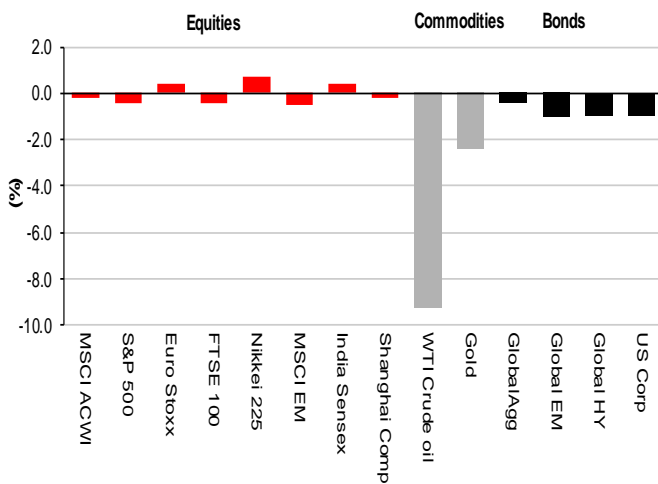


- ▶ US equities fell this week, but a rally in financials lifted European bourses. At a sector level, energy producers underperformed as oil prices tumbled
- ▶ At its March meeting, the European Central Bank (ECB) left all key rates unchanged and reaffirmed its plan to reduce the pace of the Asset Purchase Programme from April. The ECB was more upbeat about the economic outlook
- ▶ The US February employment report showed an additional 235,000 jobs were added (consensus 200,000; 238,000 previously). The unemployment rate fell as expected to 4.7%, and the participation rate ticked up to 63.0% from 62.9%
- ▶ In the coming week, all eyes will be on the Federal Open Market Committee (FOMC) monetary policy meeting. Markets are pricing a rate hike of 25 bps

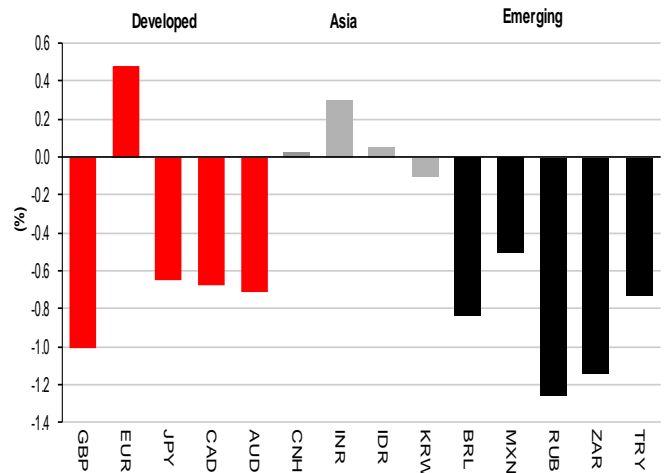
Movers and shakers

Oil prices tumbled as US crude inventory surged

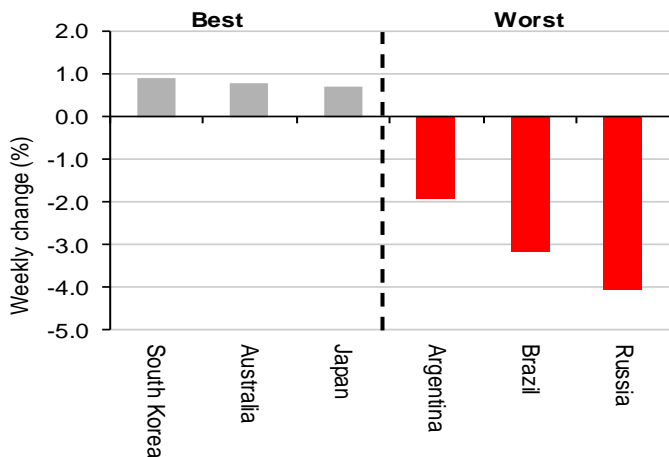


Currencies (versus USD)

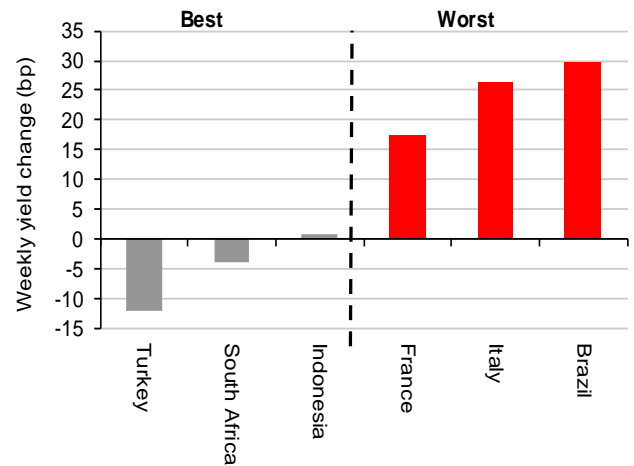
The euro outperformed within developed markets on a less cautious ECB



Equities



Bonds (10-year)



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Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 10 March 2017.

All the above charts relate to 03/03/2017 – 10/03/2017.

Past performance is not an indication of future returns.

