IW
Investment Weekly

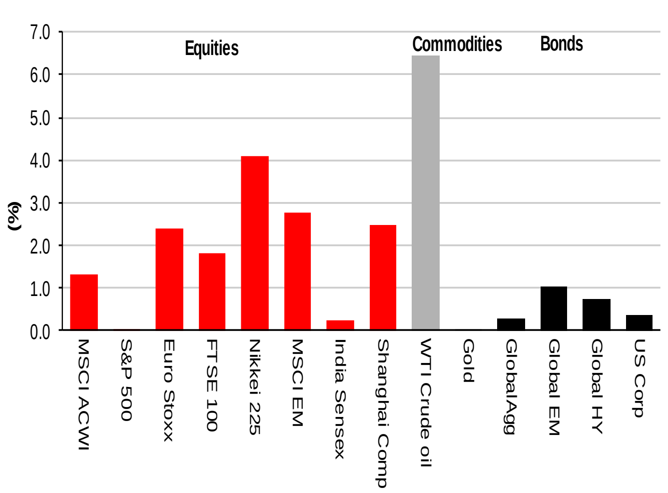
12 August 2016

For Professional Client and Institutional Investor Use Only

- Global equities rose this week, supported by broadly upbeat earnings reports. After touching an all-time high on Thursday, US stocks eased slightly and ended the week flat as US consumer-focused data came in below expectations
- Expectations for a US Federal Reserve (Fed) interest rate hike in 2017 receded somewhat as July's US headline retail sales disappointed, although the release follows particularly robust Q2 consumer spending and continued strong labour market data
- The preliminary print of Japan's Q2 GDP growth will be released on Monday. The July release of the Federal Open Market Committee (FOMC) meeting minutes and the European Central Bank's (ECB) account of its monetary meeting may also provide greater clarity for the outlook

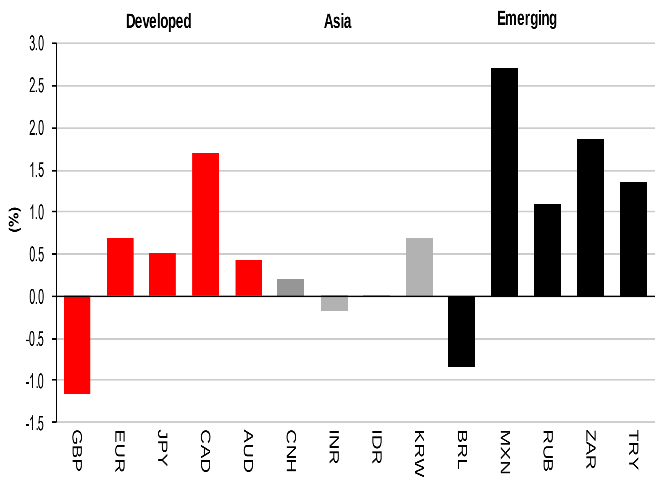
Movers and shakers

Oil posted its largest weekly rise since April

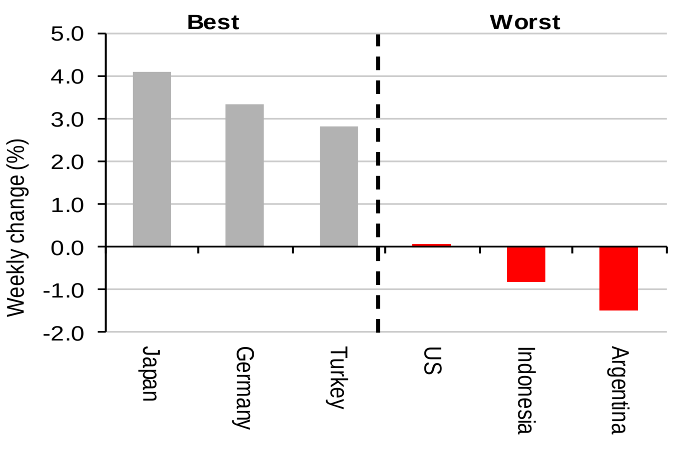


Currencies (versus US dollar)

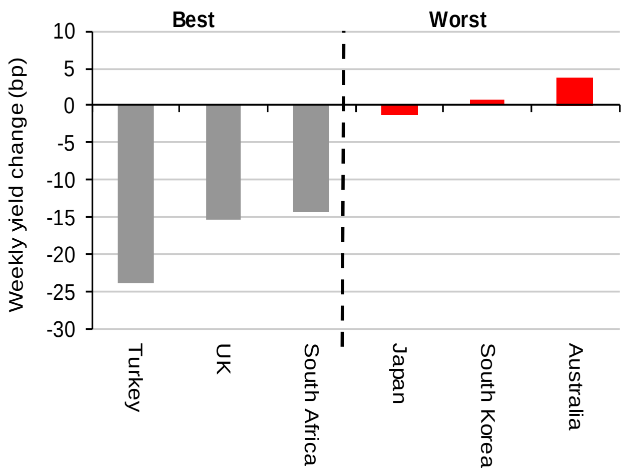
Almost all currencies strengthened against the US dollar this week



