Investment Weekly

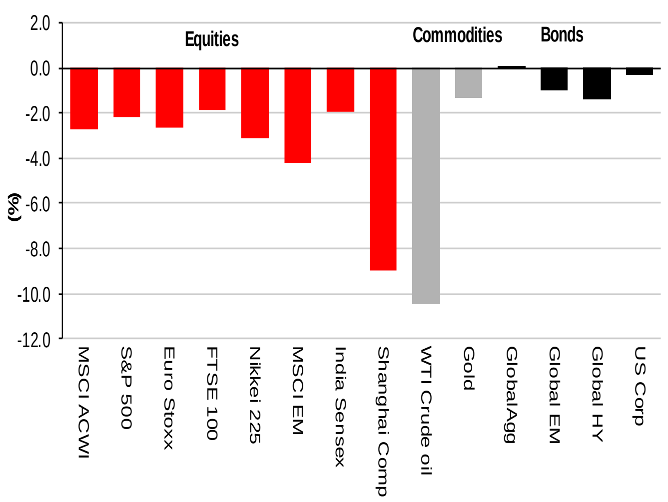
15 January 2016

For Professional Client and Institutional Investor Use Only

- Global stock markets sold off again this week on lingering concerns over the health of the Chinese economy and further weakness in oil prices, despite encouraging China trade data for December and signs of stabilisation in the Chinese renminbi
- Oil prices fell below USD30 for the first time since late 2003, with news that sanctions on Iran could be lifted as early as next week weighing on market sentiment
- China's December trade data beat expectations, and in US dollar terms, exports fell 1.4% yoy, after a 6.8% decline in November, mainly reflecting better demand from developed economies. The contraction in imports also narrowed to -7.6% from -8.7%
- In the coming week, investor attention will be focused on a further batch of data coming out of China, including Q4 GDP, which should provide further clues about the health of the world's second-largest economy

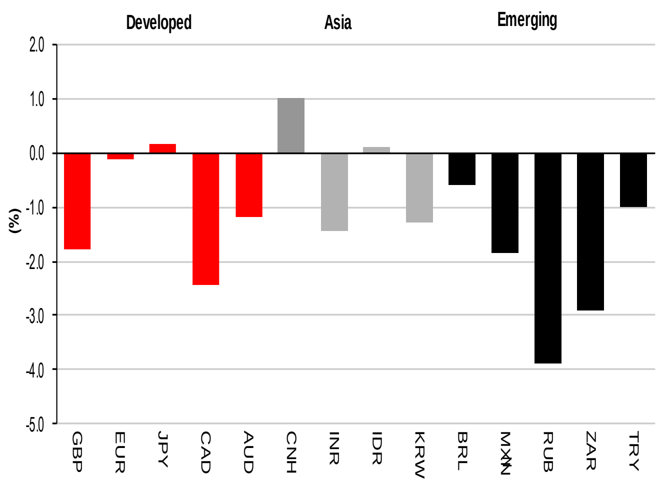
Movers and shakers

Equities fell on lingering China concerns amid lower oil prices

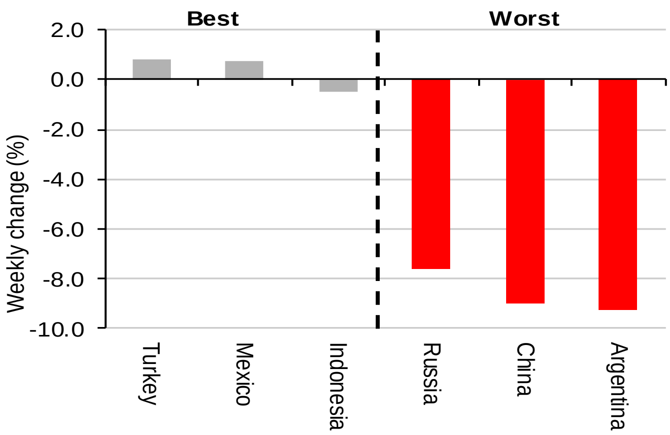


Currencies (versus US dollar)

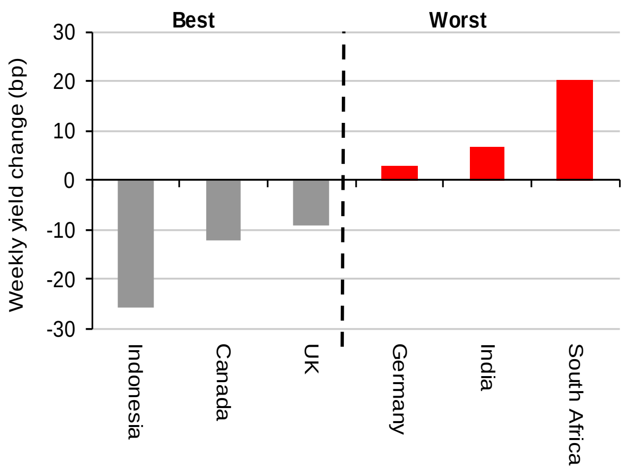
Emerging market currencies sold off on high risk aversion



