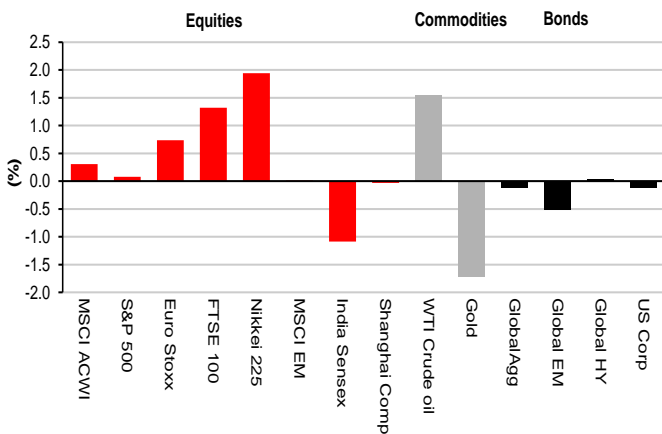


- ▶ Global equities performed well this week on upbeat risk appetite, shrugging off lingering geopolitical concerns. Financial shares led gains on the back of higher bond yields
- ▶ The US Federal Open Market Committee (FOMC) left interest rates unchanged at its September meeting, while announcing the commencement of balance sheet normalisation next month
- ▶ In the coming week, speeches from central bank heads (Janet Yellen, Mark Carney and Mario Draghi) should capture investor attention. US core personal consumption expenditures (PCE) for August, the US Federal Reserve's (Fed) preferred gauge of inflation, is also an important data release

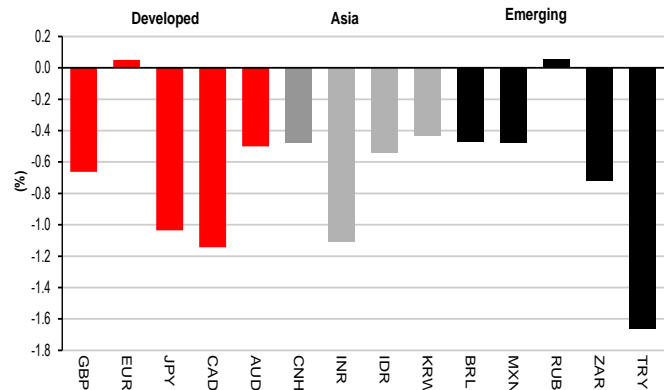
Movers and shakers

Japanese stocks outperformed on a weaker yen

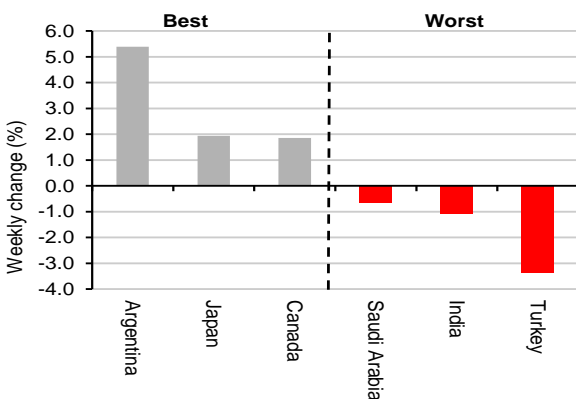


Currencies (versus. USD)

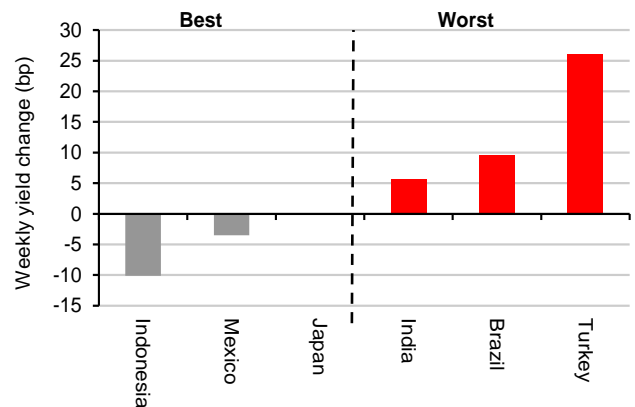
A more hawkish than expected Fed buoyed the US dollar



Equities



Bonds (10-year)



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

Macro Data and Key Events

Past Week (18–22 September 2017)

| Date | Country | Indicator | Data as of | Survey | Actual | Prior |
|------------------------|--------------|--------------------------------------|------------|--------|--------|--------|
| Monday 18 September | Eurozone | CPI (yoy) | Aug F | 1.5% | 1.5% | 1.3% P |
| | US | NAHB Housing Market Index | Sep | 67 | 64 | 67 |
| Tuesday 19 September | Germany | Zew Survey Expectations | Sep | 12.0 | 17.0 | 10.0 |
| | US | Housing Starts (mom) | Aug | 1.7% | -0.8% | -2.2% |
| Wednesday 20 September | Japan | Trade Balance Adjusted (JPY billion) | Aug | 404.5 | 367.3 | 363.1 |
| | UK | Retail Sales ex-Auto Fuel (mom) | Aug | 0.1% | 1.0% | 0.7% |
| | US | Existing Home Sales (mom) | Aug | 0.2% | -1.7% | -1.3% |
| | US | FOMC Interest Rate Decision | Sep | 1.25% | 1.25% | 1.25% |
| Thursday 21 September | South Africa | Reserve Bank Interest Rate Decision | Sep | 6.50% | 6.75% | 6.75% |
| | Japan | Bank of Japan Interest Rate Decision | Sep | -0.10% | -0.10% | -0.10% |
| Friday 22 September | Eurozone | Markit Composite PMI | Sep P | 55.6 | 56.7 | 55.7 |

