IW Investment Weekly

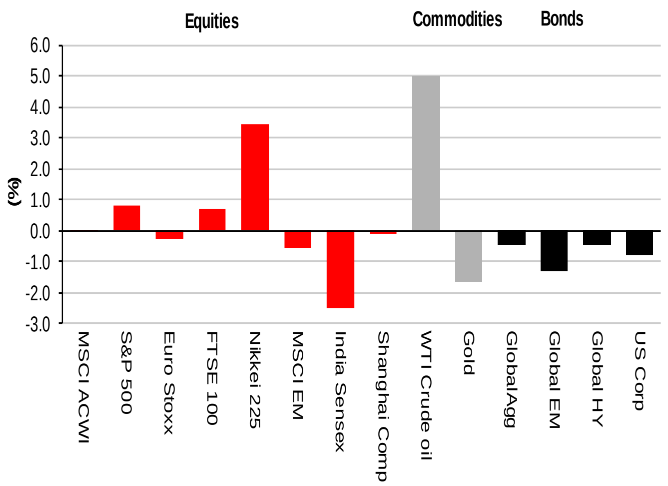
18 November 2016

For Professional Client and Institutional Investor Use Only

- US stocks rose this week, boosted by upbeat US macro data and higher oil prices as the recent Trump-rally faded; strong gains in Japan's Nikkei 225 Index were primarily driven by a weaker yen
- In the US, Federal Reserve (Fed) Chair Janet Yellen's testimony to the Joint Economic Committee provided relatively few surprises as she argued that an increase in short-term rates could "become appropriate relatively soon"
- October headline US retail sales rose 0.8% mom, beating expectations of 0.6%, from an upwardly revised +1.0% in September
- In the coming week, the UK's Autumn Statement is the highlight of the calendar

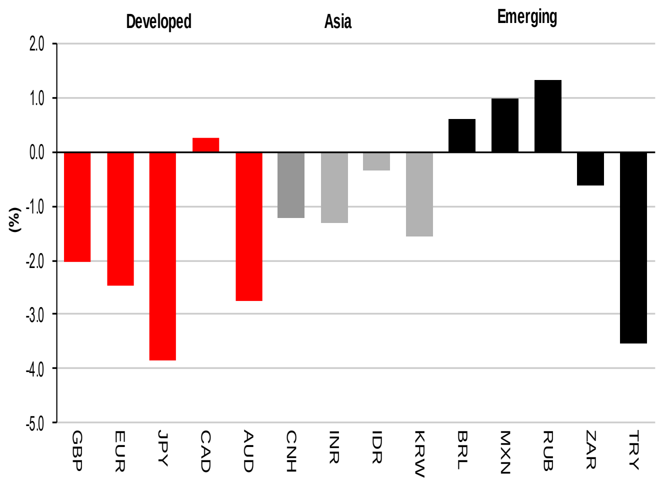
Movers and shakers

Japan's Nikkei 225 Index outperformed amid a weaker yen

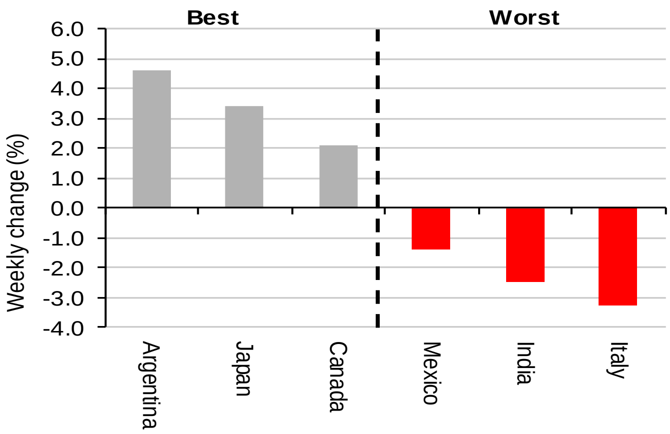


Currencies (versus USD)

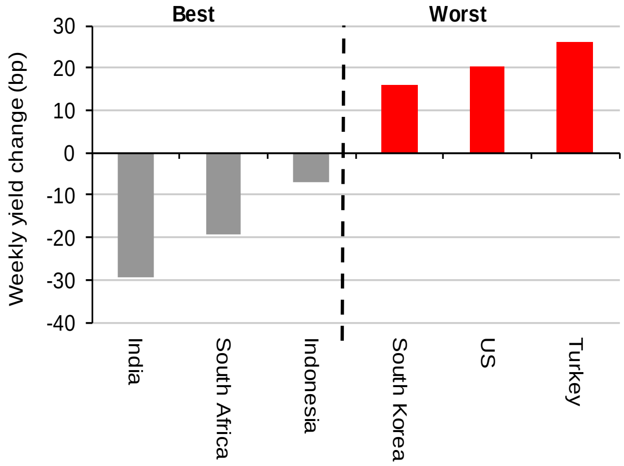
The US dollar rose against most major currencies



