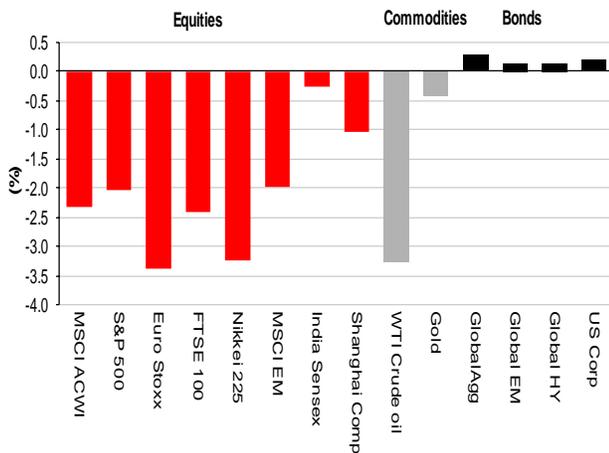


- ▶ Global equities sold off this week, with risk appetite hit by US President Donald Trump's threat of import tariffs of 25% on steel and 10% on aluminium, sparking concerns of a global trade war. While the details have not been unveiled, at the time of writing he is expected to sign a formal order next week
- ▶ In his semi-annual policy testimony to US Congress, US Federal Reserve (Fed) Chair Jerome Powell reaffirmed the Fed's gradual approach to raising interest rates
- ▶ In the coming week, investor focus will turn to the results of the Italian general election, the German SPD vote and monetary policy decisions in the eurozone, Japan, Canada and Australia

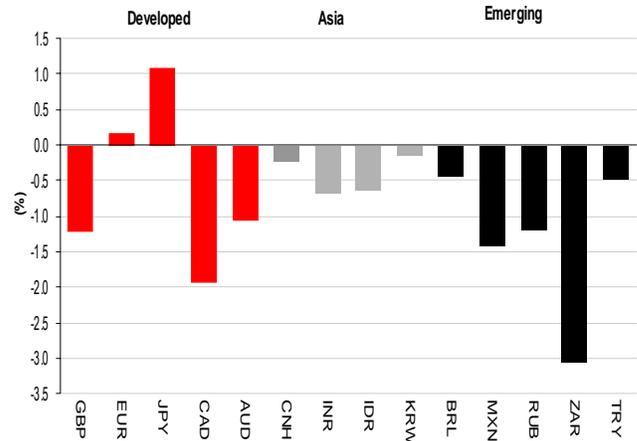
Movers and shakers

Global equities fell on heightened risk aversion

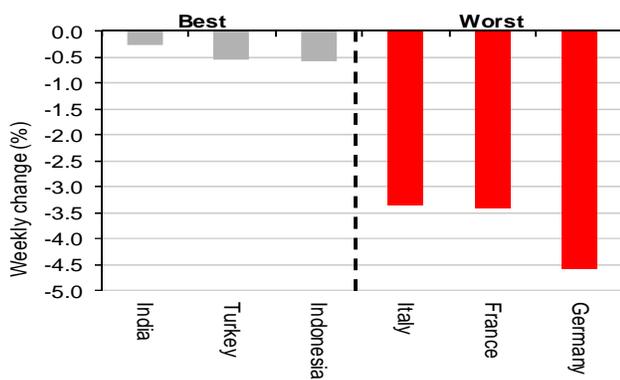


Currencies (versus USD)

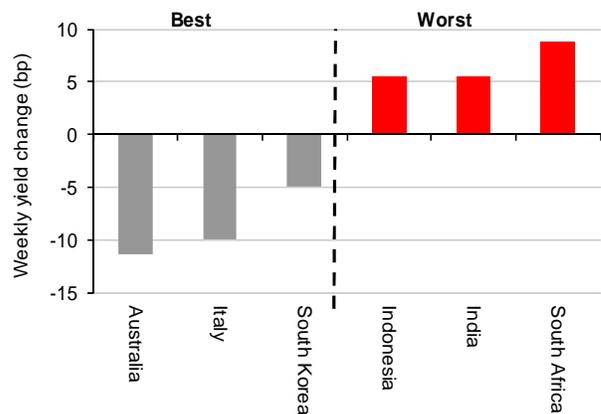
Most currencies fell against the US dollar this week



