

# Investment Weekly

This week in detail .....

UK Prime Minister Theresa May deferred a key parliamentary vote indefinitely on the Brexit withdrawal agreement and political declaration; the European Central Bank (ECB) ended net asset purchases with the focus shifting to reinvestments and the Central Bank of Russia hiked pre-emptively by 25 bps to 7.75%

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The week ahead .....

In the coming week, investor focus will turn to three key central bank decisions (the US Federal Reserve (Fed), Bank of Japan and Bank of England) plus a plethora of US housing market data

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Market moves .....

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Equities .....

Global stocks pressured by growth fears amid weak economic data from China and Europe

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Bonds .....

US treasury yields rose while peripheral European government bond yields fell

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Currencies .....

Most currencies fell against the US dollar

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Commodities .....

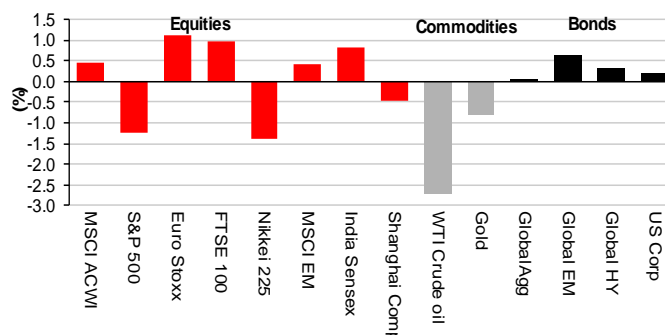
Crude oil prices fell this week as doubts grew about whether OPEC and its allies can deliver enough output cuts to head off a global supply glut

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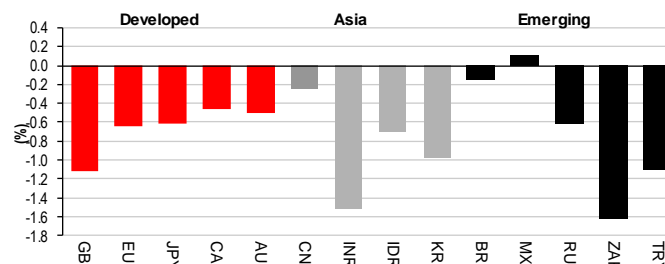
Market data .....

Market trends .....

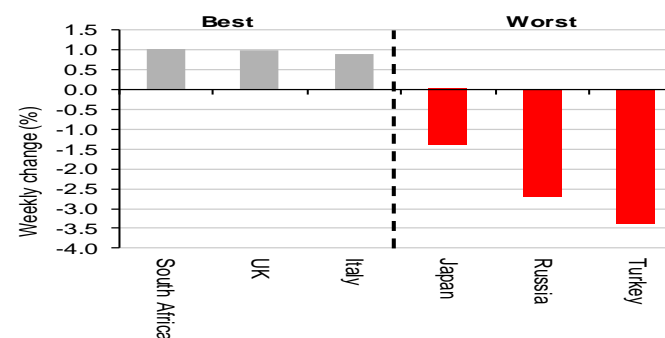
## Movers and shakers



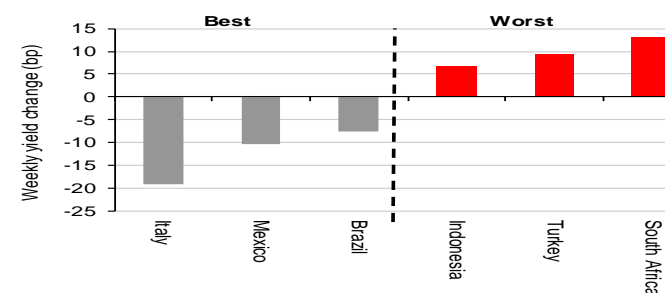
## Currencies (versus USD)



## Equities



## Bonds (10-year yields)



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Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 14 December 2018. All the above charts relate to 07/12/2018 – 14/12/2018.

