IW
Investment Weekly

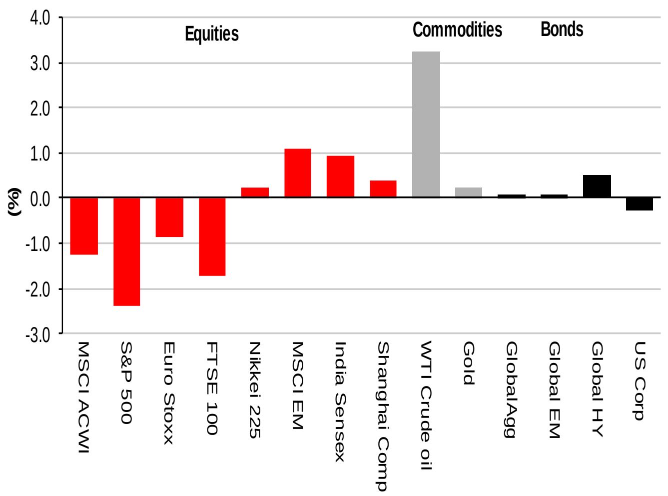
09 September 2016

For Professional Client and Institutional Investor Use Only

- Global equities fell this week as developed markets retreated on the back of lower expectations for further European Central Bank (ECB) monetary easing
- The ECB's decision not to announce an extension to its quantitative easing programme hurt investor risk appetite, compounded by the revelation that the Governing Council did not even discuss a potential extension
- The US ISM Non-Manufacturing Index release signalled that activity fell to its lowest level in over six years, although the significance of this was downplayed by various US Federal Reserve (Fed) officials
- In the coming week, the August release of US retail sales will receive particular attention following a disappointing July release

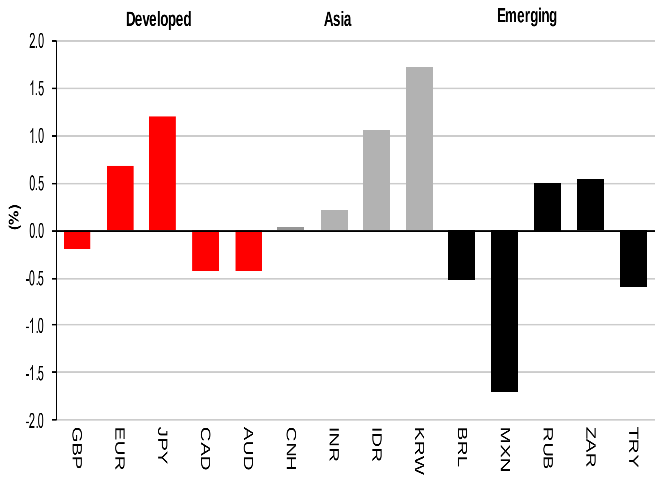
Movers and shakers

Oil rose strongly amid a huge US inventory drawdown

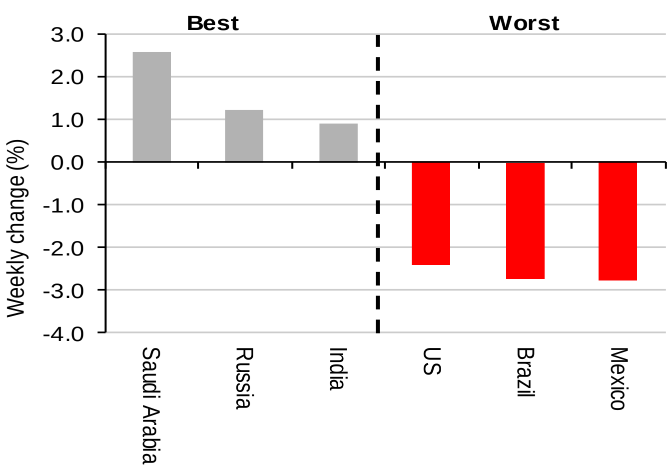


Currencies (versus US dollar)

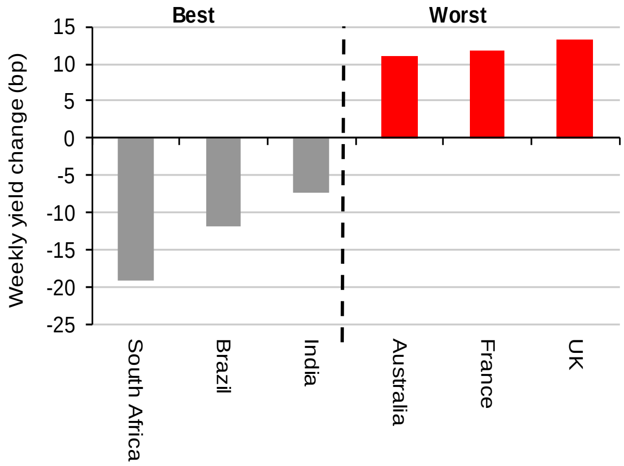
The euro rose on a more hawkish ECB stance