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 (26 February – 02 March 2018)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 26 February	US	New Home Sales (mom)	Jan	3.5%	-7.8%	-7.6%
Tuesday 27 February	US	Durable Goods Orders (mom)	Jan P	-2.0%	-3.7%	2.6%
	US	S&P CoreLogic Case-Shiller 20-City Composite Home Price Index (yoy)	Dec	6.4%	6.3%	6.4%
	US	Fed Chair Powell Testifies to the House Financial Services Committee				
Wednesday 28 February	China	Official Manufacturing PMI	Feb	51.1	50.3	51.3
	Eurozone	CPI Estimate (yoy)	Feb	1.2%	1.2%	1.3%
	India	GVA (yoy)	Q4	6.7%	6.7%	6.2%
	US	GDP Annualised (qoq)	Q4 P	2.5%	2.5%	2.6%
	US	Pending Home Sales (mom)	Jan	0.5%	-4.7%	0.0%
Thursday 01 March	Eurozone	Unemployment Rate	Jan	8.6%	8.6%	8.6%
	Brazil	GDP (seasonally adjusted, qoq)	Q4	0.3%	0.1%	0.2%
	US	PCE Core (yoy)	Jan	1.5%	1.5%	1.5%
	US	ISM Manufacturing PMI	Feb	58.7	60.8	59.1
Friday 02 March	Japan	Jobless Rate	Jan	2.8%	2.4%	2.7%

P – Preliminary, Q – Quarter

- ▶ In the **US**, **Fed Chair Jerome Powell testified to the House Financial Services Committee** and reaffirmed the Fed's gradual approach to raising interest rates and running off its balance sheet. One of the key takeaways from the prepared statement was that "some headwinds facing the US economy are now tailwinds" and also that the policy committee "will strike a balance between avoiding an overheated economy and moving inflation to the 2% target on a sustained basis." There were also the usual mentions of seeing "further gradual rate hikes" and that the "outlook remains strong". However, on Thursday, in his **semi-annual policy testimony to the Senate**, Powell emphasised that there is "no evidence that the economy is overheating." On balance, his comments this week were perceived as hawkish, creating upside risks to the Fed's projection of three rate hikes in 2018.
- ▶ On Thursday, **US President Donald Trump said he intended to impose new import tariffs on steel (25%) and aluminum (10%)** for "a long period of time" to protect national security. He is expected to sign a formal order next week. The announcement followed on from the US Department of Commerce's report that existing trading partner practices in these industries impaired US national security. The details have not been unveiled at the time of writing. Trump is under pressure from lawmakers of his own Republican Party to soften the action, to avoid triggering global retaliation and amid concerns of higher prices for consumer goods. Therefore, many aspects of the decision could change over next week. Furthermore, it remains to be seen if certain countries or products could be exempted in the final policy. Exceptions may also be granted over time as different countries negotiate or retaliate.
- ▶ In terms of **US** data releases this week, the **ISM Manufacturing Index** climbed to 60.8 in February, its highest level since May 2004. The increase was driven by a jump in new export orders (+3.0 points) and employment (+5.5 points). However, the second estimate of **Q4 GDP** edged 0.1 percentage points lower to 2.5% qoq annualised, matching expectations. There were only modest changes made to broad categories from the first estimate. Positively, consumer expenditures remained at 3.8% qoq annualised, faster than an anticipated slowdown to 3.6% qoq annualised. **Durable goods orders** fell by more than expected in January, reflecting declines in commercial aircraft and defence goods orders, as well as softer core measures. **US pending home sales** – which lead existing home sales by one to two months – unexpectedly fell 4.7% mom in January, against expectations of a 0.5% mom increase. **US new home sales** for January also unexpectedly declined, falling 7.8% to 593,000, from an upwardly revised 643,000 in December (previous: 625,000). The fall was caused by a decline in the Northeast and South regions. Finally, **PCE core** – the Fed's favoured inflation measure – remained stable at 1.5% yoy, in line with consensus expectations.
- ▶ In Europe, the flash estimate of **eurozone CPI inflation** in February declined by 0.1 percentage points to 1.2% yoy, driven by fresh food prices. Core inflation was flat, remaining at 1.0% yoy. Subdued inflationary pressures remain a challenge for the European Central Bank (ECB) despite its increasing confidence that inflation will eventually converge to its target of "below, but close to, 2%."
- ▶ **Japanese industrial production** was weaker than expected in January, down 6.6% mom (the expectation was for -4.0%). While broad-based, the decline was mostly driven by investment goods and producer goods. Adverse weather conditions in January may explain the magnitude of the decline. **Japan's unemployment rate** for January came in much lower than expected, falling from 2.7% in December to 2.4%, its lowest level since April 1993.
- ▶ **Brazil's GDP** grew by 0.1% qoq in Q4, lower than the 0.3% qoq expected (+2.1% yoy, below a forecasted +2.5% yoy). Nevertheless, this represents the fastest pace of annual growth expansion in more than three years as the economy continues to recover from a deep recession. Investment notably improved on both a quarterly and annual basis.
- ▶ Finally, **Canada's Q4 GDP** rose by 1.7% qoq annualised, lower than an expected expansion of 2.0% qoq annualised. Q3 GDP growth was revised lower to 1.5% qoq. After strong readings in the first two quarters of 2017, economic activity decelerated in the second half amid a slowdown in household consumption.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 02 March 2018.

