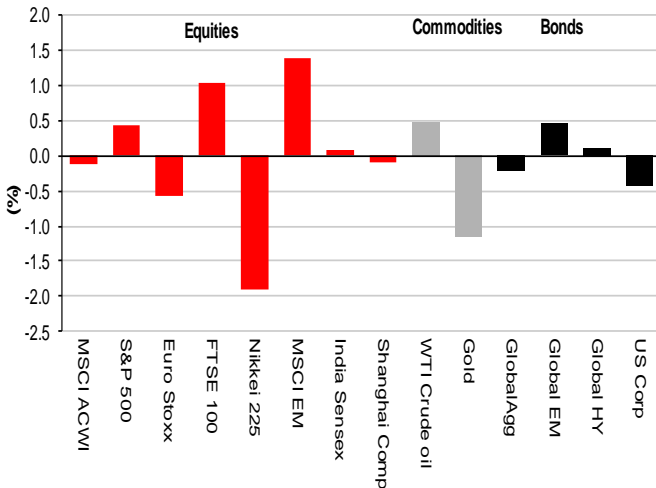


- ▶ Global equities were buoyed this week by a strong July US payrolls number and monetary easing at the global level; Japanese stocks fell after the highly anticipated fiscal stimulus package disappointed
- ▶ On Thursday, the Bank of England (BoE) cut the Bank Rate by 25bps in a unanimous vote, while surprising investors by introducing a broader range of stimulus measures, including a restart of the quantitative easing programme for the first time since 2012
- ▶ July's US nonfarm payrolls rose by 255,000, much stronger than the expected 180,000 and the second-strongest reading this year after June's upwardly revised 292,000 print
- ▶ In the coming week, key data releases from China will be in focus; the Reserve Bank of India and Banco de Mexico will hold monetary policy meetings, and US retail sales prints for July will also be scrutinised

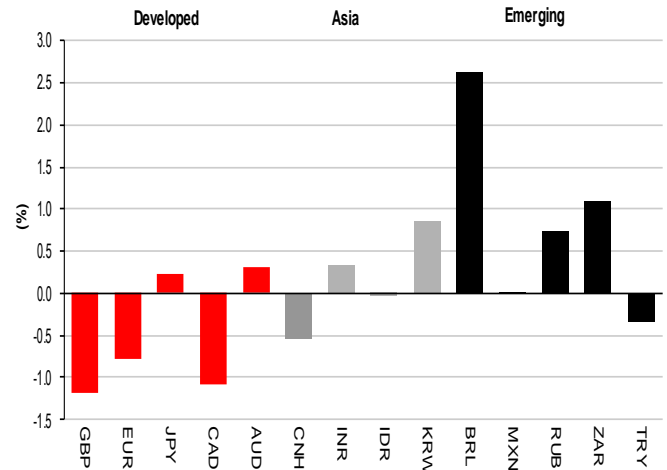
Movers and shakers

The Nikkei fell as the Japanese stimulus package disappointed

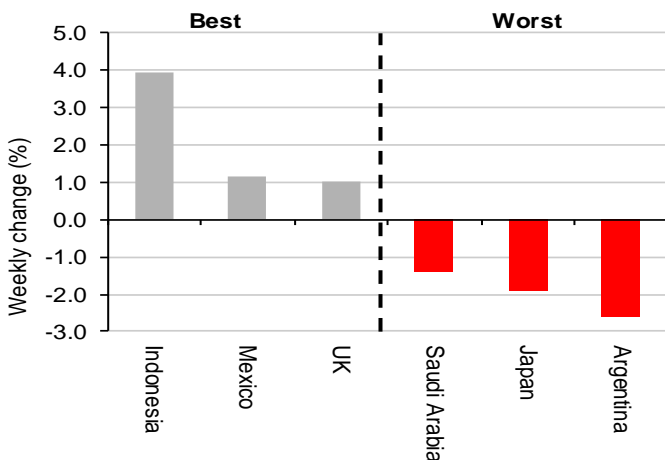


Currencies (versus US dollar)

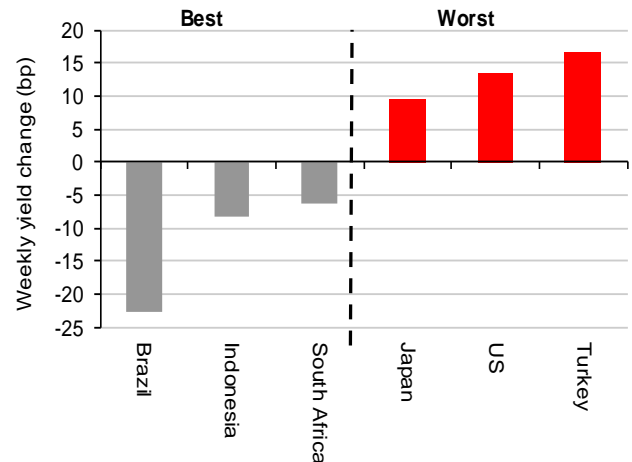
The British pound declined as the BoE unveiled fresh stimulus



Equities



Bonds (10-year)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 05 August 2016. All the above charts relate to 29/07/2016 – 05/08/2016. Past performance is not an indication of future returns.

