IW
Investment Weekly

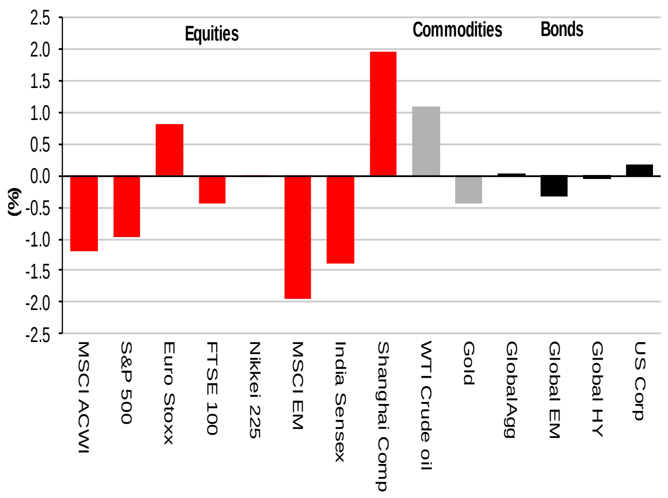
14 October 2016

For Professional Client and Institutional Investor Use Only

- US and Asian equities retreated this week amid growing US Federal Reserve (Fed) rate hike expectations and mixed Chinese economic data; however, European bourses outperformed
- The minutes of the Federal Open Market Committee (FOMC) meeting held in September confirmed that the decision to keep policy rates unchanged was a "close call"
- China's September trade data disappointed, although inflation data showed the first increase (on a yoy basis) in factory-gate prices since February 2012
- In the coming week, there are a number of key data releases in the UK and China, not least China Q3 GDP, while the European Central Bank's (ECB) October meeting will be scrutinised for any clues regarding the future course of the Bank's quantitative easing (QE) programme

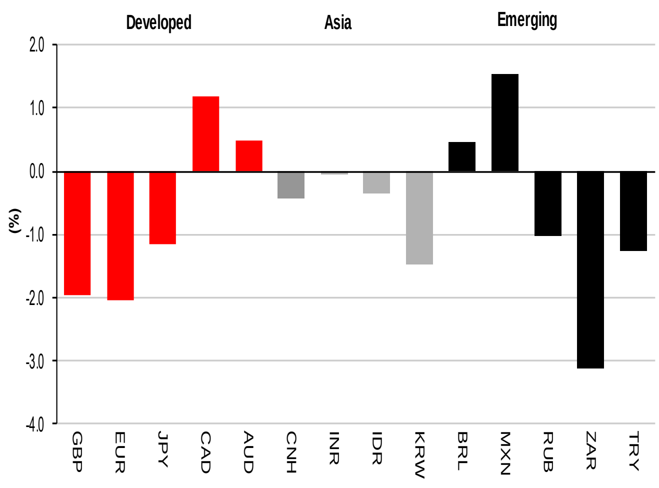
Movers and shakers

European equities managed to gain this week

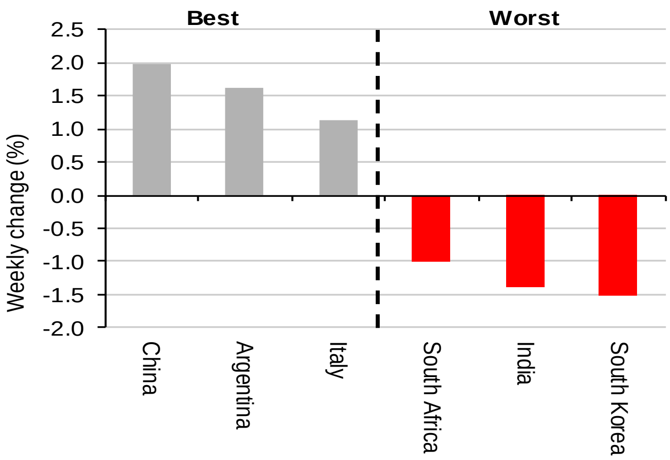


Currencies (vs. USD)

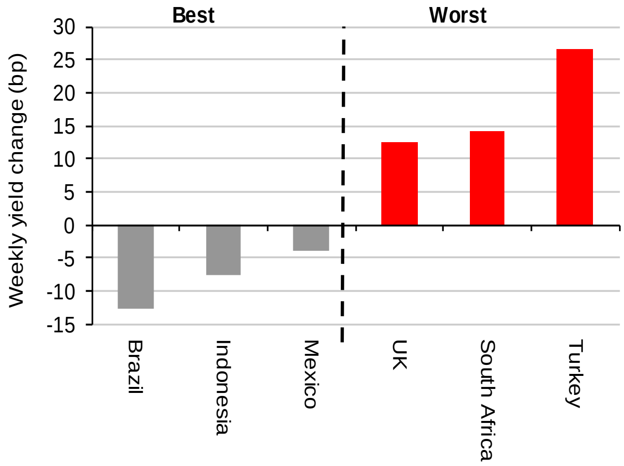
The British pound fell amid continuing "hard-Brexit" fears