Macro Data and Key Events

Past Week (06-10 March 2017)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 06 March	US	Durable Goods Orders (mom)	Jan F	1.0%	2.0%	1.8% P
Tuesday 07 March	Australia	Reserve Bank of Australia Interest Rate Decision	Mar	1.50%	1.50%	1.50%
	Germany	Factory Orders (Working Day Adjusted, yoy)	Jan	4.3%	-0.8%	8.0%
	South Africa	GDP (qoq annualised)	Q4	0.0%	-0.3%	0.4%
	Eurozone	GDP (seasonally adjusted, qoq)	Q4 F	0.4%	0.4%	0.4% P
	Brazil	GDP (seasonally adjusted, qoq)	Q4	-0.5%	-0.9%	-0.7%
	Japan	GDP (seasonally Adjusted, qoq annualised)	Q4 F	1.5%	1.2%	1.0% P
Wednesday 08 March	China	Trade Balance (USD bn)	Feb	27.0	-9.2	51.3
	Germany	Industrial Production (seasonally adjusted, mom)	Jan	2.7%	2.8%	-2.4%
Thursday 09 March	China	CPI (yoy)	Feb	1.7%	0.8%	2.5%
	Eurozone	ECB Interest Rate Decision	Mar	-0.40%	-0.40%	-0.40%
	Mexico	CPI (yoy)	Feb	4.8%	4.9%	4.7%
Friday 10 March	Brazil	IBGE Inflation IPCA (yoy)	Feb	4.9%	4.8%	5.4%
	India	Industrial Production (yoy)	Jan	0.5%	2.7%	-0.1%
	US	Change in Nonfarm Payrolls	Feb	200K	235K	238K

P – Preliminary, Q – Quarter, F – Final

- ▶ This week's most anticipated US release was the **February employment report**, which showed nonfarm payrolls added 235,000 jobs, more than the expected 200,000, and with the revisions from the prior two months adding 9,000 additional jobs. The unemployment rate fell as expected to 4.7%, and the participation rate ticked up to 63.0% from 62.9%, the very top of the range seen over the last two-and-a-half years. Also encouraging was the rise in average hourly earnings (+2.8% yoy) as expected, coupled with a slight upward revision to the prior month's release (+2.6% yoy from +2.5%). This takes the three-month moving average for wage growth to 2.8%, its highest level since July 2008.
- ▶ As expected, the **ECB** kept all key policy rates, namely the main refinancing rate, the marginal lending facility rate and the deposit facility rate, unchanged at 0.00%, 0.25% and -0.40% respectively. The ECB reaffirmed that the monthly pace of the Asset Purchase Programme will remain at EUR80 billion for March, before falling to EUR60 billion from April onwards. The ECB's Governing Council appears more confident in the near-term macroeconomic outlook, with ECB President Mario Draghi stating at the press conference that the risks to the economic outlook have tilted less to the downside. The latest ECB staff macroeconomic projections reflected this, with real GDP growth forecasts for 2017 and 2018 revised 0.1 ppt upwards to 1.8% and 1.7% respectively (2019 GDP growth forecast was unrevised at +1.9%). Headline inflation projections for these two years are also firmer, especially for 2017 (at +1.7% from +1.3%), but forecasts for core inflation remain largely unchanged. Removing the sense of urgency, Draghi stated the Governing Council dropped the reference on the need to "act using all the instruments available within its mandate," but that tepid core underlying inflation pressures still justify keeping accommodative monetary policy firmly in place. Lastly, Draghi also said that there was no discussion on extending the Targeted Long-Term Refinancing Operations (TLTRO), whose last phase (TLTRO II-4) is scheduled to end later this month. The final estimate of **eurozone Q4 GDP** was confirmed at 0.4% qoq (+1.7% yoy), matching the prior quarter's expansion rate. Household consumption remains the largest growth driver, contributing 0.3 ppts to headline growth. In Germany, **factory orders** fell 7.4% mom in January, notably weaker than consensus expectations (-2.5%) and down from +5.2% in the prior month. There was broad-based weakness across the main industrial groupings, with capital goods orders (-9.9% mom) being the largest drag. This leaves the annual growth rate at -0.8% yoy, from a downwardly revised +8.0% (from +8.1%) in December. Finally, January's **industrial production** rebounded 0.1 ppt more than expected at 2.8% mom, after falling an upwardly revised -2.4% (from -3.0%) previously. This left the annual rate flat. Manufacturing and mining provided much of the gain (+3.7% mom from -2.7% previously), while construction fell for the second month (-1.3% mom).
- ▶ The **final estimate of Japan's Q4 GDP** was revised 0.2 ppt higher to 1.2% qoq annualised (1.5% expected). As expected, the revision was driven by stronger private non-residential investment (+2.0%, up from +0.9% initially estimated). Interestingly, public investment fell from -1.8% to -2.5%, while private consumption was barely revised up (from 0.0% to +0.2% qoq annualised). The private consumption price deflator rose 1.1% qoq annualised, but durable goods and services prices remained the most depressed in the past three years.
- ▶ February's **China trade data** continued to reflect the Lunar New Year holiday timing distortion, which typically sees a front-loading of exports and delay in imports. February's China imports (in US-dollar terms) jumped 38.1% yoy against a 20% forecast, after January rose 16.7%. For January and February combined (to reduce the holiday distortion), imports saw high growth (+26.4% yoy). Strong import data likely reflects higher commodity/import prices and resilient domestic demand. Meanwhile, exports surprised to the downside, falling 1.3% in February (versus a market consensus of +14.0%), following a 7.9% gain in January, leaving export growth for the first two months at 4.0% compared to 5.2% in Q4 2016. This probably reflects a modest global demand improvement. The trade balance declined USD9.2 billion, the first deficit in three years. Also in February, **PPI inflation** accelerated more than expected