P – Preliminary, F – Final

- ▶ As expected, the **Fed** left the target range for the federal funds rate unchanged at 1.00-1.25% and announced the commencement of balance sheet normalization at its latest FOMC meeting. The redemption of securities, which starts in October, will be in line with the FOMC's guidelines announced in June. At the press conference, Fed Chair Janet Yellen struck a balanced tone, noting that the recent inflation undershoot was a concern but not enough to alter its policy of gradual tightening. Median interest rate forecasts (the "dot plot") still signalled one more rate hike in 2017 and three in 2018. The estimate of the "terminal" Fed funds rate was reduced to 2.75% from 3.00%, implying an even shallower tightening cycle than previously. Meanwhile, economic projections showed downward revisions to core PCE inflation in 2017 (from +1.7% to +1.5%) and 2018 (from +2.0% to +1.9%). Elsewhere, the median 2017 GDP growth forecast increased to 2.4% (+2.2% previously), while the 2018 estimate remained broadly unchanged. Forecasts for the unemployment rate were lowered for 2018/2019 but the longer-term estimate was left unchanged at 4.6%. Turning to housing data, the **National Association of Home Builders/Wells Fargo Housing Market Index** declined to 64 in September (consensus: 67) from a downwardly revised 67 (previously 67) in August. The sentiment survey declined amid heightened concerns about hurricane impacts on the real estate market in southeast Texas and Florida. Worries about increasing material costs and a shortage of skilled workers also weighed on results. However, the index remains near post recession highs reached in March (71) and is above the 12-month moving average of 62. **Housing starts** declined 0.8% mom (seasonally adjusted) in August, missing expectations of an increase by +1.7% but follows an upwardly revised -2.2% for the previous month. The volatile multi-family component continued to drag down overall results (-5.8% mom), while the larger single family unit starts segment grew by 1.6% mom. Meanwhile, housing permits rose 5.7% mom, surpassing projections of a 0.8% decrease. Overall, Hurricane Harvey appears to not have had a meaningful impact in the August report. **Existing home sales** dipped 1.7% mom, lower than the 0.2% mom rise expected. Despite support from a steady labour market and relative affordability, contract closings have been declining in recent months on increasing prices and low inventory.
- ▶ **Bank Of England (BoE) Governor Mark Carney** spoke at the International Monetary Fund's headquarters and reiterated the need for some withdrawal of monetary stimulus if the UK economy evolves as expected. On interest rates, he noted that there are global factors that could justify UK's potential move to hike rates, as the UK's monetary policy "has to move in order to stand still" and that Brexit undermines the UK's supply capacity, making it harder for the economy to grow without generating inflationary pressures. UK **retail sales data** for August was much stronger than expected. Both headline and core (excluding auto fuel) retail sales grew by 1.0% mom, exceeding expectations of 0.2% and 0.1%, respectively. Also encouraging were upward revisions to the July release. Overall, retail sales have had a strong run in Q3 so far, which could strengthen the case for a BoE rate hike in the near term.
- ▶ The preliminary release of the September **Markit eurozone composite PMI** rose to 56.7, exceeding expectations for the index to be broadly unchanged at 55.6 (55.7 previously). Both the manufacturing and services PMIs were stronger than expected and the previous print. This latest readings points to a further strengthening of economic activity in the region. **The German ZEW** expectations survey rose to 17.0 points in September from 10.0 points in August, exceeding expectations of 12.0. The uptick may partially reflect optimism regarding the outcome of upcoming German federal elections. The assessment of the current situation also improved further in September, growing by 1.2 points to 87.9.
- ▶ As expected, in an 8-1 vote, **the Bank of Japan (BoJ)** kept its policy unchanged at its September meeting, with the Policy Balance Rate at -0.1% and the 10-year Japanese Government Bond (JGB) yield target at about 0%. Meanwhile, the BoJ maintained its indicative annual JGB buying at JPY80 trillion, although the pace of purchases has been slowing since Q2. The Bank still believes that Japan's economy is expanding moderately and is likely to continue to do so in the foreseeable future. Japan's **export and import data** for August came in higher than market consensus expectations, although the resulting trade surplus was lower than expected at JPY367.3 billion (consensus at JPY404.5 billion).
- ▶ The **South African Reserve Bank** kept its key repurchase rate unchanged at 6.75%, against market expectations of a 25 basis points (bps) cut. The central bank remains concerned about higher inflation expectations.

