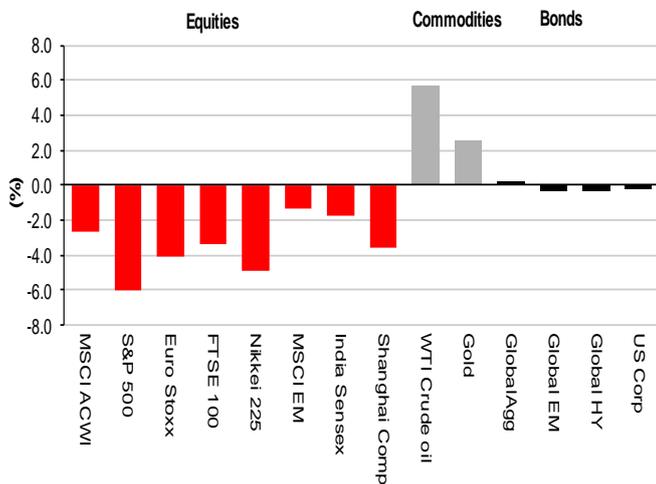


- ▶ Global equity markets fell this week in reaction to uncertainties around escalating trade sanctions
- ▶ US President Donald Trump has signed a memorandum to impose 25% tariffs on up to USD60 billion worth of imports from China, with details of goods covered to be published in 15 days' time. China has announced reciprocal tariffs on US products worth about USD3 billion if it cannot reach an agreement with the US, although this is technically in response to US tariffs on steel and aluminium
- ▶ The US Federal Open Market Committee (FOMC) raised interest rates by 25 bps to 1.5%-1.75%, as was widely expected, and the new US Federal Reserve (Fed) "dot plot" signalled two more rate hikes in 2018, with three more hikes now pencilled in for 2019 instead of two
- ▶ In the coming week, investor attention will turn to US inflation data as well as the final US Q4 GDP release

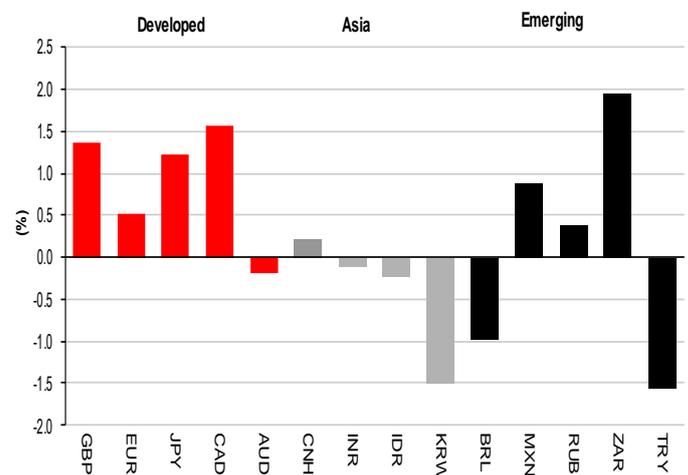
Movers and shakers

Global equities sold off this week

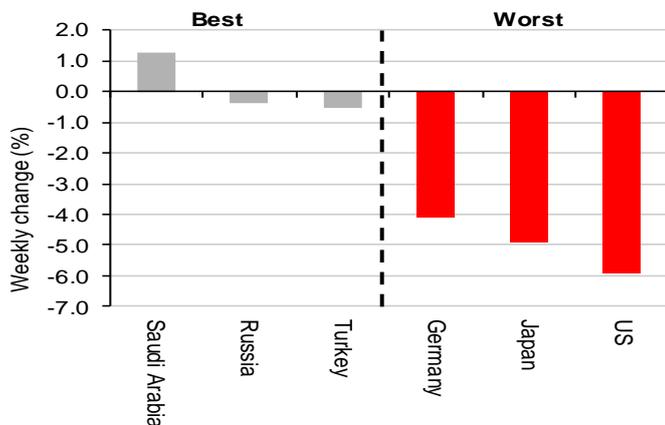


Currencies (versus US dollar)