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to 7.8% yoy from 6.9% in January, the highest since September 2008. The sharp rise in PPI continues to be concentrated in the mining and raw material sectors, but manufacturing sector inflation also rose. Meanwhile, **CPI inflation** slowed more than market expectations (+1.7% yoy), to 0.8% in February from 2.5% in January. The drop (-4.3% yoy from +2.7% yoy) was due to the Lunar New Year effect – and mostly food-price driven – and due to a moderation in services after the holidays (to +2.4% yoy from +3.2% yoy). Core CPI inflation (excluding food and energy) moderated to 1.8% from 2.2%, but the average increase in the first two months (+2.0%) continued an overall modest upward trend over the past year (+1.9% in Q4 2016).

- ▶ **South Africa's Q4 GDP** contracted by 0.3% qoq annualised, against expectations of 0.0% and an upwardly revised print of 0.4% from 0.2% for the previous quarter. The sector breakdown showed mining and manufacturing industries were the biggest contributors to economic slowdown, by 0.9 ppt and 0.4 ppt respectively. Meanwhile, all industries in the tertiary sector expanded, led by transport and communication services (+2.6% qoq annualised) and trade, catering and accommodation services (+2.1%).
- ▶ **Brazil's Q4 GDP** fell -0.9% qoq seasonally adjusted, more than consensus expectations of -0.5% (-0.7% previously). This is the eighth consecutive quarter of negative growth, leaving the 2016 growth rate at -3.6%. The underlying details showed industry and services contracting by 0.7% and 0.8% respectively, while agriculture expanded by 1.0%. This is anticipated to be the last quarter before growth returns in Q1 2017. February's **IPCA inflation** slowed more than expected to 4.8% yoy versus expectations of 4.9%, and from 5.4% in the prior month. The decline was broad-based, with services inflation continuing to moderate, dropping to 5.9% yoy from 6.2% previously. Similarly, regulated prices ticked higher (+4.7% yoy from +4.5% prior) and non-regulated prices also softened (+4.8% yoy from +5.6% previously). This marks the third straight month where inflation has been in the COPOM's 4.5%-6.5% target range, having spent January 2015 until November 2016 above it. Economists forecast that inflation will decline to 4.1% yoy and 3.9% yoy in Q2 and Q3 2017 respectively, moving inflation below COPOM's target range for the first time since the financial crisis. The Central Bank of Brazil is anticipated to cut interest rates from their current 12.25% to 9.65% by the end of 2017.
- ▶ In Mexico, February's **headline inflation** was 0.6% mom (consensus +0.5%), after jumping 1.7% mom in January. The annual rate came in at 4.9% yoy, higher than the upper-bound target of 4% for the second consecutive month. The underlying details showed further pressures from core inflation, as core goods and services rose 1.1% mom and 0.5% mom respectively. Non-core inflation was unchanged, as higher energy and government administered prices offset a slump in agriculture products. The worsening inflation profile will likely keep pressure on the Central Bank to maintain its current hawkish stance.

Coming Week (13-17 March 2017)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 13 March	Eurozone	ECB President Mario Draghi Speaks in Frankfurt			
Tuesday 14 March	China	Retail Sales (ytd yoy)	Feb	10.7%	10.40%
	Germany	ZEW Expectation of Economic Growth	Mar	13.0	10.4
	Eurozone	Industrial Production (seasonally adjusted, mom)	Jan	1.3%	-1.6%
	India	CPI (yoy)	Feb	3.6%	3.2%
Wednesday 15 March	Japan	Industrial Production (yoy)	Jan F		3.2% P
	UK	ILO Unemployment Rate (3 months)	Jan	4.8%	4.8%
	US	CPI (yoy)	Feb	2.7%	2.5%
	US	Retail Sales Advance (mom)	Feb	0.1%	0.4%
	US	NAHB/Wells Fargo Housing Market Index	Mar	65	65
	US	FOMC Interest Rate Decision	Mar	1.00%	0.75%
Thursday 16 March	Japan	Bank of Japan Interest Rate Decision	Mar	-0.10%	-0.10%
	Switzerland	Swiss National Bank Interest Rate Decision	Mar	-0.75%	-0.75%
	Eurozone	CPI (yoy)	Feb F	2.0%	2.0% P
	Turkey	CBRT Interest Rate Decision (Overnight Lending Rate)	Mar	9.25%	9.25%
	UK	Bank of England Interest Rate Decision	Mar	0.25%	0.25%
	US	Housing Starts (mom)	Feb	1.2%	-2.6%
Friday 17 March	US	Industrial Production (mom)	Feb	0.2%	-0.3%
	US	University of Michigan Index of Consumer Sentiment	Mar P	97.0	96.3

P – Preliminary, F – Final

US

- ▶ From only a 34% probability a few weeks ago, the market is now fully pricing in a 25 bps hike at this week's **FOMC meeting**. This move would see the fed funds target rate rise from 0.50%-0.75% at present to 0.75%-1.00%, its highest level since 2008. This change in expectations was driven by a run of hawkish Fed speak in the prior week (ending 3 March) stating that an increase in the fed funds target rate was likely "fairly soon," "soon," or likely to "be appropriate." The strength of the US recovery, continued loose financial conditions and the global improvement in the growth and inflation outlook may be cited as underlying reasons to support an increase. The market's attention will also be focused on the number of rate hikes forecast in coming years as indicated by the so-called dot-plot, the expected fed funds terminal rate and any commentary around the potential form or timing of the unwinding of the Fed's balance sheet.