Macro Data and Key Events

Past Week (01-05 August 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 01 August	China	Official Manufacturing PMI	Jul	50.0	49.9	50.0
	US	ISM Manufacturing Index	Jul	53.0	52.6	53.2
Tuesday 02 August	Australia	Reserve Bank of Australia Interest Rate Decision	Aug	1.50%	1.50%	1.75%
	US	Personal Spending (mom)	Jun	0.3%	0.4%	0.4%
	US	Core PCE Price Index (yoy)	Jun	1.6%	1.6%	1.6%
Wednesday 03 August	Turkey	CPI (yoy)	Jul	8.2%	8.8%	7.6%
	Eurozone	Markit Eurozone Composite PMI	Jul F	52.9	53.2	52.9 P
	US	ISM Non-Manufacturing Index	Jul	55.9	55.5	56.5
Thursday 04 August	UK	Bank of England Interest Rate Decision	Aug	0.25%	0.25%	0.50%
	US	Durable Goods Orders (mom)	Jun F	-4.0%	-3.9%	-4.0% P
	US	Factory Orders (mom)	Jun	-1.9%	-1.5%	-1.2%
Friday 05 August	Germany	Factory Orders (working day adjusted, yoy)	Jun	-1.5%	-3.1%	0.0%
	US	Change in Nonfarm Payrolls	Jul	180K	255K	292K

P – Preliminary, F – Final

- ▶ This week's most anticipated event was the **BoE's August Monetary Policy Meeting**, in which, as expected, the Monetary Policy Committee (MPC) cut the Bank Rate by 25bps, a unanimous vote. The MPC also introduced a broader range of fresh stimulus measures, taking many by surprise, including a restart of the quantitative easing programme for the first time since 2012. This will include purchases of GBP60 billion of gilts and up to GBP10 billion of sterling-denominated investment-grade corporate bonds that make a "material contribution" to the UK economy, to be bought over a six- and 18-month period respectively. The Bank also established a new GBP100 billion Term Funding Scheme for banks that would provide loans – lent at an interest rate close to the Bank Rate – using newly created central bank reserves, in an attempt to ensure the pass-through of lower interest rates to the wider economy. The Bank's latest quarterly **Inflation Report**, released at this meeting, highlights that "the outlook for growth in the short to medium term has weakened markedly" in the aftermath of the UK Brexit vote. The Bank reduced its GDP growth forecasts for 2017 and 2018, down from 2.3% for both years to 0.8% and 1.8% respectively, although it left its 2016 forecast of 2.0% unchanged (with Q3 growth expected at 0.1% qoq). In terms of CPI inflation, the Bank now forecasts 1.9% one year ahead (1.5% previously), rising to 2.4% in two years' time (2.1% previously), remaining at this level in 2019 Q3. The minutes of the meeting suggest that further policy action is likely before the end of the year "if the incoming data proved broadly consistent" with these forecasts, with another cut to the Bank Rate to its effective lower bound, currently judged by the MPC to be "close to, but a little above, zero."
- ▶ Elsewhere in Europe, **German factory orders** declined in June by 0.4% mom (versus +0.5% expected), following an upwardly revised +0.1% mom in the previous month, leaving the annual rate at -3.1% yoy. Weakness was predominantly driven by a 13.6% mom decline in capital goods orders from other eurozone countries.
- ▶ In the **US**, the most anticipated release this week was the July employment report, which showed **nonfarm payrolls** rising 255,000, much stronger than the expected 180,000 and the second-strongest reading this year after June's 292,000 print (upwardly revised by 5,000 in this release, with revisions over the previous two months totalling 18,000). The unemployment rate held steady at 4.9% (against expectations of a slight dip to 4.8%) as the participation rate rose to 62.8% from 62.7%. The breakdown of the report showed private-sector service hiring remained strong (201,000 versus 254,000 prior). Several sectors posted strong gains, particularly business services (70,000), its largest increase since October 2015, although education and health hiring (36,000) was at its lowest level since January. Encouragingly, average hourly earnings rose 0.1ppts more than expected (+0.3% mom), although failed to budge the annual rate of change (+2.6% yoy). The average work week also beat expectations, rising by six minutes to 34.5 hours. Overall, this positive release brings the three-month moving average of nonfarm payroll gains to 190,000, above the Q2 average (153,000) and closer to the strong Q1 average (196,000), underlining the overall health of the US labour market going into the US Federal Reserve's (Fed) September meeting. Elsewhere, while July's **ISM Manufacturing Index** release (52.6) edged away from the one-year high seen in June (53.2), it is still consistent with a continued recovery in the manufacturing sector. The underlying components were mixed; encouragingly, production (55.4) moved to its highest since January 2015, with new orders (56.9) delivering their fifth-straight print above 55.0. Although employment growth (49.4) was disappointing, it was still above its sixth-month average (49.1). Finally, the July **ISM Non-Manufacturing Index** printed slightly weaker than expected at 55.5 (55.9 anticipated and 56.5 prior); however, this represents a retreat from its highest level since November 2015. Furthermore, this reading remains consistent with a continued strong pace of recovery and signals a promising start to Q3. Encouragingly, new orders (60.3) moved to their highest level since October last year, while business activity (59.3) fell back slightly but remains high. While the employment subcomponent slowed (51.4 from 52.7 previously) it is still in line with the prior releases so far this year, during which payrolls have averaged 172,000.
- ▶ **China's Official Manufacturing PMI** edged down to 49.9 in July, from 50.0 in June, slightly below market expectations of no change. A decline in new orders (especially new export orders) and production offset the slight improvement in employment and raw material inventories. The slip in the official manufacturing PMI reflected the short-term impact of severe floods in some parts of the country on domestic production, sluggish demand conditions (particularly a significant slowdown in private investment) and ongoing adjustment in sectors with overcapacity. Details also show continuing economic rebalancing and divergent performance between old and new economy industries (e.g., the high-tech manufacturing PMI rose by 1.9 points to 53.2, while the energy-intensive sector PMI fell 0.5 points to 47.7). Separately and in contrast, the **Caixin China Manufacturing PMI** rose to 50.6 in July from 48.6 in June, amid broad-based improvement in all sub-indices. The two PMIs send different signals, but overall they indicate a general stabilisation in industrial activity.