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 18/11/2016.
All the above charts relate to 11/11/2016 – 18/11/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (14-18 November 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 14 November	Japan	GDP Annualised, Seasonally Adjusted (qoq)	Q3 P	0.8%	2.2%	0.7%
	China	Industrial Production (yoy)	Oct	6.2%	6.1%	6.1%
	China	Retail Sales (yoy)	Oct	10.7%	10.0%	10.7%
	Eurozone	Industrial Production (Working Day Adjusted, yoy)	Sep	0.9%	1.2%	2.2%
Tuesday 15 November	UK	CPI (yoy)	Oct	1.1%	0.9%	1.0%
	Eurozone	GDP (qoq)	Q3 P	0.3%	0.3%	0.3% A
	Germany	ZEW Expectation of Economic Growth	Nov	8.1	13.8	6.2
	India	CPI (yoy)	Oct	4.2%	4.2%	4.4%
	US	Retail Sales Advance (mom)	Oct	0.6%	0.8%	1.0%
Wednesday 16 November	UK	ILO Unemployment Rate (3 Months)	Sep	4.9%	4.8%	4.9%
	US	NAHB/Wells Fargo Housing Market Index	Nov	63	63	63
Thursday 17 November	UK	Retail Sales, ex Auto Fuel (yoy)	Oct	5.4%	7.6%	4.0%
	Eurozone	CPI (yoy)	Oct F	0.5%	0.5%	0.4%
	US	CPI (yoy)	Oct	1.6%	1.6%	1.5%
	US	Housing Starts (mom)	Oct	10.4%	25.5%	-9.5%
	Mexico	Banco de Mexico Interest Rate Decision	Nov	5.25%	5.25%	4.75%
Friday 18 November	Eurozone	ECB President Mario Draghi speaks at Euro Finance Week in Frankfurt				

P – Preliminary, Q – Quarter, F – Final, A – Advance

- In the US, **Fed Chair Janet Yellen's testimony** to the Joint Economic Committee provided relatively few surprises as she argued that an increase in short-term rates could "become appropriate relatively soon." She also said that if the Fed were to delay normalisation "it could end up having to tighten policy relatively abruptly to keep the economy from significantly overshooting both of the Committee's longer-run policy goals." Meanwhile, Yellen reiterated the "gradual" nature of future rate increases and confirmed she planned to serve out her full term as Fed chair. With regard to president-elect Donald Trump, she stated that the Fed would perhaps adjust its outlook when there is greater clarity about his policies and that it is up to Congress and the administration to weigh the costs and benefits of fiscal policies. In terms of data releases, October headline **retail sales** rose 0.8% mom, beating expectations of 0.6%, from an upwardly revised +1.0% in September. All industries saw an increase in sales, apart from furniture (-0.9%) and food services (-0.7%). Positively for Q4 GDP growth prospects, the control group (excluding autos, gas and building materials) also rose 0.8% mom (consensus 0.4%, 0.3% previously). Overall, this data confirms a robust US consumer sector amid continued labour market strength and rising wages. Furthermore, the upward revisions to August and September prints should see a greater positive contribution from personal consumption expenditures in the second estimate of Q3 GDP (released on 29 November). **CPI inflation** came in at 0.4% mom in October, in line with expectations and up from 0.3% in the previous month. As anticipated, this brought the annual growth rate up to 1.6%, its highest level in over two years. Meanwhile, core CPI, which excludes food and energy prices, rose 0.1% mom, slightly lower than the expected 0.2% mom. Both alcoholic beverages and shelter saw gains of 0.4% mom, while a 2.2% mom drop in airfares dragged transportation services lower (-0.2% mom). Overall, the annual rate of growth slowed slightly to 2.1%, down from 2.2% yoy in September, but remaining above the 2% mark, where it has been for the last year.
- This week also saw robust housing market prints in the US. The November **NAHB/Wells Fargo Housing Market Index** was unchanged at 63, in line with consensus expectations. The single-family home sales component was also unchanged at 69 while future sales expectations dipped 2 points to 69. Prospective buyer traffic, which makes up 27% of the index, rose 1 point to 47. Meanwhile, **housing starts** surged 25.5% mom in October (to 1,323,000 annualised, the highest level since September 2007). The multifamily category saw the biggest increase, up 185,000 to 454,000 annualised, and the single-family category added 84,000 to 869,000. The same report also showed **building permits** rose 0.3% mom (to 1,229,000 annualised), defying expectations of a -2.7% mom decline (to 1,193,000 from 1,225,000 in September).
- Turning to the **eurozone**, October **inflation** was confirmed at 0.5% yoy, after registering 0.4% in September, and 0.2% in August. The breakdown highlights that energy deflation eased to -0.9% yoy from -3.0% yoy previously, largely due to oil price base effects, supporting a positive contribution from the transport category. Meanwhile, the European Central Bank's (ECB) preferred measure of core CPI, which excludes energy and unprocessed food, fell from 0.8% yoy to 0.7%, highlighting the ECB's challenges to push headline inflation towards its 2% target. Meanwhile, **industrial production** growth declined by 0.8% mom in September (versus expectations of a larger 1.0% dip), following an upwardly revised 1.8% gain in the previous month. This left the yoy rate at 1.2%, and 1.0% on a six-month moving average basis. Overall, the eurozone industrial sector remains on a weak trend (albeit having shown signs of bottoming out recently) amid stagnant global trade growth and a slowdown in key emerging market export destinations. The second estimate of **eurozone Q3 GDP** growth was confirmed at 0.3% qoq, unchanged from the first estimate and the same rate of growth as the previous quarter. Performance among the big-four eurozone economies remains divergent. Data already released on 28 October showed Spain leading the pack (+0.7% qoq), with French growth accelerating to 0.2% (from -0.1% in Q2). Meanwhile, data released this week showed Italian growth beating expectations (+0.3%) while Germany disappointed (+0.2%). In **Germany**, the **ZEW survey** of the current situation fell back by 0.7 points to 58.8 in November (versus expectations of an increase to 61.6), although it remains broadly stable (at historically high levels) and slightly above its six-month moving average (55.9). Meanwhile, the