**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
Tuesday 11 December	Germany	ZEW Expectation of Economic Growth	Dec	-25.0	-17.5	-24.1
Wednesday 12 December	India	CPI (yoy)	Nov	2.6%	2.3%	3.4%
	India	Industrial Production (yoy)	Oct	6.0%	8.1%	4.5%
	US	CPI (yoy)	Nov	2.2%	2.2%	2.5%
	Brazil	COPOM Interest Rate Decision	Dec	6.50%	6.50%	6.50%
Thursday 13 December	Eurozone	ECB Deposit Rate Decision	Dec	-0.40%	-0.40%	-0.40%
Friday 14 December	Japan	Tankan Large Manufacturers Index	Q4	18.0	19.0	19.0
	China	Retail Sales (yoy)	Nov	8.8%	8.1%	8.6%
	China	Industrial Production (yoy)	Nov	5.9%	5.4%	5.9%
	Eurozone	Composite PMI	Dec P	52.8	51.3	52.7
	US	Retail Sales Advance (mom)	Nov	0.1%	0.2%	1.1%
	Russia	Key Rate	Dec	7.5%	7.75%	7.75%

P – Preliminary, Q – Quarter

UK PM Theresa May deferred a key parliamentary vote indefinitely on the Withdrawal Agreement and Political Declaration. She also survived the confidence vote within her party

The ECB ended net asset purchases with a focus shifting to reinvestments

China's November activity data disappointed market expectations

A pre-emptive rate hike from the Central Bank of Russia

In the **US**, **CPI inflation** slowed as expected with the headline rate dropping to 2.2% yoy in November, from 2.5% in October, reaching its lowest since February. The decline was mainly driven by the fall in oil prices. Removing volatile energy and food prices, core CPI modestly accelerated 0.1 percentage points (ppt) to 2.2% yoy. **November retail sales** rose 0.2% mom, (consensus +0.1%) supported by a slump in gasoline prices. The core retail sales control measure – the best predictor of consumer spending on non-durable goods in the GDP accounts – jumped 0.9% mom, more than twice the 0.4% expected.

In Europe, the week kicked off with Brexit dominating the headlines. **UK Prime Minister Theresa May deferred a key parliamentary vote** (due on 11 December) indefinitely on the Withdrawal Agreement and Political Declaration – her proposed deal on the terms of the UK's exit from the European Union (EU). The move followed speculation the government would have faced a heavy defeat. The PM did not announce a new date for the vote, but there is a deadline of 21 January 2019 for any proposed Brexit deal to be put to Parliament. This was an amendment attached to the Withdrawal Bill passed last summer. It states that if no deal has been passed by Parliament by that date, the government needs to put forward an alternative plan to Parliament, which would then be voted on. In the meantime, May will meet with EU leaders and is looking to get some assurances regarding the Irish border backstop. On Wednesday, Theresa May's **leadership was challenged**, but she won a confidence vote within her party, by a margin of 200-117. The 117 votes against the PM highlight the scale of her task to push the Brexit deal through Parliament. She cannot now be challenged again (within the party) in the next 12 months, but she has confirmed that she will not lead the party into the next general election, which must be held by mid-2022.

The **ECB left its key interest rates unchanged** (including the refinancing and deposit rates at 0% and -0.4%, respectively) and confirmed that its net asset purchases, which began nearly four years ago, will draw to a close at the end of the year. The ECB left the guidance on interest rates unchanged to indicate no increase "at least through the summer of 2019." The ECB is now focused on the reinvestment policy for its EUR2.55 trillion portfolio. The ECB intends to continue reinvesting "in full...for an extended period of time past the date when it starts raising the key ECB interest rates." In terms of European data releases, **Eurozone PMIs** eased further in December, with the composite index dropping 1.4 points (pts) to 51.3, a four-year low. This time the main driver was the service sector, with the PMIs falling by two points to 51.4, a more than four-year low.

**China's November activity** indicated still weak growth momentum. **Industrial production** and **retail sales** for November came in weaker than expected, with auto sales continuing to be a major drag on retail sales. **Urban fixed asset investment (FAI)** rebounded, with infrastructure and manufacturing FAI holding up, while real estate investment moderated. Overall, the data suggests a pro-growth policy bias will continue into 2019.

Concerns about inflation expectations following the VAT hike and oil sell-off prompted a pre-emptive hike from the **Central Bank of Russia** of 25 basis points (bps) to 7.75%. The CBR maintained that inflation risks – particularly in the short term – remain to the upside. However, as expected, **Brazil's central bank** kept the SELIC rate steady at 6.50%, amid easing inflation expectations.