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 January 2016.
All the above charts relate to 11/01/2016 – 15/01/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (09-15 January 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Saturday 9 January	China	CPI Inflation (yoy)	Dec	1.6%	1.6%	1.5%
Tuesday 12 January	Japan	BoP Current Account Adjusted (JPY)	Nov	1512.9bn	1423.5bn	1493.7bn
	India	CPI Inflation (yoy)	Dec	5.5%	5.6%	5.4%
	India	Industrial Production (yoy)	Nov	2.0%	-3.2%	9.8%
12-13 January	Russia	CPI Inflation (yoy)	Dec F	-	12.9%	12.9%
Wednesday 13 January	China	Trade Balance (USD)	Dec	51.3bn	60.1bn	54.1bn
Thursday 14 January	UK	Bank of England Interest Rate Decision	Jan	0.5%	0.5%	0.5%
	Eurozone	ECB Account of the Monetary Policy Meeting				
Friday 15 January	US	Retail Sales Advance (mom)	Dec	-0.1%	-0.1%	0.4%
	US	Industrial Production (mom)	Dec	-0.2%	-0.4%	-0.9%
	US	University of Michigan Index of Consumer Sentiment	Jan P	92.9	93.3	92.6

P – Preliminary, F – Final

- In the **US, retail sales** dropped 0.1%, in line with consensus expectations. Despite the headline figures coming in as expected, sales at the core level disappointed in December, falling 0.3% mom against expectations of a 0.3% rise. Core retail sales were also revised down for the last two months, to 0.5% mom in November (initial: 0.6%) and 0.1% mom in October (initial: 0.2%). The price effects of cheaper retail gasoline prices are responsible for a portion of the softness in December sales. Gas station sales fell 1.1% mom and general merchandise sales, about 12% of which are actually sales of gasoline, were down 1.0% mom. Clothing sales fell 0.9% mom, likely a reflection of the unseasonably warm weather that has hurt winter apparel purchases. Retail sales of motor vehicles and parts were unchanged on the month, in contrast to the 4.7% sequential decline in unit sales reported by manufacturers. Elsewhere, core sales were still soft on net. Electronics (-0.2% mom, previous: -0.6%) and grocery store (-0.3% mom, previous: 0.7%) sales were down, but restaurant sales saw steady growth of 0.8% mom (previous: 1.0%). Overall, the data suggest core consumption growth softened at the end of Q4. Furthermore, December nonfarm payroll growth of 292,000 suggests labour markets remain strong and household income growth is solid. Also of note is that the signal from labour market data has historically been more reliable for gauging the overall state of the US business cycle, but this data release is likely to lead to a weak advance estimate of Q4 GDP growth. **US industrial production** fell for the third straight month in December. Industrial output dropped 0.4% (consensus -0.2%) after a downwardly revised 0.9% decline in November. For the fourth quarter as a whole, industrial production fell at an annual rate of 3.4%. The fall in output reflected cutbacks in utilities due to unseasonably warm weather and mining production. Meanwhile, manufacturing production (excluding motor vehicles and parts) was able to gain 0.1% over the month (in line with the slight recovery of the production component of the ISM manufacturing survey). This suggests that the deterioration in manufacturing activity could be limited. Yet further strengthening of the dollar may continue to weigh on the manufacturing sector. Finally, the **Empire State Manufacturing Survey** also disappointed and fell sharply to -19.4 in January, well below consensus expectations (-4.0). New orders registered the weakest reading since the recession at -23.5 (previous: -6.2). Shipments were also down sharply at -14.4 (previous: 4.6), suggesting that New York area manufacturing production has stalled. Employment remained weak at -13.0 (previous: -16.2) and the average work week contracted for the sixth consecutive month (-6.0, previous: -27.3). The ISM-adjusted version of the Empire State Manufacturing Survey fell to 45.6 (previous: 47.8), the lowest since 2009. However, it is worth noting that New York state is a small share of the national manufacturing sector and the Survey is prone to large monthly fluctuations.
- In Europe, the **European Central Bank (ECB) published its account** of the December policy meeting, in which the ECB decided to cut the deposit rate by 10bps to -0.3% and extended the asset purchase programme by six months to run until March 2017. The accounts confirmed that there was a divergence of views in the Governing Council. Some of the more hawkish members considered an extension of the programme as premature and preferred to wait for the current policy measures to unfold their full effect. Other members pushed for a further cut in the deposit rate. The **Bank of England left monetary policy on hold**, leaving the bank rate at 0.5% and keeping asset holdings at GBP375 billion. In its statement, the Monetary Policy Committee downgraded the outlook for growth and inflation. The Committee now expects GDP to expand by 0.5% in both Q4 2015 and Q1 2016, 0.1pp less in each quarter. The Committee also noted that the downside risk for inflation had increased since the last forecasts, given the recent 40% fall in oil prices and subdued domestic cost pressures. This makes it likely that the Committee could wait a bit longer before hiking interest rates for the first time since 2007.
- Over in Asia, **Japan's current account** for November surprised on the downside, coming in lower than expected at JPY1.423 trillion. Solid growth in exports of goods and services was offset by a sharp decline in the balance of income from overseas assets (-12.9% compared to October).
- **India's CPI inflation** edged up to 5.6% yoy in December from 5.4% in November on higher food prices (especially for pulses). However, CPI remains below the Reserve Bank of India's 6% target. Meanwhile, **industrial production** growth fell to a much weaker than expected -3.2% in November from +9.8% in October, led by a sharp decline in capital goods output. However, the

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

timing of seasonal holidays (Diwali), compounded by the Chennai floods, might have distorted this print.