Equities



Bonds (10-year)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 12 August 2016.
All the above charts relate to 08/08/2016 – 12/08/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (08-12 August 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 08 August	China	Trade Balance (USD bn)	Jul	47.0	52.3	48.1
	Germany	Industrial Production (Working Day Adjusted, yoy)	Jun	0.5%	0.5%	-0.4%
Tuesday 09 August	China	CPI (yoy)	Jul	1.8%	1.8%	1.9%
	India	RBI Interest Rate Decision (Repurchase Rate)	Aug	6.50%	6.50%	6.50%
	Mexico	CPI (yoy)	Jul	2.73%	2.65%	2.54%
Thursday 11 August	Mexico	Banco de Mexico Interest Rate Decision (Overnight Rate)	Aug	4.25%	4.25%	4.25%
Friday 12 August	China	Industrial Production (yoy)	Jul	6.2%	6.0%	6.2%
	Eurozone	Industrial Production (Working Day Adjusted, yoy)	Jun	0.7%	0.4%	0.3%
	Eurozone	GDP (Seasonally Adjusted, qoq)	Q2 P	0.3%	0.3%	0.3%
	India	CPI (yoy)	Jul	6.0%	6.1%	5.8%
	India	Industrial Production (yoy)	Jun	1.5%	2.1%	1.1%
	US	Retail Sales Advance (mom)	Jul	0.4%	0.0%	0.8%
	US	University of Michigan Index of Consumer Sentiment	Aug P	91.5	90.4	90.0

P – Preliminary

- In the US, **July's headline retail sales** were flat (+0.4% mom expected), although the impact of this was softened somewhat by the upward revision to the June data (0.8% mom, up from 0.6% mom). Strong auto spending (+1.1% mom) was offset by weakness in gasoline sales (-2.7% mom), with the first decline in prices since February being a key driver. Retail sales, excluding autos, were down (-0.3% mom), while the control group was flat against an expected gain (+0.3% mom). This release points to some giveback from a particularly strong Q2 rather than the elimination of the underlying strong trend, although it did dampen market expectations of an interest rate increase from the FOMC this year. Meanwhile, the **University of Michigan Index of Consumer Sentiment** for August inched 0.4 points higher to 90.4 from June's three-month low (consensus 91.5). The current conditions sub-index declined to 106.1 from 109.0 in June but the expectations component rebounded 2.5 points to 80.3. The same report also showed US consumers expect inflation to reach 2.5% in a year's time, down from 2.7% previously, and in the longer term remaining at 2.6% for the coming five to 10 years.

- As expected, **eurozone GDP** grew by 0.3% qoq in Q2 2016 (+0.3% previously), but the underlying performance varies between the region's largest economies. Firstly, Germany recorded growth of 0.4% qoq (consensus +0.2%), following an already strong Q1 print of 0.7%. In a qualitative description, the German statistical office highlighted that strong exports were the main driver of growth in the quarter. Similarly, net trade contributed the most to France's Q2 GDP (+0.32ppt) which disappointed at 0.0% qoq (consensus +0.2%), as a large drawdown in inventory dragged (-0.37ppt). Elsewhere, the Italian economy also failed to grow in the last quarter (0.0% qoq), while Spain expanded by 0.7% (+0.8% prior).

- In **Germany, industrial production** increased by 0.8% mom (+0.5% yoy) in June, after falling 0.9% mom in May (revised up from −1.3% mom). This results in an output loss of 1.0% qoq in the second quarter on average. Construction output and production of capital and intermediate goods declined over the quarter, and consumer goods and energy production expanded modestly. The cyclical decline is most likely a payback after the relatively strong performance in the first three months of the year when industrial production advanced 1.7% qoq. Underlying momentum remains modestly above trend, with the cyclical recovery in the US and other world regions helping to offset the confidence shock after the UK referendum.

- **China's July activity data** came in below expectations, with investment the major disappointment, reflecting sluggish demand conditions and persistent growth headwinds. Fewer working days compared to last year's July, heavy rain causing flooding in parts of the country and high temperatures may also have weakened activity. With respect to external trade, **exports** (in US dollar terms) fell 4.4% yoy in July (forecast -3.5%, -4.8% previously). **Imports** also came in weaker than expected, contracting 12.5% in July after an 8.4% decline in June (versus market consensus of -7.0%) as domestic demand for key commodities lost momentum. **The trade surplus** thus widened to USD52.3 billion in July from USD48.1 billion in June. Meanwhile, the structural adjustment in the economy has progressed, with high-tech sectors holding up relatively well, while sectors with overcapacities and energy-intensive sectors continue to suffer. **Industrial production** growth fell to 6.0% yoy in July from 6.2% in June (consensus 6.2%). **Urban fixed asset investment (FAI)** slowed more than expected, rising 8.1% yoy (year-to-date) in July compared with market consensus of 8.9% and 9.0% in the first half of the year. The result was driven by deceleration in real estate and infrastructure FAI, while manufacturing FAI stagnated at a weak level. Private investment weakened further, rising by 2.1% yoy (year-to-date) in July, a further slowdown from 2.8% in the first half of the year. Meanwhile, **the property market** recovered at a steady pace. New housing starts and home sales accelerated slightly, following two months of moderation, while housing inventory de-stocking continued. Finally, **retail sales** growth also eased to 10.2% in July from 10.6% in June, with broad-based moderation across major product categories.