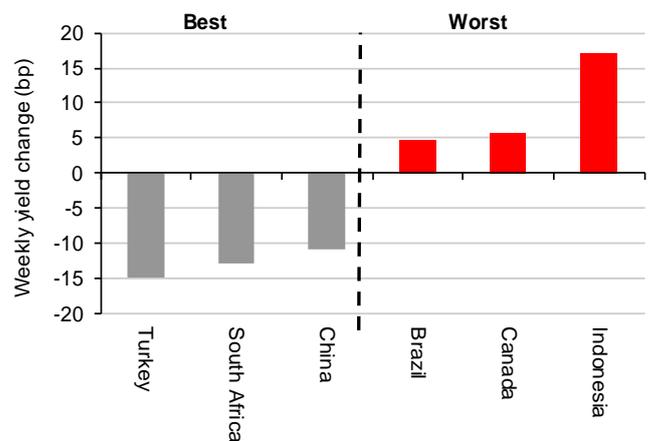
Most currencies rose against the US dollar



Equities



Bonds (10-year)



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

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018. All the above charts relate to 19/03/2018 – 23/03/2018.

Past performance is not an indication of future returns.

Macro Data and Key Events

Past Week (19-23 March 2018)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 19 March	Japan	Trade Balance Adjusted (JPY bn)	Feb	-90.8	-201.5	352.3
Tuesday 20 March	UK	CPI (yoy)	Feb	2.8%	2.7%	3.0%
	Germany	ZEW Indicator of Economic Sentiment	Mar	13.0	5.1	17.8
Wednesday 21 March	Brazil	COPOM Interest Rate Decision	Mar	6.50%	6.50%	6.75%
	UK	ILO Unemployment Rate (3 months)	Jan	4.4%	4.3%	4.4%
	US	Existing Home Sales (mom)	Feb	0.4%	3.0%	-3.2%
	US	FOMC Interest Rate Decision	Mar	1.75%	1.75%	1.50%
Thursday 22 March	Eurozone	Markit Composite PMI	Mar P	56.8	55.3	57.1
	Germany	Ifo Business Climate Index	Mar	114.6	114.7	115.4
	UK	Bank of England Interest Rate Decision	Mar	0.5%	0.5%	0.5%
22-23 March	Europe	European Council Summit				
Friday 23 March	Japan	National CPI, ex Fresh Food and Energy (yoy)	Feb	0.5%	0.5%	0.4%
	US	Durable Goods Orders (mom)	Feb P	1.6%	3.1%	-3.6%
	US	New Home Sales (mom)	Feb	4.6%	-0.6%	-4.7%