- **China's December trade data** beat expectations. In US dollar terms, exports fell 1.4% yoy, after a 6.8% decline in November (versus consensus forecast of -8.0%), mainly reflecting better demand from developed economies. The contraction in imports also narrowed to -7.6% from -8.7% (versus a consensus of -11.0%). Imports of major commodities all improved, hinting at some improvement in infrastructure investment/domestic demand. The trade surplus widened to USD60.1 billion from USD54.1 billion in November. The larger trade surplus and sharp decline in foreign exchange reserves implied significant capital outflows in December.

Coming Week (18-22 January 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 18 January	Japan	Industrial Production (mom)	Nov F	-	-1.0%
Tuesday 19 January	China	Industrial Production (yoy)	Dec	6.0%	6.2%
	China	Retail Sales (yoy)	Dec	11.3%	11.2%
	China	GDP (yoy)	Q4	6.9%	6.9%
	UK	CPI Inflation (yoy)	Dec	0.1%	0.1%
	Germany	ZEW Indicator of Economic Sentiment	Jan	8.0	16.1
Wednesday 20 January	UK	ILO Unemployment Rate (3 Months)	Nov	5.2%	5.2%
	US	CPI (yoy)	Dec	0.8%	0.5%
	US	Housing Starts (mom)	Dec	2.1%	10.5%
	Brazil	Selic Rate	Jan	14.75%	14.25%
Thursday 21 January	Eurozone	CPI (yoy)	Dec F	0.2%	0.2% P
	Eurozone	ECB Monetary Policy Decision	Jan	-0.3%	-0.3%
Friday 22 January	Eurozone	Markit Composite PMI	Jan P	54.2	54.3
	Brazil	IBGE Inflation IPCA-15 (yoy)	Jan	10.7%	10.7%

P – Preliminary, Q – Quarter, F – Final

US

- In the coming week, the US starts off with a public holiday on Monday, to mark the late civil rights leader Martin Luther King Jr.'s birthday. US equity and bond markets will be closed. Also, the economic data calendar is relatively thin, with two key releases: US inflation and housing starts. US retail gasoline (petrol) prices fell by 5% in December 2015, but gas prices fell by 11% in December 2014. Therefore, annual **headline CPI** is likely to accelerate to 0.8% yoy in December 2015, up from 0.5% yoy in November. Given the strength in the labour market and private demand, core CPI is likely to accelerate to 2.1% yoy.

- **US housing starts** posted strong gains in November, which were influenced by two factors: the unseasonably warm weather and a rebound from an anomalous decline in October. December 2015 was one of the warmest on record, and housing starts could get another boost from the weather, rising 2.1% to 1,196,000.

- Housing market data appear to have gathered more momentum in 2015, as improving consumer fundamentals appeared to feed through to the housing market. However, home sales fell sharply by over 10% in November. According to the National Association of Realtors, the anomalous drop could be due to new regulations put in place in autumn, to which the industry is still adjusting. This likely means that any delayed closing due to the new regulations could show up in December. Thus, **existing home sales** are likely to rebound by 9.2% in December to an annualised 5.2 million.

- Finally, on Tuesday, the **US Congressional Budget Office releases a summary of its annual Budget and Economic Outlook**. This report provides the agency's projection of the federal deficit over the next decade, from 2016 to 2026, as well as its projections for economic growth.

Europe

- In Europe, both headline and core **UK CPI inflation** are expected to stay unchanged at their November rates of +0.1% yoy and +1.2% yoy, respectively. December would therefore be the 11th consecutive month in which headline inflation printed within the narrow range of +/- 0.1% yoy. Recent declines in oil prices and only moderate wage growth in spite of a booming labour market render a pick-up of inflation in the coming months unlikely. The retail price index that is used to value inflation-linked securities is expected to soften to 1.0% yoy in December, from 1.1% yoy in November.

- The **UK unemployment rate** is expected to remain unchanged from the previous month, at 5.2% in December. The past year saw a steady decline in the unemployment rate, which is now close to what the Bank of England considers long-term equilibrium. In spite of the gains in employment, wage growth disappointed in November and is expected to decelerate a further 0.1pp to 1.9% yoy.

- The **German ZEW Indicator of Economic Sentiment** may indicate some weakening in January. The assessment of current conditions may hold up relatively well; a drop of just 2.0 points to 53.0 is expected. This is considerably above the long-term average of 1.2 and illustrates how well the German economy is currently doing. The expectation component could, however, recede more sharply by 8.1 points to a level of 8.0 in December, significantly below the long-term average of 17.5. Investor confidence has

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

suffered from recent declines in stock markets across the world, and the impact of the slowdown in emerging markets on German exports is yet unclear.

