

Investment Weekly

This week in detail

The US ISM non-manufacturing index rose to a 21 year-high, suggesting healthy near-term activity levels and the labour market report was mixed

[Read more>](#)

The week ahead

In the coming week, the outcome of Brazil's general elections will be closely watched, along with US CPI inflation data

[Read more>](#)

Market moves

[Read more>](#)

Equities

Global stocks ended the week lower after the government bond sell-off

[Read more>](#)

Bonds

US Treasuries sold off on continued strong run of data; Italian bonds slid on budget concerns

[Read more>](#)

Currencies

Against the US dollar, euro retreated on Italian budget concerns and stronger than expected US data; British pound ended flat on Brexit optimism

[Read more>](#)

Commodities

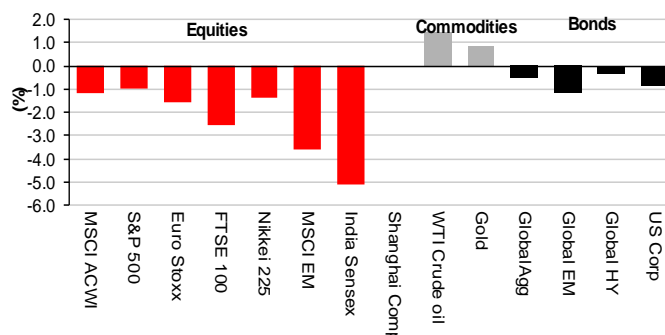
Oil prices rose as US rig count declined for a second consecutive week

[Read more>](#)

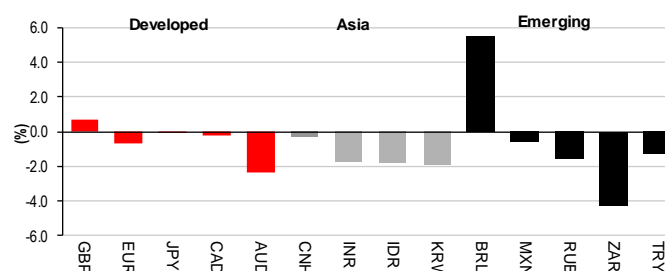
Market data

Market trends

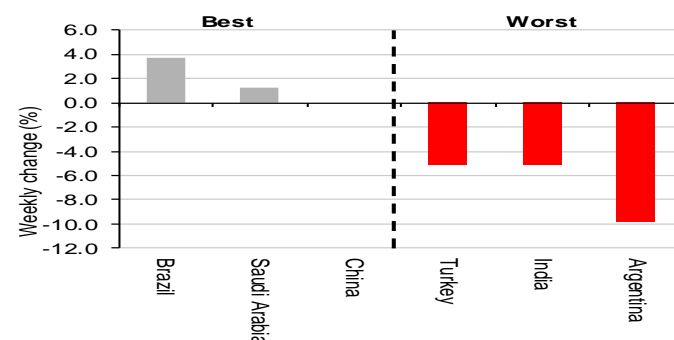
Movers and shakers



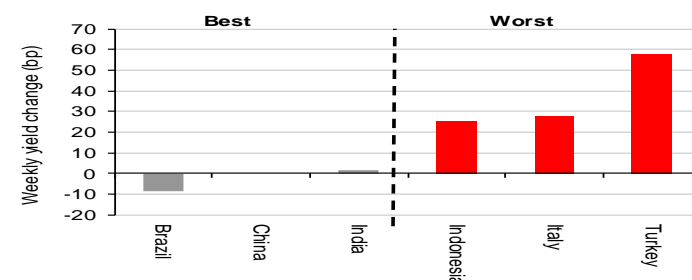
Currencies (versus USD)



Equities



Bonds (10-year yields)



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.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 05 October 2018. All the above charts relate to 28/09/2018 – 05/10/2018. **Past performance is not an indication of future returns**

