IW Investment Weekly

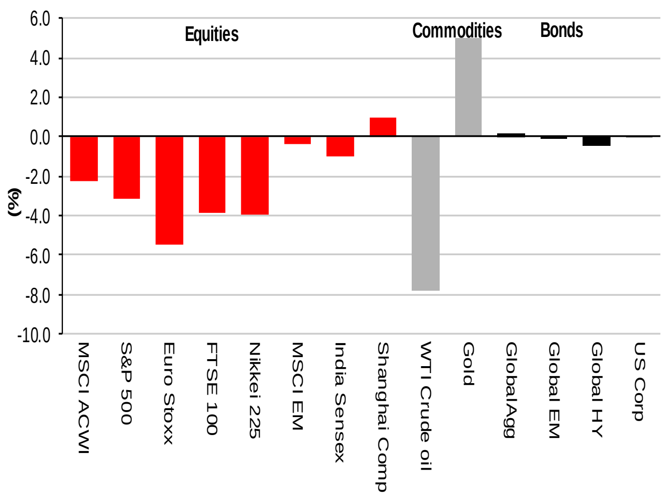
05 February 2016

For Professional Client and Institutional Investor Use Only

- Global equity markets sold off this week, as risk appetite was dampened by a renewed slide in oil prices, as well as a batch of soft US and Chinese economic data releases
- The US ISM Non-Manufacturing Composite Index fell to 53.5 in January, pushing the index to its lowest level since February 2014 and triggering a sharp sell-off in the US dollar, as investors reassessed the likelihood of further US monetary tightening this year
- The US employment report was mixed and showed that nonfarm payrolls rose 151,000 in January (versus a consensus of 190,000), from a downwardly revised 262,000 in December (previously 292,000). However, average hourly earnings were encouraging and rose 0.5% on the month (2.5% yoy), while the unemployment rate fell to 4.9% in January, a new cyclical low
- In the coming week, investors are likely to keep a close eye on US retail sales data, as well as two important speeches from US Federal Reserve (Fed) Chair Janet Yellen, which could provide some clues about the future course of US monetary policy

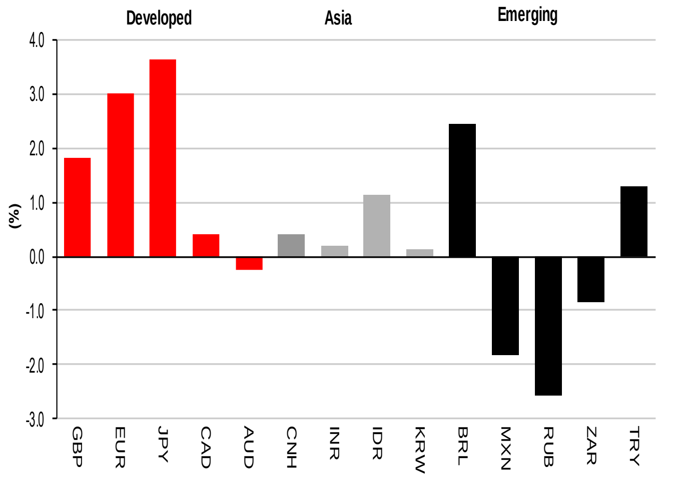
Movers and shakers

Global equities (excluding China) fell this week

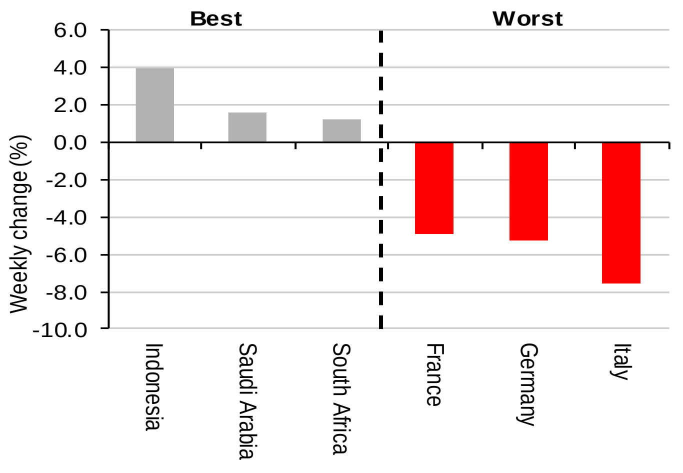


Currencies (versus US dollar)