- ▶ As expected, the **Reserve Bank of Australia (RBA)** decided to cut its **policy rate** by 25bps to an all-time low of 1.50%, down from 1.75% previously. Although the RBA's economic assessment has not changed in a meaningful way since the July meeting, the CPI report released last week showed headline inflation fell to 1.0% yoy in Q2, its lowest rate in 19 years. The RBA also highlighted that improved supervisory measures and "a more cautious attitude to lending in certain segments," combined with "a considerable supply of apartments scheduled to come on stream over the next couple of years," will reduce the probability that lower interest rates may amplify risks in the housing market.
- ▶ In **Turkey**, annual **CPI inflation** rose sharply to 8.8% in July from 7.6% (consensus: 8.2%). Food group prices, rising 3.2% mom versus an average flat reading in July of the past five years, were the largest contributor of monthly inflation (+1.2% mom). Alcoholic beverages and tobacco saw the largest monthly increase (+7.1% mom). The July CPI print suggests that annual inflation may end the year at around 9% if monthly food inflation in the remaining five months comes in at seasonal averages.

Coming Week (08-12 August 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 08 August	China	Trade Balance (USD billion)	Jul	47.3	48.1
	Germany	Industrial Production (Working Day Adjusted, yoy)	Jun	0.5%	-0.4%
Tuesday 09 August	China	CPI (yoy)	Jul	1.8%	1.9%
	India	RBI Interest Rate Decision (Repurchase Rate)	Aug	6.50%	6.50%
	Mexico	CPI (yoy)	Jul	2.7%	2.5%
Thursday 11 August	Mexico	Banco de Mexico Interest Rate Decision (Overnight Rate)	Aug	4.25%	4.25%
Friday 12 August	China	Industrial Production (yoy)	Jul	6.2%	6.2%
	Eurozone	Industrial Production (Working Day Adjusted, yoy)	Jun	0.8%	0.5%
	Eurozone	GDP (Seasonally Adjusted, qoq)	Q2 P	0.3%	0.3%
	India	CPI (yoy)	Jul	5.9%	5.8%
	India	Industrial Production (yoy)	Jun	1.5%	1.2%
	US	Retail Sales Advance (mom)	Jul	0.4%	0.6%
	US	University of Michigan Index of Consumer Sentiment	Aug P	91.5	90.0

P – Preliminary, Q – Quarter

US

- ▶ The decline in gasoline prices since mid-June is likely to weigh on July's headline **Retail Sales** print, expected at +0.4% mom following 0.6% in June, although this is offset by higher auto sales over the month. Overall, underlying conditions for the US consumer remain supportive amid rising employment and real wage growth. The control group (excluding autos, gas and building materials) is anticipated to rise at a similar pace to June's 0.5% mom print (+0.4% expected).
- ▶ The **University of Michigan Index of Consumer Sentiment** is expected to edge slightly higher in the August preliminary release, rising by 1.5 points to 91.5, maintaining the 86-98 range it has occupied since October 2014. US consumer sentiment remains cushioned by a robust labour market and low energy prices amid limited evidence of global overspill from the UK Brexit vote. It will also be interesting to observe the expectations component, which at 77.8 in July was well below the H1 average of 81.8.