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expectations component jumped by 7.6 points to 13.8, its second-highest reading of the year, shrugging off uncertainty relating to the US elections. Overall, these prints signal stable growth in the German economy, with potential room for a slight acceleration in activity in the coming months.

- In the **UK,** the **ILO unemployment rate** for the three months to September unexpectedly edged lower by 0.1ppts to 4.8%, its lowest rate since September 2005. However, employment growth during the same period came in lower than anticipated (+49,000 versus 91,000 expected), implying a lower participation rate. Less positively, jobless claims for October rose by a five-month high of 9,800, maintaining the gradual upward trend observed since late 2014. Meanwhile, **October headline retail sales** grew by 1.9% mom, beating expectations of +0.5% from an upwardly revised September reading of 0.1%. This leaves the annual rate at 7.4%, the highest since May 2002. Core retail sales, excluding auto fuel, also came in much better than expected at +2.0% mom (consensus 0.4%, 0.1% previously). The monthly increase was broad-based, with all major store types recording higher sales. The largest contribution came from non-food stores, which added 1.1ppts to the headline, driven by the colder weather in October, which saw sales of textiles, clothing and footwear grow by 5.0% mom. Lastly, **CPI inflation** unexpectedly fell to 0.9% yoy in October, from 1.0% in the previous month, defying expectations of an increase to 1.1%. The main drag on inflation was clothing and footwear (a -0.12ppt contribution to yoy rate) and recreation and culture (-0.09ppts). This offset a strong positive contribution from the transport component (+0.15ppts), amid a particularly sharp increase in petrol prices (to 4.7% yoy from 1.4% last month).
- **Japanese Q3 GDP growth** beat expectations, coming in at 2.2% qoq annualised (consensus at 0.8%). Net exports contributed the most to the positive surprise, as the 8.1% annualised increase in exports and the 2.4% decline in imports boosted the trade surplus to its highest level in five years. As expected, domestic demand remained lacklustre, particularly in the private sector. Household consumption and private non-residential investment were little changed from Q2 despite the significant increase in real compensation of employees (+3.0% qoq annualized), implying a still low propensity to consume. Public demand also remained fairly soft, growing by 0.8% qoq annualized, as public investment fell after its temporary rebound observed in Q2. As the Japanese economy looks increasingly dependent on external demand, the GDP deflator retreated in Q3 for the first time since Q2 2013, highlighting the difficulties facing the Bank of Japan to increase inflation towards its 2% target.
- **China's October activity data** suggested that economic growth momentum remained resilient and stable overall. **Industrial production** growth was unchanged at 6.1% yoy (consensus at 6.2%), as a decline in mining sector output offset a pickup in manufacturing production and utility supply. Auto production slowed to 18.0% from 31.5% in September, partly due to a higher base effect, while power output increased at a faster pace. **Retail sales** growth of 10.0% yoy also fell short of consensus forecasts (10.7%), largely reflecting slower auto sales due to the tax cut last October that resulted in an unfavourable comparison base. Online sales growth moderated, but some consumers might have delayed their online shopping until 11 November Singles' Day, which offers large discounts. Meanwhile, sales of housing-related items also eased, likely reflecting slower property transaction growth. **Urban fixed asset investment (FAI)** growth picked up slightly to 8.3% yoy (ytd) in October from 8.2% yoy (ytd) in September, marginally better than expected (+8.2%), as an acceleration in real estate FAI and robust infrastructure growth offset weaker manufacturing FAI.
- As expected, the **Central Bank of Mexico** raised the **overnight rate** by 50bps to 5.25% at its November meeting. This is the fourth hike this year and once again driven by concerns over peso weakness. The country's currency, which has declined sharply against the US dollar since the September meeting, has been hit by Donald Trump's election victory.
- **India's headline CPI inflation** decelerated for the third straight month in October, coming in at 4.2% yoy, a 13-month low (from an upwardly revised 4.4% in the previous month). This was chiefly driven by lower food and beverage inflation (3.7% yoy against 4.1% yoy previously), mainly due to a normalisation of monsoon rainfall. As inflation is approaching the Reserve Bank of India's 4% target, the bank could cut policy rates again before the end of the current financial year (March 2017).