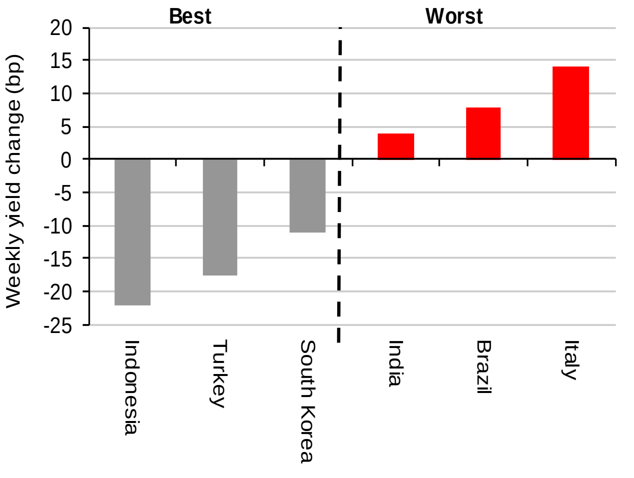
The US dollar fell sharply against most major currencies



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 05 February 2016.
All the above charts relate to 29/01/2016–05/02/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (01-05 February 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 1 February	China	Caixin China Manufacturing PMI	Jan	48.1	48.4	49.2
	US	PCE Core (yoy)	Dec	1.4%	1.4%	1.4%
	US	ISM Manufacturing Index	Jan	48.4	48.2	48.0
Tuesday 2 February	Eurozone	Unemployment Rate	Dec	10.5%	10.4%	10.5%
	India	RBI Interest Rate Decision	Feb	6.75%	6.75%	6.75%
Wednesday 3 February	Eurozone	Markit Eurozone Composite PMI	Jan F	53.5	53.6	53.5
	US	ISM Non-Manufacturing Composite Index	Jan	55.1	53.5	55.8
Thursday 4 February	UK	Bank of England Interest Rate Decision	Feb	0.5%	0.5%	0.5%
Friday 5 February	US	Change in Nonfarm Payrolls	Jan	190K	151K	262K

F – Final

- In the US, the **ISM Manufacturing Index** edged up to 48.2 in January, below consensus expectations for an uptick to 48.4. Changes in the underlying components were mixed. The production index (to 50.2 from 49.9) and new orders index (to 51.5 from 48.8) both improved. However, the employment indicator fell to 45.9 from 48.0, reaching its lowest levels since late 2009. However, the **ISM Non-Manufacturing Composite Index** disappointed, and fell by more than expected to 53.5 in January, from 55.8 in December, reaching its lowest level since February 2014. The sub-indices for new business as well as for new orders both declined. Meanwhile, the employment component fell 4.2 points to 52.1, pointing to a slowdown in job creation as well. On Friday, the **US** employment report was mixed and showed that **nonfarm payrolls** rose 151,000 in January (versus a consensus of 190,000), from a downwardly revised 262,000 in December (previously 292,000). Annual revisions to the data series were also released at the same time and showed that employment was reduced by 206,000 in 2015. However, the breakdown of the January employment report showed private sector jobs rising 158,000, with goods producing (+40,000), services (+118,000) and government (-7,000). The biggest single sub-sector in services was retail (+58,000), followed by leisure and hospitality (+44,000) and financial activities (+18,000). Surprisingly, manufacturing jobs rose 29,000 on the month, while temporary help fell -25,000. Growth in the residential and non-residential construction sectors remains evident in the 18,000 improvement in construction jobs last month. Average hourly earnings were encouraging and rose 0.5% on the month (2.5% yoy). The **unemployment rate**, derived from a separate U.S. Department of Labor survey of households rather than employers, fell to 4.9% in January – a new cyclical low – as the labour force participation rate crept up a little to 62.7% in January. The household employment change was 615,000. Overall, this was a mixed report. While nonfarm payrolls were below consensus expectations, the rest of the employment report was encouraging.

- In Europe, the **Bank of England kept monetary policy** on hold, maintaining the Bank Rate at 0.5% and the stock of purchased assets at GBP375 billion. The vote was unanimous as Ian McCafferty, the only member of the Monetary Policy Committee (MPC) who had previously favoured a rate hike, voted for no change at this meeting. He cited disappointing wage growth as the main reason for his rethink. In its statement, the Bank pointed out that global growth had decelerated and that lower commodity prices weighed on inflation while domestic price pressures were largely absent. The MPC expects inflation to remain below 1% this year, signalling that rates may remain at current levels for longer. In its **quarterly Inflation Report**, the Bank lowered its projections for GDP and CPI inflation. The headline CPI inflation projection for 2017 was lowered by 0.1 percentage points to 1.9%, but the forecast for 2018 remained unrevised at 2.2% (i.e., overshooting the inflation target of 2.0%). Given the overshoot in 2018, the Bank signals that the market interest rates expectations are too low. GDP growth was also downgraded to 2.4% in 2017 and 2.5% in 2018. Finally, the **eurozone** labour market continued to improve in December, underlining the ongoing economic recovery. The **unemployment rate** declined 0.1 percentage points to 10.4% in December, reaching its lowest level since September 2011.