Past performance is not an indication of future returns.

Coming Week (04-09 March 2018)

Date	Country	Indicator	Data as of	Survey	Prior
Sunday 04 March	Italy	General Election			
	Germany	SPD Announces Result of Member Vote on Coalition Pact			
Monday 05 March	China	National People's Congress Begins			
	US	ISM Non-Manufacturing	Feb	58.7	59.9
Tuesday 06 March	South Africa	GDP (qoq annualised)	Q4	1.7%	2.0%
Wednesday 07 March	Eurozone	GDP (seasonally adjusted, qoq)	Q4 F	0.6%	0.6% P
	Turkey	CBRT Interest Rate Decision (overnight lending rate)	Mar	9.25%	9.25%
	Canada	Bank of Canada Interest Rate Decision	Mar	1.25%	1.25%
Thursday 08 March	Japan	GDP (seasonally adjusted, qoq annualised)	Q4 F	1.0%	0.5%
	China	Trade Balance (USD bn)	Feb	-8.5	20.3
	Eurozone	ECB Interest Rate Decision	Mar	-0.40%	-0.40%
	Mexico	CPI (yoy)	Feb	-	5.6%
Friday 09 March	Japan	Bank of Japan Interest Rate Decision	Mar	-0.10%	-0.10%
	China	CPI (yoy)	Feb	2.4%	1.5%
	Brazil	IBGE Inflation IPCA (yoy)	Feb	-	2.9%
	US	Change in Nonfarm Payrolls (000s)	Feb	203	200

P – Preliminary, Q – Quarter, F – Final

US/Canada

- ▶ The **US ISM Non-Manufacturing** reading for February is expected at 58.7, down from 59.9 in the prior month but still at an elevated level. In January, there was broad-based strength across all areas of the survey. The new orders and business activity indices both rose solidly, pointing to continued strong activity momentum in the near term.
- ▶ **US nonfarm payrolls** are expected at 203,000 in February, similar to levels in the previous month. Other employment indicators have remained upbeat during the month as initial jobless claims stayed near historical lows and business survey employment indices are still in firmly expansionary territory. Average hourly earnings will be a focus after January's upside surprise, with both monthly and annual readings projected to remain at the same elevated pace of 0.3% mom and 2.9% yoy, respectively. The unemployment rate may edge 0.1 percentage points lower to 4.0%.
- ▶ Meanwhile, the **Bank of Canada** is expected to leave its overnight rate unchanged at 1.25% at its next meeting, after a 25 bp rate hike in January. The central bank anticipates inflation to track 2% yoy and has said the economy is currently operating at capacity. However, policymakers continue to keep an eye on indebted households, NAFTA renegotiations and a recent tightening of mortgage rules.

Europe

- ▶ On Sunday 4 March, **Italy will go to the polls** to elect new members of the country's Parliament. Recent opinion polls suggest that a centre-right coalition consisting of Forza Italia and the Eurosceptic Lega Nord have a 10 percentage point lead over both the centre-left grouping – which includes the main incumbent Democratic Party – and the Five Star Movement. However, how this ultimately translates into seat numbers is complicated by a large number of undecided voters as well as a fairly complicated electoral law. There is a good chance of a "hung parliament," where no single party or coalition gains an absolute majority of seats. This could mean a prolonged period of political uncertainty.
- ▶ In **Germany**, over the past few days, the 463,723 members of the social-democratic party have had the opportunity to either agree to or reject in a postal ballot their party leadership's decision to renew the "grand" coalition with Chancellor Angela Merkel's CDU party. The **result of the vote is expected for Sunday morning**. In the event of a "yes" vote, the parliament will likely elect Merkel as Chancellor on 14 March. A rejection could either lead to Merkel forming a minority government or fresh elections. Given that a minority government might be unstable and the way to new elections is not straightforward, a rejection could raise the risk of political uncertainty.
- ▶ The **ECB's** January meeting minutes showed that the Governing Council judged it was "premature" to adjust the bank's forward guidance. This probably reflects concerns over disrupting financial markets and still subdued inflation, which is not helped by recent euro strength. In this context, the bank's **March policy meeting** is also unlikely to see any major shifts in guidance, such as cutting the direct link between asset purchases and inflation (ultimately required to justify ending the bank's quantitative easing programme). However, some concessionary tweaks for the hawks are possible, such as dropping the easing bias on asset purchases. Updated staff forecasts will be published at this meeting, and could see lower inflation projections on the back of euro strength and lower oil prices.
- ▶ The final estimate of Q4 **eurozone GDP** is likely to be confirmed at 0.6% qoq (+2.7% yoy). Final GDP releases at the country level indicate that net exports provided a strong contribution to growth, while support from domestic demand eased back somewhat compared to the previous quarter.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 02 March 2018.