- In **Mexico**, July saw **headline inflation** print 2.65% yoy (consensus 2.73%), below the central bank's target of 3.00% for the 15th consecutive month. This is, however, higher than June's release (+2.54%) as non-core inflation rose 1.65% yoy (previously +1.16%), driven by a jump in government administered prices (+3.20% yoy). In month-on-month terms, services (+0.12ppt), administered

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prices (+0.11ppts) and energy (+0.10 ppts) contributed the most to the headline (0.26% mom), offsetting weakness in agriculture prices (-0.07 ppts). While this release figure remains consistent with a sedate inflation outlook, the depreciation of the Mexican peso over the last 12 months (despite the lack of evident pass-through so far) remains an upside risk. Against this backdrop, the **Mexican central bank (Banxico)** kept the policy rate unchanged at 4.25%. Although the bank acknowledged recent financial market stabilisation, it highlighted that the US election process and the Fed's normalisation could trigger future bouts of volatility in the peso.

- **India's CPI inflation** accelerated more than expected in July, to 6.1% from 5.8% in June and against the consensus forecast of 5.9%. This was the first reading slightly above the Reserve Bank of India's 4% (+/-2%) inflation target range since September 2014 and was mainly driven by food prices. However, CPI inflation should be gradually coming off its peak in the next few months amid a sequential moderation in food prices, while favourable base effects should also help. Core CPI (excluding food, transport and communication) was relatively stable. Meanwhile, **industrial production** growth picked up to 2.1% yoy in June from 1.1% in May, above market consensus of a 1.5% gain. Capital goods output continued to contract, by 16.5% yoy in June versus -12.3% in May, reflecting subdued investment momentum, especially in private capex. However, consumer non-durables output turned positive (+1.0% yoy) for the first time in one year, indicating a modest recovery of rural demand, which helped consumer goods production. Overall, the industrial production data showed an ongoing cyclical recovery, although the pace remains modest and uneven.

Coming Week (15-19 August 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 15 August	Japan	GDP Annualised, Seasonally Adjusted (qoq)	Q2 P	0.7%	1.9%
	Japan	Industrial Production (yoy)	Jun F		-1.9% P
	US	NAHB/Wells Fargo Housing Market Index	Aug	60.0	59.0
Tuesday 16 August	UK	CPI (yoy)	Jul	0.5%	0.5%
	Germany	ZEW Expectation of Economic Growth	Aug	2.0	-6.8
	US	Housing Starts (mom)	Jul	-0.8%	4.8%
	US	CPI (yoy)	Jul	0.9%	1.0%
	US	Industrial Production (mom)	Jul	0.2%	0.6%
Wednesday 17 August	UK	ILO Unemployment Rate (3 Months)	Jun	4.9%	4.9%
	US	Fed Releases Minutes from July FOMC Meeting			
Thursday 18 August	Japan	Trade Balance, Adjusted (JPY bn)	Jul	142.2	335.0
	UK	Retail Sales, ex. Auto Fuel (yoy)	Jul	3.8%	3.9%
	Eurozone	CPI (yoy)	Jul F	0.2%	0.1% P
	Eurozone	ECB Account of the Monetary Policy Meeting in July			
Friday 19 August	Indonesia	Bank of Indonesia Interest Rate Decision (7-Day Reverse Repo Rate)	Aug	5.00%	5.25%

P – Preliminary, F – Final

US

- **US housing starts** are expected to edge down by 0.8% mom in July (annualised 1,176,000), but remain close to recent highs. Over the past year, new construction has stalled in the 1,050,000-1,200,000 range, with continued robust single-family home construction, while new multi-family home figures have drifted lower, potentially due to tighter financing conditions as indicated in the recent Senior Loan Officer Opinion Survey.

- The August release of the **NAHB/Wells Fargo Housing Market Index**, which measures homebuilder confidence, is expected to return to June's level of 60, after dipping to 59 in July, following a period of stability at 58 from February to May. While July saw a minor dip in both the future and present expectations components, the continued strength of the labour market and high levels of affordability boosted by close to record low mortgage interest rates, are likely to continue to support the housing market.

- July's release of **US CPI inflation** is expected to show that prices rose 0.9% yoy, slightly down from June (+1.0%), but little changed since February. A key weight on the headline series is anticipated to be gasoline prices, which fell for the first time since February (-5.8% mom). However, the core release is expected at 2.3% yoy, the same as in June and in line with the gradual drift higher seen over the last 18 months. Any upside pressure will be closely watched by the Fed, although its preferred measure of inflation, the personal consumption expenditure core price index, is not released until the end of August.