Equities



Bonds (10-year)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
All the above charts relate to 07/10/2016 – 14/10/2016
Past performance is not an indication of future returns

HSBC Global Asset Management

Macro Data and Key Events

Past Week (10–14 October 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 10 October	India	Industrial production (yoy)	Aug	-0.8%	-0.7%	-2.5%
Tuesday 11 October	Germany	Zew survey expectations	Oct	4.0	6.2	0.5
Wednesday 12 October	Eurozone	Industrial production (working day adjusted, yoy)	Aug	1.5%	1.8%	-0.5%
	US	Fed releases minutes from September FOMC meeting				
Thursday 13 October	China	Trade balance (USD billion)	Sep	53.0	42.0	52.1
	India	CPI (yoy)	Sep	4.6%	4.3%	5.1%
	Mexico	Minutes from the September monetary policy meeting				
Friday 14 October	China	CPI (yoy)	Sep	1.6%	1.9%	1.3%
	US	Retail sales advance (mom)	Sep	0.6%	0.6%	-0.2%
	US	University of Michigan Consumer Sentiment	Oct P	91.8	87.9	91.2
	US	Fed Chair Janet Yellen speaks at Boston Fed Conference				

P – Preliminary

- In the US, **retail sales excluding autos and gasoline** was in line with expectations at 0.3% mom, with the prior month revised up slightly to 0.0% mom against -0.1% previously. The headline index was also strong, as expected, at 0.6%, with the prior month revised up to -0.2% mom from -0.3% mom. However, retail sales excluding food, gasoline, autos and building materials was weaker than expected at 0.1% mom against 0.4% expected. Most sectors gained, although electronics (-0.9% mom) and health and personal care (-0.5% mom) fell. Interestingly, department store sales fell (-0.7% mom) continuing a difficult year, with building materials (+1.4% mom) recovering some of the weakness seen over the prior two months. Regarding monetary policy, the **minutes of the FOMC meeting** held in September confirmed that the decision to keep policy rates unchanged was a “close call”. Some policymakers believe a hike would be appropriate “relatively soon if the labour market continued to improve and economic activity strengthened”. Furthermore, acknowledging that labour market conditions have improved appreciably over the course of the year, some were concerned that a delay to policy normalisation would “unduly increase the risk of the unemployment rate falling markedly below its longer-run normal level”. This could ultimately force the Fed to tighten more aggressively than anticipated, having detrimental consequences to the economy. Meanwhile, some would prefer to see more concrete evidence of inflation moving toward the 2% target. Overall, a “substantial majority” of the committee saw risks to the economic outlook as “roughly balanced”, citing in particular lower risks from Brexit. Finally, the **University of Michigan Index of Consumer Sentiment** preliminary release for October showed a surprise dip from 91.2 to 87.9 versus expectations of a slight improvement to 91.8. The current conditions index improved to 105.5, up from 104.2, while expectations fell to 76.6 from 82.7 their weakest level since September 2014. There was a slight increase in consumers’ appetite for making household durable goods purchases. However, the expressed desire to purchase autos has fallen sharply over the last two months, with its three-month moving average at its lowest level since September 2014. Conversely, reported business conditions, at 86, were their best since July 2015.

- Over to Europe, **eurozone industrial production** rose by a slightly better-than-expected 1.6% mom in August, from an upwardly revised 0.7% dip in the prior month, leaving the annual growth rate at 1.8% yoy (working day adjusted) – it’s highest level since April. However, the underlying trend remains soft at 0.7% yoy on a six-month moving average basis, having been on a downward trend since the beginning of the year, mainly reflecting softness in key emerging market export destinations and a slowdown in global trade. Elsewhere, the October **German ZEW surveys** were encouraging, with both main indicators beating consensus forecasts. In particular, the Current Situation increased from 55.1 to 59.5 (consensus 55.5), the highest since January this year. The Expectation of Economic Growth also drifted higher from July’s slump, rising 5.7 to 6.2 (consensus 4.0), albeit remaining below pre-Brexit levels (average of 8.7 for the first half of 2016). Overall, the latest reading is consistent with recent robustness in activity data, and highlights improving confidence among German finance professionals in the economic picture, despite the negative news flow regarding the banking sector and intensifying “hard Brexit” risks.