Past performance is not an indication of future returns.

Emerging markets and Japan

- ▶ **China's National People's Congress** kicks off on 5 March and will run through to 15 March. The focus will be on the government's work report on the first day, where various economic targets (notably on GDP growth and the fiscal budget) will be officially disclosed. Changes in the governorship of the People's Bank of China and the structure of the cross-agency financial body (Financial Stability and Development Committee) will also be officially announced during the Congress.
- ▶ **China's February trade and CPI data** could be distorted by base effects due to the timing of the Lunar New Year holiday (in January last year and February this year). In US dollar terms, export growth is expected to moderate to 10.0% yoy, from 11.1% in January, while import growth probably fell sharply to 6.5% yoy after January's 36.8% yoy jump, as hinted by a fall in the PMI new export order and import sub-indexes. The January-February average could show underlying growth of exports and that imports remained largely stable. Overall, the **trade balance** could move to a small deficit of USD8.5 billion from USD20.3 billion in January.
- ▶ **China's CPI inflation** is expected to rise to 2.4% yoy in February, from 1.5% in January, due to higher food prices and the holiday boost. PPI inflation should have decelerated further, to 3.8% from 4.3% due to base effects, while the fall in the PMI input price sub-index indicated easing industrial price pressure on a monthly basis.
- ▶ **The Bank of Japan (BoJ)** is expected to keep its monetary policy unchanged on Friday, with short-term policy rates set at -0.1% and 10-year Japanese government bond (JGB) yields at about 0%, while retaining the indicative annual target for JGB buying at JPY80 trillion. Despite recent government bond yield increases in Europe and the US, the Japanese market has seen a significant rally in the long end of the curve (20- and 30-year) since January. Meanwhile, inflation remains significantly below target, particularly in services and durable goods. Lastly, Governor Haruhiko Kuroda said to parliament that exit strategies will not be discussed before next fiscal year (starting in April 2019).
- ▶ **Japan's GDP growth** for Q4 is likely to be revised up given that business capital expenditure for Q4 came in stronger than expected, according to Ministry of Finance data. Private consumption is expected to remain unchanged, while investment is likely to be revised up from 0.7% qoq to 1.2% qoq, leading to an overall GDP growth upgrade from 0.5% qoq annualised to 1.0% qoq.
- ▶ **Brazil's IBGE Inflation IPCA** could show January's slowdown was a one-off event. The gauge had eased in the prior report, owing to a monthly decline in utility rates and food deflation. On a trend basis, however, inflation has been accelerating since hitting a bottom in August 2017 (+2.46% yoy) as Latin America's largest economy recovers from a recent deep recession.
- ▶ **Mexico's CPI data** for February may show a modest monthly slowdown, although the annual figure is likely to stay above the central bank's range of 2%-4% yoy. At the last central bank meeting, policymakers said they anticipate CPI inflation to decelerate to its 3% yoy target by Q1 2019.

Market Moves

Global equity markets fell on heightened risk aversion as US President Trump proposed tariffs

- ▶ **US equities** tumbled this week, as investors weighed the potential for more interest rate hikes than initially expected, following Fed Chair Jerome Powell's testimony. Risk sentiment was further dampened later in the week as President Trump threatened to impose a 25% tariff on imported steel and 10% on imported aluminium, fuelling concerns about trade frictions with the US's main trading partners. Overall, the S&P 500 Index shed 2.0%, with all sectors ending in negative territory.
- ▶ **European stocks** also fell over the week – tracking US stock markets – as lower crude oil prices and some disappointing corporate earnings releases dampened risk appetite. The regional EURO STOXX 50 Index shed 3.4%, with industrials leading the weakness. At the country level, Germany's DAX underperformed (-4.6%) in the region. Elsewhere, the UK's FTSE 100 Index shed 2.4% amid renewed Brexit concerns following the release of the European Union's draft treaty, which includes a proposal to keep Northern Ireland in the bloc's customs union, something UK Prime Minister Theresa May has rejected.
- ▶ **Japanese stocks** were weighed down by a stronger yen, with the Nikkei 225 Index ending down 3.2%. China's Shanghai Stock Exchange Composite Index shed 1.0%, ahead of the National People's Congress (which will start on 5 March), where key economic targets will be set, the budget will be approved, and constitutional amendments and key personnel changes will be voted on. Finally, India's SENSEX 30 Index fell 0.3%, with global risk aversion overshadowing higher than expected December-quarter GDP/GVA growth.