Equities



Bonds (10-year)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 09 September 2016.
All the above charts relate to 02/09/2016 – 09/09/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (05-09 September)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 05 September	Turkey	CPI (yoy)	Aug	8.4%	8.1%	8.8%
	Eurozone	Markit Composite PMI	Aug F	53.3	52.9	53.3
Tuesday 06 September	Australia	Reserve Bank of Australia Interest Rate Decision	Sep	1.50%	1.50%	1.50%
	Germany	Factory Orders (Working Day Adjusted, yoy)	Jul	-0.2%	-0.7%	-3.0%
	Eurozone	GDP (qoq)	Q2 F	0.3%	0.3%	0.3% P
	US	ISM Non-Manufacturing Index	Aug	54.9	51.4	55.5
Wednesday 07 September	Germany	Industrial Production (Working Day Adjusted, yoy)	Jul	0.2%	-1.2%	0.9%
	Canada	Bank of Canada Interest Rate Decision	Sep	0.50%	0.50%	0.50%
Thursday 08 September	China	Trade Balance (USD bn)	Aug	58.4	52.1	52.3
	Japan	GDP Seasonally Adjusted Annualised (qoq)	Q2 F	0.2%	0.7%	0.2%
	Eurozone	ECB Interest Rate Decision	Sep	-0.40%	-0.40%	-0.40%
	Mexico	CPI (yoy)	Aug	2.8%	2.7%	2.7%
Friday 09 September	China	CPI (yoy)	Aug	1.7%	1.3%	1.8%
	Turkey	GDP Seasonally and Working Day Adjusted (qoq)	Q2	0.5%	0.3%	0.7%

P – Preliminary, Q – Quarter, F – Final

- In the US, **August's ISM Non-Manufacturing Index** slowed rapidly to 51.4 (consensus 54.9, 55.5 previously), its lowest level since February 2010. Business activity tumbled by 7.5 points to 51.8, while new orders collapsed to 51.4 against 60.3 previously. Employment, meanwhile, was only slightly lower, at 50.7 against 51.4 previously. The reading, together with last week's weaker ISM Manufacturing Index, indicates a slowdown in August's economic activity.
- In Europe, as expected, the **ECB** kept policy on hold at its **September meeting**, leaving its main refinancing and deposit rates at 0% and -0.4% respectively. Surprisingly, at the press conference, ECB President Mario Draghi stated that the Governing Council did not discuss an extension of the EUR80 billion asset purchase programme, which was confirmed "to run until the end of March 2017, or beyond, if necessary." However, Draghi did highlight that the relevant committees would be looking at "all the options that might be used to redesign the programme" to ensure its "smooth implementation," leaving the door open for an extension announcement before the March 2017 deadline. Meanwhile, the bank's latest staff projections released at this meeting showed that eurozone GDP growth is now expected at 1.7% this year (versus +1.6% in June), with expectations for 2017 and 2018 downgraded by 0.1ppts to 1.6%. Meanwhile, the 2016 inflation forecast was unchanged (+0.2%), although the outlook for 2017 was revised slightly lower (by 0.1ppts to 1.2%) before edging up to an unrevised 2018 forecast of 1.6%. Draghi argued that the "resilience of the euro area economy" to external risks – reflected in only slight changes to the staff projections – did not "warrant a decision to act" at this meeting. Draghi also reiterated his call for further action at the government level around structural reforms and growth-friendly fiscal policy, stating in the conference that "Countries that have fiscal space should use it. Germany has fiscal space." The final estimate of **eurozone Q2 GDP** confirmed growth of 0.3% qoq. The expenditure breakdown showed a deceleration in most components, although exports accelerated to a solid 1.1% qoq so that net exports posted a significant overall contribution to growth (+0.4ppts).
- Elsewhere in Europe, the **German factory orders** release came in weaker than anticipated in July at 0.2% mom (versus +0.5% expected), following an upwardly revised -0.3% mom (from -0.4%) in the previous month. This left the annual rate at -0.7% yoy versus consensus expectations of a deterioration of -0.2% yoy. Weakness was predominantly driven by a 3% mom fall in domestic orders, while strong foreign demand (+2.5% mom), particularly in the eurozone (5.9% mom), provided support. Unsurprisingly, **industrial production** also disappointed in July (-1.5% mom versus consensus expectations of +0.1% mom). This translated into -1.2% yoy, following an upwardly revised +0.9% yoy (from +0.5% yoy) in the previous month. The breakdown showed weakness led by capital goods (-3.6% mom) and consumer goods (-2.6% mom), which more than offset gains in both energy and construction (+2.6% mom and +1.8% mom respectively).
- The **second estimate of Japan's GDP** for Q2 showed slightly stronger economic growth than was initially thought, with GDP growth revised from 0.0% qoq to 0.2% (+0.7% qoq annualised). Most of the revision came from a smaller decline in private non-residential investment (from -0.4% qoq to -0.1%) and from a pickup in private inventories. The GDP deflator was revised down from 0.8% yoy to 0.7%, its lowest level since Q1 2014. This lower overall inflation may provide some incentive to the Bank of Japan (BoJ) at its next policy meeting on 21 September to adopt more easing measures given the fact that the BoJ still believes that the 2.0% inflation target can be reached, according to recent comments by Governor Haruhiko Kuroda and Deputy Governor Hiroshi Nakaso.
- **China's exports** (in US dollar terms) fell 2.8% yoy in August, better than market consensus of -4.0%, supported by two more working days this month compared to last year. Imports also surprised to the upside, rising 1.5% yoy in August after July's 12.5% decline (consensus -5.4%). Import growth turned positive for the first time since November 2014, largely reflecting the base effect and driven by imports of key commodities. Imports of semiconductor products also improved notably, potentially helped by the tech product upcycle and post-flooding reconstruction efforts. Import prices also recovered. On balance, the trade surplus came in at USD52.1 billion in August. In the same month, **CPI inflation** slowed more than expected, to 1.3% yoy from 1.8% in July, against consensus expectations of 1.7%. The deceleration was mainly driven by a significant easing of food prices and base effects. Non-food CPI inflation stayed unchanged at 1.4%. Meanwhile, PPI deflation eased further to -0.8% yoy from -1.7% in July (versus consensus of -0.9%), reflecting a sequential increase in commodity prices and a lower base from last year. Recently, there has been improvement in the price trend in sectors with overcapacity such as coal and ferrous and non-ferrous metals.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 September 2016.
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- **Turkish CPI inflation** dipped by 0.3% mom in August, driven by a sharp 1.9% mom fall in food and drink prices, leaving the annual rate 0.3ppts lower than expected at 8.1% yoy. Meanwhile, core CPI also declined to 8.4%, its lowest rate in almost a year. Although inflation remains above the central bank's 5% mid-point target, evidence of easing inflationary pressures could provide room for further cuts in the overnight lending rate at the central bank's next policy meeting on 22 September. Meanwhile, **Q2 GDP growth** slowed to 0.3% qoq following 0.7% qoq in Q1, leaving the annual rate of growth at 3.0% yoy (working day adjusted). The slowdown in growth was predominantly driven by a 0.5% qoq contraction in private consumption (roughly two-thirds of the economy).

