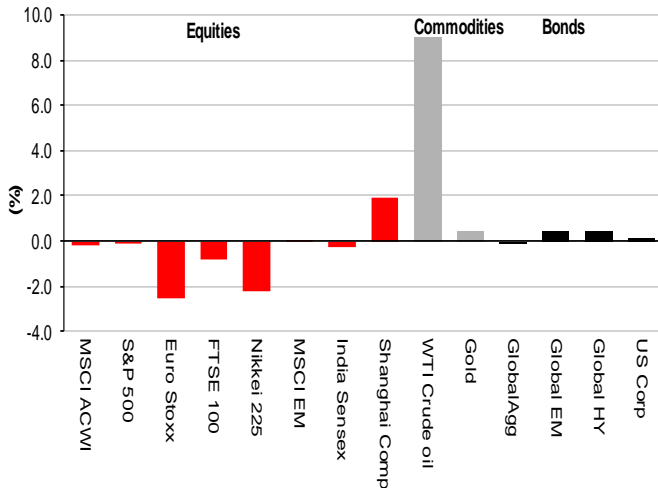


- ▶ Overall, global equities were little changed this week. US equities were flat as hawkish Fed speak from New York Federal Reserve President William Dudley was offset by cautious Federal Open Market Committee (FOMC) minutes, and weaker earnings pushed European equities lower
- ▶ On Wednesday, the minutes from the July FOMC meeting showed that officials were divided on the pace of rate increases ahead but continued to indicate that the Fed is inclined to proceed, albeit cautiously
- ▶ July UK retail sales showed a robust increase at 5.4% yoy, much firmer than the 3.9% yoy forecast
- ▶ In the coming week, the market's attention will be focused on US Federal Reserve (Fed) Chair Janet Yellen's Jackson Hole speech as the market awaits further guidance around the timing of the next US interest rate hike

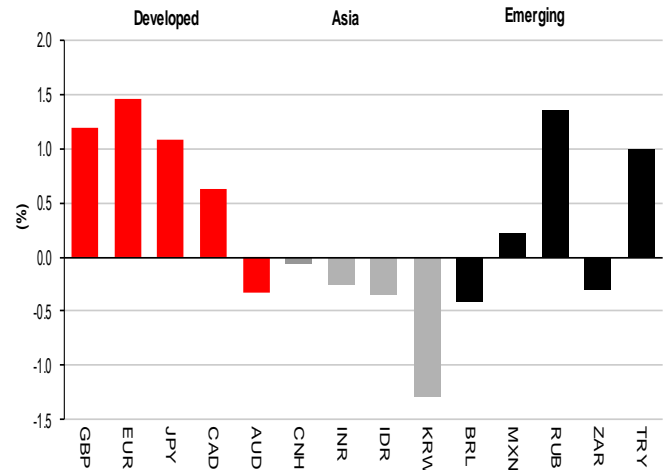
Movers and shakers

Oil rose the most this week since March...

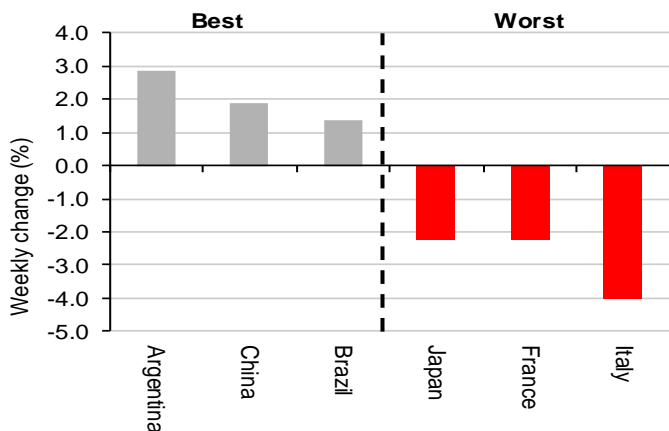


Currencies (versus US dollar)

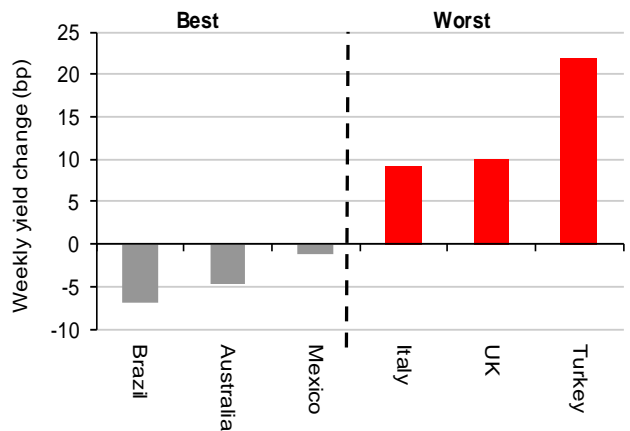
...driving rouble outperformance



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 19 August 2016. All the above charts relate to 14/08/2016 – 19/08/2016. Past performance is not an indication of future returns.