This week in detail

Macro Data and Key Events

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 01 October	Japan	Tankan large manufacturing index	Q3	22	19	21
	Eurozone	Unemployment rate	Aug	8.2%	8.1%	8.2%
	US	ISM Manufacturing	Sep	60.0	59.8	61.3
Tuesday 02 October	Australia	Reserve Bank of Australia interest rate decision	Oct	1.5%	1.5%	1.5%
	US	Fed Chair Powell speaks at a conference in Boston				
Wednesday 03 October	Turkey	CPI (yoy)	Sep	21.1%	24.5%	17.9%
	Eurozone	Markit composite PMI	Sep F	54.2	54.1	54.2 P
	US	ISM non-manufacturing	Sep	58.0	61.6	58.5
Thursday 04 October	Mexico	Banco de Mexico interest rate decision	Oct	7.75%	7.75%	7.75%
Friday 05 October	Germany	Factory orders (working day adjusted, yoy)	Aug	-3.0%	-2.1%	-0.9%
	India	RBI interest rate decision (repurchase rate)	Oct	6.75%	6.50%	6.5%
	Brazil	IBGE Inflation IPCA (yoy)	Sep	4.5%	4.5%	4.2%
	US	Change in nonfarm payrolls (000s)	Sep	185	134	270

P – Preliminary, Q – Quarter, F – Final

Canada joined the US-Mexico trade agreement

Canada joined the **US-Mexico trade agreement**, in a new deal named the US-Mexico-Canada trade agreement (USMCA). The agreement adjusts the existing The North American Free Trade Agreement (NAFTA) framework with marginal changes. It includes concessions from both the US (the dispute settlement mechanism would remain unchanged) and Canada (concerning access to its dairy market). Meanwhile, in a speech to the US National Association for Business Economics, Fed Chair Powell backed a gradual pace of rate hikes to guard against the risk of an overheating economy, but also noted that earnings growth was consistent with the pace of price increases and productivity growth, and therefore not likely to lead to runaway inflation.

The US economy added 134,000 jobs in September, with a solid upward revision in the prior two months' data

In terms of US data releases, **non-farm payrolls** grew by 134,000 jobs in September, lower than a projected 185,000 jobs. However, there were hurricane disruptions during the period, whilst there was a solid upward revision in the prior two months' data (by 87,000 jobs). The unemployment rate edged down to a near 49-year low of 3.7%, below the forecasted 3.8%. Meanwhile, average hourly earnings came in at 2.8% yoy, as expected. As it stands, 2018's average monthly job gains (208,000) continue to outpace 2017's average rate (182,000), helping the case for further gradual rate hikes from the Fed. The **US ISM non-manufacturing index** rose to 61.6 in September, from 58.5 in the prior month, surprising expectations for an easing to 58.0. The reading was the strongest in 21 years and suggested healthy near-term activity levels, despite more tariffs imposed on Chinese imports in mid-September. Less positively, the **ISM manufacturing index** declined 1.5pt to 59.8 in September, slightly below consensus expectations but still suggesting strong growth in the manufacturing sector.

The US ISM non-manufacturing index rose 21 year-high, suggesting healthy near-term activity levels

Brazil's inflation rate (on the IPCA measure) rose to 4.5% yoy, from 4.2% in the prior month. Policymakers are expecting price pressures to trend at current levels for the remainder of 2018.

The Reserve Bank of India unexpectedly kept rates on hold, but changed its stance from 'neutral' to 'calibrated tightening'

In Asia, the Bank of **Japan's** (BoJ) **tankan survey** for Q3 showed a softening in the headline index of large manufacturers' assessment of current business conditions, declining by 2pts to 19, continuing its gradual descent from a 15-year high of 26 in December last year. The details of the survey remained firm, supported by still solid external demand and likely helped by renewed weakness of the yen during the survey period.

The **Reserve Bank of India** (RBI) kept the policy repo rate unchanged at 6.50%, against market expectations of a 25bp hike. However, it changed its stance from 'neutral' to 'calibrated tightening' while flagging medium-term inflation risks. The change in policy stance indicates that the RBI stands ready to hike rates in response to inflation risks, if necessary.

