IW Investment Weekly

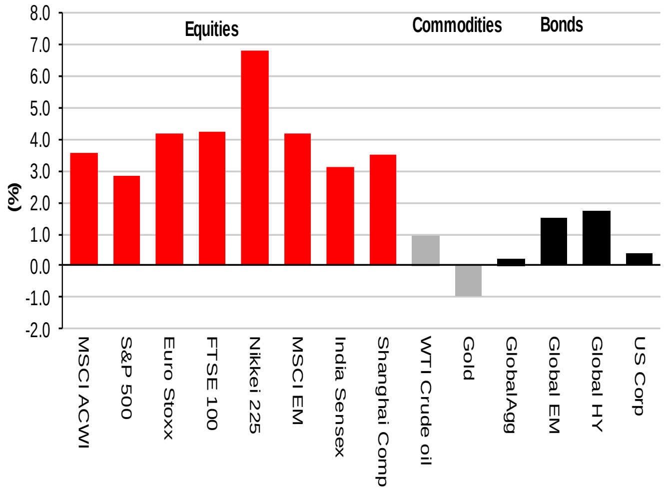
19 February 2016

For Professional Client and Institutional Investor Use Only

- Global equity markets rebounded this week, following recent sharp declines, as risk appetite was boosted by a stabilisation in oil prices and increasing expectations of further global policy support, especially from the European Central Bank (ECB)
- ECB President Mario Draghi confirmed his willingness to ease policy further by stating the bank would “not hesitate to act” to maintain price stability, raising investor expectations of further easing at the next ECB meeting on 10 March
- It was a broadly positive week for US economic data, with January industrial production and CPI prints both beating expectations, helping to relieve recent fears about the health of the US economy
- In the coming week, investors will keep an eye on the two-day meeting of the Group of 20 finance ministers and central bank governors, who will discuss boosting growth in the face of global economic headwinds, and the adoption of negative interest rates

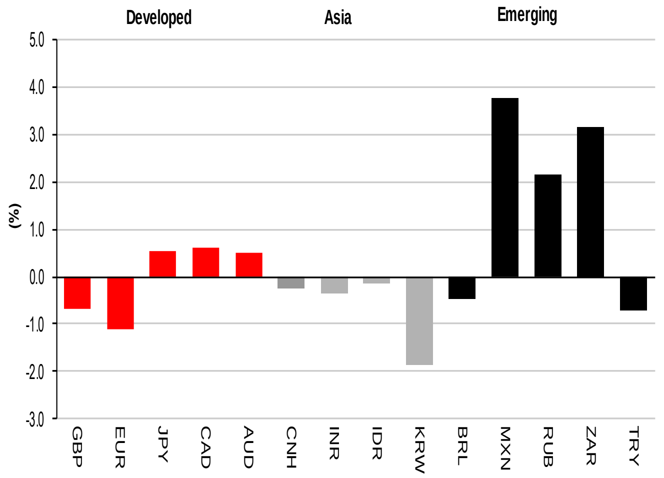
Movers and shakers

Equity markets rallied amid ECB stimulus hopes

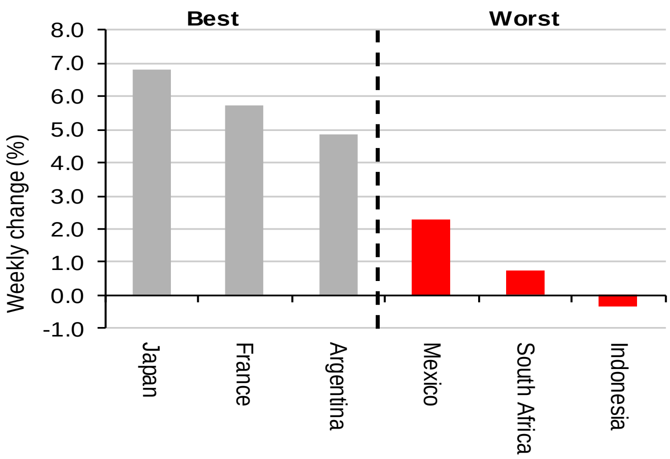


Currencies (versus US dollar)

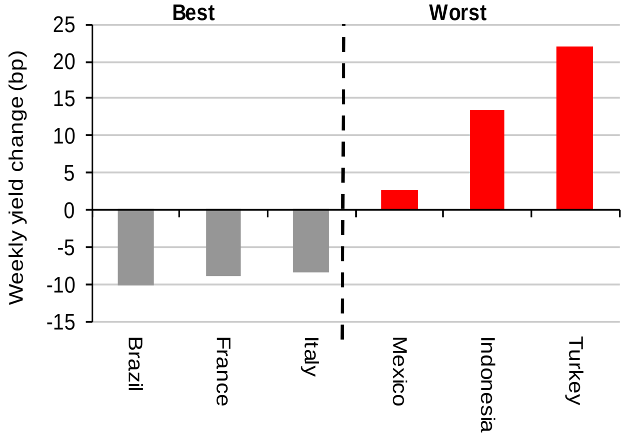
The Mexican peso gained as the Bank of Mexico hiked rates



