IW

Investment Weekly

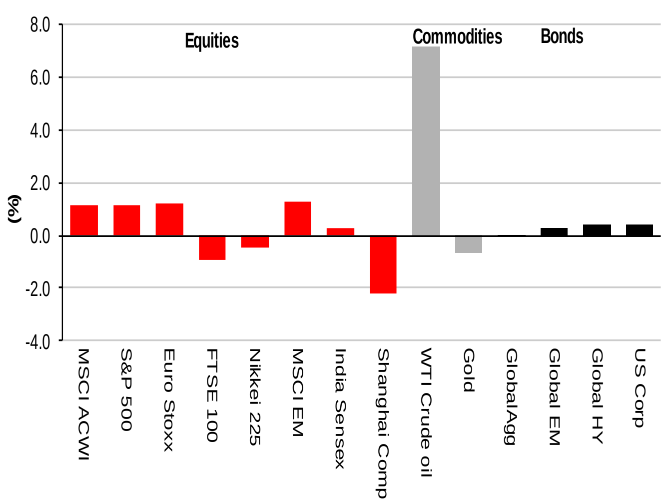
11 March 2016

For Professional Client and Institutional Investor Use Only

- Global equities endured a volatile week of trading as much weaker than expected Chinese trade data reignited lingering global growth fears and investors assessed fresh European Central Bank (ECB) measures and corporate earnings results amid another tick-up in oil prices
- The ECB surprised the markets by delivering more policy stimulus than expected, including a EUR20 billion a month expansion of its asset purchase programme, although it downplayed the prospects of further deposit rate cuts going forward. The ECB also downgraded its growth and inflation forecasts for this year and next
- Chinese trade data for February came in worse than expected, with exports down 25.4% yoy in US dollar terms. While February data is usually difficult to analyse due to Lunar New Year distortions, weak foreign demand for Chinese goods was likely to blame
- In the coming week, amid a fresh raft of US data, investors will keep a close eye on the outcome of the US Federal Reserve (Fed) monetary policy meeting, with the central banks of Japan, the UK, Russia and South Africa also due to meet

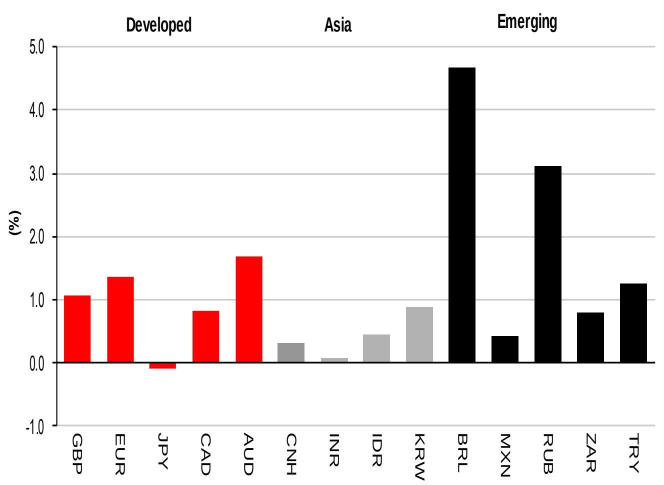
Movers and shakers

Oil continued to rally this week as the ECB eased policy further

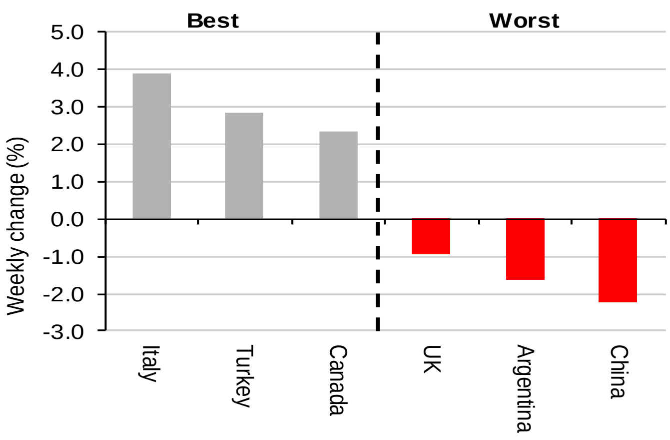


Currencies (versus US dollar)

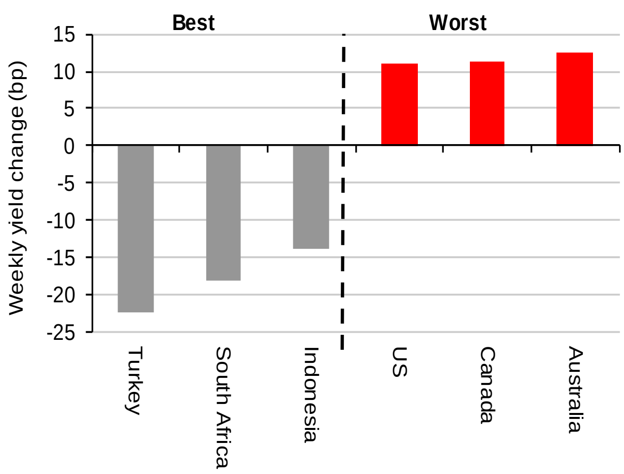
The Brazilian real extended gains amid new government hopes



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 11 March 2016.
All the above charts relate to 04/03/2016–11/03/2016.
Past performance is not an indication of future returns.

