IW
Investment Weekly

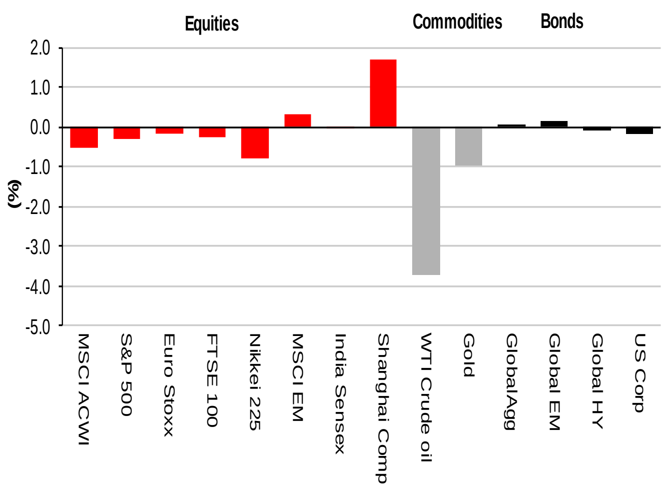
09 June 2017

For Professional Client and Institutional Investor Use Only

- Global equities edged lower on elevated geopolitical uncertainty, and sterling depreciated following the UK general election outcome
- The UK general election resulted in a hung Parliament, with the Conservatives, led by Theresa May, remaining the largest party. They are now likely to form a government with the backing of the Democratic Unionist Party
- The European Central Bank (ECB) kept its policy unchanged but dropped its reference to taking rates “lower if needed.” The balance of risks to the growth outlook are now seen as “broadly balanced.” The downward revisions to near-term inflation suggest a more dovish tone overall
- In the coming week, investor focus will be on monetary policy meetings in the US, Japan and the UK

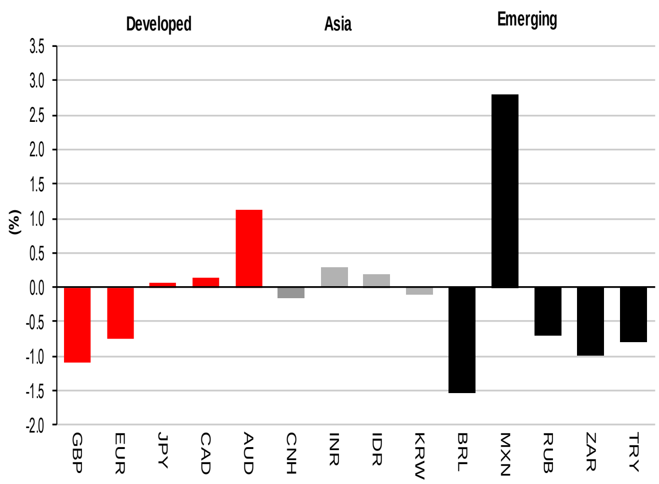
Movers and shakers

Global equities edged lower on investor caution

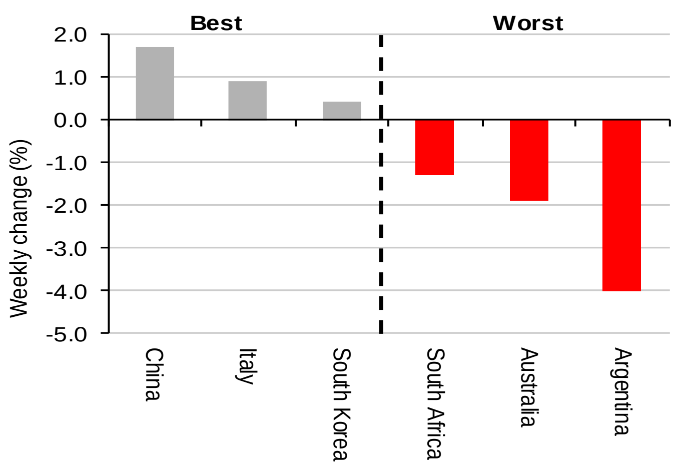


Currencies (versus USD)

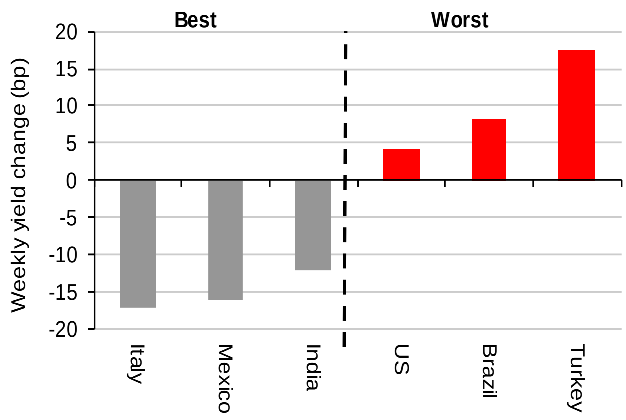
Sterling depreciated following UK hung Parliament outcome