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- ▶ February's **CPI inflation** release is expected to show that prices rose 2.7% yoy, the highest level since February 2012 and up firmly from 0.8% yoy in July 2016, boosted by the likely peak in energy price base effects. Meanwhile, the more stable core measure, excluding food and energy, is forecast to dip slightly (-0.1 pts to +2.2% yoy). The US Federal Reserve's (Fed) preferred measure of inflation – the core Personal Consumption Expenditures price index – is currently sitting at 1.7%, somewhat below the Fed's 2.0% target.
- ▶ February's **headline US retail sales** are anticipated to rise 0.1% mom, weighed on by a decline in gasoline prices (-2.1%) and close to flat auto sales during the month. The retail sales control group – which excludes autos, gasoline and building materials – is expected to show a slight improvement (+0.1% mom) after a robust start to the year at 0.4% mom.
- ▶ The March release of the **NAHB/Wells Fargo Housing Market Index**, which measures homebuilder confidence, is expected to remain at 65. This would reflect continued strength in the housing market. February's underlying details showed that prospective buyer traffic has ticked lower from its recent post-crisis highs, but present and future sales remain near to levels not seen since 2005. February's **housing starts** are expected to see comparatively little change for the second straight month (+1.2% mom forecast against -2.6% previously) after a volatile Q4 that saw an 11.3% mom rise in December, 16.5% drop in November and a 25.5% increase in October. The continued strength of the labour market and high levels of affordability are likely to support the housing market going forward. However, this may be dampened somewhat by the recent rise in mortgage interest rates, which remain historically very low but sit around the average seen since 2009.
- ▶ March's preliminary release of the **University of Michigan Index of Consumer Sentiment** is expected to tick up by 0.7 points to 97.0, returning towards January's 13-year high of 98.5. Recently, a stronger assessment of current conditions has been coupled with a mild tempering of optimism around the outlook. However, perhaps more importantly, the recent rise is yet to be reflected in a meaningful acceleration in consumer spending. A further firming of longer-term consumer inflation expectations (five to 10 years) away from the December all-time low would be of interest, as would a further improvement in household financial position expectations.

Europe

- ▶ Following a disappointing December release, January's **eurozone industrial production** is expected to rebound firmly (+1.3% mom against -1.6% mom previously). This would be consistent with the strength already seen in Germany's February industrial production release (+2.8% mom versus -2.4%). The momentum seen in the eurozone manufacturing data is broadly expected to continue, as indicated by the further improvement seen in the manufacturing PMI and the new orders subcomponent.
- ▶ Meanwhile, in the **UK**, the **ILO unemployment rate** for the three months to January is expected to hold firm at 4.8%, while the three-month jobs growth is anticipated to increase to 80,000, the strongest since August last year. At the same time, **wage growth** is anticipated to slow to 2.4% yoy from 2.6% in December. The March **Bank of England Monetary Policy Committee** is widely expected to keep interest rates on hold (+0.25%) and make no change in the asset purchase target (GBP435 billion). While UK data in the aftermath of last June's Brexit vote has been resilient, coupled with rising inflationary pressures, recent consumer spending and the composite PMI releases disappointed. While a tight labour market provides some comfort, uninspiring wage growth and an anticipated acceleration in inflation driven by the pound's depreciation is likely to weigh going forward.

Japan and emerging markets

- ▶ The **Bank of Japan (BoJ)** is expected to keep its policy on hold at its 15-16 March meeting, with the yield curve control framework still defined as -0.10% on the policy balance rate for the short end of the curve and about 0.00% on 10-year Japanese government bond yields for the long end of the curve. Data published in the intermeeting period showed that inflation rebounded slightly in January. Meanwhile, Q4 GDP growth remained above potential for a fourth consecutive quarter, implying a gradual closing of the output gap, which is consistent with the BoJ expectation of gradually receding deflationary forces.
- ▶ India's February **CPI inflation** likely rebounded to 3.6% yoy from 3.2% in January, due to higher food price inflation and as favourable base effects begun to fade. Vegetable prices showed signs of bottoming out, although pulse prices extended their decline. Retail fuel prices were little changed, with a flat Indian crude oil basket price. Meanwhile, inflation excluding food and transport & communication/fuel could moderate on the base effect.
- ▶ January saw the **Central Bank of Turkey (CBRT)** raise the overnight lending rate to 9.25% (+75 bps). The CBRT is anticipated to leave all key rates unchanged next week, apart from the late liquidity lending rate where expectations are for a 50 bps hike to 11.50%. The CBRT is currently channelling banks to the late liquidity window for almost all of the funding it provides. To defend the lira, it has also increased the average cost of funding to the banking system to 10.7% as of Thursday from around 8.3% in mid-January, while holding foreign exchange swap auctions to remove excess lira liquidity in the offshore market. The market expects that the CBRT will further increase the average cost of funding with the use of unorthodox monetary policies.