HSBC
Global Asset Management

Macro Data and Key Events

Past Week (07-11 March 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 7 March	Germany	Factory Orders, Working Day Adjusted (yoy)	Jan	0.0%	1.1%	-2.7%
Tuesday 8 March	Japan	GDP Annualised, Seasonally Adjusted (qoq)	Q4 F	-1.5%	-1.1%	-1.4% P
	China	Trade Balance (USD)	Feb	51.0bn	32.6bn	63.3bn
	US	NFIB Index of Small Business Optimism	Feb	94.0	92.9	93.9
	Germany	Industrial Production, Seasonally Adjusted (mom)	Jan	0.5%	3.3%	-1.2%
	Eurozone	GDP, Seasonally Adjusted (qoq)	Q4 P	0.3%	0.3%	0.3% P
Wednesday 9 March	Brazil	IBGE Inflation IPCA (yoy)	Feb	10.4%	10.4%	10.7%
Thursday 10 March	China	CPI (yoy)	Feb	1.8%	2.3%	1.8%
	Eurozone	ECB Monetary Policy Decision (Deposit Facility Rate)	Mar	-0.4%	-0.4%	-0.3%
Friday 11 March	India	Industrial Production (yoy)	Jan	-0.5%	-1.5%	-1.2%

P – Preliminary, Q – Quarter, F – Final

- In the **US,** the economic data calendar was very thin this week. The **US National Federation of Independent Business** (NFIB) Index of Small Business Optimism declined to 92.9 in February (previous: 93.9), coming in below consensus expectations (94.0) for a nearly unchanged reading. The move lower was led by the labour market components of the survey, with indicators of both current and future business conditions lower this month. There were two **Fed speakers** this week that offered very differing opinions ahead of next week's Federal Open Market Committee (FOMC) meeting. **Fed Vice-Chair Stanley Fischer** played down the suggestion that the link between strong employment and inflation was broken, saying that although the link has never been very strong, "it exists and we may well at present be seeing the first stirrings of an increase in the inflation rate." Meanwhile, speaking at a separate conference, Fed **Governor Lael Brainard** opined that "I am heartened by the continued strong progress on employment and the resilience of American consumers, which stand against a considerably more challenging global backdrop." That said, she also warned that "we should not take the strength in the U.S. labor market and consumption for granted" and that "sources of robust demand around the globe are few, and sources of weakness relatively greater." Brainard also cautioned that "tighter financial conditions and softer inflation expectations may pose risks to the downside for inflation and domestic activity" and that "from a risk-management perspective, this argues for patience as the outlook becomes clearer."

- In Europe, the **European Central Bank surprised markets by delivering more policy stimulus than expected**. It lowered all three main interest rates: the main refinancing rate by 5bps to 0%, the marginal lending rate by 5bps to 0.25% and the deposit rate by 10bps to -0.4%. The ECB also announced that it will introduce four new quarterly targeted longer-term refinancing operations (TLTRO II), each with a maturity of four years. The monthly asset purchase programme was increased by EUR20 billion to EUR80 billion, starting in April 2016. The ECB expanded the pool of eligible securities by including investment grade rated non-bank corporate bonds from the end of Q2 2016. The ECB downgraded its forecasts for growth and inflation. GDP is now expected to grow by 1.5% in 2016 (versus previous forecasts of 1.7%) and by 1.8% in 2017 (from previous forecasts of 1.9%). The ECB revised expected inflation lower to 0.1% yoy in 2016 from 1.0% previously and to 1.3% yoy in 2017 from 1.6% previously. Shortly after the announcement, the euro fell sharply against the US dollar, losing 1%, while the EURO STOXX 50 Index gained 2.4%. Benchmark German 10-year bunds also rose, with yields falling as low as 0.16%. However, these movements were swiftly reversed after ECB President Mario Draghi said at the press conference that he does not "expect it to be necessary to reduce rates further." Overall, the ECB's announced policy changes could contribute to easier financial conditions in the eurozone, although these measures are likely to be offset by other constraints such as bank capital requirements. **Bank of England (BoE) Governor Mark Carney – in testimony to the UK parliament this week –** reiterated that the BoE will not make a recommendation on the Brexit vote, but the referendum could affect confidence, investment and the pound sterling. While BoE Monetary Policy Committee member Martin Weale noted again that the BoE's next interest rate move is *"*most likely to be up," he also warned that the BoE's scope to ease further is *"*substantial*"* and the barriers to cutting the policy rate below 0.5% *"*are no longer material.*"* The uncertainty generated by the UK's referendum on its European Union (EU) membership, the UK's large current account deficit (4.7% of GDP) and slowing momentum in the UK economy could continue to undermine the pound sterling. In terms of data, the **final release of eurozone Q4 GDP** growth was 0.3%, in line with the preliminary estimate. Real GDP is therefore up 1.6% on the level last year. The breakdown showed that investment was the main driver, growing by 1.3% on the quarter. Government spending grew by 0.6% on the quarter, a material acceleration from the 0.3% in Q3. Relatively robust domestic demand supported growth in imports of 0.9% on the quarter, but weak external demand saw exports grow by just 0.2%. So net exports detracted 0.3 percentage points from quarterly growth.