- Moving to emerging markets, **China’s September trade data** came in lower than expected, as domestic demand showed resilience while external demand continued to disappoint. Imports retreated only modestly (-1.9% yoy, down from +1.5% in August), as demand for commodities rose at robust pace. Meanwhile, exports fell by 10% yoy (consensus at -3.3%) despite the roughly 5% depreciation of the CNY against the USD since September 2015. Compared to August, demand from advanced economies retreated more sharply than demand from emerging countries, with some noticeable exceptions like South Africa (-28.1% yoy). Overall, the trade surplus unexpectedly fell, down from USD52.1 billion in August to USD42.0 billion in September, the smallest surplus since March 2016. Meanwhile, **inflation** data for September came in above market expectations, with the first increase (on a yoy basis) in factory-gate prices since February 2012. **Producer prices (PPI)** rose 0.1% yoy (versus consensus expectations of a -0.3% decline) as mining and raw materials prices continued to recover. PPI reflation is likely to be positive for market sentiment, industrial sector value-added growth, corporate earnings and fiscal revenue growth. Meanwhile, **CPI inflation** gathered pace from 1.6% yoy in August to 1.9% in September as food prices rebounded (from +1.3% yoy to +3.2%).

- Elsewhere, **India’s industrial production** fell by -0.7% yoy in August, slightly less than the -0.8% forecast and notably less than the -2.5% seen in July. A smaller decline in manufacturing production helped offset a sharp contraction in mining output, while electricity output was flat yoy. On the demand side, contraction in capital-goods output (-22.2% yoy) remained a significant drag on overall production, largely due to the volatile “cable and rubber insulated products” segment (-86.2%). Consumer goods output growth

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
Past performance is not an indication of future returns

moderated for a second month, to 1.1% yoy in August from 1.6% in July, partly reflecting unfavourable base effects. Overall, the data suggest no quick turnaround in industrial production in sight, with private capital expenditure (Capex) and rural demand staying weak, while public investment and urban consumption remaining the growth engine, albeit losing some momentum recently. Meanwhile, **CPI inflation** came in weaker than expected at 4.3% yoy in September (consensus expectations at +4.6%) from 5.1% in August. This was driven by lower food price inflation, with deflation observed in vegetable prices.

Coming Week (17– 21 October 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 17 October	Japan	Industrial production (yoy)	Aug F		4.6%
	Eurozone	CPI (yoy)	Sep F	0.4%	0.4%-P
	US	Industrial production (mom)	Sep	0.2%	-0.4%
Tuesday 18 October	UK	CPI (yoy)	Sep	0.9%	0.6%
	US	CPI (yoy)	Sep	1.5%	1.1%
	US	NAHB housing market index	Oct	63	65
Wednesday 19 October	Brazil	COPOM interest rate decision	Oct	14.00%	14.25%
	China	Industrial production (yoy)	Sep	6.4%	6.3%
	China	Retail sales (yoy)	Sep	10.7%	10.6%
	China	GDP (yoy)	Q3	6.7%	6.7%
	UK	ILO unemployment rate (3 months)	Aug	4.9%	4.9%
	US	Housing starts (mom)	Sep	2.9%	-5.8%
	Canada	Bank of Canada interest rate decision	Oct	0.50%	0.50%
Thursday 20 October	UK	Retail sales ex auto fuel (yoy)	Sep	4.4%	5.9%
	Turkey	CBRT interest rate decision (overnight lending rate)	Oct	8.00%	8.25%
	Eurozone	ECB interest rate decision	Oct	-0.40%	-0.40%
	US	Existing home sales (mom)	Sep	0.4%	-0.9%
Friday 21 October	Brazil	IBGE inflation IPCA-15 (yoy)	Oct	8.3%	8.8%

P – Preliminary, Q – Quarter, F – Final

US

- September's release of **CPI inflation** is expected to show that prices rose 1.5% yoy, the highest level since October 2014 and up firmly from 1.1% yoy in August. However the more stable core measure, excluding food and energy, is expected to remain at 2.3% yoy. The Fed will pay attention to any upside pressure, although its preferred measure of inflation, the personal consumption expenditure core price index, is not released until the end of October.
- In a housing market data heavy week, **housing starts** are expected to increase by 2.9% mom in September (annualised 1,175,000). Over the past year, new total construction has stalled in the 1,100,000-1,210,000 range. More recently, this move has been supported by firmer multi-family home construction, with single-family home construction remaining close to a cycle high. Similarly, the market expects September's **existing home sales** release to creep higher by 0.4% mom (5,350,000 annualised against 5,333,000 previously). Finally, the October release of the **NAHB/Wells Fargo Housing Market Index**, which measures homebuilder confidence, is expected to drift lower to 63 from September's post crisis high of 65. This would still be comparatively firm compared to the 58 level seen between February and May. September saw a strong rise in both the future and present expectations components, as well as in prospective buyer traffic. 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.

