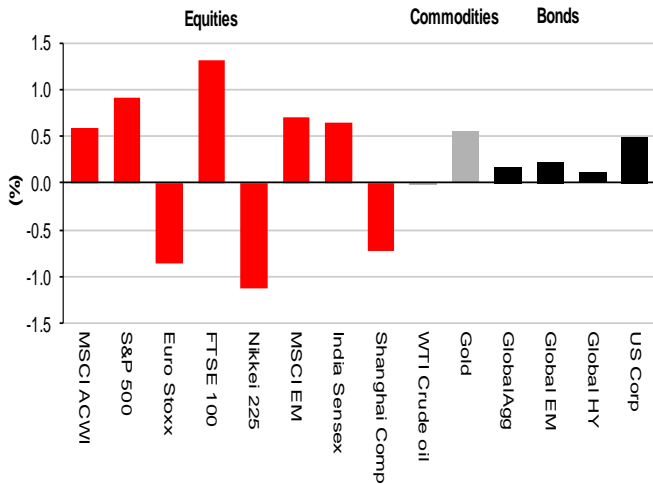


- ▶ US equities ended higher this week amid continuing deliberations over the *Tax Cuts and Jobs Act* in Congress
- ▶ At a two-day European Union (EU) summit on 14-15 December, EU leaders agreed to move Brexit talks into the second phase, covering a transition deal and future trading relationship between the UK and EU
- ▶ The US Federal Reserve (Fed) hiked interest rates by 25 bps to 1.25%-1.50% at its final meeting this year. The latest quarterly projections saw upgrades to growth forecasts, but no change to the outlook for core PCE. The median “dot plot” continues to point to three hikes in 2018
- ▶ In the coming three weeks, investor attention will turn to US housing market data, December nonfarm payrolls and the Bank of Japan’s (BoJ) monetary policy decision

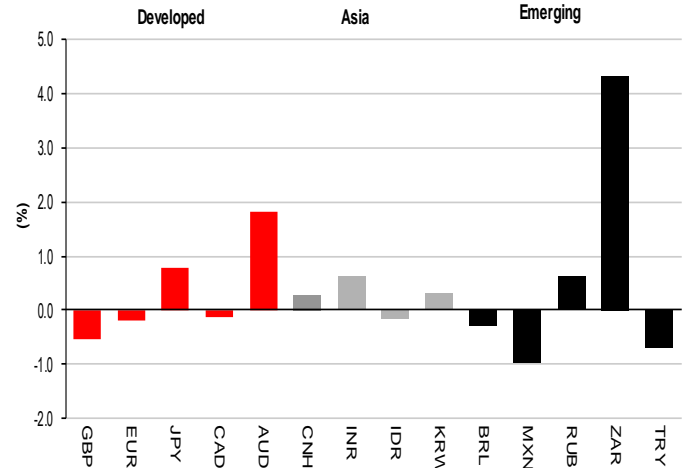
### Movers and shakers

EURO STOXX 50 fell as financial shares sold off

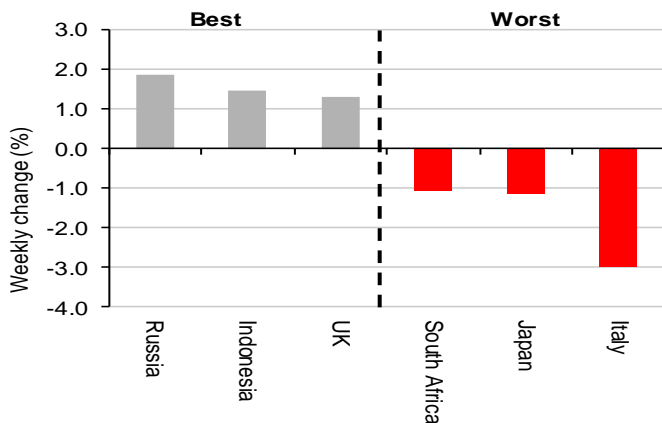


### Currencies (versus US dollar)

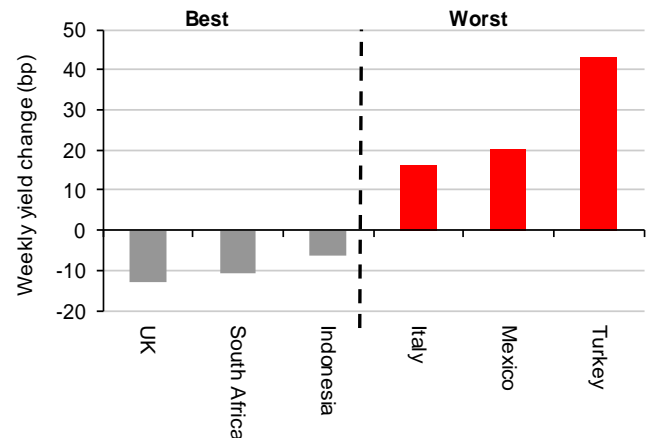
The euro was little changed as the ECB kept policy on hold



### 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.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017. All the above charts relate to 08/12/2017 – 15/12/2017.

