IW
Investment Weekly

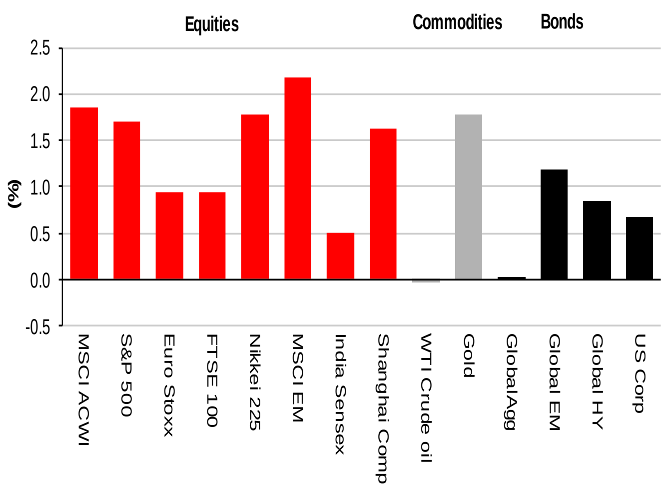
06 January 2017

For Professional Client and Institutional Investor Use Only

- Global equities rose this week, boosted by a host of upbeat global economic activity data
- The minutes of the US Federal Reserve's (Fed) December policy meeting showed that almost all Federal Open Market Committee (FOMC) participants indicated that upside risk to their growth forecasts had increased following the election of Donald Trump, although "considerable uncertainty" surrounding future fiscal policy and its impact on the economy would present a challenge in communicating the likely path of interest rates
- US nonfarm payrolls increased by 156,000 in December, weaker than the expected 175,000, although the prior two months' revisions totalled +19,000. Positively, annual growth in average hourly earnings (+2.9% yoy) rose to its highest level since June 2009
- In the coming week, December US retail sales data will be in focus

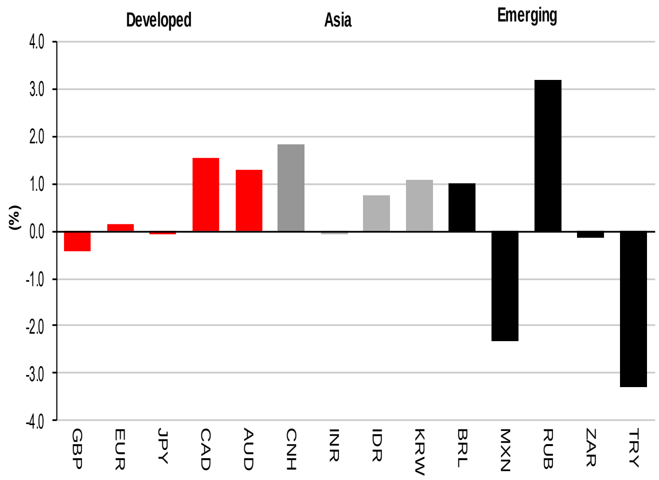
Movers and shakers

Global equities gained amid upbeat global economic data

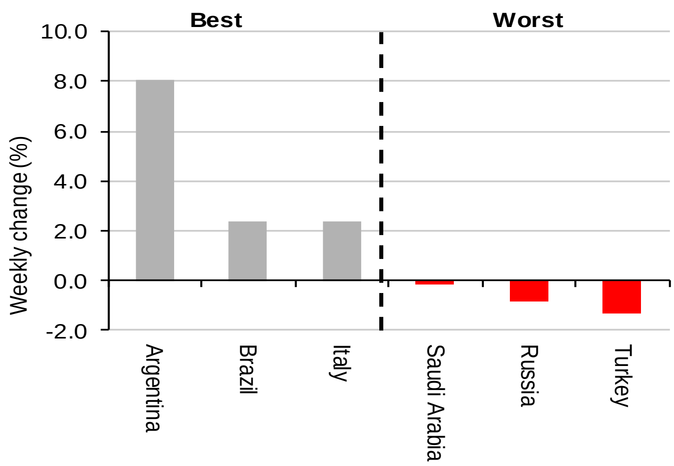


Currencies (versus US dollar)