- The July FOMC statement noted strengthening labour market data and strong growth in consumer spending before highlighting the weakness in business investment. Similarly, the concern earlier in the year that US inflation expectations were weakening has been met with more stability, both in financial markets and by the consumer. Perhaps most importantly, the recognition by the FOMC that the near-term risks to the economic outlook have diminished, signal that the committee's level of concern following the Brexit vote has moderated. While core inflation has continued to edge higher, the depth of belief on the committee that this increase will be continued and maintained is key.

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Europe

- The outlook for the German economy has been one of firmness, with PMIs broadly improving. German equity indices have rebounded more than 4% above their pre-Brexit levels. Interestingly, the July IFO release showed little change in business sentiment. The **August ZEW Expectation of Economic Growth** is expected to recover 8.8 points to 2.0 after plunging 26 points in the aftermath of the Brexit vote, while the **ZEW Indicator of Economic Sentiment** is expected to tick up to 50.2 against 49.8 prior.
- The release of the minutes from the July ECB meeting are anticipated to reinforce the dovish tone struck by the statement, driven by the anaemic inflation outlook and lingering concerns over the sustainability of the economic recovery. The statement highlighted that interest rates would be at current "or lower levels for an extended period of time" and that the EUR80 billion a month Asset Purchase Programme would run beyond March 2017 "until it sees a sustained adjustment in the path of inflation consistent with its inflation aim." Despite the apparent robustness of the eurozone data since the Brexit vote, the risks remain "tilted to the downside," although the ECB is awaiting more information with a keen focus on the ECB staff projections, which are released at the September meeting.
- July's **UK CPI inflation** is expected to remain at 0.5% yoy, after June saw a slight upside surprise driven by a larger rise in airfares than anticipated. The dichotomy between goods prices (-1.6% yoy) and services (+2.8% yoy) shows the marked difference with food prices (-3.2% yoy) having been consistently negative for the last two years, whereas recreation and culture services (4.7% yoy) remain comfortably above the 2% target. Any impact from the recent depreciation in sterling will take time to materialise, although the recent Bank of England (BoE) inflation report revised the BoE's Q3-2017 CPI expectation up from 1.5% yoy to 1.9% yoy following the Brexit vote.
- The **UK ILO unemployment rate** is expected to hold steady in the three months to June at 4.9%, with total pay growth ticking up by 0.1ppts to 2.3% yoy, underlining the recent strength of the UK labour market. Given that hiring decisions typically act with a lag, it could be a number of months before the impact of the Brexit vote starts to show through, although the BoE revised up its expectations for unemployment at the end of Q3-2017 to 5.4% from 4.9% previously.
- **UK retail sales** saw a sharp reversal of fortunes in June (-0.9% mom) after very strong growth in April (+1.8% mom) and May (+0.9% mom). The expectations for the July release factor in a slight improvement compared to June's level (+0.3% mom), but would translate into a mild dip yoy (+3.8% versus +3.9% prior). This release will be closely watched given the strong decline seen in consumer sentiment following the UK's vote to leave the European Union, although unseasonably good weather may provide some cushion to the anticipated drop in spending.

Emerging markets and Japan

- **Japan's Q2 real GDP** growth is expected to have slowed to 0.7% qoq (seasonally adjusted annual rate) from 1.9% in Q1, driven by a slowdown in private consumption in the absence of the leap year effect (which boosted Q1 consumption and GDP growth). Public investment may have also picked up – as well as corporate capital expenditure – as suggested by a rebound in capital goods shipments. The contribution from net exports could edge up slightly amid a larger trade surplus. Meanwhile, at the start of Q3, July's **trade balance** likely narrowed to JPY142 billion from JPY335 billion in June. Exports are expected to have contract by 13.8% yoy and imports by 20.0%. Falling export prices probably continued to put downward pressure on the export value, whereas a stronger yen would curb import prices.
- **Bank Indonesia (BI)** will hold its policy meeting on 19 August, when it will officially replace the BI rate with the new benchmark seven-day reverse repo rate, currently 5.25%. It will also move to a new monetary policy framework by introducing a symmetrical interest rate corridor where the floor (deposit facility rate) and ceiling (lending facility rate) will be 75bps below and above the seven-day reverse repo rate. Given a monetary policy framework in transition and better-than-expected Q2 GDP data, BI could take time to assess the economic impact of its cumulative 100bp rate cut this year. However, market consensus is tilted toward a 25bp rate cut on the back of benign inflation, a manageable current account deficit and capital flow risks, a relatively stable rupiah, as well as expectations for "lower for longer" global interest rates. Meanwhile, tax revenue shortfalls requiring spending cuts have raised concern over the room for fiscal policy to support growth in the second half of the year.