Past performance is not an indication of future returns.

# Macro Data and Key Events

Past Week (12-15 December 2017)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Tuesday 12 December	UK	CPI (yoy)	Nov	3.0%	3.1%	3.0%
	Germany	ZEW Expectation of Economic Growth	Dec	18.0	17.4	18.7
	India	CPI (yoy)	Nov	4.3%	4.9%	3.6%
	India	Industrial Production (yoy)	Oct	2.9%	2.2%	4.1%
Wed. 13 December	UK	ILO Unemployment Rate (3 months)	Oct	4.2%	4.3%	4.3%
	US	CPI (yoy)	Nov	2.2%	2.2%	2.0%
	US	FOMC Interest Rate Decision (upper bound)	Dec	1.50%	1.50%	1.50%
Thurs. 14 December	China	Industrial Production (yoy)	Nov	6.1%	6.1%	6.2%
	China	Retail Sales (yoy)	Nov	10.3%	10.2%	10.0%
	Eurozone	Markit Composite PMI	Dec P	57.2	58.0	57.5
	UK	Bank of England Interest Rate Decision	Dec	0.50%	0.50%	0.50%
	Eurozone	ECB Interest Rate Decision	Dec	-0.40%	-0.40%	-0.40%
	US	Retail Sales Advance (mom)	Nov	0.3%	0.8%	0.5%
Friday 15 December	Japan	Tankan Large Manufacturers Index	Q4	24	25	22

P – Preliminary, Q – Quarter

- ▶ In the **US**, as widely anticipated, the Fed raised the fed funds target range by 25 bps to 1.25%-1.50% at its December **Federal Open Market Committee (FOMC) meeting**. It also left the parameters of the balance sheet normalisation program unchanged. The accompanying statement and the latest Summary of Economic Projections continued to convey an upbeat assessment of US economic activity, echoed at the post-meeting press conference. GDP growth forecasts for 2018-2020 were upgraded to 2.5%, 2.1% and 2.0% (+2.1%, +2.0% and +1.8% previously), taking into account the potential impact of tax reforms and other fiscal plans currently being considered. Meanwhile, core PCE inflation forecasts for 2017 and 2018 were left unchanged at 1.5% and 1.9%, respectively. The Fed's median projection of interest rates (or "dot plot") still signals three more rate hikes in 2018, two in 2019 and at least one final hike in 2020. In terms of data releases, headline **CPI** inflation rose by 0.2 ppts to 2.2% yoy, as expected. This was mostly due to an acceleration in energy prices; however, with the core CPI measure falling to 1.7%, it missed expectations of a hold at the previous month's 1.8% yoy. **Retail sales** rose 0.8% mom in November, beating both expectations (+0.3% mom) and the upwardly revised print for October (+0.5% mom). Excluding auto and gas, core retail sales rose 0.8% mom; the prior print was revised higher to 0.4% from 0.3%. Boding well for Q4 GDP, retail sales in the control group also increased by 0.8% mom. Finally, on **US tax reform**, President Donald Trump noted that the Senate and House negotiators have reached a tentative agreement this week and he hopes to sign the tax bill "in a very short period of time." Republican leaders are keen to finalise the bill before year-end, especially after Alabama voted Democrat Doug Jones into the US Senate (replacing Republican Roy Moore), who is expected to be seated early next year. Nevertheless, assuming further progress is made, we could see a full House and Senate vote on a final bill next Tuesday (19 December). If passed, the bill will automatically become law unless President Donald Trump vetoes it.
- ▶ At a two-day **EU summit** on 14-15 December, EU leaders agreed to move **Brexit** talks into their second phase, covering a transition deal and future trading relationship between the UK and EU. EU ministers called on the UK to provide greater detail on the type of deal it wants. The summit came shortly after Brexit legislation proposed by UK Prime Minister Theresa May's government was defeated in a House of Commons, resulting in the likelihood that any final Brexit deal will now need to be ratified by the UK parliament.
- ▶ In terms of data, the **eurozone composite flash PMI** rose more than expected, to a fresh six-and-a-half-year high of 58.0 in December, up by 0.5 points from November. The improvement was driven by gains in the services and manufacturing indices, with the latter hitting an all-time high of 60.6. Overall, this data bodes well for Q4 GDP prospects and confirms the strength of the eurozone cyclical upturn. **Germany's ZEW Expectation of Economic Growth** fell 1.3 points to 17.4, slightly weaker than an expected 18.0, but maintaining the recent stable trend. More positively, the current assessment unexpectedly rose to a fresh six-year high of 89.3 – the third-highest reading since the survey began in 1991. This reflects the continuing strength of German economic momentum. In the **UK**, **CPI inflation** accelerated more than expected in November to a fresh five-and-a-half-year high of 3.1%. The largest positive contribution came from the volatile airfares component, and the recreation and culture category also saw upward pressure. Core inflation, however, held steady at 2.7% yoy. The **UK unemployment rate** in the three months to October was unchanged at 4.3%, missing expectations of a decline to 4.2%. Over the same period, employment dipped by 56,000, the largest drop since mid-2015. More positively, total wage growth increased by 2.5% yoy, above the recent trend rate, and wages excluding bonuses rose by a better than expected 2.3%. Further sustained gains in wage growth could help justify additional policy tightening by the Bank of England. **UK retail sales** (excluding auto fuel) rose more than expected in November, by 1.2% mom. Along with some upward revisions to prior data, this pushed annual growth to 1.5% yoy. Activity was likely boosted by Black Friday discounts.
- ▶ The **European Central Bank (ECB)** kept monetary policy on hold at its final policy **meeting** of the year, confirming that the bank will reduce its monthly bond purchases to EUR30 billion in the first nine months of 2018, half the current amount. At the press conference, ECB President Mario Draghi pointed to "a significant improvement in the growth outlook." This reflected higher GDP growth estimates released as part of the latest ECB staff forecasts, including an upgrade to 2018 GDP growth to 2.3%, from 1.8% projected in September. However, domestic price pressures were still described as "muted," with headline inflation expected to remain below target throughout the bank's forecast period (2020 headline inflation expected at 1.7%). Consequently, the statement continues to argue that "an ample degree of monetary stimulus" is necessary. The **Bank of England** also kept monetary policy on