P – Preliminary

- ▶ In the **US**, the key event this week was that **President Donald Trump** signed a memorandum to authorise the US Trade Representative and the US Treasury Department to **impose 25% tariffs on around USD50-60 billion** worth of annual imports from China. The order is the result of an investigation that found evidence of Chinese government practices related to intellectual property and technology licensing that the US deems unreasonable. Trump has also argued the action will help address the significant trade deficit with the country. It is expected that 10 key sectors could be targeted, which were identified under President Xi Jinping's "Made in China 2025" plan. A detailed list is expected in the next 15 days, but the tariffs will not be imposed until after a 30-day consultation period. In addition to this, the President has also ordered the US Treasury to start plans to impose restrictions on Chinese investments in certain sectors.
- ▶ On Friday morning, **China announced plans for reciprocal tariffs** on 128 US products worth around USD3 billion – technically a response to US tariffs on steel and aluminium – if it cannot reach an agreement with the US. Initially, this would include a 15% tariff on steel pipes, fruit and wine, and then a 25% tariff on pork and aluminium scrap. China also plans to take legal action against the US under the World Trade Organization framework.
- ▶ The other main event in the US was the **FOMC monetary policy meeting on Wednesday**, where the target range for the fed funds rates was raised by 25 bps to 1.50%-1.75%. The new Fed "dot plot" signalled two more rate hikes in 2018, consistent with the December forecast. However, three more rate hikes are now penciled in for 2019 instead of two. The estimate of the "terminal" fed funds rate was also revised up from 2.8% to 2.9%. Furthermore, the latest Fed quarterly projections highlighted an improving economic outlook. GDP growth for this year and next was revised higher to 2.7% and 2.4% (+2.5% and +2.1% previously). At the press conference, Fed Chair Jerome Powell struck a fairly balanced tone and he played down the importance of the change in the median dot plots.
- ▶ In terms of data, **US existing home sales** rose 3.0% mom (expectations: +0.4% mom) to 5.54 million annualised in February, after falling 3.2% mom in the previous month. The rebound was driven by sales in the single-family home category, which rose 4.2% mom, while sales of condos and co-ops fell 6.5% mom. **Durable goods orders** rose by 3.1% mom in February, well above the 1.6% mom expected. Importantly, manufacturing orders gained 3.8% mom, recouping some lost ground from last month's sharp 4.9% decline.
- ▶ In Europe, the **eurozone preliminary composite PMI** for March also fell by more than expected, dipping by 1.8 points to 55.3, its lowest level since January 2017. Manufacturing export orders fell particularly sharply, suggesting the appreciation of the euro is biting. Increased political uncertainty was also cited (presumably related to trade tariffs). In **Germany**, both the Ifo and ZEW survey indicators retreated for the second month in a row in March. While the **Ifo Business Climate Index** fell only slightly to 114.7 points from 115.4 in February, the **ZEW Expectation of Economic Growth** unexpectedly tumbled, by 12.7 points to 5.1. Furthermore, the German **PMI Composite Index** eased to 55.4 points in March (compared to 57.6 in February). Despite falling for a second consecutive month, both the Ifo and PMI sentiment indicators remain at high levels from a historical perspective, but underlying activity may be moderating following a strong 2017.
- ▶ **The Bank of England's Monetary Policy Committee (MPC)** left policy on hold at its March meeting, in a 7-2 vote. The MPC's current view hinges on building domestic inflationary pressures amid a "steady absorption of slack" so that "an ongoing tightening of monetary policy" would be required for inflation to return to target. Overall, this raises the prospect of a rate hike at the May meeting when the next Inflation Report is released.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018.

Past performance is not an indication of future returns.

- ▶ In emerging markets, the **People's Bank of China** raised the rate it charges on its seven-day reverse repo agreements by 5 bps to 2.55%, following the Fed's interest rate hike decision. This marks the first major policy move by new Governor Yi Gang and reinforces the view of policy continuity. Further rate rises look likely but could continue to lag the Fed, provided that capital outflows and inflationary pressures remain benign. **The Central Bank of Brazil (COPOM)** cut the Selic policy rate by 25 bps to a new record low of 6.50% in a unanimous decision on the back of tame inflation (below the floor of the central bank's target range in both January and February) and tepid growth. The forward guidance was dovish, as the COPOM signalled another rate cut at the May meeting.
- ▶ Finally, **leaders at the European Council meeting** have approved certain terms of the UK's withdrawal from the European Union (EU), including a 21-month transition period after March 2019. This significantly reduces the risk of a "hard-Brexit" scenario of an EU exit with no new trading relationship in place. However, the transition period remains dependent on a final withdrawal treaty being ratified before March 2019. A key sticking point is how to avoid a hard border in Ireland.

Coming Week (26-30 March 2018)

Date	Country	Indicator	Data as of	Survey	Prior
Tuesday 27 March	US	S&P CoreLogic Case Shiller 20-City Composite Home Price NSA Index (yoy)	Jan	6.1%	6.3%
	US	Conference Board Consumer Confidence Index	Mar	131.0	130.8
Wednesday 28 March	South Africa	Reserve Bank Interest Rate Decision	Mar	6.5%	6.8%
	US	GDP Annualised (qoq)	Q4	2.7%	2.5%
	US	Pending Home Sales (mom)	Feb	2.0%	-4.7%
Thursday 29 March	UK	GDP (qoq)	Q4 F	0.4%	0.4% P
	US	PCE Core (yoy)	Feb	1.6%	1.5%
	US	Personal Spending (mom)	Feb	0.2%	0.2%
	US	University of Michigan Index of Consumer Sentiment	Mar F	102.0	102.0 P
Friday 30 March	Japan	Jobless Rate	Feb	2.6%	2.4%
	Japan	Industrial Production (mom)	Feb P	5.0%	-6.8%
Saturday 31 March	China	Official Manufacturing PMI	Mar	-	50.3