Coming Week (12-16 September)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 12 September	India	CPI (yoy)	Aug	5.2%	6.1%
	India	Industrial Production (yoy)	Jul	1.5%	2.1%
Tuesday 13 September	China	Industrial Production (yoy)	Aug	6.2%	6.0%
	UK	CPI (yoy)	Aug	0.7%	0.6%
	Germany	ZEW Expectation of Economic Growth	Sep	2.5	0.5
Wednesday 14 September	Japan	Industrial Production (yoy)	Jul F		-3.8% P
	UK	ILO Unemployment Rate (3 Months)	Jul	4.9%	4.9%
	Eurozone	Industrial Production (Working Day Adjusted, yoy)	Jul	-0.8%	0.4%
Thursday 15 September	Switzerland	Swiss National Bank Interest Rate Decision	Sep	-0.75%	-0.75%
	UK	Retail Sales, ex Auto Fuel (yoy)	Aug	4.8%	5.4%
	Eurozone	CPI (yoy)	Aug F	0.2%	0.2% P
	UK	Bank of England Interest Rate Decision	Sep	0.25%	0.25%
	US	Retail Sales Advance (mom)	Aug	-0.1%	0.0%
	US	Industrial Production (mom)	Aug	-0.2%	0.7%
Friday 16 September	Russia	Central Bank of Russia Interest Rate Decision	Sep	10.00%	10.50%
	US	CPI (yoy)	Aug	1.0%	0.8%
	US	University of Michigan Index of Consumer Sentiment	Sep P	91.0	89.8

P – Preliminary, F – Final

US

- Despite a disappointing nonfarm payroll release, consumer sentiment has moved to the top end of the post-crisis range with reported willingness to spend continuing to be strong. However, the headline **retail sales** release is expected to see weak auto sales (-4.8% mom) and gasoline prices (-2.2% mom), likely to weigh on August's print (-0.1% mom). This follows a weak July release (0.0%); however, that followed the strongest quarter since Q3 2012. Importantly for GDP, the control group (excluding autos, gas and building materials) is expected to rise at a much firmer pace in August (0.4%) after July saw a disappointing start to Q3 (0.0%). Despite this disappointing report, **Fedspeak** this week had an increasingly hawkish tilt, with San Francisco Fed President John Williams stating that the Fed should raise rates sooner rather than later as "waiting too long could risk imbalances." This was followed by Boston Fed President Eric Rosengren commenting that "a reasonable case can be made" for lifting interest rates as "the risks to the forecast are becoming increasingly two-sided."

- The **University of Michigan Index of Consumer Sentiment** has been robust for the last two years, occupying the 86-98 range since October 2014. Although consumer sentiment weakened marginally at the start of the year, it has remained robust despite global growth concerns, cushioned by a continued tightening of the labour market. The preliminary September headline number (91.0) is expected to show marginal improvement from the August release (89.8). The August assessment of current conditions remained close to post-financial crisis highs and, interestingly, long-run inflation expectations would appear to have bottomed at 2.5%.