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017
All the above charts relate to 02/06/2017 – 09/06/2017.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (05-09 June 2017)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 05 June	Turkey	CPI (yoy)	May	11.7%	11.7%	11.9%
	Eurozone	Markit Composite PMI	May F	56.8	56.8	56.8
	US	Durable Goods Orders (mom)	Apr F	-0.6%	-0.8%	-0.7%
	US	ISM Non-Manufacturing Index	May	57.1	56.9	57.5
Tuesday 06 June	Australia	Reserve Bank of Australia Interest Rate Decision	Jun	1.50%	1.50%	1.50%
	South Africa	GDP (qoq annualised)	Q1	1.0%	-0.7%	-0.3%
Wednesday 07 June	Germany	Factory Orders (working day adjusted, yoy)	Apr	4.7%	3.5%	2.4%
	India	RBI Interest Rate Decision (Repurchase Rate)	Jun	6.25%	6.25%	6.25%
Thursday 08 June	China	Trade Balance (USD bn)	May	48.2	40.8	38.0
	Japan	GDP (seasonally adjusted, qoq annualised)	Q1 F	2.4%	1.0%	2.2%
	Germany	Industrial Production (seasonally adjusted, mom)	Apr	0.5%	0.8%	-0.4%
	Eurozone	GDP (seasonally adjusted, qoq)	Q1 F	0.5%	0.6%	0.5%
	Eurozone	ECB Interest Rate Decision	Jun	-0.40%	-0.40%	-0.40%
	Mexico	CPI (yoy)	May	6.2%	6.2%	5.8%
	UK	General Election	Jun			
Friday 09 June	China	CPI (yoy)	May	1.5%	1.5%	1.2%
	Brazil	IBGE Inflation IPCA (yoy)	May	3.8%	3.6%	4.1%

Q – Quarter, F – Final

- In May, the **US ISM Non-Manufacturing Index** declined slightly more than expected, to 56.9 (market consensus at 57.1) from 57.5 previously. Of the four most important subcomponents, employment gained strongly to its highest level since July 2015, and business activity, new orders and supplier deliveries all edged lower.
- The **UK general election** resulted in no parties winning enough seats to gain a majority in the House of Commons (known as a hung Parliament). The Conservatives, led by Prime Minister Theresa May, remained the largest party, securing 318 seats (out of 650) and are now set to form a government with support from the Democratic Unionist Party, which has 10 seats.
- As expected, **the ECB** kept all key policy rates unchanged. It slightly altered its forward guidance by removing the reference to taking rates "lower if needed." Alongside this, the risks to the growth outlook are now "broadly balanced." The latest ECB staff macroeconomic projections reflected stronger growth but subdued inflation. Real GDP growth forecasts for 2017, 2018 and 2019 were revised 0.1 ppt upwards to 1.9%, 1.8% and 1.7% respectively, and headline inflation for the same years was revised down to 1.5% (-0.2 ppts), 1.3% (-0.3 ppts) and 1.6% (-0.1 ppt) to reflect lower oil prices.
- **Eurozone's Q1 GDP** was revised a notch higher to 0.6% qoq, from 0.5% previously. This final release showed gross fixed capital formation contributing 0.3 ppts to quarterly growth, followed by private consumption (+0.2 ppts) while net exports were no longer a drag on growth. **German factory orders** fell 2.1% mom in April (consensus -0.3%; +1.1% previously), leaving the annual rate at 3.5% yoy, and **industrial production** for April rose by 0.8% mom seasonally adjusted (consensus: +0.5%), following an upwardly revised -0.1% (from -0.4%) in March. This pushed the annual growth rate up to 2.9% yoy, from 2.2% in the previous month.
- **Japan's** final estimate of **Q1 GDP growth** was unexpectedly revised down from 0.5% qoq to 0.3%, or from 2.2% in annualized terms to 1.0%. The breakdown showed the expected surge in private non-residential investment (from +0.2% qoq to +0.6%) was offset by a slight downgrade in private consumption (from +0.4% qoq to +0.3%) and, more importantly, by a decline in inventories (due to lower crude oil stockpiles than initially estimated).
- **China's trade data** for May showed export growth (in USD terms) increased to 8.7% yoy from 8.0% in April (consensus forecast: +7.2%). Imports also accelerated to 14.8% from 11.9% (consensus: +8.3%) as the rise in import volume of major commodities offset lower prices. On balance, the trade surplus widened modestly to USD40.8 billion in May from USD38.0 billion in April. **CPI inflation** edged up to 1.5% yoy from 1.2% in April, largely due to moderating food price disinflation. **Core CPI inflation** (excluding food and energy) remained stable at 2.1%. **PPI inflation** eased further to 5.5% yoy from 6.4% yoy in April on lower commodity prices.
- The **South African economy** slipped into a recession for the first time in eight years. Q1 2017 GDP fell 0.7% qoq annualised (-0.3% previously and versus consensus of +1.0%), with the largest drag coming from the trade, electricity and manufacturing industries, which offset an outstanding quarter for the agriculture production and mining sectors.
- As expected, the **Reserve Bank of India** left its repurchase rate unchanged at 6.25% and downgraded its FY18 headline inflation projections on the lingering impact of April's inflation weakness. However, a neutral stance to monetary policy was maintained.
- In **Turkey**, annual **CPI inflation** declined to 11.7% yoy in May from 11.9% in April, the highest level registered since November 2008. The dip came as clothing and footwear inflation moderated; transport and electricity, gas and other fuels inflation also declined, offsetting a rise in food prices. Meanwhile, core inflation remained at 9.4% yoy, 0.2 ppts lower than market consensus.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017.
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- As expected, **Mexican CPI inflation** accelerated for the 11th consecutive month to 6.2% yoy in May from 5.8% yoy in April. Consumer prices declined 0.1% over the month. Core inflation contributed 0.2 ppts to the monthly change, but non-core components (especially energy) subtracted 0.3 ppts. Inflation remains well above the central bank's target range of 2%-4%. Meanwhile, **Brazilian inflation** in May was softer than expected at 0.3% mom (consensus: 0.5%), which brings the year-on-year rate to 3.6% yoy, down from 4.1% in April.

