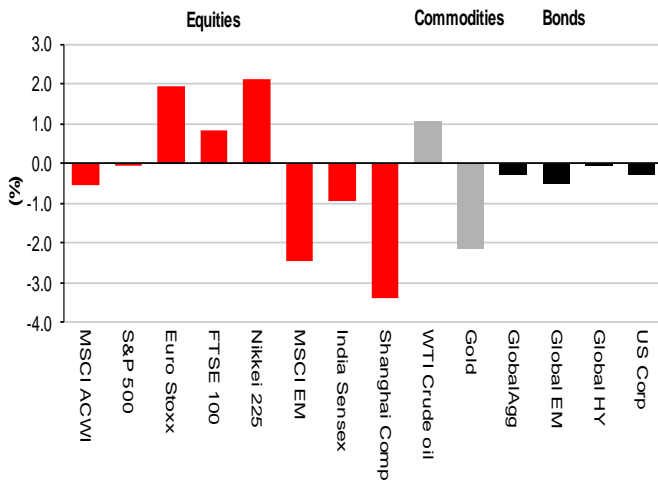


- ▶ European and Japanese equities outperformed this week, supported by domestic currency weakness versus a broadly stronger US dollar, and upbeat economic data releases at the global level supported risk appetite more generally
- ▶ As expected, and for the first time in a year, the US Federal Reserve (Fed) hiked rates at the December Federal Open Market Committee (FOMC) meeting. More importantly, FOMC participants upped their expectation for the number of rate hikes in 2017, from two to three
- ▶ US retail sales for November rose 0.1% mom, against consensus forecasts of 0.3%, following a downwardly revised print for October (-0.2ppts to +0.6%)
- ▶ In the coming three weeks, highlights include the December Bank of Japan meeting and a raft of US data releases, not least the December employment report

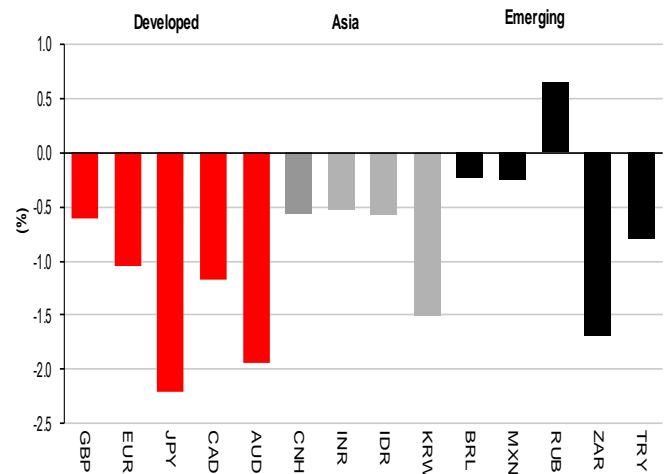
Movers and shakers

Japanese stocks outperformed this week...

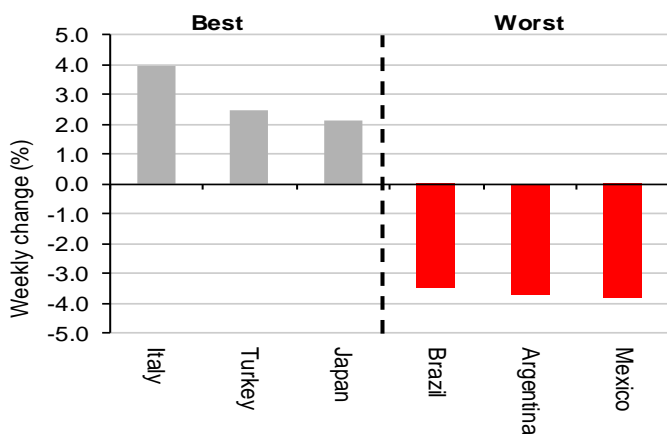


Currencies (versus US dollar)

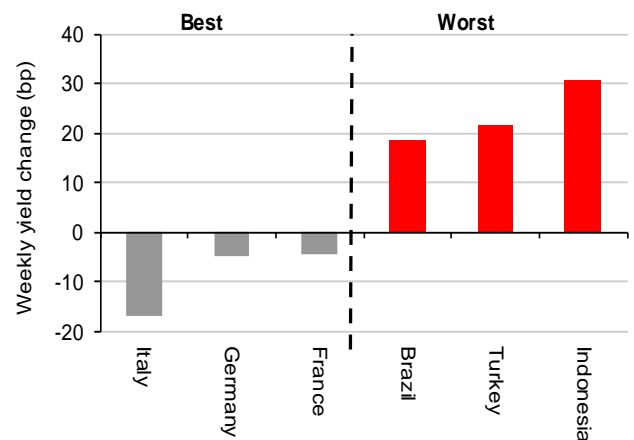
...supported by a sharp fall in the yen against the US dollar



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 16/12/2016. All the above charts relate to 09/12/2016 – 16/12/2016. Past performance is not an indication of future returns.