Europe

- ▶ **Eurozone industrial production** is expected to rebound to 0.5% mom (+0.8% yoy) in June (from -1.2% mom in May), given the rise in the manufacturing PMI and European Commission survey of production expectations over the month. A likely recovery in French energy production following recent strikes in the country should support output gains, although evident weakness in German factory orders, which declined in June by 0.4% mom (versus +0.5% expected), raises downside risks to the expected June **German industrial production** print of +0.7% mom (+0.5% yoy). Overall, a more meaningful acceleration in European industrial conditions remains constrained by softness in global trade and key export markets amid Brexit-related uncertainty hitting demand for investment goods.
- ▶ The second release of **eurozone Q2 GDP** is expected to match the initial estimate of 0.3% qoq. So far we only have flash estimates for Spain (+0.7% qoq) and France (0.0% qoq), with releases for Germany and Italy (released slightly earlier on the same day) both expected to print at 0.2% qoq. Full details of the components will be available in the final release on 6 September, with domestic demand likely to remain as the main driver of growth in the region.

Emerging markets and Japan

- ▶ The Chinese Manufacturing PMI new export orders component continued to retreat for a fourth month to 49.0 in July, suggesting overseas demand for Chinese goods remained soft. Expectations are therefore for **China's** exports to decline by 3.5% yoy in July (versus -4.8% observed in June), while imports could decrease by 7.0% yoy on the back of softening domestic demand and lower commodity prices. This would leave the overall **trade balance** slightly lower at USD47.3 billion (from USD48.1 billion in the prior month). The National Bureau of Statistics of China will also communicate July's **inflation** data, which is likely to come in at 1.8% yoy, down from 1.9% in June, led by weaker food prices. The constant decline in producer prices over the past 52 months is weighing on overall prices, while money supply growth remains near historical lows and the yuan remains fairly stable. Lastly, **Chinese industrial production** is likely to show a continuation of stable growth, maintaining a 6.2% yoy growth rate in July as the effect of restructuring sectors with overcapacity is offset by positive momentum in sectors such as IT.

- ▶ The **Reserve Bank of India** will hold its **August Monetary Policy Meeting** on Tuesday. CPI inflation has edged up in the last three months, mostly driven by higher food prices and despite a stable rupee since March keeping imported inflation at bay. The inflation outlook may improve by the end of the year, given that food production could surprise to the upside amid supportive rainfall (tracking above normal) and the area under cultivation has been expanding at a robust rate. As such, it is expected that policy rates will be kept on hold at this meeting, although a rate cut is more likely in the October meeting when the full impact of the monsoon season will have been known. Meanwhile, July **CPI inflation** is expected to edge up slightly to 5.9% yoy, up from 5.8% in June on the back of higher food prices, although a potential moderation in vegetable prices in the coming months could weigh on CPI prints going forward. Meanwhile, **industrial production** is likely to expand by 1.5% yoy in June (+1.2% in May). The slight improvement is expected to come from a pickup in manufacturing output, as suggested by the strong gain in manufacturing PMI in June, and from stronger external demand (export growth picked up in June to its highest level in 18 months).
- ▶ **Mexican headline CPI inflation** is expected to edge up in July to 2.7% yoy, 0.2ppts higher than June's print, mainly due to an increase in gasoline prices over the month. Meanwhile, price gains in core components continue to be predominantly driven by the recent depreciation of the Mexican peso, having fallen by roughly 15% against the US dollar over the past year. Given that inflation is edging up towards the **Central Bank of Mexico's** 3% target, amid a moderation of GDP growth (-0.3% qoq in Q2), the bank is likely to keep policy on hold at its **August meeting**, having hiked rates by 50bps to 4.25% at its last meeting in June.

Market Moves

Global equities buoyed by strong US payrolls number and monetary easing at global level; Japanese stocks fell after the highly anticipated fiscal stimulus package disappointed

- ▶ US equities traded in a narrow range this week, fluctuating alongside oil prices and as investors digested the most recent flow of corporate earnings. Overall, the S&P 500 Index closed the week higher (+0.4%), supported by a rally towards the end of the week on the back of steadier oil prices and the stronger than expected July employment report.
- ▶ In Europe, investor focus remained on the banking sector. Although the European Central Bank stress test results (released late last Friday) came in largely as anticipated, suggesting that most banks have capital buffers to withstand another crisis, stocks in the sector plummeted. The EURO STOXX 50 Index slipped (-0.6%) for the week, although losses were pared on Thursday and Friday amid some positive corporate earnings results and more stable oil prices. The UK's FTSE 100 Index outperformed all major European bourses (+1.0%), as the BoE's surprise stimulus package pushed sterling lower, boosting the profit outlook for UK multinationals.
- ▶ Most Asian stocks rose this week as market sentiment was buoyed by a rebound in crude oil prices, the surprise resumption of the BoE's quantitative easing programme and the RBA policy rate cut to a fresh all-time low. The Indonesian Jakarta Stock Price Index outperformed (+3.9%) on the back of the tax amnesty, the appointment of a credible and pro-reform new Finance Minister and better than expected GDP data for Q2. On the downside, Japan's Nikkei 225 Index dropped (-1.9%), dragged lower by the unimpressive fiscal stimulus package announced by the government on Tuesday and the appreciation of the yen. Elsewhere, Chinese stocks were little changed, as were Indian stocks despite the approval of the much-awaited Goods and Services Tax bill.