The week ahead

Macro Data and Key Events

Date	Country	Indicator	Data as of	Survey	Prior
Sunday 07 October	Brazil	General elections			
Monday 08 October	Germany	Industrial production (seasonally adjusted, mom)	Aug	0.3%	-1.1%
Tuesday 09 October	Mexico	CPI (yoy)	Sep	5.0%	4.9%
Thursday 11 October	US	CPI (yoy)	Sep	2.4%	2.7%
Friday 12 October	China	Trade balance (USD bn)	Sep	24.5	27.9
	Eurozone	Industrial production (seasonally adjusted, mom)	Aug	0.3%	-0.8%
	India	CPI (yoy)	Sep	-	3.7%
	India	Industrial production (yoy)	Aug	-	6.6%
	US	Uni. of Michigan consumer sentiment	Oct P	100.8	100.1

P – Preliminary, Q – Quarter, F – Final

In the coming week, the outcome of Brazil's general elections will be closely watched, along with US CPI inflation data

Chinese export growth is expected to moderate in September

US

In a quiet upcoming week for US data, **core CPI inflation** is anticipated to gain 0.1 percentage point (ppt) to 2.3% yoy in September, after easing in the prior month from apparel cost declines. Including more volatile price components, headline CPI inflation is expected to cool 0.3 ppts to 2.4% yoy in September.

Meanwhile, the **University of Michigan consumer sentiment index** is expected to rise 0.7 pts to 100.8 for October, showing further household optimism. Confidence is being underpinned by resilient employee demand amid a robust economic expansion.

Europe

Eurozone industrial production is anticipated to edge up 0.3% mom in August, but on an annual growth basis, decline to 0.3% yoy. The trend in industrial output has been negative since earlier this year amid a slowdown in global growth and protectionism concerns.

Emerging markets

China's external trade data for September are likely to show a deceleration in exports and imports, resulting in a moderate decline in the trade balance. Exports are expected to grow by 8.7% yoy, down from 9.8% yoy in August, as both the official and Markit PMI surveys new export orders for September remained weak. Meanwhile, imports are expected to decelerate more sharply, from 19.9% yoy in August to 14.5% yoy in September. Overall, a trade surplus of USD24.5 billion is expected, down from USD27.9 billion.

Mexico's CPI inflation is forecast to pick up 0.1 ppt to 5.0% yoy in September. Since mid-year, higher energy prices have contributed to an inflation pick-up, delaying a convergence to policymakers' target range of 2-4% yoy. The central bank is now expecting price pressures to end at 4.5% yoy by the end of 2018.

Market moves

Equities

Global stocks ended the week lower after the government bond sell-off

Bonds

US Treasuries sold off on continued strong run of data; Italian government bonds slid on budget concerns

Currencies

Euro retreats on Italian budget concerns and stronger than expected US data; British pound ends flat on Brexit optimism

Commodities

Oil prices rose as US rig count declined for a second consecutive week

Equities

US stocks rose at the start of the week, as investor sentiment was lifted by last Sunday's news that the US, Canada and Mexico had reached a trilateral trade deal. This will replace the old NAFTA framework and will be known as the US Mexico Canada Agreement (USMCA). Stronger than expected macro data (ISM-manufacturing, ADP survey) also supported stocks this week. However by the end of the week, stocks sold-off as US treasuries fell (yields rose) and the labour market report was mixed. Overall, the S&P ended down 1.0%. Canada's S&P/TSX Composite Index also tracked US stocks higher at the start of the week following the positive USMCA news flow but ended the week down 0.8%.

European stocks also rose at the start of the week, as the USMCA trade deal lifted investor sentiment. However, as the week progressed, stocks fell as investors focused on the Italian budget news flow. Overall, the regional Euro Stoxx 50 ended the week down 1.6%, dragged lower by financials. All other national bourses also ended down but the UK's FTSE 100 bucked the regional trend and rose 1.0%.