# The week ahead

## Macro data and key events

Date	Country	Indicator	Data as of	Survey	Prior
Monday 17 December	Eurozone	CPI (yoy)	Nov F	2.0%	2.2%
	US	NAHB/Wells Fargo Housing Market Index	Dec	61	60
Tuesday 18 December	Germany	Ifo Business Climate	Dec	101.8	102.0
	US	Housing Starts (mom)	Nov	0.4%	1.5%
Wed. 19 December	Japan	Trade Balance Adjusted (JPY bn)	Nov	-307.6	-302.7
	US	Existing Home Sales (mom)	Nov	-0.4%	1.4%
	US	FOMC Interest Rate Decision	Dec	2.50%	2.25%
Thurs. 20 December	Japan	Bank of Japan Interest Rate Decision	Dec	-0.10%	-0.10%
	UK	Bank of England Interest Rate Decision	Dec	0.75%	0.75%
	Mexico	Banco de Mexico Interest Rate Decision	Dec	8.00%	8.00%
Friday 21 December	Japan	National CPI ex Fresh Food and Energy (yoy)	Nov	0.4%	0.4%
	UK	GDP (qoq)	Q3 F	0.6%	0.6% P
	US	GDP Annualised (qoq)	Q3	3.5%	3.5% P
	US	Durable Goods Orders (mom)	Nov P	2.0%	-4.3%
	US	PCE Core (yoy)	Nov	1.9%	1.8%
Wed. 26 December	US	S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy)	Oct	-	5.2%
Thursday 27 December	US	New Home Sales (mom)	Nov	-1.9	-8.9%
Friday 28 December	Japan	Jobless Rate	Nov	-	2.4%
	US	Pending Home Sales (mom)	Nov	-	-2.6%
Monday 31 December	China	Official Manufacturing PMI	Dec	-	50.0
Wed. 2 January	Eurozone	Manufacturing PMI	Dec F	51.4	51.4 P
Thursday 3 January	US	ISM Manufacturing	Dec	58.5	59.3
Friday 4 January	Eurozone	Composite PMI	Dec F	51.3	51.3 P
	Eurozone	CPI Inflation	Dec	2.0%	2.0%
	US	Nonfarm Payrolls	Dec	-	155K
	US	Fed Chair Jerome Powell and Ben Bernanke and Janet Yellen speak at the American Economic Association			

P – Preliminary, Q – Quarter, F – Final

In the coming three weeks, the economic data calendar is dominated by a plethora of US releases

The FOMC is expected to hike rates by 25 bps to 2.50%

## US

In the coming week, the **Federal Open Market Committee (FOMC) is expected to hike the federal funds target range by 25 bps to 2.25%-2.50%**. There is a possibility that the December meeting could mark a clear shift in terms of the near-term policy rate outlook, as the Committee seeks to move away from regular and predictable hikes towards a more “contingent” approach. This reflects modestly disappointing data on growth and inflation, tighter financial conditions, growing external risks and greater domestic policy uncertainty. A new set of economic projections and a press conference will follow the decision, and Fed Chair Jerome Powell is likely to emphasise data dependency.

The Fed’s preferred inflation measure – the annual change in **core PCE** – is expected to edge up 1 ppt to 1.9% yoy in November. This would suggest that underlying pricing pressures remain steady despite low unemployment levels.

The holiday season will also bring a slew of housing market data, including the **NAHB/Wells Fargo Housing Market Index**. The homebuilder survey slipped in the prior release amid a cooling sales activity outlook and is expected to stay at a reading of 60. Rising mortgage costs and a run-up in residential prices have sapped buyer demand in recent months. Low housing inventory is another issue weighing on sales and new housing stock could help alleviate the issue. However, new **housing starts** have downshifted in the second half of this year and are expected to edge up 0.4% mom to an annualized 1.23 million. The backdrop has also impacted **existing home sales** and November’s release may decrease 0.4% mom to an annualized 5.2 million.

November’s **durable goods** report could increase 2.0% mom on the back of a jump in commercial jet orders. In the details, the ex-transportation index could rise 0.3% mom. Overall, core business investments have plateaued after climbing steadily throughout 2017; a resumption will help extend the business cycle.

The **ISM Manufacturing Index** is expected to decline to 58.5 in December from an elevated reading of 59.3 in November. Incoming data still suggests healthy manufacturing sector

activity. However, factors such as trade uncertainty and slowing external economic growth could weigh on business sentiment.

**Fed Chair Jerome Powell** is scheduled to speak on **4 January** in a joint interview with his predecessors, Janet Yellen and Ben Bernanke, at the annual American Economic Association meeting. The panel is also likely to speak about the importance of continuing transparency and central bank independence, review the Fed's post-financial crisis track record, and touch upon the current state of the economy.

Finally, for **labour market** developments, November payrolls had disappointed expectations, but the trend rate continues to be well above the level needed to absorb new entrants. In the context of near 50-year unemployment lows, some easing in monthly job gains should not be totally unexpected. In late 2016, the San Francisco Fed had suggested that monthly job gains of 50,000 to 110,000 may be considered average at this stage of the recovery, accounting for population aging and participation trends. Aside from the headline rate for **December nonfarm payrolls**, investors and policymakers will focus on wage growth and granular industry hiring data as they monitor the health of the economic cycle.