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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hold, in a unanimous 9-0 vote. Following last month's 25-bp rate hike, the bank believes "further modest increases in Bank Rate would be warranted over the next few years, in order to return inflation sustainably to the target." On a positive note, the meeting minutes suggest that recent progress in Brexit negotiations would reduce the likelihood of a disorderly exit from the EU, and likely support confidence in the economy. Furthermore, measures announced in the Autumn Budget were expected to lessen the drag on growth stemming from the government's austerity programme and likely add 0.3 ppts to GDP growth per year over the forecast period.

- ▶ The **BoJ's** quarterly Business Conditions survey (also known as **Tankan**) for Q4 saw the headline index for large manufacturers reach a 13-year high of 25, up from 22 in Q3. However, the outlook index for this sector remained unchanged at 19. Meanwhile, both the manufacturing and non-manufacturing sectors also saw a further tightening of labour market conditions as represented by the employment conditions index. More positively for the BoJ, due to upbeat activity, the output prices indices rose slightly, giving some relief to the central bank in its attempts to generate inflationary pressures.
- ▶ As expected, **China's industrial production** growth slowed slightly to 6.1% yoy in November from 6.2% yoy in the previous month. Stricter enforcement of environmental regulations weighed on certain heavy industries such as ferrous metal smelting and power and heat generation. **Fixed asset investment** growth also decelerated to 7.2% yoy YTD from 7.3% in October, mainly due to a slowdown in property investment (+7.5%, down from +7.8%). On a more positive note, infrastructure investment growth picked up slightly to 20.1%. Meanwhile, **retail sales** growth gathered pace slightly with a 10.2% yoy increase, up from 10.0% in October. Online goods sales rose an impressive 28.5% yoy and online services sales boomed (+64.1% yoy).
- ▶ As expected, the **Bank of Mexico** raised its overnight rate by 25 bps to 7.25% – the highest rate in eight years – amid recent peso depreciation and a pickup in inflation. While inflation is expected to decelerate in the coming year towards the central bank's target range of 3% yoy (±1%), the latest CPI reading (+6.63% yoy) came in just shy of the 16-year high reached in August (+6.66%).

### Coming Week (18 December 2017 – 5 January 2018)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 18 December	Japan	Trade Balance Adjusted (JPY bn)	Nov	265.0	322.9
	Eurozone	CPI (yoy)	Nov F	1.5%	1.5% P
	US	NAHB/Wells Fargo Housing Market Index	Dec	70	70
Tuesday 19 December	Germany	Ifo Business Climate Index	Dec	117.6	117.5
	US	Housing Starts (mom)	Nov	-3.1%	13.7%
Wed. 20 December	US	Existing Home Sales (mom)	Nov	0.9%	2.0%
Thursday 21 December	US	GDP annualised (qoq)	3Q T	3.3%	3.3% P
Friday 22 December	Japan	Bank of Japan Interest Rate Decision	Dec	-0.10%	-0.10%
	US	PCE Core (yoy)	Nov	1.5%	1.4%
	UK	GDP (qoq)	Q3 F	0.4%	0.4% P
	US	Durable Goods Orders (mom)	Nov P	1.8%	-0.8%
	US	New Home Sales (mom)	Nov	-5.0%	6.2%
Tuesday 26 December	Japan	National CPI ex Fresh Food and Energy (yoy)	Nov	-	0.2%
	US	S&P/Case-Shiller 20-City Composite Home Price Index (yoy)	Oct	-	6.2%
Wed. 27 December	US	Pending Home Sales (mom)	Nov	-	3.5%
Sunday 31 December	China	Official Manufacturing PMI	Dec	-	51.8
Tuesday 02 January	Mexico	CPI (yoy)	Dec	-	6.6%
Wed. 03 January	US	ISM Manufacturing Index	Dec	-	58.2
Thursday 4 January	Eurozone	Markit Composite PMI	Dec F	-	58
Friday 05 January	Eurozone	CPI Estimate (yoy)	Dec	-	1.5%
	US	ISM Non-Manufacturing Index	Dec	-	57.4
	US	Change in nonfarm payrolls (000s)	Dec	-	228