Macro Data and Key Events

Past Week (15-19 August 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 15 August	Japan	GDP Annualised, Seasonally Adjusted (qoq)	Q2 P	0.7%	0.2%	2.0%
	Japan	Industrial Production (yoy)	Jun F	n/a	-1.5%	-1.9% P
	US	NAHB/Wells Fargo Housing Market Index	Aug	60	60	58
Tuesday 16 August	UK	CPI (yoy)	Jul	0.5%	0.6%	0.5%
	Germany	ZEW Expectation of Economic Growth	Aug	2.0	0.5	-6.8
	US	Housing Starts (mom)	Jul	-0.8%	2.1%	5.1%
	US	CPI (yoy)	Jul	0.9%	0.8%	1.0%
	US	Industrial Production (mom)	Jul	0.3%	0.7%	0.4%
Wednesday 17 August	UK	ILO Unemployment Rate (3 months)	Jun	4.9%	4.9%	4.9%
	US	Fed Releases Minutes from July FOMC Meeting	n/a	n/a	n/a	n/a
Thursday 18 August	Japan	Trade Balance, Adjusted (JPY bn)	Jul	167.7	317.6	336.6
	UK	Retail Sales, ex. Auto Fuel (yoy)	Jul	3.9%	5.4%	3.9%
	Eurozone	CPI (yoy)	Jul F	0.2%	0.2%	0.1% P
	Eurozone	ECB Account of the Monetary Policy Meeting in July	n/a	n/a	n/a	n/a
Friday 19 August	Indonesia	Bank of Indonesia 7-day Reverse Repo Rate	Aug	5.13%	5.25%	5.25%

P – Preliminary, F – Final

► In the **US**, this week's focus was on the **July FOMC statement**, which noted that “regarding the near-term outlook, participants generally agreed that the prompt recovery in financial markets following the Brexit vote and the pickup in job gains had alleviated two key uncertainties about the outlook that they had faced at the June meeting.” The Fed assessed that Brexit is likely to have little effect on the US economic outlook in the near term, although related longer-term global risks remained. However, many Fed officials judged that “it was appropriate to wait for additional information that would allow them to evaluate the underlying momentum in economic activity and the labor market and whether inflation was continuing to rise gradually to 2 percent as expected.” Overall, the minutes offered few clear hints on the timing of the next rate increase, and generally showed that officials were divided on the pace of rate hikes ahead and are inclined to proceed cautiously. Since the July meeting we have seen continued strength in the labour market and consumer sentiment. Although retail sales and CPI inflation were less encouraging, they do not indicate a loss of momentum in the continued recovery. Regarding the housing market, homebuilder confidence remained high as the **NAHB/Wells Fargo Housing Market Index** rose to 60 in August from a downwardly revised 58 in July. The latest reading was in line with expectations and consistent with a healthy housing market on the back of steady job growth and rising affordability. The underlying detail showed improvement in current conditions as well as future expectations for new single-family homes sales, while traffic of prospective buyers dipped only 1 point lower to 44. July's **housing starts** rose for the second consecutive month, a feat last achieved in April 2015. The overall increase was 25,000 to 1,211,000 annualised (2.1% mom, consensus -0.8%), with multifamily homes contributing the most (+21,000), while the gain in the single-family category was more modest (+4,000). Meanwhile, building permits, which lead housing starts, dipped 0.1% mom, due to declines in single-family permits (-3.7%), and multifamily permits rose at the fastest pace since May this year, at 6.3% mom. Finally, **headline CPI** was flat mom (+0.8% yoy) in July, slightly below consensus expectations (0.9% yoy), depressed by gasoline prices (-4.7% mom, -19.9% yoy) and food inflation, which was flat mom. Core CPI, which excludes food and energy, rose 0.1% mom (+2.2% yoy), slightly below consensus (+0.2% mom and +2.3% yoy). Within the core, medical care costs (+0.5% mom, +4.1% yoy) and shelter (+0.2% mom, +3.3% yoy) continued to show firm momentum in underlying price pressures, although the weakness in airline fares (-4.9% mom, -4.6% yoy) weighed.

► In **Europe** this week, the account of the **European Central Bank (ECB) July meeting** highlighted possibilities for further policy easing in September when new ECB staff economic projections will be available to the Governing Council (GC). The GC noted that while the recovery was proceeding resiliently, “price pressures continued to lack a convincing upward trend” and recent shocks may still have a softening impact on the economy. The GC acknowledged an increased downside tilt to the balance of risks materialising from the outcome of the British European Union (EU) referendum, but welcomed the “encouraging resilience” of financial markets in its aftermath. However, the account showed policymakers' concerns over the banking sector, whose underlying profitability remains weak due to a prolonged period of moderate growth and low interest rates, as well as legacy issues relating to non-performing loans. As such, although the GC left monetary policy unchanged, it signalled its readiness to act should upcoming data, in addition to September's staff projections, show a fading recovery and an inflation path inconsistent “with its inflation aim.” In Germany, the August release of the **ZEW survey** reflected improved confidence among finance professionals with the current condition index rising to 57.6 from 49.8 in July (consensus 50.2). This was partly due to the swift recovery of the German equity markets in the aftermath of the Brexit vote. Meanwhile, survey participants were almost equally split regarding the

outlook over the coming six months, with the **expectation component** printing 0.5 (consensus 2.0), only partly recovering from July's 26-point plunge to -6.8.