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 19 February 2016.
All the above charts relate to 12/02/2016-19/02/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (15-19 February 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 15 February	Japan	GDP Annualised, Seasonally Adjusted (qoq)	Q4 P	-0.2%	-0.4%	0.3%
	China	Trade Balance (USD)	Jan	60.6bn	63.3bn	60.1bn
Tuesday 16 February	Germany	ZEW Indicator of Economic Sentiment	Feb	0.0	1.0	10.2
Wednesday 17 February	US	Housing Starts (mom)	Jan	2.0%	-3.8%	-2.5%
	US	Industrial Production (mom)	Jan	0.4%	0.9%	-0.4%
	US	Fed Releases Minutes from 26-27 January Meeting				
Thursday 18 February	Eurozone	ECB Account of the Monetary Policy Meeting				
	China	CPI Inflation (yoy)	Jan	1.9%	1.8%	1.6%
Friday 19 February	US	CPI Inflation (yoy)	Jan	1.3%	1.4%	0.7%

P – Preliminary

- In the **US,** the **minutes of the US Federal Reserve's (Fed)** January **Federal Open Market Committee (FOMC) meeting** confirmed that US monetary policymakers saw increased downside risks to the economic outlook amid lower crude oil prices and volatility in Chinese equity markets, with some participants raising concerns about the "potential drag" on the US from the emerging market slowdown. FOMC participants also discussed the recent deterioration in inflation expectation indicators, which fell to historical lows, but maintained the view that inflation would eventually converge towards 2% in the medium term. The minutes also showed that recent adverse financial conditions were "difficult to reconcile" with the economic data and highlighted that if the effects persisted they "may be roughly equivalent to those from further firming in monetary policy." Overall, a number of policymakers argued that it would be "prudent" to wait for more economic data before embarking on any further rate hikes. In terms of the data, **housing starts** unexpectedly fell 3.8% mom in January, below consensus expectations of a 2.0% gain. The weakness was potentially a result of more severe winter weather in January compared to December, but the regional evidence was not definitive. **Industrial production** rose 0.9% mom in January, well above consensus expectations of a 0.4% gain. December industrial production growth was revised lower to -0.7% mom (initial estimate: -0.4%). The upside surprise in January industrial production growth was relatively broad-based across industry groups. Manufacturing production, which accounts for three-quarters of total US industrial output, rose 0.5% mom. Overall, the data suggests output for the US manufacturing sector is not contracting as sharply as some had recently come to expect. Finally, **CPI inflation** rose to 1.4% yoy in January, up from 0.7% in December. This was marginally stronger than expected and the fourth straight rise in the annual inflation rate. The core CPI rate (excluding food and energy) was 2.2%, also a touch stronger than expectations and moving to a three-and-a-half-year high, although only up slightly from 2.1% in December. Interestingly, the increase was broad-based, with airfares (+1.2% mom), apparel (+0.6% mom), medical care services (+0.5% mom) and alcoholic beverages (+0.5% mom) all firmly above the average 0.3% mom rise. Importantly, service prices (excluding energy) rose to 3.0% yoy, the highest since Q3 2008.
- **In Europe, ECB President Mario Draghi confirmed his willingness to ease policy further**. Draghi said he was monitoring inflation trends and any negative consequences from financial volatility on economic activity. "If either of these two factors entail downward risks to price stability, we will not hesitate to act." In terms of data, investor confidence weakened in **Germany** as the **ZEW Indicator of Economic Sentiment** fell to its lowest level in more than a year, declining to 1.0 from 10.2 in December. The current conditions held up better at 52.3, down from 59.7 previously. The reading suggests that investors are still fairly satisfied with the state of the economy at present, but expect the global slowdown not only to impact the German industrial sector but also the currently buoyant services part of the economy.
- **Over in Asia, China's exports and imports** for January came in significantly worse than anticipated, contracting 11.2% yoy and 18.8% (in US dollars), respectively, compared to market consensus of -1.8% and -3.6%. **The trade surplus** widened to a record high of USD63.3 billion on the back of further import weakness. Despite some possible seasonal/holiday distortions, the trade data continued to reflect sluggish external and domestic (investment) demand as well as the effects of soft commodity prices. However, **China's January credit and money-supply growth data** surprised to the upside. Total social financing (TSF) surged to CNY3.42 trillion (consensus CNY2.2 trillion), up from CNY1.82 trillion in December 2015 and CNY2.05 trillion a year ago. The rise in TSF was led by new CNY loans, which jumped to CNY2.51 trillion in January (versus CNY832 billion in December 2015; consensus: CNY1.9 trillion). Growth of China's broad money supply **(M2)** picked up to 14.0% yoy in January from 13.3% in December. Overall, the strong credit data reflected seasonality (banks tend to front-load lending, and credit demand tends to be stronger at the beginning of the year), improved liquidity conditions and accommodative fiscal and monetary policy. **China's CPI inflation** rose to 1.8% yoy in January, from 1.6% in December (consensus 1.9%). The rise mainly reflected base effects and was driven by higher food prices due to the Lunar New Year holiday and bad weather, which is likely to be transitory. Meanwhile, **PPI deflation** remained deep at -5.3% yoy, despite a slight improvement from -5.9% over the past five months. Overall, the price data continues to reflect weak commodity prices and sluggish demand. Monetary/macro policies are therefore expected to remain accommodative while the government pushes forward with capacity reduction.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 19 February 2016.
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- Finally, **Japan's Q4 GDP growth** came in weaker than expected, down 1.4% qoq annualised (consensus -0.8%). As expected, household consumption declined sharply, reducing the overall GDP growth by 1.9 percentage points in annualised terms, while private non-residential investment added 0.8ppts and external trade added 0.3ppts. Compensation of employees continued to increase for a second quarter, reaching its highest level since Q2 2013. However, this increase in income has failed to support personal consumption growth, which implies households are still unsure about future income growth and their willingness to save tends to remain strong.