P – Preliminary, Q – Quarter, F – Final, T – Third

### US

- ▶ **Core PCE**, the Fed's preferred measure of inflation, could speed up slightly to 1.5% yoy from 1.4% yoy in October. Core inflation has strengthened from a low point of 1.3% in August, but both the core and the headline measure remain a significant distance from the Fed's 2% target. Meanwhile, **personal spending and income** are both expected to keep on growing solidly by 0.4% mom in November. Spending should be supported by a strong early holiday shopping season and a pickup in utility consumption. Auto sales softened over the month.
- ▶ The **NAHB/Wells Fargo Housing Market Index** should come in steady at 70 in December, reflecting healthy homebuilder confidence. The solid jobs market and economic growth continue to support homebuyers' demand. Current levels are close to a six-year high reached in March. **Housing starts** could fall back by 3.1% mom to 1,250,000 annualised in November, after surging by 13.7% mom in October. The jump was mainly driven by multi-family homes, but single family homes also performed well amid post-hurricane rebuilding efforts. **Existing home sales** are expected to grow for a third month by 0.9% mom in November to 5.53 million annualised, adding to the previous month's increase of 2.0%. The healthy labour market has supported demand, but low housing inventories pose a constraint to a further significant uptick in sales. **New home sales** could drop by 5.0% mom in November to 651,000 annualised, retreating from October's 10-year peak of 685,000.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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- ▶ **Durable goods orders** are likely to rise 1.8% mom in November, after falling 0.8% mom in October. Excluding the transportation component, orders should increase by a moderate 0.5% mom, slowing from 0.9% mom in October. Recent orders data has been supported by upbeat business sentiment amid high utilisation rates of existing productive capacity.

## Europe

- ▶ The final reading of **Q3 UK GDP** is expected to confirm the prior estimate of 0.4% qoq growth. The expenditure breakdown already released showed that the acceleration in Q3 activity was driven by a rebound in consumer spending. However, net trade and investment together provided no contribution to growth. More generally, the UK has underperformed other advanced economies in 2017.

## Japan

- ▶ At its December meeting, the **BoJ** is likely to keep its policy, based on the yield curve control framework, unchanged. Inflation is expected to remain range-bound between 0% and 1% until the end of next year, as imported inflation remains subdued and the gradual closing of the output gap isn't strong enough to create meaningful inflationary pressures in the near term. Moreover, BoJ Governor Haruhiko Kuroda recently reiterated his commitment to maintain Japan's ultra-loose monetary policy, downplaying recent market speculation about a possible change in monetary policy parameters to prevent a risk of financial institutions becoming unwilling to lend to the economy due to excessively low interest rates.
- ▶ **Japan's core inflation** (CPI excluding fresh food and energy) has been relatively stable since the beginning of the year, hovering at close to zero amid stagnant wages. However, with energy inflation slowing due to negative base effects, headline inflation slowed from 0.7% yoy in September to 0.2% in October. Headline inflation is expected to rebound slightly in November while core inflation (CPI excluding fresh food and energy) may remain unchanged at 0.2% yoy. Core inflation in the region of Tokyo, which leads national data by one month, showed a stagnation in November.
- ▶ **Japan's trade surplus** is expected to decrease in November, to JPY265.0 billion seasonally adjusted, from JPY322.9 billion in October. During November, a pickup in domestic consumption and a likely acceleration in investment provided a strong support to imports (consensus at +18.0% yoy; +18.9% previously). Meanwhile, exports should have picked up slightly (+14.7% yoy expected; +14.0% previously), as the PMI new export orders rose in November.

