IW

Investment Weekly

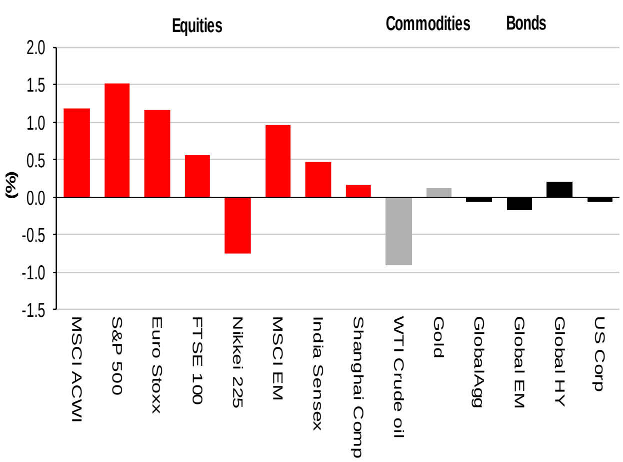
17 February 2017

For Professional Client and Institutional Investor Use Only

- Global equities edged higher this week, supported by a raft of upbeat global macro data, and continuing expectations of business-friendly tax adjustments in the US
- US Federal Reserve (Fed) Chair Janet Yellen adopted a slightly more hawkish tone at her testimony to the Senate Banking Committee, warning that *"waiting too long to remove accommodation would be unwise"*
- US headline retail sales rose 0.4% mom in January, beating expectations of 0.1%, and are more in step with the post-election rise in consumer sentiment amid further strengthening of the labour market
- In the coming week, the February Federal Open Market Committee (FOMC) meeting minutes will be scrutinised for any fresh clues around future US monetary policy

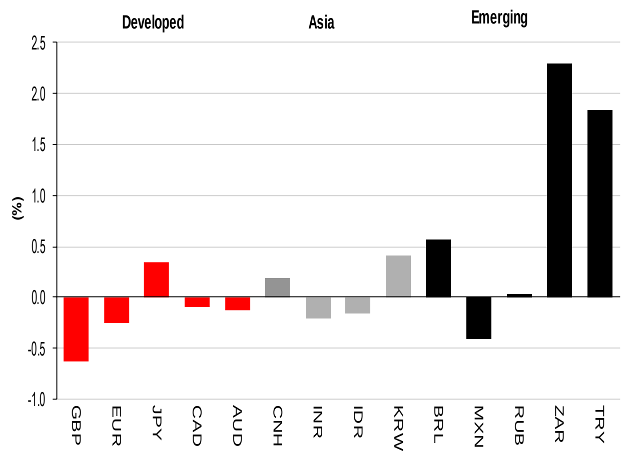
Movers and shakers

Global equities edged up amid strong global economic data

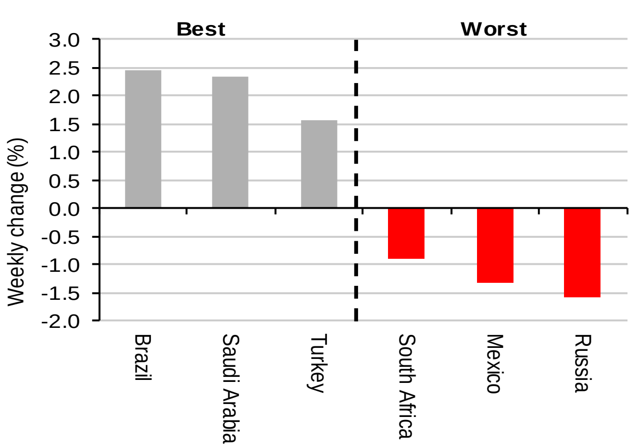


Currencies (versus US dollar)

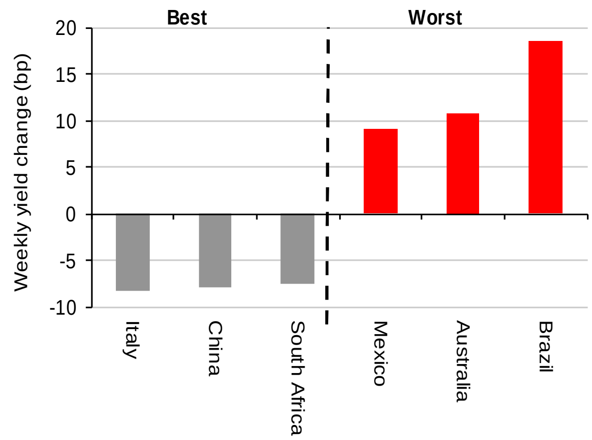
The Turkish lira and South African rand gained