- ▶ Elsewhere in Europe, July's **UK retail sales report** attracted attention as it reflected the first full calendar month after the Brexit vote. The release showed sales (excluding auto fuel) rose 1.5% mom (+5.4% yoy), higher than expectations (+0.3% mom and +3.9% yoy, respectively). The gains were broad-based and likely supported by the warmer summer weather. Non-food stores rose the most (+2.4% mom), followed by non-store retailing (+1.2% mom) and food stores (+0.6% mom). Looking beyond monthly fluctuations, the UK's retail sales remain robust, with the 12 months moving average at +3.9% yoy, comfortably above the historic average of +2.4% yoy. Also encouragingly, July's jobless claims unexpectedly fell for the first time in five months (-8,600), while the second quarter of 2016 saw UK companies add 172,000 jobs (consensus 150,000; 176,000 prior), leaving the **ILO unemployment rate** steady at 4.9%. The monthly breakdown showed the unemployment rate was 4.8% in April, 4.9% in May and 5.1% in June. Lastly, July's **headline CPI** came in at 0.6% yoy versus consensus expectations for the same as June's 0.5% yoy. The 0.1 point difference was chiefly contributed by transportation (+0.08 points), alcoholic beverages and tobacco (+0.06 points) and food and non-alcoholic beverages (+0.04 points). Most remarkably, the same report also showed rising factory input costs for the first time in almost three years as the PPI figure printed 4.3% yoy (consensus 2.0%, -0.5% previously).
- ▶ **Japan's Q2 GDP growth** slowed to 0.2% qoq (seasonally adjusted annual rate (saar)) from 2.0% qoq in Q1, below consensus forecasts of 0.7% qoq saar. This exaggerated slowdown reflected a technical pullback from a leap-year effect that bolstered Q1 growth. The main drag was net exports, which subtracted 0.3ppt from Q2 GDP qoq (seasonally adjusted) growth after making a positive contribution of 0.1ppt in Q1. Business investment unexpectedly fell for a second consecutive quarter, by 0.4% qoq (seasonally adjusted) after a 0.7% fall in Q1. Private consumption maintained positive growth of 0.2% in Q2, but the pace eased from 0.7% in Q1. Housing investment (+5.0%) and public investment (+2.3%) were the main growth drivers, helping offset weakness in external demand and corporate capital expenditures (capex). The strong growth in public investment (+2.3%) was likely boosted by the start of public works spending embarked in the FY15 supplementary budget. Looking ahead, public spending will likely be the key support for the economy as the fiscal stimulus package will be carried out later this year, while exports and capex are key to the outlook. The Q2 GDP print will likely keep expectations high for further monetary policy easing. Meanwhile, **Japan's exports** fell for a 10th consecutive month in July, down 14.0% yoy, broadly in line with expectations of -13.7%. **Imports** dropped more than expected, by 24.7% (versus expected -20.0%). The **trade balance** remained in a surplus for a second straight month, narrowing slightly to JPY317.6 billion from a revised JPY336.6 billion in June. Overall, the data reflected sluggish external and domestic demand and falling prices given continued Japanese yen strength.
- ▶ **Bank Indonesia (BI)** kept its new benchmark seven-day reverse repo rate unchanged at 5.25%. Consensus expectations were equally divided between the BI remaining on hold and making a 25bp cut. The use of the seven-day reverse repo rate as the policy rate replacing the BI rate aims to increase the effectiveness of policy transmission as the former has a stronger correlation with money market rates. BI will keep a symmetrical and narrower interest rate corridor where the floor (deposit facility rate) and ceiling (lending facility rate) will be 75bps below and above the seven-day reverse repo rate. As a result, BI cut the lending facility rate by 100bps to 6.0%, while leaving the deposit facility rate at 4.5%. The policy framework in transition gave BI the scope to pause and assess the economic impact of its cumulative 100bp rate cut this year, before adjusting policy again. BI sees room for monetary easing, given that inflation is under control, an improved current account deficit and a relatively stable exchange rate. Despite the stronger than expected Q2 GDP data, BI lowered its 2016 growth forecast to 4.9%-5.3% from 5.0%-5.4%, as it expects cuts in state spending to have a negative impact on growth. The BI maintained its expectation that headline inflation will likely stay within the 3.0%-5.0% target range.