P – Preliminary, Q – Quarter, F – Final

US

- ▶ In the coming week the **S&P CoreLogic Case Shiller 20-City Composite Home Price NSA Index** is expected to show that January residential prices climbed 6.1% yoy, modestly cooling from 6.3% in December. The annual change in home prices has accelerated in the prior four releases, trending above the 4%-6% yoy range sustained since mid 2014. Limited inventory and healthy demand has spurred the climb, although increasing mortgage costs and tax treatment changes may weigh on specific segments.
- ▶ The third estate for **Q4 US GDP** may be revised 0.2 ppts higher to 2.7% qoq annualised. The general picture should remain the same with modest changes to broad categories.
- ▶ **US pending home sales** are expected to climb 2.0% mom in February after falling 4.7% mom in January. Unusually cold weather could have been partially to blame for dampened activity in the prior report.
- ▶ The preliminary March release of the **University of Michigan Index of Consumer Sentiment** suggests consumer sentiment remained strong in early March despite widespread coverage of President Trump's proposed tariffs and subsequent market reaction. The consumer sentiment index rose to 102.0 in February, the highest level since 2004, from 99.7 in January, and the final release is expected to confirm this.
- ▶ The **Conference Board Consumer Confidence Index** is likely to rise to 131.0 in March, edging past the 17-year high (130.8) in February. Ongoing strength in consumer optimism has been partly fuelled by a solid labour market and financial gains in the household sector.
- ▶ Elsewhere, **personal spending growth** is expected to remain unchanged at 0.2% mom for February. The overall trend is likely to remain healthy, however, supported by building wage pressures and solid labour conditions. In the same report, **PCE core inflation** is anticipated to slow 0.1 ppt to 0.2% mom in February. This would bring the annual rate of change – the Fed's preferred inflation measure – to 1.6% yoy from 1.5%.

Europe

- ▶ Economic data releases are relatively quiet in Europe next week given the Easter break. One of the key releases will be the **UK's Q4 GDP**. The final estimate is expected to be unrevised at 0.4% qoq.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018.

Past performance is not an indication of future returns.

Japan

- ▶ **Japan's jobless rate** is seen rebounding to 2.6% in February, after the surprisingly strong 3 ppt decline observed in January (from +2.7% to +2.4%), as survey-based signals during the month were mixed. The employment component of the Economy Watchers Survey came in at its lowest level since May 2017, while the EPA consumer confidence survey remained relatively stable. The job-to-applicant ratio is expected to increase from 1.59 to 1.60 (a 44-year high).
- ▶ **Japan industrial production** is expected to rebound sharply (+5.0% mom), after the 6.8% drop observed in January. The Ministry of Economy, Trade and Industry survey of production forecast for that month showed a robust 9.0% mom expected increase, followed by a partial correction of -2.7% in March.