- The August release of **US CPI inflation** is expected to show that prices rose 1.0% yoy, up from July (+0.8%) but little changed since February. The core release is expected at 2.2%, the same as in July, although the underlying trend of a gradual drift higher seen over the last 18 months remains intact. Any upside pressure will be closely watched by the Fed, although its preferred measure of inflation, the personal consumption expenditure (PCE) core price index, is not released until the end of September.

Europe

- **Eurozone** country-level **industrial production** data for July released so far saw a decline in French and German output over the month, by 1.5% mom and 0.6% respectively. Therefore, the eurozone aggregate print is also expected to dip, by 1.0% mom, which should tip the yoy growth rate into negative territory for the first time since March, highlighting the continuing headwinds facing European industry (primarily softness in key export markets and stagnant world trade growth).

- German economic data deteriorated slightly during August, with particular softness in real activity indicators within the industrial sector, while the services PMI dipped to a three-year low. Therefore, the September **ZEW Current Conditions Index** is expected to dip by 1.6 points to 56.0. Meanwhile, given the relative stability of financial markets during the month and limited evidence of a significant Brexit-related spill-over effect, the **Expectation of Economic Growth** is expected to stabilise (+2.0 points to 2.5).

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 September 2016.
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- Meanwhile in the **UK,** following July's particularly strong **UK retail sales** report, August's release will attract attention as expectations of a sustained post-Brexit decline have, so far, failed to materialise. Consensus is for sales (excluding autos) to dip 0.7% mom, slowing to 4.8% yoy from 5.4% yoy previously. This follow's July's broad-based gains maintaining a robust 12-month moving average (+3.9% yoy) comfortably above the historic average of 2.4% yoy. Meanwhile, after July's surprise decline in **jobless claims,** which fell for the first time in five months (-8,600), August is expected to see a modest increase (+1,800); this would maintain the claimant count at 2.2%, where it has sat since March. July's **unemployment** is expected to remain at 4.9% from June, with three-month jobs growth anticipated to hold at 172,000. Finally, this week's **Bank of England (BoE) meeting** is likely to see little change. Following the BoE's front loading of policy support in August, with rates cut 25bps to 0.25% and a reintroduction of quantitative easing coupled with the recent rebound in UK activity data, we expect that the BoE will use the coming months to allow the economic trajectory to become clearer before making any additional changes.

Emerging markets

- **Chinese industrial production** growth likely improved to 6.2% yoy from 6.0% in July, helped by two more working days this August versus last year and a lower comparison base. A recovery in August also follows flooding-related disruptions in July, reflected by a rise in the production sub-index of the official manufacturing PMI (to 52.6 in August from 52.1 in July). Urban **fixed asset investment** (FAI) growth is expected to have edged down to 7.9% yoy (ytd) in August from 8.1% in July, with property and manufacturing FAI likely to have remained weak. However, infrastructure FAI growth probably picked up, helped by the government's fiscal policy measures and post-flooding reconstruction efforts.
- In **India**, **CPI** inflation likely moderated to 5.2% yoy in August from 6.1% in July, driven by a sharp correction in food prices, especially pulses and vegetables. **Industrial production** growth is expected to have eased to 1.5% yoy in July, partly as a payback after two consecutive months of solid gains and as growth in the infrastructure sector index (covering eight core industries with 38% weight in the industrial production index) slowed to 3.1% yoy in July from 5.2%, weighing on production of basic goods, mining and electricity.
- The **Central Bank of Russia** is expected to cut its key rate by 50bps to 10.0% at its **September policy meeting** on the back of the continuing downtrend on CPI (6.9% yoy in August, having peaked at 16.9% in March). The Board of Directors is also likely to find encouragement to ease policy following the government's late August decision to provide pensioners with a one-off payment in January rather than an inflation-linked increase.

Market Moves

US equities fell on Rosengren's remarks; ECB inaction also weighed at the global level

- In a shortened week due to the Labor Day holiday on Monday, **US equities** traded narrowly as investors reassessed the outlook for monetary policy at the global level. While a disappointing US ISM Non-Manufacturing Index for August bolstered hopes that the Fed could stay accommodative for longer, the ECB disappointed by not discussing a possible extension of the asset purchase programme. However, on Friday, stocks fell sharply as Boston Fed President Eric Rosengren warned that delaying raising rates could risk overheating the economy and financial stability. Overall, the S&P500 Index ended lower (-2.4%), with only the energy sector finishing higher.
- In Europe, **the EURO STOXX 50 Index** was treading water for most of the week, before eventually closing lower (-0.9%). On Thursday, equities recovered from initial losses following ECB inaction after ECB President Mario Draghi remarked at the press conference that the Governing Council stands ready to "redesign" its quantitative easing programme, although renewed concerns over ECB policy inaction hit stocks again on Friday. Elsewhere, Spain's IBEX 35 outperformed (+1.3%), supported by a rally in the telecom sector amid news that a major company is contemplating an IPO. Meanwhile, the UK's FTSE 100 Index (-1.7%) retreated, dragged lower by heavy losses in consumer and health care stocks.
- **Most Asian stock markets** posted weekly gains, as disappointing US data tempered expectations that the Fed may raise interest rates as soon as this month, while higher commodity prices also provided support. However, markets pared gains on Friday, amid ECB inaction the previous day and concerns about rising North Korea related geopolitical tensions. Hong Kong's Hang Seng Index outperformed (+3.6%), on the back of continued strong buying by mainland Chinese investors. China's Shanghai Stock Exchange Composite Index rose 0.4% as upbeat economic data showed further evidence of growth stabilisation, while the government announced more fiscal measures to support infrastructure investment. Meanwhile, Japan's Nikkei 225 Index ended the week 0.2% higher as investors weighed the possibility for stimulus from the BoJ after Governor Haruhiko Kuroda said that there is still ample room to expand the quantitative easing programme with "other new ideas" potentially on the table. India's SENSEX 30 Index rose 0.9%, on continued foreign fund inflows, with August PMI data for both manufacturing and services improving.