Emerging markets

- **In China, GDP growth** for Q4 is expected to come out little changed from Q3, at 6.9% yoy. Leading activity indicators pointed at a certain weakness in the manufacturing sector, but net trade reached, in nominal terms, fresh records at the end of 2015 while funding conditions eased in the second half. Overall, the Chinese economy should end the year with a growth rate close to 7%, which was the government's forecast. **Industrial production** for December is expected to continue to slow down, from 6.2% yoy in November to 6.0%, as manufacturing PMI signals remained weak in December. **Retail sales** are expected to have accelerated slightly from 11.2% y-o-y in November to 11.3%.

- **Brazil's Central Bank** is expected to hike interest rates on Wednesday by 50bps to 14.75% in order to contain high inflation (currently at 10.7% yoy). In an open letter to the finance minister, Central Bank Governor Alexandre Tombini said that "monetary policy must remain vigilant" to contain the additional effects of the price adjustments that occurred last year, which would be consistent with a rate hike.

Market Moves

Equity markets sold off on lingering China concerns amid another leg down in oil prices

- US equities swung between gains and losses this week as oil price weakness and lingering concerns over China's economic outlook continued to dominate market sentiment. Risk appetite was further weighed down by mixed corporate earnings announcements and a disappointing retail sales print for December. The S&P 500 Index ended lower (-2.2%), with defensive sectors such as utilities outperforming cyclical stocks for the second consecutive week.

- European stocks sold off again this week on lingering concerns over the health of the Chinese economy as well as further weakness in oil prices, with only temporary support on Wednesday following the release of better than expected Chinese trade data. The EURO STOXX 50 Index declined (-2.7%), while risk aversion led to underperformance in the peripheral markets, especially Spain's IBEX 35 (-4.1%). News of another probe into emissions testing on Thursday hit auto stocks, leading Germany's DAX to also underperform (-3.1%).

- Asian stock markets fell sharply this week on heightened risk aversion on the back of lingering concerns about the Chinese economy. Moreover, falling crude oil prices also weighed on market sentiment. Chinese equities saw the biggest contraction, especially the Shanghai Stock Exchange Composite Index (-9.0%), despite encouraging external trade data for December. In Japan, the Nikkei 225 Index also declined sharply (-3.1%). Elsewhere, Hong Kong's Hang Seng Index (-4.6%) and Singapore's FTSE Straits Times Index (-4.4%) also sold off sharply.

US Treasuries extended gains on risk aversion, lower oil prices and poor US retail sales data

- US Treasuries opened the week lower (yields increased) on profit-taking, following last week's gains, ahead of a busy schedule for government bond auctions. However, as the week progressed, Treasuries were lifted by increased risk aversion amid further weakness in oil. Friday's disappointing retail sales data also pushed yields lower as investors priced in a lower chance of further US Federal Reserve (Fed) tightening in March (currently at 29%). Overall, benchmark Treasury 10-year yields ended lower (-8bps to 2.04%) as did two-year yields (-9bps to 0.85%).

- European government bonds ended little changed this week, albeit in diverging directions, as strong gross issuance, notably from Germany, Italy and Spain, dominated market movements, offsetting the impact of lower oil prices and perceived "safe-haven" demand. German, Italian and Spanish 10-year yields rose slightly and French 10-year yields decreased (-1bps to 0.87%). However, UK 10-year yields fell more sharply (-11bps to 1.66%) as weak UK economic data and lower oil prices lowered the chance of a UK rate hike this year.

Continuing risk aversion pushed the euro lower against the US dollar; sell-off continues for emerging market currencies

- The euro rose slightly against the US dollar this week (+0.1%). The single currency was hit earlier in the week on reduced perceived "safe-haven" demand as risk appetite stabilised and the Chinese renminbi held steady. However, losses were pared later in the week on a renewed bout of risk aversion, as oil prices fell back towards the USD30 level, pushing investors to unwind euro-funded carry trades. This was offset to some extent by a set of dovish ECB minutes released on Thursday; however, the euro rallied on Friday following the weak US retail sales data. Elsewhere, the British pound also fell against the US dollar (-1.7%), hitting its lowest level since mid-2010. The majority of losses came on Tuesday, after industrial production data for November came in much lower than expected, viewed as a further reason for the Bank of England to keep interest rates on hold. On Thursday, sterling held steady after the Bank's Monetary Policy Committee voted 8-1 in favour of keeping rates at 0.5%, reassured that the most hawkish member, Ian McCafferty, continued to vote for tightening.