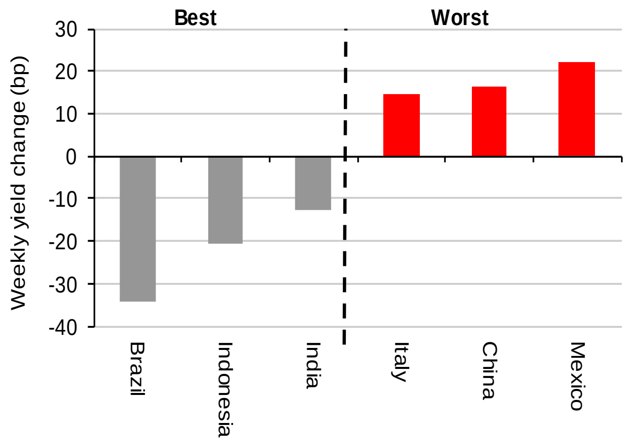
Most major currencies gained against the US dollar



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.
All the above charts relate to 30/12/2016 – 06/01/2017.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (01-06 January 2017)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Sunday 01 January	China	Official Manufacturing PMI	Dec	51.5	51.4	51.7
Tuesday 03 January	Turkey	CPI (yoy)	Dec	7.6%	8.5%	7.0%
	US	ISM Manufacturing Index	Dec	53.8	54.7	53.2
Wednesday 04 January	Eurozone	CPI Estimate (yoy)	Dec	1.0%	1.1%	0.6%
	Eurozone	Markit Composite PMI	Dec F	53.9	54.4	53.9 P
	US	FOMC December Meeting Minutes	-	-	-	-
Thursday 05 January	US	ISM Non-Manufacturing Index	Dec	56.8	57.2	57.2
Friday 06 January	Germany	Factory Orders (mom)	Nov	-2.4%	-2.5%	5.0%
	US	Change in Nonfarm Payrolls	Dec	175K	156K	204K

P – Preliminary, F – Final

- In the US, the **December employment report** showed nonfarm payrolls rise by 156,000, weaker than the expected 175,000, although November's print was upwardly revised by 26,000 to 204,000, with the prior two months' revisions totalling +19,000. The unemployment rate edged up slightly to 4.7% (albeit from November's nine-year low of 4.6%), with the participation rate rising by 0.1ppts, from a downwardly revised 62.6%. Service sector momentum remains strong, with education and health (+70,000) and leisure and hospitality (+24,000) continuing to post firm gains, while manufacturing jobs posted the first increase since July (+17,000). However, business services lost some steam (only +15,000 versus +65,000 in November), while temporary help (-16,000) and construction (-3,000) dragged. Encouragingly, average hourly earnings (+0.4% mom) beat expectations by 0.1ppts, pushing the annual growth rate to 2.9% yoy (its highest since June 2009). Overall, this positive employment report should support the case for further US rate hikes this year. The **minutes of the Fed December policy meeting** showed that almost all FOMC participants indicated that upside risk to their forecasts for growth "had increased as a result of prospects for more expansionary fiscal policies," following the election of Donald Trump (although the name of the president-elect does not appear in the minutes). However, they also "agreed that it was too early to know what changes in these policies would be implemented and how such changes might alter the economic outlook," making it more challenging to communicate about the likely path of interest rates. Most participants also judged that the risk of a "sizeable undershooting" of the longer-run unemployment rate had risen "somewhat" and, as a result, the FOMC "might need to raise the federal funds rate more quickly than currently anticipated" to limit potential upside risks to inflation. December's **US ISM Manufacturing Index** release at 54.7 was better than expectations (53.8). This print continues the recovery from August's low (49.4) and takes the series to its highest level since December 2014. The underlying details were encouraging. Production (60.3 from 56.0) and new orders (60.2 from 53.0) leapt to their highest levels since November 2014. Employment, at 53.1, rose to its highest level since June 2015. Interestingly, new export orders (56.0) were also their strongest since May 2014. On balance, this is an encouraging release, although the highest prices paid (65.5) since June 2011 may signal further price pressures to come. Furthermore, defying expectations of a downtick to 56.8, the December **US ISM Non-Manufacturing Index** remained at November's 57.2, its highest reading since October 2015. The breakdown showed business activity and supplier deliveries were little changed. Meanwhile, the increase in new orders to 61.6, its highest since August 2015, was offset by a 4.4pt decline to 53.8 in the employment component, although remaining above the average for 2016 as a whole (52.7).
- The upward revision to the December **eurozone** final **composite PMI** (+0.5 points to 54.4, reaching its highest level since May 2011) provided further evidence of the expansionary trend in the region. Also encouraging was the rise in new orders (54.1) to its strongest level since December 2015. The composite indices of France, Germany and Spain all saw improvement compared to November, but Italy slowed slightly. Overall, this suggests Q4 euro-area GDP growth is set to accelerate from Q3 (+0.3% qoq). December's flash estimate of **eurozone headline CPI inflation** at 1.1% yoy was also above consensus and the strongest yoy increase since September 2013. Similarly, core inflation (excluding food, energy, tobacco and alcohol) was also marginally higher than consensus at 0.9% yoy. While local divergence remains, December's regional releases mostly saw a strong pickup. For instance, Germany experienced its strongest increase since July 2013 (1.7% yoy from 0.7% in November), while Italy rose the most in more than two-and-a-half years (0.5% yoy up from 0.1% prior). However, the increase in France (0.6% yoy against 0.5% prior) was below expectations of 0.8% yoy. Meanwhile, **Germany's** November **factory orders** fell (-2.5% mom), slightly more than expected (-2.4% mom), leaving the annual rate at 3.0% yoy. This was, however, against a remarkably strong gain in October, revised upwards by 0.1ppts to 5.0% mom (its highest since July 2014). The breakdown showed capital goods orders declined by 4.8% mom, while orders for intermediate goods and consumer goods gained (by 0.5% mom and 1.5%, respectively). Looking beyond monthly fluctuations, factory orders are still on course for a solid Q4, with the 3m/3m growth rate at 2.8% and the three-month moving average at 4.1% yoy.
- **China's** December **official manufacturing PMI** moderated slightly to 51.4 from 51.7 in November, but remains at a relatively high level and still signals firm production activity. Most of the subcomponents declined, although the new orders index was unchanged with better domestic orders offsetting a fall in export orders. Meanwhile, the input prices sub-index rose for a sixth straight month to its highest level (69.6) since February 2011. While rising producer price inflation should help revenue and profits in upstream industries (such as struggling commodity producers), downstream sectors may start to feel the hit from rising input costs going forward.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.