US and European government bond yields fell this week

- ▶ **US Treasury** yields rose sharply on Tuesday, following Fed Chair Jerome Powell's hawkish testimony to the House Financial Services Committee. But as the week progressed, yields steadily fell on heightened risk aversion, especially after President Donald Trump announced his intention to raise import tariffs for steel and aluminium. Meanwhile, high-frequency data released over the week was mixed, with January core PCE coming in as expected at 1.5% yoy and Q4 GDP revised slightly lower to 2.5% qoq. Overall, two-year yields were little changed at 2.24% and 10-year yields fell 1 bps to 2.86%.
- ▶ **European government bond** yields fell and prices rose across the spectrum this week, with the biggest moves occurring in the periphery. Italian 10-year government bonds outperformed (yields fell 10 bps to 1.96%), despite political uncertainty ahead of the general elections on Sunday 4 March. UK 10-year gilt yields dropped 5 bps to 1.47%, supported by renewed uncertainty around Brexit negotiations following the release of the European Union's draft treaty that proposes to keep Northern Ireland in the bloc's customs union, which UK Prime Minister Theresa May has rejected. Elsewhere, benchmark German 10-year bund yields were flat at 0.65%.

Most currencies fell against the US dollar this week; Japanese yen gained

- ▶ The **British pound** depreciated against the US dollar for the second consecutive week (-1.2%), with the majority of the fall occurring on Wednesday following the European Union's Brexit draft treaty release. Meanwhile, the **euro** finished little changed (+0.2%), as a strong performance on Thursday helped pare early-week trading losses.
- ▶ The **Japanese yen** rose against the US dollar this week (mainly on Friday) after Bank of Japan Governor Haruhiko Kuroda said the central bank would start thinking about how to exit its massive monetary stimulus program around the fiscal year starting in April 2019, as inflation is expected to move to reach 2%. Emerging market Asian currencies were slightly lower against the US dollar over the week.

Crude oil prices declined on rising US inventories

- ▶ Crude oil prices fell this week, with most losses coming after the U.S. Energy Information Administration weekly report showed US crude oil inventories increased more than expected last week while gasoline supplies rose for a fourth straight week. Overall, WTI crude dipped 3.3% to close at USD61.5 a barrel.
- ▶ Meanwhile, gold prices also declined (-0.5% to USD1,323 per troy ounce), mainly on the back of Fed Chair Jerome Powell's hawkish comments, which supported US interest rate expectations, weighing on the non-yield-generating asset.