Coming Week (12-16 June 2017)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 12 June	India	CPI (yoy)	May	2.4%	3.0%
	India	Industrial Production (yoy)	Apr	2.8%	2.7%
Tuesday 13 June	UK	CPI (yoy)	May	2.7%	2.7%
	Germany	ZEW Expectation of Economic Growth	Jun	21.6	20.6
Wednesday 14 June	China	Industrial Production (yoy)	May	6.4%	6.5%
	China	Retail Sales (yoy)	May	10.7%	10.7%
	Japan	Industrial Production (mom)	Apr F	4.3%	4.0%
	UK	ILO Unemployment Rate (3 months)	Apr	4.6%	4.6%
	Eurozone	Industrial Production (seasonally adjusted, mom)	Apr	0.5%	-0.1%
	US	CPI (yoy)	May	2.0%	2.2%
	US	Retail Sales Advance (mom)	May	0.1%	0.4%
	US	FOMC Interest Rate Decision	Jun	1.25%	1.00%
Thursday 15 June	Switzerland	Swiss National Bank Interest Rate Decision	Jun	-0.75%	-0.75%
	UK	Retail Sales ex Auto Fuel (yoy)	May	1.9%	4.5%
	Turkey	CBRT Interest Rate Decision (overnight lending rate)	Jun	9.25%	9.25%
	UK	Bank of England Interest Rate Decision	Jun	0.25%	0.25%
	US	Industrial Production (mom)	May	0.2%	1.0%
	US	NAHB/Wells Fargo Housing Market Index	Jun	70.0	70.0
Friday 16 June	Japan	Bank of Japan Interest Rate Decision	Jun	-0.10%	-0.10%
	Eurozone	CPI (yoy)	May F	1.4%	1.4%
	Russia	Central Bank of Russia Interest Rate Decision	Jun	9.00%	9.25%
	US	Housing Starts (mom)	May	3.9%	-2.6%
	US	University of Michigan Index of Consumer Sentiment	Jun P	97.1	97.1

P – Preliminary, F – Final

US

- The **US Federal Reserve** (Fed) is expected to increase the target range for the federal funds rate for the second time this year by 25 bps, from 0.75%-1.00% to 1.00%-1.25% at the monetary policy meeting on 14 June. However, given renewed weakness in core inflation the Fed may strike a more dovish tone in the policy statement. A slight downward shift in inflation projections is also likely. Investors will be keen to learn more about the Federal Open Market Committee's (FOMC) plan to reduce the Fed's balance sheet. The minutes of the May meeting suggested a very cautious and gradual approach to balance sheet reduction.

- On the data front, **CPI inflation** is expected to slow to 2.0% yoy in May from 2.2% yoy in April, with most of the decline coming from the energy component, as gas prices were softer than usual for the season. Core inflation (excluding food and energy) is likely to remain unchanged at its April value of 1.9%. Price dynamics have weakened since the beginning of the year, but the Fed hinted that it sees the recent softness as transitory. Nominal **retail sales** may have increased 0.1% mom in May, slowing from 0.4% mom in April. The April report, even though slightly disappointing, pointed to a growth rebound, as previous months' numbers were revised up. Recent weakness in price data points to a more moderate expansion in May, however.

- Meanwhile, **industrial output** is expected to increase by 0.2% mom in May, after a 1.0% expansion in April, the strongest in three years. Vehicle production increased impressively in April (+5.0% mom), although this came after several months of sluggish growth and is unlikely to be repeated in May. But the improvements were broad-based and point to a continuation of the upswing as previously indicated by bullish sentiment indicators.