## Europe

**Eurozone headline inflation** fell from 2.2% yoy to 2.0% in the November flash release, in line with expectations. The core inflation rate also ticked back to 1.0% yoy (previously +1.1%), below consensus expectations of an unchanged reading. Both core and services inflation are now only 0.1 ppt higher than a year ago, which is a worrying sign for the ECB as it strives to head towards monetary policy normalisation. The final eurozone print is expected to confirm the flash headline and core rates at 2.0% yoy and 1.0% yoy, respectively.

With uncertainties about the Brexit outcome mounting and no substantial relief with respect to international trade tensions in sight, the **German Ifo Business Climate Index** is likely to end 2018 on a year-low reading of 101.8 points from 102.0 in November.

The **Bank of England** will meet on 20 December, the same day that Parliament breaks for Christmas recess. While monetary policy is likely to be kept unchanged, a key question is how the monetary policy committee balances the combination of weaker data alongside a tight labour market and strengthening wages.

The final **UK Q3 GDP** data is expected to confirm the preliminary reading of 0.6% qoq. The focus here will be on the details (incomes, profits, savings and investment).

## Japan

The **Bank of Japan** (BoJ) is expected to keep policy settings unchanged, as the real economy and prices have progressed largely in line with the bank's assessment in its October Outlook Report. Governor Haruhiko Kuroda recently commented that raising interest rates too early would delay achieving the price stability target and that it was still premature to talk about the impact of a policy exit on the financial system. Therefore, the BoJ will likely maintain its current accommodative stance even as the debate on the pros and cons and sustainability of the current monetary easing policy is likely to intensify.

Export growth may have slowed to 1.1% yoy in November from 8.2% in October amid weaker external demand as indicated by trade data from other regional economies such as China, Korea and Taiwan. Export orders in Japan's manufacturing PMI fell in November. On a seasonally adjusted basis, **Japan's trade balance** is expected to be in deficit for the fifth straight month. Meanwhile, **national core CPI (all items, excluding fresh food) inflation** likely stayed stable at 1.0% yoy, while the BoJ's version of core CPI (all items excluding fresh food and energy) may have also been unchanged at 0.4%.

The Bank of Japan is expected to keep policy settings unchanged, as the real economy and prices have progressed largely in line with the bank's assessment

# Market moves

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## Equities

Global stocks pressured by growth fears amid weak economic data from China and Europe, Brexit and trade uncertainty

## Bonds

US treasury yields rose while peripheral European government bond yields fell

## Currencies

Most currencies fell against the US dollar

## Commodities

Crude oil prices fell this week as doubts grew about whether OPEC and its allies can deliver enough output cuts to head off a global supply glut

## Equities

**US stock markets** closed lower this week, as investors weighed the prospects of a US-China trade deal and an agreement to fund the US government. There was some support for auto shares as China signalled it may lower import tariffs on US cars, but investors remained cautious about a broader deal. Stocks pared back gains towards the end of the week on renewed global growth concerns following weaker than expected Chinese activity data. Overall, the S&P 500 Index fell 1.3%. Meanwhile, Canada's S&P/TSX Composite Index underperformed as it ended the week 1.4% lower.

However, **European stocks** ended higher this week, as investor hopes for a resolution of the US-China trade conflict were not quite offset by lingering Brexit uncertainty and global growth concerns amid lower than expected Chinese retail sales data and eurozone PMIs. The EURO STOXX 50 Index closed higher (+1.1%). At the country level, the UK's FTSE 100 Index (+1.0%) was supported by a weaker sterling on lingering Brexit uncertainty. In the periphery, Italy's FTSE MIB closed 0.9% higher, after the Italian Prime Minister confirmed plans to lower the government budget deficit target for 2019.

Most **Asian stock markets** ended a volatile week lower, amid concerns over the global economic outlook following weaker than expected data releases from China and Japan, while investors continued to monitor developments in US-China trade relations and assess the Fed policy outlook. Japan's Nikkei 225 Index fell 1.4% and China's Shanghai Stock Exchange Composite Index fell 0.5%. Hong Kong's Hang Seng Index ended flat. Indian stocks fell earlier in the week after results showed Prime Minister Narendra Modi's party lost key state elections and former RBI governor Urjit Patel abruptly quit at a time when the conflict between the RBI and government is in the spotlight. However, markets rebounded after the government's rapid announcement of a new governor and expectations for a more pro-growth monetary and fiscal policy setting.