- Most Asian currencies depreciated against the US dollar over the week amid heightened risk aversion following the recent depreciation of the renminbi, falling oil prices and equity market sell-off. The Indian rupee was the region's worst-performing currency (-1.4%) on increased capital outflows. The Philippine peso (-1.2%) and the Korean won (-1.3%) also fell, with the Taiwanese dollar

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

declining (-0.6%) ahead of the presidential election on Saturday 16 January. In China, the onshore renminbi (CNY) pared some of its losses of the previous week (+0.2%), while the offshore renminbi (CNH) rose (+0.1%), helping to close the gap between the two rates. Meanwhile, the Hong Kong dollar depreciated by the most since 1992 (-0.4%). Elsewhere, the yen rose (+0.2%), buoyed by perceived "safe-haven" demand.

- Meanwhile, other non-Asian emerging market currencies sold off against the US dollar again this week amid continuing risk aversion. Among the worst performers was the oil-sensitive Russian ruble (-3.8%), with the South African rand also declining (-2.9%), having spiked to as low as 17.9 against the US dollar early on Monday as Asian investors liquidated rand-denominated assets, before recovering to 16.5 later in the day. Meanwhile, the Brazilian real performed slightly better (-0.6%), buoyed by better than expected Chinese trade data released on Wednesday as well as data showing that Brazilian retail sales rose by an above consensus 1.5% mom in November.

Crude oil prices hit by continuing oversupply concerns as Iran sanctions set to be lifted

- WTI oil prices fell again this week (-10.5% at USD29.7 per barrel), falling below USD30 for the first time since December 2003. Apart from China-related risk aversion, the oil market was hit by Wednesday's U.S. Energy Information Administration (EIA) weekly report, which showed a much higher than expected increase in gasoline and distillate stocks last week (gasoline stocks rose by 8.4 million barrels versus an expected 2.1 million), offsetting a lower than expected build in crude inventories (+234,000 barrels) and data showing robust Chinese oil imports in December (+21.4% mom). Brent crude prices also fell (-12.9% at USD29.2), with sentiment hit by news that sanctions on Iran could be lifted as soon as next week, which would boost Iranian oil exports in the coming weeks.

- Meanwhile, gold prices fell this week (-1.3% at USD1,089 per ounce), paring some of last week's gains. Gold was pushed lower by signs of profit-taking following last week's rally, although risk aversion supported perceived "safe-haven" demand. Furthermore, Friday's weaker than expected US retail sales figure resulted in a late-week rally as the market-implied probability of further Fed tightening in March fell to 29%, having been 41% only a week earlier.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

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)	364	-2.7	-7.8	-10.1	-10.4	-8.7	444	362	14.2
North America									
US Dow Jones Industrial Average	15,988	-2.2	-8.8	-6.7	-7.7	-8.2	18,351	15,370	14.0
US S&P 500 Index	1,880	-2.2	-8.0	-7.1	-5.6	-8.0	2,135	1,858	15.3
US NASDAQ Composite Index	4,488	-3.3	-10.1	-7.8	-1.8	-10.4	5,232	4,292	18.5
Canada S&P/TSX Composite Index	12,073	-3.0	-6.5	-12.7	-14.0	-7.2	15,525	11,951	14.1
Europe									
MSCI AC Europe (USD)	373	-2.9	-8.0	-12.9	-12.1	-9.1	479	372	13.5
Euro STOXX 50 Index	2,952	-2.7	-8.9	-8.8	-6.5	-9.6	3,836	2,931	12.5
UK FTSE 100 Index	5,804	-1.8	-3.6	-8.4	-10.7	-7.0	7,123	5,768	14.3
Germany DAX Index*	9,545	-3.1	-8.7	-5.2	-4.9	-11.1	12,391	9,325	11.7
France CAC-40 Index	4,210	-2.9	-8.8	-9.9	-2.6	-9.2	5,284	4,119	13.2
Spain IBEX 35 Index	8,544	-4.1	-12.0	-15.4	-14.4	-10.5	11,885	8,492	12.2
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	368	-3.7	-6.8	-14.3	-21.9	-10.5	525	367	11.6
Japan Nikkei-225 Stock Average	17,147	-3.1	-7.6	-5.2	0.2	-9.9	20,953	16,593	16.6
Australian Stock Exchange 200	4,893	-2.0	-0.3	-6.4	-8.2	-7.6	5,997	4,865	15.1
Hong Kong Hang Seng Index	19,521	-4.6	-8.2	-14.7	-19.8	-10.9	28,589	19,500	9.7
Shanghai Stock Exchange Composite Index	2,901	-9.0	-17.4	-13.1	-13.1	-18.0	5,178	2,851	11.7
Hang Seng China Enterprises Index	8,236	-6.9	-11.9	-22.0	-32.4	-14.7	14,963	8,222	6.3
Taiwan TAIEX Index	7,762	-1.7	-3.9	-9.8	-15.3	-6.9	10,014	7,203	11.4
Korea KOSPI Index	1,879	-2.0	-2.8	-7.6	-1.8	-4.2	2,190	1,801	10.5
India SENSEX 30 Index	24,455	-1.9	-3.4	-9.5	-12.9	-6.4	30,025	24,388	17.0
Indonesia Jakarta Stock Price Index	4,524	-0.5	2.6	0.4	-12.8	-1.5	5,524	4,034	14.4
Malaysia Kuala Lumpur Composite Index	1,629	-1.8	0.4	-4.9	-6.7	-3.8	1,868	1,504	15.2
Philippines Stock Exchange PSE Index	6,450	-1.9	-3.8	-8.5	-13.9	-7.2	8,137	6,288	15.7
Singapore FTSE Straits Times Index	2,631	-4.4	-6.6	-12.7	-21.2	-8.7	3,550	2,627	11.2
Thailand SET Index	1,246	0.1	-4.2	-12.6	-18.2	-3.3	1,620	1,221	12.3
Latam									
Argentina Merval Index	10,020	-11.4	-18.6	-9.8	18.3	-14.2	14,597	8,256	10.8
Brazil Bovespa Index*	38,569	-5.0	-14.0	-18.2	-19.7	-11.0	58,575	37,986	9.4
Chile IPSA Index	3,486	-2.0	-2.3	-8.5	-6.5	-5.3	4,148	3,481	12.9
Colombia IGBC Index	8,042	-1.0	-1.7	-16.1	-23.6	-5.9	11,130	7,822	17.7
Mexico Index	40,848	1.4	-4.8	-7.3	-0.4	-5.0	46,078	39,257	17.2
EEMEA									
Russia MICEX Index	1,608	-8.0	-7.7	-7.1	2.9	-8.7	1,874	1,551	5.1
South Africa JSE Index	46,960	-2.4	-3.0	-11.3	-3.2	-7.4	55,355	46,531	15.5
Turkey ISE 100 Index*	71,062	0.6	-1.5	-10.3	-19.0	-0.9	91,806	69,191	8.1