Coming Week (09-13 January 2017)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 09 January	Germany	Industrial Production (Seasonally Adjusted, mom)	Nov	0.6%	0.3%
	Eurozone	Unemployment Rate	Nov	9.8%	9.8%
	Mexico	CPI (yoy)	Dec	3.4%	3.3%
Tuesday 10 January	China	CPI (yoy)	Dec	2.2%	2.3%
Wednesday 11 January	Brazil	COPOM Interest Rate Decision	Jan	13.25%	13.75%
	Brazil	IBGE Inflation IPCA (yoy)	Dec	6.3%	7.0%
Thursday 12 January	India	CPI (yoy)	Dec	3.5%	3.6%
	Eurozone	Industrial Production (Seasonally Adjusted, mom)	Nov	0.5%	-0.1%
	India	Industrial Production (yoy)	Nov	-2.2%	-1.9%
	Eurozone	ECB Account of the December Monetary Policy Meeting	-	-	-
Friday 13 January	China	Trade Balance (USD bn)	Dec	47.6	44.2
	US	Retail Sales Advance (mom)	Dec	0.5%	0.1%
	US	University of Michigan Index of Consumer Sentiment	Jan P	98.6	98.2

P – Preliminary

US

- In the coming week, **US retail sales** are expected to expand by a robust 0.5% mom in December, given upbeat consumer confidence, a strong increase in auto sales in December (+3.0% mom to 18.3 million annualised) and higher pump prices during the month.
- January's preliminary release of the **University of Michigan Index of Consumer Sentiment** is expected to tick-up further, rising by 0.4 points to 98.6 to reach its highest level since January 2004. This would follow on from the Conference Board release for December, which moved to its highest level since mid-2001, continuing the post-Trump election victory surge in consumer confidence.

Europe

- In Europe, the November **eurozone unemployment rate** is expected to hold steady at 9.8%, following a larger than expected decline in the prior month. Although job creation in the region continues to expand, this is being offset by higher participation in Germany (due to migrants entering the workforce). Elsewhere, the French employment PMIs during the month (at 50.5 for the composite index) remain subdued, and growth in Italy remains sluggish. Spain remains the only large economy growing fast enough and with significant spare capacity to meaningfully dent the overall eurozone rate, although Spanish unemployment data for November saw a slight uptick in jobless claims.
- **Germany's** November **industrial production** is anticipated to expand by 0.6% mom (+1.9% yoy), supported by the recent uptrend seen in domestic factory orders (+4.1% yoy on a three-month moving average basis in November). This should be reflected at the **eurozone** level**,** with **industrial production** during the month also expected to expand (+0.5% mom, 1.5% yoy). The output component of the eurozone manufacturing PMI was a healthy 54.1 during the month, amid euro weakness and upbeat sentiment in the sector (the European Commission manufacturing confidence indicator rose to over a five-year high in November on a three-month moving average basis).
- The **European Central Bank (ECB) account of the December monetary policy meeting** may shed some light behind the Governing Council's decision to extend the bank's Asset Purchase Programme for nine months at a reduced purchase amount of EUR60 billion per month, rather than keep purchases at the existing EUR80 billion level for a shorter six-month period.