Equities



Bonds (10-year)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 17 February 2017.
All the above charts relate to 10/02/2017 – 17/02/2017
Past performance is not an indication of future returns

HSBC Global Asset Management

Macro Data and Key Events

Past Week (13 – 17 February 2017)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 13 February	Japan	GDP Annualised Seasonally Adjusted (qoq)	Q4 P	1.1%	1.0%	1.4%
	India	CPI (yoy)	Jan	3.2%	3.2%	3.4%
Tuesday 14 February	China	CPI (yoy)	Jan	2.4%	2.5%	2.1%
	Japan	Industrial Production (yoy)	Dec F	3.0%	3.2%	4.6% P
	UK	CPI (yoy)	Jan	1.9%	1.8%	1.6%
	Germany	ZEW Expectation of Economic Growth	Feb	15.0	10.4	16.6
	Eurozone	GDP (qoq Seasonally Adjusted)	Q4 P	0.5%	0.4%	0.4%
	Eurozone	Industrial Production (Seasonally Adjusted, mom)	Dec	-1.5%	-1.6%	1.5%
	US	Fed Chair Yellen testifies on monetary policy to the Senate Banking Panel				
Wednesday 15 February	Sweden	Riksbank Interest Rate Decision	Feb	-0.50%	-0.50%	-0.50%
	UK	ILO Unemployment Rate (3 months)	Dec	4.8%	4.8%	4.8%
	US	CPI (yoy)	Jan	2.4%	2.5%	2.1%
	US	Retail Sales Advance (mom)	Jan	0.1%	0.4%	1.0%
	US	Industrial Production (mom)	Jan	0.0%	-0.3%	0.6%
	US	NAHB Housing Market Index	Feb	67.0	65.0	67.0
	US	Fed Chair Yellen testifies on monetary policy to House Panel				
Thursday 16 February	US	Housing Starts (mom)	Jan	0.0%	-2.6%	11.3%
	Eurozone	ECB account of the monetary policy meeting				
Friday 17 February	UK	Retail Sales ex Auto Fuel (yoy)	Jan	3.9%	2.6%	4.7%

P – Preliminary, Q – Quarter, F – Final

- In the US, **Fed Chair Janet Yellen** adopted a slightly more hawkish tone at her testimony to the Senate Banking Committee on Tuesday. She reiterated that current US economic conditions meant that gradual increases in the fed funds rate were appropriate and warned that *"waiting too long to remove accommodation would be unwise"*. She also highlighted the considerable uncertainty surrounding the outlook for US fiscal policy under a Trump administration and reflected on improving US growth momentum, a robust labour market and rising inflation. On the data front, January's **US headline CPI inflation** accelerated to 0.6% mom (2.5% yoy, its highest since March 2012), doubling expectations and the pace registered in the prior month. The details showed benign food inflation (+0.1% mom) and soaring energy prices (+4.0% mom) while core inflation at 0.3% mom (2.3% yoy), supported by stronger increases in goods prices (+0.4% mom). If the acceleration transmits through to the Fed's preferred measure of inflation, the core PCE Price Index (due 1 March) the Federal Funds Futures market could raise its expectations of a near-term Fed rate hike. **Retail sales** were also encouraging in January, with most readings higher than expected and December also firmer. In particular, headline sales rose 0.4% mom (expectations 0.1%, December was revised to 1.0% from 0.6% initially) while core sales, which exclude auto and gas, registered 0.7% mom (consensus 0.3%, 0.1% previously). Overall, the latest data is more in step with the post-election rise in consumer sentiment and reflects a healthy start to the year for the US consumer sector, amid further strengthening of the labour market. Meanwhile, January's **housing starts** saw a surprise 2.6% mom decline against an expected flat print. However, actual construction levels of 1,246,000 annualised were stronger than forecast (1,226,000) following a substantial upward December revision to 1,279,000. Construction of single-family homes rose 1.9% mom to 823,000, while multi-family homes continued their recent volatile run, falling 10.2% mom to 324,000. Some reports indicate that a mild winter might be a contributing factor. Finally, the **NAHB/Wells Fargo Housing Market Index** slipped to 65 in February against expectations for it to hold at 67. The underlying details showed present and future conditions remain very strong, dipping by only one and three points, to 71 and 73 respectively, while prospective buyers' traffic shed five points to 46. Despite this small leg down, US homebuilders' confidence remains at elevated levels.
- Over to the eurozone, **industrial production** (IP) fell 1.6% mom in December, slightly more than the expected 1.5% decline, and follows German IP data released last week showing a surprise 3.0% dip during the month. This weakness contrasts with robust sentiment indicators in the sector, supportive demand conditions and a surge in German factory orders in December, suggesting a possible rebound in the months ahead. Country-level data showed the **German ZEW survey** of the current situation edging slightly lower in February (-0.9 points) to 76.4, although it remains elevated (at levels last seen in mid-2011), reflecting generally upbeat recent German activity data. However, the expectations component fell more than expected (-6.2 points to 10.4), dragged lower by elevated political risks (predominantly around Brexit and upcoming elections), with ZEW also citing a deterioration of some "hard data" indicators such as industrial production, exports and retail sales. Despite this deterioration, the component remains slightly above its six and 12-month moving average.
- In the UK, January's **CPI inflation** accelerated by 0.2ppts to 1.8% yoy, the highest rate since June 2014, although slightly lower than expectations of 1.9%. As expected, oil price effects played a significant role in the acceleration, with the transport sector contributing +0.3ppts to the change in the yoy rate. Meanwhile, food and non-alcoholic beverage prices added 0.1ppts, amid easing deflation in the sector as retailers begin to pass on higher import costs to consumers. However, clothing and footwear saw a drag on the headline