ECB inaction leads to global developed market government bond sell-off

- Longer-dated **Treasuries** fell this week (yields rose) as gains earlier in the week, following a softer than expected ISM Non-Manufacturing Index release, were more than offset by a generalised government bond sell-off following ECB policy inaction. Furthermore, higher oil prices and the weekly initial jobless claims report falling to a seven-week low also reduced demand for perceived "safe-haven" assets, with 10-year Treasury yields ending higher (+7bps to 1.67%). Meanwhile, policy-sensitive two-year Treasuries were little changed (at 0.78%) amid the generally dovish Fed official Eric Rosengren commenting that a "reasonable case" can be made for a rate increase given growing risks of the economy overheating.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 September 2016.
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- **European government bonds** weakened (yields rose) with much of the losses following ECB policy inaction on Thursday. The central bank disappointed after ECB President Mario Draghi stated that there had been no discussion about the possible extension of its bond buying programme, which helped drive benchmark German 10-year yields higher (+6bps to 0.01%), reversing earlier gains that had come on the back of deterioration in July's factory orders and industrial production data. Also in the core, equivalent maturity gilts underperformed (+13bps to 0.86%) as BoE Governor Mark Carney noted earlier in the week that "part of the bounce back in economic data" could be attributed to the BoE's stimulus measures.

Most currencies gained on a weaker greenback

- The **euro** strengthened against the US dollar this week. The gains were driven primarily by disappointing data in the US, namely the ISM Non-Manufacturing Index – which lowered the prospect of near-term Fed rate hikes – weighing on the US dollar. Despite elevated levels of intra-day volatility around the ECB policy meeting on Thursday, the euro was little changed over the day. Meanwhile, the **British pound** closed the week little changed against the US dollar, with a weaker dollar offset by an underwhelming manufacturing production report.
- Most **Asian currencies** strengthened against the US dollar last week, led by the Korean won (+1.7%) and Japanese yen (+1.2%) amid reduced expectations for a near-term Fed rate hike, although currencies pared gains on Friday amid geopolitical risk concerns. The Indonesian rupiah was also supported by data showing Indonesia's foreign exchange reserves rose to their highest levels since February 2015 in August (USD113.5 billion). Meanwhile, the Philippine peso weakened compared to the US dollar on foreign fund outflows as foreign sentiment toward the country deteriorated due to President Rodrigo Duterte's strained ties with the US over Duterte's anti-drug war.

Crude oil prices supported by largest US inventory drawdown since 1999 amid continuing speculation of OPEC action; gold prices edged up

- **Crude oil prices** rose this week amid continuing speculation of coordinated OPEC action to stabilise prices at a meeting in Algiers at the end of the month. In particular, Russia and Saudi Arabia announced they had established a working group to stabilise the market, although they failed to discuss specific measures, with Saudi Arabia's energy minister subsequently stating that there was no need to freeze output. Meanwhile, Iranian officials argued that it was too early to discuss a production freeze given that the country's output remains slightly below pre-sanctions levels. Elsewhere, support came from the U.S. Energy Information Administration's weekly report that showed an unexpected and sharp reduction in US crude inventories last week (-14.5 million barrels, consensus at +0.6 million barrels), the largest drawdown in stocks since 1999. Overall, WTI for October delivery closed up (+3.2% to USD45.9 per barrel) as did Brent crude (+2.2% to USD47.9per barrel).
- **Gold** prices edged up this week (+0.2% to USD1,328 per ounce) with much of the gains coming on Tuesday as deterioration in US ISM non-manufacturing data dimmed the prospects of a near-term rate hike, also boosting the US dollar. However, gains were pared later in the week as the market implied odds of a near-term US rate rise edged up following hawkish comments by Boston Fed President Eric Rosengren.