Europe

- The **ECB's October meeting** is expected to see the bank keep policy on hold. Recent speculation that the bank could begin tapering its EUR80 billion a month Asset Purchase Programme (APP) is likely to be a feature of the post-meeting press conference. However, no decision on this matter is expected until December when the Bank's new macroeconomic projections are released and internal committees charged with the task of looking at ways to "redesign the programme" have had sufficient time to deliberate.
- In a **UK** data-heavy week, September **CPI inflation** is expected to accelerate to 0.9% yoy, from 0.6% in the prior month, mainly on the back of higher petrol prices during the month, as well as the decline in pump prices seen last September. It will also be interesting to see if the recent sharp depreciation of sterling has put any upward pressure on food prices. Meanwhile, **the ILO Unemployment** rate for the three months to August is expected to remain at 4.9%, where it has been since May. Jobless claims and claimant count prints for September are also expected to hold steady, reflecting the hitherto robust post-'Brexit' vote UK economy. Finally, **retail sales** (excluding auto fuel) for September are expected to also hold up (expanding by +0.2% mom), supported by a strong labour market as well as low inflation and borrowing costs. Anecdotal evidence also suggests weaker sterling has boosted spending by tourists. However, a strong print in September 2015 should see the yoy growth rate edge lower (to +4.4%).

Emerging markets

- **China** will publish a host of economic data, starting with **GDP growth for Q3**, which is expected to come in at 6.7%, unchanged from Q1 and Q2. Infrastructure investment should remain robust amid China's expansionary fiscal policy. Furthermore, the recent rebound in producer prices suggest that headwinds resulting from the adjustment of excess productive capacity is receding. However, external demand and private sector investment remain sluggish. Meanwhile, September **industrial production** growth likely edged up to 6.4% yoy, up from 6.3% in August, reflecting the better reading in the production sub-index of the official manufacturing PMI (52.8 in September versus 52.6 in August). China will also release **retail sales** data for September, which is expected to tick up from 10.6% yoy in August to 10.7% in September.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
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- At the September monetary policy meeting, **the Central Bank of Turkey** (CBT) cut the **overnight lending rate** by 25bps while also signalling further easing in the future. It also highlighted the existing tight financial conditions and the deceleration in Q3 economic activity. As a result, it is likely that the CBT will bring down the lending rate further at its **October meeting**, to 8.00% from 8.25% currently.
- **Brazil Central Bank** is expected to cut the **Selic rate** to 14.00% at its **October meeting** from 14.25%. Inflation remains well above the bank's 4.5% target (+8.5% in September on the country-wide measure), but it has slowed quicker than expected recently, primarily driven by lower food prices. In addition, the government's proposed spending cap passed its first vote in the lower house. Despite the improving reform and inflation outlook, Brazil's recession is still expected to last until Q2-2017, marking three years of economic decline.

Market Moves

US and Asian equities retreated over the week amid growing Fed-rate hike expectations and mixed Chinese economic data; European bourses outperform

- After a positive start to the week, **US equities** retreated as investor sentiment was weighed down by a disappointing start to the earnings season. Growing expectations that the Fed would resume normalising monetary policy later this year and poor September Chinese trade data also weighed. However, Friday's better than expected earnings releases in the banking sector helped pare losses. Overall, the S&P 500 finished down (-1.0%). The earnings season continues next week with 87 S&P 500 members due to report.
- Meanwhile, **European equities** swung between gains and losses this week. Higher oil prices provided support although this was offset by mixed Chinese data for September. Overall, the Euro Stoxx 50 eventually ended higher (+0.8%), snapping a three-week losing streak. Meanwhile, the UK's FTSE 100 underperformed among major bourses (-0.4%), despite weaker sterling pushing the index to all-time high on Tuesday.
- **Asian equities** retreated over the week as the positive impact of rising oil prices was more than offset by weaker-than-expected Chinese trade data for September, fuelling concerns about global demand. Downward pressure also came from the September FOMC meeting minutes, supporting the odds of a Fed rate hike before year-end. Hong Kong stocks declined the most (the Hang Seng Index fell 2.6%), dragged lower by property developers on concerns about Chinese property market cooling measures. Most other markets also dipped, with the exception of Japanese indices (supported by a weaker yen) and Chinese markets (making ground after a week-long holiday at the beginning of October).