In **Asia, stock markets** dropped as rising US Treasury yields and escalating trade and political tensions between the US and China undermined market sentiment. Indian shares fell the most, with the Sensex down 5.1%, as the Reserve Bank of India refrained from hiking policy rates while rising crude oil prices could increase the trade deficit. Hong Kong's Hang Seng and Taiwan's Taiex lost 4.4%, followed by Korea's Kospi (-3.2%) amid a selloff in technology shares during the week. Japanese equities outperformed, down 1.4%, as domestic activity continued to expand at above average pace, according to the Tankan survey for Q3.

Bonds

US Treasury yields rose from mid-week onwards to finish higher (prices fell). The move came amid a continued strong run of US macro data (e.g. September ISM non-manufacturing & September non-farm payrolls net revision). Interestingly, Fed Chair Powell remarked on Wednesday that monetary policy is probably far from neutral. At the end of the week, the US Treasury curve bear steepened, with two-year yields up 7bp at 2.89%, and 10-year yields up 17bp at 3.23%. Meanwhile, Canadian 10-year yields also rose 17bp to 2.60%.

The sell-off in US Treasuries also put downward pressure on **European equivalents**. Benchmark German 10-year bund yields rose 10bp to 0.57%, and UK 10-year bond yields rose 15bp to 1.72%. In the periphery, Italian 10-year bond yields surged 28bp to 3.42%, as the government budget situation kept investors on edge.

Currencies

The **euro** fell (-0.7%) against the US dollar, marking a second consecutive week of losses. The single currency was weighed by looming Italian budget concerns, as well as stronger than expected US data which prompted investors to reassess the outlook for US inflation and the US rate tightening cycle. In contrast, the **British pound** up slightly (+0.7%) against the US dollar amid some signs of progress on key Brexit negotiation issues, particularly over developing a backstop to avoid a hard border with Ireland.

Most **Asian currencies** depreciated sharply against the US dollar over the week, as rising US Treasury yields and crude oil prices, as well as escalating tensions between the US and China, fuelled concerns about EM Asian currencies. The biggest depreciations were observed in India and Indonesia, where the rupee fell 1.8%, hitting fresh record lows as the Reserve Bank of India unexpectedly kept its policy rate unchanged on Friday. The Korean won also underperformed (-1.9%) as inflation for September surprised to the upside. Meanwhile, the Japanese yen showed greater resilience, remaining flat (0.0%).

Commodities

Crude oil prices rose this week, with the bulk of gains occurring on Monday as a decline in the US rig count for a second week added to concern over supply losses from Iran and Venezuela. WTI rose 1.4% to USD74.3 a barrel and Brent oil prices rose 1.6% to USD84.0 a barrel.

Gold prices also rose this week (+0.9% to USD1,203 per troy ounce), on the back of an increase in perceived "safe-haven" demand due to concerns over Italy's budget.