Coming Week (22-26 February 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 22 February	Eurozone	Markit Composite PMI	Feb P	53.3	53.6
Tuesday 23 February	Germany	Ifo Business Climate Index	Feb	106.8	107.3
	US	S&P/Case-Shiller 20-City Composite Home Price Index (yoy)	Dec	5.6%	5.8%
	US	Existing Home Sales (mom)	Jan	-1.1%	14.7%
Wednesday 24 February	US	New Home Sales (mom)	Jan	-4.4%	10.8%
Thursday 25 February	UK	GDP (qoq) 2nd Estimate	Q4 P	0.5%	0.5% P
	Eurozone	CPI Inflation (yoy)	Jan F	0.4%	0.4% P
	US	Durable Goods Orders (mom)	Jan P	2.5%	-5.0%
Friday 26 February	Japan	National CPI (Excluding Food and Energy, yoy)	Jan	0.7%	0.8%
	US	GDP Annualised (qoq) 2nd Estimate	Q4 P	0.5%	0.7% P

P – Preliminary, F – Final

US

- December's **S&P/Case-Shiller 20-City Composite Home Price Index** is anticipated to see a marginal slowdown in its rate of increase at 5.6% yoy against 5.8% previously. Regardless, price increases have remained remarkably steady and within 1ppt of 5% since August 2014. This is despite the rundown in inventory stock, which may eventually lead to a boost in activity.

- January's **existing home sales** are expected to dip 1.1% mom after December's 14.7% rise, the strongest mom increase on record. However, this pickup is more related to mortgage-focused regulatory adjustments, which is creating volatility in the series, rather than a radical change in buyer behaviour. Similarly, January's **new home sales** are expected to drop 4.4% mom after a 10.8% rise previously, for the same reason. The underlying conditions in the housing market remain supportive, with price growth and activity buoyed by historically low mortgage rates and continued improvement in the labour market. Although this housing market recovery is historically muted, it appears more stable.

- Headline **durable goods orders** are expected to recover from the 5.0% mom drop seen at the end of 2015 to expand 2.5% mom in January. Importantly, December's decline was primarily driven by volatility in aircraft orders. However, the core series, which strips out the transportation sector, is expected to ebb slightly lower at -0.2% mom. Despite early signs of stability in the manufacturing sector, with industrial production rising the most since December 2010, and a pickup in the new orders subcomponent of the ISM Manufacturing Index, it is important to recognise we are starting from a low level of activity.

- The **second estimate of Q4 GDP** is expected to show a slight slowdown in economic activity to 0.5% qoq annualised, after an advanced print of 0.7%, due to slightly lower inventory accumulation.

Europe

- The **eurozone PMIs** are expected to show a further moderation of sentiment in February. After a strong end to 2015, both the manufacturing and services PMIs lost some steam in January. The January decline in the forward-looking new orders and new business indicators make a quick rebound appear unlikely. The recent appreciation of the euro may dampen export prospects for manufacturers, while increasing doubts about the resilience of the domestic economy could weigh on the services sector. Overall, sentiment has remained remarkably steady when seen against the weakening global economic backdrop and recent financial market volatility. In this vein, February is expected to see the manufacturing PMI dip 0.3 points to 52.0, the services PMI is forecast to slow by 0.2 points to 53.4 and the composite PMI is expected to drop to 53.3. For the same reasons, it is anticipated the February **German Ifo Business Climate Index** could show a marginal deterioration of sentiment among German businesses, with the headline business climate index expected to drop 0.5 points over the month to 106.8 in February.