- **Over in Asia, China's CPI inflation** for February beat market expectations, up from 1.8% yoy in January to 2.3% yoy in February (consensus +1.8%), as food prices rose sharply (+7.3%) due to seasonal factors related to the Lunar New Year. The surge observed in February will likely be temporary as underlying inflation remains fairly weak. Meanwhile, PPI deflation was in line with expectations, at -4.9% yoy (-5.3% in January). **Chinese trade data** for February came in worse than expected, with exports down 25.4% yoy in US dollar terms (consensus -14.5% yoy) and imports were down by 13.8% yoy (consensus -12.0% yoy). As a result, the trade surplus dropped significantly from USD63.3 billion in January to USD32.6 billion in February. Although February data are usually difficult to analyse due to the Lunar New Year distortions, weak demand for imported goods among China's trading partners

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 11 March 2016.
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played a crucial role. **Japan's second estimate for Q4 GDP** came in slightly higher than expected at -1.1% qoq annualised (the first estimate was at -1.4% qoq). The upward revision was entirely explained by slightly better data on private non-residential investment and private inventories. However, the outlook for Q1 2016 remains depressed as bank loans growth continued to decelerate in February to its lowest since April 2014, bankruptcies rose the most in a year and the Economic Watchers Survey unexpectedly declined to its lowest level since November 2014.

Coming Week (14-18 March 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 14 March	India	CPI (yoy)	Feb	5.5%	5.7%
Tuesday 15 March	US	Retail Sales Advance (mom)	Feb	-0.1%	0.2%
	US	NAHB/Wells Fargo Housing Market Index	Mar	59	58
	Japan	Bank of Japan Monetary Policy Decision	Mar		
Wednesday 16 March	UK	ILO Unemployment Rate (3 months)	Jan	5.1%	5.1%
	UK	UK Chancellor Makes Budget Speech to Parliament			
	US	Housing Starts (mom)	Feb	4.6%	-3.8%
	US	CPI (yoy)	Feb	0.9%	1.4%
	US	Industrial Production (mom)	Feb	-0.2%	0.9%
	US	FOMC Interest Rate Decision (Upper Bound)	Mar	0.5%	0.5%
Thursday 17 March	Japan	Trade Balance (Adjusted, JPY)	Feb	235.0bn	119.4bn
	Eurozone	CPI (yoy)	Feb F	-0.2%	-0.2% P
	UK	Bank of England Interest Rate Decision	Mar	0.5%	0.5%
	South Africa	South Africa Reserve Bank Interest Rate Decision	Mar	7.00%	6.75%
Friday 18 March	Russia	Interest Rate Decision	Mar	11.0%	11.0%
	US	University of Michigan Index of Consumer Sentiment	Mar P	92.2	91.7

P – Preliminary, F – Final

US

- Following the rate hike in December, and given the recent run of softer US activity data and financial market volatility, **the FOMC is expected to keep the target range for the federal funds rate unchanged** at 0.25%-0.50%. The FOMC releases its policy statement along with updated quarterly forecasts for the US economy and the appropriate path of interest rates from individual FOMC officials. Given recent outturns and the softer global backdrop, the FOMC could trim its near-term growth projections but continue to project inflation may move up towards 2% yoy over the forecast horizon. As a result, while the FOMC may signal a slower pace of rate increases, the rate path could be well ahead of current market pricing. Furthermore, it is important to point out that while the market is pricing in a 4% probability of a March rate hike, the FOMC members have repeatedly referred to it as a “live” meeting, driven by continued labour market strength.

- Monthly **US retail sales** growth has been relatively subdued over recent months. The decline in gasoline prices and slight decline in auto sales suggest headline retail sales growth contracted -0.1% yoy in February. That said, based on the strength in the labour market and real wage growth, core retail sales could remain in positive territory.

- The **NAHB/Wells Fargo Housing Market Index** of homebuilder sentiment unexpectedly fell by 3 points in February to 58 – a still elevated level. It is possible that higher home prices are having a dampening effect on demand and that increased labour costs and land prices are reducing profitability for some builders. That said, demand remains high and the lack of for-sale homes should spur more homebuilding activity. Overall, the index is expected to remain at a solid level of 59 in March.

- Data on **housing starts** and building permits over the past year has generally provided some positive signs for residential construction demand and activity in the near to medium term. There was a slowdown in starts in January, which was likely due to weather conditions becoming less favourable for construction activity compared with November and December, which were warmer than normal. Housing starts are expected to bounce back 4.6% to 1,150,000 in February. Residential construction is expected to remain on an upward trend this year, due to an improving labour market and incomes, low mortgage rates, favourable demographics and a low supply of homes available for sale.