Macro Data and Key Events

Past Week (12-16 December 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 12 December	Turkey	GDP (yoy)	Q3	0.3%	-1.8%	3.1%
Tuesday 13 December	China	Industrial Production (yoy)	Nov	6.1%	6.2%	6.1%
	China	Retail Sales (yoy)	Nov	10.2%	10.8%	10.0%
	UK	CPI (yoy)	Nov	1.1%	1.2%	0.9%
	Germany	ZEW Expectation of Economic Growth	Dec	14.0	13.8	13.8
Wednesday 14 December	Japan	Tankan Large Manufacturers Index	Q4	10	10	6
	UK	ILO Unemployment Rate (3 Months)	Oct	4.8%	4.8%	4.8%
	Eurozone	Industrial Production (Working Day Adjusted, yoy)	Oct	0.8%	0.6%	1.3%
	US	Retail Sales Advance (mom)	Nov	0.3%	0.1%	0.6%
	US	FOMC Interest Rate Decision	Dec	0.75%	0.75%	0.50%
Thursday 15 December	Eurozone	Markit Composite PMI	Dec P	53.9	53.9	53.9
	UK	Retail Sales ex Auto Fuel (mom)	Nov	0.0%	0.5%	1.9%
	UK	Bank of England Interest Rate Decision	Dec	0.25%	0.25%	0.25%
	US	CPI (yoy)	Nov	1.7%	1.7%	1.6%
	Mexico	Banco de Mexico Interest Rate Decision	Dec	5.50%	5.75%	5.25%
Friday 16 December	Eurozone	CPI (yoy)	Nov F	0.6%	0.6%	0.6% P
	Russia	Central Bank of Russia Interest Rate Decision	Dec	10.00%	10.00%	10.00%
	US	Housing Starts (mom)	Nov	-7.0%	-18.7%	27.4%

P – Preliminary, Q – Quarter, F – Final

- ▶ As expected, and for the first time in a year, the **US Fed** hiked rates at the December **FOMC meeting**. In a unanimous vote, the Fed raised the upper bound of the federal funds target rate to 0.75% from 0.50% and the lower bound to 0.50% from 0.25%. The policy statement was more upbeat on activity and inflation than in early November. The committee noted the improvement in the labour market and the drop in the unemployment rate to a pre-recession low. It also highlighted the rise in inflation, partly due to more stable oil prices, and said expectations for higher prices had risen "considerably." Nevertheless, the statement reiterated that the "near-term risks to the economic outlook appear roughly balanced." More importantly, although FOMC participants upped their expectation for the number of rate hikes in 2017, from two to three, Fed Chair Janet Yellen's post-meeting press conference saw a reaffirming of the uber-gradual hiking cycle ahead. Regarding activity data, headline advance **retail sales** for November rose 0.1% mom against consensus forecasts of 0.3% and following downwardly revised growth in October (-0.2pts to +0.6%). The softer than expected release reflected weakness in sporting goods (-1.0%) and auto sales (-0.5%). More importantly for Q4 GDP, the control measure (excluding autos, gas and building materials) only rose 0.1% mom (consensus +0.3%, +0.6% previously). Although November's release was weaker than anticipated, core sales (excluding auto and gas) show the current 3m/3m annualized growth rate rising to around 3.4% from 2.0% in September. **CPI inflation** came in at 0.2% mom in November, in line with expectations and down from 0.4% in the previous month. As anticipated, this brought the annual headline growth rate up to 1.7%, from 1.6% in October, marking its highest level in over two years. Meanwhile, core CPI, which excludes food and energy prices, also rose as expected, by 0.2% mom. Core inflation was depressed by weakness in both medical care commodities and apparel prices, both of which declined by 0.5% mom. Overall, the annual core CPI growth rate came in at 2.1%, remaining above the 2% level for a year, but softer than the anticipated 2.2%. Meanwhile, homebuilder confidence, measured by the **National Association of Home Builders/Wells Fargo Housing Market Index**, rose to an 11-year high of 70 in December. Consensus expectations were for the index to be unchanged from November at 63. The surge in confidence was broad-based, with optimism over current conditions for single-family home sales rising to 76, the highest since August 2005. Meanwhile, future single-family home sales and the traffic of prospective buyers also rose strongly, adding nine and six points to 78 and 53, respectively. Lastly, **housing starts** fell 18.7% mom (consensus -7.0%) to an annualised 1,090,000 in November. However, this followed from October's 11-year high of 1,340,000. The breakdown showed the multifamily category contributed the most to the decline, falling 215,000 to 262,000; while starts for single-family units fell by only 35,000. Also in the same report, building permits were weaker than anticipated, falling 4.7% (consensus -1.6%) to an annualised 1,201,000, preceded by an upwardly revised 1,260,000 for October.
- ▶ In the **eurozone**, **industrial production** dipped by 0.1% mom during October (against expectations of a 0.1% gain) and follows a downwardly revised decline in September (-0.9% mom). This continues the deteriorating trend seen in eurozone industrial output this year, with the 12-month yoy growth rate edging down to a 15-month low of 1.1% yoy. Meanwhile, the preliminary **composite PMI** for December was unchanged at 53.9, with a large gain in the manufacturing component to its highest level since April 2011 (+1.2pts to 54.9) offset by a slight deterioration in the services component (-0.7pts to 53.1). A weaker euro is likely to have supported gains in the manufacturing index, and along with firmer commodity prices, helped push the output prices component of the composite index to over a five-year high. This should provide some comfort to the European Central Bank in its aim to guide inflation toward target. The **German ZEW Indicator of Economic Sentiment** for December rose 4.7pts to a 15-month high of 63.5. This beat expectations of a smaller increase to 59.0 and points to accelerating GDP activity compared to a relatively soft Q3 (0.2% qoq). General resilience in financial markets is likely to have supported sentiment (the ZEW draws upon an investor-heavy sample base). Meanwhile, the expectations component stabilised at 13.8, above the 12-month moving average (6.7), although below the average since 1999 (21.7).