## Market Moves

### US equities ended higher as tax debate continued; Fed maintained 2018 rate hike projections

- ▶ **US equities** finished this week higher as investors continued to track the tax reform debate. Data releases were mixed, as November retail sales came in strong, but core CPI inflation for the same month underwhelmed expectations. Meanwhile, the Fed concluded its December meeting with upgrades to 2017-2020 growth forecasts, but no change to its projected interest rate trajectory, reassuring investors of its gradual approach to policy normalisation. Overall, the S&P 500 Index closed 0.9% higher.
- ▶ **European equities** were little changed in early-week trading, but stumbled on Thursday to finish the week lower. The financials-led sell-off occurred despite better than expected data releases (December preliminary PMIs) and no change to the ECB's monetary policy framework coming out of its December meeting. The pan-European EURO STOXX 50 Index finished down 0.9%. At the country level, Germany's DAX fell 0.4% and Spain's IBEX slid 1.7%. More positively, the UK's FTSE 100 Index rose 1.3%.
- ▶ In Asia, **most equity markets** rose this week on upbeat economic data and heightened risk appetite. Strong gains were observed in southeast Asian markets like Malaysia and Indonesia (by more than 1.5%). Indian shares also rose, although stronger than expected CPI inflation weighed on sentiment in the second half of the week. However, in Japan, the appreciation of the yen weighed on the earnings outlook. The Nikkei 225 Index finished the week down 1.1%. Meanwhile, China's Shanghai Stock Exchange Composite Index shed 0.7%, dragged lower by financial shares as the People's Bank of China unexpectedly decided on Thursday to raise money market rates.

### Core European bond yields were flat as ECB kept policy on hold

- ▶ **US Treasuries** fluctuated between gains and losses this week, as investors tracked the debate on tax reform and digested the core CPI print as well as the Fed's final monetary policy meeting in 2017. Ten-year yields fell sharply after the core CPI for November came in weaker than expected, but gradually rose to close the week little changed at 2 bps down to 2.35%. At the shorter end, two-year yields rose 4 bps to 1.84%.
- ▶ **French and German 10-year bonds** were also little changed over the week, with 10-year German bund yields closing just 1 bp lower to 0.30%. However, UK gilt yields dropped 13 bps (prices rose) as investor expectations of a further rate hike in 2018 eased after the Bank of England meeting, which lacked any significantly hawkish rhetoric. Meanwhile, in the periphery, 10-year Italian bond yields climbed 16 bps to 1.81% (prices fell) amid speculation that the next election could take place sooner than expected.

### Euro little changed amid US tax reform debate and ECB on hold

- ▶ The **euro** ended the week little changed as the ECB kept its policy on hold, providing little in the way of fresh policy guidance. Meanwhile, the US dollar came under pressure amid underwhelming US inflation data and the perceived dovish outcome of the Fed's December meeting, although this was offset by signs of progress with tax reform. Meanwhile, **sterling** fluctuated between gains and losses before finishing down 0.5% amid continuing Brexit-related uncertainty, despite progress in negotiations.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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- ▶ **Asian currencies** appreciated against the US dollar over the week, mostly by less than 0.4%. The yen outperformed (+0.8%), reflecting the narrowing yield differential between the US and Japan over the week, and on the back of stronger than expected Tankan survey data for Q4. The Indonesian rupiah bucked the regional trend, depreciating slightly (-0.1%) as Bank Indonesia decided to keep its policy rates unchanged.

