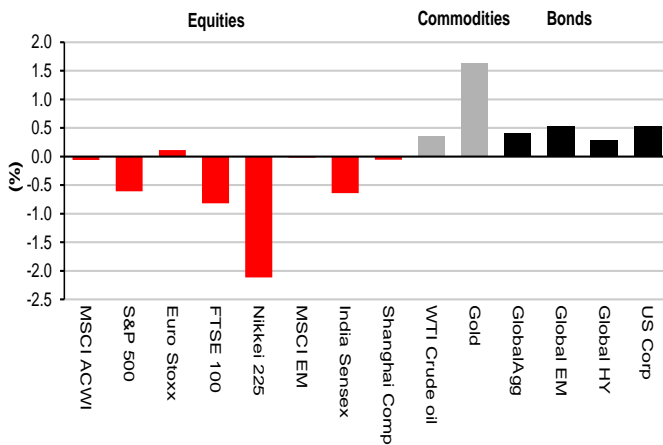


- ▶ Global equities fell on lingering geopolitical concerns and financial shares tumbled on lower bond yields
- ▶ US President Donald Trump reached an agreement with congressional leaders to extend government spending authority and the debt limit to 15 December 2017. The structure of the debt limit is not yet clear
- ▶ The European Central Bank (ECB) left interest rates unchanged at its September meeting, but signalled that a decision on the current pace of the Asset Purchase Programme could take place in October
- ▶ In the coming week, attention will turn to August inflation data releases (in the US, UK, India and China); the Bank of England September meeting is also in focus

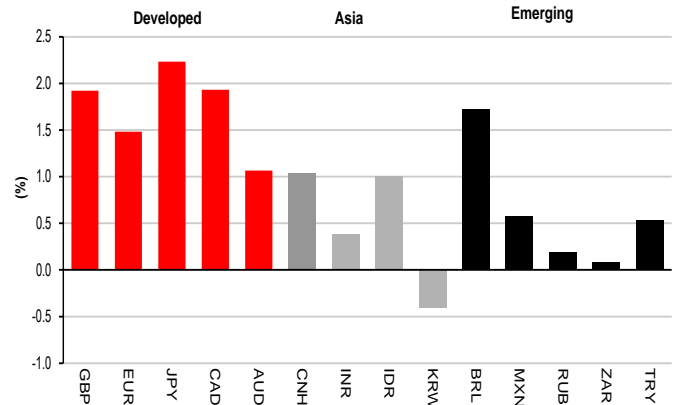
Movers and shakers

Gold outperformed, supported by a weaker US dollar

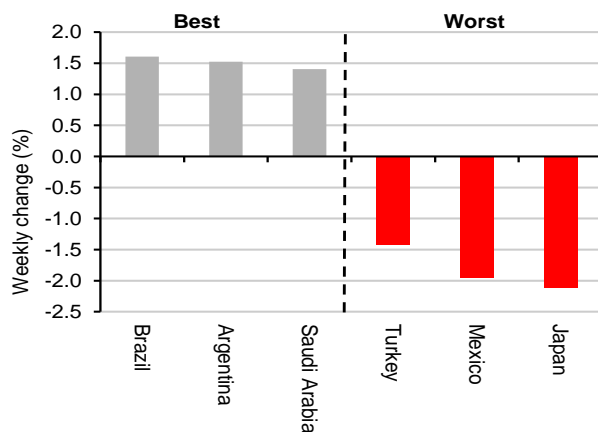


Currencies (versus US dollar)

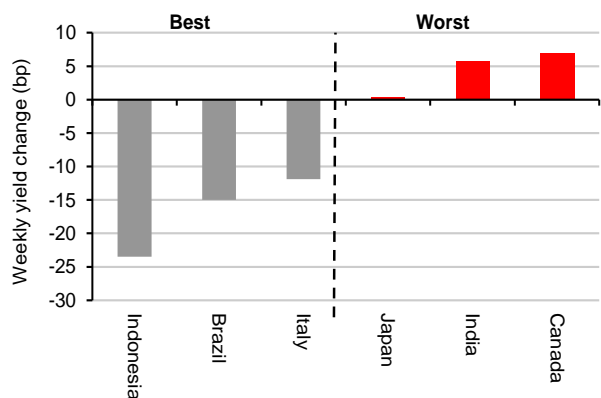
The US dollar fell on geopolitical concerns and dovish Fed speak



Equities



Bonds (10-year)



This commentary provides a high-level overview of the recent economic environment and is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments; nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination.

Macro Data and Key Events

Past Week (05-08 September 2017)