## Bonds

**US Treasuries rose** (yields fell) at the start of the week amid risk aversion but gains faded during the course of the week. US 10-year Treasury yields ended the week up 4 bps to 2.89% and two-year Treasury yields edged 2 bps higher to 2.73%. **Canadian 10-year bond** yields rose 3 bps to 2.10%, paring some of the gains realised last week.

In Europe, core **government bond yields** were little changed over the week, as German 10-year bund yields remained the same at 0.25%. UK gilts ended a tumultuous week higher (10-year yields ended 2 bps lower at +1.24%), as Prime Minister Theresa May won a vote of confidence from the Conservative party and continued to negotiate the Brexit divorce agreement with the EU. Meanwhile, Italian bonds outperformed, as 10-year bond yields dropped 19 bps to 2.94% after the Italian government announced it would propose a lower budget deficit to the European Commission.

## Currencies

The **euro** sold off (-0.6%) against the US dollar this week, weighed down by rising concerns over the impact of the trade war between the US and China on global economic growth. Meanwhile, the **British pound** also retreated (-1.1%) as Prime Minister Theresa May's attempt to revive her Brexit deal faced opposition in Brussels.

**Asian currencies** depreciated against the US dollar, as growing concerns over the global economic and trade outlook following downbeat Chinese and Japanese economic data and a warning from the European Central Bank about downside risks to growth dampened sentiment. The Indian rupee led the decline as crude oil prices rebounded and the combination of lower than expected CPI inflation for November and a new RBI governor raised market expectations for a rate hike being put back on the table.

## Commodities

**Crude oil** prices fell this week, as doubts grew about whether OPEC and its allies can deliver enough output cuts to head off a global supply glut. A warning from Iran about discord among OPEC members added to investor concerns. Overall, WTI crude oil ended 2.8% lower to USD51.2 a barrel. **Gold** prices also fell this week (-0.8% to USD 1,238 per troy ounce).

# Market data

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
<b>Equity Indices</b>									
<b>World</b>									
MSCI AC World Index (USD)	476	0.5	-1.6	-8.4	-5.8	-7.2	551	465	14.5
<b>North America</b>									
US Dow Jones Industrial Average	24,101	-1.2	-3.9	-7.9	-1.7	-2.5	26,952	23,345	15.1
US S&P 500 Index	2,600	-1.3	-3.8	-10.5	-2.0	-2.8	2,941	2,533	15.9
US NASDAQ Composite Index	6,911	-0.8	-3.2	-13.7	0.8	0.1	8,133	6,631	20.3
Canada S&P/TSX Composite Index	14,595	-1.4	-3.6	-8.9	-8.9	-10.0	16,586	14,567	13.9
<b>Europe</b>									
MSCI AC Europe (USD)	415	0.7	-3.0	-9.2	-13.1	-14.9	524	404	12.8
Euro STOXX 50 Index	3,093	1.1	-3.5	-7.5	-13.0	-11.7	3,687	3,008	13.1
UK FTSE 100 Index	6,845	1.0	-2.7	-6.3	-8.1	-11.0	7,904	6,674	12.0
Germany DAX Index*	10,866	0.7	-4.8	-10.4	-16.9	-15.9	13,597	10,586	12.1
France CAC-40 Index	4,854	0.8	-4.2	-9.3	-9.4	-8.6	5,657	4,732	13.0
Spain IBEX 35 Index	8,886	0.8	-2.4	-5.1	-12.7	-11.5	10,643	8,628	11.8
Italy FTSE MIB Index	18,911	0.9	-0.9	-9.5	-14.8	-13.5	24,544	18,399	10.5
<b>Asia Pacific</b>									
MSCI AC Asia Pacific ex Japan (USD)	488	0.7	1.8	-6.0	-12.2	-14.2	617	459	12.5
Japan Nikkei-225 Stock Average	21,375	-1.4	-2.2	-7.4	-5.8	-6.1	24,448	20,347	15.4
Australian Stock Exchange 200	5,602	-1.4	-2.3	-9.1	-6.8	-7.6	6,374	5,549	14.4
Hong Kong Hang Seng Index	26,095	0.1	1.7	-4.4	-10.5	-12.8	33,484	24,541	11.0
Shanghai Stock Exchange Composite Index	2,594	-0.5	-1.5	-3.3	-21.2	-21.6	3,587	2,449	10.7
Hang Seng China Enterprises Index	10,359	-0.1	-0.4	-2.0	-10.2	-11.5	13,963	9,903	8.4
Taiwan TAIEX Index	9,774	0.1	-0.2	-10.1	-7.2	-8.2	11,270	9,401	12.6
Korea KOSPI Index	2,069	-0.3	0.1	-10.7	-16.2	-16.1	2,607	1,986	8.7
India SENSEX 30 Index	35,963	0.8	2.3	-5.6	8.2	5.6	38,990	32,484	20.7
Indonesia Jakarta Stock Price Index	6,170	0.7	5.3	4.0	0.9	-2.9	6,693	5,558	16.5
Malaysia Kuala Lumpur Composite Index	1,662	-1.1	-1.6	-7.9	-5.5	-7.5	1,896	1,653	16.4
Philippines Stock Exchange PSE Index	7,524	0.8	8.7	1.5	-11.1	-12.1	9,078	6,791	17.7
Singapore FTSE Straits Times Index	3,077	-1.1	1.1	-2.7	-10.4	-9.6	3,642	2,956	12.6
Thailand SET Index	1,609	-2.5	-2.6	-6.5	-6.2	-8.2	1,853	1,585	15.0
<b>Latam</b>									
Argentina Merval Index	31,109	-1.4	5.9	3.1	14.6	3.5	35,462	24,618	9.7
Brazil Bovespa Index*	87,450	-0.8	1.7	15.9	20.7	14.5	91,242	69,069	13.3
Chile IPSA Index	5,164	1.4	0.6	-3.6	0.9	-7.2	5,895	4,999	16.5
Colombia COLCAP Index	1,359	-1.7	-3.0	-9.3	-7.9	-10.2	1,598	1,351	11.7
Mexico S&P/BMV IPC Index	41,312	-1.3	-2.4	-16.7	-14.3	-16.3	51,121	39,272	14.3
<b>EEMEA</b>									
Russia MOEX Index	2,366	-2.7	-0.5	0.2	9.9	12.1	2,502	2,065	5.3
South Africa JSE Index	51,560	1.0	-0.8	-8.9	-10.9	-13.4	61,777	50,033	12.6
Turkey ISE 100 Index*	90,529	-3.4	-3.0	-4.5	-17.5	-21.5	121,532	84,655	6.6

