BCX Research

Investment Conference 2020

Resource Prices: Will Gold Continue To Soar And Will Oil Prices Revive?

Ross Norman

Chief Executive Officer, Metals Daily

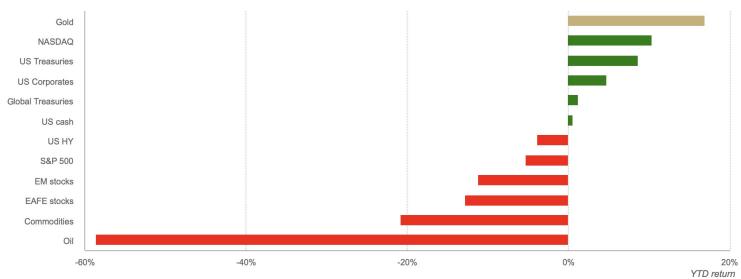
Robert P. Ryan

Chief Commodity & Energy Strategist, BCA Research



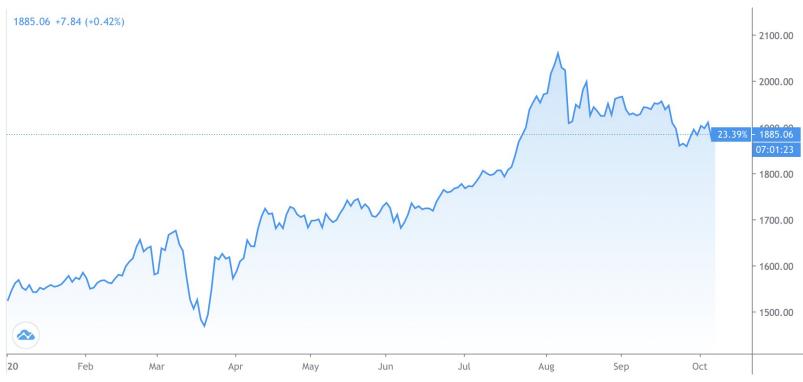
Gold outperformed all major assets in H1

Y-t-d performance of major global assets*



Sources: Bloomberg, ICE Benchmark Administration, World Gold Council; Disclaimer









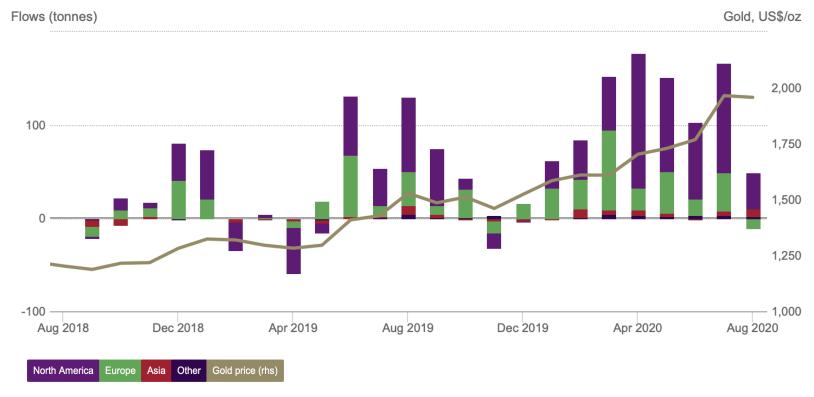


Golden Bond

Real yields and gold tend to move in tandem









USD	EUR	GBP
-5.3%	1.2%	2.4%
2.4%	8.4%	5.3%
24.4%	5.5%	12.3%
19.6%	-0.2%	8.0%
5.6%	-2.0%	-1.7%
18.1%	35.2%	31.6%
23.0%	10.4%	8.1%
30.9%	18.4%	29.2%
5.4%	10.0%	43.0%
24.8%	21.8%	13.0%
29.5%	38.6%	34.2%
10.2%	13.8%	10.6%
7.1%	5.0%	2.4%
-28.0%	-30.9%	-29.4%
-1.8%	11.6%	4.4%
-10.4%	-0.2%	-5.3%
8.5%	12.1%	29.7%
13.1%	-0.9%	3.3%
-1.5%	3.0%	4.3%
18.3%	21.0%	13.8%
22.6%	18.2%	27.6%
10.3%	9.5%	11.7%
	-5.3% 2.4% 24.4% 19.6% 5.6% 18.1% 23.0% 30.9% 5.4% 24.8% 29.5% 10.2% 7.1% -28.0% -1.8% -10.4% 8.5% 13.1% -1.5% 18.3% 22.6%	-5.3% 1.2% 2.4% 8.4% 24.4% 5.5% 19.6% -0.2% 5.6% -2.0% 18.1% 35.2% 23.0% 10.4% 30.9% 18.4% 5.4% 10.0% 24.8% 21.8% 29.5% 38.6% 10.2% 13.8% 7.1% 5.0% -28.0% -30.9% -1.8% 11.6% -10.4% -0.2% 8.5% 12.1% 13.1% -0.9% -1.5% 3.0% 18.3% 21.0% 22.6% 18.2%