| Date | Country | Indicator | Data as of | Survey | Actual | Prior |
|------------------------|--------------|--|------------|--------|--------|---------|
| Tuesday 05 September | Turkey | CPI (yoy) | Aug | 10.2% | 10.7% | 9.8% |
| | Eurozone | Markit Composite PMI | Aug F | 55.8 | 55.7 | 55.8 P |
| | South Africa | GDP (qoq annualised) | Q2 | 2.3% | 2.5% | -0.6% |
| | US | Durable Goods Orders (mom) | Jul F | -2.9% | -6.8% | -6.8% P |
| Wednesday 06 September | Brazil | COPOM Interest Rate Decision | Sep | 8.25% | 8.25% | 9.25% |
| | Germany | Factory Orders (working day adjusted, yoy) | Jul | 5.8% | 5.0% | 5.1% |
| | Brazil | IBGE Inflation IPCA (yoy) | Aug | 2.6% | 2.5% | 2.7% |
| | Canada | Bank of Canada Interest Rate Decision | Sep | 0.75% | 1.00% | 1.00% |
| | US | ISM Non-Manufacturing Index | Aug | 55.6 | 55.3 | 53.9 |
| | US | US Federal Reserve Releases Beige Book | | | | |
| Thursday 07 September | Germany | Industrial Production (seasonally adjusted, mom) | Jul | 0.5% | 0.0% | -1.1% |
| | Eurozone | GDP (seasonally adjusted, qoq) | Q2 F | 0.6% | 0.6% | 0.6% P |
| | Eurozone | ECB Interest Rate Decision | Sep | -0.40% | -0.40% | -0.40% |
| | Mexico | CPI (yoy) | Aug | 6.7% | 6.7% | 6.4% |
| Friday 08 September | China | Trade Balance (USD bn) | Aug | 48.5 | 42.0 | 46.7 |
| | Japan | GDP (seasonally adjusted, qoq annualised) | Q2 F | 2.9% | 2.5% | 4.0% P |

P – Preliminary, Q – Quarter, F – Final

- ▶ **US President Donald Trump reached an agreement** with congressional leaders to extend government spending authority and the **debt limit** to 15 December 2017. The structure of the debt limit extension is **not yet clear**, and the next debt limit deadline might actually be in early 2018, not December. Congress has recently **tended to suspend the debt limit until a particular date**, and then increase the limit upon reinstatement by the amount of debt issued in the interim. Once the debt limit is reinstated, the Treasury then begins to run down the roughly USD300 billion in extraordinary measures that it can use to keep borrowing until Congress raises or suspends the limit again. If the upcoming debt limit suspension takes this form, this would suggest that while the debt limit could be reinstated in December, Congress would have until February or March to raise the debt limit again. An **alternative would be a temporary debt limit increase**, which Congress routinely passed from the 1960s until the 1990s. This would increase the debt limit but the increase would expire on a particular date, reverting to a lower level thereafter. If the increase takes this or a similar form, it would suggest that the next effective debt limit deadline would be in December, rather than early 2018. Finally, it is worth keeping in mind that the **December US Federal Reserve (Fed) meeting** is scheduled for the 12th and 13th, **two days prior to the deadline**. A lot can change between now and then, but this certainly increases the uncertainty factor of that meeting. The Fed announced that **Vice-Chair Stanley Fischer has resigned**, citing "personal reasons" and taking effect next month. Fischer was scheduled to step down in June 2018; however, the acceleration of his resignation means that the Fed will now be competing with the loss of another senior hawkish member. Notably, this means that the Fed is left with four vacant seats on the board. How quickly Fischer is replaced will be determined by President Trump. After the expiration of Chair Janet Yellen's term as Chair on 3 February 2018, the Trump administration will need to appoint five board members if Yellen steps down as well. On the data front, the August **ISM Non-Manufacturing Index** rebounded to 55.3 (53.9 previously, consensus 55.6). The survey showed a healthy recovery in all four key sub-components from the prior month's moderation, with employment increasing 2.6 pts to 56.2 and new orders advancing 2.0 pts to 57.1.
- ▶ As expected, the **ECB kept interest rates unchanged**. Importantly, it did not provide any details on the future of its quantitative easing programme, which is due to end in December. ECB President Mario Draghi did, however, more or less confirm that a decision on tapering will likely be taken at the October meeting. A "very, very preliminary discussion" was said to have taken place within the governing council but the "bulk of decisions" will be made in October for beyond 2017. In the final release, eurozone **Q2 GDP growth** was confirmed at 0.6% qoq. Meanwhile, the year-on-year rate was revised up to 2.3% from 2.2% in the second estimate. All major expenditure sub-components recorded growth.
- ▶ **Japan's final Q2 GDP** rose less than expected at 2.5% qoq, down from 4.0% qoq in the preliminary estimate and less than consensus expected at 2.9% qoq. As expected, the bulk of the revision is explained by private non-residential investment (growth rate down from +9.9% qoq annualised to +2.1%), but also by slightly weaker private consumption. Overall, the rate of growth observed in the first half of 2017 was barely above potential (+0.8% compared to the second half of 2016).
- ▶ **China's export growth** fell more than expected to 5.5% yoy in August (consensus 6.0%) from 7.2% in July. The slowdown was led by demand from major developed markets and likely reflected some impact of the renminbi real effective exchange rate appreciation. This could be a potential hurdle for further appreciation of the renminbi on a trade-weighted basis. Meanwhile, imports unexpectedly accelerated to 13.3% from 11.0%, beating expectations of 10.0%, thanks to a rise in import/commodity prices and resilient domestic demand. The trade surplus narrowed to USD42.0 billion in August from USD46.7 billion in July.
- ▶ The **South African** economy bounced back in the second quarter, with real **GDP** growing at a rate of 2.5% qoq annualised, compared to a 0.6% contraction in Q1. The strength was broad-based, with both the agricultural and energy industries recovering particularly well.
- ▶ **CPI inflation in Turkey** rose more than expected in August to 10.7% yoy, up from 9.8% in July, driven by rising transport and core prices. Inflation has been in the double digits for six of the eight months this year and this latest print reduces the likelihood of central

bank easing later this year. As expected, the **Brazilian central bank** COPOM reduced its Selic target rate by 1.0 ppt to 8.25%, the eighth consecutive cut since the current easing cycle began in October 2016. With a gradually recovering economy and a calmer political backdrop, policymakers added back language regarding “a moderate reduction of the pace of [future] easing” in its official statement. Meanwhile, consumer prices remained soft amid a nascent economic recovery. CPI inflation (**IBGE IPCA**) slowed to 2.5% yoy in August, reaching an 18-year low. The reading was lower than both expectations (+2.6% yoy) and July’s value (+2.7% yoy). A decline in the prices of food and household goods offset a jump in transportation costs linked to a recent fuel tax hike.