### **Crude oil prices finished flat and gold prices reversed three consecutive weeks of losses**

- ▶ **Crude oil prices** were little changed this week. Early week gains were predominantly driven by news that a key North Sea pipeline (Forties pipeline system) had been shut down after a crack was discovered. However, gains were pared back after the International Energy Agency said that the global oil market remains well supplied, and the U.S. Energy Information Administration weekly report showed a much stronger than expected increase in gasoline inventories last week. Overall, WTI crude oil ended the week flat at USD57.4 a barrel while Brent crude fell 0.3% to USD63.2 a barrel.
- ▶ **Gold prices** gained this week (+0.6% to USD1,255 per troy ounce), reversing three consecutive weeks of losses. Most gains occurred following the Fed meeting, as the FOMC maintained its projection of three further interest rate increases in 2018. This alleviated concerns that recent progress in US tax reform could see the committee pencil in a more aggressive pace of tightening, raising the opportunity cost of holding the non-yield-generating asset.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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## 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)
<b>Equity Indices</b>									
<b>World</b>									
MSCI AC World Index (USD)	507	0.6	2.9	4.5	20.1	20.2	509	421	17.6
<b>North America</b>									
US Dow Jones Industrial Average	24,652	1.3	5.9	10.7	24.2	24.7	24,689	19,678	19.6
US S&P 500 Index	2,676	0.9	4.3	7.0	18.3	19.5	2,680	2,234	20.0
US NASDAQ Composite Index	6,937	1.4	3.4	7.6	27.1	28.9	6,946	5,372	24.5
Canada S&P/TSX Composite Index	16,042	-0.3	1.0	5.7	5.4	4.9	16,188	14,916	17.0
<b>Europe</b>									
MSCI AC Europe (USD)	477	0.0	1.4	0.4	21.5	19.2	484	390	15.6
Euro STOXX 50 Index	3,561	-0.9	0.4	1.3	9.6	8.2	3,709	3,213	15.4
UK FTSE 100 Index	7,491	1.3	1.6	3.8	7.0	4.9	7,599	6,926	15.2
Germany DAX Index*	13,104	-0.4	1.0	4.7	15.3	14.1	13,526	11,267	14.8
France CAC-40 Index	5,349	-0.9	0.9	2.6	11.0	10.0	5,536	4,734	15.7
Spain IBEX 35 Index	10,150	-1.7	1.4	-1.6	8.7	8.5	11,184	9,220	14.3
<b>Asia Pacific</b>									
MSCI AC Asia Pacific ex Japan (USD)	554	0.8	0.4	2.9	29.0	29.8	570	419	14.8
Japan Nikkei-225 Stock Average	22,553	-1.1	2.4	13.3	17.0	18.0	23,382	18,225	19.0
Australian Stock Exchange 200	5,997	0.0	1.1	5.3	8.3	5.8	6,052	5,510	16.4
Hong Kong Hang Seng Index	28,848	0.7	0.0	3.7	30.8	31.1	30,200	21,489	12.9
Shanghai Stock Exchange Composite Index	3,266	-0.7	-4.0	-2.6	4.8	5.2	3,450	3,017	14.4
Hang Seng China Enterprises Index	11,366	0.7	-0.4	2.7	19.9	21.0	12,101	9,117	8.5
Taiwan TAIEX Index	10,491	0.9	-1.3	-0.8	12.1	13.4	10,883	9,079	14.9
Korea KOSPI Index	2,482	0.7	-1.4	4.0	21.9	22.5	2,562	2,016	10.7
India SENSEX 30 Index	33,463	0.6	2.1	3.7	26.2	25.7	33,866	25,754	21.9
Indonesia Jakarta Stock Price Index	6,119	1.5	2.5	4.2	16.5	15.5	6,119	5,023	17.8
Malaysia Kuala Lumpur Composite Index	1,753	1.8	1.7	-1.9	7.1	6.8	1,797	1,617	16.2
Philippines Stock Exchange PSE Index	8,337	0.4	0.8	1.9	21.6	21.9	8,605	6,499	20.3
Singapore FTSE Straits Times Index	3,417	-0.2	1.4	6.5	16.6	18.6	3,469	2,858	15.6
Thailand SET Index	1,718	0.7	1.6	3.4	13.0	11.3	1,730	1,502	17.2
<b>Latam</b>									
Argentina Merval Index	27,022	0.7	2.7	13.9	61.4	59.7	28,545	15,933	17.1
Brazil Bovespa Index*	72,608	-0.2	2.5	-4.2	24.3	20.6	78,024	56,829	13.9
Chile IPSA Index	5,235	7.1	-0.7	0.6	23.9	26.1	5,614	4,029	20.0
Colombia COLCAP Index	1,465	1.1	2.4	-1.9	9.3	8.4	1,509	1,316	16.9
Mexico Index	48,082	1.1	0.8	-3.7	4.8	5.3	51,772	44,568	17.4
<b>EEMEA</b>									
Russia MICEX Index	2,144	1.9	0.6	4.4	-4.2	-4.0	2,294	1,775	7.2
South Africa JSE Index	57,413	-1.0	-3.0	3.2	15.5	13.3	61,299	49,340	15.8
Turkey ISE 100 Index*	109,330	1.3	1.5	1.5	40.7	39.9	115,093	75,657	8.8

\*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 (%)
<b>Equity Indices - Total Return</b>							
Global equities	0.3	2.7	4.6	22.1	22.0	32.9	66.2
US equities	0.0	3.5	6.3	20.1	19.0	38.9	101.2
Europe equities	0.2	1.8	1.0	22.8	25.2	23.1	37.8
Asia Pacific ex Japan equities	1.2	0.8	3.6	33.6	33.0	32.4	37.7
Japan equities	0.1	2.8	8.4	22.3	22.2	38.2	74.1
Latam equities	0.2	1.2	-9.1	18.0	22.8	14.9	-17.5
Emerging Markets equities	0.9	1.0	1.9	32.6	33.5	30.1	21.0

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 15 December 2017.

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## Market Data (continued)

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
<b>Bond indices - Total Return</b>						
BarCap GlobalAgg (Hedged in USD)	516	0.2	0.5	0.9	4.2	3.3
JPM EMBI Global	806	0.2	1.1	-0.1	10.5	9.1
BarCap US Corporate Index (USD)	2,902	0.5	1.0	1.2	7.8	6.4
BarCap Euro Corporate Index (Eur)	248	-0.1	0.4	1.3	3.7	3.0
BarCap Global High Yield (Hedged in USD)	468	0.1	1.1	0.7	9.0	8.2
Markit iBoxx Asia ex-Japan Bond Index (USD)	196	0.1	0.2	0.3	6.0	5.3
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	251	0.0	0.5	0.7	7.2	7.0