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 17 February 2017.
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rate (-0.1ppts) as the proportion of items on sale increased versus a year ago. Meanwhile, **Producer Price Index (PPI)** inflation surged, rising 3.5ppts to 20.5% yoy (its highest since September 2008), pointing to further upward pressure on headline inflation in the coming months. As expected, the **ILO unemployment rate** for the three months to December held at 4.8%. Encouragingly, jobless claims fell sharply in January (-42,400), pushing the claimant count rate down to 2.1%, its lowest rate since February 2016. Less positively, however, wage growth in the three months to December unexpectedly edged lower, with total pay growth falling 0.2ppts to 2.6%. This should provide significant ammunition for the doves on the Bank of England's Monetary Policy Committee (MPC) to argue that policy should remain on hold, despite headline inflation gradually creeping higher. **Retail sales (excluding auto fuel)** for January edged lower (-0.2% mom) against expectations of a 0.7% gain. This follows December's unexpectedly large (and downwardly revised) 2.2% decline, leaving the annual rate at 2.6% yoy, the lowest rate of expansion since December 2015. This downward surprise likely reflects the adverse impact of rising headline inflation on real spending power amid stagnant wage growth.

- **Japan's Q4 GDP** growth was in line with market expectations, at 1.0% qoq annualised. The Q3 print was also revised slightly up from 1.3% to 1.4%. This represents the fourth consecutive quarter of above-potential growth (generally estimated between 0.5% and 0.75%), reinforcing the Bank of Japan's (BoJ) expectation of gradually receding deflationary forces. However, the detailed national accounts still show growth is mostly driven by exports, to a lesser degree, by private non-residential investment and public consumption. Private consumption, which represents 57% of GDP, remained flat, at the same level as in Q1 2013, just before the BoJ launched its quantitative easing programme. The main hurdle in this respect remains a lack of traction in real wage growth, despite growing labour market tightness.

- **India's headline CPI inflation** eased for a sixth straight month, to 3.2% yoy in January from 3.4% in December, roughly in line with consensus expectations. The deceleration continued to be driven by lower food prices (especially vegetables, pulses and eggs), which slowed to 0.5% from 1.4%. Meanwhile, transport and communication prices accelerated further, to 5.4% from 4.0% in December, due to a rise in diesel and petrol prices. Non-food CPI (excluding transport and communication), fuel and light remained sticky at 5.1%. Demand weakness due to the government's demonetisation programme also likely kept inflation subdued.

- **China's CPI inflation** rose to 2.5% yoy in January (versus consensus expectations of 2.4%) from 2.1% in December, largely reflecting Lunar New Year holiday effects. Core inflation edged up to 2.2% from 1.9%. Meanwhile, **PPI inflation** accelerated to 6.9%, the highest reading since August 2011, from 5.5% in December and against consensus expectations of 6.5%. PPI continued to be driven by the price rebound in upstream industries such as mining and raw materials, while PPI for consumer goods remained stable at 0.8%, indicating that PPI reflation has been driven by rising supply-side costs rather than strengthening demand. In the near term, PPI inflation is likely to stay elevated, given broadly stable domestic demand and the government's efforts to reduce overcapacity in certain sectors.