- Gasoline prices declined sharply in February, and as a result, **headline CPI** is expected to fall 0.2% mom, causing the year-on-year rate to slow to 0.9% yoy in February, from 1.4% yoy in January. Core CPI surprised to the upside in January, rising 0.3% mom and 2.2% yoy and is expected to remain around 2.2% yoy.

- The ISM Manufacturing Index remained below 50 for the fifth consecutive month in February and the U.S. Bureau of Labor Statistics reported that aggregate hours worked in the manufacturing industry declined. Taking these factors into consideration, **industrial production** is expected to decline 0.2% mom in February. Declines in weekly crude oil production and the oil and gas rig count both point to a decline in mining production. Weather conditions were slightly milder in February relative to January, meaning there was less heating demand, which could weigh on utilities production.

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- In February, the **University of Michigan Index of Consumer Sentiment** fell only 0.3 points from January and 0.9 points from December, as the financial market volatility early this year did not seem to put too much of a dent in consumer attitudes. Confident consumers may continue to support a robust pace of consumer spending going forward. The preliminary reading of the index in March is expected to increase slightly, by 0.5 points to 92.2.

Europe

- In Europe, **eurozone inflation** surprised strongly to the downside again in February, falling to -0.2% yoy (consensus 0%), dragged down by energy. Furthermore, core inflation eased to 0.7% yoy, its lowest level since April last year, but there might have been some temporary elements affecting the reading, such as the different timing of school holidays in France. The flash reading is expected to be confirmed.
- The **BoE is overwhelmingly expected to keep policy unchanged** in March. The main focus will be on the meeting minutes and any policy guidance. Based on the slowing domestic growth momentum, low UK inflation, global downside risks and uncertainty generated by the upcoming EU referendum, the BoE Monetary Policy Committee may continue to give off a cautious tone.
- **UK employment growth** remains fairly robust, and measures of perceived slack continue to decline. The timelier claimant count unemployment rate dipped to a cyclical low in January, but given the rolling nature of the ILO calculations this measure is expected to hold at a cyclical low of 5.1%. Despite the low unemployment rate, wage growth has failed to ignite. Some positive base-effects could see annual average weekly earnings growth accelerate in January, but they could remain rather tepid near 2% yoy.
- **UK Chancellor of the Exchequer George Osborne** will present his annual budget in a speech to the House of Commons on Wednesday. Along with announcing tax and spending changes, he will give new growth and deficit forecasts.

Emerging markets/Japan

- The **Bank of Japan (BoJ) will hold its monetary policy meeting** on 14 and 15 March. After the extension of the remaining maturity of the bonds bought by the BoJ (from a seven- to 10-year range to a seven- to 12-year range) in December and the introduction of a negative interest rate three-tier system in January, the BoJ is likely to stay on hold in March to assess the impact of these measures. Moreover, the stabilisation of financial markets, the recovery in oil prices and the continued positive signals will likely allow Japanese policymakers to buy time to examine the impact of negative interest rates on the economy and the currency.
- **India's CPI inflation** for February will be released on Monday. In January, inflation reached its highest level in 17 months mostly due to base effects, especially for food prices. As these base effects start to wane, inflation will likely decelerate gradually in February, from 5.7% yoy to 5.5% yoy. If this downtrend is confirmed in the next few months, it would pave the way for further monetary easing.
- The **South Africa Reserve Bank is expected to hike interest rates** by 25bps to 7.0% on Thursday. The Monetary Policy Committee’s inflation outlook is still higher than the 6% target ceiling for an extended period, which has been made more uncomfortable by a rise in Q1 inflation expectations.

Market Moves

Global equities endured a volatile week of trading as much weaker than expected Chinese trade data reignited lingering global growth fears and investors assessed fresh ECB measures

- US equities swung between gains and losses this week. A large fall came on Tuesday as disappointing Chinese trade data rekindled fears over global economic growth. Some disappointing corporate earnings results also weighed on investor sentiment. However, US equities rebounded strongly towards the end of the week, buoyed by higher oil prices and ECB stimulus. Overall, the S&P 500 Index ended up for the fourth consecutive week (+1.1%), led by gains in defensive sectors such as utilities. Drug developer stocks, meanwhile, came under pressure on news that the US government is exploring alternative payment plans as part of the Medicare program, which could result in reduced incentives for doctors to administer high-priced drugs.
- It was a volatile week for European equities as markets anxiously anticipated the ECB’s policy decision on Thursday. Following the ECB’s unexpectedly large stimulus package, markets rose sharply; however, gains swiftly reversed as ECB President Mario Draghi hinted that further significant deposit rate cuts were unlikely. Nevertheless, markets rebounded on Friday, seemingly acknowledging the scale of the previous day’s stimulus package. Overall, gains in the EURO STOXX 50 Index (+1.2%) were led by financial stocks amid news of the new TLTRO programme and further comments from Draghi assuaging concerns over the banking sector’s profitability. Meanwhile, concerns over the health of the Chinese economy, following weaker than expected February trade data, meant energy shares fell the most over the week, even as oil prices rose. Elsewhere, China-related jitters meant the UK’s resource-heavy FTSE 100 Index underperformed (-1.0%) and the export-sensitive German DAX remained flat (+0.1%) as the euro strengthened, with auto stocks leading losses as they are seen as sensitive to Chinese demand.
- Most Asian stock markets remained little changed over the week, ending in a -0.4% to +0.8% range. Chinese stocks showed higher volatility than most other markets, with the Shanghai Stock Exchange Composite Index falling (-2.2%) as the very weak external trade data for February and concerns about measures to cool the property market in large cities took their toll on investor sentiment. Japanese stocks were hit by a mixed batch of macro data, with the Nikkei 225 Index edging down (-0.4%) ahead of the BoJ meeting on 14-15 March, having lost up to 3.1% during the week. Meanwhile, South Korea’s KOSPI performed relatively well (+0.8%), after the Bank of Korea left its policy rate unchanged at 1.5% and the Bank’s Governor said that further cuts might have limited benefit.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 11 March 2016.
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Treasuries and core European government bonds fell (yields rose) as ECB largesse was tempered