Coming Week (24–29 June 2017)

| Date | Country | Indicator | Data as of | Survey | Prior |
|------------------------|---------------|--|------------|--------|--------|
| Sunday 24 September | Germany | Federal Elections | | | |
| Monday 25 September | Germany | IFO Business Climate | Sep | 116.0 | 115.9 |
| | Eurozone | ECB President Draghi speaks in Brussels | | | |
| Tuesday 26 September | US | S&P CoreLogic Case Shiller Composite-20 Index (yoy) | Jul | 5.8% | 5.7% |
| | US | Conference Board Consumer Confidence | Sep | 120.0 | 122.9 |
| | US | New Home Sales (mom) | Aug | 3.3% | -9.4% |
| | US | Fed Chair Yellen delivers keynote at NABE Conference | | | |
| Wednesday 27 September | US | Durable Goods Orders (mom) | Aug P | 1.0% | -6.8% |
| | US | Pending Home Sales (mom) | Aug | -0.5% | -0.8% |
| Thursday 28 September | US | GDP annualised (qoq) | Q2 F | 3.1% | 3.0% P |
| | Mexico | Banco de Mexico Interest Rate Decision | Sep | 7.00% | 7.00% |
| | UK | BoE Governor Carney speaks at Independence Conference | | | |
| Friday 29 September | Japan | Jobless Rate | Aug | 2.8% | 2.8% |
| | Japan | National CPI ex-Fresh Food, Energy (yoy) | Aug | 0.2% | 0.1% |
| | UK | GDP (qoq) | Q2 F | 0.3% | 0.3% P |
| | Eurozone | CPI Estimate (yoy) | Sep | 1.6% | 1.5% |
| | US | Personal Spending (mom) | Aug | 0.1% | 0.3% |
| | US | PCE Core (yoy) | Aug | 1.5% | 1.4% |
| | Eurozone & UK | ECB President Draghi and BoE Governor Carney in dialog in London | | | |

P – Preliminary, Q – Quarter, F – Final

US

- ▶ **Fed Chair Janet Yellen** will speak at the 59th National Association for Business Economics (NABE) conference in Cleveland. Her address entitled “inflation, uncertainty, and monetary policy,” including any responses to questions, will be her first opportunity to clarify her views on tepid pricing pressures and interest rate path projections following the latest Fed meeting. The presentation is timely as August’s **core PCE** print, the FOMC’s preferred inflation metric, will be released on Friday and is anticipated to modestly accelerate to 1.5% yoy from 1.4% previously.
- ▶ The **S&P CoreLogic Case Shiller 20-city Composite Index**, a measure of US housing prices, may continue to climb further against a backdrop of low inventory and steady demand. Consensus expectations are for a 5.8% yoy increase for July (+5.7% previously). Elsewhere, **new home sales** are expected to have risen 3.3% mom to an annualised rate of 590,000 in August. This would be modestly lower than the current 12-month trailing average of 592,000. Meanwhile, **pending home sales**, a measure of home resale contract signings that have not closed, is projected to have declined 0.5% mom in the same month. Despite being supported by solid employment and affordable mortgage rates, housing sales have been soft in recent months amid rising residential home prices.
- ▶ **Conference Board consumer confidence** has been a bright spot in recent months, but hurricane effects may weigh on the upcoming reading. The September print could decrease to 120 from 122.9 in August, but this is still an elevated level. Underneath the headline number, the labour market differential will also be of interest. The measure is the difference between the percentage of respondents saying jobs are “plentiful” minus those who say jobs are “hard to get”, and it reached a 16-year high last month (18.1).
- ▶ **US durable goods orders** may rebound 1.0% mom in August following a sizable 6.8% drop. The widely expected retreat was caused by June’s jump in the volatile transportation orders component, which did not repeat in July. Ex-transportation, the August reading is projected to advance 0.2%.

Europe

- ▶ **German federal elections** taking place on Sunday are likely to see Angela Merkel secure a fourth consecutive term as Chancellor. Nevertheless, the final result will be an important factor in likely subsequent coalition talks.
- ▶ Despite recent euro appreciation, market consensus expectations are for September’s **German IFO** prints to remain broadly unchanged, with the headline **business climate** index touching its post-reunification high of 116.0 last reached in July.
- ▶ The final estimate of **UK Q2 GDP** growth is likely to be confirmed at +0.3% qoq. Data on the UK current account balance and savings ratio during the quarter will also be provided in this release, along with the annual “Blue Book” revisions.
- ▶ The flash September estimate of headline **eurozone inflation** is expected to edge up by 0.1 percentage points to 1.6% yoy, mainly driven by higher fuel prices over the month. Core inflation, however, is expected to remain stable at 1.2% yoy.

Emerging markets/Japan

- ▶ **Japan’s jobless rate** is expected to remain at 2.8% in August, although survey-based signals during the month were relatively strong, with the employment component of the Shoko Chukin Bank’s Monthly Survey of SME and EPA consumer confidence survey rising. The job-to-applicant ratio is expected to edge up slightly, from 1.52 to 1.53 (a 43-year high).
- ▶ **Japan’s core inflation** (CPI excluding fresh food and energy) has stabilised in Q2 after a gradual decline in 2015 and 2016. This

reflects the modest pickup in private consumption indicators observed in the first half of the year, amid tight labour market conditions. Core inflation is expected to have increased slightly in August to 0.2% yoy from 0.1% the previous month. Headline inflation is expected to accelerate more sharply, from 0.5% yoy to 0.7%, as the leading index for Tokyo showed in August a sharp pickup in fresh food and utility prices.