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)	512	-2.3	-3.7	1.7	14.6	-0.2	551	442	15.5
North America									
US Dow Jones Industrial Average	24,538	-3.0	-3.9	1.3	16.8	-0.7	26,617	20,380	16.6
US S&P 500 Index	2,691	-2.0	-2.6	1.9	13.0	0.7	2,873	2,322	17.2
US NASDAQ Composite Index	7,258	-1.1	0.2	6.0	23.8	5.1	7,506	5,769	22.1
Canada S&P/TSX Composite Index	15,385	-1.6	-1.4	-4.1	-1.0	-5.1	16,421	14,786	15.2
Europe									
MSCI AC Europe (USD)	477	-2.6	-5.3	0.6	15.3	-2.1	524	410	13.8
Euro STOXX 50 Index	3,325	-3.4	-5.6	-5.7	-1.8	-5.1	3,709	3,307	13.3
UK FTSE 100 Index	7,070	-2.4	-5.0	-3.2	-4.2	-8.0	7,793	7,063	13.3
Germany DAX Index*	11,914	-4.6	-6.8	-7.4	-1.2	-7.8	13,597	11,850	12.4
France CAC-40 Index	5,137	-3.4	-4.3	-3.4	3.5	-3.3	5,567	4,934	14.2
Spain IBEX 35 Index	9,531	-3.0	-6.7	-5.5	-1.9	-5.1	11,184	9,511	12.5
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	577	-1.2	-3.6	4.3	23.7	1.2	617	461	13.7
Japan Nikkei-225 Stock Average	21,182	-3.2	-9.0	-7.2	8.3	-7.0	24,129	18,225	15.9
Australian Stock Exchange 200	5,929	-1.2	-3.1	-1.0	2.6	-2.2	6,150	5,630	15.9
Hong Kong Hang Seng Index	30,583	-2.2	-6.2	5.2	28.9	2.2	33,484	23,439	11.9
Shanghai Stock Exchange Composite Index	3,255	-1.0	-6.0	-1.9	0.8	-1.6	3,587	3,017	12.7
Hang Seng China Enterprises Index	12,204	-4.2	-9.9	6.6	19.1	4.2	13,963	9,882	7.8
Taiwan TAIEX Index	10,698	-0.9	-3.8	0.9	10.4	0.5	11,270	9,563	13.8
Korea KOSPI Index	2,402	-2.0	-4.9	-3.0	14.2	-2.6	2,607	2,068	9.3
India SENSEX 30 Index	34,047	-0.3	-2.9	3.7	18.1	0.0	36,444	28,716	22.3
Indonesia Jakarta Stock Price Index	6,582	-0.6	-0.7	10.6	21.7	3.6	6,693	5,370	16.8
Malaysia Kuala Lumpur Composite Index	1,856	-0.3	-0.8	8.0	8.2	3.3	1,881	1,704	16.5
Philippines Stock Exchange PSE Index	8,459	-0.1	-4.0	3.9	16.9	-1.2	9,078	7,146	18.6
Singapore FTSE Straits Times Index	3,479	-1.5	-1.4	0.9	10.9	2.2	3,612	3,104	14.0
Thailand SET Index	1,812	0.2	-0.8	6.6	15.4	3.3	1,853	1,529	16.4
Latam									
Argentina Merval Index	31,901	-2.6	-2.2	18.4	68.2	6.1	35,462	18,718	10.4
Brazil Bovespa Index*	85,761	-1.8	2.0	18.7	30.2	12.3	88,318	60,315	13.3
Chile IPSA Index	5,545	-3.4	-4.8	10.4	25.5	-0.3	5,895	4,400	18.6
Colombia COLCAP Index	1,456	-5.0	-7.1	0.5	9.8	-3.8	1,598	1,316	13.6
Mexico Index	47,548	-2.3	-5.7	0.6	0.5	-3.7	51,772	46,598	16.2
EEMEA									
Russia MICEX Index	2,289	-2.1	0.3	8.7	11.7	8.5	2,377	1,775	6.5
South Africa JSE Index	57,745	-1.7	-1.6	-2.9	11.3	-3.0	61,777	50,737	15.8
Turkey ISE 100 Index*	116,859	-0.6	-1.1	12.8	29.9	1.3	121,532	87,998	8.5

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

Equity Indices - Total Return	1-week Change (%)	1-month Change (%)	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	-2.3	-3.5	2.0	0.0	16.8	25.4	60.1
US equities	-2.5	-2.9	1.7	0.5	14.0	31.5	89.1
Europe equities	-2.5	-5.1	0.9	-1.9	18.5	12.9	34.8
Asia Pacific ex Japan equities	-1.1	-3.4	4.8	1.5	26.9	28.2	38.2
Japan equities	-2.0	-4.1	1.7	0.6	19.2	29.4	61.0
Latam equities	-3.1	-2.0	13.3	8.9	21.6	26.4	-8.0
Emerging Markets equities	-2.0	-3.0	7.3	3.1	30.2	29.3	27.6

All total returns quoted in US dollar terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Markets Latin America Total Return Index and MSCI Emerging Markets Total Return Index.

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

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 02 March 2018.

Past performance is not an indication of future returns.

Market Data (continued)

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return						
BarCap GlobalAgg (Hedged in USD)	511	0.3	0.3	-0.8	2.2	-0.8
JPM EMBI Global	790	0.1	-1.5	-1.7	3.6	-2.2
BarCap US Corporate Index (USD)	2,831	0.2	-0.7	-1.9	3.1	-2.4
BarCap Euro Corporate Index (Eur)	246	0.0	0.1	-0.9	1.8	-0.4
BarCap Global High Yield (Hedged in USD)	466	0.1	-0.7	-0.2	4.5	-0.6
Markit iBoxx Asia ex-Japan Bond Index (USD)	194	0.2	-0.3	-1.1	2.4	-1.2
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	252	0.2	-0.4	0.2	3.8	-0.1