Market Moves

US equities fell, while financial shares lifted European bourses; falling oil prices hit the energy sector

- ▶ **US equities** fell this week. Caution ahead of key data releases and the oil price plunging below the psychologically important threshold of USD50 per barrel were key drags on investor sentiment. Friday's upbeat employment report provided some reassurance

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that the US economy is strong enough to weather a third interest rate hike in this cycle as early as next week. Overall, the S&P 500 Index snapped a six-week winning streak (-0.4%). At the industry level, energy producers underperformed. Interestingly, pharmaceuticals were little changed, amid US President Donald Trump's repeat of his pledge to increase competition in the drug industry.

- ▶ Similarly, **European equities** spent the majority of the week in negative territory, amid subdued risk appetite ahead of the ECB's monetary policy meeting; disappointing German January factory orders slightly dented the optimism over the region's economic resurgence. Nevertheless, a rally in financial shares from late Thursday onwards amid steeper core eurozone sovereign bond yield curves helped bourses advance for the week. The regional EURO STOXX 50 Index closed up for the second-straight weekly session (+0.4%). France's CAC 40 ended the week (0.0%). Spain's financials-heavy IBEX 35 rallied (+2.1%) to a 15-month high, while the UK's resource-heavy FTSE 100 Index underperformed (-0.4%).
- ▶ Most **Asian stock markets** rose last week, amid investor optimism that the US nonfarm payrolls report would confirm the strength of the world's largest economy, despite caution ahead of the FOMC meeting and continued geopolitical risks in the region. Japan's Nikkei 225 Index posted a weekly gain of 0.7%, as a weaker yen boosted exporter shares and data showed the economy expanded more than initially reported in Q4. China's Shanghai Stock Exchange Composite Index and Hong Kong's Hang Seng Index ended the week little changed, on the back of mixed macro indicators from China. Markets reacted positively earlier in the week after the Chinese government reiterated that "stability" is the key objective for 2017. Korean stocks also advanced last week, helped by the Constitutional Court ruling to uphold the motion to impeach President Park Geun-hye. Elsewhere, India's Sensex 30 Index was up 0.4% for the week, after the Goods and Services Tax (GST) Council approved two supporting pieces of legislation, paving the way for implementation of the GST in July and exit polls put the ruling party BJP ahead in the election in the key state of Uttar Pradesh.

Global bond yields rose on Fed rate hike expectations and a less dovish ECB

- ▶ **US Treasury yields** rose (prices fell) this week, driven by Fed rate hike expectations and encouraging macroeconomic data. Following a series of more hawkish speeches by Fed members, the bond market has moved to fully price in a rate hike at next week's FOMC meeting. Upbeat economic activity data, particularly in the labour market, has also fuelled expectations of a steeper Fed fund rate trajectory, pushing Treasury yields higher. On Wednesday, the ADP employment report comfortably beat consensus expectations and this was backed up by the release of the nonfarm payrolls report on Friday, which showed the US economy adding 235,000 jobs in February. US two-year Treasury yields rose 5 bps on the week to end at 1.35% and five-year yields rose 9 bps to 2.10%. At the longer end, 10-year yields rose 10 bps to 2.57% and 30-year yields climbed 9 bps to 3.16%.
- ▶ **European bonds** fell (yields rose) over the week as the ECB signalled no urgency in taking further steps to ease monetary policy. Expectations of higher US rates also dragged European bond yields higher. German 10-year bund yields rose 13 bps to 0.48%, despite German factory orders for January recording their sharpest monthly decline since the financial crisis. French 10-year yields rose 18 bps to 1.11% while UK 10-year gilt yields rose 5 bps to 1.23% as investors digested the Spring Budget. In the periphery, Italian 10-year yields jumped 26 bps to 2.36% and Spanish 10-year yields rose 21 bps to 1.87%.

Most currencies fell as the US dollar strengthened; the euro bucked the trend on less cautious ECB

- ▶ The **euro** overcame early-week declines against the US dollar to book its second consecutive weekly gain (+0.5%). Better than expected US data releases were offset by ECB President Mario Draghi's less cautious outlook for the eurozone and an easing of eurozone political concerns. Meanwhile, the **British pound** fell (-1.0%), drifting lower to finish the week at the lowest level in seven weeks on rising concerns that economic momentum is fading.
- ▶ Most **Asian currencies** weakened against a broadly higher US dollar last week, led by the Japanese yen and Thai baht, on increased expectations of a Fed rate hike on 15 March. Continued foreign fund outflows weighed on the Thai baht. Showing little concern, Bank of Thailand Deputy Governor Mathee Supapongse said baht weakness helps support economic recovery. The Indian rupee rose against the US dollar, as exit polls suggested a market-friendly outcome, boosting investor sentiment.

Crude oil prices plunged on supply glut concerns; gold also fell

- ▶ **Crude oil prices** fell sharply this week amid renewed supply glut concerns. Data from the US Energy Information Administration showed US crude inventories climbed for the ninth straight week to a record high of 530 million barrels. Up until this week, crude oil prices had been locked in a relatively tight range in 2017 as rising US shale production was offset by an OPEC agreement to restrict output. The big question for the cartel now is whether its members will agree to extend their agreement beyond June. Some of the smaller OPEC members may want to increase production in order to protect their revenues. Overall, WTI crude oil prices fell by 9.3% on the week to USD48.4 per barrel, while Brent crude oil prices slipped 8.3% to USD51.3 per barrel.
- ▶ **Gold** spot prices fell this week amid higher real rates and reduced "safe-haven" demand. Expectations of higher US rates increases the opportunity cost of holding gold, thereby lessening investor demand for the precious metal. Increased risk appetite also contributed to gold spot price weakness this week. Overall, gold closed down 2.4% to USD1,205.