- According to the preliminary GDP release, the **UK economy** expanded by 0.5% qoq in Q4 2015. This number is expected to be confirmed, even though there is some risk of a slight downward revision after disappointing industrial and construction output in December. The second GDP release will provide the breakdown of the demand components. Growth is likely driven by private consumption and investment. The external sector likely subtracted from growth, given the weak global economic backdrop.

- **Bank of England** Governor Mark Carney is addressing the British Parliament about the outlook for the UK economy and monetary policy on Tuesday.

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Japan

- **Japan's CPI inflation** for January is expected to come in lower than in December, with inflation (excluding food and energy prices) down from 0.8% yoy in December to 0.7%, as import prices continued to retreat, dragged lower by the appreciation of the yen and the decline in commodity prices.

Market Moves

Global equity markets rebound on stabilisation in oil prices and signs of further global policy support amid some upbeat corporate earnings reports

- US equities advanced this week, ending a two-week losing streak, as risk appetite was broadly underpinned by upbeat corporate earnings reports and a stabilisation in oil prices. The better than expected US industrial production print for January and market-supportive comments from policymakers also added to investor optimism: the Chinese premier hinted at additional government support to maintain growth, while ECB President Mario Draghi testified on Monday that the central bank would not "hesitate to act" if price stability is threatened. Meanwhile, the Fed's January dovish meeting minutes showed that rate setters acknowledged the increase in downside risks and that it would be "prudent" to wait for more economic data before embarking on any further rate hikes. Overall, the S&P 500 Index rose (+2.8%), with banking stocks rebounding strongly amid signs of bargain-hunting following last week's heavy losses. The consumer staples sector underperformed, coming under pressure after a major retailer reported its first annual sales decline in three decades.

- European stocks ended higher in a volatile week of trading and after two consecutive weeks of declines. Investor sentiment was buoyed by broadly better than expected earnings reports amid receding concerns about the global economic outlook. ECB President Draghi's address to the European Parliament, in which he reaffirmed the ECB's steadfast commitment to achieve its inflation target, also provided some additional support as expectations of further easing rose. Nevertheless, concerns about the banking sector's profitability in a negative interest rate environment persisted, although they were less pronounced than in the previous week. The EURO STOXX 50 Index ended higher (+4.2%), with all sectors improving.

- Asian stock markets rose this week, amid signs of bargain hunting following the recent sell-off as well as improving confidence in global central bank support measures, particularly from the ECB. Meanwhile, positive sentiment was also driven by the stabilisation in oil prices and Chinese Premier Li Keqiang's statement that the government would act decisively if there were signs of growth slipping out of a "reasonable range," as the Chinese yuan also strengthened. Japan's Nikkei 225 Index posted its largest weekly gain since October 2014 (+6.8%), with data showing the Japanese economy contracting more than expected in Q4 2015 and fuelling speculation of increased policy stimulus. Meanwhile, China's Shanghai Stock Exchange Composite Index also ended the week higher (+3.5%), amid investor optimism over more policy measures to support the economy. The People's Bank of China (PBoC) lowered interest rates on its Medium-Term Lending Facility this week and the Ministry of Finance plans to cut taxes on home sales transactions.

US Treasuries little changed; European government bonds rose on increased expectations of ECB easing

- US Treasuries fluctuated between gains and losses this week on improved risk appetite, oil price volatility and reduced demand amid several large investment grade corporate bond issuances. Meanwhile, investors broadly shrugged off the release of the relatively dovish minutes from the January Fed meeting. Overall, 10-year Treasury yields ended the week flat (1.74%), and policy-sensitive two-year yields gained slightly (+3bps to 0.74%).

- Eurozone government bonds generally rose this week (yields declined) on heightened expectations of further monetary easing by the ECB in March. This came following ECB President Mario Draghi's speech on Monday, as well as the minutes of the January monetary policy meeting that confirmed the prospect for more accommodation, potentially in the form of more or faster bond purchases. Overall, this drove German 10-year yields down for the fifth consecutive week (−6bps to 0.20%). In the periphery, Spanish 10-year bonds (−4bps to 1.70%) continued to underperform Italian ones (−9bps to 1.56%) as uncertainty about the composition of the next Spanish government persisted. Meanwhile, Portuguese 10-year yields declined for the first time in seven weeks (−29bps to 3.4%), despite continuing concerns about the country's fiscal outlook.