- ▶ As expected, the **Bank of England** kept policy unchanged at its December **meeting**, in a unanimous decision. The meeting minutes saw the Monetary Policy Committee maintain its neutral bias, stating that "monetary policy can respond, in either direction, to changes to the economic outlook." The minutes also highlighted that the recent recovery in sterling "would result in a slightly lower path for inflation than envisaged in the November Inflation Report, though it is still likely to overshoot the target later in 2017 and through 2018" but that the effect of weaker sterling on CPI "will ultimately prove temporary" and that the costs of "fully offsetting it" would be "undesirable." The **ILO unemployment rate** for the three months to October held steady at 4.8%, reflecting the general robustness of the economy following June's Brexit vote. The November claimant count rate remained at 2.3%. Less positively, however, the change in jobless claims during the month (+2,400) pushes the 12-month moving average (+550) to its highest level since July 2012, albeit remaining at very low levels. Meanwhile, **November retail sales (excluding auto fuel)** rose by 0.5% mom (+6.6% yoy), beating expectations of flat growth over the month. Sales at household goods stores surged by 6.0% mom, the most since February 2010, while non-store retailing – which includes online sales – gained 3.8% mom, likely supported by Black Friday discounting. Overall, on a three-month moving average basis, annual growth edged higher to 6.1% yoy – the highest since July 2004. Lastly, **CPI inflation** rose to 1.2% yoy in November, from 0.9% in the previous month, above expectations of an increase to 1.1%. The main contributors to the 0.3ppt increase in yoy inflation over the month were clothing and footwear (+0.12ppts) and recreation and culture (+0.07ppts). Interestingly, the impact of weaker sterling may be reflected in food price deflation significantly easing to a near-two-year low (to -1.8% yoy) as well as a 3.2% mom surge in the data-processing equipment category.
- ▶ The **Bank of Japan's Tankan survey** of business conditions for Q4 confirmed that the 14% depreciation of the yen since the end of September has improved the outlook for most exporters, while the government's latest stimulus package is supporting prospects for domestic demand. The survey's main component, the Large Manufacturers Index, came in at 10, up from 6 in Q3 and in line with expectations, with a positive outlook. However, capital expenditure plans for the current fiscal year have been revised down more than expected, from 6.3% to 5.5% (and against consensus forecasts at 6.1%).
- ▶ **China's** activity data for November confirmed the view that the Chinese economy is stabilising. **Industrial production** came in slightly stronger than expected, up from 6.1% yoy in October to 6.2% (consensus at 6.1%). Since April, industrial production growth has hovered between 6.0% and 6.3%. While production of manufactured goods and processed food remained robust, ferrous and non-ferrous metal smelting industries continued to suffer from soft demand. **Retail sales** also beat market expectations, coming in at 10.8% yoy (consensus at +10.2%), led by a strong rebound in consumer electronics (+14.7%, up from 7.6% in October). Lastly, **fixed asset investment** remained stable, gaining 8.3% yoy year to date, unchanged from October. Private fixed asset investment gathered pace, from 2.9% yoy to 3.1%.
- ▶ After a 50bps hike in November, the **Bank of Mexico** raised its policy rate by another 50bps (consensus +25bps) at its December meeting, setting the overnight rate at 5.75%. The sharp post-election depreciation of the peso continued to stoke the bank's concern around increased inflation pass-through. November saw a surprise slowing of the rate of increase in core inflation, although headline inflation rose further above the central bank's 3% target for the second straight month.
- ▶ **Turkish GDP** contracted by 1.8% yoy in Q3, in contrast to consensus (+0.3%), following upwardly revised growth of 4.5% in H1. The rise in government consumption (+23.8%) mitigated the effect of weak household consumption (-3.3% yoy) on the headline figure. Turkey also saw the previous years' GDP growth revised substantially higher following a change to the accounting method, raising concerns over the quality of growth figures.

Coming three weeks (19 December 2016 – 06 January 2017)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 19 December	Japan	Trade Balance, Adjusted (JPY bn)	Nov	590.5	474.3
	Germany	Ifo Business Climate Index	Dec	110.6	110.4
Tuesday 20 December	Japan	Bank of Japan Interest Rate Decision	Dec	-0.10%	-0.10%
	Turkey	CBRT Interest Rate Decision (Overnight Lending Rate)	Dec	8.75%	8.50%
Wednesday 21 December	Sweden	Riksbank Interest Rate Decision	Dec	-0.50%	-0.50%
	US	Existing Home Sales (mom)	Nov	-1.8%	2.0%
Thursday 22 December	US	GDP Annualised (qoq)	Q3 T	3.3%	3.2%
	US	Durable Goods Orders (mom)	Nov P	-4.5%	4.6%
	US	Personal Spending (mom)	Nov	0.3%	0.3%
	US	Core PCE Price Index (yoy)	Nov	1.7%	1.7%
Friday 23 December	UK	GDP (qoq)	Q3 F	0.5%	0.5%
	US	New Home Sales (mom)	Nov	2.1%	-1.9%
	US	University of Michigan Index of Consumer Sentiment	Dec F	98.0	98.0
Monday 26 December	Japan	Jobless Rate	Nov	-	3.0%
Tuesday 27 December	Japan	National CPI ex Fresh Food, Energy (yoy)	Nov	-	0.3%
	US	S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy)	Oct	0.0%	5.1%
	US	Conference Board Consumer Confidence Index	Dec	108.5	107.1
Wednesday 28 December	US	Pending Home Sales (mom)	Nov	-0.5%	0.1%
Sunday 01 January	China	Official Manufacturing PMI	Dec		51.7

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 16 December 2016.
Past performance is not an indication of future returns.