Emerging markets

- **Mexican CPI** moved to a two-year high of 3.3% yoy in November, with potentially further increases in the December release likely reflecting a greater pass-through from post-US election peso weakness.
- In **Brazil**, given anchored inflation expectations and easing **inflation** (expected to dip to 6.3% in December on the **IBGE IPCA** measure), the Monetary Policy Committee of the Central Bank of Brazil is anticipated to reduce its benchmark **Selic interest rate** to 13.25% from 13.75%, the third cut since October 2016, following over one year on hold.
- **China's CPI inflation** likely eased slightly to 2.2% yoy in December from 2.3% in November, on lower food price inflation. Meanwhile, **Producer Price Index** inflation probably accelerated further to 4.6% from 3.3%, as suggested by a continued rise in the input price sub-index of the PMIs amid a rebound in oil and commodity prices. Exports (in US dollar terms) are expected to have fallen 3.8% yoy in December after a 1.6% decline in November, partly due to base effects, while the new export order sub-index of the official manufacturing PMI retreated slightly during the month. However, recovering prices and improved external demand poses upside risks. Import growth may have also weakened to 3.0% from 4.7%, but is remaining relatively resilient, reflecting stable domestic demand helped by restocking. Overall, the **trade balance** is expected to increase from USD44.2 billion to 47.6 billion.
- **India's CPI inflation** is expected to have moderated further to 3.5% yoy from 3.6% in November, as lower food price inflation likely offset rising oil prices. Demonetisation may have continued to temporarily curb price pressures, with the disinflationary impact on perishable food prices as well as some short-term demand destruction due to cash shortages and weak corporate pricing power. Meanwhile, expectations are for **industrial production** to have contracted by 2.2% yoy in November after falling 1.9% in October,

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.

despite a positive base effect, as indicated by a decline in the manufacturing PMI to 52.3 in November from 54.8 in October. Production activity was likely weighed down by demonetarisation, although the impact is likely to be more visible in the December data. The slowdown in growth in infrastructure industrial production (with a 38% weight in the index) to 4.9% from 6.6% in October was capped by a favourable base effect.

Market Moves

Global equity markets boosted by string of upbeat global economic activity data

- **US equities** rose this week on renewed global growth optimism as US activity data for December beat expectations. The ISM manufacturing survey rose to its highest level in two years, while the non-manufacturing series stayed at 57.2, its highest reading since October 2015. The uptick in the new orders components in both sectors points to a strong start in 2017 for the US economy. The S&P 500 Index closed the week higher (+1.7%), with all major industries posting gains.
- **European equities** also rose this week following a string of upbeat PMI releases. In particular, the eurozone's final composite PMI beat expectations in December; and its UK equivalent rose to its highest level since July 2015. Overall, the EURO STOXX 50 Index ended up (+0.9%), reaching fresh one-year highs during the week. Other major bourses also finished up, led by Spain's IBEX (+1.8%) as the financial-heavy index was buoyed by a rally in banking shares.
- **Asian stock markets** advanced last week, amid investor optimism over the global growth outlook following a stream of upbeat manufacturing and services sector surveys out of the US, Europe and Asia. Positive sentiment towards Hong Kong's Hang Seng Index (up 2.3% over the week) was supported by improving earnings prospects for the city's property developers amid signs of resilience in the Chinese economy. The onshore China Shanghai Stock Exchange Composite Index also ended higher (+1.6%), despite a surge in renminbi volatility. The Philippines Stock Exchange PSE Index rallied 6.0% to a near two-month high on continued foreign buying given upbeat domestic growth prospects. Japan's Nikkei 225 Index pared weekly gains to end up 1.8%, as the yen reversed a weakening trend against the US dollar. India's SENSEX 30 Index posted a weekly gain of 0.5%, ahead of corporate earnings results scheduled to start next week.