Coming Week (20 – 24 February 2017)

Date	Country	Indicator	Data as of	Survey	Actual
Monday 20 February	Japan	Trade Balance Adjusted (JPY bn)	Jan	275.5	356.7
Tuesday 21 February	Eurozone	Markit Composite PMI	Feb P	54.4	54.4
Wednesday 22 February	Brazil	COPOM Interest Rate Decision	Feb	12.25%	13.00%
	Germany	IFO Business Climate	Feb	109.7	109.8
	UK	GDP (qoq)	Q4 P	0.6%	0.6%
	Eurozone	CPI (yoy)	Jan F	1.8%	1.1% P
	Mexico	GDP Seasonally Adjusted (qoq)	Q4 F		0.6% P
	US	Existing Home Sales (mom)	Jan	1.1%	-2.8%
	US	FOMC minutes of the February policy meeting			
Thursday 23 February	Germany	GDP (qoq, Seasonally Adjusted)	Q4 F	0.4%	0.4% P
Friday 24 February	US	New Home Sales (mom)	Jan	7.3%	-10.4%
	US	Uni. of Michigan Consumer Sentiment	Feb F	96.0	95.7 P

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US

- The highlight of **US** releases in the coming week will be the 1 February FOMC meeting minutes. While there has been a large amount of Fedspeak since the meeting, any colour around the Committee doves' degree of reluctance to move will be keenly noted. Also of great interest will be any discussion surrounding the likely timing of the end of the Fed's balance sheet reinvestment policy (which may include a discussion around the necessary level of the federal funds target rate before this happens).

- January's **existing home sales** are expected to rise by 1.1% mom (5,550,000 annualised against 5,490,000 previously). This release has been quite volatile over the last couple of years, but the general trend remains one of improvement. January's **new home sales** are expected to rise by 7.3%, having fallen 10.4% in the prior month (575,000 annualised against 536,000 prior). This series has been trending higher, albeit with high volatility since early 2011, but presently sits around half of the pre-crisis peak. Both series continue to see positive underlying momentum as a robust labour market and still historically low mortgage rates remain supportive of housing market activity.

- February's final release of the **University of Michigan Consumer Index of Sentiment** is expected to tick slightly higher to 96.0 from

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95.7 prior. This remains close to January's 13-year high. While consumer spending started 2017 on a firmer foot, continued acceleration in retail sales data would provide greater reassurance. The preliminary February release saw long-term consumer inflation expectations (over the next five to 10 years) rebound from their all-time low of 2.3% yoy in December to 2.8% yoy, its highest level since April 2016. A further increase may be a cause of concern for the Fed.

Europe

- February's **preliminary eurozone PMIs** are forecast to remain broadly stable, with the composite indicator holding firm at 54.4 for the third straight month. Continued employment growth and low financing costs continues to support activity in the region, a weaker euro and strong global demand are proving tailwinds to manufacturing. Any downside surprises in this release are likely to reflect the adverse impact of rising headline inflation, recent disappointing hard data in Germany (December industrial production, exports and retail sales) and rising political risks in the shape of ongoing Brexit developments and upcoming general elections.

- Similarly, **Germany's Ifo Business Climate Index** is anticipated to stabilise, having risen sharply in Q4 2016, dipping by just 0.1 points to 109.7. The deterioration is expected to be led by both the current assessment and expectations components, although the latter could surprise to the downside following the larger than expected decline in the February ZEW expectations print. Meanwhile, the current assessment index could be hit by recent weakness in activity data.

- Consensus expectations are for the **UK Q4 GDP** second release to confirm growth at +0.6% qoq. However, a positive surprise is possible given strong December industrial production and construction data prints since the initial estimate. This release also delivers a breakdown by expenditure, and is likely to reiterate that the UK economy remains reliant on private consumption to drive growth.

Emerging markets

- Preliminary data showed **Mexican GDP growth** decelerated to 0.6% qoq seasonally adjusted in Q4 2016, from 1.0% qoq in the prior quarter, in line with expectations. Activity in all three main sectors slowed, but most worryingly, the industrial sector registered barely any growth, weighed by falling oil production. Further weakness in the final release would be a cause for concern.

- In **Brazil**, a prolonged recession, anchored inflation expectations and easing inflation (which fell to 5.35% yoy in January from 6.29% in the prior month on the IBGE IPCA measure) is anticipated to see the Monetary Policy Committee of the Central Bank of Brazil (**COPOM**) cut its benchmark **Selic interest rate** to 12.25% from 13.00%. This would be the fourth cut since October 2016, following over one year on hold at 14.25%.

Market Moves

The S&P 500 Index touched fresh record highs on Trump tax hopes; French political uncertainty pared gains in European bourses

- **US equities** extended their recent bull run, with the S&P 500 Index reaching a fresh record high on Wednesday before edging lower to close the week up (+1.5%). Underpinning investor optimism were prospects of business-friendly tax adjustments as well as solid macro data (stronger than expected CPI and retail sales for January). Furthermore, Fed Chair Janet Yellen' slightly more hawkish-than-expected testimony to Congress also signalled her confidence in the US economy. At sector the level, financial shares performed well while lower oil prices dragged energy producers lower.