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)	446	-0.2	1.5	4.9	15.7	5.6	449	379	16.6
North America									
US Dow Jones Industrial Average	20,903	-0.5	3.1	5.8	23.0	5.8	21,169	16,822	17.4
US S&P 500 Index	2,373	-0.4	2.4	5.0	19.3	6.0	2,401	1,969	18.4
US NASDAQ Composite Index	5,862	-0.2	2.2	7.7	25.7	8.9	5,912	4,574	22.4
Canada S&P/TSX Composite Index	15,507	-0.7	-1.4	1.3	15.9	1.4	15,943	13,217	16.9
Europe									
MSCI AC Europe (USD)	416	0.2	1.6	5.9	7.5	3.9	417	354	14.8
Euro STOXX 50 Index	3,416	0.4	4.4	6.8	15.0	3.8	3,442	2,678	14.6
UK FTSE 100 Index	7,343	-0.4	1.2	5.6	21.6	2.8	7,395	5,789	14.7
Germany DAX Index*	11,963	-0.5	2.5	6.8	26.0	4.2	12,083	9,214	13.9
France CAC-40 Index	4,993	0.0	3.4	4.8	14.8	2.7	5,022	3,956	14.7
Spain IBEX 35 Index	10,006	2.1	6.7	9.1	14.1	7.0	10,091	7,580	14.2
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	463	0.3	0.4	5.6	16.0	8.5	472	394	13.6
Japan Nikkei-225 Stock Average	19,605	0.7	1.2	3.2	16.3	2.6	19,668	14,864	18.5
Australian Stock Exchange 200	5,776	0.8	1.0	3.9	12.1	1.9	5,833	4,894	16.0
Hong Kong Hang Seng Index	23,569	0.1	0.0	3.5	17.9	7.1	24,364	19,595	11.8
Shanghai Stock Exchange Composite Index	3,213	-0.2	0.5	-0.6	14.5	3.5	3,301	2,773	13.6
Hang Seng China Enterprises Index	10,069	-0.7	-0.6	2.0	19.6	7.2	10,593	8,176	8.2
Taiwan TAIEX Index	9,628	-0.2	-0.4	2.5	11.2	4.0	9,870	8,000	13.6
Korea KOSPI Index	2,097	0.9	1.1	3.6	6.5	3.5	2,113	1,893	9.8
India SENSEX 30 Index	28,946	0.4	2.2	8.2	17.6	8.7	29,146	24,355	20.2
Indonesia Jakarta Stock Price Index	5,391	0.0	0.4	1.6	12.5	1.8	5,492	4,691	15.5
Malaysia Kuala Lumpur Composite Index	1,718	0.5	1.1	4.6	1.6	4.6	1,734	1,612	16.3
Philippines Stock Exchange PSE Index	7,146	-1.4	-1.2	1.5	1.4	4.5	8,118	6,499	17.2
Singapore FTSE Straits Times Index	3,133	0.4	1.1	6.0	11.5	8.8	3,158	2,703	14.5
Thailand SET Index	1,540	-1.7	-2.9	0.9	11.7	-0.2	1,601	1,343	15.0
Latam									
Argentina Merval Index	18,896	-1.9	-3.1	9.9	43.4	11.7	20,235	11,776	14.6
Brazil Bovespa Index*	64,675	-3.2	-2.2	6.9	30.5	7.4	69,488	46,521	12.4
Chile IPSA Index	4,475	1.0	3.8	4.8	16.7	7.8	4,492	3,813	15.9
Colombia COLCAP Index	1,336	0.5	-0.9	0.8	2.8	-1.2	1,419	1,269	12.0
Mexico Index	47,102	-0.7	-1.5	0.4	6.2	3.2	48,956	43,902	16.7
EEMEA									
Russia MICEX Index	1,974	-4.0	-8.7	-10.6	4.7	-11.6	2,294	1,826	6.0
South Africa JSE Index	51,270	-0.8	-2.7	0.7	-0.5	1.2	54,704	48,936	15.1
Turkey ISE 100 Index*	89,611	-0.1	2.4	18.3	13.4	14.7	91,438	70,426	9.0

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

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Equity Indices - Total Return					
Global equities	4.8	5.4	17.5	14.9	49.3
US equities	5.1	6.0	21.0	30.9	84.9
Europe equities	5.5	3.5	9.8	-7.8	24.8
Asia Pacific ex Japan equities	5.8	8.5	18.8	8.9	20.4
Japan equities	2.6	4.6	15.6	17.7	41.6
Latam equities	8.3	8.2	25.9	-5.1	-30.8
Emerging Markets equities	5.6	7.2	19.5	3.9	-1.5

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)