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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)	415	-1.3	-0.9	1.9	5.7	3.9	425	351	16.8
North America									
US Dow Jones Industrial Average	18,085	-2.2	-2.4	0.6	11.3	3.8	18,668	15,451	17.1
US S&P 500 Index	2,128	-2.4	-2.5	0.6	9.6	4.1	2,194	1,810	18.1
US NASDAQ Composite Index	5,126	-2.4	-1.9	3.4	7.8	2.4	5,288	4,210	21.9
Canada S&P/TSX Composite Index	14,540	-1.7	-1.8	2.1	7.5	11.8	14,856	11,531	19.4
Europe									
MSCI AC Europe (USD)	403	-0.9	1.0	0.4	-4.5	-1.9	437	354	15.8
Euro STOXX 50 Index	3,053	-0.9	0.8	2.1	-6.6	-6.6	3,524	2,673	14.4
UK FTSE 100 Index	6,777	-1.7	-1.1	8.7	8.8	8.6	6,955	5,500	17.4
Germany DAX Index*	10,573	-1.0	-1.1	4.8	2.6	-1.6	11,431	8,699	13.7
France CAC-40 Index	4,491	-1.1	0.5	1.9	-3.7	-3.1	5,012	3,892	14.9
Spain IBEX 35 Index	9,026	1.3	4.2	2.9	-10.1	-5.4	10,632	7,580	16.0
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	452	1.7	1.3	7.9	11.6	9.9	459	357	14.7
Japan Nikkei-225 Stock Average	16,966	0.2	1.2	1.8	-9.6	-10.9	20,012	14,864	16.8
Australian Stock Exchange 200	5,339	-0.6	-3.8	-0.4	2.3	0.8	5,611	4,707	16.6
Hong Kong Hang Seng Index	24,100	3.6	7.3	13.2	8.9	10.0	24,364	18,279	13.2
Shanghai Stock Exchange Composite Index	3,079	0.4	1.8	5.2	-5.1	-13.0	3,685	2,638	14.5
Hang Seng China Enterprises Index	10,058	3.8	8.1	11.4	0.8	4.1	10,885	7,499	8.7
Taiwan TAIEX Index	9,165	2.0	0.1	5.2	10.6	9.9	9,279	7,628	14.8
Korea KOSPI Index	2,038	0.0	-0.3	0.7	5.4	3.9	2,074	1,818	11.5
India SENSEX 30 Index	28,797	0.9	2.5	7.6	12.0	10.3	29,077	22,495	18.1
Indonesia Jakarta Stock Price Index	5,282	-1.3	-2.9	8.3	21.5	15.0	5,476	4,034	17.4
Malaysia Kuala Lumpur Composite Index	1,686	0.9	0.9	2.2	5.2	-0.4	1,729	1,595	16.9
Philippines Stock Exchange PSE Index	7,582	-2.9	-5.9	0.6	9.2	9.1	8,118	6,084	19.4
Singapore FTSE Straits Times Index	2,873	2.5	0.1	1.0	-1.9	-0.3	3,105	2,528	13.6
Thailand SET Index	1,445	-5.0	-6.6	0.7	3.5	12.2	1,558	1,221	15.3
Latam									
Argentina Merval Index	15,976	0.1	3.4	18.1	43.2	36.8	16,498	8,660	17.2
Brazil Bovespa Index*	58,000	-2.7	0.5	13.5	24.3	33.8	60,310	37,046	14.9
Chile IPSA Index	4,093	-1.1	-1.3	2.9	9.6	11.2	4,183	3,419	15.0
Colombia COLCAP Index	1,398	0.3	5.6	4.8	13.3	21.2	1,419	1,046	15.0
Mexico Index	46,459	-2.8	-2.5	1.7	8.7	8.1	48,956	39,924	20.7
EEMEA									
Russia MICEX Index	2,028	1.2	3.7	4.8	17.8	15.2	2,063	1,583	7.3
South Africa JSE Index	53,347	-0.3	1.6	0.0	7.3	5.2	54,761	45,976	17.2
Turkey ISE 100 Index*	77,054	0.2	-1.9	-0.8	7.0	7.4	86,931	68,230	9.4

*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	2.4	5.6	7.9	17.4	58.0
US equities	3.6	7.8	13.5	35.8	102.9
Europe equities	0.9	0.8	-1.5	0.9	37.7
Asia Pacific ex Japan equities	9.2	12.5	14.9	9.0	23.2
Japan equities	5.1	2.5	5.9	14.4	45.6
Latam equities	9.6	32.3	22.8	-21.2	-28.1
Emerging Markets equities	9.9	16.7	15.1	0.4	3.7

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 and HSBC Global Asset Management. Data as at close of business 09 September 2016.
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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)	510	0.1	-0.1	1.5	6.7	6.2
JPM EMBI Global	769	0.1	0.8	5.2	14.5	14.6
BarCap US Corporate Index (USD)	2,799	-0.3	0.0	2.2	8.5	8.9
BarCap Euro Corporate Index (Eur)	244	-0.1	-0.1	2.0	6.2	5.9
BarCap Global High Yield (USD)	427	0.5	1.6	5.1	11.0	14.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	191	0.2	0.5	2.9	9.5	8.3
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	235	0.5	0.7	4.1	14.5	12.5