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)	518	-1.2	0.4	2.4	5.5	1.0	551	490	15.6
North America									
US Dow Jones Industrial Average	26,447	0.0	1.8	8.6	16.1	7.0	26,952	22,655	16.7
US S&P 500 Index	2,886	-1.0	-0.1	5.4	13.1	7.9	2,941	2,533	17.7
US NASDAQ Composite Index	7,788	-3.2	-2.6	2.7	18.3	12.8	8,133	6,518	22.8
Canada S&P/TSX Composite Index	15,946	-0.8	-1.2	-2.0	1.1	-1.6	16,586	14,786	15.5
Europe									
MSCI AC Europe (USD)	455	-1.7	0.5	-2.1	-4.7	-6.7	524	444	13.8
Euro STOXX 50 Index	3,346	-1.6	0.9	-2.8	-7.4	-4.5	3,709	3,262	13.8
UK FTSE 100 Index	7,319	1.0	-0.9	-3.7	-2.5	-4.8	7,904	6,867	13.1
Germany DAX Index*	12,112	-1.1	0.6	-2.8	-6.6	-6.2	13,597	11,727	13.1
France CAC-40 Index	5,359	-2.4	1.9	-0.1	-0.4	0.9	5,657	5,038	14.3
Spain IBEX 35 Index	9,254	-1.4	-0.5	-6.2	-9.4	-7.9	10,643	9,111	12.0
Italy FTSE MIB Index	20,346	-1.8	-1.1	-7.2	-9.8	-6.9	24,544	20,207	11.1
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	505	-3.9	-3.0	-4.6	-5.8	-11.3	617	504	12.7
Japan Nikkei-225 Stock Average	23,784	-1.4	5.3	10.4	15.3	4.5	24,448	20,347	16.7
Australian Stock Exchange 200	6,185	-0.4	-0.7	-0.5	9.4	2.0	6,374	5,652	15.6
Hong Kong Hang Seng Index	26,573	-4.4	-2.5	-5.7	-6.4	-11.2	33,484	26,220	11.0
Shanghai Stock Exchange Composite Index	2,821	0.0	4.3	3.2	-15.8	-14.7	3,587	2,644	11.5
Hang Seng China Enterprises Index	10,530	-4.4	-1.1	-0.7	-7.6	-10.1	13,963	10,197	7.9
Taiwan TAIEX Index	10,517	-4.4	-4.3	-0.9	0.0	-1.2	11,270	10,189	13.5
Korea KOSPI Index	2,268	-3.2	-1.1	0.4	-5.3	-8.1	2,607	2,218	9.1
India SENSEX 30 Index	34,377	-5.1	-9.6	-3.4	8.8	0.9	38,990	31,562	18.3
Indonesia Jakarta Stock Price Index	5,732	-4.1	0.9	-0.1	-2.9	-9.8	6,693	5,558	14.9
Malaysia Kuala Lumpur Composite Index	1,777	-0.9	-1.0	5.1	1.0	-1.1	1,896	1,658	17.1
Philippines Stock Exchange PSE Index	7,078	-2.7	-8.7	-2.1	-14.7	-17.3	9,078	6,924	16.5
Singapore FTSE Straits Times Index	3,210	-1.5	1.7	-1.4	-1.6	-5.7	3,642	3,103	13.0
Thailand SET Index	1,721	-2.0	2.0	7.4	1.8	-1.9	1,853	1,585	15.9
Latam									
Argentina Merval Index	30,169	-9.8	4.9	8.5	11.7	0.3	35,462	24,618	9.2
Brazil Bovespa Index*	82,322	3.8	9.6	10.4	7.4	7.7	88,318	69,069	12.2
Chile IPSA Index	5,260	-0.4	2.4	-0.1	-3.3	-5.5	5,895	4,847	15.5
Colombia COLCAP Index	1,495	-0.7	-0.9	-4.6	0.6	-1.2	1,598	1,415	13.5
Mexico S&P/BMV IPC Index	48,053	-2.9	-1.1	-1.0	-4.8	-2.6	51,121	44,429	16.4
EEMEA									
Russia MOEX Index	2,451	-1.0	5.6	4.4	17.4	16.2	2,502	2,038	5.7
South Africa JSE Index	54,409	-2.3	-4.7	-5.2	-4.5	-8.6	61,777	53,027	13.0
Turkey ISE 100 Index*	94,883	-5.1	2.3	-4.3	-9.1	-17.7	121,532	84,655	7.0

*Indices expressed as total returns. All others are price returns. **Markets closed all week

Error! Not a valid link.

All total returns quoted in USD terms and subject to one-day lag.

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 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.