Euro retreats against the US dollar as ECB President Draghi confirms willingness to ease policy further; onshore Chinese yuan gains as PBoC confirms there is no basis for a sustained depreciation of the currency

- The euro fell against the US dollar this week (-1.1%), reversing last week's gains. The largest falls came on Monday following a speech by ECB President Mario Draghi, where he confirmed the bank would "not hesitate to act" to maintain price stability, raising investor expectations of further easing at the next ECB meeting on 10 March, also supported by the publication of the minutes from the ECB's January meeting on Thursday. These showed the ECB's Governing Council was "unanimous" in concluding that the current policy stance "needed to be reviewed and possibly reconsidered" in March. The single currency was also hit by a general increase in risk appetite, pushing investors back into euro-funded carry trades. Elsewhere, the British pound also fell against the US dollar (-0.7%). The majority of the losses came on Tuesday after data showed a worse than expected deterioration in UK core inflation (to 1.2% yoy versus 1.3% consensus), further diminishing the prospect of a Bank of England interest rate hike this year. Concerns over a British exit from the European Union ("Brexit") also continued to weigh on the pound.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 19 February 2016.
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- In terms of Asian currencies, the largest mover this week was the Korean Won (-1.8%), hitting a fresh five-and-a-half-year low amid rising tensions with North Korea and speculation that the Bank of Korea could cut interest rates in the coming months as one of seven of the central bank's board members called for a reduction at Tuesday's policy meeting, which saw rates left on hold at a record low of 1.5%. However, losses were pared following verbal intervention from policymakers aimed at stemming further weakness. Meanwhile, despite the stabilisation in oil prices, the Malaysian ringgit also fell (-0.9%), brushing off better than expected Q4 GDP data. However, the onshore Chinese yuan rallied after the PBoC set a stronger fixing rate and Governor Zhou Xiaochuan said that there is no basis for sustained depreciation of the currency and expects it to be stable against a basket of currencies. Finally, despite the broad improvement in global risk appetite this week, the Japanese yen extended gains against the US dollar for a third week (+0.6%).
- Meanwhile, other non-Asian emerging market currencies were mixed against the US dollar this week. The Mexican peso (+3.8%) was among the best performers as oil prices stabilised and following the Bank of Mexico's surprise 50bp rise in interest rates to 3.75%. Elsewhere, the South African rand also gained (+3.1%), boosted by data showing January CPI rising to 6.2% yoy, breaching the 6.0% upper target of the South African Reserve Bank, increasing the odds of another hike in interest rates in March. However, the Turkish lira (-0.7%) and Brazilian real (-0.5%) both fell, with the former weighed down by political risk and the latter hit by Standard & Poor's decision to downgrade the country deeper into junk territory.

Crude oil prices stabilise with production freeze agreement dependent on Iranian cooperation

- WTI oil prices gained slightly this week (1.0% at USD29.7 per barrel). An agreement between OPEC members and Russia to freeze production at January levels was received cautiously by investors, as the pledge depends on Iranian co-operation, which has yet to be agreed. Furthermore, lingering oversupply concerns were exacerbated following the release of the U.S. Energy Information Administration weekly report, which, although showing crude stocks rising 800,000 barrels less than expected (+2.1 million barrels), registered a much larger than forecast build in inventories of gasoline and distillates. The broadly stronger tone to the US dollar also weighed on prices. Meanwhile, Brent crude prices fell (-0.7% at USD33.1).
- Meanwhile, gold prices also fell this week (-0.9% at USD1,226 per ounce), reversing some of this year's strong gains. Most of this week's losses came on Monday, following a rebound in investor risk appetite amid a broadly stronger US dollar and signs of profit taking following the recent rally. However, losses were pared on Thursday as US equity declines added to demand for perceived "safe-haven" assets.