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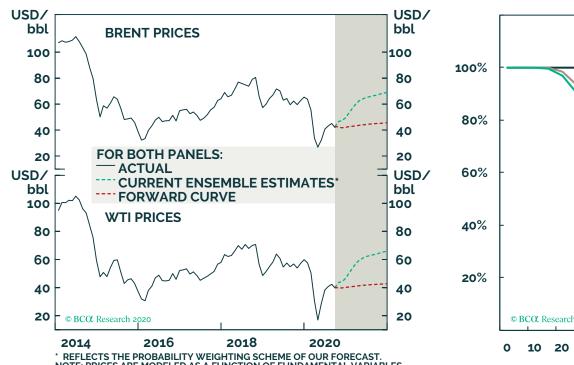
Commodities Post COVID-19

Robert P. Ryan
Chief Commodity & Ener

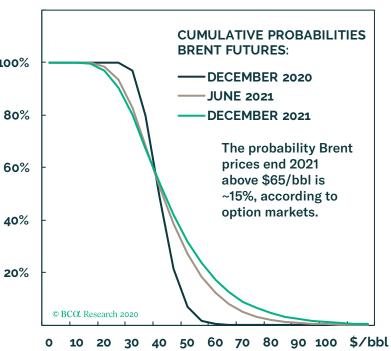
Chief Commodity & Energy Strategist

Oil Outlook

BCA's Oil-Price View Stronger Than Futures Market

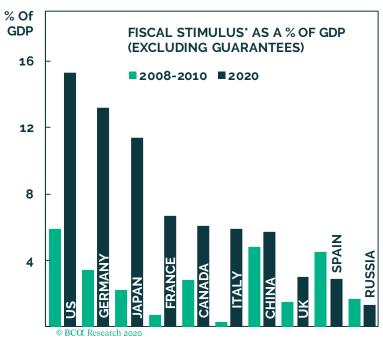


NOTE: PRICES ARE MODELED AS A FUNCTION OF FUNDAMENTAL VARIABLES. SHADED AREA DENOTES FORECASTS.



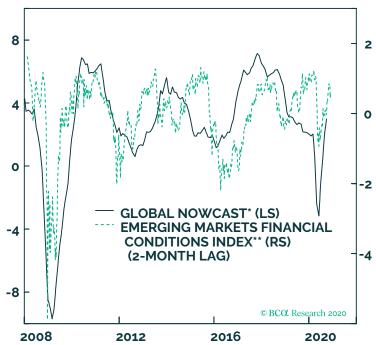
SOURCE: CME GROUP, BLOOMBERG FINANCE L.P., BCA RESEARCH CALCULATIONS.

Fiscal, Monetary Stimulus Will Remain Supportive



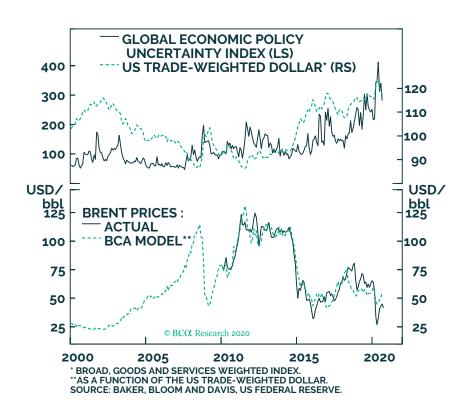
NOTE: LOAN GUARANTEES ARE EXCLUDED IF THERE IS A SPECIFIC AMOUNT IN THE NEWS.