Coming Week (21-25 November 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 21 November	Japan	Trade Balance Adjusted (JPY billion)	Oct	404.3	349.0
Tuesday 22 November	US	Existing Home Sales (mom)	Oct	-0.7%	3.2%
Wednesday 23 November	Eurozone	Markit Composite PMI	Nov P	53.3	53.3
	US	Durable Goods Orders (mom)	Oct P	1.1%	-0.3%
	Mexico	GDP Seasonally Adjusted (qoq)	Q3 F	1.0%	1.0% P
	US	New Home Sales (mom)	Oct	-0.5%	3.1%
	US	University of Michigan Index of Consumer Sentiment	Nov F	91.6	91.6 P
	US	Fed Releases Minutes from November FOMC Meeting			
	UK	UK Chancellor Makes Autumn Statement to Parliament			
Thursday 24 November	Germany	IFO Business Climate Index	Nov	110.5	110.5
	Turkey	CBRT Interest Rate Decision (Overnight Lending Rate)	Nov	8.25%	8.25%
	South Africa	Reserve Bank Interest Rate Decision	Nov	7.00%	7.00%
Friday 25 November	Japan	National CPI, ex Fresh Food and Energy (yoy)	Oct	0.3%	0.2%
	UK	GDP (qoq)	Q3 P	0.5%	0.5% A

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US

- US housing data released next week is expected to show continuing robustness in the sector, supported by a favourable economic backdrop and low financing costs. October **existing home sales** are expected to dip by 0.7% mom, although this comes after an exceptionally strong September (+3.2%), leaving the seasonally adjusted annualised rate (SAAR) at 5.44 million, in line with the six-month moving average. Similarly, October **new home sales** are expected to moderate, declining 0.5% mom from 3.1% in the prior month, although maintaining the SAAR at around the 590,000 level.
- The release of the **Fed's minutes from its November Federal Open Market Committee (FOMC) meeting** could shed some further clues concerning the debate among FOMC members on the timing of the next rise in US interest rates, although given the recent strengthening of US economic data and rising inflationary pressures, the market is now almost fully pricing in a 25bp December rate hike. Therefore, more attention may be placed on any discussions regarding the subsequent pace of the hiking cycle.

Europe

- **The preliminary eurozone PMIs** for November are expected to remain stable, with the composite indicator remaining at 53.3. The eurozone economy remains supported by growth in employment, subdued inflation and low financing costs, while the recent sharp decline in the euro versus the US dollar may have boosted manufacturing new orders. However, uncertainty following the election of Donald Trump as US president could have weighed on sentiment in the region.
- The **German Ifo Business Climate Index** is also expected to remain stable at 110.5 in November, and any further gain in the expectations component (which hit a two-and-a-half year high in October) bodes well for GDP prospects going into 2017.
- The second estimate of **UK Q3 GDP growth** is expected to be unrevised at 0.5% qoq (+2.3% yoy). However, soft industrial production and construction prints for September could see a small downward revision, especially if the September index of services disappoints (released alongside this estimate and expected at +0.2% mom). The breakdown of GDP by expenditure is likely to show the consumer sector doing the heavy lifting in supporting UK growth. It will also be interesting to see how well business investment held up during the quarter amid Brexit-related uncertainty.
- The highly anticipated **UK Autumn Statement** is expected to result in a modest fiscal stimulus in response to the Brexit uncertainty shock, focussed increase in infrastructure spending and help for working families. However, a "fiscal splurge" is unlikely given the recent robustness of UK activity data, higher expected inflationary pressures and an anticipated increase in public sector borrowing requirements (amid lower GDP growth and tax receipts).

Japan and emerging markets

- In **Japan, CPI ex-fresh food and energy** for October is expected to come in slightly stronger than in September, at 0.3% yoy (0.2% previously) on the back of a moderate depreciation of the yen in October and some positive signals in the leading indicator for core inflation in the region of Tokyo. However, 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. Headline CPI is expected to rebound from -0.5% yoy in September to 0.0% in October.
- The final estimate of **Mexico Q3 GDP growth** is expected to be confirmed at 1.0% qoq (+2.0 yoy), supported by the services sector (boosted by rapid credit growth, higher remittances and a strong labour market), while the manufacturing sector remains a drag amid weakness in US industrial demand (hitting exports) and declining domestic oil production due to low investment in the sector.
- The **Central Bank of Turkey** is expected to keep all interest rates unchanged at its **November policy meeting**. At its October meeting, in contrast to market expectations of a 25bp overnight lending rate cut, Turkey's central bank kept rates on hold, held back by the recent underperformance of the lira. The bank will likely avoid rate hikes as long as possible due to the sharp slowdown in economic activity after the coup attempt. Yet, should the depreciation pressure on the lira accelerate towards the meeting, the bank may increase the benchmark (one-week) repo rate by 25bps to 7.75%.