US Treasuries weakened as December rate hike remains in play; most European bonds also fell

- The **US treasuries** curve bear steepened (yields rose) over the week as higher inflation expectations and building prospects for a rate hike before year-end reduced demand for perceived safe-haven assets. The release of the minutes for the FOMC meeting in September confirmed that the decision to keep rates unchanged had been a "close call". Ten-year treasury yields gaining 8bp to close at 1.80%. Meanwhile, the primary market saw solid demand, with USD56 billion sold across three, ten and 30-year maturities.
- Most **European government bonds** also fell (yields rose) amid better than expected eurozone industrial production and trade data. Furthermore, lingering investor concerns around the curtailment of the ECB's QE programme also weighed. Benchmark German 10-year bund yields closed up 4bp to 0.06%. Equivalent maturity UK gilts underperformed (+13bp to 1.10%), pressured by continuing sterling weakness feeding into higher inflation expectations and ongoing 'hard-Brexit' fears as UK Prime Minister Theresa May dismissed calls for MPs to vote on the government's negotiating strategy. Elsewhere, Portugal was the outlier in the region, with 10-year bonds rallied strongly as Portuguese Finance Minister Centeno indicated that initial meetings with the only remaining major rating agency to classify Portugal as investment grade had been positive.

Most major developed market and emerging market currencies fell against the dollar on growing expectations of a year-end Fed rate hike

- Positive data from the common currency region could not prevent **the euro** from falling against the dollar for the second consecutive week (-2.0%) as the greenback strengthened amid growing expectations that the Fed would hike interest rates by year-end. Meanwhile, lingering concerns over a 'hard Brexit' continued to weigh on the **British pound** (-2.0%). **Asian currencies** also depreciated against a stronger US dollar over the week. The downtrend was led by the Korean won (-1.5%) after the Bank of Korea kept its policy on hold, despite concerns about the growth outlook over the next eighteen months. The Thai baht also depreciated sharply (-1.3%), with losses pared after the King's death was announced on Thursday. The Indian rupee was more resilient, shedding only 0.1%, on the back of weaker-than-expected CPI inflation in September.

Oil prices buoyed by hopes that Russia could join OPEC in stabilising prices; gold prices edged lower