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	512	-0.5	-0.8	-0.7	0.3	-0.5
JPM EMBI Global	771	-1.1	1.3	-0.1	-4.3	-4.6
BarCap US Corporate Index (USD)	2,810	-0.8	-0.8	-0.2	-2.1	-3.2
BarCap Euro Corporate Index (Eur)	245	-0.3	-0.2	-0.4	-0.4	-0.9
BarCap Global High Yield (Hedged in USD)	469	-0.3	1.2	1.6	0.5	0.0
Markit iBoxx Asia ex-Japan Bond Index (USD)	192	-0.4	-0.2	0.9	-1.5	-2.0
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	246	-0.2	0.6	3.3	-1.4	-2.3

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 (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	1.15	1.16	1.16	1.17	1.17	1.20	1.26	1.13	-0.7
GBP/USD	1.31	1.30	1.29	1.32	1.31	1.35	1.44	1.27	0.7
CHF/USD	1.01	1.02	1.03	1.01	1.02	1.03	1.09	0.99	-1.0
CAD	1.29	1.29	1.32	1.31	1.26	1.26	1.34	1.23	-0.2
JPY	113.72	113.70	111.53	110.64	112.82	112.69	114.73	104.56	0.0
AUD	1.42	1.38	1.39	1.35	1.28	1.28	1.42	1.23	-2.5
NZD	1.55	1.51	1.52	1.47	1.41	1.41	1.55	1.34	-2.9
Asia									
HKD	7.84	7.83	7.85	7.85	7.81	7.81	7.85	7.79	-0.1
CNY	6.87	6.87	6.83	6.64	6.65	6.51	6.94	6.24	0.0
INR	73.77	72.49	71.76	68.94	65.14	63.87	74.22	63.25	-1.8
MYR	4.15	4.14	4.15	4.04	4.23	4.05	4.24	3.85	-0.3
KRW	1,131	1,109	1,121	1,118	1,142	1,067	1,146	1,054	-1.9
TWD	30.85	30.53	30.81	30.55	30.35	29.73	30.90	28.96	-1.0
Latam									
BRL	3.84	4.05	4.15	3.93	3.15	3.31	4.21	3.12	5.2
COP	3,032	2,966	3,096	2,877	2,927	2,986	3,111	2,685	-2.2
MXN	18.82	18.72	19.34	19.21	18.50	19.66	20.96	17.94	-0.6
EEMEA									
RUB	66.60	65.56	68.21	63.14	57.73	57.69	70.84	55.56	-1.6
ZAR	14.77	14.14	15.42	13.54	13.68	12.38	15.70	11.51	-4.4
TRY	6.13	6.06	6.60	4.59	3.58	3.80	7.24	3.58	-1.3

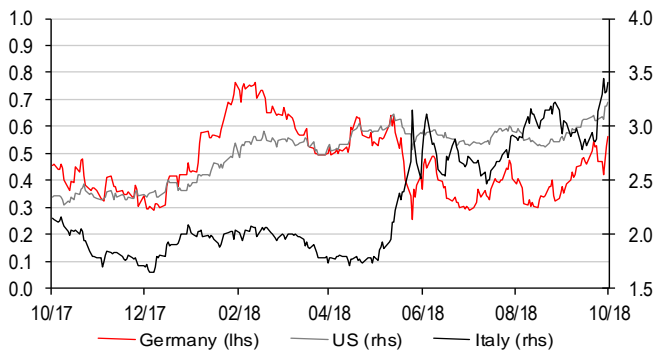
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2017	1-week Basis Point Change *
US Treasury yields (%)							
3-Month	2.21	2.20	2.13	1.94	1.06	1.38	1
2-Year	2.89	2.82	2.65	2.55	1.49	1.88	7
5-Year	3.07	2.95	2.77	2.73	1.94	2.21	12
10-Year	3.23	3.06	2.90	2.83	2.35	2.41	17
30-Year	3.40	3.21	3.08	2.94	2.89	2.74	20
10-year bond yields (%)							
Japan	0.15	0.12	0.11	0.03	0.04	0.04	3
UK	1.72	1.57	1.44	1.26	1.39	1.19	15
Germany	0.57	0.47	0.38	0.30	0.45	0.42	10
France	0.90	0.80	0.72	0.64	0.73	0.78	10
Italy	3.42	3.14	2.93	2.72	2.14	2.01	28
Spain	1.58	1.50	1.45	1.33	1.69	1.56	8
China	3.63	3.63	3.63	3.51	3.62	3.90	0
Australia	2.71	2.67	2.55	2.59	2.78	2.63	5
Canada	2.60	2.43	2.24	2.15	2.10	2.05	17