- **European Central Bank (ECB) President Mario Draghi** said in a speech this week that the ECB will remain focused on its price stability mandate. Draghi stated that despite the current global forces that were "conspiring to hold inflation down," these challenges could be mitigated and "do not justify monetary policy inaction." He noted that adopting a wait and see approach in a "context of prolonged low inflation" brings with it its own risks and that "monetary policy cannot be relaxed about a succession of supply shocks." Overall, Draghi still indicated that further policy action is likely by the ECB in March.

- **China's official manufacturing PMI** fell 0.3 points over the month to 49.4 in January, its lowest since August 2012 and a sixth straight month of below 50, which indicates a contraction. The print reflected weak external demand and domestic investment as well as a capacity cut and de-stocking process in the industrial sector. However, the PMI for the consumer goods manufacturing industry was robust at 57.8. Meanwhile, the **non-manufacturing PMI** also declined to 53.5 from 54.4. Consumer-related service sectors, including wholesale and retail, transportation, accommodation and catering and tourism, held up better thanks to the Chinese New Year holiday, while bad weather weighed on construction activities. Overall, the PMI readings show continued sluggishness in the industry sector and investment, while the services sector and consumption stayed relatively firm. Macro policies will likely remain supportive against growth headwinds and short-term pains from capacity cuts and corporate restructuring.

Sources: Bloomberg and, HSBC Global Asset Management. Data as at close of business 05 February 2016.
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- As expected, the **Reserve Bank of India** (RBI) kept its policy repo rate unchanged at 6.75% for a second straight meeting, as policymakers are waiting for more information on inflation and for details on the upcoming FY17 Union Budget later this month. The RBI expects to achieve its inflation target of 6% in January and inflation to decline to around 5% by end of FY17 (March 2017), assuming a normal monsoon, current crude oil prices and exchange rates, but not factoring the impact of the 7th Pay Commission's recommendation, which will likely exert upward pressure on inflation "for a period of one to two years." The RBI kept its Gross-Value-Added growth forecast at 7.4% for FY16 with a downside bias. For FY17, it projects growth to gradually pick up to 7.6%. In terms of its forward guidance, the RBI said that the central bank "continues to be accommodative even as it leaves the policy rate unchanged in this review." The RBI thus remains data-dependent and has left the door open for further rate cuts, likely conditional on the quality of fiscal consolidation and structural reforms in the budget and the inflation trajectory.

Coming Week (08-12 February 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 8 February	India	GDP Annual Estimate (yoy)	Q4	7.3%	7.2%
Tuesday 9 February	US	NFIB Index of Small Business Optimism	Jan	94.5	95.2
Wednesday 10 February	US	Fed Chair Yellen Speaks to the House Financial Services Committee			
Thursday 11 February	US	Initial Jobless Claims	06-Feb	282K	285K
	US	Fed Chair Yellen Speaks to the Senate Banking Committee			
Friday 12 February	India	CPI (yoy)	Jan	5.3%	5.6%
	India	Industrial Production (yoy)	Dec	-0.9%	-3.2%
	Eurozone	GDP Seasonally Adjusted (qoq)	Q4 P	0.3%	0.3%
	US	Retail Sales Advance (mom)	Jan	0.1%	-0.1%
	US	University of Michigan Index of Consumer Sentiment	Feb P	92.5	92.0

P – Preliminary, Q – Quarter

US

- In the coming week, the health of the US economy and whether it is sufficiently strong to warrant a near-term rise in interest rates will be the dominant question for financial markets. **Fed Chair Janet Yellen will deliver monetary policy testimony to the House Financial Services Committee** on 10 February and will repeat the testimony before the Senate Banking Committee on 11 February. She is expected to give a balanced but cautious view with respect to the economic outlook, noting that tighter financial conditions and global developments pose some downside risk to growth. Yellen may also acknowledge that sharply lower energy prices and a further appreciation of the US dollar in trade-weighted terms have lowered the near-term outlook for inflation. She may also sound cautious about the prospects for a March hike, without ruling it out entirely. This would be broadly in line with comments from Fed Vice Chair Stanley Fischer and New York Fed President Bill Dudley. In particular, Dudley said that financial conditions are "considerably tighter" than at the time of the December meeting.

- Core **retail sales** (which exclude autos, gasoline, building materials, and sales at food services and drinking places) are expected to bounce back in January, especially in certain categories of sales (such as apparel), which may have been weighed down by the unseasonably warm winter weather in December. However, the rebound in sales is likely to be gradual as the data suggests that consumer activity lost some momentum at the end of last year. On balance, core retail sales are expected to rise 0.3% mom in January. Vehicle sales increased modestly in January and therefore headline retail sales are expected to rise by 0.1% mom.