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	1.12	1.11	1.13	1.12	1.09	1.16	1.05
GBP/USD	1.33	1.33	1.30	1.45	1.54	1.47	1.57	1.28
CHF/USD	1.03	1.02	1.02	1.04	1.03	1.00	1.06	0.97
CAD	1.30	1.30	1.31	1.27	1.33	1.38	1.47	1.25
JPY	102.69	103.92	101.88	107.10	120.50	120.22	123.76	99.02
AUD	1.33	1.32	1.30	1.35	1.42	1.37	1.46	1.28
NZD	1.37	1.37	1.40	1.41	1.56	1.46	1.60	1.34
Asia								
HKD	7.76	7.76	7.76	7.76	7.75	7.75	7.83	7.75
CNY	6.69	6.68	6.66	6.56	6.38	6.49	6.70	6.32
INR	66.68	66.83	66.84	66.72	66.41	66.15	68.79	64.70
MYR	4.07	4.09	4.03	4.05	4.31	4.29	4.48	3.84
KRW	1,098	1,117	1,106	1,156	1,189	1,175	1,245	1,090
TWD	31.53	31.67	31.45	32.21	32.56	32.86	33.79	31.01
Latam								
BRL	3.27	3.26	3.15	3.40	3.78	3.96	4.25	3.11
COP	2,919	2,937	2,985	2,939	3,113	3,175	3,453	2,785
MXN	18.90	18.58	18.44	18.25	16.83	17.21	19.52	16.33
EEMEA								
RUB	64.83	65.16	64.73	64.32	68.55	72.52	85.96	60.59
ZAR	14.42	14.49	13.41	14.80	13.79	15.47	17.92	13.01
TRY	2.97	2.95	2.97	2.89	3.04	2.92	3.10	2.76

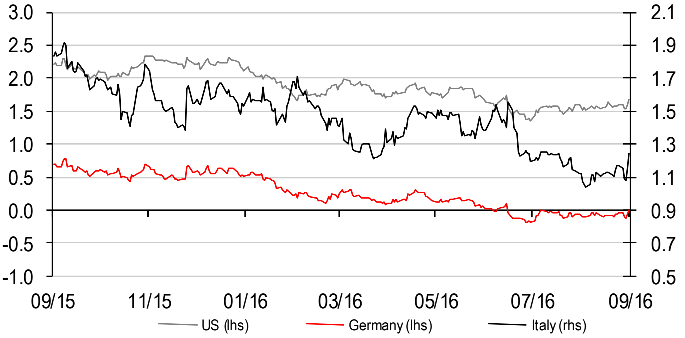
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.34	0.32	0.28	0.25	0.03	0.16
2-Year	0.78	0.79	0.71	0.77	0.74	1.05
5-Year	1.22	1.19	1.11	1.22	1.53	1.76
10-Year	1.67	1.60	1.55	1.69	2.20	2.27
30-Year	2.39	2.28	2.26	2.49	2.96	3.02
Developed market 10-year bond yields (%)						
Japan	-0.02	-0.04	-0.08	-0.13	0.36	0.26
UK	0.86	0.73	0.58	1.24	1.87	1.96
Germany	0.01	-0.05	-0.08	0.03	0.70	0.63
France	0.30	0.19	0.14	0.39	1.10	0.99
Italy	1.25	1.17	1.12	1.38	1.84	1.59
Spain	1.08	1.03	1.00	1.42	2.08	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	1,328	0.2	-1.0	4.6	19.9	25.1	1,375	1,046
Brent Oil	47.9	2.2	6.4	-7.8	0.6	28.4	54	27
WTI Crude Oil	45.9	3.2	7.3	-9.3	3.9	23.9	52	26
R/J CRB Futures Index	183	1.4	0.6	-6.4	-6.8	3.6	204	155
LME Copper	4,664	0.8	-2.4	3.3	-13.1	-0.9	5,441	4,318

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 September 2016.
Past performance is not an indication of future returns.

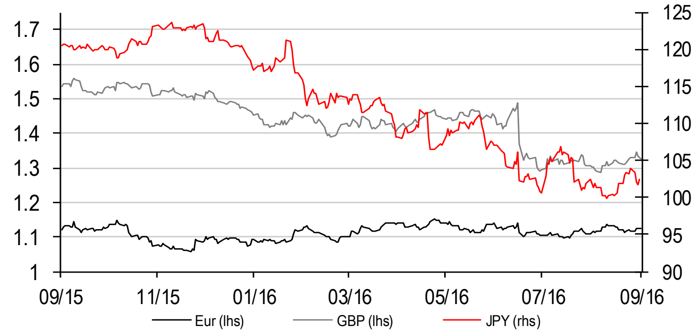
Market Trends

Government bond yields (%)