- Similarly, heightened risk appetite at the global level pushed **European equities** up this week. However, bourses pared gains from Thursday onwards amid rising uncertainty over the outcome of the French elections. Overall, the regional EURO STOXX 50 Index snapped a two week losing streak (+1.2%). Consumer staples outperformed on merger and acquisition deal news. Elsewhere, UK's foreign-earning heavy FTSE100 Index closed up for a third week (+0.6%), receiving additional support from a weaker sterling.

- Most **Asian equities** rose this week as upbeat macro data supported market sentiment, especially after China's total financing in January reached a fresh all-time high. Japanese stocks underperformed other bourses in the region with the Nikkei 225 Index closely tracking the fluctuations of the yen and closing down 0.7%. At the opposite end of the performance spectrum, Hong Kong shares rose strongly, with the financial-heavy Hong Kong Hang Seng Index closing up 1.9%, boosted by the prospect of higher interest rates in the US. Onshore Chinese equities ended little changed.

Treasuries ended slightly lower, weighed on by Yellen testimony and upbeat inflation data; most peripheral European bonds gained on ECB minutes hinting at capital key flexibility

- **US Treasuries** fell slightly (yields rose) with much of the weakness following Fed Chair Janet Yellen's more hawkish tone during her testimony to the Senate. Here she reflected on improving US growth momentum, a robust labour market and rising inflation while warning that *"waiting too long to remove accommodation would be unwise"*. This was compounded by stronger than expected CPI inflation data further fuelling rate hike expectations, thereby weakening demand for fixed income assets. However, losses were pared later in the week amid dampened risk appetite. Overall 10-year treasury yields closed 1bp higher at 2.41% and policy sensitive two-year yields ended flat at 1.19%.

- Meanwhile, most **European government bonds** gained (yields fell) with riskier peripheral debt largely outperforming in the region supported by the release of the European Central Bank's account of its monetary policy meeting in January. The minutes "*underlined that limited and temporary deviations*" from capital key purchases "*were possible and inevitable*". Italian 10-year bonds led gains as

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yields closed 8bps lower to 2.18%; equivalent maturity Greek debt was the notable underperformer amid continuing investor concerns regarding the country's bailout programme. In the core, benchmark German 10-year bund yields edged 2bp lower at 0.30%.

Sterling declined on downbeat macro data; most other currencies little were changed against the greenback

- The **British pound** retreated against the US dollar this week (-0.6%) as weaker-than-expected macro data (January's CPI inflation, December's wage growth) raised worries over the health of the UK economy, only weeks ahead of the expected triggering of 'Brexit' by the UK government. Meanwhile, the euro managed a rally during the latter half of the week to end little changed against the greenback (-0.3%). The move came amid dovish ECB minutes and rising uncertainty over the outcome of the French election.
- **Most Asian** currencies were little changed against the US dollar over the week, as investors weighed the impact of potential US tax reforms and the relatively hawkish stance of Fed Chair Janet Yellen at her testimony before Congress. The Taiwanese dollar was the notable outperformer, appreciating 0.9% on foreign investor demand for Taiwanese shares and as GDP growth for Q4 reached its highest level in almost two years.

Oil prices hit by rising US rig count

- **WTI oil prices** edged lower this week, with the bulk of the decline occurring on Monday, reacting to data showing the US oil rig count continued to increase last week, reaching its highest level since October 2015, offsetting OPEC and associated countries' efforts to curb oil production. Interestingly, a much larger-than-expected increase in US stockpiles last week (+9.5 million barrels, consensus at +3.5 million barrels) had little effect on prices by market close on Wednesday. Overall, WTI crude dipped (-0.9% to USD53.4 per barrel), with Brent underperforming last week (-1.7% to USD55.7 per barrel).
- **Gold prices** gained slightly this week (+0.1% to USD1,235), finding continued support from political uncertainty in the US, as well as in Europe, where the implied probability of a Marine Le Pen victory in the French elections (based on bookmakers odds) edged up to reach 35% on Friday, having been as low as 25% last month.