- US Treasuries ended the week lower (yields increased). While renewed global growth concerns provided some initial support; ECB President Mario Draghi's comments at the ECB policy meeting press conference, hinting that further interest rates cuts were unlikely, pushed Treasury yields sharply higher on Thursday. A busy bond auction schedule also weighed on the market. Overall, 10-year Treasury yields ended the week higher (+11bps to 1.98%), as did two-year yields (+10bps to 0.96%).

- Core European government bonds opened the week higher on increased "safe-haven" demand, amid increased global slowdown fears. However, bonds tumbled on Thursday as Draghi's comments forced investors to unwind bets on future policy rate cuts. Overall, German 10-year bund yields closed the week higher (+3bps to 0.27%), while peripheral bond yields ended the week lower amid expectations of further support from the enhanced asset purchase programme, led by falls in Italian 10-year yields (-13bps to 1.33%).

Euro gains as Draghi reduces expectations of future rate cuts; emerging market currencies rise versus US dollar, supported by higher oil prices and ECB easing

- The euro spent the first half of this week relatively unchanged before swinging sharply on Thursday. Shortly after the ECB's larger than expected stimulus package announcement, the single currency lost 1% versus the US dollar. However, this was swiftly reversed after Mario Draghi said at the press conference following the announcement that he doesn't "expect it to be necessary to reduce rates further." The euro then consolidated gains on Friday amid improved risk appetite, ending the week higher (+1.4%). Meanwhile, the pound sterling swung between gains and losses against the US dollar this week with Bank of England Governor Mark Carney testifying before the UK Parliament on Tuesday, claiming that an exit from the EU could pose "the biggest domestic risk to financial stability." Strong gains on Thursday on the back of a weaker dollar allowed the pound sterling to book its second consecutive week of gains (+1.1%).

- Most Asian currencies appreciated mildly against the US dollar over the week, gaining up to 0.9%. They were buoyed by the rebound in crude oil prices amid easing measures taken by the ECB, which also supporting risk appetite. The biggest winner was the Korean won (+0.9%) after the Bank of Korea refrained from cutting policy rates and hinted at a possible end to its easing cycle. The yen finished the week little changed as investors remained cautious ahead of the BoJ meeting.

- Meanwhile, most major non-Asian currencies finished higher against the US dollar this week. The Brazilian real continued to rally (+4.7%), following last week's strong gains, amid continuing hopes that President Dilma Rousseff could be removed from power, ending months of political gridlock. This offset some weakness in the currency earlier in the week following the release of weaker than expected China trade data for February. The Russian rouble also rose sharply again this week (+3.1%) as oil prices extended their recent rally. Elsewhere, gains in the South African rand (+0.8%) were tempered by data showing the current-account deficit widened more than expected in 2015 Q4, reaching 5.1% of GDP.

Oil extends gains amid signs of stronger US consumption and a further decline in the US rig count

- WTI crude oil prices finished higher (+7.2% to USD38.5 per barrel), extending last week's gains. Market sentiment this week was dominated by continuing speculation surrounding the anticipated meeting between major oil producers to discuss an output freeze. Its occurrence, which initially seemed probable, was followed by rumours that it would not take place, as Iran remained reluctant to join the discussions. Meanwhile, investors took encouragement from data last Friday showing a further decline in US oil rigs (by 8 to 392) as well as Wednesday's U.S. Energy Information Administration weekly report which showed decreasing gasoline stockpiles and a rise in the refinery utilisation rate last week, although oil inventories rose by 3.9 million barrels. Brent crude also ended higher (+4.2% to USD40.4 per barrel).

- Gold prices were slightly down this week (-0.7% at USD1,251 per ounce), trading at their highest level in over a year. The precious metal found support following the ECB meeting on Thursday, which pushed the US dollar sharply lower while also supporting inflation expectations, given the extent of the measures announced. Market volatility and increasing uncertainty over the impact of ECB policies may also have boosted perceived "safe-haven" demand for the yellow metal. However, this could have been offset to some extent by diminished expectations of further ECB deposit rate cuts, which typically would have boosted the appeal of holding the zero-yield generating asset.