Market Moves

Global equities advanced amid thin trading, with upbeat earnings reports helping US bourses briefly touch an all-time high on Thursday

- US equities swung between gains and losses this week, touching new record highs on Tuesday and Thursday. Sentiment was largely supported by corporate earnings results, which have been better than expected for much of the season. However, a weaker than expected July retail sales print pared gains on Friday. Overall, the S&P 500 Index closed flat, and energy shares rallied towards the end of the week on the back of firmer oil prices.
- In Europe, trading was quiet this week, although investor risk appetite remained supported on the back of continued accommodative central bank policy. The EURO STOXX 50 Index moved up for the week (+2.4%), supported by gains in cyclical sectors. Financials shares found some relief (+4.2%), while materials, industrials and consumer discretionary shares also performed strongly. A weaker sterling continued to support the UK's FTSE 100 Index (+1.8%), which rose to a one-year high on Friday.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 12 August 2016.
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- Most Asian stock markets posted weekly gains, tracking positive momentum elsewhere. An oil price rebound also bolstered the energy sector. Japan's Nikkei 225 Index outperformed most major global bourses (+4.1%), as a weaker yen against the US dollar during equity trading hours supported exporter shares, while China's Shanghai Stock Exchange Composite Index also advanced (+2.5%), as weaker than expected July activity data fuelled hopes for policy easing. Furthermore, Hong Kong's Hang Seng Index ended the week higher (+2.8%) on speculation that the start date of the Shenzhen-Hong Kong Stock Connect would be announced soon. Elsewhere, India's SENSEX 30 Index closed up marginally (+0.3%), where, as expected, the Reserve Bank of India kept policy rates unchanged. Meanwhile, Thailand's SET rallied (+2.2%) after Thai voters approved the draft constitution, paving the way for elections to be held by the end of 2017. Finally, Korea's KOSPI rose (+1.6%), as one of the major rating agencies upgraded the country's sovereign credit rating to AA from AA- (with a stable outlook), boosting sentiment.

UK gilts led the rally in core Europe on BoE's easing, while tepid data in the US compressed Treasury yields

- US Treasuries gained modestly (yields fell) in a relatively calm trading week amid strong auction demand and softer than expected data. The US Treasury's issuance of USD24 billion in three-year notes, USD23 billion of 10-year notes and USD15 billion of 30-year bonds was met with strong demand, with the 10-year auction drawing the lowest yield in four years. Weaker than expected US productivity data for the second quarter and disappointing prints for retail sales in July also raised further concerns over the secular macro outlook and exerted downward pressure on the long end of the curve. Overall, US two-year Treasury yields closed 1bps lower at 0.71%; while at the longer end, 10-year yields slipped 8bps to 1.51% and 30-year yields fell 8bps to 2.23%.

- UK gilt yields touched record lows this week as the BoE's renewed large-scale asset purchase programme began, but hit turbulence on Tuesday as many owners of UK gilts were reluctant to sell their holdings to the BoE. UK 10-year yields fell 15bps to a record low of 0.52%. Elsewhere in Europe, 10-year German bund yields remained in negative territory, closing the week down 4bps to -0.11%, despite Q2 GDP beating consensus expectations. French 10-year yields also fell 4bps to 0.11% as industrial production data disappointed. Italian and Spanish government debt were the region's outperformers, with Italian 10-year yields falling 10bps to 1.04% (after a weak Q2 GDP print) and Spanish 10-year yields slipping 8bps to 0.93%.

Most currencies rose on a weaker dollar after US productivity data for Q2 and July's retail sales disappointed

- This week saw a weaker British sterling, breaking below USD1.30, amid lingering concerns over Brexit spill-overs as data releases confirmed the slowdown in June's economic activity with apparent weakness in external trade, manufacturing production and construction output. Furthermore, a report from the Royal Institution of Chartered Surveyors showed only a net 5% of respondents observe higher house prices in July, the lowest since 2013. Overall, the pound extended its decline for a second week (-1.2%). Meanwhile, the euro rebounded against the US dollar (+0.7%), with a large jump occurring on Friday after July's disappointing US retail sales data weakened the greenback.

- Most emerging Asian currencies rose against the US dollar this week on continued foreign fund inflows and as the USD index retreated amid more dovish market expectations for Fed rate hikes after much weaker than expected US Q2 nonfarm productivity data. A sovereign credit rating upgrade by Standard & Poor's was behind the outperformance of the Korean won, while the decision by the Central Bank of Philippines to keep interest rates on hold supported the country's peso. New Zealand's dollar also strengthened against the US dollar, despite the central bank cutting policy rates by 25bps to a record low of 2.00%, given its under-delivery of forward rate guidance disappointed the market.

WTI and Brent rally on news of upcoming OPEC meeting; gold also gained

- WTI crude oil prices were volatile this week with the key driver being expectations that an upcoming OPEC meeting in September may result in action to boost market price stability. However, concerns over the efficacy of such a meeting remained prevalent, particularly after failed negotiations in April. Meanwhile in the US, an uptick in the oil rig count (released late last Friday), as well as growing crude inventories (shown in both the American Petroleum Institute and U.S. Energy Information Administration reports) also weighed. More positively, the International Energy Agency forecasted that a draw on oil supplies in Q3 would eliminate global imbalances over the rest of 2016. Overall, WTI for September settlement ended the week higher (+6.4% to USD44.5per barrel) as did Brent crude (+6.1% to USD47.0 per barrel).

- Gold prices found support during midweek on a weaker dollar. They rallied further Friday trading due to higher demand for the "safe-haven" asset after a weaker than expected July US retail sales print. However, gold closed the week flat (0.0% to USD1,336 per ounce).