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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)	444	1.2	3.2	7.9	19.8	5.3	445	364	16.5
North America									
US Dow Jones Industrial Average	20,624	1.7	4.0	9.1	25.3	4.4	20,640	16,166	17.2
US S&P 500 Index	2,351	1.5	3.7	7.5	22.0	5.0	2,351	1,891	18.1
US NASDAQ Composite Index	5,839	1.8	5.4	9.5	28.8	8.5	5,839	4,426	22.1
Canada S&P/TSX Composite Index	15,839	0.7	2.6	6.8	23.1	3.6	15,866	12,506	17.3
Europe									
MSCI AC Europe (USD)	412	0.8	1.4	8.5	8.5	3.1	415	354	14.6
Euro STOXX 50 Index	3,309	1.2	0.7	8.8	14.2	0.6	3,342	2,678	14.2
UK FTSE 100 Index	7,300	0.6	1.1	7.4	21.1	2.2	7,354	5,789	14.8
Germany DAX Index*	11,757	0.8	1.9	10.0	25.4	2.4	11,893	9,125	13.6
France CAC-40 Index	4,868	0.8	0.2	7.5	15.0	0.1	4,932	3,956	14.4
Spain IBEX 35 Index	9,500	1.3	1.1	9.0	13.6	1.6	9,624	7,580	13.7
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	466	1.1	4.7	9.6	25.1	9.2	468	371	13.7
Japan Nikkei-225 Stock Average	19,235	-0.7	2.2	7.7	21.5	0.6	19,615	14,864	18.5
Australian Stock Exchange 200	5,806	1.5	1.9	8.8	18.9	2.5	5,833	4,838	16.3
Hong Kong Hang Seng Index	24,034	1.9	5.2	8.0	27.0	9.2	24,364	18,868	12.0
Shanghai Stock Exchange Composite Index	3,202	0.2	3.0	-0.2	11.7	3.2	3,301	2,639	13.6
Hang Seng China Enterprises Index	10,360	2.3	6.8	11.1	30.7	10.3	10,544	7,838	8.4
Taiwan TAIEX Index	9,760	1.0	4.3	8.5	18.8	5.5	9,870	8,000	13.8
Korea KOSPI Index	2,081	0.3	0.4	5.1	10.4	2.7	2,093	1,893	9.7
India SENSEX 30 Index	28,469	0.5	4.5	8.5	21.8	6.9	29,077	22,495	19.8
Indonesia Jakarta Stock Price Index	5,351	-0.4	1.6	3.0	12.3	1.0	5,492	4,628	15.5
Malaysia Kuala Lumpur Composite Index	1,708	0.5	2.7	5.0	2.6	4.0	1,729	1,612	16.1
Philippines Stock Exchange PSE Index	7,245	0.1	1.7	2.8	7.2	5.9	8,118	6,499	17.4
Singapore FTSE Straits Times Index	3,108	0.2	3.1	10.5	18.9	7.9	3,118	2,589	14.4
Thailand SET Index	1,578	-0.5	0.7	7.1	22.5	2.3	1,601	1,293	14.7
Latam									
Argentina Merval Index	19,681	0.9	4.3	19.5	63.2	16.3	19,744	11,554	15.7
Brazil Bovespa Index*	67,748	2.5	5.3	13.3	62.7	12.5	68,456	40,958	13.3
Chile IPSA Index	4,350	0.9	2.8	3.9	16.4	4.8	4,380	3,667	15.5
Colombia COLCAP Index	1,342	-0.4	-1.4	2.8	8.8	-0.7	1,419	1,197	11.9
Mexico Index	47,165	-1.3	2.5	5.0	8.2	3.3	48,956	42,365	17.2
EEMEA									
Russia MICEX Index	2,128	-1.6	-2.3	4.2	20.2	-4.7	2,294	1,750	6.5
South Africa JSE Index	52,224	-0.9	-1.1	3.2	4.4	3.1	54,704	47,388	15.0
Turkey ISE 100 Index*	88,830	1.6	7.9	18.2	22.0	13.7	89,538	70,426	9.0

*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	8.4	5.5	22.4	16.5	50.1
US equities	7.8	5.2	24.1	32.7	85.0
Europe equities	9.2	3.7	12.4	-7.6	24.7
Asia Pacific ex Japan equities	10.3	9.7	29.0	10.9	21.4
Japan equities	4.8	4.7	22.9	19.9	43.1
Latam equities	17.8	13.9	54.0	-2.8	-27.9
Emerging Markets equities	12.0	9.7	31.6	5.4	0.7

All total returns quoted in USD 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 Latam 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 (cont)

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	498	-0.1	-0.4	0.0	2.1	-0.2
JPM EMBI Global	758	-0.2	0.7	3.6	12.8	2.6
BarCap US Corporate Index (USD)	2,743	-0.1	-0.4	0.9	6.8	0.6
BarCap Euro Corporate Index (Eur)	241	0.2	0.3	0.8	4.7	0.2
BarCap Global High Yield (USD)	442	0.2	1.0	4.7	21.4	2.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	189	0.1	0.4	1.3	5.8	1.5
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	241	0.4	1.2	3.0	17.0	2.6