- **Initial jobless claims** have been relatively stable at very low levels for quite some time. But recently, there have been some signs that the underlying trend is turning up. A sustained pickup would raise concerns of a slowdown in job growth. But at this point, the US labour market appears to be on stable footing.

- **The University of Michigan Index of Consumer Sentiment** declined for the first time in four months in January as the sharp drop in equity prices in the second half of the month appeared to weigh on confidence. The preliminary reading of the index in February is expected to increase slightly, by 0.5 points to 92.5. Any sharp drops in sentiment could place some downside risk on consumer activity early in 2016.

Europe

- The **eurozone** will report its first estimate of Q4 2015 **GDP** with industrial data and sentiment indicators suggesting the economy maintained its pace of economic expansion at 0.3% qoq. Among individual countries, only France, Austria, Spain and Belgium have already reported preliminary GDP estimates. France's growth slowed down to 0.2% qoq from 0.3% qoq in Q3, as private consumption suffered after the Paris attacks, but also because mild winter weather reduced expenditures on energy and clothing. Spain kept up a strong pace of growth at 0.8%, while Austria's GDP was flat and Belgium accelerated a bit. Overall, growth is expected to have been driven by consumption and a gradual acceleration of investment, while government consumption likely contributed significantly due to additional immigration-related spending. The external contribution likely was close to zero. This will be confirmed when the breakdown of expenditure components is released on 08 March.

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Emerging markets

- In **India, GDP for Q4** is expected to come in slightly lower than in Q3, down to 7.3% yoy from 7.4% as industrial production and exports slowed down during the quarter. Moreover, the preliminary estimate of GDP growth for the current fiscal year came out at 7.2%, slightly lower than the average for the first two quarters, which suggests a mild slowdown in the second half of the fiscal year. **India's CPI inflation** likely moderated slightly in January, from 5.6% yoy in December, largely due to lower food prices (especially selected vegetable and pulse prices) as well as base effects, while core CPI inflation probably edged up with higher services inflation but remained contained. Meanwhile, **industrial production** growth is expected to have rebounded in December from -3.2% yoy in November, as the distortions caused by adverse weather conditions and seasonal distortions come to an end. Furthermore, the manufacturing PMI rebounded to 51.0 in January, up from 49.1.

Market Moves

Global equity markets fell this week on mounting global growth fears amid renewed oil price declines

- In the US, the S&P 500 Index edged lower this week (-3.1%), as risk appetite was dampened by a renewed slide in oil prices as well as a batch of soft US and Chinese economic data releases, not least the disappointing US non-manufacturing PMI print for January, raising fears over the health of the global economy. Friday's mixed nonfarm payrolls report added to investor gloom. However some support came from the weaker US dollar, which pushed industrial metals prices higher, resulting in a strong recovery in materials stocks.

- European stocks fell sharply this week, with the EURO STOXX 50 Index declining (-5.4%) to its lowest level since October 2014. The sell-off came on the back of a raft of disappointing corporate earnings reports, a fresh decline in oil prices and mounting concerns about the global economic outlook after poor macroeconomic data out of China and the US. Furthermore, a sharply higher euro versus the US dollar weighed on exporter stocks.

- Most Asian stock markets fell this week on subdued risk appetite, tracking closely to fluctuations in US stocks and crude oil prices. The initial positive impact of the Bank of Japan policy rate cut last week faded rapidly, with Japan's Nikkei 225 Index declining sharply (-4.0%), dragged lower by a large appreciation of the yen against a weaker US dollar weighing on exporters as earnings reports disappointed. Elsewhere in the region, China's Shanghai Stock Exchange Composite Index ended slightly up (+0.9%) amid a mixed batch of Chinese economic data and as the People's Bank of China continued to inject liquidity to the financial system to meet increased cash demand ahead of the Lunar New Year holiday. In Indonesia, the Jakarta Composite Index outperformed, however (+4.0%), as data showed Q4 GDP growth in Indonesia came in stronger than expected, at 5.0% yoy (consensus at 4.8%).

US Treasuries buoyed by some disappointing US economic data; peripheral European government debt fell on risk aversion

- US Treasuries gained again this week (yields declined) on perceived "safe-haven" demand as stocks and oil declined. Furthermore, support came from a batch of disappointing US data that lowered investor expectations of US interest rate increases this year, although gains were pared following a mixed nonfarm payrolls report on Friday. Overall, benchmark Treasury 10-year yields ended lower (-8bps to 1.84%) as did two-year yields (-5bps to 0.72%).