Market Moves

US stocks gained amid upbeat macro data and higher oil prices as Trump-rally cools; Japan's Nikkei boosted by a weaker yen

- In the **US**, the **S&P 500** Index booked its second consecutive weekly gain (+0.8%). While investors continued to assess the outlook for US policy under a Trump administration, a string of positive macro data (such as upbeat retail sales for October) and higher oil prices lifted risk appetite. As a result, consumer discretionary stocks were among the best performers and energy producers snapped a two-week losing streak.
- **European equities** struggled to make significant gains this week as the Trump-rally faded. Bourses swung between gains and losses, with the regional EURO STOXX 50 Index ending little changed (-0.3%). Large losses in telecom and utilities hit Spain's IBEX 35 (-0.2%), while the UK's FTSE 100 Index outperformed (+0.7%), thanks to a rally in financial stocks and positive contributions from the energy and consumer discretionary sectors, respectively boosted by higher oil prices and much better than expected UK retail sales data for October.
- In **Asia**, Japanese **stocks** rallied over the week (the Nikkei 225 Index was up +3.4%) as the yen weakened against the US dollar and

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its peers, boosting the outlook for exporters' earnings, and after data showed the Japanese economy expanded more than expected in Q3. Philippine stocks posted a 1.3% weekly gain after the country's Q3 GDP print surprised to the upside. Elsewhere, most markets finished lower as Fed Chair Janet Yellen's congressional testimony reinforced expectations of a December rate hike and as investors continued to gauge the potential adverse impact of US president-elect Donald Trump's policy agenda. Indian stocks underperformed (the SENSEX 30 Index was down -2.5%), with investors continuing to assess the near-term economic impact of the government's recall of high-denomination currency notes.

US Treasuries fell on robust data and strengthening rate hike expectations; most European peripheral bonds underperformed despite the ECB signalling continuation of accommodative policy

- **US Treasuries** continued to fall (yields rose) this week as robust economic data releases, particularly for housing starts and initial jobless claims, and Fed Chair Janet Yellen's testimony to the Joint Economic Committee further strengthened expectations of a rate hike at the next policy meeting in December. Alongside this, investors continued to assess the impact of president-elect Donald Trump's proposed expansionary fiscal policy on inflation and term premia. Overall, 10-year Treasury yields gained 20bps to 2.35%, while a smaller 15bps gain to 1.07% in policy-sensitive two-year yields saw a steepening of the yield curve.

- Most peripheral **European government bonds** also weakened (yields rose) over the week, with Portuguese 10-year bonds underperforming on lingering concerns surrounding the European Commission's warning on Wednesday that the country's draft budget was at risk of "non-compliance" with the body's deficit limits. In the core, benchmark 10-year German bunds advanced as yields closed 4bps lower at 0.27% while equivalent maturity UK gilts fell amid lingering inflation concerns, pushing yields higher (+9bps to 1.45%). Meanwhile the release of the ECB's October meeting minutes signalled a continuation of the bank's accommodative monetary policy stance. This was further supported by ECB President Mario Draghi's speech in Frankfurt on Friday where he highlighted that the central bank does *"*not yet see a consistent strengthening of underlying price dynamics.*"*

US dollar strength saw the DXY Index at its highest level since April 2003

- This week saw the **US dollar** gaining further momentum with the DXY Index (which measures its strength against a basket of other major currencies) hitting its highest level since April 2003. This was chiefly driven by the market pricing in a higher probability of a near-term US interest rate hike amid robust macro data and Fed Chair Janet Yellen's testimony. Meanwhile, continuing expectations of US fiscal stimulus supported longer-term interest rate hike expectations. Consequently, the **euro** fell against the greenback this week (-2.5%). The **British pound** also declined (-2.0%), despite data showing a jump in retail sales in October.

- **Asian currencies** depreciated against the US dollar this week, led by the Japanese yen (-3.8%) and Malaysian ringgit (-1.8%), amid broad-based US dollar strength and capital outflows from the region driven by the prospect of a Fed rate hike in December and uncertainty over president-elect Donald Trump's policies. The decline in the ringgit came as the country's central bank issued a statement saying it would continue to restrict avenues that support currency speculation, fuelling investor fears of capital controls.

Oil prices rose on renewed hopes of OPEC production agreement

- **Oil prices** rose this week, despite US dollar strength, with most gains coming on Tuesday on renewed hopes that OPEC will secure a deal to cut output at its 30 November meeting, despite persistent disagreements among OPEC members and Russia. The market broadly shrugged off the US Energy Information Administration weekly report that showed a much stronger than expected increase in crude oil inventories last week, up 5.3 million barrels (consensus at 0.7 million), with distillate and gasoline inventories also surprising to the upside. Overall, WTI rose (+5.0% to USD45.6), as did Brent crude (+4.7% to USD46.9 per barrel).

- Meanwhile, rising expectations of a December rate hike amid Fed Chair Janet Yellen's relatively hawkish comments weighed on the interest-rate sensitive asset (-1.6% to USD1,208).