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 2017	52-week High	52-week Low	1-week Change (%)
Developed markets									
EUR/USD	1.23	1.23	1.25	1.19	1.05	1.20	1.26	1.05	0.2
GBP/USD	1.38	1.40	1.41	1.35	1.23	1.35	1.43	1.21	-1.2
CHF/USD	1.07	1.07	1.07	1.02	0.99	1.03	1.09	0.98	-0.1
CAD	1.29	1.26	1.24	1.27	1.34	1.26	1.38	1.21	-2.0
JPY	105.75	106.89	110.17	112.17	114.41	112.69	115.51	105.25	1.1
AUD	1.29	1.28	1.26	1.31	1.32	1.28	1.36	1.23	-1.0
NZD	1.38	1.37	1.37	1.45	1.42	1.41	1.47	1.32	-0.7
Asia									
HKD	7.83	7.82	7.82	7.81	7.76	7.81	7.83	7.76	-0.1
CNY	6.35	6.34	6.30	6.62	6.89	6.51	6.92	6.25	-0.1
INR	65.17	64.73	64.06	64.46	66.71	63.87	66.89	63.25	-0.7
MYR	3.90	3.92	3.89	4.09	4.45	4.05	4.46	3.87	0.4
KRW	1,080	1,079	1,080	1,086	1,142	1,067	1,161	1,058	-0.1
TWD	29.27	29.27	29.23	30.01	30.79	29.73	31.14	28.96	0.0
Latam									
BRL	3.25	3.24	3.22	3.26	3.15	3.31	3.41	3.06	-0.4
COP	2,864	2,845	2,842	2,999	2,981	2,986	3,103	2,760	-0.7
MXN	18.82	18.55	18.59	18.63	20.00	19.66	20.10	17.45	-1.4
EEMEA									
RUB	56.81	56.13	56.54	58.90	58.86	57.69	61.01	55.56	-1.2
ZAR	11.92	11.56	12.09	13.74	13.16	12.38	14.57	11.51	-3.2
TRY	3.81	3.79	3.77	3.91	3.73	3.80	3.98	3.39	-0.5

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2017	1-week Basis Point Change
US Treasury yields (%)							
3-Month	1.64	1.64	1.47	1.26	0.66	1.38	0
2-Year	2.24	2.24	2.14	1.77	1.31	1.88	0
5-Year	2.63	2.62	2.59	2.11	2.02	2.21	1
10-Year	2.86	2.87	2.84	2.36	2.48	2.41	0
30-Year	3.14	3.16	3.09	2.76	3.07	2.74	-2
10-year bond yields (%)							
Japan	0.06	0.05	0.08	0.03	0.06	0.04	2
UK	1.47	1.52	1.58	1.23	1.21	1.19	-5
Germany	0.65	0.65	0.77	0.30	0.32	0.42	0
France	0.92	0.93	1.02	0.61	0.92	0.78	-1
Italy	1.96	2.06	2.04	1.71	2.13	2.01	-10
Spain	1.54	1.59	1.46	1.41	1.69	1.56	-5
China	3.86	3.90	3.92	3.92	3.38	3.90	-4
Australia	2.73	2.85	2.83	2.53	2.79	2.63	-11
Canada	2.20	2.25	2.36	1.91	1.70	2.05	-5

*Numbers may not add up due to rounding

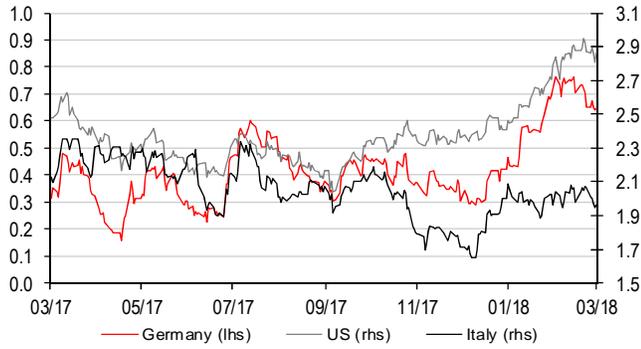
Commodities	Latest	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,323	-0.5	-0.8	3.3	7.2	1.5	1,366	1,195
Brent Oil	64.6	-4.1	-5.9	1.3	17.2	-3.5	71	44
WTI Crude Oil	61.5	-3.3	-6.1	5.3	16.8	1.7	67	42
R/J CRB Futures Index	194	-1.0	-1.7	1.8	2.8	0.1	201	166
LME Copper	6,922	-2.4	-1.7	1.3	16.7	-4.5	7,313	5,463

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 02 March 2018.

Past performance is not an indication of future returns.