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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)	421	1.3	3.1	6.0	0.3	5.4	422	351	17.1
North America									
US Dow Jones Industrial Average	18,576	0.2	1.2	4.8	6.7	6.6	18,638	15,370	17.6
US S&P 500 Index	2,184	0.1	1.5	5.8	4.7	6.9	2,188	1,810	18.6
US NASDAQ Composite Index	5,233	0.2	4.2	10.5	3.7	4.5	5,239	4,210	22.5
Canada S&P/TSX Composite Index	14,747	0.7	1.9	7.0	2.8	13.4	14,856	11,531	19.7
Europe									
MSCI AC Europe (USD)	403	2.4	3.6	2.0	-9.8	-1.9	454	354	16.0
Euro STOXX 50 Index	3,045	2.4	3.8	3.7	-12.6	-6.8	3,580	2,673	14.3
UK FTSE 100 Index	6,916	1.8	3.5	13.3	5.2	10.8	6,931	5,500	17.8
Germany DAX Index*	10,713	3.3	7.5	8.6	-1.9	-0.3	11,431	8,699	13.7
France CAC-40 Index	4,500	2.0	3.9	4.8	-8.6	-3.0	5,052	3,892	14.9
Spain IBEX 35 Index	8,716	2.1	2.5	0.6	-19.9	-8.7	11,057	7,580	15.4
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	450	2.3	5.7	11.7	4.7	9.4	450	357	14.5
Japan Nikkei-225 Stock Average	16,920	4.1	5.1	1.6	-17.0	-11.1	20,669	14,864	17.2
Australian Stock Exchange 200	5,531	0.6	3.3	3.2	2.8	4.4	5,611	4,707	17.1
Hong Kong Hang Seng Index	22,767	2.8	7.3	14.3	-4.8	3.9	24,126	18,279	12.6
Shanghai Stock Exchange Composite Index	3,051	2.5	0.0	7.6	-21.5	-13.8	4,006	2,638	14.2
Hang Seng China Enterprises Index	9,555	4.6	7.9	13.6	-13.5	-1.1	11,169	7,499	8.2
Taiwan TAIEX Index	9,150	0.6	3.5	12.9	10.5	9.7	9,200	7,203	14.7
Korea KOSPI Index	2,050	1.6	3.0	3.7	3.8	4.5	2,065	1,801	11.6
India SENSEX 30 Index	28,152	0.3	1.2	9.2	2.3	7.8	28,290	22,495	17.6
Indonesia Jakarta Stock Price Index	5,377	-0.8	5.4	11.9	20.0	17.1	5,476	4,034	17.6
Malaysia Kuala Lumpur Composite Index	1,684	1.2	1.8	2.1	4.6	-0.5	1,729	1,504	16.5
Philippines Stock Exchange PSE Index	7,956	-0.2	0.2	8.6	6.1	14.4	8,118	6,084	20.4
Singapore FTSE Straits Times Index	2,867	1.4	-1.2	4.4	-6.3	-0.5	3,119	2,528	13.5
Thailand SET Index	1,553	2.2	5.3	11.0	10.2	20.5	1,554	1,221	16.6
Latam									
Argentina Merval Index	15,166	-1.5	0.4	13.4	30.3	29.9	16,143	8,660	16.2
Brazil Bovespa Index*	58,298	1.1	7.4	9.5	20.5	34.5	58,753	37,046	15.1
Chile IPSA Index	4,160	1.0	2.5	3.6	8.7	13.0	4,168	3,419	15.1
Colombia COLCAP Index	1,324	1.1	0.3	-2.1	3.3	14.7	1,380	1,046	14.1
Mexico Index	48,364	2.5	4.2	5.9	9.8	12.5	48,571	39,257	21.2
EEMEA									
Russia MICEX Index	1,967	1.2	1.5	3.4	15.9	11.7	1,977	1,583	7.3
South Africa JSE Index	52,807	0.9	0.5	2.6	4.4	4.2	54,761	45,976	17.1
Turkey ISE 100 Index*	78,229	2.8	-3.6	-0.1	0.1	9.1	86,931	68,230	9.1

*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	6.6	7.0	2.4	18.9	55.0
US equities	6.4	7.7	5.8	34.6	98.8
Europe equities	3.0	0.6	-6.9	0.6	26.3
Asia Pacific ex Japan equities	12.9	11.5	7.9	10.6	23.4
Japan equities	7.1	2.5	-1.6	14.6	41.0
Latam equities	13.6	38.7	17.8	-17.1	-24.3
Emerging Markets equities	14.1	16.5	8.2	2.2	4.1

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 12 August 2016.
Past performance is not an indication of future returns.