Coming Week (22-26 August 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 22 August	Mexico	GDP, Seasonally Adjusted (yoy)	Q2 F	2.3%	2.4% P
Tuesday 23 August	Eurozone	Markit Composite PMI	Aug P	53.1	53.2
	Turkey	CBRT Interest Rate Decision (Overnight Lending Rate)	Aug	8.50%	8.75%
	US	New Home Sales (mom)	Jul	-2.9%	3.5%
Wednesday 24 August	Brazil	IBGE Inflation IPCA-15 (yoy)	Aug	8.89%	8.93%
	US	Existing Home Sales (mom)	Jul	-0.4%	1.1%
Thursday 25 August	Germany	Ifo Business Climate Index	Aug	108.5	108.3
	US	Durable Goods Orders (mom)	Jul P	3.5%	-3.9%
Friday 26 August	Japan	National CPI, ex. Fresh Food and Energy (yoy)	Jul	0.6%	0.7%
	UK	GDP (qoq)	Q2 P	0.6%	0.6%
	US	GDP Annualised (qoq)	Q2 S	1.1%	1.2% A
	US	University of Michigan Index of Consumer Sentiment	Aug F	90.6	90.4
	US	Fed Chair Yellen to Speak at Jackson Hole	n/a	n/a	n/a

P – Preliminary, F – Final, A – Advance, S – Secondary

US

- ▶ Next week's key event will be **Fed Chair Janet Yellen's speech** at the annual Jackson Hole symposium. While the speech is likely to convey a long-term view, the market will look for any near-term clues to the potential timing of the next US rate hike. A reiteration that the market was underestimating the likelihood of an interest rate increase this year, as NY Fed President William Dudley provided earlier this week, would be taken as hawkish from the classically dovish Yellen. By contrast, a mention of increasing the inflation target from 2% to 4%, as discussed by San Francisco Fed President John Williams, would point to a willingness to allow the economy to run "hotter" for longer. The recent Fed minutes indicate there is still concern about the asymmetry of increasing rates, although this must be balanced against the growing need to tighten later in the cycle assuming inflationary pressures continue to build.
- ▶ July's **existing home sales** are expected to show little change (5,550,000 against 5,570,000 prior), although **new home sales** are forecast to dip (557,000 against 592,000 previously). While pending home sales continue to grind higher, housing inventory remains tight, with both existing home sales and new home sales inventory at below five months' worth of sales for the first time since February 2015. House prices have risen around the 5% mark for the last 15 months now, supported by close to record low mortgage rates and continued strength in the labour market.
- ▶ The **second estimate of Q2 GDP** is expected to show little change in the rate of growth, with consensus at 1.1% qoq annualised, down from 1.2% qoq annualised in the preliminary release. The US consumer saw its strongest growth since Q4 2014, offsetting the weakness seen in inventories, which have weighed on growth for five straight quarters for the first time since 1957 and also six straight quarters of drag coming from mining exploration due to the decline in energy prices.

Europe

- ▶ The **Eurozone Composite PMI** has remained remarkably steady at around the 53.0 level between February and June, close to its long-run average, indicating GDP growth close to trend levels. While market concerns rose that the UK's vote to leave the EU and the related uncertainty would weigh on sentiment in July, the release actually ticked up to 53.2 from 53.1 in June. Expectations for August are little changed at 53.1.
- ▶ Despite increased caution prevailing in the eurozone following the outcome of the UK referendum vote, German economic data has continued to outperform expectations. This continued strength is expected to see the **German Ifo business expectations index** edge slightly higher in August, to 102.5. The current assessment index is likely to show further strength, with expectations (114.9) for the highest print in a year. This would see the overall **Ifo Business Climate Index** rise by 0.2 points to 108.5, well above its series average of 101.7.
- ▶ While **UK Q2 GDP** surprised to the upside at 0.6% qoq against expectations for 0.5% qoq, much of this came from a strong April. The second release will provide the expenditure breakdown, with the details expected to show that the consumer was the key driver of growth, although no change is anticipated in the headline number.

Japan and Emerging markets

- ▶ In Japan, the new CPI with the 2015 base-year revision (base year is 2010 currently) will be disclosed with the July nationwide CPI to be announced on 26 August. The retroactively revised data under the new base year for January-June 2016 only resulted in very small revisions. Headline CPI inflation is likely to have remained negative, at -0.4% yoy in July, the same level as in June, while the Bank of Japan's (BoJ) preferred measure, which excludes fresh food and energy, is expected to slow to 0.6% yoy from 0.7% prior. This would be the fifth consecutive month of no growth in headline inflation since March. The negative contribution from energy items should decline, but prices of non-energy items did not show signs of bottoming in the near term with recent yen strength likely to weigh on inflation going forward.
- ▶ The Central Bank of Turkey (CBT) is expected to cut the overnight lending rate by 25bps to 8.50% on Tuesday, while keeping other rates unchanged. During the March-July period, the CBT cut the lending rate by a total of 200bps on diminished need for a high lending rate driven by delayed Fed rate hike expectations. The last cut (25bps) suggested that the bank would look through the recent depreciation as it occurred in an uncertain local environment, caused by the failed coup attempt in July. The bank is likely to cut the lending rate to 7.75% in order to achieve a symmetric interest rate corridor of 7.25%-7.75% around the one-week repo rate of 7.50%, barring another sharp depreciation in the lira.
- ▶ **Mexico's Q2 GDP** contracted slightly more than anticipated in the preliminary release (-0.3% qoq versus -0.1% qoq forecast), although the drop itself came as no surprise given the sharp decline seen in the service sector in April. However, the yoy pace (+2.4% yoy) remains firmly in the 2.3%-2.6% range that has been occupied for the last eight quarters, with continued strength from the consumer being the key driver. The final release is expected to be weaker, weighed on by June's industrial production, which rose less than anticipated (0.1% mom against 0.4% mom forecast).