- ▶ The **Banco de Mexico** is expected to leave rates unchanged at 7.00% as inflation shows sign of moderating. The current spread between Mexican and US overnight rates is at the highest level since mid-2009 and may offer a cushion that allows some independence from the US Fed's gradual tightening cycle.

Market Moves

Global equities performed well on upbeat risk appetite; financials led gains

- ▶ In the US, the **S&P 500** ended the week 0.1%, remaining near fresh record highs reached in early week trading. Financial stocks surged on the back of higher treasury yields after the Fed left the door open for another rate hike in December, while "income-oriented" sectors such as real estate, utilities and consumer staples retreated. Telecoms also did well, supported by speculative merger-related headlines.
- ▶ In Europe, the **Euro STOXX 50** Index closed 0.7% higher as financials led gains on the back of higher bond yields. At the country level, Germany's export-sensitive DAX rose 0.6%, ahead of the federal elections on Sunday 24 September. The UK's FTSE 100 (+1.3%) was supported by strong retail sales data, a weaker pound and Prime Minister Theresa May's generally conciliatory tone regarding Brexit negotiations with the European Union on Friday. Elsewhere, the French CAC Index was the outperformer this week (+1.3%).
- ▶ **Asian stock markets** ended this week mixed as the Fed announced a plan to shrink its balance sheet and signalled one more rate hike before year-end, meanwhile renewed concern over geopolitical tensions on the Korean Peninsula weighed on investor sentiment on Friday. Japan's Nikkei 225 Index climbed 1.9%, boosted by a weaker yen and after the BoJ kept its policy unchanged. China's Shanghai Composite Index erased earlier gains to end the week flat, after a major rating agency downgraded China's sovereign credit rating (by one notch to A+). Philippines' PSE rallied 1.2% on investor optimism over tax reform progress. India's Sensex fell 1.1% for the week amid some profit taking on valuation concerns and Indian rupee depreciation.

US Treasuries sold off as Fed continued to signal another hike by year-end

- ▶ **US Treasuries sold off** (yields increased) after the Fed signaled it is on track for another rate hike before year-end. While the market-implied probability of a December rate hike was over 50% ahead of the meeting, the announcement caught some participants off guard. The yield curve shifted higher with two-year and 10-year rates moving up 5bps to 1.43% and 2.25%, respectively.
- ▶ **European bond yields** rose (prices fell) this week, as stronger investor risk appetite reduced demand for fixed income assets. Benchmark German 10-year government bond yields closed 2bps higher at 0.45%. In the periphery, Spanish 10-year bond yields finished at 1.62%, while Italian equivalents added 3bps to 2.10%.

Most currencies fell as a hawkish Fed buoyed the US dollar; British pound uninspired by May's speech

- ▶ Both the **euro** and the **British pound** fell significantly on Wednesday on US dollar strength as investors assessed that the outcome of the Fed's September meeting was more hawkish than expected. The euro gradually recovered losses to close slightly higher over the week (+0.1%), also supported by Friday's data showing stronger-than-expected eurozone PMIs for September. Meanwhile, sterling finished the week down (-0.7%), with some sell-off taking place on Friday as Prime Minister Theresa May spoke about her vision of Brexit.
- ▶ **Most Asian currencies** depreciated against a broadly stronger USD this week, led by the Japanese yen and the Indian rupee. The Japanese yen fell as the Bank of Japan showed its commitment to ultra-loose monetary policy, while the Fed signalled that it is on track for another rate hike before year-end. The Indian rupee was also weighed down by investor worries about a wider fiscal deficit and increased government borrowing. Bucking the regional trend, the Philippines peso advanced against the USD, on equity inflows amid tax reform hopes.

Oil prices boosted by upbeat inventories data; gold dipped on Fed rate projections

- ▶ **Crude oil prices** rose for a third consecutive week, with most gains coming on Wednesday as the US Energy Information Administration (EIA) weekly report showed US gasoline and distillate inventories fell in the previous week to their lowest level since 2015 and 2011, respectively, offsetting the slightly stronger-than-expected increase in crude stockpiles (+4.6 million barrels). Overall, WTI increased 1.5% to USD50.7 per barrel and Brent closed the week up 2.1% to USD56.8 per barrel.
- ▶ Meanwhile, **gold prices** fell (-1.7% to USD1,297 per troy ounce), pressured by broadly positive risk appetite and a stronger US dollar. A fairly hawkish FOMC meeting, whereby the central bank committed to further interest rate increases this year and next, hit the non-yield generating asset.