Core government bonds sold off amid upbeat risk appetite; however, 10-year Treasuries gained

- In a holiday-shortened week, 10-year **US Treasuries** recovered some of their recent losses, despite incoming cyclical activity data continuing to show robust growth momentum. The Treasury curve bull-flattened, with 10-year yields declining 3bps to 2.42%, while at the shorter end two-year yields rose 3bps to 1.21%. Despite this week's moves, 10-year Treasury yields are still roughly 80bps higher than they were at the end of September 2016.
- **Eurozone government bonds** fell this week amid encouraging economic data and improved risk appetite. Eurozone inflation jumped to a three-year high in December, while the Eurozone composite PMI survey was confirmed at its highest level since 2011. German 10-year bund yields rose 10bps to 0.30% and French 10-year yields rose 15bps to 0.83%. In the periphery, Italian 10-year yields gained 15bps to 1.96%, and Spanish 10-year yields rose 16bps to 1.54%.

US dollar edged lower against most currencies amid rally in offshore Chinese renminbi

- **The euro** overcame early-week declines against the US dollar to book its third consecutive weekly gain (+0.1%). Slightly less hawkish than expected Fed meeting minutes and a worse than expected private ADP employment release for December weighed on the greenback, although losses were pared on Friday after the upbeat December US employment report. Meanwhile, the **British pound** finished the week little changed (-0.4%), buoyed by a host of positive PMI data releases.
- **Asian currencies** strengthened against the US dollar last week, led by a rally in the offshore Chinese renminbi (CNH), after a spike in CNH funding costs and recent action by authorities to support the currency (mainly stricter monitoring of capital outflows), while a weaker US dollar also triggered CNH short-covering. The move in the US dollar/CNH also drove other Asian currencies higher, particularly the Korean won, Taiwanese dollar and Singapore dollar. Meanwhile, the Japanese yen was flat against the US dollar after the release of December FOMC meeting minutes, although it pared weekly gains on Friday amid investor caution ahead of the US nonfarm payrolls release.

Weaker US dollar supported oil and gold prices

- **Oil prices** ended the week flat, supported by a weaker US dollar, upbeat global activity data and the US Energy Information Administration weekly report showing a much bigger than expected decline in US crude oil inventories last week (although this was offset by the much bigger than expected increase in gasoline and distillate inventories). Overall, WTI crude remained unchanged (USD53.7 per barrel) as did Brent (USD56.8 per barrel).
- **Gold prices** rose this week (+1.8% to USD1,173). The bulk of the gains occurred on Thursday following a sharp decline in the US dollar after the release of the less hawkish than expected Fed December meeting minutes that cited "considerable uncertainty" about the effect of Trump's fiscal stimulus plans on the US economy and the trajectory of interest rates.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.
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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)	430	1.9	3.1	2.9	11.2	1.9	430	351	16.1
North America									
US Dow Jones Industrial Average	19,964	1.0	3.7	9.3	18.1	1.0	20,000	15,451	16.8
US S&P 500 Index	2,277	1.7	2.9	5.4	14.4	1.7	2,282	1,810	17.5
US NASDAQ Composite Index	5,521	2.6	3.5	4.0	14.2	2.6	5,537	4,210	20.8
Canada S&P/TSX Composite Index	15,496	1.4	2.4	6.2	21.8	1.4	15,621	11,531	16.9
Europe									
MSCI AC Europe (USD)	405	1.4	4.6	1.4	3.0	1.4	415	354	14.5
Euro STOXX 50 Index	3,321	0.9	7.1	9.9	5.8	0.9	3,334	2,673	14.3
UK FTSE 100 Index	7,210	0.9	6.3	3.0	18.7	0.9	7,212	5,500	14.6
Germany DAX Index*	11,599	1.0	7.6	9.7	13.6	1.0	11,637	8,699	13.6
France CAC-40 Index	4,910	1.0	6.0	9.6	9.6	1.0	4,930	3,892	14.5
Spain IBEX 35 Index	9,516	1.8	7.0	8.7	3.5	1.8	9,552	7,580	14.0
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	438	2.6	1.3	-4.2	11.5	2.6	459	357	13.4
Japan Nikkei-225 Stock Average	19,454	1.8	6.0	15.1	6.9	1.8	19,615	14,864	19.3
Australian Stock Exchange 200	5,756	1.6	6.0	5.0	12.3	1.6	5,765	4,707	16.5
Hong Kong Hang Seng Index	22,503	2.3	-0.8	-6.1	7.3	2.3	24,364	18,279	11.4
Shanghai Stock Exchange Composite Index	3,154	1.6	-1.4	5.0	-6.2	1.6	3,301	2,638	13.3
Hang Seng China Enterprises Index	9,611	2.3	-1.6	-3.4	5.2	2.3	10,210	7,499	7.9
Taiwan TAIEX Index	9,372	1.3	1.3	0.9	17.3	1.3	9,430	7,628	13.5
Korea KOSPI Index	2,049	1.1	3.0	-0.8	6.4	1.1	2,074	1,818	10.2
India SENSEX 30 Index	26,759	0.5	1.4	-4.8	5.3	0.5	29,077	22,495	18.7
Indonesia Jakarta Stock Price Index	5,347	0.9	1.4	-1.2	16.0	0.9	5,492	4,409	14.6
Malaysia Kuala Lumpur Composite Index	1,675	2.1	2.8	0.5	0.5	2.1	1,729	1,601	15.8
Philippines Stock Exchange PSE Index	7,248	6.0	6.5	-4.9	6.4	6.0	8,118	6,084	17.3
Singapore FTSE Straits Times Index	2,963	2.8	0.5	2.7	5.6	2.8	2,981	2,528	13.7
Thailand SET Index	1,571	1.8	3.6	3.8	24.7	1.8	1,576	1,221	14.7
Latam									
Argentina Merval Index	18,284	8.1	6.1	6.7	60.1	8.1	18,432	9,200	14.9
Brazil Bovespa Index*	61,665	2.4	0.9	1.7	47.6	2.4	65,291	37,046	12.5
Chile IPSA Index	4,171	0.5	-1.0	2.3	15.4	0.5	4,484	3,419	14.9
Colombia COLCAP Index	1,374	1.7	4.3	2.3	21.7	1.7	1,419	1,068	11.8
Mexico Index	46,072	0.9	2.1	-3.9	10.5	0.9	48,956	39,924	16.9
EEMEA									
Russia MICEX Index	2,214	-0.8	2.9	11.6	26.6	-0.8	2,294	1,583	6.7
South Africa JSE Index	51,216	1.1	4.7	-0.8	4.3	1.1	54,704	45,976	14.8
Turkey ISE 100 Index*	77,107	-1.3	2.2	-1.0	8.3	-1.3	86,931	68,230	7.7