Market Moves

US equities little changed on investor caution while European bourses closed lower; Shenzhen-Hong Kong Stock Connect approved

- ▶ **US equities** swung between gains and losses this week as risk appetite struggled to gain momentum on the back of mixed macroeconomic data releases. While the Empire State Manufacturing Survey unexpectedly fell into contractionary territory, headline inflation was flat on a monthly basis and housing data was generally upbeat. Investors remained cautious as this week's hawkish Fed speak was at odds with July's FOMC minutes, which showed policymakers divided on the timing of the next rate hike. Overall, the S&P 500 Index closed the week little changed (0.0%). Energy shares outperformed on higher oil prices, offsetting losses in other sectors such as utilities.
- ▶ **In Europe**, gains in some energy and material shares alongside higher commodity prices could not prevent a disappointing week for major European bourses. Investor sentiment, already cautious ahead of key releases, was further hindered by some weak corporate earnings reports. Furthermore, the account of the ECB monetary policy meeting in July showed that the Governing Council was concerned about the profitability of the banking sector, which is crucial to the transmission mechanism of monetary policy. Overall, the EURO STOXX 50 Index closed down (-2.5%), led by losses in financials and utilities stocks. The UK's FTSE 100 Index fell slightly less (-0.8%) as upbeat activity data for July provided some support to sentiment.
- ▶ **Chinese stocks** rallied last week, in anticipation of the approval of the Shenzhen-Hong Kong Stock Connect, details of which were unveiled on 16 August. The Shenzhen Component Index jumped (1.0%), while Hong Kong's Hang Seng Index also ended higher (0.7%). Optimism over mergers and acquisition activity supported the performance of real estate stocks, while investors assessed earnings results. Meanwhile, **Japan's Nikkei 225 Index** fell (-2.2%), as a stronger yen weighed on exporter shares and after data showed the Japanese economy grew less than expected in Q2.

Treasury yields higher on hawkish Fed speak; Portuguese bonds hit by concerns over credit rating

- ▶ **US Treasuries** fell (yields rose) after influential New York Fed President William Dudley reiterated that a September hike remains a possibility and that the market was complacent about the outlook for higher rates both this year and next. However, the release of the FOMC July meeting minutes tempered market expectations for a short-term interest rate increase. Overall, two-year yields finished higher (+4bps to 0.77%). At the longer end, 10-year yields also closed up (+7bps at 1.58%).
- ▶ The core **European government bond** story was similar to the US this week. Although dovish ECB minutes boosted bond prices (yields fell), early week losses (higher yields) remained prevalent. Ten-year German bund yields closed the week up (+8bps to -0.03%). Towards the end of the week, news that the German government plans to issue less debt in 2017 pushed prices higher, amid concerns that eligible bonds for the ECB to purchase are becoming increasingly scarce. This fear was accentuated in the periphery, where doubt over the sustainability of Portugal's final investment grade credit rating (a prerequisite for the ECB scheme) resurfaced. Ten-year yields on Portuguese bonds surged (+31bps to 2.99%).

British pound rose on easing concerns over Brexit and a weaker greenback; Asian currencies mixed

- ▶ The **British pound** found some respite this week against the dollar as encouraging activity data eased market concerns over Brexit spillovers. This included a broad-based increase in core retail sales in July and an unexpected decline in jobless claims during the same period. Overall, the pound snapped a two-week losing streak against the dollar to close higher (+0.8%). Elsewhere, the euro extended its weekly gains (1.4%) on a weaker greenback, despite hawkish comments from New York Fed President William Dudley, and as the FOMC minutes from July's meeting showed that officials were in no hurry to raise interest rates.
- ▶ **The Japanese yen** strengthened against the US dollar this week (+1.1%), breaking through the 100 yen per US dollar level several times intra-week, while emerging Asian currencies were mixed, as markets weighed the prospect of a Fed rate hike in the near term. The Korean won underperformed (-1.3% versus the US dollar), having been among the best-performing currencies over the past few weeks, while the Taiwanese dollar also fell on slowing equity fund inflows and concerns about central bank intervention. The Aussie dollar declined after Moody's cut the rating outlook for Australia's big four banks to "negative" from "stable."

Crude oil prices rallied on output curb hopes; gold ticked up

- ▶ **Crude oil** prices advanced this week to their highest level in almost seven weeks on lingering hopes that the upcoming OPEC meeting next month may result in major oil producers acting to curb output and stabilise prices. Meanwhile in the US, the unexpected draw in crude oil inventories (-2.51 million barrels versus +4.1 million barrels) and improving implied demand were also supportive. Furthermore, a weaker US dollar over the week also added to the advance. WTI for September delivery closed higher for a third consecutive week (+9.1% to USD48.5 per barrel) as did Brent crude (8.3% to USD50.9).
- ▶ **Gold** prices edged slightly up this week (0.7% to USD 1,345 per ounce) as market expectations of a near-term rate hike eased and the US dollar weakened, both of which supported the interest-rate-sensitive precious metal.