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)	511	0.3	0.2	2.5	6.6	6.5
JPM EMBI Global	767	1.0	1.2	6.2	13.9	14.3
BarCap US Corporate Index (USD)	2,795	0.4	0.0	3.2	8.3	8.8
BarCap Euro Corporate Index (Eur)	244	0.3	1.1	3.1	5.7	6.1
BarCap Global High Yield (USD)	422	0.7	1.5	5.7	9.7	12.7
Markit iBoxx Asia ex-Japan Bond Index (USD)	191	0.6	1.1	3.3	8.5	8.1
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	234	0.6	1.6	5.2	12.1	12.0

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	1.11	1.11	1.14	1.12	1.09	1.17	1.05
GBP/USD	1.29	1.31	1.32	1.45	1.56	1.47	1.58	1.28
CHF/USD	1.03	1.02	1.01	1.03	1.03	1.00	1.08	0.97
CAD	1.30	1.32	1.30	1.28	1.30	1.38	1.47	1.25
JPY	101.30	101.82	104.69	109.02	124.21	120.22	124.57	99.02
AUD	1.31	1.31	1.31	1.37	1.36	1.37	1.46	1.28
NZD	1.39	1.40	1.37	1.47	1.51	1.46	1.60	1.36
Asia								
HKD	7.76	7.76	7.76	7.76	7.76	7.75	7.83	7.75
CNY	6.64	6.66	6.69	6.52	6.39	6.49	6.70	6.32
INR	66.89	66.78	67.18	66.63	64.81	66.15	68.79	64.70
MYR	4.03	4.03	3.98	4.03	4.03	4.29	4.48	3.84
KRW	1,103	1,111	1,148	1,163	1,190	1,175	1,245	1,091
TWD	31.43	31.49	32.20	32.53	32.34	32.86	33.79	31.01
Latam								
BRL	3.19	3.17	3.30	3.48	3.48	3.96	4.25	3.11
COP	2,930	3,038	2,919	2,946	2,940	3,175	3,453	2,785
MXN	18.26	18.75	18.34	17.97	16.28	17.21	19.52	16.33
EEMEA								
RUB	64.76	65.47	63.80	64.91	64.24	72.52	85.96	60.59
ZAR	13.48	13.73	14.34	15.00	12.76	15.47	17.92	12.76
TRY	2.96	3.00	2.89	2.96	2.78	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	0.27	0.26	0.29	0.26	0.10	0.16
2-Year	0.71	0.72	0.69	0.75	0.67	1.05
5-Year	1.10	1.14	1.09	1.24	1.52	1.76
10-Year	1.51	1.59	1.51	1.75	2.15	2.27
30-Year	2.23	2.31	2.22	2.60	2.84	3.02
Developed market 10-year bond yields (%)						
Japan	-0.11	-0.10	-0.28	-0.12	0.35	0.26
UK	0.52	0.67	0.83	1.40	1.79	1.96
Germany	-0.11	-0.07	-0.09	0.15	0.60	0.63
France	0.11	0.15	0.19	0.51	0.92	0.99
Italy	1.04	1.14	1.22	1.50	1.82	1.59
Spain	0.93	1.01	1.17	1.62	1.98	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	1,336	0.0	0.2	5.7	18.8	25.9	1,375	1,046
Brent Oil	47.0	6.1	-3.1	-2.3	-5.4	26.0	54	27
WTI Crude Oil	44.5	6.4	-4.9	-4.7	2.7	20.1	52	26
R/J CRB Futures Index	183	0.5	-4.0	-0.5	-8.2	3.7	204	155
LME Copper	4,848	1.2	-0.4	5.1	-6.6	3.0	5,441	4,318

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 12 August 2016.
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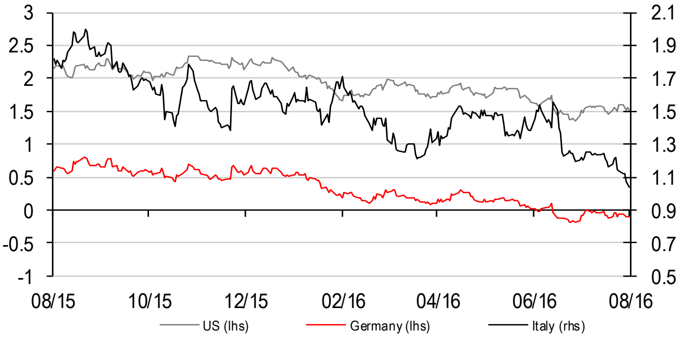
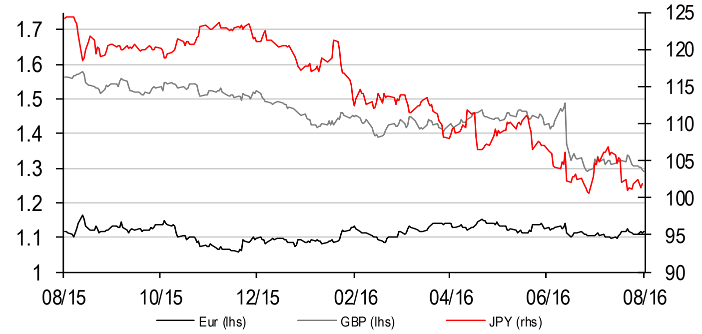
Market Trends

Government bond yields (%)