Tuesday 03 January	Turkey	CPI (yoy)	Dec	7.5%	7.0%
	US	ISM Manufacturing Index	Dec	53.2	53.2
Wednesday 04 January	Eurozone	CPI Estimate (yoy)	Dec	0.9%	0.6%
	US	FOMC Meeting Minutes		-	
Thursday 05 January	US	ISM Non-Manufacturing Index	Dec	56.3	57.2
05-11 January	Eurozone	ECB Account of the Monetary Policy Meeting		-	
Friday 06 January	Germany	Factory Orders (Working Day Adjusted, yoy)	Nov	3.7%	6.3%
	US	Change in Nonfarm Payrolls	Dec	170K	178K
	Mexico	CPI (yoy)	Dec	-	3.3%

P – Preliminary, Q – Quarter, F – Final, T – Third

US

- ▶ November's **personal spending** release is anticipated to reflect buoyant consumer sentiment, with expectations for a stabilisation at 0.3% mom. This release will also be important to judge if the recent rise in consumer sentiment has translated into sustainably stronger spending and may provide some reassurance following the weaker than expected November retail sales print.
- ▶ The final release of the December **University of Michigan Index of Consumer Sentiment** survey and the December reading of the **Conference Board Consumer Confidence Index** will be watched closely to see if sentiment can improve further on November's post-crisis high. The election victory of Donald Trump appears to have boosted confidence due to greater optimism about consumers' personal finances on the back of proposed tax cuts, as well as improved prospects for the economy as a whole.
- ▶ November US housing activity is anticipated to be mixed, with **existing home sales** expected to decline 1.8%, following a 2.0% rise in the prior month, while **new home sales** are projected to rise 2.1% after a 1.9% decline in October. Overall, despite a recent increase in mortgage rates (rising from 3.50% to make a sustained move above 4.00%), underlying fundamentals remain extremely supportive for housing market activity, including a tight labour market and still low financing costs.
- ▶ Following a strong rise in November's **ISM Non-Manufacturing Index**, expectations are for a slight moderation from 57.2 to 56.3, although remaining elevated amid upbeat consumer sentiment and spending. The **Manufacturing PMI** has seen general improvement over the last four months after a volatile 2016 and difficult 2015. Despite headwinds, not least a strengthening dollar, given that new orders edged higher in November, December's headline print is anticipated to stabilise at the 53.2 level.
- ▶ Finally, the December employment report is likely to reflect the continued strength of labour market indicators (with initial jobless claims remaining near to cycle lows) and strong consumer confidence, reinforced by positive momentum in the perceived availability of jobs. Expectations are for **nonfarm payrolls** to increase by 170,000, following a 178,000 gain in the prior month. Meanwhile, November saw a surprise dip in hourly earnings (-0.1% mom) and it would be discouraging if this were not to be reversed.

Europe

- ▶ The December **German Ifo Business Climate Index** is expected to edge up slightly (+0.2pts to 110.6) to its highest level since March 2014, predominantly driven by an improvement in the current assessment component amid evidence of accelerating momentum in the German economy.
- ▶ **Eurozone CPI inflation** for December is anticipated to increase to 0.9% – its highest point since November 2013 – mainly on the back of oil price effects. Core inflationary pressures, however, remain subdued, with core CPI expected to remain at 0.8% for the fifth straight month.

Emerging markets and Japan

- ▶ **Mexican CPI** moved to a two-year high of 3.3% yoy in November, with potentially further increases in the December release likely reflecting a greater pass-through from post-US election peso weakness.
- ▶ The **Bank of Japan (BoJ)** is likely to keep policy unchanged at its two-day **meeting** ending 20 December, as the strength in the labour market (and rapidly rising compensation of employees), combined with upcoming fiscal stimulus, suggests a pickup in GDP growth next year. Moreover, imported inflation could gather pace in the coming months following the sharp depreciation of the yen since early November, reducing some of the pressure on the BoJ to ease policy further.
- ▶ **Japan's CPI ex-fresh food and energy** for November is likely to come in slightly stronger than in October, on the back of the depreciation of the yen. However, the leading indicator for core inflation in the region of Tokyo for November remained flat and Q3 national accounts data showed persistent weakness in private domestic demand, particularly consumption, which limits the potential of a significant near-term rebound in core inflation.
- ▶ **Japan's jobless rate** for November is likely to have remained little changed, at about 3.0%, its lowest level since December 1994. The employment component of the Shoko Chukin Bank survey of small and mid-sized business conditions showed a continuing surge in demand for labour among Japanese firms, which may push the job-to-applicants ratio up further, but should remain insufficient to send the unemployment rate significantly below 3.0% given the recent expansion of the labour force. The employment component of the Tankan survey for Q4 was also consistent with relative stability in the rate of unemployment.