Market Data

| | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low | Fwd P/E (X) |
|---|---------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|-------------------|
| Equity Indices | | | | | | | | | |
| World | | | | | | | | | |
| MSCI AC World Index (USD) | 487 | 0.3 | 2.6 | 4.4 | 15.2 | 15.4 | 488 | 403 | 17.1 |
| North America | | | | | | | | | |
| US Dow Jones Industrial Average | 22,350 | 0.4 | 2.1 | 4.5 | 21.5 | 13.1 | 22,420 | 17,884 | 18.4 |
| US S&P 500 Index | 2,502 | 0.1 | 2.0 | 2.8 | 14.9 | 11.8 | 2,509 | 2,084 | 19.2 |
| US NASDAQ Composite Index | 6,427 | -0.3 | 2.1 | 3.1 | 20.4 | 19.4 | 6,478 | 5,034 | 24.1 |
| Canada S&P/TSX Composite Index | 15,454 | 1.9 | 3.1 | 1.5 | 4.4 | 1.1 | 15,943 | 14,468 | 17.4 |
| Europe | | | | | | | | | |
| MSCI AC Europe (USD) | 478 | 0.7 | 3.8 | 6.0 | 17.4 | 19.5 | 479 | 374 | 15.5 |
| Euro STOXX 50 Index | 3,541 | 0.7 | 2.5 | -0.4 | 16.0 | 7.6 | 3,667 | 2,923 | 15.1 |
| UK FTSE 100 Index | 7,311 | 1.3 | -1.0 | -1.7 | 5.8 | 2.3 | 7,599 | 6,677 | 15.2 |
| Germany DAX Index* | 12,592 | 0.6 | 3.0 | -1.6 | 18.0 | 9.7 | 12,952 | 10,175 | 13.9 |
| France CAC-40 Index | 5,281 | 1.3 | 2.9 | 0.0 | 17.1 | 8.6 | 5,442 | 4,343 | 15.6 |
| Spain IBEX 35 Index | 10,305 | -0.1 | -1.0 | -3.8 | 15.3 | 10.2 | 11,184 | 8,512 | 14.5 |
| Asia Pacific | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 539 | 0.0 | 2.1 | 6.9 | 18.2 | 26.2 | 546 | 419 | 14.5 |
| Japan Nikkei-225 Stock Average | 20,296 | 1.9 | 4.7 | 0.9 | 20.8 | 6.2 | 20,481 | 16,112 | 17.4 |
| Australian Stock Exchange 200 | 5,682 | -0.2 | -1.2 | -0.4 | 5.7 | 0.3 | 5,957 | 5,052 | 15.8 |
| Hong Kong Hang Seng Index | 27,881 | 0.3 | 1.7 | 8.6 | 17.3 | 26.7 | 28,248 | 21,489 | 12.7 |
| Shanghai Stock Exchange Composite Index | 3,353 | 0.0 | 1.9 | 6.5 | 10.2 | 8.0 | 3,392 | 2,969 | 14.7 |
| Hang Seng China Enterprises Index | 11,109 | 0.4 | 1.4 | 6.8 | 12.3 | 18.2 | 11,462 | 9,117 | 8.5 |
| Taiwan TAIEX Index | 10,450 | -1.2 | 0.6 | 0.5 | 13.1 | 12.9 | 10,664 | 8,880 | 14.8 |
| Korea KOSPI Index | 2,389 | 0.1 | 1.0 | 0.8 | 16.5 | 17.9 | 2,453 | 1,931 | 10.3 |
| India SENSEX 30 Index | 31,922 | -1.1 | 2.0 | 2.0 | 10.9 | 19.9 | 32,686 | 25,718 | 20.6 |
| Indonesia Jakarta Stock Price Index | 5,912 | 0.7 | 0.5 | 1.4 | 9.9 | 11.6 | 5,929 | 5,023 | 17.0 |
| Malaysia Kuala Lumpur Composite Index | 1,771 | -0.9 | -0.2 | -0.4 | 6.1 | 7.9 | 1,797 | 1,614 | 16.5 |
| Philippines Stock Exchange PSE Index | 8,281 | 1.2 | 3.3 | 5.4 | 6.7 | 21.1 | 8,322 | 6,499 | 19.9 |
| Singapore FTSE Straits Times Index | 3,220 | 0.3 | -1.3 | 0.1 | 13.1 | 11.8 | 3,355 | 2,761 | 14.8 |
| Thailand SET Index | 1,659 | -0.1 | 5.5 | 4.9 | 10.2 | 7.5 | 1,678 | 1,343 | 16.5 |
| Latam | | | | | | | | | |
| Argentina Merval Index | 24,994 | 5.4 | 9.1 | 19.0 | 50.2 | 47.7 | 25,035 | 15,189 | 14.7 |
| Brazil Bovespa Index* | 75,390 | -0.5 | 7.7 | 23.0 | 27.8 | 25.2 | 76,420 | 56,829 | 14.5 |
| Chile IPSA Index | 5,290 | 1.7 | 3.4 | 11.2 | 29.0 | 27.4 | 5,299 | 4,007 | 20.3 |
| Colombia COLCAP Index | 1,486 | -0.5 | 0.2 | 3.5 | 9.4 | 9.9 | 1,509 | 1,271 | 16.3 |
| Mexico Index | 50,314 | 0.8 | -2.0 | 2.6 | 4.9 | 10.2 | 51,772 | 43,999 | 18.7 |
| EEMEA | | | | | | | | | |
| Russia MICEX Index | 2,052 | -0.1 | 5.4 | 10.3 | 1.3 | -8.1 | 2,294 | 1,775 | 7.0 |
| South Africa JSE Index | 55,840 | 0.3 | -0.3 | 9.3 | 7.6 | 10.2 | 56,897 | 48,936 | 15.8 |
| Turkey ISE 100 Index* | 104,123 | -3.4 | -4.1 | 4.0 | 30.5 | 33.3 | 110,531 | 71,793 | 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 (%) |
|--------------------------------------|-------------------------|--------------------------|--------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| Equity Indices - Total Return | | | | | | | |
| Global equities | 0.2 | 2.6 | 4.8 | 17.0 | 17.3 | 21.5 | 59.4 |
| US equities | 0.0 | 2.2 | 3.1 | 13.1 | 16.4 | 30.7 | 84.2 |
| Europe equities | 0.2 | 3.3 | 5.9 | 21.9 | 20.1 | 9.6 | 40.2 |
| Asia Pacific ex Japan equities | 0.5 | 2.8 | 8.6 | 29.5 | 21.9 | 20.9 | 41.4 |
| Japan equities | 1.0 | 2.2 | 2.9 | 13.8 | 11.1 | 24.1 | 62.5 |
| Latam equities | -0.3 | 4.3 | 20.5 | 29.4 | 25.7 | -3.8 | -9.0 |
| Emerging Markets equities | 0.6 | 3.5 | 10.9 | 30.9 | 23.1 | 14.3 | 24.0 |