US Treasury yields move up on stronger than expected payrolls; UK gilt yields touched a fresh record low on larger than expected BoE stimulus package

- ▶ US Treasury yields rose (prices fell) this week as the release of a better than expected payrolls report added to the prospect of a rate hike this year. As a result, policy-sensitive two-year yields finished up 6bps to 0.72% and 10-year treasury yields ended 14bps higher to 1.59%. Demand for perceived "safe-haven" assets also weakened earlier in the week on heavy US corporate supply pressures and a sell-off in global rates, with the latter triggered by a weak Japanese government bond auction. Elsewhere, comments by Fed president Charles Evans noted that an improving economy could potentially warrant one rate increase this year, despite his preference to hold off until inflation reaches 2.0%.
- ▶ This week saw benchmark German bund yields rise (prices fell) with 10-year yields ending up 5bps to -0.07% as the spillover of Japanese bond market weakness into European markets outweighed the support from the surprise resumption of quantitative easing by the BoE. However, the looser than anticipated stimulus package drove the outperformance in UK 10-year gilts as yields hit fresh record lows (-1bps to 0.67%). Riskier peripheral government bonds, excluding Greece, also advanced, led by gains in Portuguese 10-year bonds as Deutsche Bundesbank President Jens Weidmann commented on the possibility of adjusting the ECB's bond buying programme, although he also warned "we must be very careful with the configuration."

The British pound fell on BoE measures and a stronger dollar also weighed on the Euro

- ▶ The British pound gave up mid-week gains to close down against the dollar (-1.2%). A large fall occurred on Thursday after the BoE cut the Bank Rate by 25bps and surprisingly expanded the target stock of asset purchases. Furthermore, Friday's upbeat US nonfarm payrolls report boosted the greenback as it confirmed the health of the US labour market and raised chances of Fed action this year. Elsewhere, the euro also finished lower (-0.8%) on the back of the stronger dollar.
- ▶ Asian currencies showed limited volatility over the week, with a majority ending in a narrow +/-0.5% range against the US dollar. The biggest appreciation was seen in the Taiwanese dollar (+1.5%), on strong capital inflows lured by the local equity rally. The yen also appreciated (+0.2%) as the BoJ and the Japanese government disappointed hopes of a joint large-scale stimulus programme. The Korean won and the Malaysian ringgit both rose 0.9%.

WTI and Brent edged higher; gold retreated on optimism over the health of the US economy

- ▶ WTI oil prices opened the week lower, at one time falling below USD40 per barrel for the first time since April, amid lingering concerns on global oversupply as a Reuters survey showed OPEC output likely rose in July and while weak economic data from the US and China hinted at softer demand. However, upbeat inventory data helped oil prices pare losses later in the week. The U.S. Energy Information Administration weekly report showed that gasoline inventories declined more than expected (-3.3 million barrels versus consensus of -0.4 million barrels) and that crude inventories in Cushing, Oklahoma, surprisingly fell by 1.1 million barrels, offsetting increases in total US crude and distillate inventories. Overall, WTI for September settlement ended the week slightly higher (+0.5% to 41.8USD per barrel) and Brent ended up (+4.3% to 44.3USD per barrel).
- ▶ Gold prices fell this week (-1.1% to 1,336 per ounce), with much of the weakness coming after a strong US payrolls report that led to a surge in the US dollar. This offset the advance in the precious metal earlier in the week following strong risk-off moves and the announcement of looser monetary policy by both the RBA and BoE.