- ▶ Following the unexpected 25bp hike in the overnight lending rate in November, the **Central Bank of Turkey** is expected to hike rates by an additional 25bps at its **December meeting**. Despite the contraction in economic activity in Q3, the bank will probably tighten policy further in order to buoy the lira, which has come under severe pressure since early-November.
- ▶ **Turkey's December CPI inflation** is anticipated to edge up to 7.5% yoy on the back of recent lira depreciation and tax hikes in tobacco and automobiles in December. Core inflation may display a more limited rise due to weak domestic demand.

Market Moves

US stocks little changed after Fed meeting; European equities rallied for the second consecutive week

- ▶ **US equities** swung between gains and losses this week, amid investor caution ahead of the final Fed meeting of the year. Upbeat survey data, including November's NFIB Index of Small Business Optimism, supported risk appetite. However, a slightly more hawkish Fed than previously anticipated weighed on investor sentiment, with a rallying US dollar dampening the competitiveness of US exporters. Overall, the S&P 500 Index ended the week little changed (-0.1%). Telecom shares outperformed, while the consumer discretionary sector was among the decliners, hit by lower than expected retail sales prints for November.
- ▶ Meanwhile, **European equities** rallied, with the regional EURO STOXX 50 Index ending higher for the second consecutive week (+1.9%). Financial shares contributed the most to gains, despite a major rating agency downgrading its outlook for Italian banks to negative. Energy shares also ended higher, supported by further gains in oil prices. Elsewhere, the export-sensitive German DAX (+1.8%) also benefited from a weaker euro and heavy losses in materials stocks saw the UK's FTSE 100 Index underperform (+0.8%).
- ▶ Most **Asian equities** declined over the week, with an acceleration of the downtrend after the Fed raised the federal funds target range and increased its forecast of the appropriate number of rate hikes in 2017. The biggest losses were observed in China and Hong Kong, where market sentiment was dampened by concerns about the property sector and the impact of higher interest rates. The Shanghai Stock Exchange Composite Index shed 3.4%, while Chinese enterprises listed in Hong Kong dropped by 4.0%. Elsewhere, bourses generally dropped by less than 1.0%, with the exception of Japan, where stocks rose, as the sharp depreciation of the yen boosted the earnings outlook for exporters, pushing the Nikkei 225 Index higher (+2.1%) ahead of the BoJ meeting on 19-20 December.

US Treasuries fell on a more hawkish Fed; Greek debt sold off heavily amid lingering debt relief concerns

- ▶ **US Treasuries** declined (yields rose) last week with much of the sell-off coming after the FOMC meeting. This concluded with an interest rate hike, as expected, alongside upward revisions to the dot plot and Fed Chair Janet Yellen's post-meeting press conference that indicated a more hawkish stance. Moreover, robust activity data – including a rise in the NAHB/Wells Fargo Housing Market Index to an 11-year high – contributed to the weakness. Overall, 10-year Treasury yields gained 12bps to 2.59%, while two-year yields also rose 12bps to 1.25%.
- ▶ In contrast, most **European government bonds** gained (yields fell) over the week with benchmark German 10-year bund yields closing 5bps lower at 0.31%. Meanwhile, equivalent maturity UK gilts underperformed in the core with yields only 1bp lower at 1.44% as the Bank of England kept policy on hold at its December meeting. Elsewhere, in the periphery, Italian 10-year yields plummeted (-17bps to 1.87%) and equivalent-maturity Greek bonds sold off heavily, with the latter coming under pressure amid lingering concerns over debt relief.

US dollar rose to a 14-year high, boosted by a more hawkish Fed

- ▶ The **British pound** gave up early-week gains to close lower against the US dollar (-0.6%). The majority of the decline occurred on Wednesday, after an upward revision to the Fed's dot plot boosted the greenback. The DXY index, which measures US dollar strength against a basket of major currencies, rose to a 14-year high this week. Sterling also received little support from the Bank of England's decision to leave interest rates unchanged while maintaining its neutral stance toward monetary policy. Similarly, the **euro** also ended down (-1.0%), hitting its lowest levels versus the US dollar since January 2003 on Thursday.
- ▶ Similarly, **Asian currencies** depreciated against the US dollar over the week as the slightly more hawkish than expected stance of the Fed during its December policy meeting sent the greenback to its highest value in 14 years against a basket of developed market currencies. The steepest depreciation was seen in Japan, where the yen lost 2.2% of its value on the back of a widening gap between Japanese and US yields. The Korean won also dropped significantly (-1.5%), especially after the Bank of Korea left its policy rate unchanged only a few hours after the Fed announced its 25bp hike. Most other currencies depreciated by less than 1%.

Oil prices edge higher after non-OPEC production deal

- ▶ **Oil prices** edged up this week, with gains supported by an agreement between 11 non-OPEC countries to trim output by 558,000 barrels a day in 2017. Nevertheless, a stronger US dollar weighed on prices. Overall, WTI inched higher (+1.0% to USD52.0) and Brent crude gained more significantly (+1.7% to USD55.3 per barrel).
- ▶ A stronger dollar also hit **gold prices** this week, with the Fed's more hawkish interest rate projections also weighing on the non-yield-generating asset. Overall, the precious metal finished the week 2.2% lower at USD1,135, its lowest level since early February.