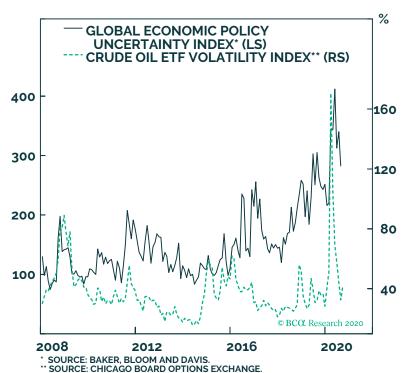
* SOURCE: VARIOUS NEWS AND GOVERNMENT AGENCIES, BROOKINGS, THE IMF. AND BCA CALCULATIONS.



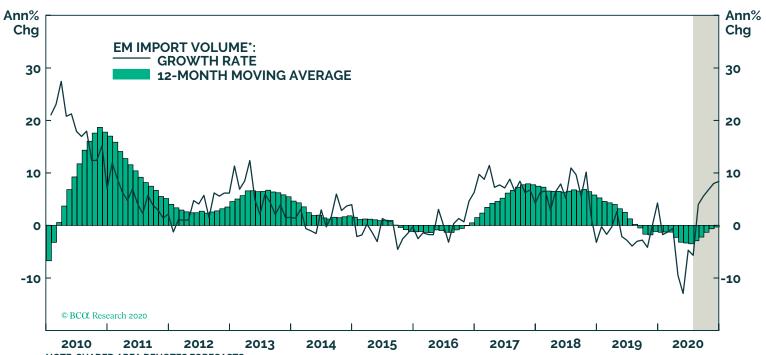
- * BASED ON ISM NEW ORDERS-TO-INVENTORY RATIO, U.S. INTERMODAL FREIGHT CARLOADS, U.S. HIGH-YIELD OAS FOR INDUSTRIALS, EUROPEAN BUSINESS CONFIDENCE, JAPANESE BUSINESS CONFIDENCE FOR SMALL/MEDIUM-SIZED ENTERPRISES, CHINESE FINANCIAL CONDITIONS, KOREAN EXPORTS, BALTIC DRY INDEX, GLOBAL EARNINGS-TO-INVENTORY RATIO, AND GLOBAL INDUSTRIALS/CONSUMER STAPLES RELATIVE EQUITY PERFORMANCE.
- ** BASED ON CDS SPREADS AND TRADE-WEIGHTED CURRENCIES; GDP-WEIGHTED AVERAGE OF BRAZIL, CHILE, CHINA, CZECH REPUBLIC, HUNGARY, INDONESIA, INDIA, KOREA, MEXICO, SOUTH AFRICA, AND TURKEY.

New Fed Policy Will Drive USD Lower, Supporting Demand





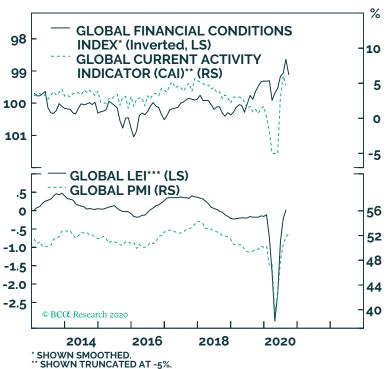
EM Import Volumes Are Key Barometer Of Demand



NOTE: SHADED AREA DENOTES FORECASTS.

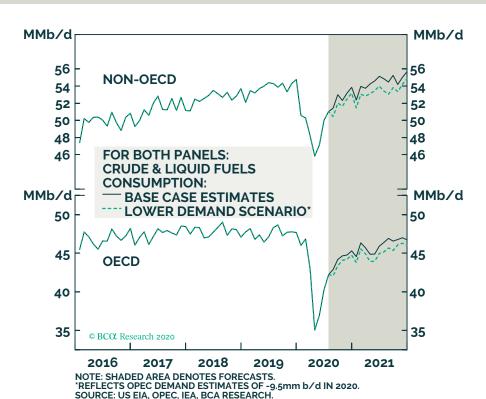
*FORECAST AS A FUNCTION OF US FINANCIAL VARIABLES, FX RATES AND COPPER PRICES.
SOURCE: CPB WORLD TRADE MONITOR, BCA RESEARCH.