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 18 November 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)	409	0.0	-1.0	-2.9	0.6	2.5	425	351	16.8
North America									
US Dow Jones Industrial Average	18,868	0.1	3.9	1.5	6.4	8.3	18,934	15,451	17.3
US S&P 500 Index	2,182	0.8	2.0	-0.2	4.7	6.7	2,194	1,810	18.3
US NASDAQ Composite Index	5,322	1.6	1.5	1.6	4.9	6.3	5,347	4,210	22.2
Canada S&P/TSX Composite Index	14,864	2.1	0.8	1.1	10.9	14.3	14,964	11,531	19.7
Europe									
MSCI AC Europe (USD)	375	-2.0	-4.4	-7.3	-10.7	-8.7	427	354	15.1
Euro STOXX 50 Index	3,021	-0.3	-0.9	0.9	-12.0	-7.5	3,524	2,673	14.3
UK FTSE 100 Index	6,776	0.7	-3.2	-1.4	7.9	8.5	7,130	5,500	16.5
Germany DAX Index*	10,665	0.0	0.3	0.6	-2.7	-0.7	11,431	8,699	13.2
France CAC-40 Index	4,504	0.3	-0.1	1.5	-8.2	-2.9	4,976	3,892	14.5
Spain IBEX 35 Index	8,623	-0.2	-2.7	0.9	-16.0	-9.7	10,477	7,580	15.1
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	424	-1.5	-5.8	-6.1	3.8	3.0	459	357	14.1
Japan Nikkei-225 Stock Average	17,967	3.4	5.9	9.0	-8.6	-5.6	20,012	14,864	18.0
Australian Stock Exchange 200	5,359	-0.2	-0.9	-2.7	4.4	1.2	5,611	4,707	16.1
Hong Kong Hang Seng Index	22,344	-0.8	-4.5	-2.9	0.7	2.0	24,364	18,279	12.4
Shanghai Stock Exchange Composite Index	3,193	-0.1	3.5	2.9	-10.5	-9.8	3,685	2,638	15.1
Hang Seng China Enterprises Index	9,349	-0.9	-3.8	-3.2	-7.0	-3.2	10,342	7,499	8.4
Taiwan TAIEX Index	9,009	0.6	-2.3	-1.2	8.0	8.0	9,400	7,628	14.5
Korea KOSPI Index	1,975	-0.5	-3.2	-3.9	0.6	0.7	2,074	1,818	11.2
India SENSEX 30 Index	26,150	-2.5	-6.8	-7.0	2.6	0.1	29,077	22,495	17.6
Indonesia Jakarta Stock Price Index	5,170	-1.2	-4.8	-5.3	14.9	12.6	5,492	4,331	16.9
Malaysia Kuala Lumpur Composite Index	1,624	-0.6	-2.6	-4.2	-2.0	-4.1	1,729	1,601	16.3
Philippines Stock Exchange PSE Index	7,068	1.3	-6.6	-11.1	3.6	1.7	8,118	6,084	18.0
Singapore FTSE Straits Times Index	2,839	0.9	0.3	0.1	-1.6	-1.5	2,964	2,528	13.7
Thailand SET Index	1,474	-1.4	-0.2	-4.7	7.0	14.4	1,558	1,221	15.3
Latam									
Argentina Merval Index	16,385	4.6	-8.2	5.3	19.0	40.3	18,432	9,200	28.3
Brazil Bovespa Index*	59,962	1.3	-6.0	1.3	26.4	38.3	65,291	37,046	15.3
Chile IPSA Index	4,186	0.9	-0.4	1.0	11.1	13.7	4,326	3,419	15.5
Colombia COLCAP Index	1,307	0.6	-3.6	-3.0	16.2	13.3	1,419	1,046	13.3
Mexico Index	44,364	-1.4	-7.8	-8.4	-0.3	3.2	48,956	39,924	19.4
EEMEA									
Russia MICEX Index	2,038	0.3	3.5	3.5	12.6	15.7	2,076	1,583	6.8
South Africa JSE Index	50,626	0.7	-1.0	-4.5	-2.0	-0.1	54,704	45,976	15.6
Turkey ISE 100 Index*	75,639	0.6	-3.4	-3.0	-6.1	5.5	86,931	68,230	8.9

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

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	-1.9	5.0	3.3	9.0	55.1
US equities	0.4	8.3	6.3	27.2	93.4
Europe equities	-5.8	-4.7	-6.7	-12.2	27.4
Asia Pacific ex Japan equities	-5.1	6.2	7.3	-2.9	23.9
Japan equities	0.4	1.4	1.3	6.7	48.3
Latam equities	-8.5	26.7	15.5	-27.6	-29.2
Emerging Markets equities	-7.2	8.9	5.4	-11.3	2.5

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 18 November 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)	499	-0.4	-1.9	-2.5	3.8	3.8
JPM EMBI Global	732	-1.3	-4.0	-5.0	7.7	9.2
BarCap US Corporate Index (USD)	2,717	-0.8	-3.0	-3.3	5.3	5.7
BarCap Euro Corporate Index (Eur)	239	-0.5	-1.7	-2.0	3.4	3.9
BarCap Global High Yield (USD)	423	-0.4	-1.6	-0.3	10.1	13.0
Markit iBoxx Asia ex-Japan Bond Index (USD)	186	-0.9	-2.0	-2.6	5.3	5.6
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	234	-0.8	-0.7	-0.1	11.0	12.3