- WTI **oil prices** rose for the fourth consecutive week (+1.1% to USD50.4 per barrel), boosted by comments from Russian President Vladimir Putin at the World Energy Congress in Istanbul, suggesting that Russia is willing to participate in OPEC's efforts to stabilise prices. Support also came from the US Energy Information Administration (EIA) weekly report which showed a bigger-than-expected decline in distillate and gasoline inventories that offset a higher-than-expected build in total US crude. This offset downward pressure from OPEC reporting its September oil output at eight-year highs. Brent crude ended the week little changed (-0.0% to USD52.0 per barrel).
- **Gold** prices edged lower this week (-0.4% to USD1,251) amid a stronger US dollar and growing expectations of a US interest rate increase this year.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
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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)	411	-1.2	0.2	-0.1	2.8	3.0	425	351	16.7
North America									
US Dow Jones Industrial Average	18,138	-0.6	0.6	-2.0	7.2	4.1	18,668	15,451	16.9
US S&P 500 Index	2,133	-1.0	0.3	-1.4	7.0	4.4	2,194	1,810	18.1
US NASDAQ Composite Index	5,214	-1.5	0.8	3.6	9.0	4.1	5,343	4,210	21.9
Canada S&P/TSX Composite Index	14,585	0.1	1.5	0.5	5.1	12.1	14,856	11,531	19.7
Europe									
MSCI AC Europe (USD)	391	-1.5	-1.4	-0.5	-7.9	-4.9	437	354	15.6
Euro STOXX 50 Index	3,025	0.8	2.0	2.1	-5.2	-7.4	3,524	2,673	14.6
UK FTSE 100 Index	7,014	-0.4	5.1	5.4	11.9	12.4	7,130	5,500	17.1
Germany DAX Index*	10,580	0.9	1.9	5.1	6.7	-1.5	11,431	8,699	13.5
France CAC-40 Index	4,471	0.5	2.3	1.9	-3.0	-3.6	5,012	3,892	14.6
Spain IBEX 35 Index	8,768	1.7	0.8	2.5	-12.6	-8.1	10,632	7,580	15.4
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	446	-1.9	1.8	3.7	5.9	8.5	459	357	14.6
Japan Nikkei-225 Stock Average	16,856	0.0	1.5	2.9	-5.8	-11.4	20,012	14,864	16.9
Australian Stock Exchange 200	5,434	-0.6	3.9	0.4	4.6	2.6	5,611	4,707	16.5
Hong Kong Hang Seng Index	23,233	-2.6	0.2	7.8	3.5	6.0	24,364	18,279	12.7
Shanghai Stock Exchange Composite Index	3,064	2.0	2.0	0.3	-6.1	-13.4	3,685	2,638	14.4
Hang Seng China Enterprises Index	9,601	-3.2	0.6	6.6	-7.1	-0.6	10,885	7,499	8.4
Taiwan TAIEX Index	9,165	-1.1	3.0	3.4	7.5	9.9	9,328	7,628	14.8
Korea KOSPI Index	2,023	-1.5	1.2	0.7	0.7	3.1	2,074	1,818	11.4
India SENSEX 30 Index	27,674	-1.4	-2.5	-1.0	3.3	6.0	29,077	22,495	18.2
Indonesia Jakarta Stock Price Index	5,400	0.4	4.9	6.2	20.5	17.6	5,483	4,331	17.8
Malaysia Kuala Lumpur Composite Index	1,659	-0.4	-0.1	0.3	-3.0	-2.0	1,729	1,601	16.6
Philippines Stock Exchange PSE Index	7,389	-2.5	-2.1	-7.1	6.7	6.3	8,118	6,084	18.7
Singapore FTSE Straits Times Index	2,815	-2.1	0.2	-3.2	-5.7	-2.3	3,105	2,528	13.5
Thailand SET Index	1,478	-1.8	1.3	-0.7	5.2	14.7	1,558	1,221	15.5
Latam									
Argentina Merval Index	17,415	1.6	12.0	12.6	60.2	49.2	17,438	9,200	17.6
Brazil Bovespa Index*	61,767	1.1	8.3	11.3	32.2	42.5	62,039	37,046	15.6
Chile IPSA Index	4,141	1.6	1.9	1.6	9.2	12.5	4,183	3,419	15.5
Colombia COLCAP Index	1,346	-0.2	-2.0	1.0	6.9	16.7	1,419	1,046	14.2
Mexico Index	47,701	0.2	4.2	2.6	8.3	11.0	48,956	39,924	21.3
EEMEA									
Russia MICEX Index	1,966	-0.7	-1.9	1.2	14.1	11.6	2,063	1,583	6.9
South Africa JSE Index	51,147	-1.0	-2.6	-3.2	-3.6	0.9	54,761	45,976	15.9
Turkey ISE 100 Index*	77,554	-0.5	0.6	-6.1	-2.3	8.1	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	0.3	4.8	5.0	12.6	51.7
US equities	-0.9	5.5	8.3	29.6	87.2
Europe equities	-0.1	-2.2	-5.1	-6.6	25.0
Asia Pacific ex Japan equities	4.4	11.1	9.0	3.2	28.0
Japan equities	4.4	1.3	5.6	8.7	43.3
Latam equities	5.6	38.8	26.8	-21.2	-21.7
Emerging Markets equities	4.2	15.2	8.1	-5.7	8.4

All total returns quoted in USD 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 Latam 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.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
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Market Data (cont.)

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	508	0.0	0.1	-0.4	5.4	5.8
JPM EMBI Global	767	-0.3	0.8	1.1	13.2	14.3
BarCap US Corporate Index (USD)	2,798	0.2	0.7	0.1	7.2	8.9
BarCap Euro Corporate Index (Eur)	243	-0.1	-0.2	0.3	6.0	5.5
BarCap Global High Yield (USD)	429	-0.1	1.4	3.1	12.1	14.7
Markit iBoxx Asia ex-Japan Bond Index (USD)	190	-0.3	0.6	0.6	7.3	7.6
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	236	-0.1	1.0	2.3	12.7	13.1