- The **housing market** may deliver more good news, as forecasters have pencilled in 1.22 million **housing starts** in May, up from 1.17 million in April. The **NAHB/Wells Fargo Housing Market Index**, which measures home builders' assessment of current business conditions, is expected to stay stable at an elevated level of 70, remaining close to highs last seen before the financial crisis.

- Finally, the **University of Michigan Index of Consumer Sentiment** indicator is expected to stay stable at 97.1 points, showing the US consumer's continued confidence in the economy, which has, however, only translated into moderate increases in retail sales.

Europe

- The April print of **eurozone industrial production** is expected to edge up (+0.5% mom), given that already released German production data showed a significant gain during the month. On an annual basis, this would translate to growth of 1.3%, indicating increasing momentum in industrial activity, catching up with elevated sentiment readings in the sector. Elsewhere, the June reading

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017.
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of the **German ZEW Expectation of Economic Growth** is forecast to rise by 1.0 pt to 21.6. This would leave this index comfortably above its recent average, supported by a recent easing of political risk concerns in the region and continuing robust German economic data.

- In the UK, the **Bank of England's** Monetary Policy Committee (MPC) is likely to keep policy on hold at its **June meeting**. At the last meeting "some" members reiterated that "a more immediate reduction in policy support might be warranted" in the event of further upside news on activity and inflation. However, given continuing signs of a slowdown in the UK economy, the MPC is likely to maintain a cautious policy stance and continue to look through above-target inflation. **May CPI inflation** is anticipated to stabilise at 2.7% yoy, holding at the highest rate since September 2013. Although inflationary pressures remain predominantly driven by the lagged effects of sterling weakness, fuel price inflation likely slowed during the month. Meanwhile, the **ILO unemployment rate** for the three months to April is expected to hold at 4.6%, reflecting the general strength of the UK labour market. Less positively, however, **total wage growth** is seen remaining at 2.4% yoy, a touch below the current six-month moving average, highlighting the lack of significant traction in wage compensation (a similar phenomenon to other major developed markets). Finally, May **retail sales excluding auto fuel** are expected to decrease by 1.0% mom, pushing the annual growth rate down to 1.9% yoy. Inflationary pressures have hit consumers' real disposable incomes, resulting in a downward trend in high street spending since the end of last year.

Emerging markets and Japan

- The **Bank of Japan (BoJ)** will conclude its two-day **monetary policy meeting** on Friday. The BoJ is likely to keep its policy setting, which is based on the yield curve control framework, unchanged. The BoJ expects inflation to rebound this year on heightened imported inflation and a gradual closing of the output gap, Governor Haruhiko Kuroda recently stated that "there is still a long way to go until the price stability target of 2% is achieved," implicitly acknowledging that the current pace of asset purchases and monetary base increase would continue for some time.
- **China's industrial production** (IP) growth likely eased slightly to 6.4% yoy in May from 6.5% in April, as hinted by a lower production sub-index of the official manufacturing PMI and slower growth in daily coal consumption of the top six electricity firms. Production suspension in parts of northern China during the One Belt One Road Forum may have also weighed on IP. Urban **fixed asset investment (FAI)** is expected to have eased to 8.8% yoy (ytd) in May from 8.9% (ytd) in April. This could imply a marginally higher single-month growth in May largely due to a lower comparison base, helping to offset the impact of lower PPI inflation. Manufacturing FAI may have picked up, as better external demand and a favourable base effect may have helped offset the impact of higher funding costs. Infrastructure FAI growth could have moderated amid recent tightening of local government financing but stayed strong. Real estate FAI likely lost some steam on a sequential basis following intensified policy tightening over the past few months and slower home sales growth, but a lower comparison base and some restocking of property inventory in higher-tier cities could help hold up the yoy growth. Meanwhile, **retail sales** growth probably remained stable at 10.7% yoy, despite likely weaker auto and home sales. Broad consumer spending should stay resilient amid stable employment and solid income growth.
- **India's CPI inflation** is expected to decelerate further to 2.4% yoy – closer to the lower bound of the Reserve Bank of India's target band of 4% (+/-2%) – in May, from 3.0% in April, largely due to a favourable base effect in food prices. The lingering impact of demonetisation, lower crude oil prices and rupee appreciation versus the US dollar have contributed to benign inflation.
- At its April **policy meeting**, the **Central Bank of Russia** cut its key rate by more than expected, with the accompanying statement remaining dovish, highlighting that "inflation is moving towards the (4%) target." Indeed, the May inflation rate held at a five-year low of 4.1%, paving the way for another 25 bp cut at its June meeting.
- **Turkey's Central Bank** is expected to maintain the current level of short-term policy rates as the bank will likely ease the average cost of funding by changing the composition of liquidity when it thinks necessary. That said, its evaluation of the May inflation figures will be analysed for clues of a potential easing.