Market Moves

Global stock markets decline as Trump tariff plan fuels trade war fears

- ▶ **US equities** slid for a second consecutive week, with heightened risk aversion following growing concerns over US-China trade tensions as President Donald Trump moved to impose import tariffs on USD50-60 billion of Chinese imports. What's more, investors also digested some negative corporate news in the technology sector. Overall, the S&P 500 Index fell 6.0%, with most sectors ending in negative territory. Technology shares underperformed.
- ▶ **European stocks** also fell over the week, tracking US stock markets amid concerns over global trade policy. The EURO STOXX 50 Index declined 4.1%. At the country level, Germany's DAX fell 4.1% and Spain's IBEX underperformed (-3.8%). Elsewhere, the UK's FTSE 100 Index shed 3.4%, weighed on by a stronger pound. This followed a faster than anticipated acceleration in average weekly earnings and as the EU and UK reached a draft agreement on the UK withdrawal from the EU.
- ▶ In **Asia, equity markets** fell sharply, with trade war concerns being the main driver of market volatility. Most of the decline took place on Friday, after new tariffs imposed on Chinese imports were announced by the US government. Japanese equities underperformed as the appreciation of the yen weighed on the outlook for Japanese exporters. The Nikkei 225 Index ended the week 4.9% lower. Hong Kong and onshore Chinese markets were also strongly impacted: the Hang Seng Index lost 3.8% while the Shanghai Stock Exchange Composite Index dropped by 3.6%. After their recent relative underperformance, Indian equities showed some resilience over the week, retreating by only 1.7%.

US Treasuries little changed as Trump tariffs offset mildly hawkish FOMC meeting; bunds also buoyed by "safe-haven" demand

- ▶ **US Treasuries** were little changed this week, with downward pressure coming from higher oil prices and a mildly hawkish FOMC meeting offset by "safe-haven" demand later in the week following Trump's announcement of tariffs on China. Overall, 10-year US Treasuries gained (yields fell 3 bps to +2.81%) this week, and two-year Treasury yields fell 4 bps to 2.25%.
- ▶ Benchmark 10-year **German bund** yields fell slightly (-4 bps to +0.52%), with the bulk of gains coming on Thursday on heightened demand for "safe-haven" assets following Trump's tariff announcement. Peripheral bonds outperformed, and 10-year UK gilt yields rose 1 bp to 1.44%, pressured by data showing a larger than expected gain in UK wage growth in the three months to January.

The US dollar fell against the euro and the British pound

- ▶ The **British pound** rose 1.3% this week against the US dollar on continued progress in "Brexit" negotiations. On the second day of the EU summit, the UK and the EU formally agreed on a 21-month transition period after March 2019. Meanwhile, the euro swung between gains and losses in the first half of the week, before closing up 0.5%. The positive performance came despite the Fed revising the interest rate trajectory upwards at its March meeting and some disappointing European data releases.
- ▶ Most **Asian currencies** traded sideways against the US dollar over the week, with most fluctuations limited to a +/-0.3% range, despite market concerns about a possible escalation in trade tensions after US authorities announced new tariffs on imports from China. Heightened risk aversion benefited the yen, which appreciated by 0.3%, while the Korean won shed 1.5%. The Philippine peso also showed weakness, especially after policy rates were left unchanged despite relatively strong inflation.

Crude oil prices rallied on weaker dollar and US inventories data

- ▶ **Crude oil prices** rose this week, boosted by a weaker US dollar and as data showed US crude inventories unexpectedly dropped for the first time in a month. Support also came from comments by the OPEC-led special oversight committee stating that global crude supplies would come into balance with demand by the end of September, sooner than previously expected. Overall, WTI crude rose 5.7% to close at USD65.9 a barrel.
- ▶ Meanwhile, **gold prices** also rose (+2.5% to USD1,347 per troy ounce), supported by the Fed only slightly adjusting its projection of gradual rate hikes, and "safe-haven" demand related to the US announcement of tariffs on China and the appointment of a more hawkish national security adviser.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018.

Past performance is not an indication of future returns.