- ▶ **The Bank of Canada** unexpectedly increased overnight interest rates by 25 bps to 1.00%. The two rate cuts of 2015, which happened in response to the sharp decline in oil, have now been fully reversed. In their press release, policymakers cited stronger than expected economic performance (Q2 GDP growth came in at +4.5% qoq annualised) amid a synchronised global expansion for the removal of “considerable” stimulus.

Coming Week (09-15 September 2017)

| Date | Country | Indicator | Data as of | Survey | Prior |
|------------------------|----------|--|------------|--------|---------|
| Saturday 09 September | China | CPI (yoy) | Aug | 1.7% | 1.4% |
| Tuesday 12 September | UK | CPI (yoy) | Aug | 2.8% | 2.6% |
| | India | CPI (yoy) | Aug | 3.2% | 2.4% |
| | India | Industrial Production (yoy) | Jul | 1.7% | -0.1% |
| Wednesday 13 September | UK | ILO Unemployment Rate (3 months) | Jul | 4.4% | 4.4% |
| | Eurozone | Industrial Production (seasonally adjusted, mom) | Jul | 0.3% | -0.6% |
| Thursday 14 September | China | Industrial Production (yoy) | Aug | 6.6% | 6.4% |
| | China | Retail Sales (ytd yoy) | Aug | 10.5% | 10.4% |
| | Japan | Industrial Production (mom) | Jul F | - | -0.8% P |
| | Turkey | CBRT Interest Rate Decision (overnight lending rate) | Sep | 9.25% | 9.25% |
| | UK | Bank of England Interest Rate Decision | Sep | 0.25% | 0.25% |
| | US | CPI (yoy) | Aug | 1.8% | 1.7% |
| Friday 15 September | Russia | Central Bank of Russia Interest Rate Decision | Sep | 8.50% | 9.00% |
| | US | Retail Sales Advance (mom) | Aug | 0.1% | 0.6% |
| | US | Industrial Production (mom) | Aug | 0.1% | 0.2% |
| | US | University of Michigan Index of Consumer Sentiment | Sep P | 95.2 | 96.8 |

P – Preliminary, F – Final

US

- ▶ August’s headline **US CPI** is expected to rise modestly to 1.8% yoy (+1.7% previously) due to the more volatile food and energy subcomponents. Core CPI is likely to slow to 1.6% yoy (+1.7% yoy in July), maintaining the decline trend since the start of the year.
- ▶ Consumer spending has been the driver of recent economic expansion, but **retail sales** are expected to only tick up 0.1% mom in August. The softer expectations are partially due to weaker vehicle sales, and the ex-automotive index held steady at last month’s 0.5% mom pace. Meanwhile, the **University of Michigan Index of Consumer Sentiment** is expected to remain upbeat at 95.2, supported by a solid labour market. To be sure, the impact of the late-month hurricane could bring unexpected downside risk to the month’s report, despite a broader elevated trend.
- ▶ **Industrial production** growth is projected to show a 0.1% mom increase in August. Underlying the headline, capacity utilisation should remain broadly steady at 76.8% (+76.7% in July) and manufacturing production should rebound to 0.5% mom (-0.1% mom in July).

Europe

- ▶ The BoE is expected to keep its key interest rate at a record-low 0.25% and asset purchases unchanged. While some Monetary Policy Committee (MPC) members want to start tightening, sluggish economic growth and muted domestic price pressures are keeping the majority favouring the current stance. It is worth mentioning that this will be the first MPC for Dave Ramsden and the first nine-member MPC since May 2017. The recent turnover may have led to the MPC’s shift to a more neutral stance on rates, as hawkish members have been replaced by perceived natural to dovish members. While Andrew Haldane has said he’s ready to support a rate hike by the end of the year, he has not clarified his position in the light of incoming soft data.
- ▶ The UK labour market remains resilient as the June employment report showed robust job creation in the permanent and full-time categories and surveys suggest this momentum could extend well into H2 2017. The **UK ILO unemployment rate** is expected to remain steady at 4.4% in the three months to July. A particular focus will be on average earnings data in the labour market report, which is are expected to pick up.
- ▶ **UK CPI inflation** is expected at 2.8% yoy in August, up from 2.6% yoy in July, driven by expected rises in food and petrol prices.