Market Data

	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)
Equity Indices									
World									
MSCI AC World Index (USD)	416	-0.1	4.5	5.1	-2.4	4.1	427	351	16.9
North America									
US Dow Jones Industrial Average	18,544	0.6	3.9	5.0	5.7	6.4	18,622	15,370	17.5
US S&P 500 Index	2,183	0.4	4.5	6.4	4.0	6.8	2,183	1,810	18.5
US NASDAQ Composite Index	5,221	1.1	8.3	10.7	1.6	4.3	5,227	4,210	22.5
Canada S&P/TSX Composite Index	14,649	0.5	3.0	7.5	1.0	12.6	14,651	11,531	19.5
Europe									
MSCI AC Europe (USD)	394	-1.1	4.5	-0.3	-14.0	-4.2	460	354	15.6
Euro STOXX 50 Index	2,974	-0.6	5.7	1.1	-19.1	-9.0	3,687	2,673	13.9
UK FTSE 100 Index	6,793	1.0	3.8	11.1	0.6	8.8	6,802	5,500	17.5
Germany DAX Index*	10,367	0.3	8.8	5.2	-10.9	-3.5	11,670	8,699	13.3
France CAC-40 Index	4,411	-0.7	5.9	2.1	-15.1	-4.9	5,218	3,892	14.7
Spain IBEX 35 Index	8,539	-0.6	5.8	-1.7	-24.3	-10.5	11,330	7,580	15.1
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	440	0.7	6.0	8.1	-1.8	6.9	449	357	14.3
Japan Nikkei-225 Stock Average	16,254	-1.9	3.7	0.7	-21.1	-14.6	20,947	14,864	16.4
Australian Stock Exchange 200	5,497	-1.2	5.2	4.1	-3.1	3.8	5,611	4,707	16.9
Hong Kong Hang Seng Index	22,146	1.2	6.7	8.3	-9.7	1.1	24,924	18,279	12.3
Shanghai Stock Exchange Composite Index	2,977	-0.1	-1.0	-0.7	-19.4	-15.9	4,006	2,638	13.8
Hang Seng China Enterprises Index	9,132	1.9	5.6	5.9	-17.9	-5.5	11,580	7,499	7.8
Taiwan TAIEX Index	9,092	1.2	4.3	11.3	6.4	9.0	9,102	7,203	14.5
Korea KOSPI Index	2,018	0.1	1.4	2.1	-0.6	2.9	2,065	1,801	11.4
India SENSEX 30 Index	28,078	0.1	3.4	11.1	-0.5	7.5	28,418	22,495	17.6
Indonesia Jakarta Stock Price Index	5,420	3.9	9.0	12.4	11.7	18.0	5,428	4,034	17.8
Malaysia Kuala Lumpur Composite Index	1,664	0.7	0.8	1.2	-3.6	-1.7	1,729	1,504	16.2
Philippines Stock Exchange PSE Index	7,970	0.1	2.1	13.9	4.0	14.6	8,118	6,084	20.4
Singapore FTSE Straits Times Index	2,828	-1.4	-1.3	2.2	-11.4	-1.9	3,215	2,528	13.2
Thailand SET Index	1,519	-0.4	4.7	9.2	5.7	17.9	1,534	1,221	16.3
Latam									
Argentina Merval Index	15,394	-2.6	4.0	15.3	41.1	31.9	16,143	8,660	15.3
Brazil Bovespa Index*	57,661	0.6	11.2	11.6	14.7	33.0	58,030	37,046	14.7
Chile IPSA Index	4,121	0.1	2.6	2.7	6.3	12.0	4,161	3,419	15.0
Colombia COLCAP Index	1,309	0.1	0.5	1.4	1.6	13.5	1,380	1,046	14.0
Mexico Index	47,194	1.1	3.0	4.5	5.0	9.8	47,785	39,257	20.8
EEMEA									
Russia MICEX Index	1,944	0.0	2.6	2.0	14.8	10.4	1,977	1,583	7.2
South Africa JSE Index	52,348	-0.9	1.3	0.8	-0.8	3.3	54,761	45,976	16.6
Turkey ISE 100 Index*	76,066	0.9	-3.0	-3.3	-2.6	6.0	86,931	68,230	8.9

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

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Equity Indices - Total Return					
Global equities	5.1	4.9	-0.9	16.2	49.6
US equities	6.2	6.7	4.1	32.1	94.0
Europe equities	0.7	-1.8	-11.3	-1.0	22.1
Asia Pacific ex Japan equities	8.3	7.8	0.1	7.2	14.8
Japan equities	4.1	-1.7	-5.0	7.3	31.9
Latam equities	11.6	33.0	9.9	-18.4	-28.4
Emerging Markets equities	9.5	12.1	0.6	-1.5	-4.7

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 Emerging Markets 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.

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

Past performance is not an indication of future returns.

Market Data (continued)

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return						
BarCap GlobalAgg (Hedged in USD)	511	-0.2	-0.2	2.3	7.0	6.3
JPM EMBI Global	759	0.5	1.1	6.0	12.4	13.1
BarCap US Corporate Index (USD)	2,796	-0.4	-0.1	3.0	8.7	8.8
BarCap Euro Corporate Index (Eur)	243	-0.1	1.0	2.6	5.8	5.8
BarCap Global High Yield (USD)	417	0.1	2.0	4.9	7.5	11.6
Markit iBoxx Asia ex-Japan Bond Index (USD)	190	-0.2	0.5	3.0	7.9	7.4
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	232	-0.1	2.0	5.4	10.9	11.4