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

	1-week Change (%)	1-month Change (%)	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
<b>Equity Indices - Total Return</b>							
Global equities	0.5	-1.5	-8.0	-5.4	-4.0	29.0	34.1
US equities	0.6	-1.7	-8.7	0.3	1.2	36.5	59.4
Europe equities	0.7	-2.8	-8.8	-12.4	-10.6	13.7	5.0
Asia Pacific ex Japan equities	0.7	1.9	-5.7	-12.0	-9.8	34.2	22.3
Japan equities	-2.2	-2.5	-8.0	-10.4	-10.0	15.6	23.5
Latam equities	-0.8	-0.3	6.0	-6.8	-2.2	50.7	-7.2
Emerging Markets equities	0.4	1.9	-3.9	-13.0	-10.0	37.0	11.9

All total returns quoted in US-dollar 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 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.

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
<b>Bond indices - Total Return</b>						
BarCap GlobalAgg (Hedged in USD)	520	0.0	1.1	0.8	0.7	1.0
JPM EMBI Global	771	0.7	1.3	0.1	-4.3	-4.6
BarCap US Corporate Index (USD)	2,815	0.2	0.7	-0.7	-3.0	-3.0
BarCap Euro Corporate Index (Eur)	244	0.3	-0.3	-0.7	-1.8	-1.3
BarCap Global High Yield (Hedged in USD)	461	0.3	-0.4	-1.1	-1.3	-1.5
Markit iBoxx Asia ex-Japan Bond Index (USD)	193	0.2	1.0	0.5	-1.3	-1.4
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	244	0.6	1.4	-0.2	-2.9	-3.1

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 (%)
<b>Developed markets</b>									
EUR/USD	1.13	1.14	1.13	1.16	1.18	1.20	1.26	1.12	-0.6
GBP/USD	1.26	1.27	1.30	1.31	1.34	1.35	1.44	1.25	-1.1
CHF/USD	1.00	1.01	0.99	1.03	1.01	1.03	1.09	0.99	-0.7
CAD	1.34	1.33	1.32	1.30	1.28	1.26	1.34	1.23	-0.5
JPY	113.39	112.69	113.63	112.06	112.39	112.69	114.55	104.56	-0.6
AUD	1.39	1.39	1.38	1.40	1.30	1.28	1.42	1.23	-0.3
NZD	1.47	1.46	1.47	1.53	1.43	1.41	1.56	1.34	-1.0
<b>Asia</b>									
HKD	7.81	7.82	7.83	7.85	7.81	7.81	7.85	7.79	0.0
CNY	6.91	6.87	6.95	6.87	6.61	6.51	6.98	6.24	-0.5
INR	71.90	70.81	72.31	71.86	64.35	63.87	74.48	63.25	-1.5
MYR	4.19	4.17	4.20	4.14	4.08	4.05	4.20	3.85	-0.5
KRW	1,131	1,120	1,134	1,117	1,089	1,067	1,145	1,054	-1.0
TWD	30.86	30.84	30.92	30.74	30.01	29.73	31.17	28.96	-0.1
<b>Latam</b>									
BRL	3.91	3.91	3.79	4.17	3.34	3.31	4.21	3.12	-0.2
COP	3,195	3,147	3,202	3,023	2,996	2,986	3,293	2,685	-1.5
MXN	20.24	20.26	20.41	18.89	19.14	19.66	20.96	17.94	0.1
<b>EEMEA</b>									
RUB	66.86	66.45	67.09	68.16	58.87	57.69	70.84	55.56	-0.6
ZAR	14.40	14.16	14.39	14.93	13.51	12.38	15.70	11.51	-1.6
TRY	5.36	5.30	5.46	6.17	3.89	3.80	7.24	3.72	-1.1