Emerging markets and Japan

- ▶ **China’s August activity** likely rebounded from a temporary dip due to weather-related disruptions and supply-side factors in July. **Industrial production** growth is expected to have edged higher to 6.6% yoy in August from 6.4% in July, as hinted by the rise in the official manufacturing PMI production sub-index and higher growth in coal consumption (from the top six power plants) for electricity production. **Urban fixed asset investment** (FAI) growth may have eased to 8.2% yoy (ytd) from 8.3% in July, but this would represent a growth pickup in single-month terms. Manufacturing FAI growth could have risen thanks to firm industrial profit growth

and a recovery in manufacturing activity. Infrastructure FAI likely faced some downward pressure from front-loading of budget spending and tighter local government financing rules, but remained resilient, while real estate FAI growth probably moderated amid the impact of policy tightening. Meanwhile, **retail sales** growth could have edged higher to 10.5% yoy in August, from 10.4% in July, showing resilience in consumer spending. Finally, **CPI inflation** for August is expected to gather pace from 1.4% yoy in July to 1.7% yoy, as recent increases in output prices in the manufacturing sector suggest more robust cost push pressures. However, the upside should be limited given generally lower food prices in August and the overall appreciation path followed by the renminbi.

- ▶ **India's CPI inflation** likely rose further to 3.2% yoy in August, from 2.4% yoy in July, against a lower base effect and largely led by higher food (especially vegetable) prices, while a hike in petrol and diesel prices would have also added to inflation. Core inflation (excluding food, fuel, and transport and communication) is expected to have also edged higher, given expected gradual feed-through of the increase in central government employees' housing rent allowances and some short-term, temporary effect of the GST implementation. **Industrial production** could remain soft on a sequential basis in July, due to the GST-related disruptions, as suggested by a fall in manufacturing PMI (into contractionary territory) in July. However, on a year-on-year basis, growth is expected to reach 1.7% yoy on a favourable base effect. Growth in the output of eight infrastructure sectors and auto production was up in the month.

Market Moves

Global equities fell on lingering geopolitical concerns; financials hit by lower bond yields

- ▶ In the US, the **S&P 500 Index** sold off (-0.6%) in a shortened trading week. US stocks struggled to fully recover from earlier declines as Korean peninsula tensions weighed on investor sentiment. Financials led the market lower, dragged by lower Treasury yields.
- ▶ Most **European equity indexes** finished in negative territory this week, amid lingering geopolitical concerns. A decline in government bond yields also reduced demand for financial stocks. Overall, the regional EURO STOXX 50 Index ended flat and French CAC and Spain's IBEX fell 0.2% and 1.9%, respectively. Elsewhere, Germany's export-sensitive DAX bucked the regional trend (+1.3%), shrugging off a stronger euro and disappointing July industrial data (factory orders and industrial production).
- ▶ Most **Asian stock markets** fell this week, as geopolitical tensions in the Korean Peninsula dampened risk appetite, although US debt-ceiling debt helped most bourses pare losses. Japan's Nikkei 225 Index declined 2.1%, also weighed down by a strengthening yen. Korea's KOSPI ended the week 0.6% lower. China's Shanghai Stock Exchange Composite Index, Hong Kong's Hang Seng Index and India's SENSEX 30 Index all ended lower. Meanwhile, Thailand's SET Index rallied (+1.1%) amid investor optimism over the country's economic fundamentals and currency outlook.

Bond yields fell on geopolitical pressures and in the aftermath of the ECB's September meeting

- ▶ **US Treasuries** rallied (yields fell) after increasing geopolitical pressures and a jump in jobless claims offset news of a debt limit extension to December. Initial claims surged, due to hurricane disruptions, and the four-week moving average rose to 250,300 from 236,800. Two-year yields fell 8 bps to 1.26% while 10-year yields slipped 12 bps to 2.05%, the latter at the lowest level since November 2016.
- ▶ **European government bond yields** finished this week lower (prices rose), with most of the decline occurring in the aftermath of the ECB meeting on Thursday. Demand for fixed income assets increased as ECB staff slashed their inflation forecasts on the recent euro rally (around 14% ytd against the US dollar). Benchmark German 10-year bund yields fell 7 bps to 0.31%. Peripheral bond yields also ended down, led by Italy (-12 bps to 1.95%).

Most currencies appreciated against the US dollar; ECB's tapering signals buoyed the euro

- ▶ **UK sterling** rose for a third week against the US dollar (+1.9%), as dovish comments from a US Fed rate-setter weighed on the greenback. Governor Lael Brainard called for a more gradual approach to interest rate hikes than currently projected as the underlying inflationary pressures remain anaemic. Upbeat UK industrial data for July, released at the end of the week, also supported the pound. The **euro** also ended this week higher (+1.5%), on speculation that an ECB tapering announcement could be made as early as October.
- ▶ Most **Asian currencies** appreciated against a broadly weaker US dollar this week, with the Japanese yen, Chinese yuan and Singapore dollar posting strong gains, as worries over geopolitical risks increased demand for perceived "safe-haven" assets in the region. Gains in the Chinese yuan were also supported by data showing a further increase in foreign exchange reserves in August. Weaker than expected Chinese exports for August did not undermine investor sentiment toward the currency in an environment of a weaker US dollar. The Malaysian ringgit rallied to a 10-month high against the US dollar, after the stronger than expected July trade/export data and manufacturing PMI releases. The Malaysian central bank kept rates on hold, as expected, but took a more upbeat view on the country's growth outlook. A rise in oil prices this week also supported the ringgit.