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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)	370	3.5	1.4	-9.7	-13.9	-7.4	444	351	14.8
North America									
US Dow Jones Industrial Average	16,392	2.6	2.3	-7.6	-8.9	-5.9	18,351	15,370	14.9
US S&P 500 Index	1,918	2.8	1.9	-7.9	-8.6	-6.2	2,135	1,810	16.0
US NASDAQ Composite Index	4,504	3.8	0.6	-11.2	-8.5	-10.0	5,232	4,210	18.9
Canada S&P/TSX Composite Index	12,813	3.5	6.8	-4.9	-15.6	-1.5	15,525	11,531	16.1
Europe									
MSCI AC Europe (USD)	376	3.1	0.1	-11.7	-17.8	-8.6	479	356	14.0
Euro STOXX 50 Index	2,871	4.2	-3.7	-16.8	-17.7	-12.1	3,836	2,673	12.7
UK FTSE 100 Index	5,950	4.3	1.2	-6.0	-13.6	-4.7	7,123	5,500	15.3
Germany DAX Index*	9,388	4.7	-2.9	-15.3	-14.7	-12.6	12,391	8,699	11.7
France CAC-40 Index	4,223	5.7	-1.2	-14.1	-12.6	-8.9	5,284	3,892	13.5
Spain IBEX 35 Index	8,194	3.5	-4.2	-20.9	-24.9	-14.1	11,885	7,746	12.4
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	378	4.3	1.8	-9.4	-22.1	-8.2	525	357	12.3
Japan Nikkei-225 Stock Average	15,967	6.8	-6.3	-19.6	-12.6	-16.1	20,953	14,866	16.1
Australian Stock Exchange 200	4,953	3.9	1.0	-5.5	-16.1	-6.5	5,997	4,707	15.7
Hong Kong Hang Seng Index	19,286	5.3	-1.8	-14.3	-22.3	-12.0	28,589	18,279	9.7
Shanghai Stock Exchange Composite Index	2,860	3.5	-4.9	-20.9	-11.9	-19.2	5,178	2,638	11.7
Hang Seng China Enterprises Index	8,113	8.1	-3.2	-20.4	-32.8	-16.0	14,963	7,499	6.3
Taiwan TAIEX Index	8,325	3.2	6.0	-1.8	-12.6	-0.2	10,014	7,203	12.5
Korea KOSPI Index	1,916	4.4	1.4	-3.7	-2.3	-2.3	2,190	1,801	11.2
India SENSEX 30 Index	23,709	3.1	-3.1	-8.3	-19.5	-9.2	30,025	22,600	17.2
Indonesia Jakarta Stock Price Index	4,698	-0.4	4.6	4.0	-12.9	2.3	5,524	4,034	14.4
Malaysia Kuala Lumpur Composite Index	1,675	1.9	2.8	0.9	-7.4	-1.0	1,868	1,504	15.7
Philippines Stock Exchange PSE Index	6,792	2.1	6.8	-0.5	-13.0	-2.3	8,137	6,084	16.7
Singapore FTSE Straits Times Index	2,657	4.6	0.7	-9.0	-22.7	-7.8	3,550	2,528	11.7
Thailand SET Index	1,320	3.4	4.3	-4.7	-17.5	2.5	1,610	1,221	13.6
Latam									
Argentina Merval Index	11,826	4.9	20.7	-14.2	26.0	1.3	14,597	8,660	12.8
Brazil Bovespa Index*	41,543	4.4	9.2	-13.7	-19.0	-4.2	58,575	37,046	10.9
Chile IPSA Index	3,755	2.4	7.9	-1.2	-6.0	2.0	4,148	3,419	14.0
Colombia IGBC Index	9,023	2.5	12.5	6.6	-15.0	5.6	11,030	7,822	24.0
Mexico Index	43,375	2.3	6.3	-2.8	0.3	0.9	46,078	39,257	18.6
EEMEA									
Russia MICEX Index	1,793	3.9	9.0	-1.0	-0.3	1.8	1,874	1,570	6.0
South Africa JSE Index	48,940	0.7	2.8	-6.1	-7.4	-3.5	55,355	45,976	16.4
Turkey ISE 100 Index*	73,015	2.9	2.7	-9.2	-15.5	1.8	88,652	68,230	8.3

*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	-9.1	-6.9	-11.9	10.2	18.8
US equities	-8.0	-6.4	-8.0	30.0	52.9
Europe equities	-10.7	-7.6	-14.9	-2.2	0.6
Asia Pacific ex Japan equities	-8.6	-7.6	-19.4	-14.2	-7.4
Japan equities	-12.4	-10.9	-8.7	14.7	4.7
Latam equities	-13.5	-3.1	-31.2	-50.4	-54.4
Emerging Markets equities	-10.5	-6.0	-22.4	-24.5	-24.7

All total returns quoted in US dollar terms.
Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Markets Latin America Total Return Index and MSCI Emerging Markets Total Return Index.
Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 19 February 2016.
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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)	489.6	0.2	1.2	1.8	2.2	1.9
JPM EMBI Global	674.4	1.5	2.4	-1.2	0.9	0.6
BarCap US Corporate Index (USD)	2582.7	0.4	0.1	-0.1	-1.3	0.5
BarCap Euro Corporate Index (Eur)	231.4	0.6	1.0	-0.1	-1.3	0.5
BarCap Global High Yield (USD)	366.1	1.7	0.4	-4.5	-4.7	-2.1
HSBC Asian Bond Index	387.71	0.4	1.1	1.4	2.9	1.8