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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)	392	1.1	10.9	-0.3	-6.0	-1.9	444	351	15.8
North America									
US Dow Jones Industrial Average	17,213	1.2	9.9	-0.3	-2.4	-1.2	18,351	15,370	15.7
US S&P 500 Index	2,022	1.1	10.6	0.5	-0.9	-1.1	2,135	1,810	17.0
US NASDAQ Composite Index	4,748	0.7	11.3	-3.7	-2.1	-5.2	5,232	4,210	20.0
Canada S&P/TSX Composite Index	13,522	2.3	11.9	5.7	-8.3	3.9	15,525	11,531	17.4
Europe									
MSCI AC Europe (USD)	397	1.6	11.2	-1.9	-9.5	-3.4	479	356	15.0
Euro STOXX 50 Index	3,074	1.2	14.7	-4.0	-15.8	-5.9	3,836	2,673	13.7
UK FTSE 100 Index	6,140	-1.0	10.9	3.1	-8.7	-1.6	7,123	5,500	16.2
Germany DAX Index*	9,831	0.1	12.3	-4.9	-16.7	-8.5	12,391	8,699	12.4
France CAC-40 Index	4,493	0.8	15.3	-1.2	-10.1	-3.1	5,284	3,892	14.5
Spain IBEX 35 Index	9,091	3.2	17.4	-5.6	-17.5	-4.8	11,885	7,746	14.0
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	404	1.3	10.8	1.4	-14.0	-1.7	525	357	13.2
Japan Nikkei-225 Stock Average	16,939	-0.4	7.8	-11.9	-9.5	-11.0	20,953	14,866	17.5
Australian Stock Exchange 200	5,166	1.5	7.2	2.7	-10.8	-2.4	5,996	4,707	16.7
Hong Kong Hang Seng Index	20,200	0.1	8.9	-5.9	-14.8	-7.8	28,589	18,279	10.6
Shanghai Stock Exchange Composite Index	2,810	-2.2	1.7	-18.2	-14.6	-20.6	5,178	2,638	11.9
Hang Seng China Enterprises Index	8,561	0.0	11.8	-8.0	-25.0	-11.4	14,963	7,499	6.8
Taiwan TAIEX Index	8,706	0.7	8.0	7.3	-8.6	4.4	10,014	7,203	13.1
Korea KOSPI Index	1,971	0.8	5.9	1.2	-0.5	0.5	2,190	1,801	11.6
India SENSEX 30 Index	24,718	0.3	7.7	-1.3	-13.8	-5.4	29,184	22,495	17.7
Indonesia Jakarta Stock Price Index	4,814	-0.8	0.8	9.6	-11.2	4.8	5,524	4,034	16.6
Malaysia Kuala Lumpur Composite Index	1,697	0.2	3.2	3.4	-4.6	0.2	1,868	1,504	16.3
Philippines Stock Exchange PSE Index	7,099	2.9	6.5	5.4	-8.9	2.1	8,137	6,084	17.7
Singapore FTSE Straits Times Index	2,829	-0.3	11.4	-0.2	-16.3	-1.9	3,550	2,528	12.7
Thailand SET Index	1,393	1.0	8.8	8.8	-9.7	8.2	1,575	1,221	14.7
Latam									
Argentina Merval Index	13,052	-1.6	18.5	2.1	28.8	11.8	14,597	8,660	13.9
Brazil Bovespa Index*	49,639	1.1	26.2	9.7	1.5	14.5	58,575	37,046	13.7
Chile IPSA Index	3,840	0.0	5.2	8.7	-0.7	4.3	4,148	3,419	14.6
Colombia IGBC Index	9,655	0.7	10.7	21.2	1.4	13.0	11,030	7,822	27.1
Mexico Index	44,736	-0.3	5.6	6.5	3.5	4.1	46,078	39,257	19.1
EEMEA									
Russia MICEX Index	1,877	-0.1	9.6	9.1	12.3	6.5	1,910	1,570	6.5
South Africa JSE Index	51,740	-0.9	9.1	7.6	0.0	2.1	55,355	45,976	16.7
Turkey ISE 100 Index*	79,380	2.8	11.9	12.9	1.4	10.7	88,652	68,230	9.0

*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	-1.6	-3.3	-5.8	13.2	27.2
US equities	-1.2	-2.8	-1.9	32.8	63.5
Europe equities	-3.9	-5.5	-9.4	0.7	6.8
Asia Pacific ex Japan equities	0.7	-2.6	-12.6	-9.8	0.3
Japan equities	-6.7	-7.0	-4.7	14.0	14.1
Latam equities	11.3	12.6	-12.3	-43.0	-46.0
Emerging Markets equities	2.7	-0.2	-14.1	-19.9	-19.2

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.