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return						
BarCap GlobalAgg (Hedged in USD)	497	-0.5	-0.3	0.2	1.3	-0.5
JPM EMBI Global	756	-1.0	-0.5	3.1	9.1	2.3
BarCap US Corporate Index (USD)	2,721	-1.0	-0.9	0.8	4.3	-0.2
BarCap Euro Corporate Index (Eur)	240	-0.5	-0.4	0.3	3.2	-0.4
BarCap Global High Yield (USD)	441	-1.0	-0.1	2.8	15.8	2.1
Markit iBoxx Asia ex-Japan Bond Index (USD)	188	-0.5	-0.3	1.3	4.6	1.1
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	241	-0.6	0.5	2.7	13.9	2.7

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	1.07	1.06	1.06	1.06	1.12	1.05	1.16	1.03
GBP/USD	1.22	1.23	1.25	1.26	1.43	1.23	1.50	1.18
CHF/USD	0.99	0.99	1.00	0.98	1.02	0.98	1.06	0.97
CAD	1.35	1.34	1.31	1.32	1.33	1.34	1.36	1.25
JPY	114.79	114.04	113.22	115.32	113.19	116.96	118.66	99.02
AUD	1.33	1.32	1.30	1.34	1.34	1.39	1.40	1.28
NZD	1.44	1.42	1.39	1.40	1.50	1.44	1.52	1.34
Asia								
HKD	7.76	7.76	7.76	7.76	7.76	7.76	7.77	7.75
CNY	6.91	6.90	6.88	6.91	6.51	6.95	6.96	6.45
INR	66.61	66.81	66.88	67.42	67.07	67.92	68.86	66.07
MYR	4.45	4.45	4.44	4.42	4.10	4.49	4.50	3.84
KRW	1,157	1,156	1,151	1,166	1,203	1,206	1,212	1,090
TWD	31.07	31.05	31.06	31.82	32.92	32.33	33.08	30.66
Latam								
BRL	3.14	3.12	3.12	3.38	3.63	3.26	3.85	3.04
COP	2,984	2,982	2,854	3,006	3,225	3,002	3,208	2,817
MXN	19.61	19.51	20.35	20.39	17.81	20.73	22.04	17.05
EEMEA								
RUB	58.98	58.24	58.31	62.46	71.39	61.54	71.53	56.56
ZAR	13.18	13.03	13.34	13.80	15.42	13.74	16.24	12.79
TRY	3.73	3.70	3.70	3.48	2.89	3.52	3.94	2.79

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016
US Treasury yields (%)						
3-Month	0.74	0.70	0.53	0.53	0.31	0.50
2-Year	1.35	1.31	1.19	1.13	0.93	1.19
5-Year	2.10	2.01	1.89	1.89	1.45	1.93
10-Year	2.57	2.48	2.41	2.47	1.93	2.44
30-Year	3.16	3.07	3.01	3.15	2.69	3.07

Developed market 10-year bond yields (%)						
	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016
Japan	0.08	0.07	0.08	0.06	-0.02	0.04
UK	1.23	1.18	1.25	1.45	1.54	1.24
Germany	0.48	0.35	0.32	0.36	0.31	0.20
France	1.11	0.94	1.05	0.81	0.68	0.68
Italy	2.36	2.09	2.26	2.04	1.46	1.81
Spain	1.87	1.67	1.69	1.51	1.58	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	1,205	-2.4	-2.3	3.9	-5.3	4.6	1,375	1,121
Brent Oil	51.3	-8.3	-9.6	-5.6	28.0	-9.8	58	37
WTI Crude Oil	48.4	-9.3	-10.2	-6.0	27.9	-9.9	55	35
R/J CRB Futures Index	183	-3.7	-5.9	-4.9	6.3	-5.1	196	165
LME Copper	5,690	-3.8	-6.6	-2.3	16.4	2.8	6,204	4,484

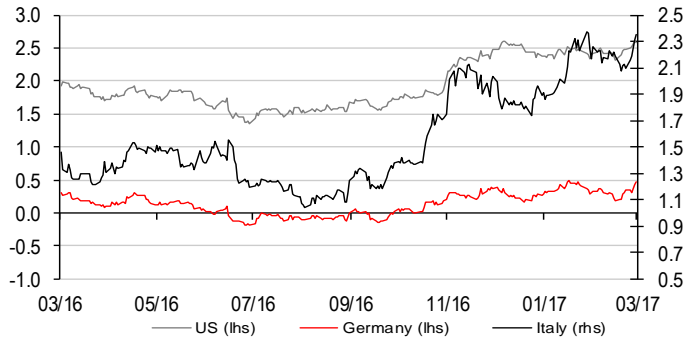
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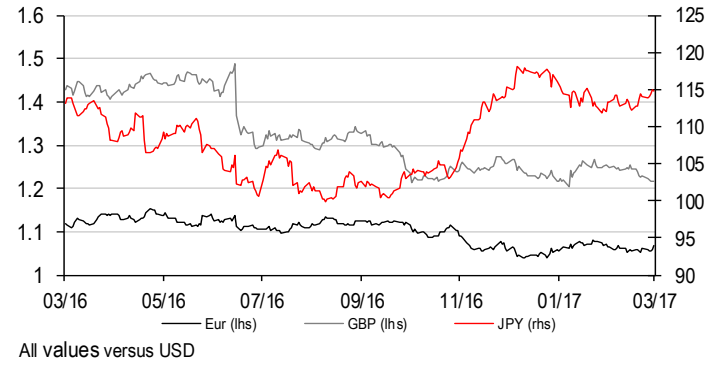
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Market Trends