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	1.06	1.09	1.10	1.14	1.07	1.09	1.16	1.05
GBP/USD	1.23	1.26	1.23	1.32	1.52	1.47	1.53	1.18
CHF/USD	0.99	1.01	1.01	1.05	0.98	1.00	1.06	0.97
CAD	1.35	1.35	1.31	1.28	1.33	1.38	1.47	1.25
JPY	110.91	106.65	103.87	99.89	123.64	120.22	123.67	99.02
AUD	1.36	1.32	1.30	1.30	1.41	1.37	1.46	1.28
NZD	1.43	1.41	1.39	1.37	1.55	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	6.89	6.81	6.74	6.63	6.38	6.49	6.89	6.38
INR	68.14	67.25	66.73	66.81	66.30	66.15	68.79	66.07
MYR	4.42	4.34	4.19	4.00	4.39	4.29	4.44	3.84
KRW	1,183	1,165	1,129	1,107	1,172	1,175	1,245	1,090
TWD	32.06	31.86	31.56	31.40	32.87	32.86	33.79	31.01
Latam								
BRL	3.38	3.40	3.19	3.24	3.76	3.96	4.17	3.10
COP	3,182	3,044	2,906	2,880	3,104	3,175	3,453	2,817
MXN	20.64	20.85	18.62	18.19	16.74	17.21	21.39	16.44
EEMEA								
RUB	64.98	65.84	62.54	63.62	64.76	72.52	85.96	61.83
ZAR	14.42	14.34	13.90	13.37	14.17	15.47	17.92	13.17
TRY	3.37	3.25	3.10	2.93	2.86	2.92	3.41	2.79

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.43	0.47	0.33	0.29	0.11	0.16
2-Year	1.07	0.92	0.80	0.70	0.88	1.05
5-Year	1.80	1.56	1.22	1.11	1.68	1.76
10-Year	2.35	2.15	1.74	1.54	2.27	2.27
30-Year	3.03	2.94	2.51	2.26	3.04	3.02
Developed market 10-year bond yields (%)						
Japan	0.03	-0.03	-0.06	-0.09	0.30	0.26
UK	1.45	1.36	1.08	0.55	1.92	1.96
Germany	0.27	0.31	0.03	-0.08	0.51	0.63
France	0.76	0.74	0.32	0.14	0.83	0.99
Italy	2.09	2.02	1.38	1.07	1.52	1.59
Spain	1.59	1.47	1.10	0.91	1.73	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	1,208	-1.6	-4.3	-10.7	12.8	13.8	1,375	1,046
Brent Oil	46.9	4.7	-9.3	-7.9	6.2	25.7	54	27
WTI Crude Oil	45.6	5.0	-9.4	-5.5	11.9	23.1	52	26
R/J CRB Futures Index	183	1.3	-3.5	-3.3	-0.3	4.0	196	155
LME Copper	5,496	-1.0	17.4	14.3	19.2	16.8	6,026	4,318

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 18 November 2016.
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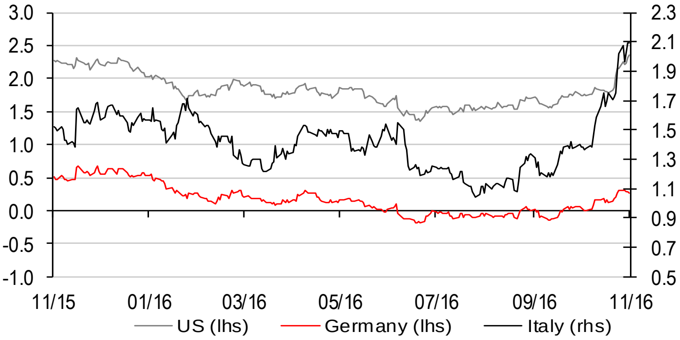
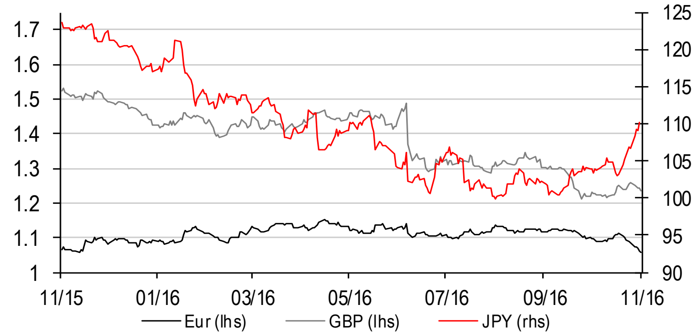
Market Trends

Government bond yields (%)