*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	-8.1	-7.0	-7.0	12.6	22.4
US equities	-5.1	-6.1	-2.5	35.8	59.5
Europe equities	-11.0	-7.4	-8.0	-0.6	5.6
Asia Pacific ex Japan equities	-12.7	-9.3	-18.5	-14.6	-10.3
Japan equities	-4.7	-6.9	1.8	21.0	13.9
Latam equities	-16.7	-8.1	-34.4	-53.1	-57.8
Emerging Markets equities	-16.1	-8.9	-22.8	-27.4	-29.4

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 EM 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 15 January 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)	483.1	0.0	0.7	0.3	0.3	0.6
JPM EMBI Global	661.8	-1.0	-1.1	-2.7	0.3	-1.3
BarCap US Corporate Index (USD)	2577.3	-0.3	0.4	-0.9	-2.5	0.3
BarCap Euro Corporate Index (Eur)	229.5	-0.5	-0.1	0.2	-1.2	-0.3
BarCap Global High Yield (USD)	367.9	-1.4	-1.2	-3.9	-2.0	-1.6
HSBC Asian Bond Index	383.44	0.1	0.7	-0.1	2.3	0.7

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	1.09	1.09	1.09	1.14	1.16	1.09	1.17	1.05
GBP/USD	1.43	1.45	1.50	1.55	1.52	1.47	1.59	1.43
CHF/USD	1.00	1.01	1.01	1.05	1.19	1.00	1.19	0.97
CAD	1.45	1.42	1.37	1.29	1.20	1.38	1.46	1.19
JPY	117.07	117.26	121.68	118.90	116.17	120.22	125.86	115.86
AUD	1.46	1.44	1.39	1.36	1.22	1.37	1.46	1.21
NZD	1.55	1.53	1.48	1.46	1.28	1.46	1.60	1.27
Asia								
HKD	7.80	7.76	7.75	7.75	7.75	7.75	7.80	7.75
CNY	6.58	6.59	6.46	6.35	6.19	6.49	6.60	6.18
INR	67.61	66.64	66.93	64.83	62.07	66.15	67.71	61.30
MYR	4.40	4.39	4.30	4.12	3.56	4.29	4.48	3.54
KRW	1,213.16	1,197.84	1,183.48	1,130.30	1,083.24	1,175.06	1,215.26	1,065.21
TWD	33.66	33.34	32.72	32.28	31.75	32.86	33.66	30.35
Latam								
BRL	4.05	4.02	3.87	3.80	2.64	3.96	4.25	2.55
COP	3,301.59	3,267.05	3,315.28	2,894.09	2,411.60	3,174.50	3,377.85	2,343.55
MXN	18.27	17.94	17.11	16.39	14.67	17.21	18.33	14.55
EEMEA								
RUB	77.67	74.75	69.95	61.38	65.15	72.52	77.95	48.14
ZAR	16.79	16.30	14.93	13.05	11.56	15.47	17.92	11.26
TRY	3.05	3.02	2.96	2.88	2.31	2.92	3.08	2.30