*Numbers may not add up due to rounding

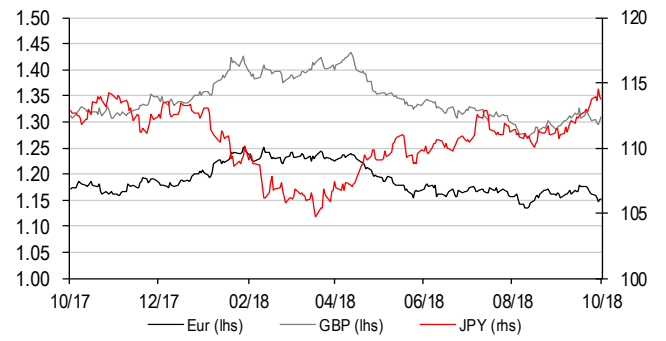
Commodities	Latest	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,203	0.9	0.5	-4.4	-5.1	-7.7	1,366	1,160
Brent Oil	84.0	1.6	9.3	9.8	51.8	32.0	87	54
WTI Crude Oil	74.3	1.4	8.6	9.3	44.4	27.3	77	51
R/J CRB Futures Index	199	2.0	4.2	1.4	8.8	2.7	207	180
LME Copper	6,290	0.5	7.1	-0.9	-6.1	-13.2	7,348	5,773

Market Trends

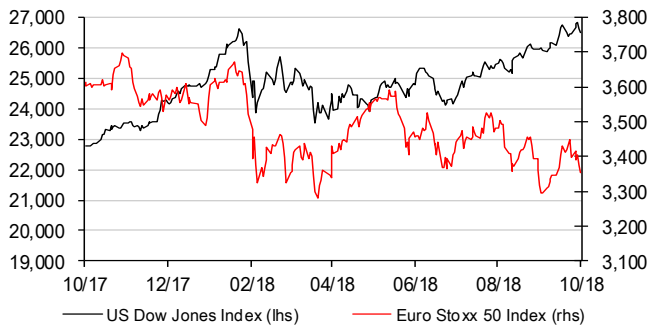
Government bond yields (%)



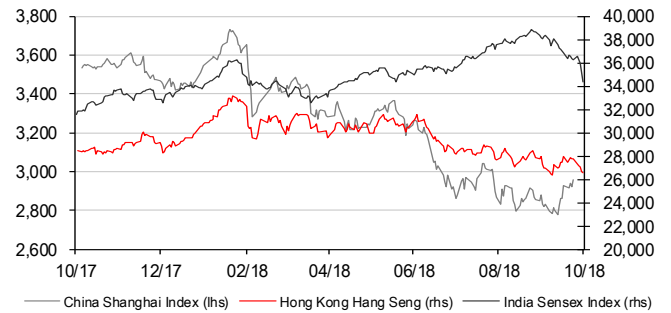
Major currencies (versus USD)