Market Data

	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)
Equity Indices									
World									
MSCI AC World Index (USD)	422	-0.5	3.1	2.7	5.5	5.7	428	351	17.4
North America									
US Dow Jones Industrial Average	19,843	0.4	5.2	9.5	11.8	13.9	19,966	15,451	18.2
US S&P 500 Index	2,258	-0.1	3.7	5.6	8.9	10.5	2,278	1,810	19.0
US NASDAQ Composite Index	5,437	-0.1	2.7	3.7	7.2	8.6	5,487	4,210	22.6
Canada S&P/TSX Composite Index	15,252	-0.4	3.5	5.5	15.8	17.2	15,415	11,531	20.1
Europe									
MSCI AC Europe (USD)	393	0.2	4.1	0.3	-3.6	-4.3	418	354	15.8
Euro STOXX 50 Index	3,259	1.9	7.7	11.0	0.4	-0.3	3,345	2,673	15.4
UK FTSE 100 Index	7,012	0.8	3.9	4.5	15.7	12.3	7,130	5,500	16.8
Germany DAX Index*	11,404	1.8	6.9	11.0	8.9	6.2	11,452	8,699	14.2
France CAC-40 Index	4,833	1.5	7.4	11.6	4.5	4.2	4,857	3,892	15.4
Spain IBEX 35 Index	9,413	2.7	9.0	9.0	-3.1	-1.4	10,000	7,580	16.6
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	428	-2.5	0.7	-3.1	6.2	4.0	459	357	14.3
Japan Nikkei-225 Stock Average	19,401	2.1	8.6	17.4	1.8	1.9	19,869	14,864	19.7
Australian Stock Exchange 200	5,533	-0.5	3.9	4.5	10.0	4.5	5,611	4,707	16.3
Hong Kong Hang Seng Index	22,021	-3.3	-1.2	-5.6	1.5	0.5	24,364	18,279	12.1
Shanghai Stock Exchange Composite Index	3,123	-3.4	-2.6	4.0	-11.2	-11.8	3,685	2,638	14.9
Hang Seng China Enterprises Index	9,470	-4.0	1.2	-1.3	-0.7	-2.0	10,210	7,499	8.3
Taiwan TAIEX Index	9,327	-0.7	4.1	4.8	14.0	11.9	9,430	7,628	15.1
Korea KOSPI Index	2,042	0.9	3.2	2.1	3.7	4.1	2,074	1,818	11.8
India SENSEX 30 Index	26,490	-1.0	0.7	-7.4	3.9	1.4	29,077	22,495	18.2
Indonesia Jakarta Stock Price Index	5,232	-1.4	0.9	-0.7	16.7	13.9	5,492	4,409	17.3
Malaysia Kuala Lumpur Composite Index	1,638	-0.2	0.6	-0.9	0.2	-3.2	1,729	1,601	16.4
Philippines Stock Exchange PSE Index	6,851	-2.7	-1.7	-9.3	0.6	-1.5	8,118	6,084	17.5
Singapore FTSE Straits Times Index	2,938	-0.6	5.1	3.9	3.4	1.9	2,981	2,528	14.2
Thailand SET Index	1,523	-0.2	3.2	2.9	17.2	18.2	1,558	1,221	15.7
Latam									
Argentina Merval Index	16,564	-3.7	0.3	4.6	37.6	41.9	18,432	9,200	26.7
Brazil Bovespa Index*	58,389	-3.5	-3.9	2.3	29.7	34.7	65,291	37,046	15.0
Chile IPSA Index	4,212	-1.3	0.7	4.1	16.4	14.5	4,484	3,419	16.0
Colombia COLCAP Index	1,342	1.3	3.2	-1.0	18.7	16.3	1,419	1,068	14.0
Mexico Index	45,121	-3.8	0.5	-1.7	3.9	5.0	48,956	39,924	19.8
EEMEA									
Russia MICEX Index	2,231	1.0	10.0	12.6	27.2	26.7	2,258	1,583	7.4
South Africa JSE Index	49,691	-2.4	-0.6	-4.1	2.6	-2.0	54,704	45,976	15.2
Turkey ISE 100 Index*	77,590	2.5	3.8	2.1	6.5	8.2	86,931	68,230	9.2

*Indices expressed as total returns. All others are price returns.

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Equity Indices - Total Return					
Global equities	3.1	7.9	7.7	13.8	61.2
US equities	5.9	12.0	10.5	31.5	99.2
Europe equities	0.3	-1.6	-0.9	-7.6	35.6
Asia Pacific ex Japan equities	-2.4	7.2	9.7	2.2	27.6
Japan equities	2.8	3.1	4.8	13.4	51.8
Latam equities	-1.5	25.8	23.0	-23.4	-27.5
Emerging Markets equities	-2.8	10.4	11.2	-6.9	7.3

All total returns quoted in US dollar terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Markets Latin America Total Return Index and MSCI Emerging Markets Total Return Index.

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 16 December 2016.

Past performance is not an indication of future returns.