Market Data

	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
Equity Indices									
World									
MSCI AC World Index (USD)	508	-2.7	-3.0	-0.5	13.6	-0.9	551	444	15.4
North America									
US Dow Jones Industrial Average	23,533	-5.7	-7.0	-4.9	13.9	-4.8	26,617	20,380	15.9
US S&P 500 Index	2,588	-6.0	-5.8	-3.5	10.3	-3.2	2,873	2,322	16.6
US NASDAQ Composite Index	6,993	-6.5	-4.7	0.5	20.2	1.3	7,637	5,769	21.3
Canada S&P/TSX Composite Index	15,224	-3.1	-2.7	-5.8	-1.4	-6.1	16,421	14,786	15.1
Europe									
MSCI AC Europe (USD)	474	-1.9	-3.2	-1.6	11.5	-2.7	524	419	13.6
Euro STOXX 50 Index	3,298	-4.1	-4.2	-7.2	-4.5	-5.9	3,709	3,279	13.2
UK FTSE 100 Index	6,922	-3.4	-4.5	-8.8	-5.7	-10.0	7,793	6,877	13.2
Germany DAX Index*	11,886	-4.1	-4.8	-9.1	-1.3	-8.0	13,597	11,819	12.4
France CAC-40 Index	5,095	-3.5	-4.2	-5.0	1.2	-4.1	5,567	4,971	14.0
Spain IBEX 35 Index	9,393	-3.8	-4.4	-7.7	-9.0	-6.5	11,184	9,329	12.4
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	578	-1.5	-0.9	2.8	20.9	1.5	617	473	13.7
Japan Nikkei-225 Stock Average	20,618	-4.9	-5.8	-10.0	8.0	-9.4	24,129	18,225	15.5
Australian Stock Exchange 200	5,821	-2.2	-3.0	-4.1	2.0	-4.0	6,150	5,630	15.6
Hong Kong Hang Seng Index	30,309	-3.8	-3.1	2.5	24.6	1.3	33,484	23,724	11.8
Shanghai Stock Exchange Composite Index	3,153	-3.6	-4.1	-4.4	-2.9	-4.7	3,587	3,017	12.3
Hang Seng China Enterprises Index	12,128	-4.3	-4.8	4.1	15.6	3.6	13,963	9,882	8.0
Taiwan TAIEX Index	10,823	-1.9	0.3	2.7	9.0	1.7	11,270	9,622	13.9
Korea KOSPI Index	2,417	-3.1	-1.4	-1.0	11.2	-2.1	2,607	2,118	9.4
India SENSEX 30 Index	32,597	-1.7	-4.5	-4.0	11.1	-4.3	36,444	29,164	21.5
Indonesia Jakarta Stock Price Index	6,211	-1.5	-6.2	-0.2	11.6	-2.3	6,693	5,531	15.8
Malaysia Kuala Lumpur Composite Index	1,865	1.0	0.2	6.0	6.8	3.8	1,881	1,708	16.6
Philippines Stock Exchange PSE Index	7,971	-3.2	-5.9	-5.5	9.2	-6.9	9,078	7,222	17.7
Singapore FTSE Straits Times Index	3,421	-2.6	-3.2	1.1	9.4	0.5	3,612	3,112	13.7
Thailand SET Index	1,794	-1.0	-0.8	3.0	14.4	2.3	1,853	1,532	16.2
Latam									
Argentina Merval Index	31,461	-3.4	-3.9	8.7	59.7	4.6	35,462	19,646	9.7
Brazil Bovespa Index*	84,377	-0.6	-3.3	12.2	32.8	10.4	88,318	60,315	12.8
Chile IPSA Index	5,490	-1.9	-4.4	-0.9	16.1	-1.3	5,895	4,691	17.8
Colombia COLCAP Index	1,459	-1.1	-4.8	-2.3	7.3	-3.6	1,598	1,348	13.7
Mexico Index	46,516	-2.0	-4.4	-3.9	-4.4	-5.8	51,772	46,451	16.0
EEMEA									
Russia MICEX Index	2,286	-0.4	-2.2	8.7	11.4	8.3	2,377	1,775	6.4
South Africa JSE Index	56,406	-2.9	-3.9	-4.1	8.4	-5.2	61,777	50,750	15.7
Turkey ISE 100 Index*	116,603	-0.5	-0.8	5.0	29.9	1.1	121,532	87,998	8.4