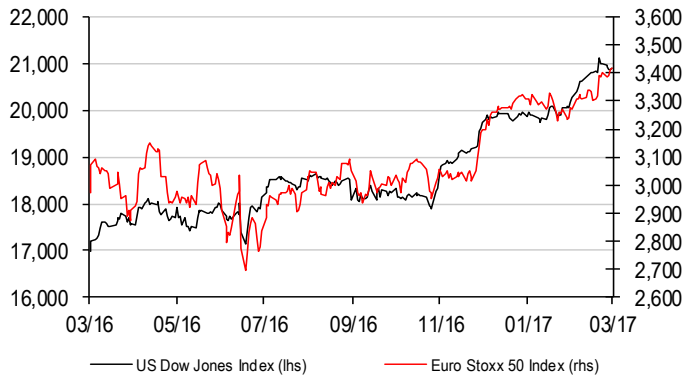
Government bond yields (%)



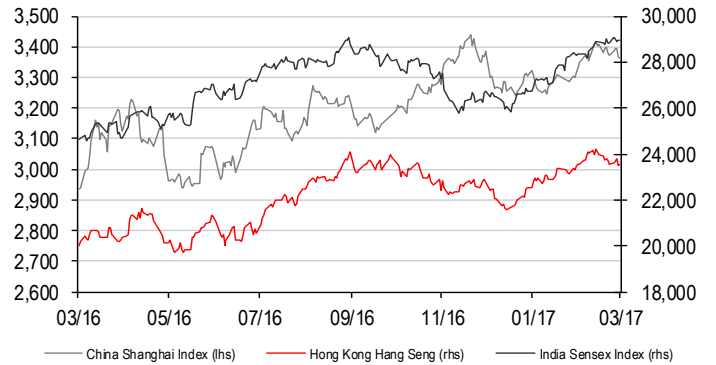
Major currencies (versus USD)



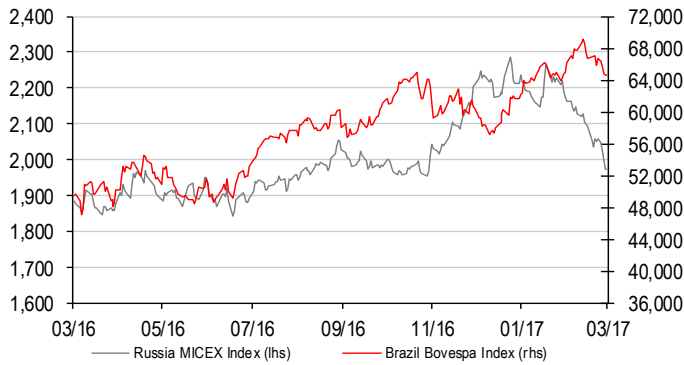
Global equities



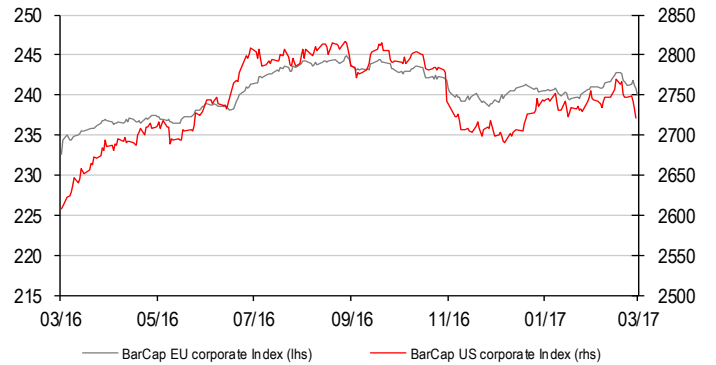
Emerging Asian equities



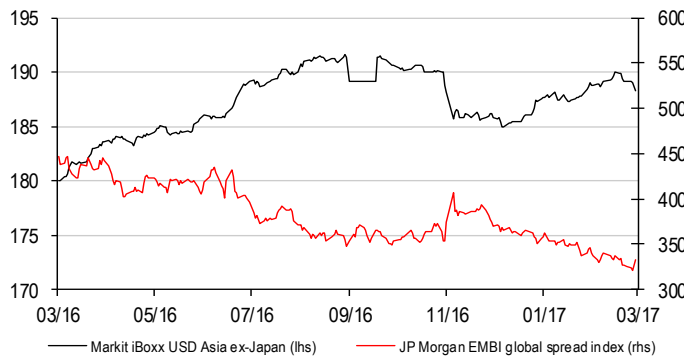
Other emerging equities



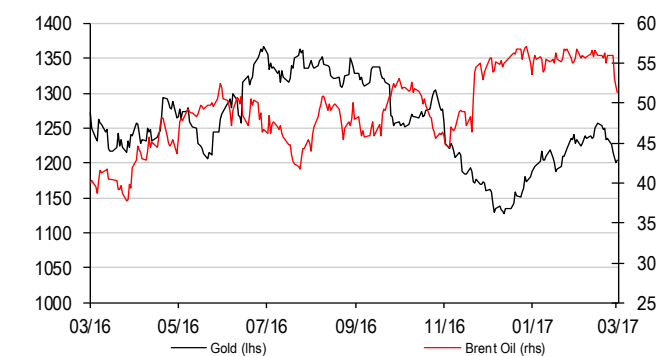
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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