*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	3.2	1.8	13.5	13.3	58.0
US equities	5.2	1.4	15.5	29.1	90.7
Europe equities	2.0	1.6	6.4	-7.0	36.2
Asia Pacific ex Japan equities	-3.6	2.7	14.9	4.6	28.1
Japan equities	2.5	2.4	7.6	10.6	51.8
Latam equities	-1.0	2.7	40.6	-16.5	-25.2
Emerging Markets equities	-3.5	2.3	18.8	-2.4	7.7

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.

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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)	500	0.0	0.5	-1.8	3.5	0.0
JPM EMBI Global	748	1.2	2.3	-2.9	11.4	1.2
BarCap US Corporate Index (USD)	2,745	0.7	1.4	-1.6	6.3	0.7
BarCap Euro Corporate Index (Eur)	240	-0.3	0.8	-1.2	4.1	-0.3
BarCap Global High Yield (USD)	436	0.8	2.2	1.5	16.6	0.8
Markit iBoxx Asia ex-Japan Bond Index (USD)	187	0.7	0.8	-1.6	5.5	0.7
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	237	0.9	1.2	0.5	13.0	0.9

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

Currencies (vs USD)	Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015	52-week High	52-week Low
Developed markets								
EUR/USD	1.05	1.05	1.07	1.12	1.08	1.05	1.16	1.03
GBP/USD	1.23	1.23	1.27	1.26	1.46	1.23	1.50	1.18
CHF/USD	0.98	0.98	0.99	1.02	0.99	0.98	1.06	0.97
CAD	1.32	1.34	1.33	1.32	1.41	1.34	1.47	1.25
JPY	117.02	116.96	114.02	103.95	118.47	116.96	121.69	99.02
AUD	1.37	1.39	1.34	1.32	1.41	1.39	1.46	1.28
NZD	1.44	1.44	1.40	1.40	1.51	1.44	1.58	1.34
Asia								
HKD	7.76	7.76	7.76	7.76	7.75	7.76	7.83	7.75
CNY	6.92	6.95	6.88	6.67	6.56	6.95	6.96	6.45
INR	67.96	67.92	67.90	66.70	66.83	67.92	68.86	66.07
MYR	4.47	4.49	4.44	4.15	4.40	4.49	4.50	3.84
KRW	1,193	1,206	1,171	1,112	1,197	1,206	1,245	1,090
TWD	31.99	32.33	31.94	31.41	33.22	32.33	33.79	31.01
Latam								
BRL	3.22	3.26	3.41	3.23	4.03	3.26	4.17	3.10
COP	2,923	3,002	3,003	2,904	3,257	3,002	3,453	2,817
MXN	21.22	20.73	20.39	19.24	17.54	20.73	21.62	17.05
EEMEA								
RUB	59.62	61.54	63.86	62.08	74.67	61.54	85.96	59.11
ZAR	13.76	13.74	13.65	13.88	15.86	13.74	17.92	13.17
TRY	3.64	3.52	3.45	3.04	3.00	3.52	3.65	2.79