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	1.10	1.12	1.13	1.11	1.15	1.09	1.16	1.05
GBP/USD	1.22	1.24	1.32	1.33	1.55	1.47	1.55	1.18
CHF/USD	1.01	1.02	1.03	1.02	1.05	1.00	1.06	0.97
CAD	1.31	1.33	1.32	1.29	1.29	1.38	1.47	1.25
JPY	104.18	102.98	102.43	105.35	118.83	120.22	123.76	99.02
AUD	1.31	1.32	1.34	1.31	1.37	1.37	1.46	1.28
NZD	1.41	1.39	1.37	1.39	1.47	1.46	1.58	1.34
Asia								
HKD	7.76	7.76	7.76	7.75	7.75	7.75	7.83	7.75
CNY	6.73	6.67	6.67	6.68	6.35	6.49	6.73	6.32
INR	66.72	66.69	66.90	66.91	65.04	66.15	68.79	64.73
MYR	4.19	4.16	4.12	3.95	4.20	4.29	4.44	3.84
KRW	1,132	1,116	1,126	1,138	1,147	1,175	1,245	1,090
TWD	31.67	31.46	31.70	32.01	32.49	32.86	33.79	31.01
Latam								
BRL	3.21	3.22	3.34	3.25	3.81	3.96	4.17	3.11
COP	2,922	2,927	2,950	2,917	2,926	3,175	3,453	2,785
MXN	19.01	19.30	19.27	18.35	16.47	17.21	19.93	16.34
EEMEA								
RUB	62.96	62.32	65.16	62.92	62.64	72.52	85.96	60.59
ZAR	14.32	13.87	14.32	14.22	13.23	15.47	17.92	13.01
TRY	3.09	3.05	2.98	2.88	2.91	2.92	3.11	2.76

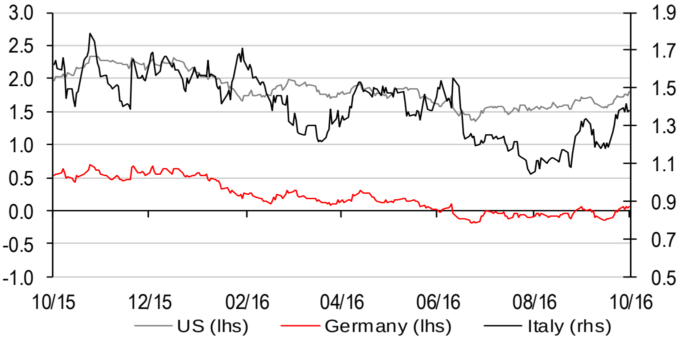
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.29	0.32	0.32	0.31	-0.01	0.16
2-Year	0.83	0.83	0.76	0.67	0.55	1.05
5-Year	1.29	1.26	1.21	1.10	1.27	1.76
10-Year	1.80	1.72	1.70	1.54	1.97	2.27
30-Year	2.56	2.45	2.45	2.25	2.83	3.02
Developed market 10-year bond yields (%)						
Japan	-0.06	-0.06	-0.03	-0.26	0.30	0.26
UK	1.10	0.97	0.87	0.79	1.76	1.96
Germany	0.06	0.02	0.02	-0.04	0.54	0.63
France	0.33	0.31	0.32	0.19	0.91	0.99
Italy	1.38	1.38	1.29	1.22	1.63	1.59
Spain	1.12	1.01	1.07	1.17	1.79	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	-0.4	-5.4	-6.3	5.7	17.9	1,375	1,046
Brent Oil	52.0	0.0	13.3	9.7	5.7	39.4	54	27
WTI Crude Oil	50.4	1.1	15.5	10.2	8.0	35.9	52	26
R/J CRB Futures Index	189	0.6	5.6	-0.3	-5.2	7.6	200	155
LME Copper	4,712	-1.4	-1.2	-4.6	-11.1	0.1	5,348	4,318

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
Past performance is not an indication of future returns

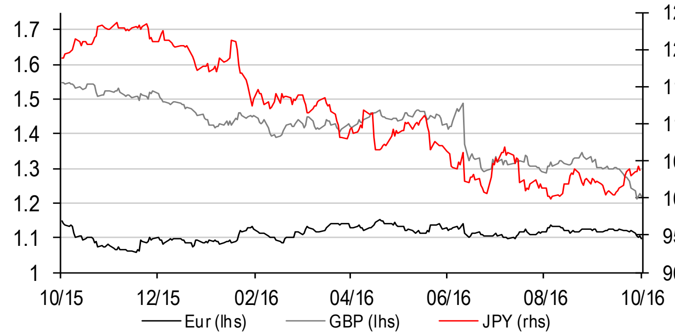
Market Trends

Government bond yields (%)



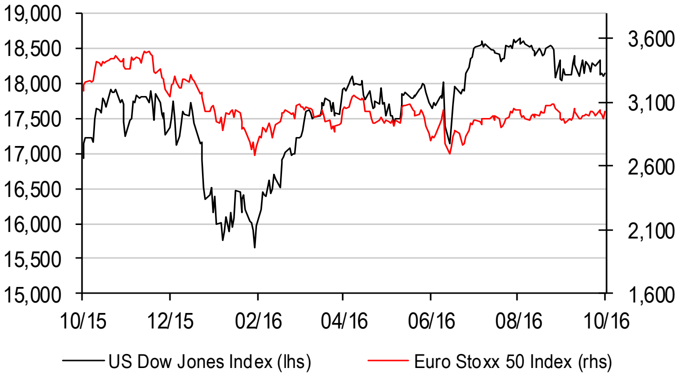
Yields based on 10 year government bonds

