Levent, Istanbul, Turkey. In the **U.A.E.**, these materials (the "Materials") are communicated by Citigroup Global Markets Limited, DIFC branch ("CGML"), an entity registered in the Dubai International Financial Center ("DIFC") and licensed and regulated by the Dubai Financial Services Authority ("DFSA") to Professional Clients and Market Counterparties only and should not be relied upon or distributed to Retail Clients. A distribution of the different Citi Research ratings distribution, in percentage terms for Investments in each sector covered is made available on request. Financial products and/or services to which the Materials relate will only be made available to Professional Clients and Market Counterparties. The Product is made available in **United Kingdom** by Citigroup Global Markets Limited, which is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. This material may relate to investments or services of a person outside of the UK or to other matters which are not authorised by the PRA nor regulated by the FCA and the PRA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in **United States** by Citigroup Global Markets Inc, which is a member of FINRA and registered with the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is authorised by the PRA and regulated by the FCA and the PRA. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted. Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product. Citi Research product may source data from dataCentral. dataCentral is a Citi Research proprietary database, which includes the Firm's estimates, data from company reports and feeds from Thomson Reuters. The printed and printable version of the research report may not include all the information (e.g.,

certain financial summary information and comparable company data) that is linked to the online version available on the Firm's proprietary electronic distribution platforms.

© 2016 Citigroup Global Markets Inc. Citi Research is a division of Citigroup Global Markets Inc. Citi and Citi with Arc Design are trademarks and service marks of Citigroup Inc. and its affiliates and are used and registered throughout the world. All rights reserved. The research data in this report is not intended to be used for the purpose of (a) determining the price or amounts due in respect of one or more financial products or instruments and/or (b) measuring or comparing the performance of a financial product or a portfolio of financial instruments, and any such use is strictly prohibited without the prior written consent of Citi Research. Any unauthorized use, duplication, redistribution or disclosure of this report (the "Product"), including, but not limited to, redistribution of the Product by electronic mail, posting of the Product on a website or page, and/or providing to a third party a link to the Product, is prohibited by law and will result in prosecution. The information contained in the Product is intended solely for the recipient and may not be further distributed by the recipient to any third party. Where included in this report, MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are services marks of MSCI and its affiliates. The Firm accepts no liability whatsoever for the actions of third parties. The Product may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the Product refers to website material of the Firm, the Firm has not reviewed the linked site. Equally, except to the extent to which the Product refers to website material of the Firm, the Firm takes no responsibility for, and makes no representations or warranties whatsoever as to, the data and information contained therein. Such address or hyperlink (including addresses or hyperlinks to website material of the Firm) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through the Product or the website of the Firm shall be at your own risk and the Firm shall have no liability arising out of, or in connection with, any such referenced website.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST