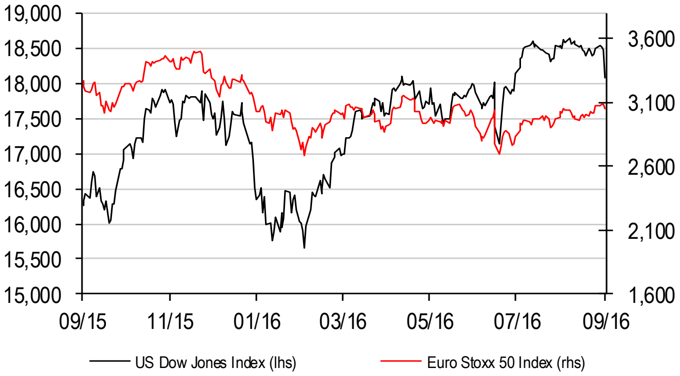
Yields based on 10 year government bonds

Major currencies (versus US dollar)

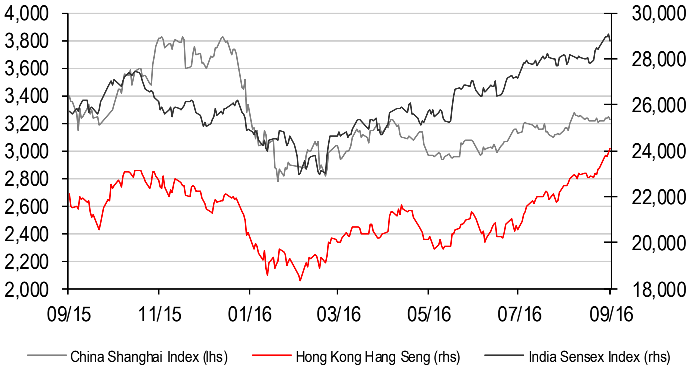


All values versus USD

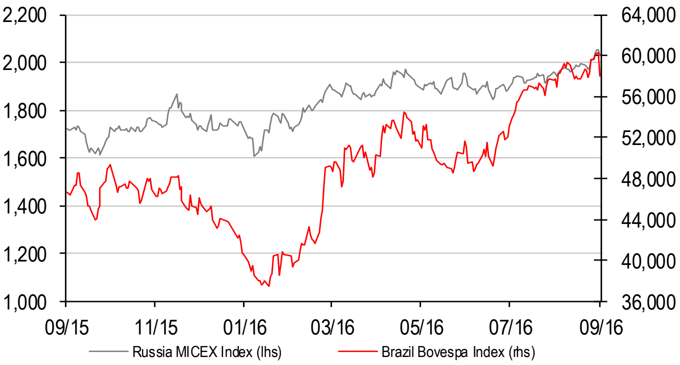
Global equities



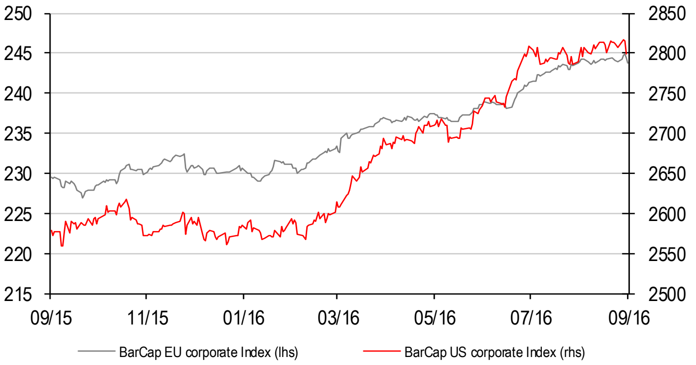
Emerging Asian equities



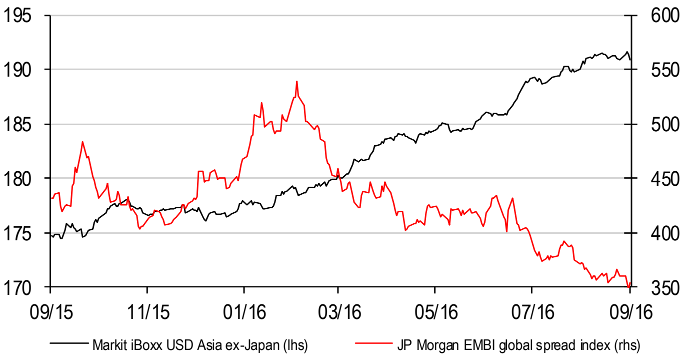
Other emerging equities



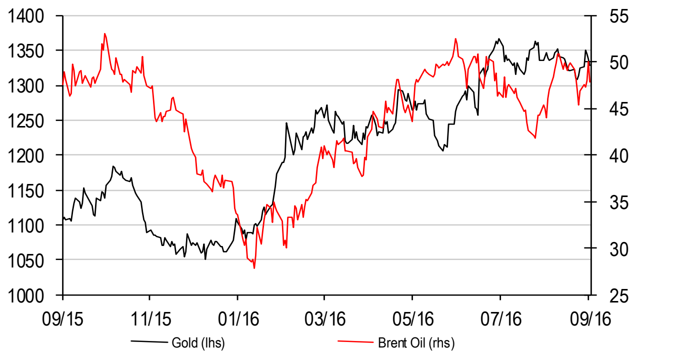
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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