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	1.11	1.12	1.11	1.14	1.09	1.09	1.17	1.05
GBP/USD	1.31	1.32	1.30	1.45	1.56	1.47	1.58	1.28
CHF/USD	1.02	1.03	1.02	1.03	1.02	1.00	1.08	0.97
CAD	1.32	1.30	1.30	1.29	1.32	1.38	1.47	1.25
JPY	101.82	102.06	101.74	107.26	124.87	120.22	125.28	99.02
AUD	1.31	1.32	1.34	1.34	1.36	1.37	1.46	1.28
NZD	1.40	1.39	1.40	1.45	1.54	1.46	1.60	1.37
Asia								
HKD	7.76	7.76	7.76	7.76	7.75	7.75	7.83	7.75
CNY	6.66	6.64	6.69	6.51	6.21	6.49	6.70	6.21
INR	66.78	67.00	67.46	66.56	63.76	66.15	68.79	63.74
MYR	4.03	4.07	4.02	4.01	3.88	4.29	4.48	3.84
KRW	1,111	1,120	1,155	1,164	1,174	1,175	1,245	1,106
TWD	31.49	31.95	32.27	32.38	31.69	32.86	33.79	31.45
Latam								
BRL	3.17	3.25	3.30	3.53	3.49	3.96	4.25	3.16
COP	3,038	3,071	2,981	2,954	2,951	3,175	3,453	2,785
MXN	18.75	18.75	18.82	17.89	16.37	17.21	19.52	16.09
EEMEA								
RUB	65.47	65.94	64.41	65.91	63.48	72.52	85.96	60.59
ZAR	13.73	13.88	14.75	14.97	12.79	15.47	17.92	12.59
TRY	3.00	2.99	2.93	2.92	2.79	2.92	3.10	2.76

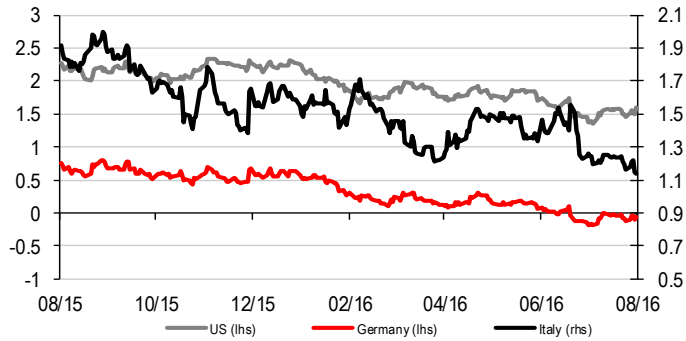
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.26	0.25	0.24	0.19	0.07	0.16
2-Year	0.72	0.66	0.55	0.72	0.73	1.05
5-Year	1.14	1.02	0.94	1.20	1.64	1.76
10-Year	1.59	1.45	1.38	1.75	2.27	2.27
30-Year	2.31	2.18	2.15	2.60	2.94	3.02
Developed market 10-year bond yields (%)						
Japan	-0.10	-0.20	-0.25	-0.13	0.40	0.26
UK	0.67	0.68	0.77	1.46	1.98	1.96
Germany	-0.07	-0.12	-0.19	0.16	0.75	0.63
France	0.15	0.10	0.13	0.53	1.06	0.99
Italy	1.14	1.17	1.26	1.49	1.91	1.59
Spain	1.01	1.02	1.19	1.58	2.07	1.77

	Latest	1-week ago (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Commodities								
Gold	1,336	-1.1	-1.5	4.5	23.1	25.8	1,375	1,046
Brent Oil	44.3	4.3	-7.7	-1.6	-10.7	18.8	54	27
WTI Crude Oil	41.8	0.5	-10.3	-5.7	-7.4	12.9	52	26
R/J CRB Futures Index	182	0.4	-4.1	1.6	-9.0	3.2	204	155
LME Copper	4,831	-1.9	0.3	1.0	-6.7	2.7	5,441	4,318

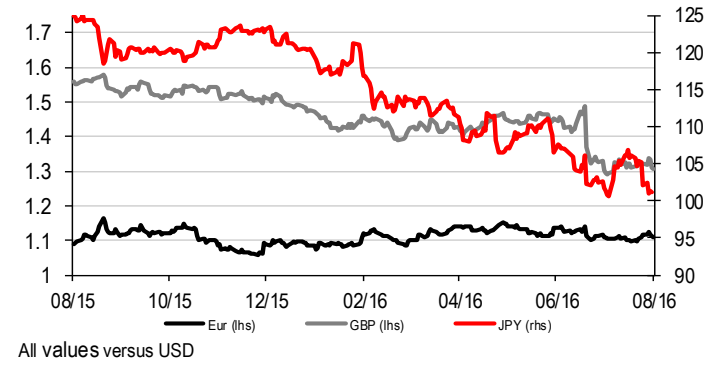
Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 05 August 2016.
Past performance is not an indication of future returns.