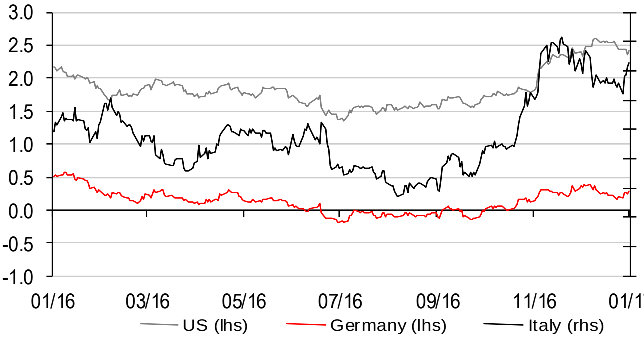
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.51	0.50	0.49	0.32	0.20	0.50
2-Year	1.21	1.19	1.11	0.85	0.98	1.19
5-Year	1.92	1.93	1.83	1.28	1.64	1.93
10-Year	2.42	2.44	2.39	1.74	2.17	2.44
30-Year	3.01	3.07	3.08	2.45	2.94	3.07
Developed market 10-year bond yields (%)						
Japan	0.05	0.04	0.05	-0.06	0.25	0.04
UK	1.38	1.24	1.42	0.87	1.79	1.24
Germany	0.30	0.20	0.37	-0.02	0.50	0.20
France	0.83	0.68	0.80	0.28	0.87	0.68
Italy	1.96	1.81	1.94	1.34	1.48	1.81
Spain	1.54	1.38	1.49	1.01	1.67	1.38

Commodities	Latest	1-week ago (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,173	1.8	0.3	-6.5	7.2	1.8	1,375	1,072
Brent Oil	56.8	0.0	5.4	8.2	66.1	0.0	58	27
WTI Crude Oil	53.7	0.0	5.4	6.5	58.1	0.0	55	26
R/J CRB Futures Index	194	0.5	0.5	2.7	14.2	0.5	196	155
LME Copper	5,580	0.8	-5.2	17.3	20.8	0.8	6,046	4,318

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.
Past performance is not an indication of future returns.

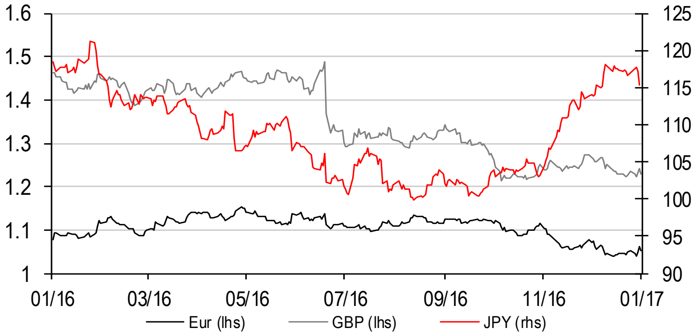
Market Trends

Government bond yields (%)



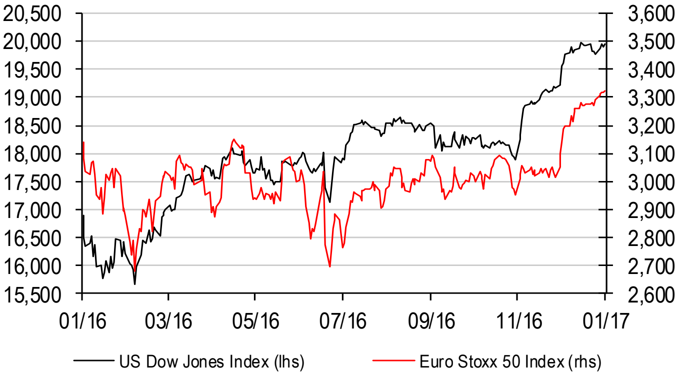
Yields based on 10 year government bonds