Crude oil prices rose as US refineries reopened; gold also gained amid lingering geopolitical tensions and a weaker US dollar

- ▶ **Crude oil** prices rose this week, supported by increased demand in the US after key refineries and pipelines, which were closed after tropical storm Harvey, gradually resumed operation. This outweighed the higher than expected crude and gasoline inventories last week as shown in the latest U.S. Energy Information Administration report. Overall, WTI increased 0.4% to USD47.5 per barrel and Brent closed the week up 1.8% to USD53.7 per barrel.
- ▶ Similarly, **gold** prices also increased (+1.6% to USD1,346 per troy ounce) on lingering geopolitical tensions and a weaker US dollar. Moreover, reduced Fed rate hike expectations, following a dovish speech by Fed Governor Lael Brainard and the announced resignation of the hawkish Vice-Chair Stanley Fischer, also supported the non-yielding asset.

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) | 480 | -0.1 | 0.0 | 2.7 | 13.2 | 13.7 | 481 | 403 | 16.8 |
| North America | | | | | | | | | |
| US Dow Jones Industrial Average | 21,798 | -0.9 | -1.3 | 2.9 | 18.0 | 10.3 | 22,179 | 17,884 | 17.8 |
| US S&P 500 Index | 2,461 | -0.6 | -0.5 | 1.1 | 12.8 | 9.9 | 2,491 | 2,084 | 18.8 |
| US NASDAQ Composite Index | 6,360 | -1.2 | -0.2 | 0.6 | 20.9 | 18.2 | 6,461 | 5,034 | 23.8 |
| Canada S&P/TSX Composite Index | 14,985 | -1.4 | -1.8 | -2.8 | 1.2 | -2.0 | 15,943 | 14,319 | 16.8 |
| Europe | | | | | | | | | |
| MSCI AC Europe (USD) | 471 | 1.0 | 0.5 | 3.6 | 14.8 | 17.7 | 472 | 374 | 15.3 |
| Euro STOXX 50 Index | 3,448 | 0.1 | -1.9 | -3.3 | 11.8 | 4.8 | 3,667 | 2,923 | 14.7 |
| UK FTSE 100 Index | 7,378 | -0.8 | -2.2 | -1.0 | 7.6 | 3.3 | 7,599 | 6,654 | 15.1 |
| Germany DAX Index* | 12,304 | 1.3 | 0.1 | -3.2 | 15.3 | 7.2 | 12,952 | 10,175 | 13.5 |
| France CAC-40 Index | 5,113 | -0.2 | -2.0 | -2.9 | 12.6 | 5.2 | 5,442 | 4,311 | 15.1 |
| Spain IBEX 35 Index | 10,130 | -1.9 | -5.6 | -7.5 | 11.3 | 8.3 | 11,184 | 8,512 | 14.2 |
| Asia Pacific | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 534 | 0.0 | 0.3 | 5.6 | 16.6 | 25.1 | 535 | 419 | 14.4 |
| Japan Nikkei-225 Stock Average | 19,275 | -2.1 | -3.6 | -3.2 | 13.7 | 0.8 | 20,318 | 16,112 | 16.6 |
| Australian Stock Exchange 200 | 5,673 | -0.9 | -1.2 | -0.1 | 5.3 | 0.1 | 5,957 | 5,052 | 15.8 |
| Hong Kong Hang Seng Index | 27,668 | -1.0 | -0.7 | 6.2 | 15.7 | 25.8 | 28,128 | 21,489 | 12.5 |
| Shanghai Stock Exchange Composite Index | 3,365 | -0.1 | 2.5 | 6.8 | 8.7 | 8.4 | 3,391 | 2,969 | 14.8 |
| Hang Seng China Enterprises Index | 11,150 | -1.2 | 0.6 | 4.7 | 11.4 | 18.7 | 11,462 | 9,117 | 8.4 |
| Taiwan TAIEX Index | 10,610 | 0.1 | 0.4 | 3.8 | 14.5 | 14.7 | 10,620 | 8,880 | 15.1 |
| Korea KOSPI Index | 2,344 | -0.6 | -2.1 | -0.8 | 13.6 | 15.7 | 2,453 | 1,931 | 10.0 |
| India SENSEX 30 Index | 31,688 | -0.6 | -1.0 | 1.5 | 9.1 | 19.0 | 32,686 | 25,718 | 20.6 |
| Indonesia Jakarta Stock Price Index | 5,857 | -0.1 | 0.8 | 2.7 | 9.0 | 10.6 | 5,917 | 5,023 | 16.7 |
| Malaysia Kuala Lumpur Composite Index | 1,780 | 0.4 | -0.1 | -0.3 | 5.2 | 8.4 | 1,797 | 1,614 | 16.6 |
| Philippines Stock Exchange PSE Index | 8,023 | 0.8 | 0.5 | 0.8 | 4.6 | 17.3 | 8,107 | 6,499 | 19.2 |
| Singapore FTSE Straits Times Index | 3,229 | -1.5 | -2.7 | -0.3 | 11.5 | 12.1 | 3,355 | 2,761 | 14.7 |
| Thailand SET Index | 1,636 | 1.1 | 3.7 | 4.2 | 12.4 | 6.0 | 1,648 | 1,343 | 16.3 |
| Latam | | | | | | | | | |
| Argentina Merval Index | 24,018 | 1.5 | 13.0 | 9.5 | 45.9 | 42.0 | 24,266 | 15,189 | 14.5 |
| Brazil Bovespa Index* | 73,079 | 1.6 | 7.6 | 16.4 | 21.3 | 21.3 | 73,646 | 56,459 | 14.2 |
| Chile IPSA Index | 5,092 | -1.6 | -0.6 | 4.8 | 24.0 | 22.7 | 5,194 | 4,007 | 19.6 |
| Colombia COLCAP Index | 1,500 | 0.4 | 2.0 | 3.4 | 5.9 | 10.9 | 1,509 | 1,271 | 16.2 |
| Mexico Index | 50,084 | -2.0 | -2.4 | 2.0 | 5.6 | 9.7 | 51,772 | 43,999 | 18.5 |
| EEMEA | | | | | | | | | |
| Russia MICEX Index | 2,033 | 1.1 | 2.2 | 8.5 | -0.9 | -9.0 | 2,294 | 1,775 | 6.7 |
| South Africa JSE Index | 55,725 | -1.4 | -0.5 | 7.2 | 4.6 | 10.0 | 56,897 | 48,936 | 16.1 |
| Turkey ISE 100 Index* | 108,452 | -1.4 | -1.1 | 10.7 | 39.3 | 38.8 | 110,531 | 71,793 | 9.2 |