Market Data (continued)

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return						
BarCap GlobalAgg (Hedged in USD)	495	-0.3	-0.8	-2.6	3.2	3.0
JPM EMBI Global	730	-0.5	-0.3	-3.9	9.2	8.8
BarCap US Corporate Index (USD)	2,691	-0.3	-1.3	-3.1	4.9	4.7
BarCap Euro Corporate Index (Eur)	240	0.2	0.1	-1.4	4.4	4.2
BarCap Global High Yield (USD)	429	0.0	1.6	1.4	15.0	14.7
Markit iBoxx Asia ex-Japan Bond Index (USD)	185	-0.5	-0.9	-2.2	5.0	4.7
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	235	-0.2	0.4	0.4	13.3	12.5

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Currencies (vs USD)	Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015	52-week High	52-week Low
Developed markets								
EUR/USD	1.05	1.06	1.07	1.12	1.09	1.09	1.16	1.04
GBP/USD	1.25	1.26	1.24	1.30	1.50	1.47	1.50	1.18
CHF/USD	0.97	0.98	1.00	1.02	1.01	1.00	1.06	0.97
CAD	1.33	1.32	1.34	1.32	1.38	1.38	1.47	1.25
JPY	117.93	115.32	109.08	102.29	122.21	120.22	123.56	99.02
AUD	1.37	1.34	1.34	1.33	1.38	1.37	1.46	1.28
NZD	1.44	1.40	1.41	1.38	1.47	1.46	1.58	1.34
Asia								
HKD	7.76	7.76	7.76	7.76	7.75	7.75	7.83	7.75
CNY	6.96	6.91	6.88	6.67	6.47	6.49	6.96	6.45
INR	67.77	67.42	67.95	66.99	66.73	66.15	68.86	66.07
MYR	4.48	4.42	4.35	4.13	4.32	4.29	4.48	3.84
KRW	1,184	1,166	1,169	1,122	1,176	1,175	1,245	1,090
TWD	31.95	31.82	31.85	31.63	32.86	32.86	33.79	31.01
Latam								
BRL	3.39	3.38	3.43	3.26	3.88	3.96	4.17	3.10
COP	3,008	3,006	3,132	2,958	3,336	3,175	3,453	2,817
MXN	20.44	20.39	20.21	19.61	16.98	17.21	21.39	16.96
EEMEA								
RUB	62.07	62.46	64.75	65.29	70.40	72.52	85.96	60.48
ZAR	14.03	13.80	14.31	14.18	14.94	15.47	17.92	13.17
TRY	3.51	3.48	3.32	2.98	2.94	2.92	3.59	2.79

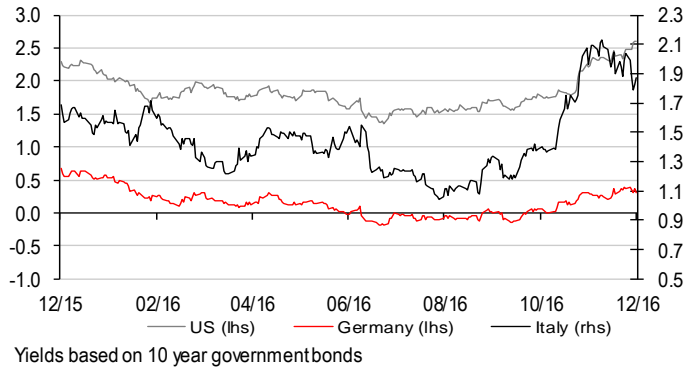
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.49	0.53	0.46	0.28	0.25	0.16
2-Year	1.25	1.13	1.01	0.76	1.00	1.05
5-Year	2.07	1.89	1.67	1.20	1.75	1.76
10-Year	2.59	2.47	2.22	1.69	2.30	2.27
30-Year	3.17	3.15	2.92	2.45	3.00	3.02
Developed market 10-year bond yields (%)						
Japan	0.08	0.06	0.02	-0.04	0.30	0.26
UK	1.44	1.45	1.38	0.87	1.95	1.96
Germany	0.31	0.36	0.30	0.01	0.68	0.63
France	0.76	0.81	0.74	0.31	1.01	0.99
Italy	1.87	2.04	2.03	1.34	1.69	1.59
Spain	1.42	1.51	1.54	1.08	1.76	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	1,135	-2.2	-7.4	-13.4	5.8	6.9	1,375	1,048
Brent Oil	55.3	1.7	18.5	20.7	48.6	48.2	58	27
WTI Crude Oil	52.0	1.0	14.2	20.9	46.5	40.5	55	26
R/J CRB Futures Index	191	-0.3	5.0	5.9	11.4	8.7	196	155
LME Copper	5,732	-1.6	5.5	19.7	24.4	21.8	6,046	4,318

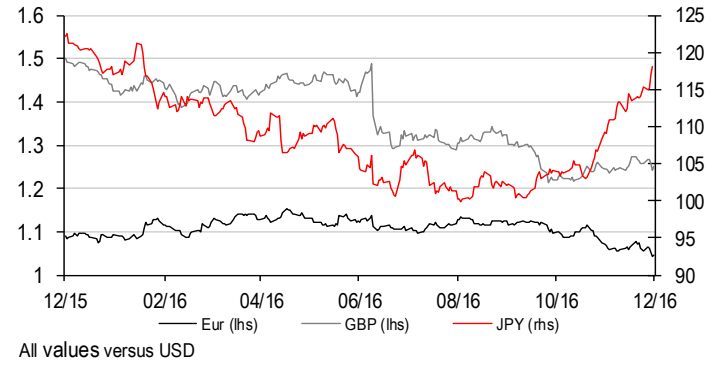
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 16 December 2016.
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Market Trends