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)	420	-0.2	2.3	7.4	1.2	5.2	423	351	16.8
North America									
US Dow Jones Industrial Average	18,553	-0.1	0.0	6.4	6.9	6.5	18,668	15,370	17.5
US S&P 500 Index	2,184	0.0	0.9	7.1	5.0	6.8	2,194	1,810	18.6
US NASDAQ Composite Index	5,238	0.1	4.0	11.2	4.4	4.6	5,271	4,210	22.6
Canada S&P/TSX Composite Index	14,687	-0.4	1.1	6.3	4.6	12.9	14,856	11,531	19.8
Europe									
MSCI AC Europe (USD)	401	-0.4	3.5	3.3	-8.4	-2.3	447	354	15.8
Euro STOXX 50 Index	2,968	-2.5	1.3	1.7	-13.5	-9.2	3,524	2,673	13.9
UK FTSE 100 Index	6,859	-0.8	2.4	13.3	7.1	9.9	6,955	5,500	17.6
Germany DAX Index*	10,544	-1.6	5.6	7.6	-1.3	-1.8	11,431	8,699	13.6
France CAC-40 Index	4,401	-2.2	1.6	2.8	-9.9	-5.1	5,012	3,892	14.6
Spain IBEX 35 Index	8,451	-3.0	-0.4	-2.6	-21.6	-11.5	10,905	7,580	15.0
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	448	-0.3	3.9	13.7	6.3	9.0	453	357	14.5
Japan Nikkei-225 Stock Average	16,546	-2.2	-1.1	-0.6	-18.2	-13.1	20,012	14,864	16.8
Australian Stock Exchange 200	5,527	-0.1	1.4	3.8	2.7	4.4	5,611	4,707	17.2
Hong Kong Hang Seng Index	22,937	0.7	5.8	16.5	-1.0	4.7	23,424	18,279	12.7
Shanghai Stock Exchange Composite Index	3,108	1.9	2.4	10.7	-18.1	-12.2	3,685	2,638	14.5
Hang Seng China Enterprises Index	9,606	0.5	6.9	16.5	-9.7	-0.6	10,885	7,499	8.2
Taiwan TAIEX Index	9,034	-1.3	0.0	11.6	12.6	8.3	9,200	7,203	14.5
Korea KOSPI Index	2,056	0.3	2.0	5.6	6.0	4.8	2,065	1,801	11.6
India SENSEX 30 Index	28,077	-0.3	1.0	10.5	0.5	7.5	28,290	22,495	17.6
Indonesia Jakarta Stock Price Index	5,416	0.7	4.7	15.1	20.8	17.9	5,476	4,034	17.8
Malaysia Kuala Lumpur Composite Index	1,688	0.2	1.0	3.3	6.7	-0.3	1,729	1,504	16.5
Philippines Stock Exchange PSE Index	7,931	-0.3	-1.3	6.8	8.0	14.1	8,118	6,084	20.3
Singapore FTSE Straits Times Index	2,844	-0.8	-2.6	3.8	-6.5	-1.3	3,105	2,528	13.5
Thailand SET Index	1,539	-0.9	3.1	11.0	11.6	19.5	1,558	1,221	16.3
Latam									
Argentina Merval Index	15,598	2.9	-1.5	23.5	42.4	33.6	16,143	8,660	17.6
Brazil Bovespa Index*	59,099	1.4	4.2	17.9	26.9	36.3	59,418	37,046	15.3
Chile IPSA Index	4,147	-0.3	0.2	5.3	9.8	12.7	4,175	3,419	15.0
Colombia COLCAP Index	1,350	2.0	0.9	2.0	8.8	17.0	1,380	1,046	14.3
Mexico Index	48,297	-0.1	2.6	7.2	11.1	12.4	48,956	39,257	21.2
EEMEA									
Russia MICEX Index	1,960	-0.4	2.3	3.6	17.1	11.3	1,994	1,583	7.3
South Africa JSE Index	52,772	-0.1	-0.2	0.8	5.2	4.1	54,761	45,976	9.9
Turkey ISE 100 Index*	78,146	-0.1	2.6	1.2	3.8	8.9	86,931	68,230	9.1

*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	8.0	6.8	3.3	20.3	60.9
US equities	7.6	7.8	6.1	38.2	108.8
Europe equities	4.1	0.3	-5.6	0.2	31.6
Asia Pacific ex Japan equities	15.0	11.3	9.5	10.6	25.8
Japan equities	7.3	1.5	-1.3	13.7	41.8
Latam equities	21.1	37.8	21.2	-14.0	-24.3
Emerging Markets equities	17.8	16.6	11.0	3.6	6.2

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 19 August 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)	512	-0.1	0.4	2.8	6.8	6.5
JPM EMBI Global	770	0.4	1.8	7.8	15.2	14.8
BarCap US Corporate Index (USD)	2,810	0.1	0.6	4.2	8.8	9.4
BarCap Euro Corporate Index (Eur)	244	-0.2	0.5	3.1	5.8	5.9
BarCap Global High Yield (USD)	424	0.5	1.7	6.5	10.6	13.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	191	0.1	1.2	3.8	8.6	8.2
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	234	0.3	1.5	5.4	12.7	12.4