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2017	1-week Basis Point Change *
<b>US Treasury yields (%)</b>							
3-Month	2.41	2.39	2.37	2.14	1.30	1.38	2
2-Year	2.73	2.71	2.87	2.78	1.81	1.88	2
5-Year	2.73	2.69	2.96	2.90	2.14	2.21	4
10-Year	2.89	2.85	3.13	3.00	2.35	2.41	4
30-Year	3.14	3.14	3.37	3.13	2.71	2.74	0
<b>10-year bond yields (%)</b>							
Japan	0.03	0.05	0.11	0.11	0.05	0.04	-3
UK	1.24	1.26	1.51	1.53	1.17	1.19	-2
Germany	0.25	0.25	0.40	0.45	0.31	0.42	0
France	0.71	0.69	0.78	0.77	0.64	0.78	2
Italy	2.94	3.13	3.49	2.98	1.79	2.01	-19
Spain	1.41	1.45	1.62	1.48	1.44	1.56	-4
China	3.38	3.31	3.43	3.68	3.93	3.90	6
Australia	2.46	2.45	2.70	2.60	2.56	2.63	2
Canada	2.10	2.07	2.43	2.35	1.86	2.05	3

\*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	1,238	-0.8	2.3	3.8	-1.2	-5.0	1,366	1,160
Brent Oil	60.2	-2.3	-9.4	-21.7	0.9	-4.4	86	58
WTI Crude Oil	51.2	-2.8	-9.4	-25.4	-6.4	-11.4	77	49
R/J CRB Futures Index	180	-2.1	-4.1	-5.3	-2.1	-7.0	207	179
LME Copper	6,155	0.2	1.1	3.0	-9.4	-15.1	7,348	5,773

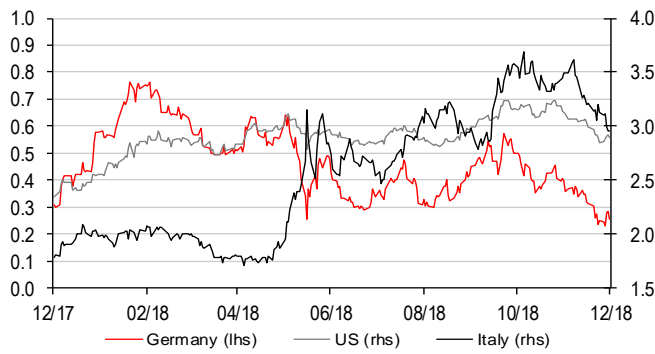
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 14 December 2018.

Past performance is not an indication of future returns.

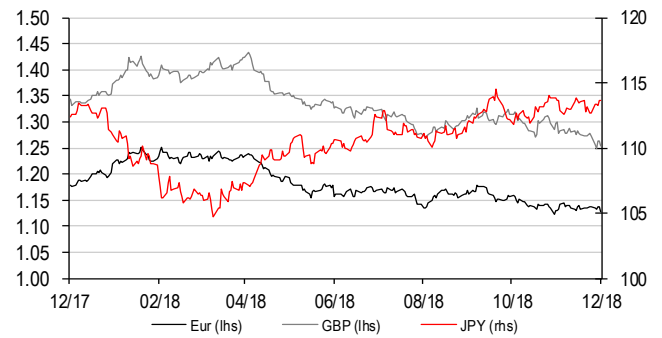
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# Market trends