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.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 22 September 2017.

Past performance is not an indication of future returns

Market Data (cont.)

| | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) |
|--|-------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| Bond indices - Total Return | | | | | | |
| BarCap GlobalAgg (Hedged in USD) | 511 | -0.1 | -0.1 | 0.1 | 0.0 | 2.2 |
| JPM EMBI Global | 803 | -0.5 | 0.9 | 2.1 | 3.8 | 8.7 |
| BarCap US Corporate Index (USD) | 2,864 | -0.1 | 0.2 | 0.7 | 2.3 | 5.0 |
| BarCap Euro Corporate Index (Eur) | 245 | 0.0 | -0.2 | 0.3 | 0.5 | 1.7 |
| BarCap Global High Yield (USD) | 464 | 0.0 | 1.0 | 2.2 | 8.8 | 7.4 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 195 | -0.1 | 0.3 | 1.2 | 3.2 | 4.9 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 250 | 0.1 | 1.2 | 2.6 | 6.3 | 6.3 |

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

| Currencies (versus USD) | Latest | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2016 | 52-week High | 52-week Low | 1-week Change (%) |
|--------------------------------|--------|---------------|----------------|-----------------|---------------|------------------|-----------------|----------------|-------------------------|
| Developed markets | | | | | | | | | |
| EUR/USD | 1.20 | 1.19 | 1.18 | 1.12 | 1.12 | 1.05 | 1.21 | 1.03 | 0.1 |
| GBP/USD | 1.35 | 1.36 | 1.28 | 1.27 | 1.31 | 1.23 | 1.37 | 1.18 | -0.7 |
| CHF/USD | 1.03 | 1.04 | 1.03 | 1.03 | 1.03 | 0.98 | 1.06 | 0.97 | -1.0 |
| CAD | 1.23 | 1.22 | 1.26 | 1.32 | 1.30 | 1.34 | 1.38 | 1.21 | -1.2 |
| JPY | 111.99 | 110.83 | 109.57 | 111.33 | 100.76 | 116.96 | 118.66 | 100.09 | -1.0 |
| AUD | 1.26 | 1.25 | 1.26 | 1.33 | 1.31 | 1.39 | 1.40 | 1.23 | -0.5 |
| NZD | 1.36 | 1.37 | 1.37 | 1.38 | 1.37 | 1.44 | 1.47 | 1.32 | 0.5 |
| Asia | | | | | | | | | |
| HKD | 7.81 | 7.82 | 7.83 | 7.80 | 7.76 | 7.76 | 7.83 | 7.75 | 0.1 |
| CNY | 6.59 | 6.55 | 6.66 | 6.83 | 6.66 | 6.95 | 6.96 | 6.44 | -0.6 |
| INR | 64.80 | 64.08 | 64.10 | 64.60 | 66.67 | 67.92 | 68.86 | 63.57 | -1.1 |
| MYR | 4.20 | 4.19 | 4.28 | 4.29 | 4.11 | 4.49 | 4.50 | 4.09 | -0.2 |
| KRW | 1,137 | 1,132 | 1,134 | 1,141 | 1,103 | 1,206 | 1,212 | 1,092 | -0.4 |
| TWD | 30.17 | 30.05 | 30.30 | 30.44 | 31.40 | 32.33 | 32.45 | 29.90 | -0.4 |
| Latam | | | | | | | | | |
| BRL | 3.13 | 3.11 | 3.16 | 3.34 | 3.22 | 3.26 | 3.51 | 3.04 | -0.5 |
| COP | 2,906 | 2,897 | 2,985 | 3,028 | 2,883 | 3,002 | 3,208 | 2,831 | -0.3 |
| MXN | 17.75 | 17.66 | 17.66 | 18.12 | 19.61 | 20.73 | 22.04 | 17.45 | -0.5 |
| EEMEA | | | | | | | | | |
| RUB | 57.50 | 57.53 | 59.08 | 59.99 | 63.64 | 61.54 | 66.87 | 55.70 | 0.1 |
| ZAR | 13.25 | 13.16 | 13.22 | 12.97 | 13.65 | 13.74 | 14.65 | 12.31 | -0.7 |
| TRY | 3.50 | 3.44 | 3.49 | 3.51 | 2.94 | 3.52 | 3.94 | 2.94 | -1.7 |

| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2016 | 1-week Basis Point Change |
|--------------------------------|-------|---------------|----------------|-----------------|---------------|------------------|------------------------------|
| US Treasury yields (%) | | | | | | | |
| 3-Month | 1.02 | 1.03 | 1.00 | 0.95 | 0.17 | 0.50 | -1 |
| 2-Year | 1.43 | 1.38 | 1.32 | 1.34 | 0.77 | 1.19 | 5 |
| 5-Year | 1.86 | 1.81 | 1.78 | 1.76 | 1.16 | 1.93 | 6 |
| 10-Year | 2.25 | 2.20 | 2.21 | 2.15 | 1.62 | 2.44 | 5 |
| 30-Year | 2.78 | 2.77 | 2.78 | 2.72 | 2.34 | 3.07 | 1 |
| 10-year bond yields (%) | | | | | | | |
| Japan | 0.02 | 0.02 | 0.04 | 0.05 | -0.03 | 0.04 | 0 |
| UK | 1.35 | 1.31 | 1.09 | 1.01 | 0.71 | 1.24 | 5 |
| Germany | 0.45 | 0.43 | 0.40 | 0.25 | -0.10 | 0.20 | 2 |
| France | 0.73 | 0.71 | 0.70 | 0.60 | 0.20 | 0.68 | 2 |
| Italy | 2.10 | 2.07 | 2.10 | 1.90 | 1.19 | 1.81 | 3 |
| Spain | 1.62 | 1.60 | 1.56 | 1.37 | 0.92 | 1.38 | 2 |
| China | 3.62 | 3.61 | 3.66 | 3.58 | 2.76 | 3.06 | 2 |
| Australia | 2.79 | 2.74 | 2.65 | 2.38 | 2.03 | 2.77 | 5 |
| Canada | 2.11 | 2.09 | 1.92 | 1.50 | 1.10 | 1.72 | 2 |

*Numbers may not add up due to rounding

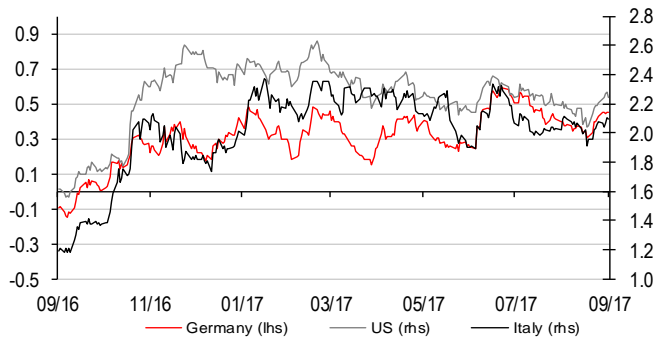
| Commodities | Latest | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|-----------------------|--------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|
| Gold | 1,297 | -1.7 | 1.0 | 3.8 | -3.0 | 12.6 | 1,358 | 1,121 |
| Brent Oil | 56.8 | 2.1 | 9.5 | 25.6 | 19.2 | -0.1 | 58 | 44 |
| WTI Crude Oil | 50.7 | 1.5 | 6.3 | 18.5 | 9.4 | -5.7 | 55 | 42 |
| R/J CRB Futures Index | 184 | -0.3 | 3.9 | 10.3 | -1.5 | -4.6 | 196 | 166 |
| LME Copper | 6,480 | -0.4 | -1.5 | 12.9 | 33.5 | 17.1 | 6,970 | 4,633 |

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 22 September 2017.

Past performance is not an indication of future returns

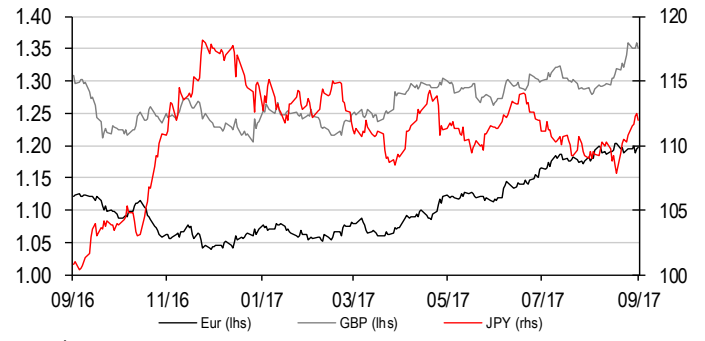
Market Trends

Government bond yields (%)