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

| | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | YTD Change (%) | 1-year Change (%) | 3-year Change (%) | 5-year Change (%) |
|--------------------------------------|-------------------------|--------------------------|--------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Equity Indices - Total Return | | | | | | | |
| Global equities | 0.0 | 0.2 | 3.1 | 15.4 | 15.4 | 18.1 | 60.7 |
| US equities | -0.5 | -0.2 | 1.6 | 11.4 | 14.6 | 28.1 | 84.2 |
| Europe equities | 0.8 | 0.6 | 3.9 | 20.3 | 17.8 | 7.1 | 42.2 |
| Asia Pacific ex Japan equities | -0.2 | 0.4 | 6.5 | 27.4 | 19.4 | 13.0 | 45.1 |
| Japan equities | 0.7 | 0.0 | 1.9 | 12.8 | 11.3 | 22.3 | 65.3 |
| Latam equities | 1.4 | 5.9 | 16.7 | 28.2 | 20.9 | -11.5 | -7.1 |
| Emerging Markets equities | -0.1 | 1.3 | 8.1 | 28.6 | 20.2 | 6.8 | 26.8 |

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 08 September 2017.

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) | 514 | 0.4 | 1.0 | 1.2 | 0.8 | 3.0 |
| JPM EMBI Global | 808 | 0.5 | 1.7 | 2.2 | 4.3 | 9.4 |
| BarCap US Corporate Index (USD) | 2,882 | 0.5 | 1.2 | 2.0 | 3.0 | 5.7 |
| BarCap Euro Corporate Index (Eur) | 246 | 0.2 | 0.3 | 0.8 | 0.7 | 2.1 |
| BarCap Global High Yield (USD) | 464 | 0.3 | 0.7 | 1.7 | 8.5 | 7.3 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 196 | 0.4 | 1.0 | 1.8 | 2.4 | 5.3 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 249 | 0.2 | 1.1 | 1.8 | 6.0 | 5.8 |

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 (versus USD) | Latest | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2016 | 52-week High | 52-week Low | 1-week Change (%) |
|--------------------------------|--------|---------------|----------------|-----------------|---------------|------------------|-----------------|----------------|-------------------------|
| Developed markets | | | | | | | | | |
| EUR/USD | 1.20 | 1.19 | 1.18 | 1.12 | 1.13 | 1.05 | 1.21 | 1.03 | 1.5 |
| GBP/USD | 1.32 | 1.30 | 1.30 | 1.30 | 1.33 | 1.23 | 1.33 | 1.18 | 1.9 |
| CHF/USD | 1.06 | 1.04 | 1.03 | 1.03 | 1.03 | 0.98 | 1.06 | 0.97 | 2.1 |
| CAD | 1.22 | 1.24 | 1.27 | 1.35 | 1.29 | 1.34 | 1.38 | 1.21 | 1.9 |
| JPY | 107.84 | 110.25 | 110.32 | 110.02 | 102.49 | 116.96 | 118.66 | 100.09 | 2.2 |
| AUD | 1.24 | 1.25 | 1.26 | 1.33 | 1.31 | 1.39 | 1.40 | 1.23 | 1.1 |
| NZD | 1.38 | 1.40 | 1.36 | 1.39 | 1.35 | 1.44 | 1.47 | 1.32 | 1.4 |
| Asia | | | | | | | | | |
| HKD | 7.81 | 7.82 | 7.82 | 7.80 | 7.76 | 7.76 | 7.83 | 7.75 | 0.1 |
| CNY | 6.49 | 6.56 | 6.71 | 6.80 | 6.67 | 6.95 | 6.96 | 6.44 | 1.0 |
| INR | 63.79 | 64.03 | 63.64 | 64.21 | 66.42 | 67.92 | 68.86 | 63.57 | 0.4 |
| MYR | 4.20 | 4.27 | 4.29 | 4.27 | 4.04 | 4.49 | 4.50 | 4.06 | 1.8 |
| KRW | 1,127 | 1,123 | 1,125 | 1,122 | 1,093 | 1,206 | 1,212 | 1,092 | -0.4 |
| TWD | 30.00 | 30.05 | 30.17 | 30.10 | 31.29 | 32.33 | 32.45 | 29.90 | 0.2 |
| Latam | | | | | | | | | |
| BRL | 3.09 | 3.14 | 3.13 | 3.26 | 3.21 | 3.26 | 3.51 | 3.04 | 1.7 |
| COP | 2,907 | 2,931 | 2,997 | 2,919 | 2,843 | 3,002 | 3,208 | 2,831 | 0.8 |
| MXN | 17.71 | 17.81 | 17.85 | 18.20 | 18.67 | 20.73 | 22.04 | 17.45 | 0.6 |
| EEMEA | | | | | | | | | |
| RUB | 57.37 | 57.48 | 59.87 | 56.91 | 64.03 | 61.54 | 66.87 | 55.70 | 0.2 |
| ZAR | 12.93 | 12.94 | 13.38 | 12.92 | 14.13 | 13.74 | 14.65 | 12.31 | 0.1 |
| TRY | 3.41 | 3.43 | 3.53 | 3.52 | 2.95 | 3.52 | 3.94 | 2.94 | 0.5 |