Market Moves

US and European equities declined on elevated geopolitical uncertainty and investor caution

- **US equities** fell this week on elevated geopolitical uncertainty. Oil price softness and mixed data (such as the weaker than expected May ISM Non-Manufacturing Index) also weighed on risk appetite. The S&P 500 Index retreated from a record high (-0.3%). Gains in financial shares were offset by losses in other sectors such as consumer discretionary, utilities and industrial.
- Similar drivers were behind the weakness in most **European bourses** this week. The regional EURO STOXX 50 Index declined (-0.2%). At the country level, Germany's DAX finished down (-0.1%) and France's CAC 40 sold off (-0.8%). After paring losses on Friday on a weaker sterling, the UK's multinational-heavy FTSE 100 Index also closed lower (-0.3%). Elsewhere, Italy's FTSE MIB Index outperformed (+0.4%), as investors welcomed reports that the country had avoided an election this year.
- **Asian stock markets** ended the week mixed, amid a slew of key events including escalating tensions in the Middle East. Japan's Nikkei 225 Index declined 0.8%, weighed down by a weaker than expected Q1 GDP release. India's SENSEX 30 Index ended the week little changed after hitting a fresh record high on Monday. The Reserve Bank of India's decision to stand pat on rates while significantly marking down its inflation forecast helped sentiment. Chinese stocks advanced, after May trade data beat expectations.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017.
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Sentiment was also supported by the government's move to expand tax breaks for small firms and the central bank's liquidity injection. Some listed smaller companies' call for employees to buy company shares on the promise they will be insured from losses boosted the Shenzhen Stock Exchange Composite Index (+3.8%). Meanwhile, Korea's KOSPI rose 0.4% to a record high amid optimism over corporate earnings prospects, upbeat data, easing economic tensions with China and fiscal stimulus expectations.

US Treasuries edged lower; eurozone bonds gained, led by Italy, on easing snap election risk

- **US Treasuries** fell (yields rose) over the week despite some weaker than expected data which included May's ISM Non-Manufacturing Index release. Demand for perceived safety assets weakened on easing investor concerns following the Senate Intelligence Committee's hearing with former FBI Director James Comey. Alongside this, robust corporate debt issuance also weighed on bond prices. Overall, US Treasury 10-year yields rose 4 bps to 2.20%.

- Most **European government bonds** gained (yields fell) following the ECB's downward revisions to its near-term inflation projections at its latest monetary policy meeting. Benchmark German 10-year bund yields shed 1 bp to 0.26%. French equivalents fell 7 bps to 0.64%. UK 10-year gilt yields dropped 4 bps to 1.00% after the UK general elections resulted in a hung Parliament. Peripheral bonds outperformed in the region with Italian 10-year yields subtracting 17 bps to close at 2.08% after the country's parliament failed to approve an electoral law that could have paved the way for snap elections this year.

Sterling sold off following hung parliament result in UK general election

- The **British pound sterling** gradually appreciated against the US dollar from Monday through to Thursday on expectations of a Conservative Party majority in the UK general election. However, once the first official exit poll, and the early results, implied that a hung parliament scenario was likely, sterling sold off sharply. The sterling closed the week down 1.1%. The **euro** also depreciated by 0.7% against the US dollar as ECB President Mario Draghi adopted a dovish tone at the press conference following the central bank's June monetary policy meeting. The euro was also under pressure following former FBI director James Comey's testimony, which provided support for the US dollar.

- **Asian currencies** traded mixed and largely subdued against the US dollar this week. The Malaysian ringgit gained versus the US dollar, after data showed foreign exchange reserves increased 2% mom in May, helped by a rise in foreign holdings of Malaysian government securities. The Indian rupee also rose after the Reserve Bank of India's policy decision.

Crude oil prices slipped on renewed supply glut concerns; gold prices also declined

- **Crude oil prices** fell this week on renewed supply glut concerns as the US Energy Information Administration's weekly report showed an unexpected increase of 3.3 million barrels in US crude stockpiles, against consensus expectations of a 3.1 million fall. Concerns over the implications of Qatar's diplomatic crisis also continued to weigh on market sentiment. WTI and Brent crude oil prices slipped 3.7% and 3.4% to USD45.9 per barrel and USD48.2 per barrel, respectively.