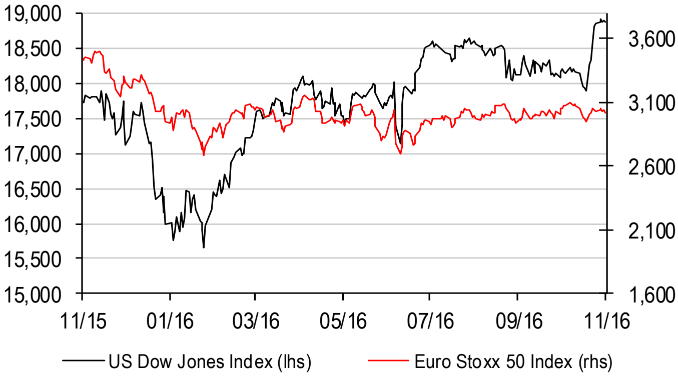
Yields based on 10 year government bonds

Major currencies (versus US dollar)

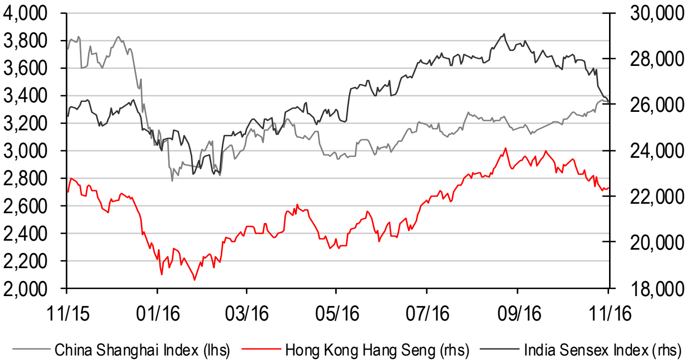


All values versus USD

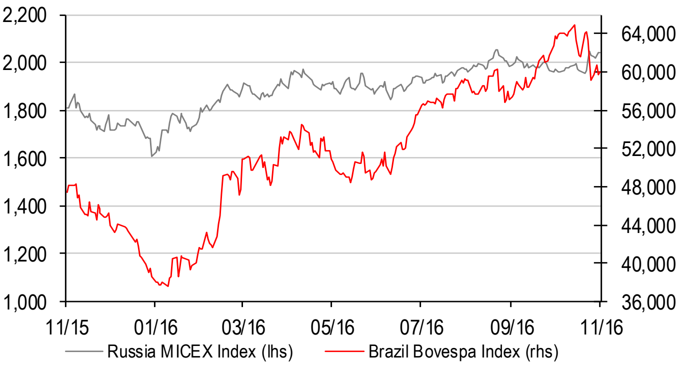
Global equities



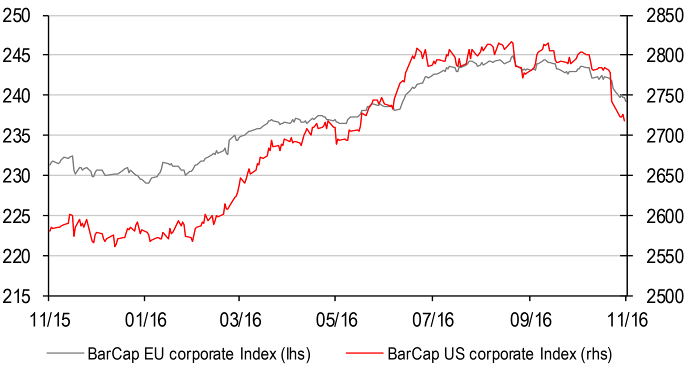
Emerging Asian equities



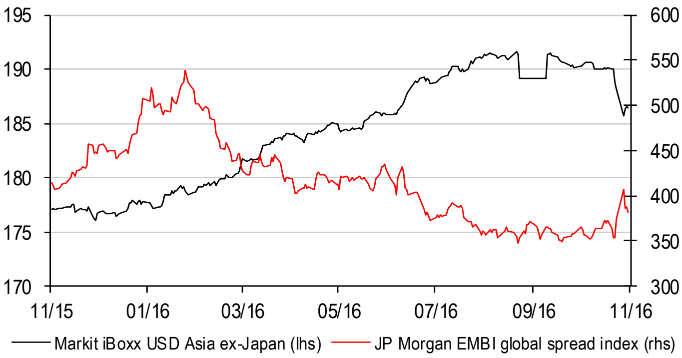
Other emerging equities



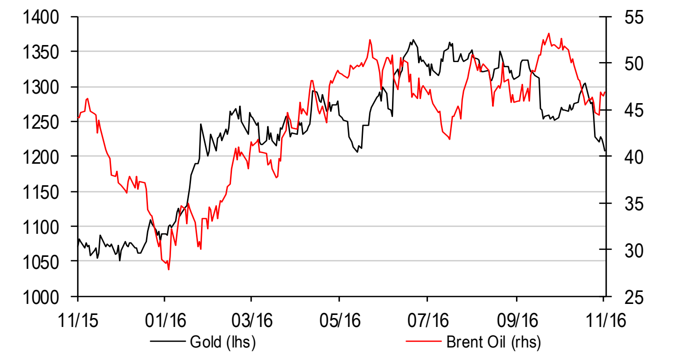
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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Expiry: December 16, 2016

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