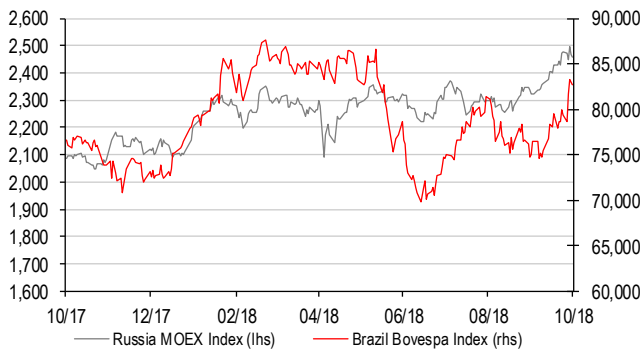
Global equities



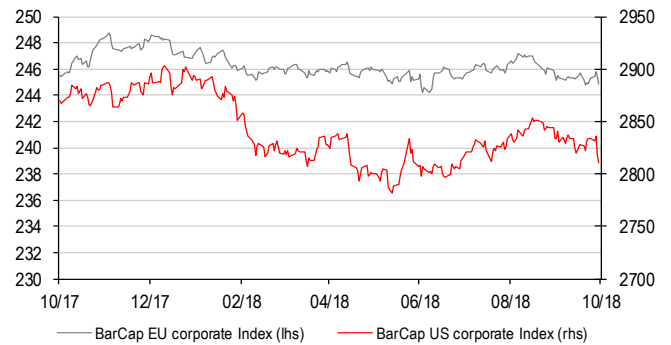
Emerging Asian equities



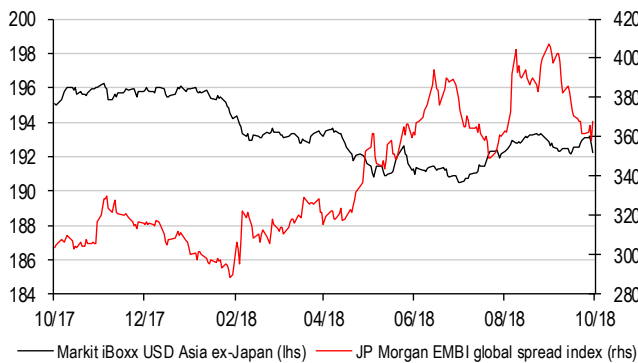
Other emerging equities



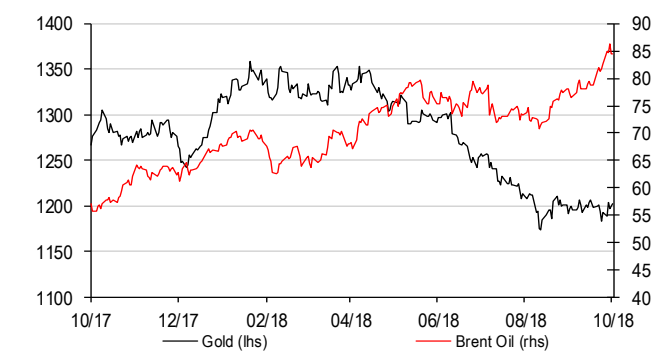
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



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 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.

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-authorized 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 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. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary 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 is not 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.

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 Group). 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 **Australia**, this document is issued by HSBC Global Asset Management (Australia), the sales and distribution arm of HSBC global funds for Australian investors and a division of HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 ("HSBC"). This document is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services it provides. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws.
- in **Austria** by HSBC Global Asset Management (Österreich) GmbH which is regulated by the Financial Market Supervision in Austria (FMA);
- 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 **Canada** by HSBC Global Asset Management (Canada) Limited which is registered in all provinces of Canada except Prince Edward Island;
- in **Chile**: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbf.cl;
- in **Colombia**: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- 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 **Hong Kong** by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission;
- in **India** by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- in **Italy** and **Spain** through the Milan and Madrid branches of HSBC Global Asset Management (France), regulated by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- in **Mexico** by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- 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 **Peru**: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- in **Singapore** by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore
- in **Sweden** through the Stockholm branches of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen) in Sweden
- in **Switzerland** by HSBC Global Asset Management (Switzerland) AG 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 **Taiwan** by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- in the **UK** by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- and in the **US** by HSBC Global Asset Management (USA) Inc. which is an investment advisor registered with the US Securities and Exchange Commission.

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, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

Expiry: Nov 2, 2018 DK1800436A