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	1.11	1.13	1.09	1.07	1.14	1.09	1.17	1.05
GBP/USD	1.44	1.45	1.42	1.53	1.54	1.47	1.59	1.41
CHF/USD	1.01	1.02	1.00	0.99	1.05	1.00	1.10	0.97
CAD	1.38	1.39	1.46	1.33	1.25	1.38	1.47	1.19
JPY	112.63	113.25	117.64	122.87	118.95	120.22	125.86	110.99
AUD	1.40	1.41	1.45	1.39	1.28	1.37	1.46	1.23
NZD	1.51	1.51	1.56	1.52	1.33	1.46	1.60	1.29
Asia								
HKD	7.78	7.79	7.82	7.75	7.76	7.75	7.83	7.75
CNY	6.52	6.57	6.58	6.38	6.25	6.49	6.60	6.18
INR	68.47	68.24	67.65	66.19	62.34	66.15	68.67	61.66
MYR	4.21	4.16	4.36	4.34	3.62	4.29	4.48	3.54
KRW	1,234.36	1,211.54	1,205.99	1,161.68	1,108.48	1,175.06	1,239.59	1,065.21
TWD	33.25	33.02	33.63	32.66	31.64	32.86	33.79	30.35
Latam								
BRL	4.02	4.00	4.06	3.72	2.87	3.96	4.25	2.83
COP	3,356.25	3,382.94	3,309.63	3,074.08	2,444.90	3,174.50	3,452.55	2,351.76
MXN	18.22	18.91	18.28	16.62	15.00	17.21	19.44	14.76
EEMEA								
RUB	77.00	78.66	78.73	64.52	61.91	72.52	85.96	48.14
ZAR	15.40	15.88	16.79	14.03	11.68	15.47	17.92	11.36
TRY	2.95	2.93	3.04	2.84	2.46	2.92	3.08	2.45

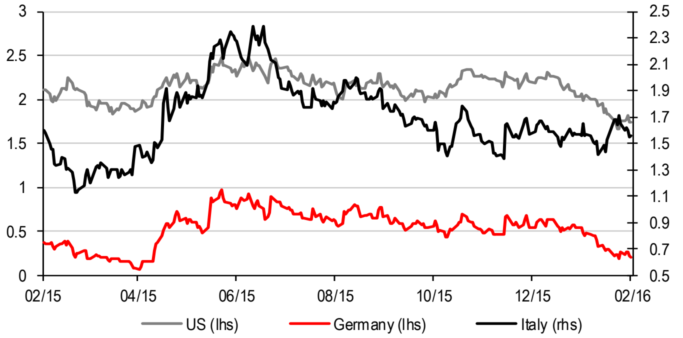
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.29	0.28	0.24	0.09	0.02	0.16
2-Year	0.74	0.71	0.87	0.89	0.62	1.05
5-Year	1.22	1.21	1.49	1.67	1.58	1.76
10-Year	1.74	1.75	2.06	2.25	2.11	2.27
30-Year	2.60	2.60	2.83	3.01	2.73	3.02
Developed market 10-year bond yields (%)						
Japan	0.01	0.08	0.22	0.29	0.39	0.26
UK	1.41	1.41	1.70	1.88	1.82	1.96
Germany	0.20	0.26	0.55	0.48	0.38	0.63
France	0.56	0.65	0.87	0.81	0.70	0.99
Italy	1.56	1.65	1.56	1.51	1.60	1.59
Spain	1.70	1.74	1.70	1.69	1.55	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	1,226	-0.9	12.8	13.3	1.6	15.5	1,263	1,046
Brent Oil	33.1	-0.7	15.1	-25.1	-45.0	-11.2	70	27
WTI Crude Oil	29.7	1.0	4.4	-26.7	-41.9	-19.8	63	26
R/J CRB Futures Index	160	-0.5	0.1	-13.3	-29.4	-9.4	234	155
LME Copper	4,576	1.7	3.8	-1.2	-20.4	-2.8	6,481	4,318

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 19 February 2016.
Past performance is not an indication of future returns.

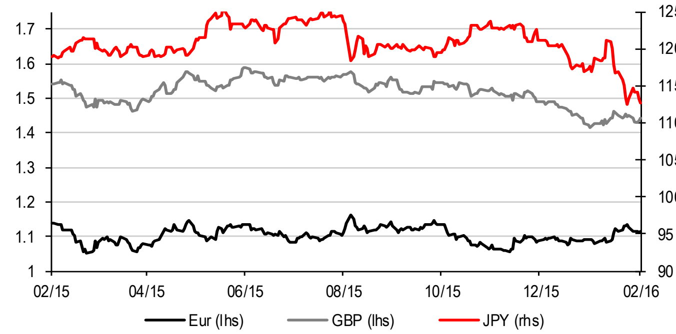
Market Trends

Government bond yields (%)