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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)	490.4	-0.1	0.0	1.7	2.0	2.1
JPM EMBI Global	692.6	0.2	4.4	3.3	4.4	3.3
BarCap US Corporate Index (USD)	2608.4	0.4	0.8	0.5	-0.5	1.5
BarCap Euro Corporate Index (Eur)	234.3	0.7	1.6	1.5	-0.5	1.8
BarCap Global High Yield (USD)	381.0	0.4	6.1	1.8	-1.3	1.9
HSBC Asian Bond Index	389.22	0.0	0.5	2.0	2.9	2.2

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	1.10	1.13	1.10	1.05	1.09	1.17	1.05
GBP/USD	1.44	1.42	1.45	1.52	1.49	1.47	1.59	1.38
CHF/USD	1.02	1.01	1.03	1.02	0.99	1.00	1.10	0.97
CAD	1.32	1.33	1.39	1.38	1.28	1.38	1.47	1.19
JPY	113.86	113.74	112.42	121.01	121.45	120.22	125.86	110.99
AUD	1.32	1.34	1.41	1.39	1.32	1.37	1.46	1.23
NZD	1.48	1.47	1.49	1.49	1.37	1.46	1.60	1.29
Asia								
HKD	7.76	7.76	7.79	7.75	7.77	7.75	7.83	7.75
CNY	6.49	6.51	6.57	6.46	6.26	6.49	6.60	6.18
INR	67.05	67.10	68.30	66.90	62.78	66.15	68.79	62.10
MYR	4.09	4.11	4.15	4.30	3.70	4.29	4.48	3.54
KRW	1,193.07	1,203.35	1,202.66	1,179.55	1,126.35	1,175.06	1,245.13	1,065.21
TWD	32.80	32.96	33.05	32.82	31.65	32.86	33.79	30.35
Latam								
BRL	3.59	3.75	3.99	3.87	3.13	3.96	4.25	2.88
COP	3,150.95	3,157.11	3,440.00	3,331.00	2,624.65	3,174.50	3,452.55	2,351.76
MXN	17.70	17.77	19.15	17.39	15.50	17.21	19.44	14.76
EEMEA								
RUB	69.71	71.88	80.05	70.38	61.69	72.52	85.96	48.14
ZAR	15.22	15.34	15.82	15.90	12.28	15.47	17.92	11.67
TRY	2.87	2.90	2.93	2.98	2.61	2.92	3.08	2.54

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.32	0.26	0.28	0.22	0.02	0.16
2-Year	0.96	0.86	0.65	0.88	0.68	1.05
5-Year	1.49	1.37	1.13	1.55	1.60	1.76
10-Year	1.98	1.87	1.66	2.13	2.11	2.27
30-Year	2.75	2.69	2.50	2.87	2.69	3.02
Developed market 10-year bond yields (%)						
Japan	-0.01	-0.05	0.02	0.32	0.41	0.26
UK	1.57	1.48	1.30	1.81	1.81	1.96
Germany	0.27	0.24	0.19	0.54	0.21	0.63
France	0.62	0.58	0.60	0.86	0.48	0.99
Italy	1.33	1.46	1.71	1.54	1.13	1.59
Spain	1.48	1.56	1.78	1.62	1.15	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	1,251	-0.7	0.3	16.4	8.3	17.8	1,285	1,046
Brent Oil	40.4	4.2	34.3	6.4	-29.9	8.3	70	27
WTI Crude Oil	38.5	7.2	46.9	8.1	-20.1	3.9	63	26
R/J CRB Futures Index	174	3.0	11.9	-0.8	-19.6	-1.5	234	155
LME Copper	4,890	-2.7	10.0	4.0	-14.7	3.9	6,481	4,318

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 11 March 2016.
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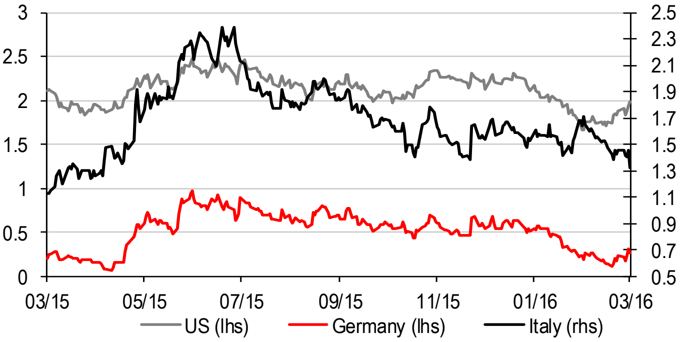
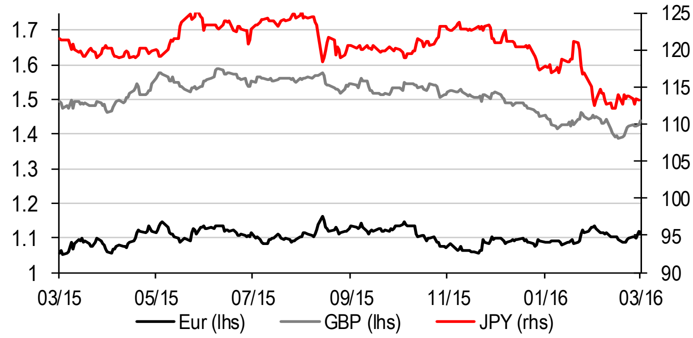
Market Trends

Government bond yields (%)