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

	1-week Change (%)	1-month Change (%)	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Equity Indices - Total Return							
Global equities	-2.7	-2.8	-0.1	-0.5	15.8	24.6	56.7
US equities	-3.9	-3.5	-0.9	-0.6	14.4	30.7	82.3
Europe equities	-1.9	-2.9	-1.1	-2.2	14.6	12.1	31.7
Asia Pacific ex Japan equities	-1.5	-0.7	3.3	1.9	24.0	28.7	42.8
Japan equities	-3.0	-3.9	-1.4	-1.4	16.4	21.1	51.3
Latam equities	-0.2	-4.0	9.9	7.9	20.0	31.0	-7.2
Emerging Markets equities	-1.3	-1.5	5.3	3.6	26.4	31.5	32.8

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 23 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)	512	0.2	0.6	-0.2	2.3	-0.5
JPM EMBI Global	789	-0.3	0.0	-2.0	2.9	-2.4
BarCap US Corporate Index (USD)	2,815	-0.2	-0.4	-2.3	2.2	-3.0
BarCap Euro Corporate Index (Eur)	246	-0.2	-0.2	-0.6	2.0	-0.5
BarCap Global High Yield (Hedged in USD)	465	-0.3	-0.2	-0.7	5.0	-0.9
Markit iBoxx Asia ex-Japan Bond Index (USD)	193	-0.1	-0.1	-1.3	1.6	-1.5
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	250	-0.3	-0.5	-0.6	3.0	-0.7

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

	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 (%)
Currencies (vs USD)									
Developed markets									
EUR/USD	1.24	1.23	1.23	1.19	1.08	1.20	1.26	1.06	0.5
GBP/USD	1.41	1.39	1.40	1.34	1.25	1.35	1.43	1.24	1.3
CHF/USD	1.06	1.05	1.07	1.01	1.01	1.03	1.09	0.99	0.5
CAD	1.29	1.31	1.26	1.27	1.34	1.26	1.38	1.21	1.5
JPY	104.74	106.01	106.89	113.29	110.94	112.69	114.73	104.64	1.2
AUD	1.30	1.30	1.28	1.30	1.31	1.28	1.36	1.23	-0.2
NZD	1.38	1.39	1.37	1.42	1.42	1.41	1.47	1.32	0.3
Asia									
HKD	7.85	7.84	7.82	7.82	7.77	7.81	7.85	7.77	0.0
CNY	6.32	6.33	6.34	6.58	6.89	6.51	6.91	6.25	0.3
INR	65.01	64.94	64.73	64.05	65.53	63.87	65.89	63.25	-0.1
MYR	3.92	3.91	3.92	4.08	4.43	4.05	4.44	3.87	-0.3
KRW	1,082	1,066	1,079	1,080	1,122	1,067	1,158	1,058	-1.5
TWD	29.17	29.12	29.27	29.92	30.49	29.73	30.69	28.96	-0.2
Latam									
BRL	3.31	3.28	3.24	3.34	3.14	3.31	3.41	3.08	-1.0
COP	2,842	2,854	2,845	2,961	2,918	2,986	3,103	2,760	0.4
MXN	18.53	18.69	18.55	19.75	18.93	19.66	19.91	17.45	0.9
EEMEA									
RUB	57.30	57.52	56.13	58.31	57.35	57.69	61.01	55.56	0.4
ZAR	11.75	11.98	11.56	12.62	12.46	12.38	14.57	11.51	1.9
TRY	3.98	3.92	3.79	3.81	3.63	3.80	4.04	3.39	-1.6

	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2017	1-week Basis Point Change
Bonds							
US Treasury yields (%)							
3-Month	1.72	1.77	1.64	1.32	0.76	1.38	-5
2-Year	2.25	2.29	2.24	1.89	1.25	1.88	-4
5-Year	2.60	2.64	2.62	2.25	1.95	2.21	-4
10-Year	2.81	2.84	2.87	2.48	2.42	2.41	-3
30-Year	3.06	3.08	3.16	2.83	3.03	2.74	-2
10-year bond yields (%)							
Japan	0.02	0.03	0.05	0.04	0.05	0.04	-2
UK	1.44	1.43	1.52	1.24	1.23	1.19	1
Germany	0.52	0.57	0.65	0.42	0.43	0.42	-4
France	0.76	0.81	0.93	0.74	1.04	0.78	-6
Italy	1.87	1.98	2.06	1.91	2.26	2.01	-10
Spain	1.26	1.36	1.59	1.46	1.72	1.56	-10
China	3.75	3.85	3.90	3.89	3.31	3.90	-9
Australia	2.65	2.69	2.85	2.71	2.76	2.63	-4
Canada	2.19	2.14	2.25	2.03	1.69	2.05	6

