

This week in detail

The minutes from the 31 July - 1 August Federal Open Market Committee (FOMC) meeting indicated that a further rate hike would “likely soon be appropriate”

[Read more>](#)

The week ahead

In the coming week, a raft of US data releases will be in focus, including July core personal consumption expenditure inflation

[Read more>](#)

Market moves

[Read more>](#)

Equities

Global equity markets rose on stronger investor risk appetite

[Read more>](#)

Bonds

Shorter-dated US Treasuries underperformed amid FOMC minutes; core European bonds closed lower

[Read more>](#)

Currencies

The euro and the British pound rose against the US dollar; the Japanese yen fell on strong risk appetite

[Read more>](#)

Commodities

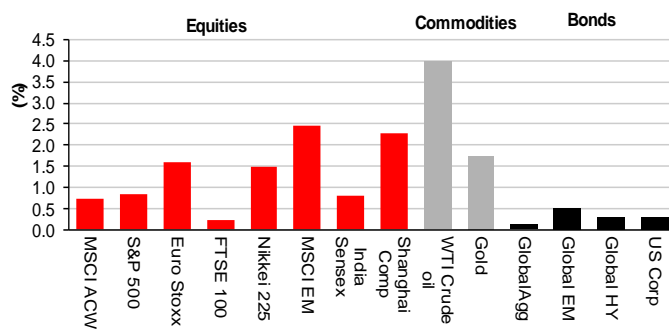
Oil prices rallied as US crude inventories fell; gold supported by weaker dollar

[Read more>](#)

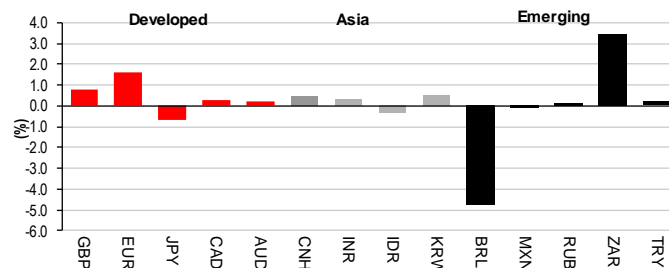
Market data

Market trends

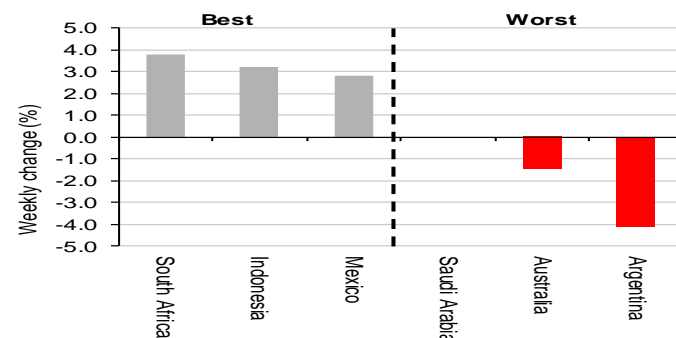
Movers and shakers



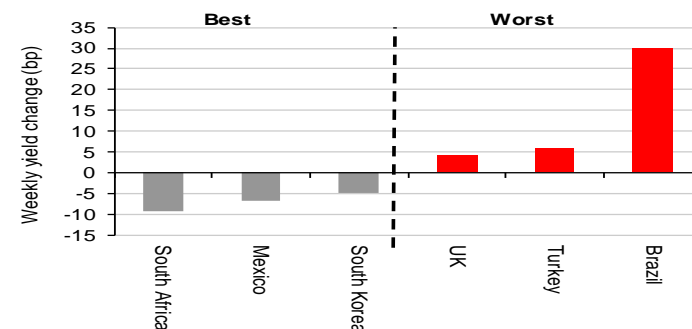
Currencies (versus USD)



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.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 24 August 2018. All the above charts relate to 17/08/2018 – 24/08/2018.