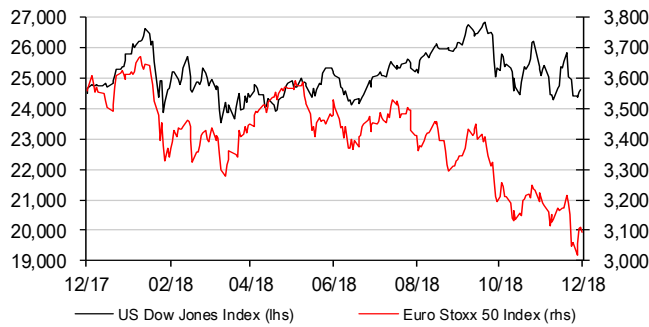
## Government bond yields (%)



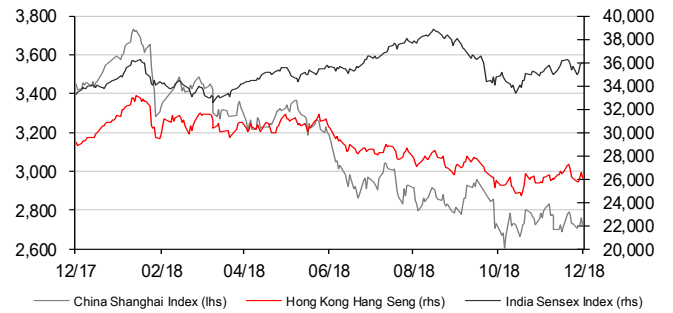
## Major currencies (versus USD)



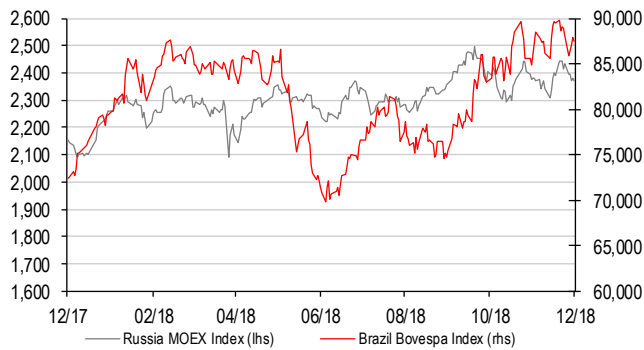
## Global equities



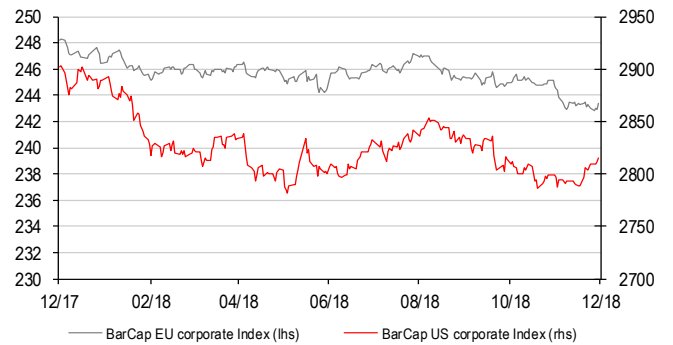
## Emerging Asian equities



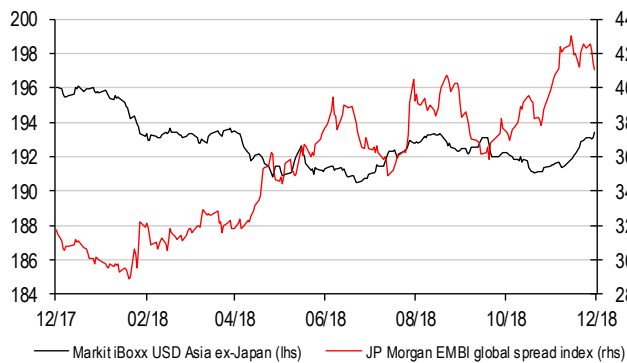
## Other emerging equities



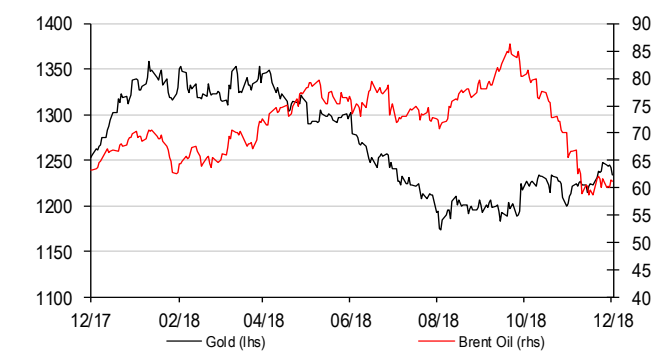
## Global credit indices



## Emerging markets spreads (USD indices)



## Commodities (USD)





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