Market Trends

Government bond yields (%)



Major currencies (versus USD)



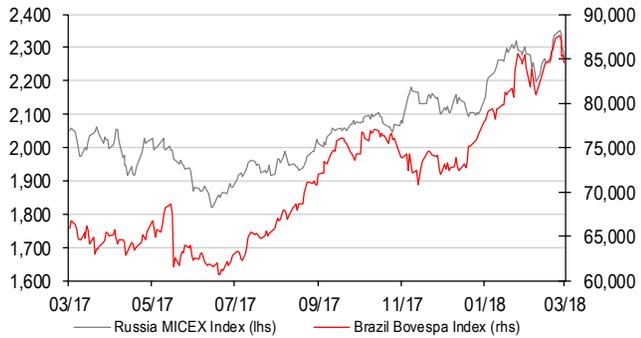
Global equities



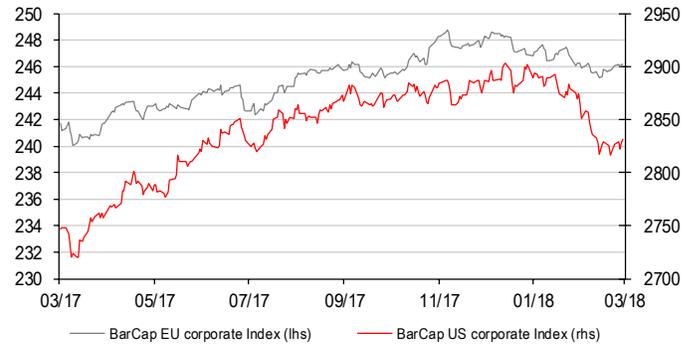
Emerging Asian equities



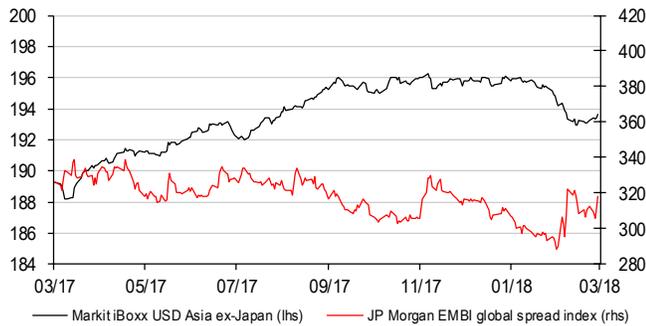
Other emerging equities



Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 02 March 2018.

Past performance is not an indication of future returns.

For Professional Clients and intermediaries within countries set out below; and for Institutional Investors and Financial Advisors in Canada and the US. This document should not be distributed to or relied upon by Retail clients/investors.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Global Asset Management Global Investment Strategy Unit at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Global Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Past performance contained in this document is not a reliable indicator of future performance whilst any forecasts, projections and simulations contained herein should not be relied upon as an indication of future results. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

We accept no responsibility for the accuracy and/or completeness of any third party information obtained from sources we believe to be reliable but which have not been independently verified.

HSBC Global Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. HSBC Global Asset Management is the brand name for the asset management business of HSBC Group. The above communication is distributed by the following entities: in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority; in France by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026); in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin; in Austria by HSBC Global Asset Management (Österreich) GmbH which is regulated by the Financial Market Supervision in Austria (FMA); in Switzerland by HSBC Global Asset Management (Switzerland) Ltd whose activities are regulated in Switzerland and which activities are, where applicable, duly authorised by the Swiss Financial Market Supervisory Authority. Intended exclusively towards qualified investors in the meaning of Art. 10 para 3, 3bis and 3ter of the Federal Collective Investment Schemes Act (CISA); in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission; in Canada by HSBC Global Asset Management (Canada) Limited which is registered in all provinces of Canada except Prince Edward Island; in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority; in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India; In the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Bank Middle East Limited which are regulated by relevant local Central Banks for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. In Oman by HSBC Bank Oman S.A.O.G regulated by Central Bank of Oman and Capital Market Authority of Oman. In Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan); in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. HSBC Global Asset Management (Singapore) Limited is also an Exempt Financial Adviser and has been granted specific exemption under Regulation 36 of the Financial Advisers Regulation from complying with Sections 25 to 29, 32, 34 and 36 of the Financial Advisers Act, Chapter 110 of Singapore; and in the US by HSBC Global Asset Management (USA) Inc. which is an investment advisor registered with the US Securities and Exchange Commission. Unless and until HSBC Global Asset Management (USA) Inc. and you have entered into an investment management agreement, HSBC Global Asset Management (USA) Inc. is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to you, or to any retirement account(s) for which you act as a fiduciary.

INVESTMENT PRODUCTS:

- Are not a deposit or other obligation of the bank or any of its affiliates;
- Not FDIC insured or insured by any federal government agency of the United States;
- Not guaranteed by the bank or any of its affiliates; and
- Are subject to investment risk, including possible loss of principal invested.

Copyright © HSBC Global Asset Management Limited 2018. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

DK1800117A

Expiry: March 30, 2018