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 21 August | Japan | Machine Tool Orders (yoy) | Jul F | - | 13.1% | 13.0% P |
| Wednesday 22 August | US | Existing Home Sales (mom) | Jul | 0.4% | -0.7% | -0.6% |
| | US | FOMC Minutes from the 1 August Meeting | | | | |
| Thursday 23 August | Eurozone | Markit Composite PMI | Aug P | 54.5 | 54.4 | 54.3 |
| | US | New Home Sales (mom) | Jul | 2.2% | -1.7% | -2.4% |
| Friday 24 August | Japan | National CPI ex Fresh Food, Energy (yoy) | Jul | 0.3% | 0.3% | 0.2% |
| | US | Durable Goods Orders (mom) | Jul P | -1.0% | -1.7% | 0.7% |
| | US | Fed's Annual Jackson Hole Central Banking Symposium | | | | |
| | Mexico | GDP Seasonally Adjusted (qoq) | Q2 F | -0.1% | -0.2% | -0.1% P |

P – Preliminary, Q – Quarter, F – Final

The minutes from the 31 July - 1 August FOMC meeting indicated that a further rate hike would “likely soon be appropriate”

In the **US**, the **minutes from the 31 July - 1 August Federal Open Market Committee (FOMC) meeting** contained a strong assessment of growth, expressed “increased confidence” in a sustained return to the inflation target, and indicated that a further rate hike would “likely soon be appropriate.” Although participants discussed a broad range of risks, including the yield curve, housing and trade disputes, the committee as a whole did not seem overly concerned about them. At the two-day **Jackson Hole symposium** (starting on Friday), US Federal Reserve (Fed) Chair Jerome Powell’s speech provided little new information, and broadly echoed information contained in the minutes. He did, however, state that “there does not seem to be an elevated risk of overheating” and also emphasised that if the economic outlook changed markedly, the Fed is ready to change direction too, saying he is “confident” the FOMC would do “whatever it takes” should crisis again threaten.

In terms of **US** data releases, **existing home sales** (completed transactions for the purchase of existing units) fell for the fourth consecutive month. Total sales were down 0.7% mom, at 5.34 million, contrary to consensus expectations of a modest rebound to 5.4 million. The latest decline brought the three-month average of home sales to 5.38 million, a steady deterioration since the start of Q2 when the average rate of sales was 5.53 million. Meanwhile, **new home sales** in July fell 1.7% mom to 627,000 annualised, against expectations of 645,000, but the June number was revised higher from 631,000 to 638,000. The decline was chiefly driven by the northeast, which recorded a 52% decline over the previous month, and the south. Finally, headline **durable goods orders** fell 1.7% mom in July (expected -1.0%) from 0.7% in June. However, more relevant as a proxy for business investment, non-defence capital goods orders excluding aircraft jumped 0.9% mom, well above expectations of 0.3% mom. Overall, the positive trend in this series bodes well for the US productivity outlook.

Japan’s CPI inflation for July came in weaker than expected

Japan’s CPI inflation for July came in weaker than expected. Headline inflation rose from 0.7% yoy in June to 0.9% (consensus at +1.0%), mainly due to an acceleration in non-durable goods inflation (essentially fresh food and energy). Durable goods inflation continued to fall and, more worryingly for the Bank of Japan (BoJ), services inflation remained at just 0.2% yoy. Overall, underlying inflation has not picked up since the beginning of the year and the BoJ may have to further cut its inflation forecasts for this year and next.

Mexico’s GDP contracted in Q2

Mexico’s Q2 GDP data showed the economy contracted by 0.2% qoq, slightly below the preliminary estimate of -0.1%. The decline was due to a drop in primary (-2.1%) and secondary (-0.4%) activities, and a moderation of services activities (+0.2% qoq versus +1.0% previously).

The week ahead

Macro data and key events

| Date | Country | Indicator | Data as of | Survey | Prior |
|---------------------|----------|---|------------|--------|-------|
| Monday 27 August | Germany | Ifo Business Climate Index | Aug | 101.8 | 101.7 |
| Tuesday 28 August | US | S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy) | Jun | 6.4% | 6.5% |
| | US | Conference Board Consumer Price Index | Aug | 126.5 | 127.4 |
| Wednesday 29 August | US | GDP Annualised (qoq) | Q2 S | 4.0% | 4.1% |
| | US | Pending Home Sales (mom) | Jul | 0.5% | 0.9% |
| Thursday 30 August | US | PCE Core (yoy) | Jul | 2.0% | 1.9% |
| | Canada | GDP (qoq annualised) | Q2 | - | 1.3% |
| Friday 31 August | Japan | Industrial Production (mom) | Jul P | 0.2% | -1.8% |
| | Japan | Jobless Rate | Jul | 2.4% | 2.4% |
| | China | Official Manufacturing PMI | Aug | 51.2 | 51.2 |
| | Eurozone | CPI Estimate (yoy) | Aug | 2.1% | 2.1% |
| | Brazil | GDP (seasonally adjusted, qoq) | Q2 | - | 0.4% |
| | India | GDP (yoy) | Q2 | - | 7.7% |
| | US | University of Michigan Index of Consumer Sentiment | Aug F | 95.7 | 95.3 |