EM Oil Demand Will Exceed Pre-COVID-19 Level By 2H21

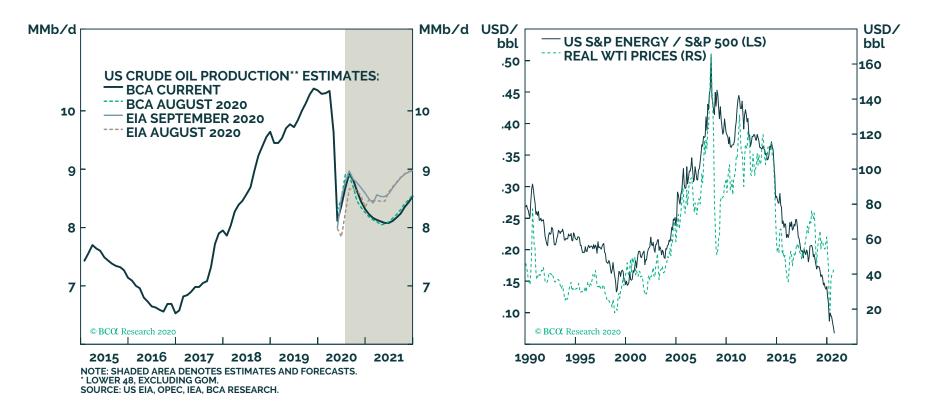


***LEADING ECONOMIC INDICATOR, STANDARDIZED.

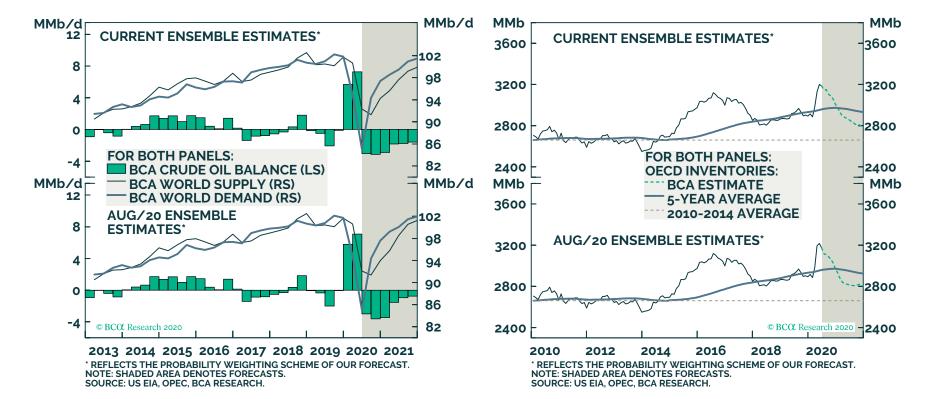
SOURCE: GOLDMAN SACHS, BLOOMBERG FINANCE L.P., OECD, BCA RESEARCH.



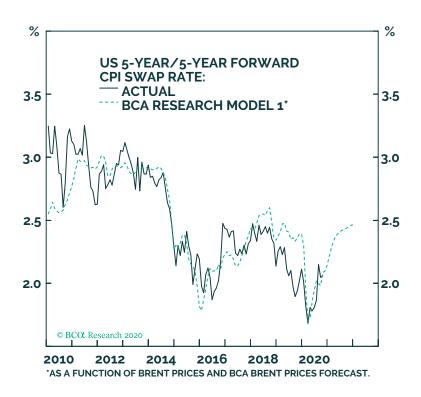
OPEC 2.0 + Capital Market Constraints Constrain Supply

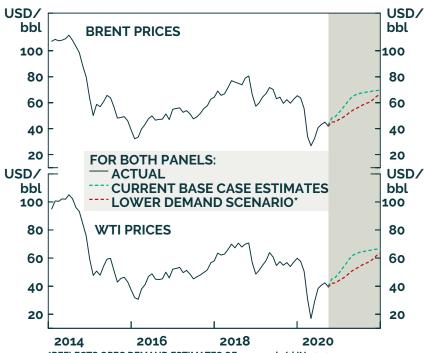


Contracting Supply, Expanding Demand, Lower Inventories



Brent Prices Will Drive US Inflation Expectations





REFLECTS OPEC DEMAND ESTIMATES OF -9.5mm b/d IN 2020.
NOTE: PRICES ARE MODELED AS A FUNCTION OF FUNDAMENTAL VARIABLES.
SHADED AREA DENOTES FORECASTS.

OPEC 2.0 Could Gain Control Of Price Dynamics