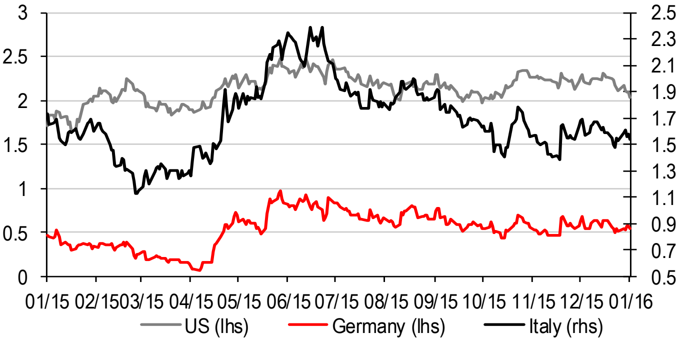
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.23	0.19	0.24	-0.01	0.03	0.16
2-Year	0.85	0.93	0.96	0.60	0.41	1.05
5-Year	1.46	1.56	1.69	1.33	1.16	1.76
10-Year	2.03	2.12	2.27	2.02	1.71	2.27
30-Year	2.81	2.91	2.99	2.86	2.37	3.02
Developed market 10-year bond yields (%)						
Japan	0.21	0.22	0.29	0.32	0.25	0.26
UK	1.66	1.77	1.94	1.77	1.51	1.96
Germany	0.54	0.51	0.64	0.55	0.47	0.63
France	0.87	0.88	0.98	0.92	0.67	0.99
Italy	1.56	1.53	1.68	1.64	1.74	1.59
Spain	1.75	1.71	1.76	1.81	1.58	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	1,089	-1.3	2.7	-7.9	-13.7	2.6	1,308	1,046
Brent Oil	29.2	-12.9	-24.0	-40.0	-38.7	-21.6	70	29
WTI Crude Oil	29.7	-10.5	-20.5	-36.0	-35.8	-19.8	63	29
R/J CRB Futures Index	160	-5.1	-8.2	-19.6	-27.4	-9.2	234	159
LME Copper	4,416	-1.5	-3.3	-16.8	-21.6	-6.2	6,481	4,330

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

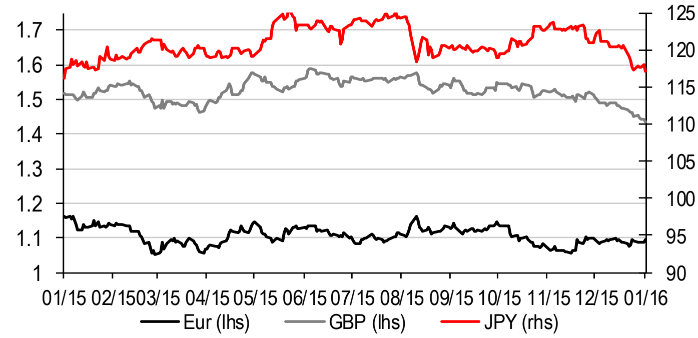
Market Trends

Government bond yields (%)



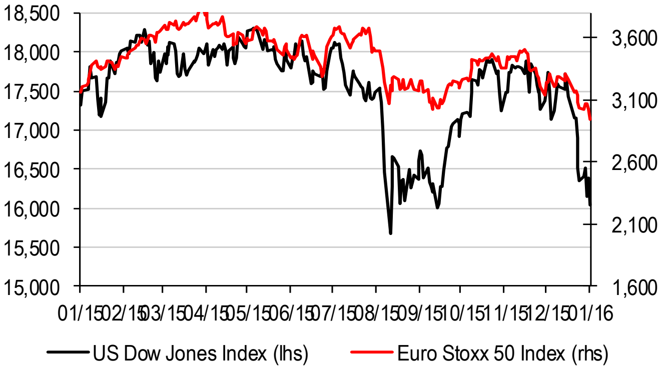
Yields based on 10 year government bonds

Major currencies (versus US dollar)