- Meanwhile, **gold** spot prices rose steadily during the beginning of the week on increased safe-asset demand as investors looked ahead to key events, such as the UK general election and former FBI director James Comey's testimony, with caution. However, following Comey's testimony, gold prices erased all of their weekly gains and closed the week down 1.0% to USD1,267.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 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)	467	-0.5	1.7	5.3	14.7	10.7	470	379	16.7
North America									
US Dow Jones Industrial Average	21,272	0.3	1.4	2.0	18.3	7.6	21,305	17,063	17.6
US S&P 500 Index	2,432	-0.3	1.5	2.8	15.0	8.6	2,446	1,992	18.7
US NASDAQ Composite Index	6,208	-1.6	1.4	6.3	25.2	15.3	6,342	4,574	23.6
Canada S&P/TSX Composite Index	15,473	0.2	-0.6	-0.2	8.7	1.2	15,943	13,610	16.8
Europe									
MSCI AC Europe (USD)	455	-1.3	1.2	10.3	13.2	13.7	461	354	15.3
Euro STOXX 50 Index	3,586	-0.2	-1.7	5.2	20.0	9.0	3,667	2,678	15.2
UK FTSE 100 Index	7,527	-0.3	2.5	2.9	20.8	5.4	7,599	5,789	15.3
Germany DAX Index*	12,816	-0.1	0.5	7.0	27.0	11.6	12,879	9,214	14.1
France CAC-40 Index	5,300	-0.8	-1.8	6.4	20.3	9.0	5,442	3,956	15.7
Spain IBEX 35 Index	10,978	0.7	-0.6	9.8	25.2	17.4	11,184	7,580	15.2
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	505	0.5	3.2	9.5	20.5	18.4	507	395	14.0
Japan Nikkei-225 Stock Average	20,013	-0.8	0.9	3.6	20.1	4.7	20,240	14,864	17.5
Australian Stock Exchange 200	5,678	-1.9	-2.8	-1.1	5.9	0.2	5,957	5,051	15.8
Hong Kong Hang Seng Index	26,030	0.4	4.6	10.8	22.2	18.3	26,090	19,663	12.8
Shanghai Stock Exchange Composite Index	3,158	1.7	2.5	-1.8	7.9	1.8	3,301	2,808	13.9
Hang Seng China Enterprises Index	10,592	-0.7	4.6	4.9	17.3	12.7	10,727	8,275	8.4
Taiwan TAIEX Index	10,200	0.5	2.9	5.6	17.0	10.2	10,268	8,374	14.4
Korea KOSPI Index	2,382	0.4	3.9	13.9	17.7	17.5	2,385	1,893	10.3
India SENSEX 30 Index	31,262	0.0	4.4	8.1	16.8	17.4	31,430	25,718	19.0
Indonesia Jakarta Stock Price Index	5,676	-1.2	-0.4	5.1	16.4	7.2	5,874	4,754	16.0
Malaysia Kuala Lumpur Composite Index	1,789	0.7	1.3	4.2	8.4	9.0	1,795	1,612	16.8
Philippines Stock Exchange PSE Index	7,990	1.0	0.8	9.5	6.0	16.8	8,118	6,499	19.4
Singapore FTSE Straits Times Index	3,254	0.4	0.1	4.3	14.4	13.0	3,275	2,703	14.8
Thailand SET Index	1,567	-0.1	0.4	1.1	9.1	1.5	1,601	1,343	15.3
Latam									
Argentina Merval Index	21,614	-4.0	2.2	15.1	59.8	27.8	22,624	12,863	9.3
Brazil Bovespa Index*	62,211	-0.5	-6.1	-3.7	21.7	3.3	69,488	48,067	11.6
Chile IPSA Index	4,846	-1.1	0.8	8.5	21.9	16.7	4,920	3,847	17.8
Colombia COLCAP Index	1,450	0.6	3.1	9.0	8.8	7.3	1,461	1,271	14.2
Mexico Index	49,082	-0.5	-1.7	3.8	7.5	7.5	50,154	43,902	17.8
EEMEA									
Russia MICEX Index	1,883	0.1	-5.9	-4.6	-2.7	-15.6	2,294	1,842	6.1
South Africa JSE Index	52,217	-1.3	-3.6	2.6	-2.1	3.1	54,717	48,936	14.6
Turkey ISE 100 Index*	98,943	0.1	3.8	11.2	27.3	26.6	99,278	70,426	9.3

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

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	6.1	11.8	17.1	16.2	72.2
US equities	3.4	9.6	16.9	29.9	97.5
Europe equities	11.9	15.8	16.4	-1.8	59.1
Asia Pacific ex Japan equities	10.3	19.6	24.0	12.0	49.0
Japan equities	6.6	10.2	15.7	21.7	69.4
Latam equities	1.6	9.9	19.3	-19.1	-14.4
Emerging Markets equities	11.0	19.0	24.5	4.2	26.6

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 09 June 2017.
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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)	508	0.0	1.0	2.3	1.1	1.8
JPM EMBI Global	791	0.1	1.7	4.6	8.2	7.0
BarCap US Corporate Index (USD)	2,825	-0.2	1.7	3.8	3.1	3.6
BarCap Euro Corporate Index (Eur)	244	0.0	0.5	1.4	2.2	1.3
BarCap Global High Yield (USD)	456	-0.1	0.9	3.3	12.0	5.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	193	0.0	0.8	2.3	3.6	3.5
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	244	0.3	-0.8	1.2	8.4	3.9