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

	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 (%)
<b>Currencies (vs USD)</b>									
<b>Developed markets</b>									
EUR/USD	1.17	1.18	1.18	1.19	1.04	1.05	1.21	1.03	-0.2
GBP/USD	1.33	1.34	1.32	1.36	1.24	1.23	1.37	1.20	-0.5
CHF/USD	1.01	1.01	1.01	1.04	0.97	0.98	1.06	0.97	0.2
CAD	1.29	1.28	1.28	1.22	1.33	1.34	1.38	1.21	-0.1
JPY	112.60	113.48	112.88	110.83	118.18	116.96	118.60	107.32	0.8
AUD	1.31	1.33	1.32	1.25	1.36	1.39	1.40	1.23	1.8
NZD	1.43	1.46	1.45	1.37	1.42	1.44	1.47	1.32	2.2
<b>Asia</b>									
HKD	7.81	7.81	7.81	7.82	7.76	7.76	7.83	7.75	-0.1
CNY	6.61	6.62	6.62	6.55	6.95	6.95	6.96	6.44	0.2
INR	64.05	64.46	65.21	64.08	67.84	67.92	68.39	63.57	0.6
MYR	4.08	4.09	4.17	4.19	4.47	4.49	4.50	4.05	0.2
KRW	1,089	1,093	1,112	1,132	1,178	1,206	1,212	1,076	0.3
TWD	29.99	30.01	30.15	30.05	31.91	32.33	32.45	29.88	0.0
<b>Latam</b>									
BRL	3.30	3.29	3.32	3.11	3.37	3.26	3.41	3.04	-0.3
COP	2,998	3,011	3,029	2,897	3,002	3,002	3,103	2,831	0.4
MXN	19.12	18.93	19.25	17.66	20.33	20.73	22.04	17.45	-1.0
<b>EEMEA</b>									
RUB	58.76	59.13	60.22	57.53	61.79	61.54	62.51	55.70	0.6
ZAR	13.10	13.67	14.38	13.16	13.97	13.74	14.57	12.31	4.2
TRY	3.86	3.84	3.88	3.44	3.51	3.52	3.98	3.39	-0.7

	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016	1-week Basis Point Change
<b>Bonds</b>							
<b>US Treasury yields (%)</b>							
3-Month	1.31	1.27	1.24	1.03	0.50	0.50	4
2-Year	1.84	1.79	1.68	1.38	1.27	1.19	4
5-Year	2.15	2.14	2.03	1.81	2.09	1.93	1
10-Year	2.35	2.38	2.32	2.20	2.60	2.44	-2
30-Year	2.69	2.77	2.76	2.77	3.16	3.07	-8
<b>10-year bond yields (%)</b>							
Japan	0.04	0.05	0.04	0.02	0.09	0.04	-1
UK	1.15	1.28	1.29	1.31	1.49	1.24	-13
Germany	0.30	0.31	0.38	0.43	0.36	0.20	-1
France	0.63	0.63	0.73	0.71	0.77	0.68	0
Italy	1.81	1.65	1.83	2.07	1.82	1.81	16
Spain	1.45	1.40	1.54	1.60	1.42	1.38	6
China	3.89	3.95	3.98	3.61	3.38	3.06	-5
Australia	2.52	2.53	2.59	2.74	2.87	2.77	-1
Canada	1.84	1.86	1.91	2.09	1.84	1.72	-2

\*Numbers may not add up due to rounding

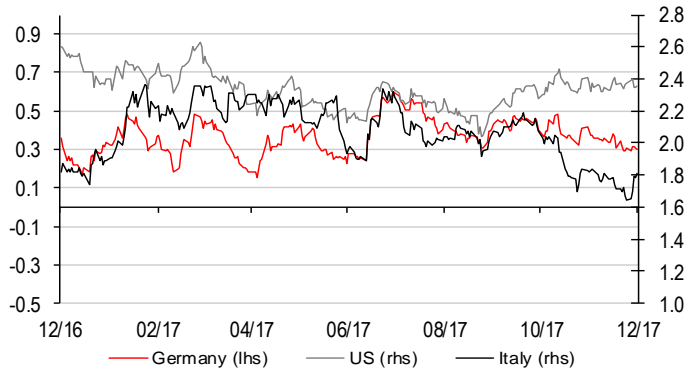
	Latest	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
<b>Commodities</b>								
Gold	1,255	0.6	-1.8	-4.9	11.2	9.0	1,358	1,121
Brent Oil	63.2	-0.3	2.2	13.7	17.0	11.3	66	44
WTI Crude Oil	57.4	0.0	3.7	15.0	12.7	6.8	59	42
R/J CRB Futures Index	185	-0.3	-2.2	0.3	-3.1	-4.1	196	166
LME Copper	6,793	3.4	0.3	4.4	18.5	22.7	7,177	5,420

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

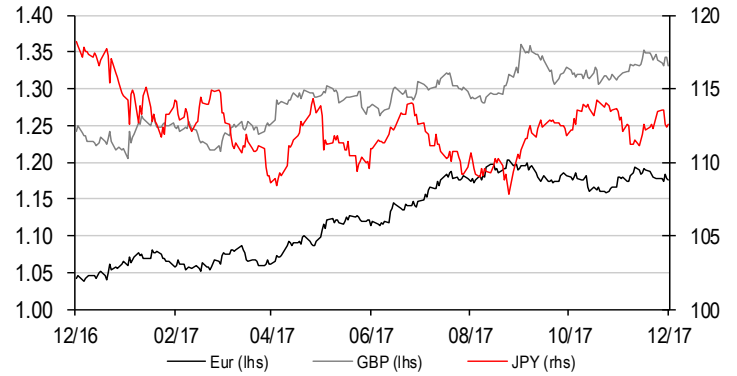
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# Market Trends