- Core European government bonds were little changed this week amid continuing expectations of further ECB easing in March as ECB President Mario Draghi told a conference in Frankfurt that policymakers stand ready to expand stimulus and data showed eurozone producer prices fell by a lower than expected 0.8% mom in December, highlighting the region's deflationary challenges. Overall, German 10-year yields decreased (-2bps to 0.30%), and French 10-year yields declined (-1bps to 0.63%). However, elevated risk aversion helped push peripheral bond yields higher, with Italian, Spanish and Portuguese yields all rising (by 14bps, 13bps and 25bps to 1.55%, 1.64% and 3.12% respectively).

US dollar falls sharply following raft of disappointing US economic data; euro hits strongest level against greenback since late October

- The euro rose sharply against the US dollar this week (+2.9%), extending last week's gains and reaching its highest level against the greenback since late October. Most of the single currency's gains came on Wednesday following the much weaker than expected US ISM Non-Manufacturing Composite Index that pushed the US dollar sharply lower as investors reassessed the prospects of further US interest rates increases this year. The euro made further gains on Thursday, despite comments from ECB President Draghi who told a conference in Frankfurt that policymakers stand ready to expand stimulus in March. However, some gains were pared on Friday following the mixed nonfarm payrolls report. Elsewhere, the British pound also rose against the US dollar (+1.8%). Apart from the weaker US dollar, sterling was supported by upbeat PMI data released earlier in the week, while investors shrugged off the Bank of England's decision to hold interest rates at a historic low of 0.5%.

- Most Asian currencies appreciated against the US dollar for a second week, as the dollar weakened on the back of soft US economic data, especially the ISM non-manufacturing report. The yen saw the strongest gains (+3.5%) on increased perceived "safe-haven" demand as investors reassessed the new negative interest rate framework introduced by the Bank of Japan at the end of January. However, the Malaysian ringgit underperformed (-0.3%) on the back of further oil price weakness and data showing a lower than expected trade surplus for December.

Sources: Bloomberg and, HSBC Global Asset Management. Data as at close of business 05 February 2016.
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- Meanwhile, other non-Asian emerging market currencies were mixed against the US dollar this week. Among the best performers was the Brazilian real (+2.4%), benefiting from a strong recovery in industrial metals prices (including key export iron ore) as the US dollar weakened. However the oil-sensitive Russian ruble fell (-2.6%) on the back of renewed weakness in crude oil prices, also contributing to declines in the Mexican peso (-1.8%) as the Mexican central bank kept its key interest rate at 3.25%.

Crude oil prices resume declines amid fading hopes of global production cuts; gold prices boosted by sharp fall in US dollar

- WTI oil prices fell this week (-7.8% at USD31.0 per barrel), paring last week's gains, amid fading expectations that OPEC and Russia would come together to cut production. Weak US and Chinese economic data also raised concerns about the health of the global economy and consequently prospects for oil demand. Meanwhile, oversupply fears were exacerbated by data showing Russia's oil output climbed 1.5% yoy in January, a post-Soviet high, while in the US, Wednesday's U.S. Energy Information Administration weekly report showed crude stocks rose by 7.8 million barrels last week (versus an expected 3.7 million), sending overall US crude inventories above the 500 million barrel mark for the first time since 1930. This data was offset, however, by the sharp depreciation of the US dollar. Brent crude prices also fell (-1.8% at USD34.1), with the Brent-WTI spread at its highest since mid-December.
- Meanwhile, gold prices rose again this week (+5.0% at USD1,174 per ounce), the third consecutive week of gains, pushing the yellow metal to its highest level since late October. Gold continues to benefit from its perceived "safe-haven" status as risk appetite remains subdued, with most gains this week driven by the sharp depreciation of the US dollar as investor expectations of further Fed tightening this year continue to diminish. However, some gains were pared on Friday following the mixed nonfarm payrolls report.