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	1.06	1.06	1.07	1.06	1.11	1.05	1.16	1.03
GBP/USD	1.24	1.25	1.24	1.24	1.43	1.23	1.50	1.18
CHF/USD	1.00	1.00	1.00	0.99	1.01	0.98	1.06	0.97
CAD	1.31	1.31	1.30	1.35	1.37	1.34	1.39	1.25
JPY	112.84	113.22	112.62	110.12	114.10	116.96	118.66	99.02
AUD	1.30	1.30	1.32	1.35	1.39	1.39	1.41	1.28
NZD	1.39	1.39	1.39	1.42	1.51	1.44	1.52	1.34
Asia								
HKD	7.76	7.76	7.76	7.76	7.79	7.76	7.78	7.75
CNY	6.87	6.88	6.85	6.88	6.53	6.95	6.96	6.45
INR	67.02	66.88	67.96	67.83	68.47	67.92	68.86	66.07
MYR	4.45	4.44	4.46	4.39	4.22	4.49	4.50	3.84
KRW	1,146	1,151	1,174	1,176	1,227	1,206	1,245	1,090
TWD	30.78	31.06	31.53	31.83	33.38	32.33	33.48	30.66
Latam								
BRL	3.10	3.12	3.21	3.42	3.99	3.26	4.07	3.04
COP	2,892	2,854	2,919	3,159	3,361	3,002	3,369	2,817
MXN	20.43	20.35	21.51	20.43	18.37	20.73	22.04	17.05
EEMEA								
RUB	58.29	58.31	59.41	64.87	75.00	61.54	77.88	56.56
ZAR	13.04	13.34	13.47	14.42	15.47	13.74	16.31	12.90
TRY	3.63	3.70	3.76	3.37	2.96	3.52	3.94	2.79

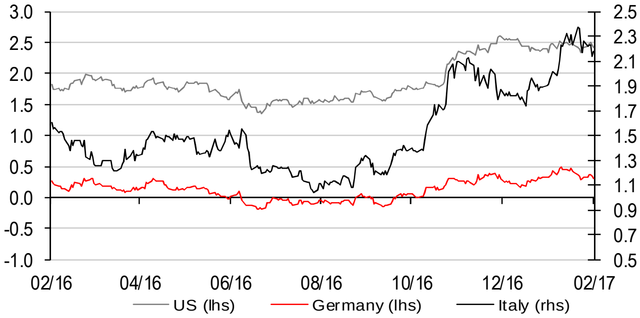
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016
US Treasury yields (%)						
3-Month	0.51	0.53	0.52	0.43	0.30	0.50
2-Year	1.19	1.19	1.15	1.05	0.74	1.19
5-Year	1.90	1.89	1.82	1.74	1.26	1.93
10-Year	2.41	2.41	2.33	2.30	1.82	2.44
30-Year	3.02	3.01	2.93	3.01	2.69	3.07
Developed market 10-year bond yields (%)						
Japan	0.09	0.08	0.04	0.00	0.05	0.04
UK	1.21	1.25	1.31	1.41	1.48	1.24
Germany	0.30	0.32	0.32	0.28	0.27	0.20
France	1.03	1.05	0.79	0.74	0.64	0.68
Italy	2.18	2.26	1.91	2.09	1.60	1.81
Spain	1.62	1.69	1.38	1.59	1.73	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	1,235	0.1	1.5	1.5	2.2	7.2	1,375	1,121
Brent Oil	55.7	-1.7	0.5	19.9	61.5	-1.9	58	32
WTI Crude Oil	53.4	-0.9	1.7	17.5	74.1	-0.7	55	29
R/J CRB Futures Index	192	-1.0	-1.5	5.3	18.2	-0.2	196	158
LME Copper	6,000	-1.5	4.3	9.2	30.7	8.4	6,204	4,484

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 17 February 2017.
Past performance is not an indication of future returns

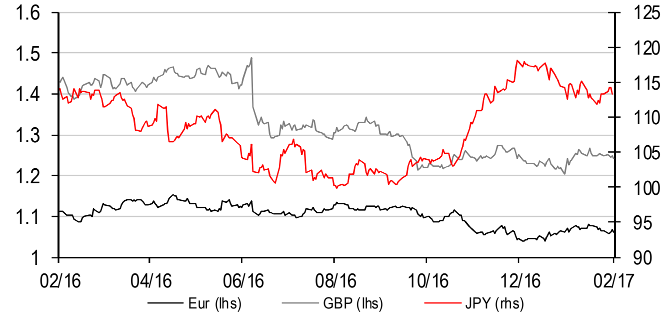
Market Trends

Government bond yields (%)