Market Trends

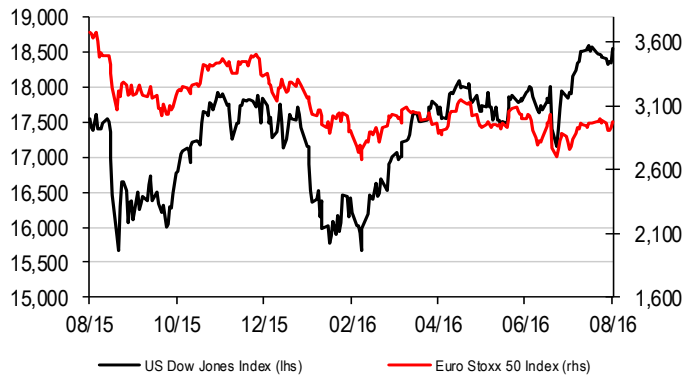
Government bond yields (%)



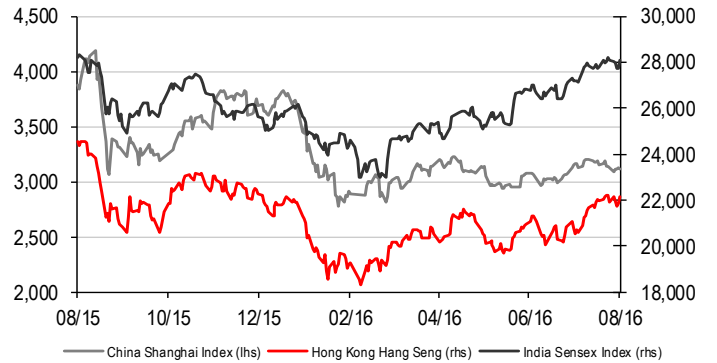
Major currencies (versus US dollar)



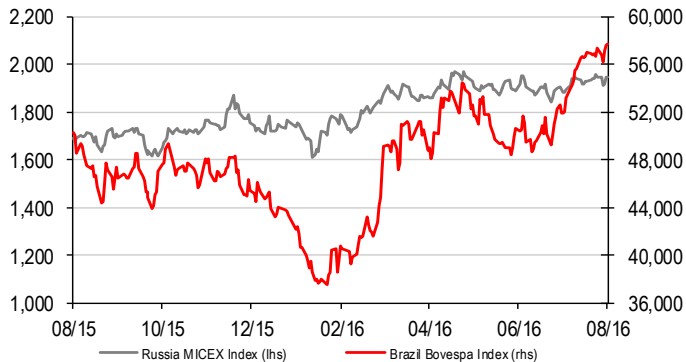
Global equities



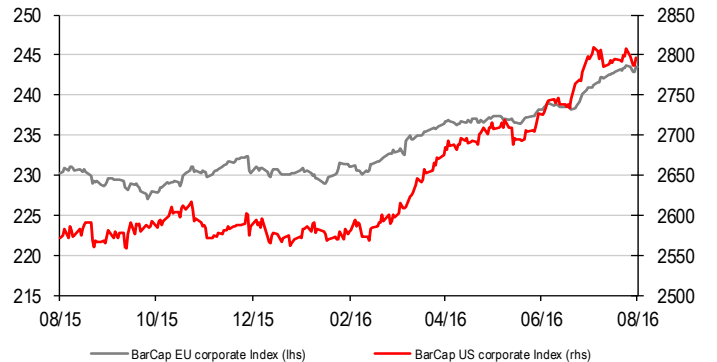
Emerging Asian equities



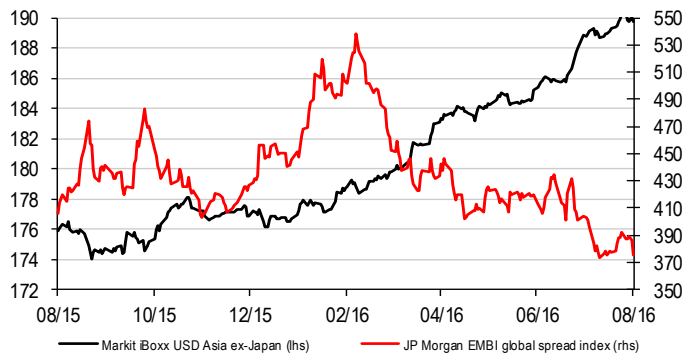
Other emerging equities



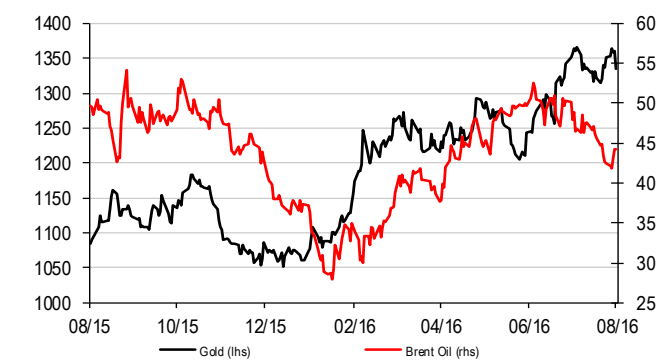
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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