*Numbers may not add up due to rounding

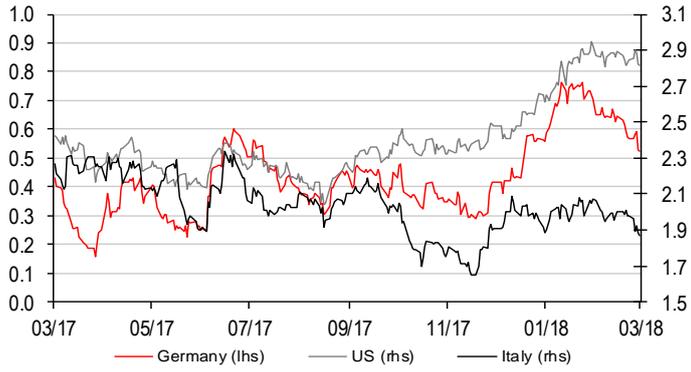
	Latest	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Commodities								
Gold	1,347	2.5	1.4	5.6	8.2	3.4	1,366	1,205
Brent Oil	70.4	6.3	4.6	7.9	39.2	5.3	71	44
WTI Crude Oil	65.9	5.7	3.7	12.7	38.1	9.0	67	42
R/J CRB Futures Index	196	0.9	0.1	4.5	6.9	1.2	201	166
LME Copper	6,695	-2.8	-5.6	-6.0	14.9	-7.6	7,313	5,463

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018.

Past performance is not an indication of future returns.

Market Trends

Government bond yields (%)



Major currencies (versus USD)



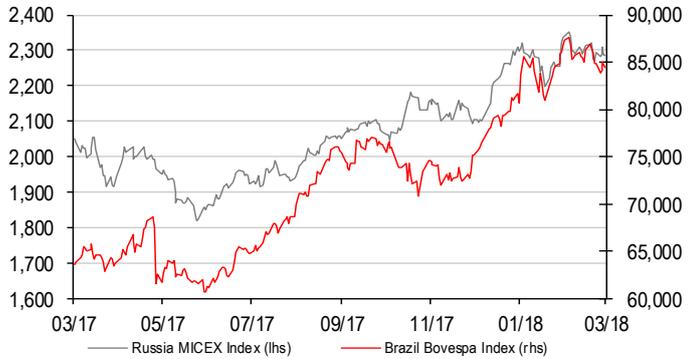
Global equities



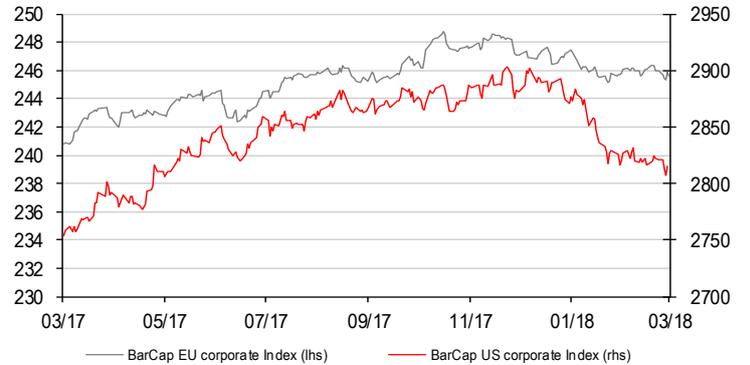
Emerging Asian equities



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 23 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 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-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.

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.

Expiry: April 20, 2018
DK1800143A

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 23 March 2018.

Past performance is not an indication of future returns.