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Market Data

Equity Indices	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World									
MSCI AC World Index (USD)	367	-2.3	-6.3	-11.3	-13.2	-8.2	444	352	14.6
North America									
US Dow Jones Industrial Average	16,205	-1.6	-5.6	-9.3	-9.4	-7.0	18,351	15,370	14.7
US S&P 500 Index	1,880	-3.1	-6.8	-10.5	-8.8	-8.0	2,135	1,812	15.6
US NASDAQ Composite Index	4,363	-5.4	-10.8	-14.9	-8.4	-12.9	5,232	4,292	18.2
Canada S&P/TSX Composite Index	12,764	-0.5	-1.2	-5.9	-15.6	-1.9	15,525	11,531	15.5
Europe									
MSCI AC Europe (USD)	377	-1.9	-5.3	-12.0	-15.8	-8.3	479	361	13.9
Euro STOXX 50 Index	2,879	-5.4	-9.4	-16.5	-15.5	-11.9	3,836	2,855	12.6
UK FTSE 100 Index	5,848	-3.9	-4.7	-8.1	-14.8	-6.3	7,123	5,640	15.1
Germany DAX Index*	9,286	-5.2	-9.9	-14.7	-14.8	-13.6	12,391	9,251	11.5
France CAC-40 Index	4,201	-4.9	-7.4	-15.6	-10.7	-9.4	5,284	4,085	13.3
Spain IBEX 35 Index	8,500	-3.6	-9.0	-18.5	-19.3	-10.9	11,885	8,180	12.7
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	377	-0.6	-5.2	-11.8	-21.8	-8.4	525	357	12.2
Japan Nikkei-225 Stock Average	16,820	-4.0	-8.5	-12.0	-3.9	-11.6	20,953	16,017	16.6
Australian Stock Exchange 200	4,976	-0.6	-4.0	-4.2	-14.4	-6.0	5,997	4,804	15.7
Hong Kong Hang Seng Index	19,288	-2.0	-9.0	-16.3	-22.1	-12.0	28,589	18,534	9.7
Shanghai Stock Exchange Composite Index	2,763	0.9	-15.9	-21.6	-11.9	-21.9	5,178	2,638	11.3
Hang Seng China Enterprises Index	8,055	-2.3	-12.7	-24.1	-31.7	-16.6	14,963	7,773	6.2
Taiwan TAIEX Index	8,063	-0.2	-0.1	-8.9	-15.2	-3.3	10,014	7,203	12.1
Korea KOSPI Index	1,918	0.3	-0.7	-6.4	-1.8	-2.2	2,190	1,801	11.2
India SENSEX 30 Index	24,617	-1.0	-3.8	-6.4	-14.7	-5.7	30,025	23,840	17.4
Indonesia Jakarta Stock Price Index	4,799	4.0	5.3	4.8	-9.1	4.5	5,524	4,034	14.7
Malaysia Kuala Lumpur Composite Index	1,662	-0.3	-0.2	-1.5	-7.8	-1.8	1,868	1,504	15.6
Philippines Stock Exchange PSE Index	6,765	1.2	-1.0	-5.0	-11.8	-2.7	8,137	6,084	16.6
Singapore FTSE Straits Times Index	2,623	-0.2	-7.4	-13.2	-23.0	-9.0	3,550	2,528	11.3
Thailand SET Index	1,306	0.4	4.2	-7.6	-18.8	1.4	1,620	1,221	13.3
Latam									
Argentina Merval Index	11,400	0.8	-1.1	-11.6	25.3	-2.4	14,597	8,660	12.3
Brazil Bovespa Index*	40,592	0.5	-4.3	-15.5	-17.6	-6.4	58,575	37,046	10.4
Chile IPSA Index	3,656	-1.3	0.8	-5.2	-7.0	-0.6	4,148	3,419	13.6
Colombia IGBC Index	8,707	1.3	2.7	-5.9	-21.1	1.9	11,130	7,822	21.2
Mexico Index	43,230	-0.9	2.8	-4.3	1.8	0.6	46,078	39,257	18.3
EEMEA									
Russia MICEX Index	1,781	-0.2	1.5	0.8	5.0	1.1	1,874	1,570	6.0
South Africa JSE Index	49,753	1.2	0.3	-8.0	-3.7	-1.9	55,355	45,976	16.5
Turkey ISE 100 Index*	74,204	1.0	5.0	-10.6	-13.5	3.5	88,652	68,230	8.4

*Indices expressed as total returns. All others are price returns.

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	-9.6	-6.8	-10.1	11.4	21.3
US equities	-8.8	-6.5	-6.3	31.7	56.6
Europe equities	-10.9	-7.2	-12.7	-1.7	3.3
Asia Pacific ex Japan equities	-11.4	-8.4	-19.5	-13.5	-9.2
Japan equities	-9.0	-9.2	-2.5	20.0	9.4
Latam equities	-13.3	-2.4	-30.9	-50.7	-52.8
Emerging Markets equities	-14.1	-6.8	-22.9	-25.4	-25.9

All total returns quoted in US dollar terms.
Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI EM Latin America Total Return Index and MSCI Emerging Markets Total Return Index.
Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

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Market Data (continued)

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	488.1	0.1	1.4	1.7	1.2	1.6
JPM EMBI Global	669.1	0.0	-0.4	-2.3	-0.1	-0.2
BarCap US Corporate Index (USD)	2578.9	0.0	0.3	-0.2	-2.6	0.4
BarCap Euro Corporate Index (Eur)	231.1	-0.2	0.1	0.3	-1.1	0.4
BarCap Global High Yield (USD)	367.3	-0.5	-1.8	-5.4	-3.4	-1.8
HSBC Asian Bond Index	386.68	0.3	1.1	1.1	1.9	1.6