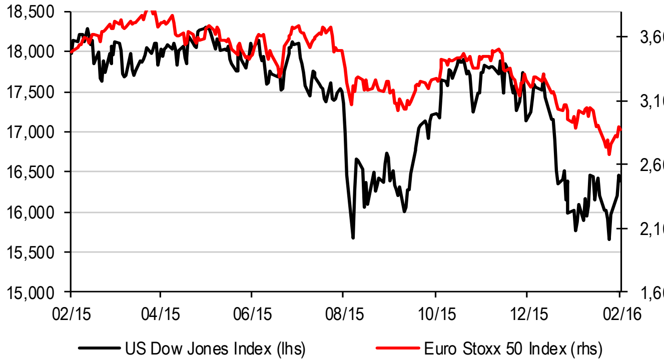
Yields based on 10 year government bonds

Major currencies (versus US dollar)

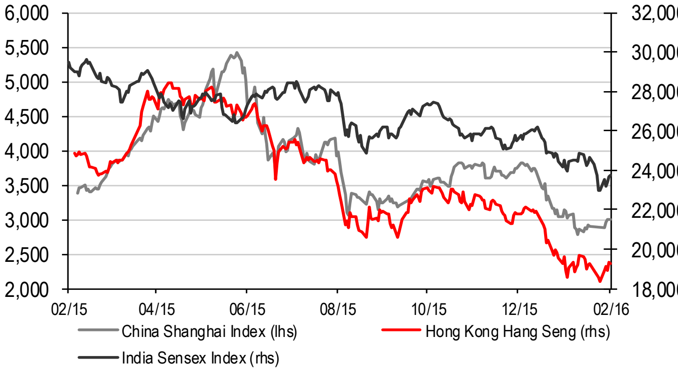


All values versus USD

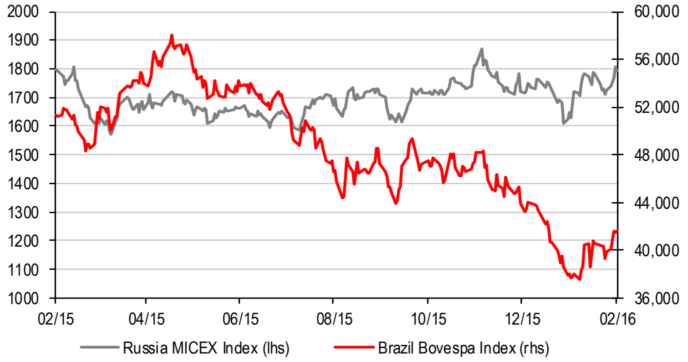
Global equities



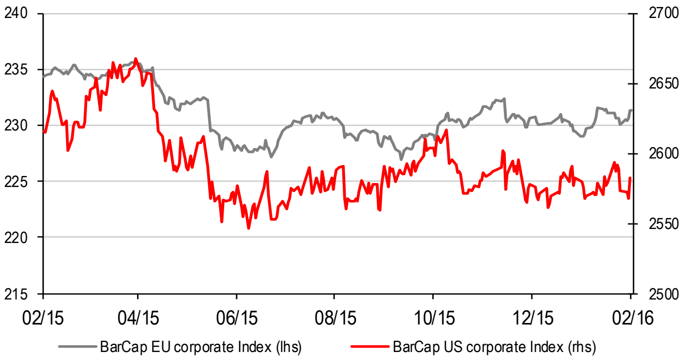
Emerging Asian equities



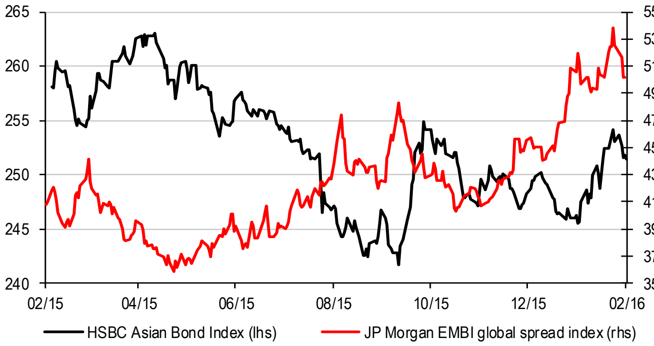
Other emerging equities



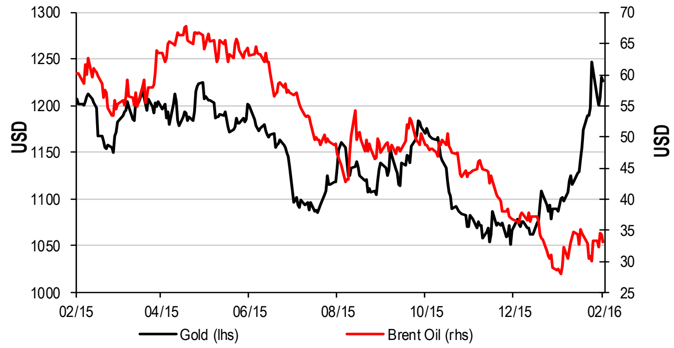
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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