Major currencies (vs. USD)

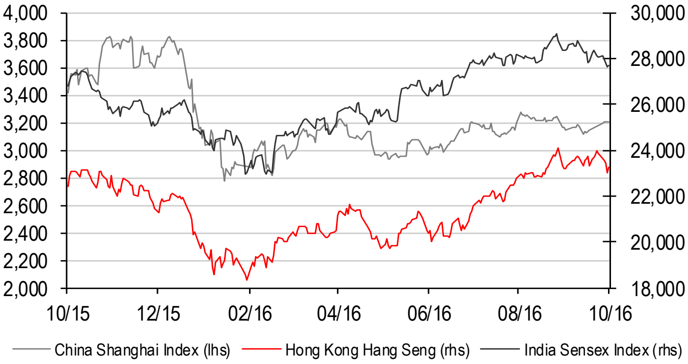


All values versus USD

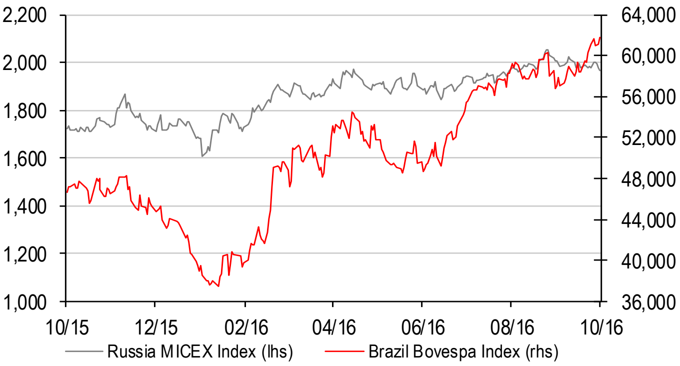
Global equities



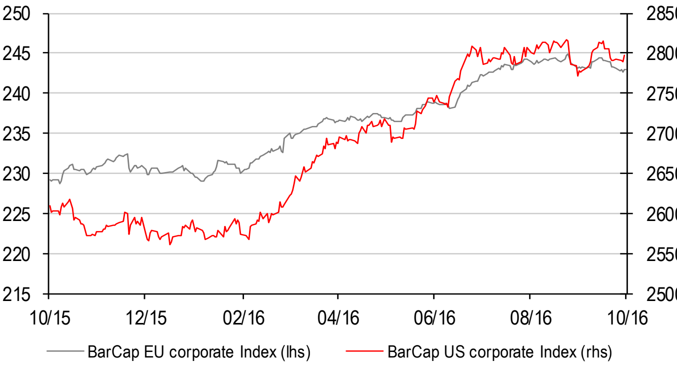
Emerging Asian equities



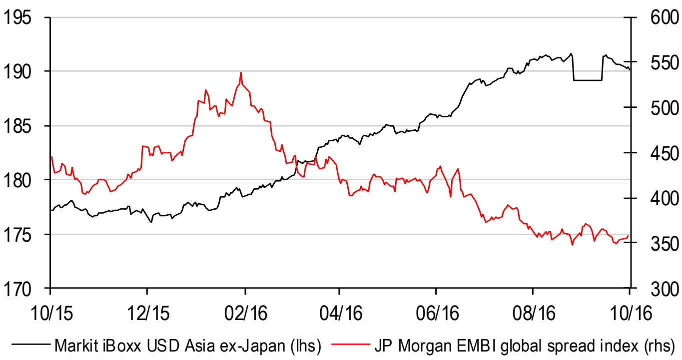
Other emerging equities



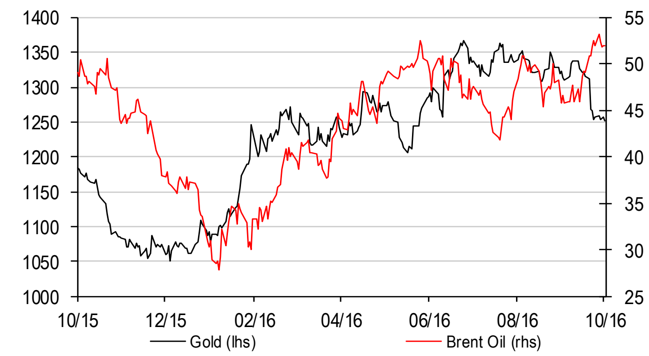
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
Past performance is not an indication of future returns

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Expiry: November 21, 2016

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 14 October 2016.
Past performance is not an indication of future returns