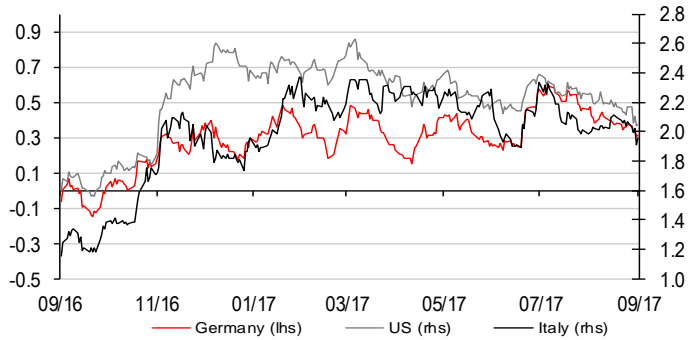
| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2016 | 1-week Basis Point Change |
|--------------------------------|-------|---------------|----------------|-----------------|---------------|------------------|------------------------------|
| US Treasury yields (%) | | | | | | | |
| 3-Month | 1.04 | 1.00 | 1.04 | 0.99 | 0.34 | 0.50 | 4 |
| 2-Year | 1.26 | 1.34 | 1.35 | 1.31 | 0.77 | 1.19 | -8 |
| 5-Year | 1.63 | 1.74 | 1.82 | 1.75 | 1.18 | 1.93 | -11 |
| 10-Year | 2.05 | 2.17 | 2.26 | 2.19 | 1.60 | 2.44 | -12 |
| 30-Year | 2.67 | 2.78 | 2.84 | 2.85 | 2.30 | 3.07 | -11 |
| 10-year bond yields (%) | | | | | | | |
| Japan | -0.01 | -0.01 | 0.07 | 0.06 | -0.04 | 0.04 | 0 |
| UK | 0.99 | 1.06 | 1.16 | 1.03 | 0.76 | 1.24 | -7 |
| Germany | 0.31 | 0.38 | 0.47 | 0.25 | -0.06 | 0.20 | -7 |
| France | 0.61 | 0.68 | 0.75 | 0.64 | 0.23 | 0.68 | -7 |
| Italy | 1.95 | 2.07 | 2.00 | 2.17 | 1.15 | 1.81 | -12 |
| Spain | 1.53 | 1.59 | 1.43 | 1.47 | 0.99 | 1.38 | -6 |
| China | 3.64 | 3.67 | 3.67 | 3.64 | 2.82 | 3.06 | -3 |
| Australia | 2.58 | 2.66 | 2.63 | 2.40 | 1.86 | 2.77 | -8 |
| Canada | 1.98 | 1.91 | 1.94 | 1.42 | 1.08 | 1.72 | 7 |

| Commodities | Latest | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|-----------------------|--------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|
| Gold | 1,346 | 1.6 | 6.8 | 5.4 | 0.6 | 16.9 | 1,358 | 1,121 |
| Brent Oil | 53.7 | 1.8 | 3.0 | 12.2 | 7.4 | -5.5 | 58 | 44 |
| WTI Crude Oil | 47.5 | 0.4 | -3.5 | 4.0 | -0.3 | -11.7 | 55 | 42 |
| R/J CRB Futures Index | 181 | 0.1 | 0.0 | 2.9 | -2.4 | -5.9 | 196 | 166 |
| LME Copper | 6,899 | 0.9 | 6.5 | 20.4 | 47.9 | 24.6 | 6,970 | 4,582 |

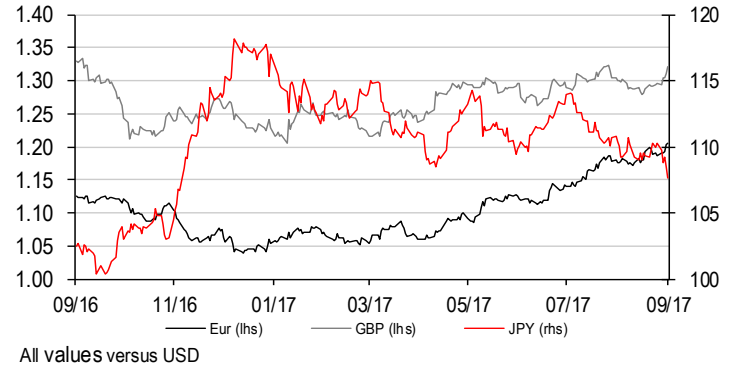
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 08 September 2017.
Past performance is not an indication of future returns.