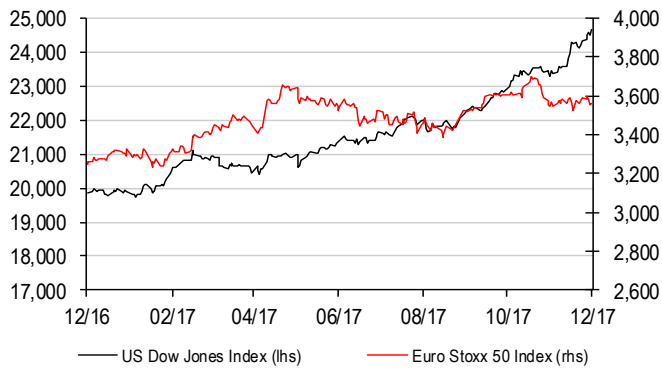
## Government bond yields (%)



## Major currencies (versus USD)



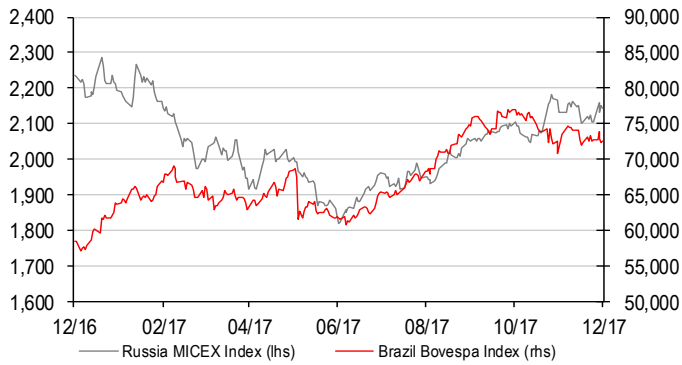
## Global equities



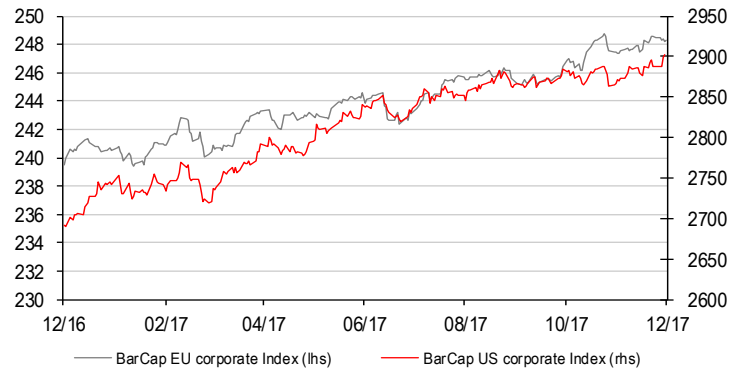
## Emerging Asian equities



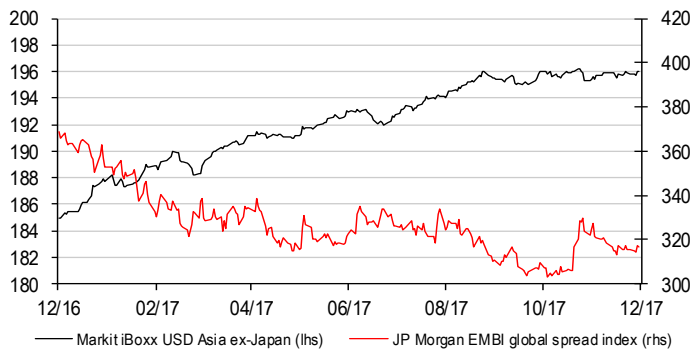
## Other emerging equities



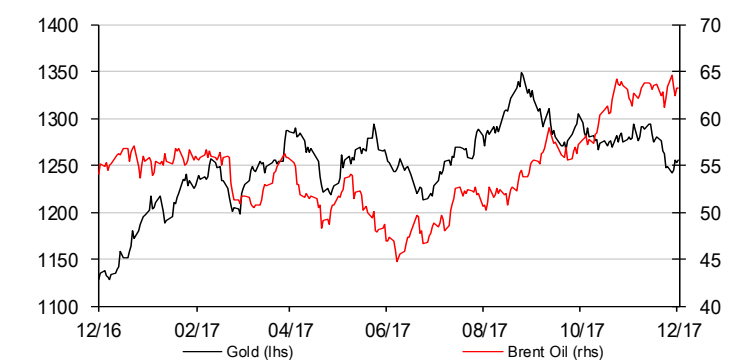
## Global credit indices



## Emerging markets spreads (USD indices)



## Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 15 December 2017.

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