Major currencies (versus US dollar)

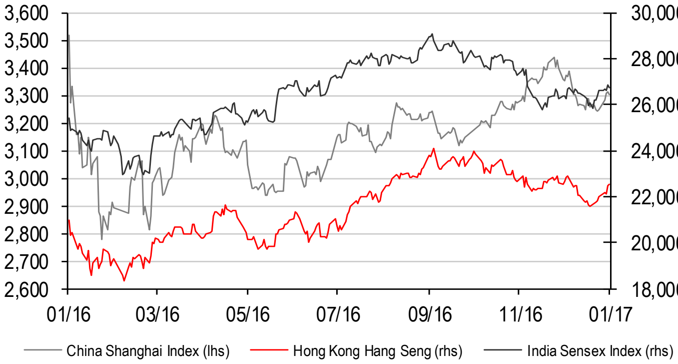


All values versus USD

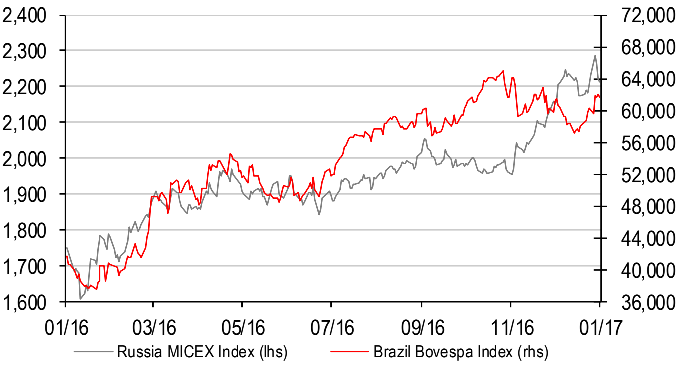
Global equities



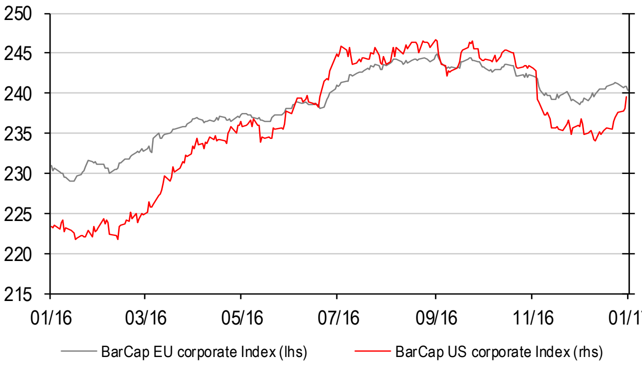
Emerging Asian equities



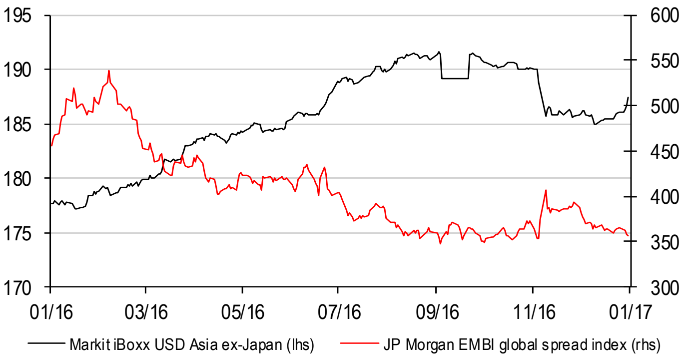
Other emerging equities



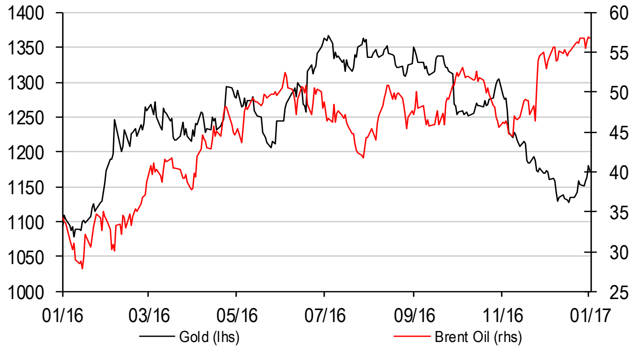
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.
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Expiry: 3 February 2017

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 6 January 2017.
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