Market Trends

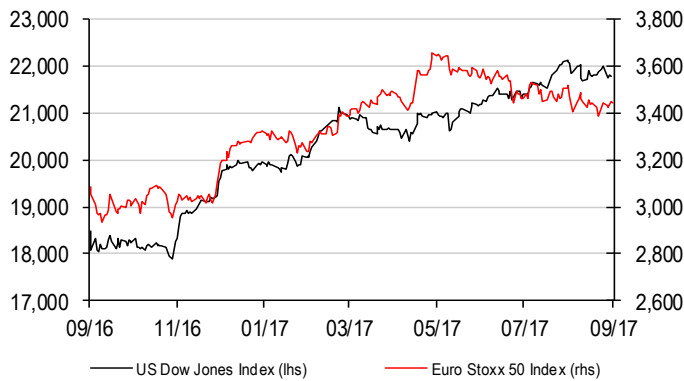
Government bond yields (%)



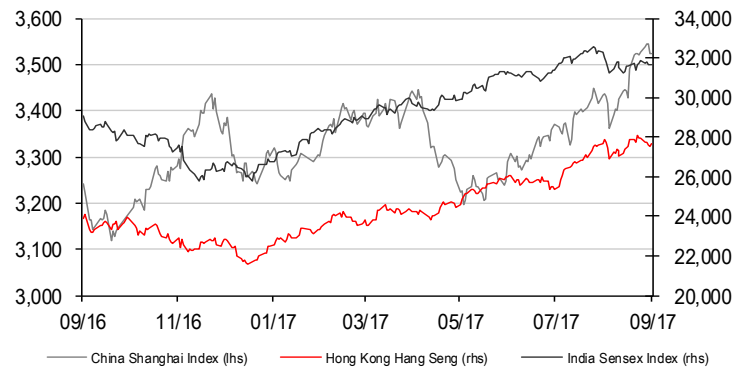
Major currencies (versus USD)



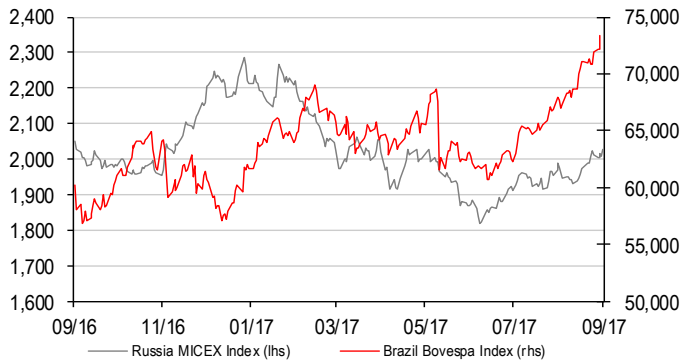
Global equities



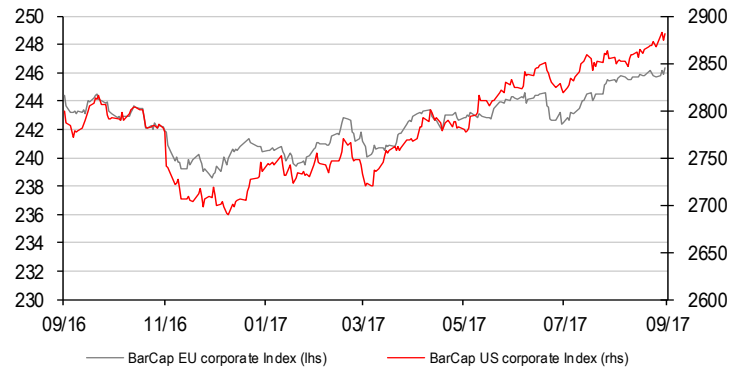
Emerging Asian equities



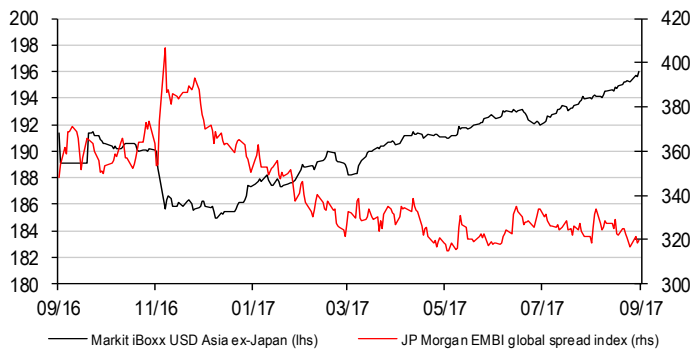
Other emerging equities



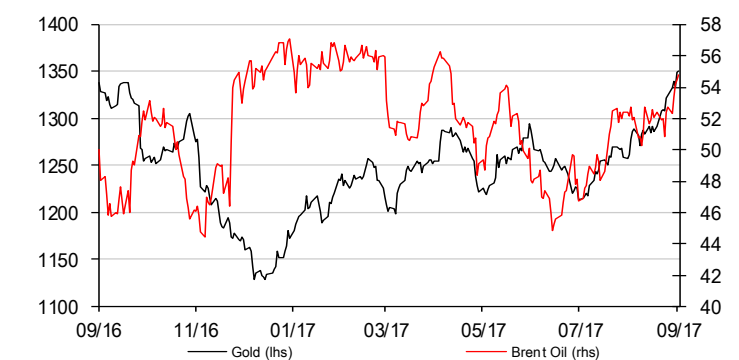
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 08 September 2017.
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