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	1.13	1.12	1.10	1.12	1.11	1.09	1.17	1.05
GBP/USD	1.31	1.29	1.31	1.46	1.57	1.47	1.58	1.28
CHF/USD	1.04	1.03	1.01	1.01	1.04	1.00	1.08	0.97
CAD	1.29	1.30	1.30	1.31	1.31	1.38	1.47	1.25
JPY	100.22	101.30	106.12	109.96	123.80	120.22	123.76	99.02
AUD	1.31	1.31	1.33	1.38	1.36	1.37	1.46	1.28
NZD	1.38	1.39	1.42	1.48	1.51	1.46	1.60	1.36
Asia								
HKD	7.75	7.76	7.76	7.77	7.75	7.75	7.83	7.75
CNY	6.65	6.64	6.70	6.55	6.40	6.49	6.70	6.32
INR	67.06	66.89	67.11	67.37	65.27	66.15	68.79	64.70
MYR	4.02	4.03	4.01	4.08	4.11	4.29	4.48	3.84
KRW	1,118	1,103	1,136	1,192	1,186	1,175	1,245	1,091
TWD	31.67	31.43	32.03	32.77	32.55	32.86	33.79	31.01
Latam								
BRL	3.21	3.19	3.25	3.56	3.49	3.96	4.25	3.11
COP	2,858	2,930	2,928	3,057	3,023	3,175	3,453	2,785
MXN	18.22	18.26	18.50	18.42	16.62	17.21	19.52	16.33
EEMEA								
RUB	63.90	64.76	63.51	66.77	66.62	72.52	85.96	60.59
ZAR	13.52	13.48	14.34	15.81	12.89	15.47	17.92	12.89
TRY	2.93	2.96	3.04	2.99	2.93	2.92	3.10	2.76

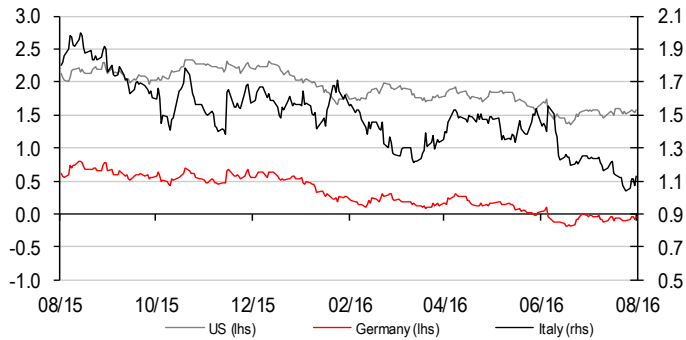
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.30	0.27	0.31	0.30	0.04	0.16
2-Year	0.75	0.71	0.69	0.88	0.66	1.05
5-Year	1.16	1.10	1.11	1.38	1.50	1.76
10-Year	1.58	1.51	1.55	1.85	2.13	2.27
30-Year	2.29	2.23	2.27	2.64	2.82	3.02
Developed market 10-year bond yields (%)						
Japan	-0.08	-0.11	-0.23	-0.08	0.37	0.26
UK	0.62	0.52	0.80	1.44	1.83	1.96
Germany	-0.03	-0.11	-0.03	0.17	0.62	0.63
France	0.19	0.11	0.20	0.50	0.97	0.99
Italy	1.13	1.04	1.23	1.49	1.80	1.59
Spain	0.95	0.93	1.18	1.59	1.99	1.77

	Latest	1-week ago (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Commodities								
Gold	1,341	0.4	0.7	6.9	18.3	26.4	1,375	1,046
Brent Oil	50.9	8.3	9.0	4.2	7.9	36.5	54	27
WTI Crude Oil	48.5	9.1	8.7	0.7	18.9	31.0	52	26
R/J CRB Futures Index	189	3.3	1.4	2.7	-2.6	7.2	204	155
LME Copper	4,809	1.0	-3.5	5.0	-3.7	2.2	5,441	4,318

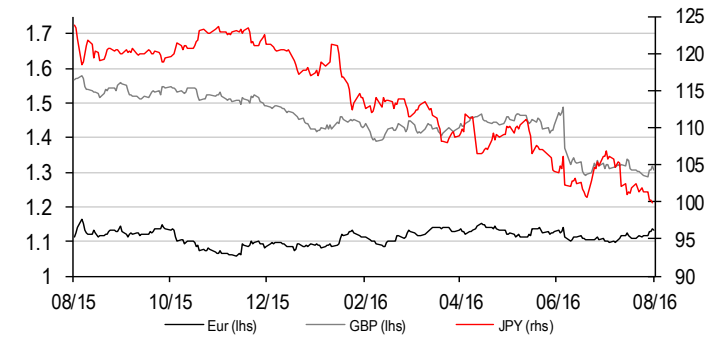
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 19 August 2016.
Past performance is not an indication of future returns.