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Currencies (vs USD)	Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015	52-week High	52-week Low
Developed markets								
EUR/USD	1.12	1.08	1.07	1.09	1.15	1.09	1.17	1.05
GBP/USD	1.45	1.42	1.47	1.52	1.53	1.47	1.59	1.41
CHF/USD	1.01	0.98	0.99	1.00	1.09	1.00	1.10	0.97
CAD	1.39	1.40	1.40	1.32	1.24	1.38	1.47	1.19
JPY	116.87	121.14	119.06	121.75	117.53	120.22	125.86	115.98
AUD	1.42	1.41	1.40	1.40	1.28	1.37	1.46	1.23
NZD	1.51	1.54	1.49	1.51	1.35	1.46	1.60	1.29
Asia								
HKD	7.79	7.79	7.75	7.75	7.75	7.75	7.83	7.75
CNY	6.57	6.58	6.52	6.35	6.25	6.49	6.60	6.18
INR	67.65	67.79	66.60	65.74	61.74	66.15	68.26	61.66
MYR	4.15	4.15	4.34	4.30	3.57	4.29	4.48	3.54
KRW	1,197.54	1,199.13	1,188.22	1,138.56	1,091.32	1,175.06	1,221.09	1,065.21
TWD	33.18	33.33	33.16	32.46	31.50	32.86	33.79	30.35
Latam								
BRL	3.90	4.00	4.01	3.78	2.75	3.96	4.25	2.74
COP	3,333.49	3,284.99	3,211.68	2,858.50	2,377.39	3,174.50	3,426.86	2,351.76
MXN	18.44	18.11	17.34	16.60	14.79	17.21	18.80	14.73
EEMEA								
RUB	77.54	75.55	73.35	63.39	66.59	72.52	85.96	48.14
ZAR	16.03	15.89	15.64	13.89	11.27	15.47	17.92	11.27
TRY	2.92	2.95	2.98	2.86	2.44	2.92	3.08	2.43

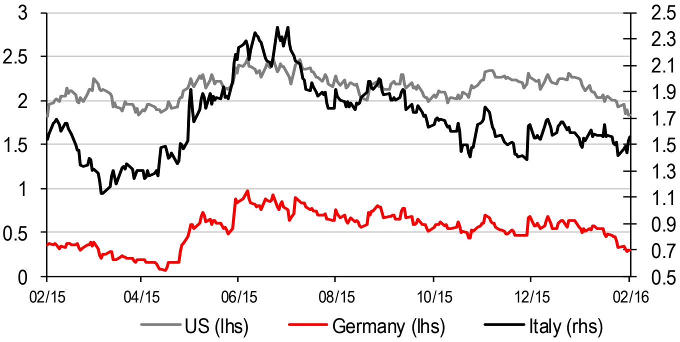
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.29	0.31	0.20	0.04	0.01	0.16
2-Year	0.72	0.77	1.01	0.83	0.52	1.05
5-Year	1.24	1.33	1.71	1.63	1.30	1.76
10-Year	1.84	1.92	2.24	2.23	1.82	2.27
30-Year	2.67	2.74	3.00	3.00	2.43	3.02
Developed market 10-year bond yields (%)						
Japan	0.02	0.10	0.25	0.31	0.35	0.26
UK	1.56	1.56	1.87	1.97	1.55	1.96
Germany	0.30	0.32	0.54	0.61	0.37	0.63
France	0.63	0.64	0.91	0.95	0.59	0.99
Italy	1.55	1.41	1.50	1.70	1.54	1.59
Spain	1.64	1.51	1.69	1.80	1.45	1.77

Commodities	Latest	1-week ago (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,174	5.0	8.9	6.3	-7.2	10.6	1,274	1,046
Brent Oil	34.1	-1.8	-6.3	-28.9	-39.7	-8.4	70	27
WTI Crude Oil	31.0	-7.8	-13.8	-31.4	-38.6	-16.3	63	26
R/J CRB Futures Index	162	-2.9	-6.4	-15.9	-27.4	-8.1	234	155
LME Copper	4,687	2.8	0.9	-6.5	-18.1	-0.4	6,481	4,318

Sources: Bloomberg and, HSBC Global Asset Management. Data as at close of business 05 February 2016.
Past performance is not an indication of future returns.