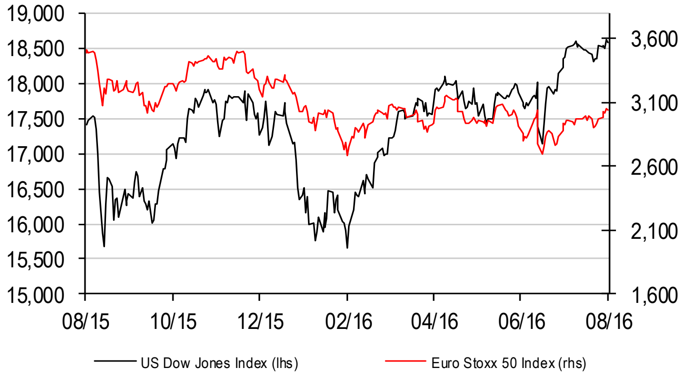
Yields based on 10 year government bonds

Major currencies (versus US dollar)

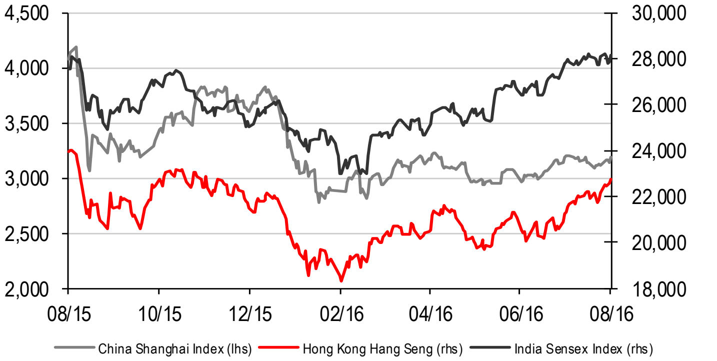


All values versus USD

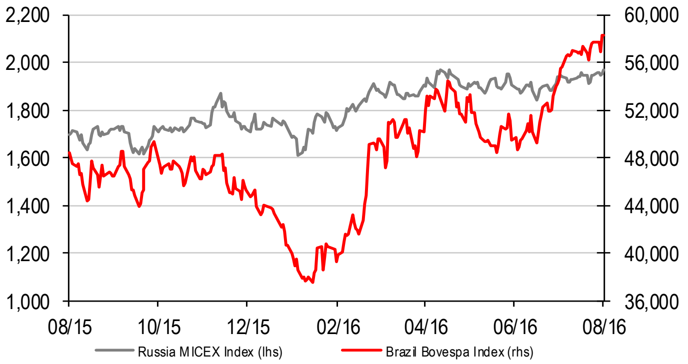
Global equities



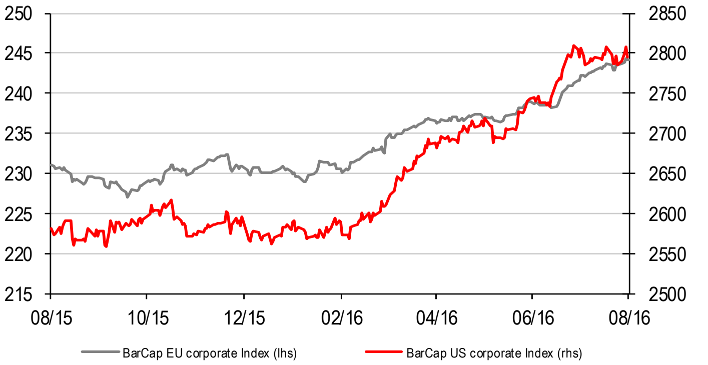
Emerging Asian equities



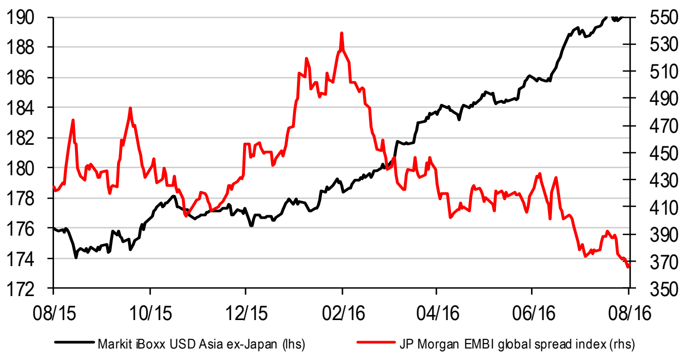
Other emerging equities



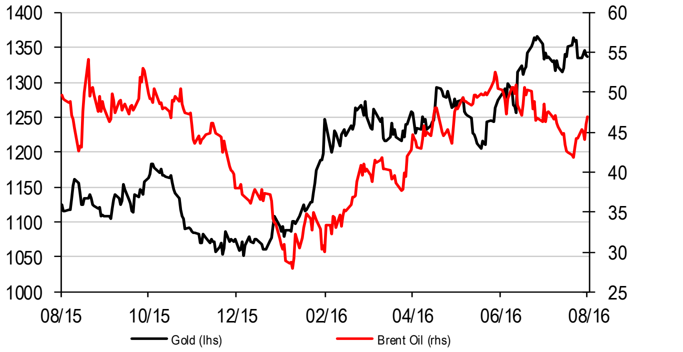
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 12 August 2016.
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Expiry: September 9, 2016

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