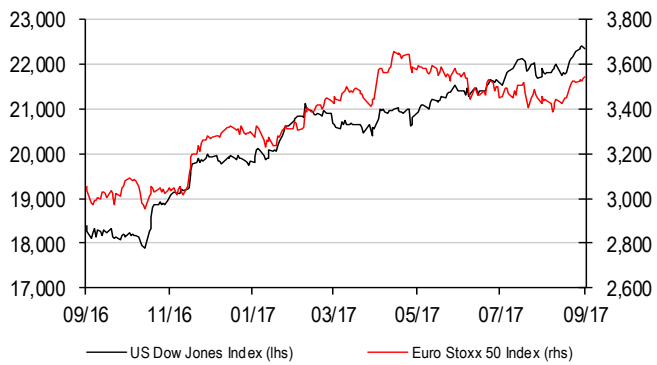
Yields based on 10 year government bonds

Major currencies (versus USD)

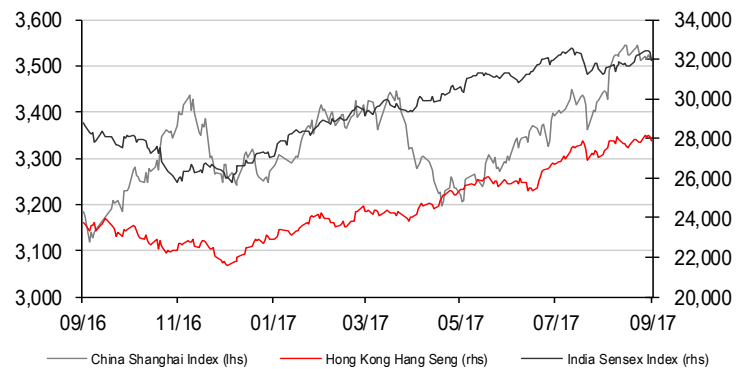


All values versus USD

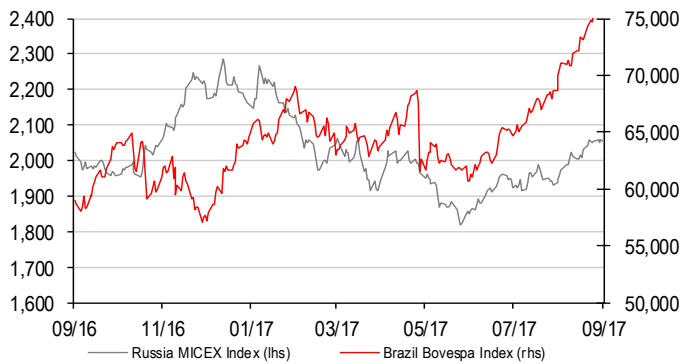
Global equities



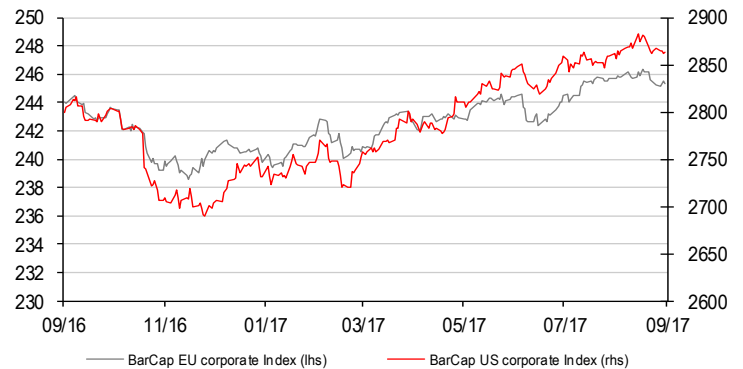
Emerging Asian equities



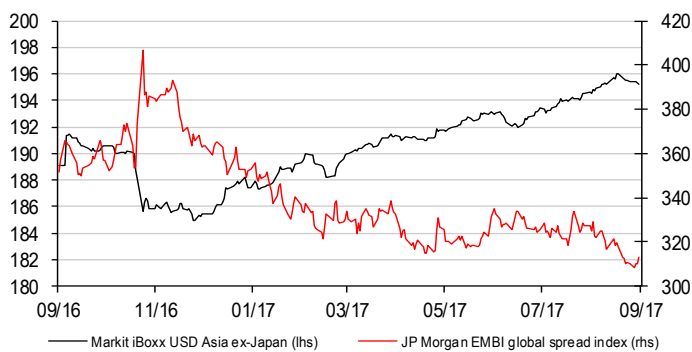
Other emerging equities



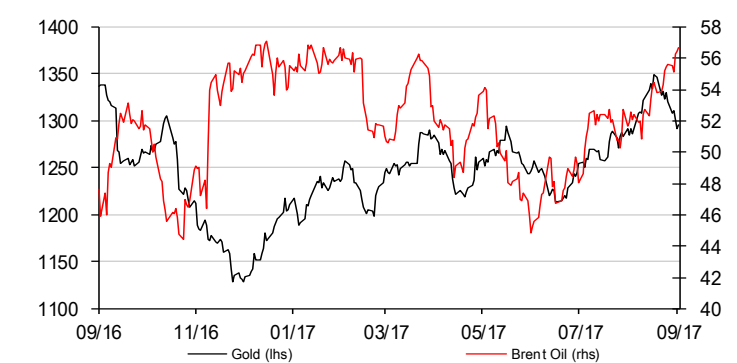
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 22 September 2017.
Past performance is not an indication of future returns

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