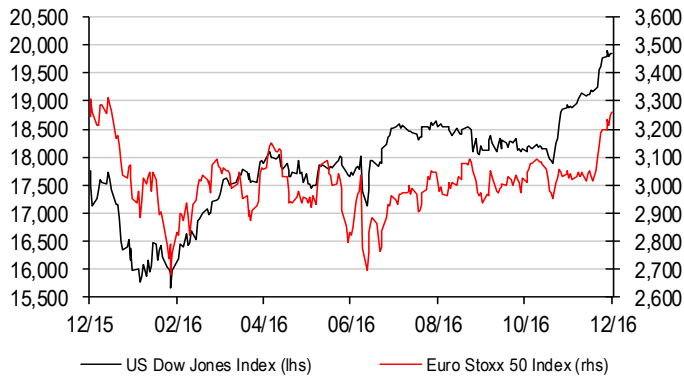
Government bond yields (%)



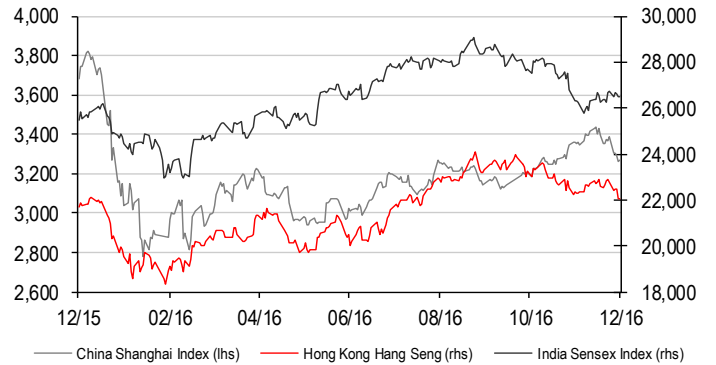
Major currencies (versus US dollar)



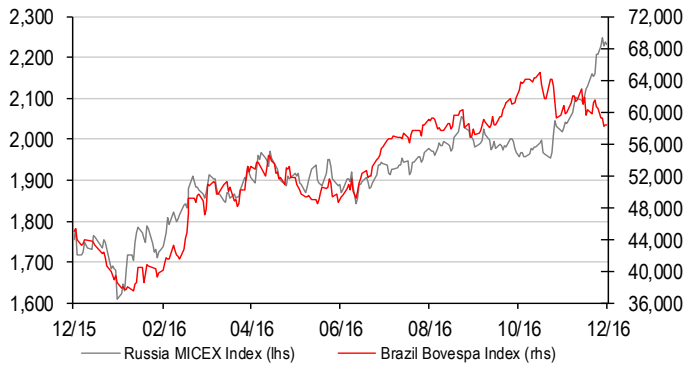
Global equities



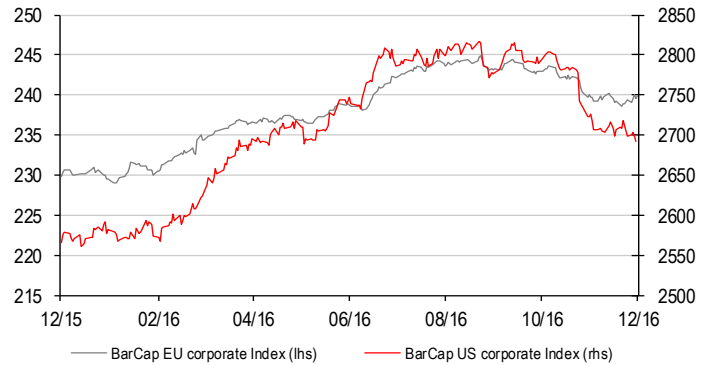
Emerging Asian equities



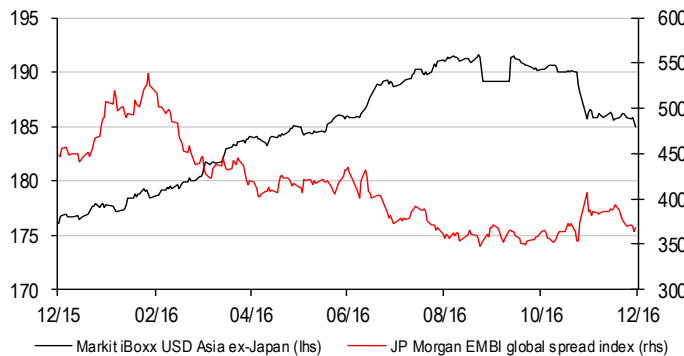
Other emerging equities



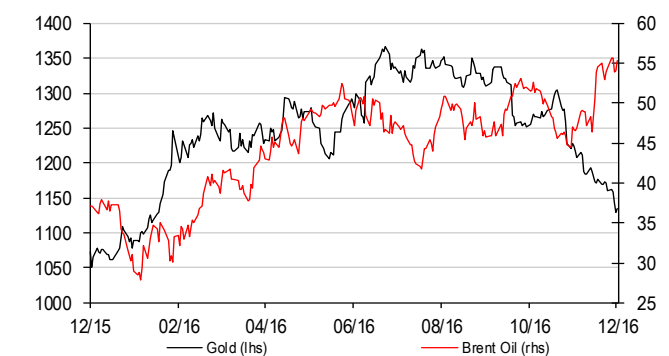
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 16 December 2016.
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