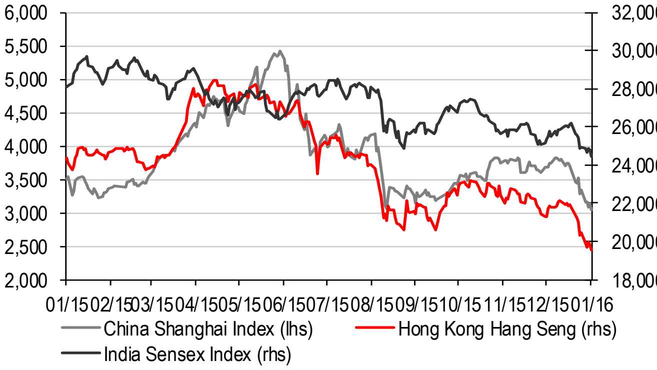


All values versus USD

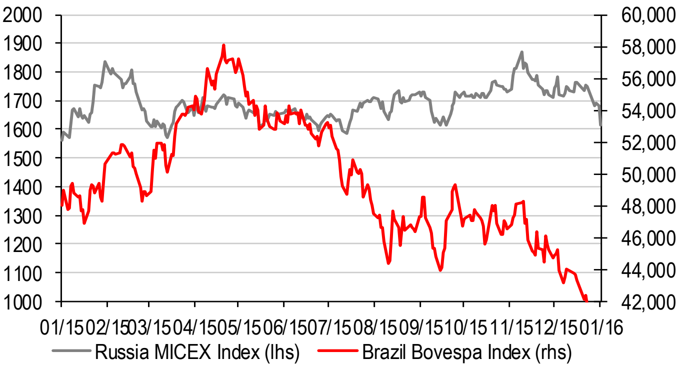
Global equities



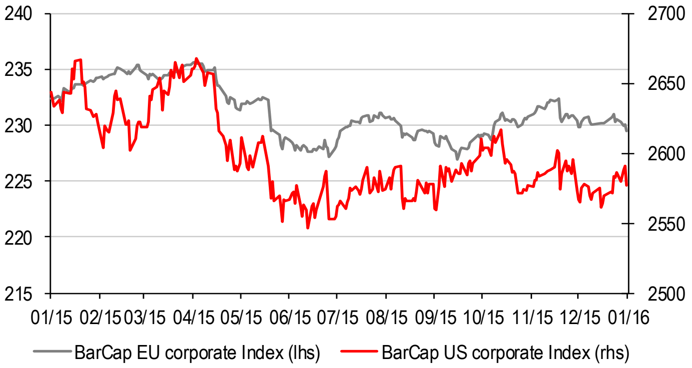
Emerging Asian equities



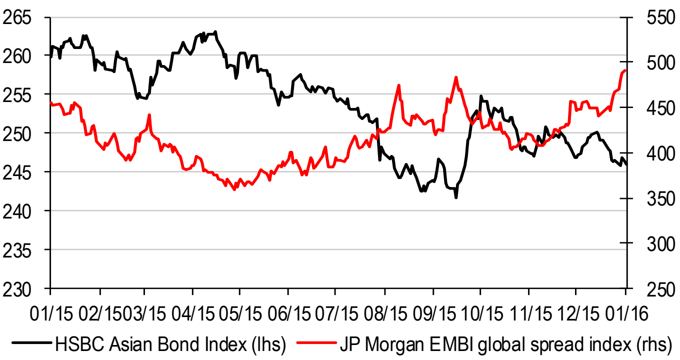
Other emerging equities



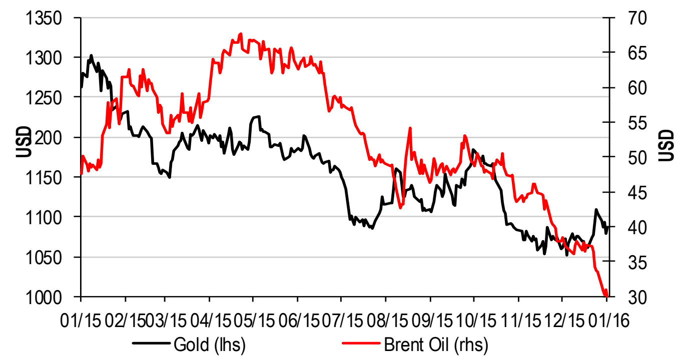
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.

For Professional Clients and Intermediaries within countries set out below and for Professional Investors in Canada. This document should not be distributed to or relied upon by Retail Clients/Investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Past performance contained in this document is not a reliable indicator of future performance and any forecasts, projections and simulations contained herein should not be relied upon as an indication of future results. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Mutual fund investments are subject to market risks; read all scheme-related documents carefully.

We accept no responsibility for the accuracy and/or completeness of any third-party information obtained from sources we believe to be reliable but that have not been independently verified.

HSBC Global Asset Management is the brand name for the asset management business of HSBC Group. The above communication is distributed by the following entities: in the UK by HSBC Global Asset Management (UK) Limited, who are authorised and regulated by the Financial Conduct Authority; in France by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026); in Germany by HSBC Global Asset Management (Deutschland), which is regulated by BaFin; in Switzerland by HSBC Global Asset Management (Switzerland) Ltd; in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission; in Canada by HSBC Global Asset Management (Canada) Limited, which is registered in all provinces of Canada except Prince Edward Island; in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 6 Front Street, Hamilton, Bermuda, which is licensed to conduct investment business by the Bermuda Monetary Authority; in India by HSBC Asset Management (India) Pvt Ltd., which is regulated by the Securities and Exchange Board of India; in United Arab Emirates and Qatar by HSBC Bank Middle East Limited, which is regulated by Jersey Financial Services Commission and relevant local Central Banks; in Oman by HSBC Bank Oman S.A.O.G., which is regulated by Central Bank of Oman and Capital Market Authority, Oman; in Latin America by HSBC Global Asset Management Latin America and in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. HSBC Global Asset Management (Singapore) Limited, or its ultimate and intermediate holding companies, subsidiaries, affiliates, clients, directors and/or staff may, at any time, have a position in the markets referred herein, and may buy or sell securities, currencies, or any other financial instruments in such markets. HSBC Global Asset Management (Singapore) Limited is a Capital Market Services Licence Holder for Fund Management. HSBC Global Asset Management (Singapore) Limited is also an Exempt Financial Adviser and has been granted specific exemption under Regulation 36 of the Financial Advisers Regulation from complying with Sections 25 to 29, 32, 34 and 36 of the Financial Advisers Act).

Expiry: 22 January 2016

CA#M1600019

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 15 January 2016.
Past performance is not an indication of future returns.