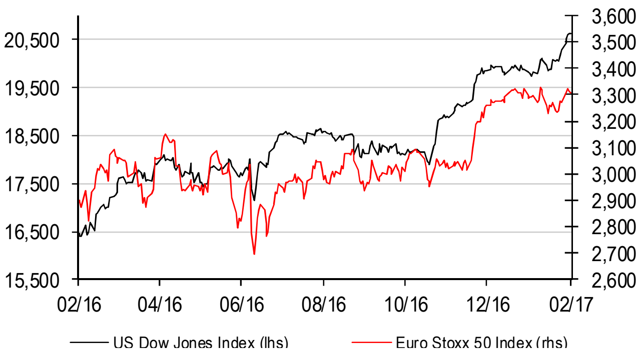
Yields based on 10 year government bonds

Major currencies (versus US dollar)

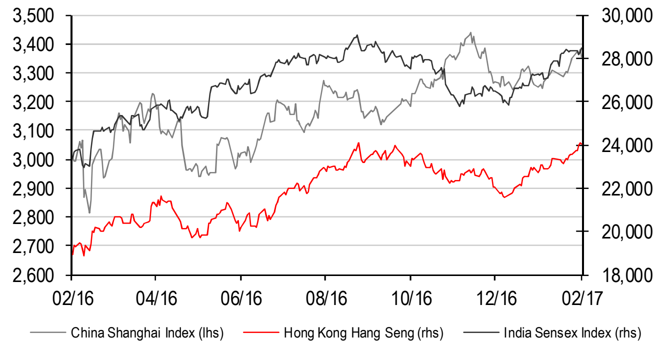


All values versus USD

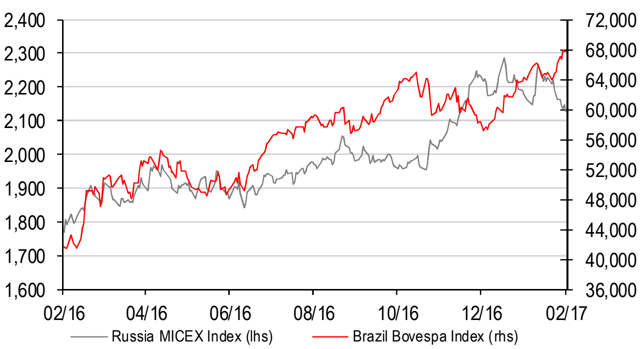
Global equities



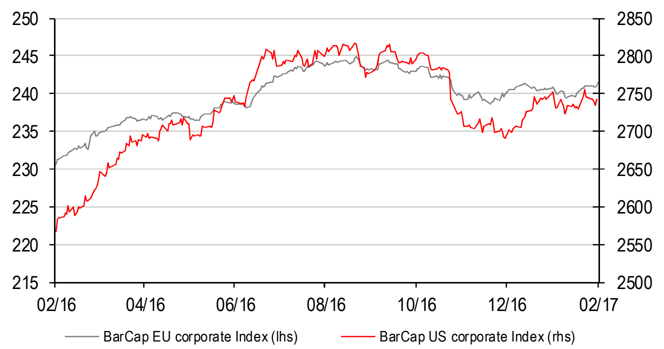
Emerging Asian equities



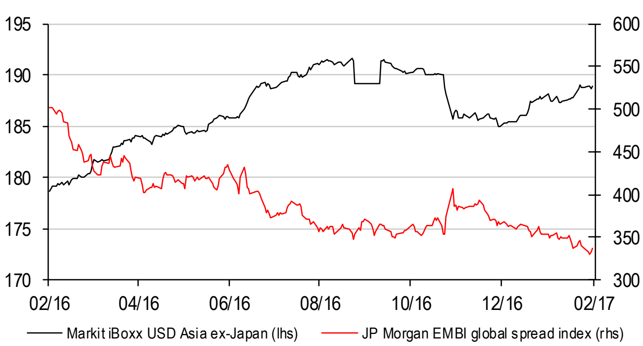
Other emerging equities



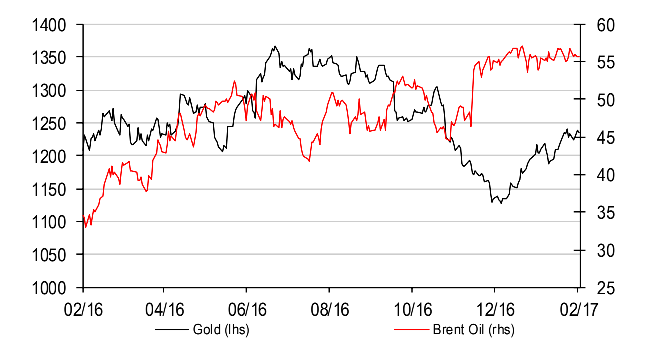
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 17 February 2017.
Past performance is not an indication of future returns

Expiry: 17 March 2017

DK1700081A

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 17 February 2017.
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