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 2016	52-week High	52-week Low
Developed markets								
EUR/USD	1.12	1.13	1.09	1.06	1.13	1.05	1.14	1.03
GBP/USD	1.27	1.29	1.29	1.22	1.45	1.23	1.50	1.18
CHF/USD	1.03	1.04	0.99	0.99	1.04	0.98	1.05	0.97
CAD	1.35	1.35	1.37	1.35	1.27	1.34	1.38	1.27
JPY	110.32	110.40	113.98	114.95	107.10	116.96	118.66	99.02
AUD	1.33	1.34	1.36	1.33	1.35	1.39	1.40	1.29
NZD	1.39	1.40	1.45	1.45	1.41	1.44	1.47	1.34
Asia								
HKD	7.80	7.79	7.78	7.76	7.76	7.76	7.80	7.75
CNY	6.80	6.81	6.91	6.91	6.56	6.95	6.96	6.57
INR	64.25	64.44	64.63	66.72	66.72	67.92	68.86	63.93
MYR	4.27	4.28	4.35	4.46	4.05	4.49	4.50	3.93
KRW	1,123	1,122	1,139	1,158	1,156	1,206	1,212	1,090
TWD	30.13	30.12	30.26	31.04	32.21	32.33	32.62	29.93
Latam								
BRL	3.30	3.25	3.19	3.19	3.40	3.26	3.51	3.04
COP	2,917	2,896	2,970	2,998	2,939	3,002	3,208	2,822
MXN	18.17	18.68	19.17	19.84	18.25	20.73	22.04	17.90
EEMEA								
RUB	57.04	56.64	58.41	59.28	64.32	61.54	67.45	55.70
ZAR	12.95	12.82	13.63	13.33	14.80	13.74	15.68	12.31
TRY	3.54	3.51	3.62	3.77	2.89	3.52	3.94	2.84

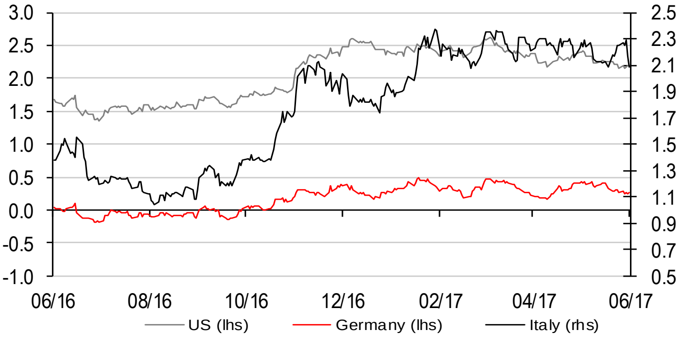
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016
US Treasury yields (%)						
3-Month	1.00	0.97	0.89	0.73	0.25	0.50
2-Year	1.33	1.29	1.34	1.37	0.77	1.19
5-Year	1.77	1.72	1.92	2.14	1.22	1.93
10-Year	2.20	2.16	2.40	2.61	1.69	2.44
30-Year	2.86	2.81	3.03	3.19	2.49	3.07
Developed market 10-year bond yields (%)						
Japan	0.05	0.05	0.04	0.09	-0.13	0.04
UK	1.00	1.04	1.20	1.22	1.24	1.24
Germany	0.26	0.27	0.43	0.42	0.03	0.20
France	0.64	0.71	0.86	1.08	0.39	0.68
Italy	2.08	2.25	2.27	2.31	1.38	1.81
Spain	1.43	1.56	1.61	1.83	1.42	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	1,267	-1.0	3.7	5.4	-0.2	9.9	1,375	1,121
Brent Oil	48.2	-3.4	-1.0	-7.6	-7.2	-15.1	58	42
WTI Crude Oil	45.9	-3.7	0.0	-6.9	-9.3	-14.6	55	39
R/J CRB Futures Index	177	-0.7	-0.3	-3.5	-9.4	-8.2	196	176
LME Copper	5,730	1.1	3.9	0.7	26.9	3.5	6,204	4,484

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017.
Past performance is not an indication of future returns.

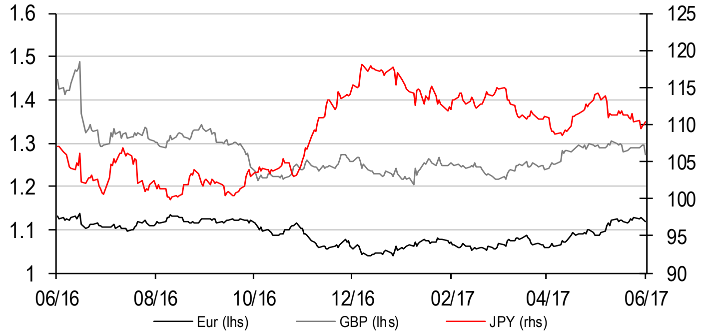
Market Trends

Government bond yields (%)