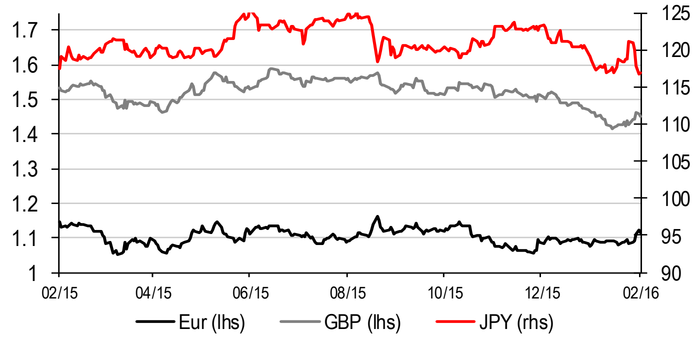
Market Trends

Government bond yields (%)



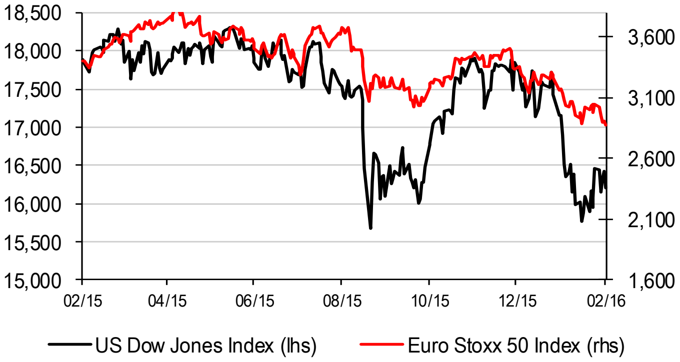
Yields based on 10 year government bonds

Major currencies (versus US dollar)



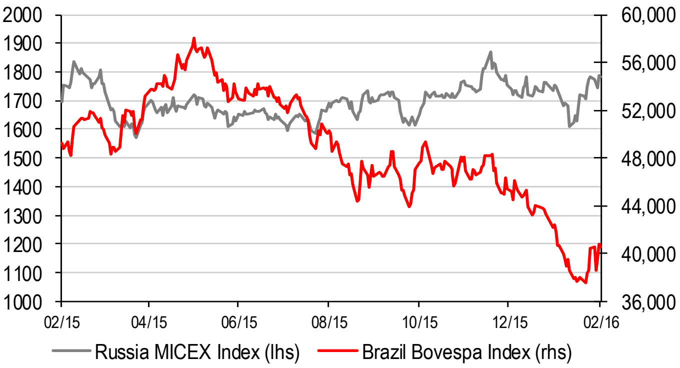
All values versus USD

Global equities

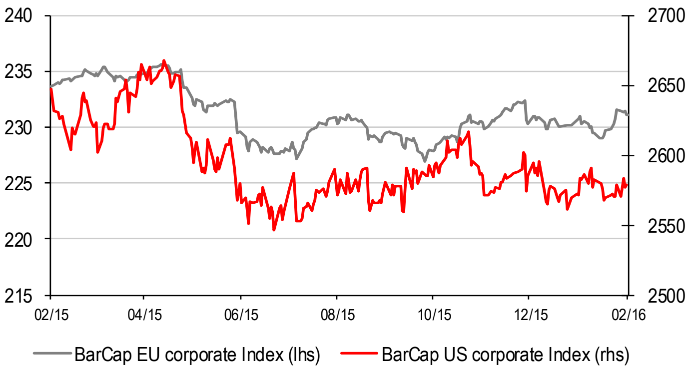


Emerging Asian equities

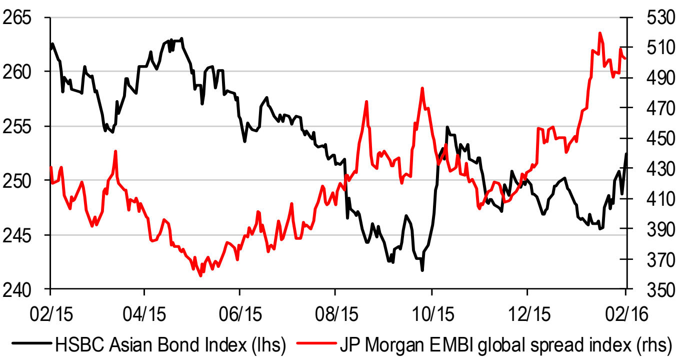
Other emerging equities



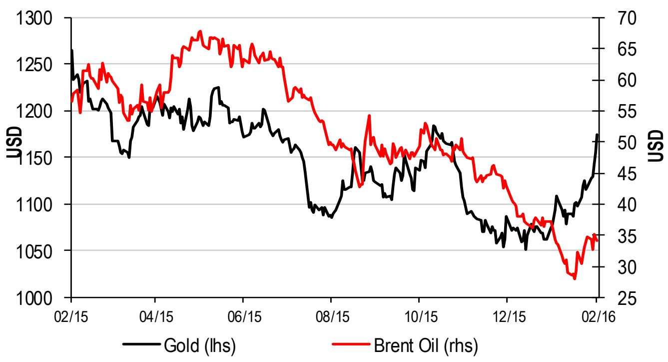
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and, HSBC Global Asset Management. Data as at close of business 05 February 2016.
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Expiry: February 12, 2016

CA# M1600065

Sources: Bloomberg and, HSBC Global Asset Management. Data as at close of business 05 February 2016.
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