Market Trends

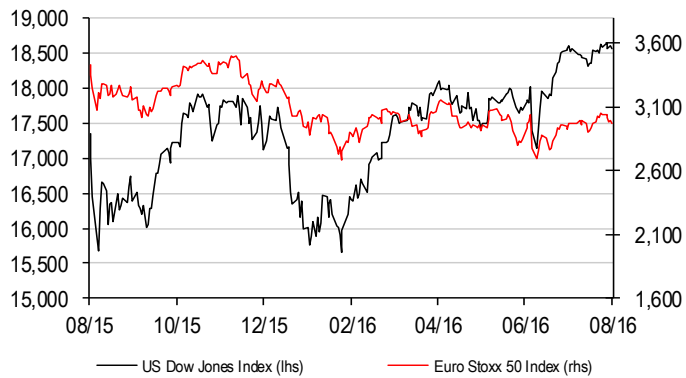
Government bond yields (%)



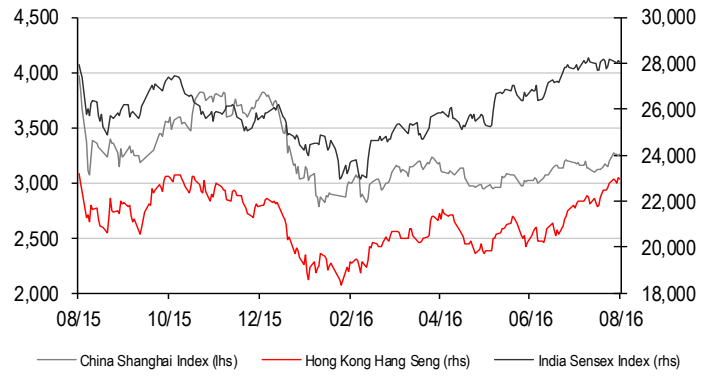
Major currencies (versus US dollar)



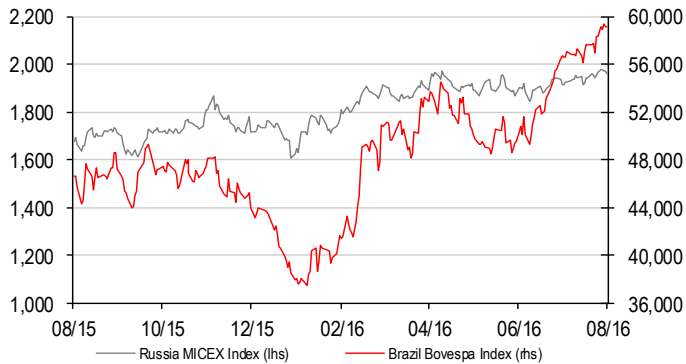
Global equities



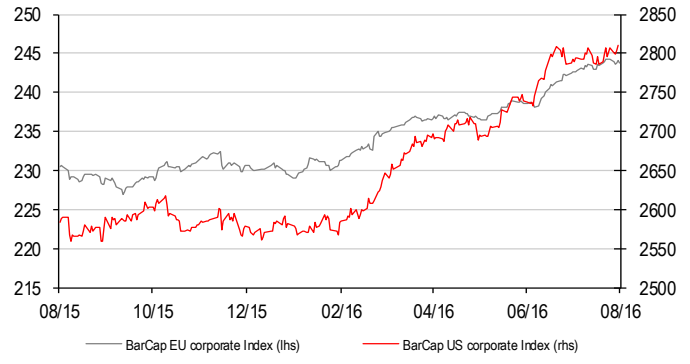
Emerging Asian equities



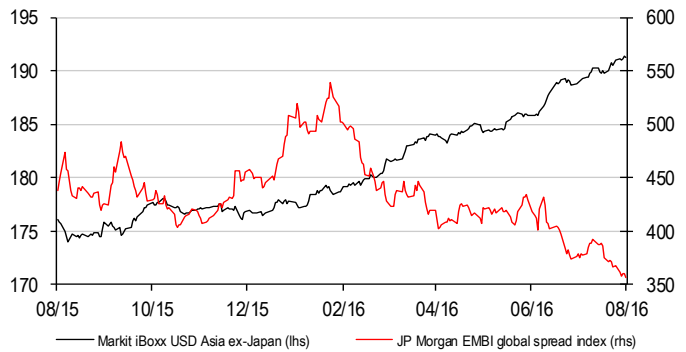
Other emerging equities



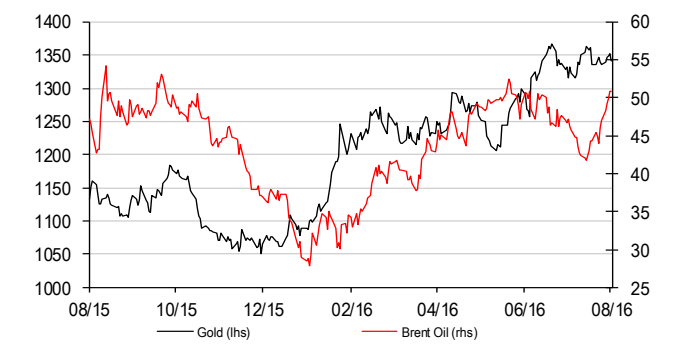
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 19 August 2016.
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