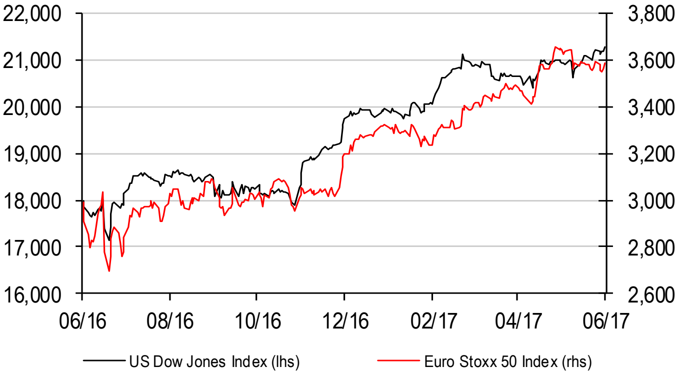
Yields based on 10 year government bonds

Major currencies (versus USD)

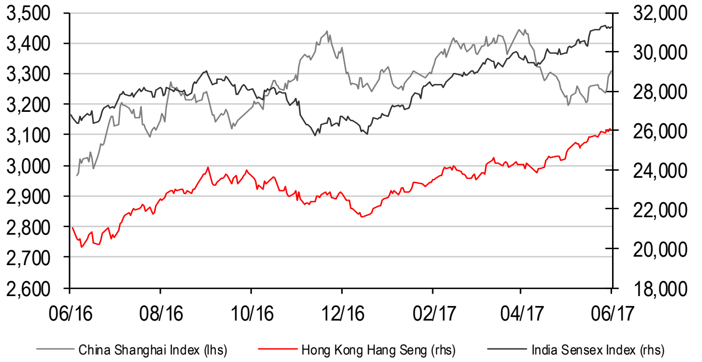


All values versus USD

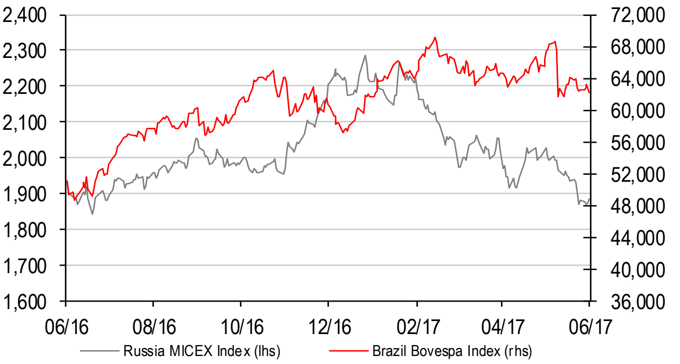
Global equities



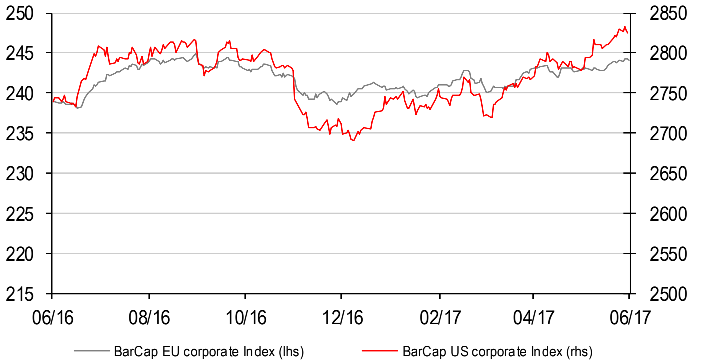
Emerging Asian equities



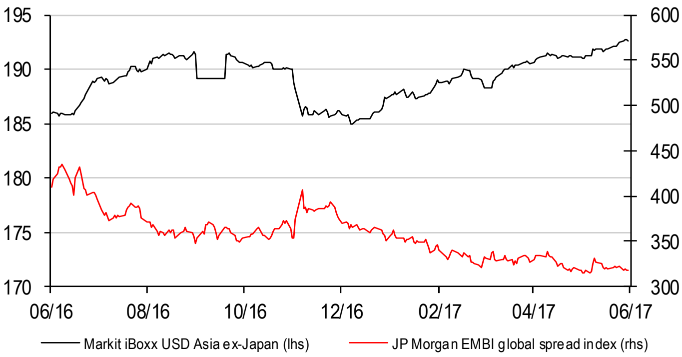
Other emerging equities



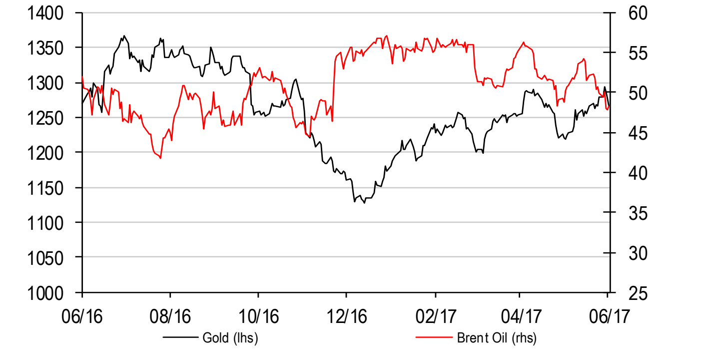
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 09 June 2017.
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Expiry: June 30, 2017

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