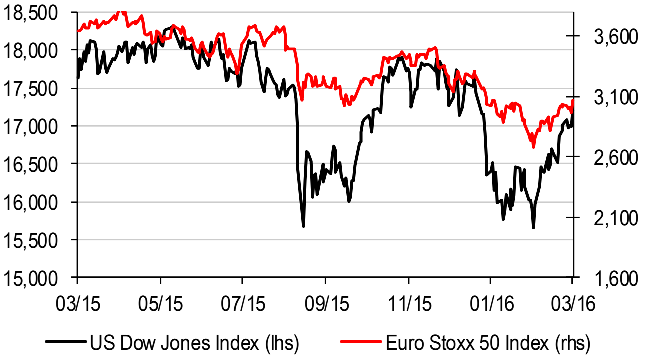
Yields based on 10 year government bonds

Major currencies (versus US dollar)

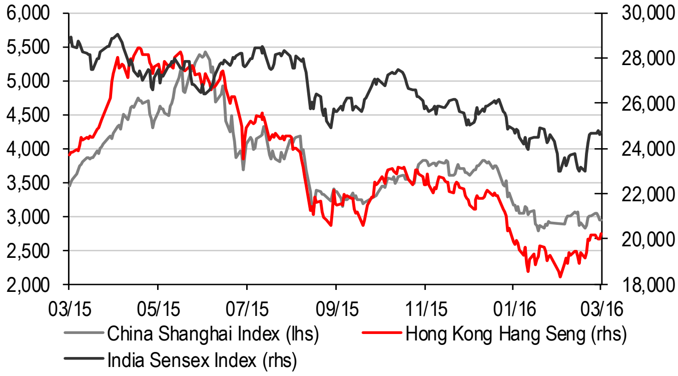


All values versus USD

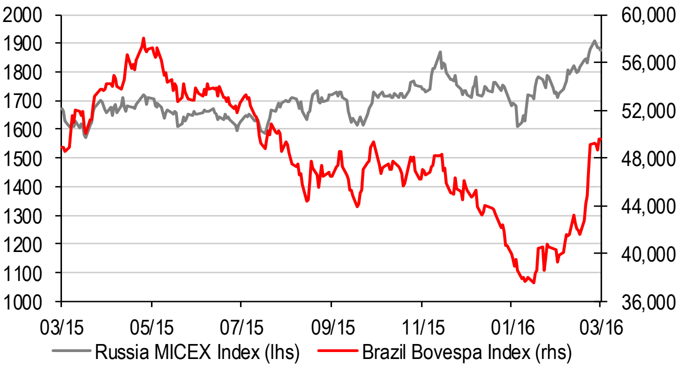
Global equities



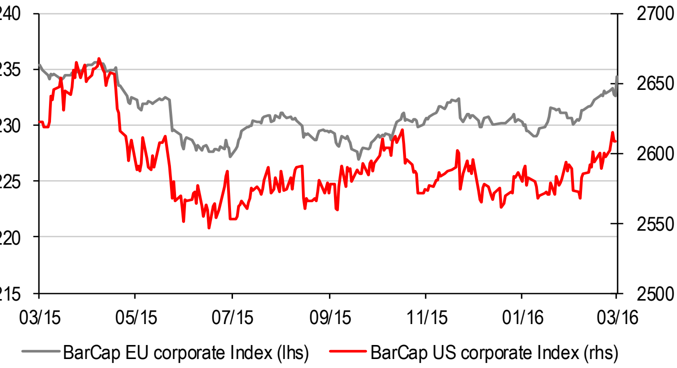
Emerging Asian equities



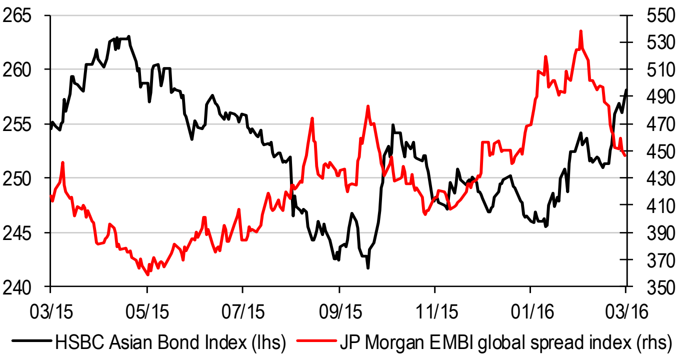
Other emerging equities



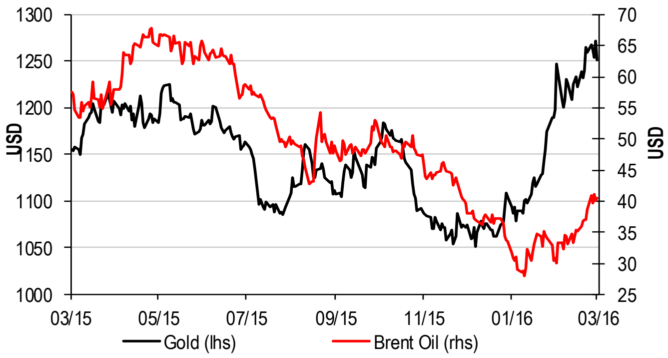
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 11 March 2016.
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Expiry Date: 18 March 2016

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