P – Preliminary, Q – Quarter, F – Final, S – Second Estimate

In the coming week, a raft of US data releases will be in focus, including July core personal consumption expenditure inflation

India's GDP growth may have moderated in Q2, following three straight quarters of acceleration

US

Core personal consumption expenditure inflation is expected to increase by 2.0% yoy in July, compared to 1.9% in June. Going forward, if inflation continues along its recent monthly momentum, the annual rate is expected to remain close to the Fed's target of 2.0%.

Home prices in 20 major cities, measured by the **S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index**, are expected to increase 6.4% yoy in June (+6.5% previously). This would mark the tenth consecutive month that home price inflation is above 6.0% yoy.

Rising mortgage rates, higher material costs and labour shortages have contributed to soft home sales data and homebuilders' sentiment in the US. **Pending home sales** in July are anticipated to gain only slightly by 0.5% in July (+0.9% in June).

The **Conference Board Consumer Confidence Index** is expected to decline slightly to 126.5 from 127.4, but remain at elevated levels. Trade tensions are likely to dampen the present situation score, as they did to the University of Michigan Index of Consumer Sentiment.

Europe

Germany's Ifo Business Climate Index is expected to be little changed in August, at around the 108 level. Following large declines in early 2018, the index has recently stabilised amid a ceasefire in trade tensions with the US and improving economic data.

The flash estimate for **eurozone inflation** in August is expected to be unchanged from July's prints, with headline inflation holding at 2.1% yoy and the core at 1.1% yoy. The sharp rise in headline inflation since April is mainly due to higher oil prices.

Emerging markets and Japan

Brazil's GDP expanded by 0.4% qoq in Q1. Q2 GDP is likely to have been weighed down by the truckers' strike in May.

India's Q2 GDP growth is expected to moderate after three straight quarters of acceleration, but should have maintained a solid pace following 7.7% in Q1, as the economy continues to recover from the Goods and Services Tax and demonetisation shocks.

Japan's jobless rate is expected to stabilise at 2.4% in July, as survey-based signals were little changed during the month. The job-to-applicant ratio is expected to increase slightly from 1.62 to 1.63, which would be the highest since January 1974.

Japan's industrial production for July is expected to rebound slightly by 0.2% mom, after two straight months of losses. US-China trade tensions continue to weigh on the outlook.

Market moves

Equities

Global equity markets rose on stronger investor risk appetite

Bonds

Shorter-dated US Treasuries underperformed amid FOMC meeting minutes; core European bonds closed lower

Currencies

The euro and the British pound rose against the US dollar; the Japanese yen fell on stronger risk appetite

Commodities

Oil prices rallied as US crude inventories fell; gold supported by weaker US dollar

Equities

US stocks rose at the start of the week amid positive news that low-level trade talks between the US and China were proceeding positively. Minutes of the Fed's last monetary policy meeting, released on Wednesday, contained few surprises. However, stocks sold off on Thursday following a deadlock in trade talks before recovering on Friday as investors focused on the Fed's two-day Jackson Hole symposium (an annual gathering of central bankers). Overall, the S&P 500 Index ended 0.9% higher.

European stocks climbed higher this week on stronger investor risk appetite. The regional EURO STOXX 50 Index rose 1.6% with gains led by energy stocks as oil prices rallied. All other national bourses also ended the week higher with the Spanish IBEX outperforming in the region (up +1.8%).

Asian stock markets ended this week mostly higher, amid a return of risk appetite as investors focused on corporate earnings and developments around US-China trade relations. Japanese stocks got a lift from a weaker yen; China's Shanghai Stock Exchange Composite Index rebounded from last week's decline; and India's SENSEX 30 Index reached a record high amid economic and earnings optimism. Australian stocks underperformed.

Bonds

Longer-dated **US Treasury yields** gained and yields fell this week – despite gains in the equity market – with 10-year yields closing 5 bps lower at 2.81% while 30-year yields retreated 6 bps to 2.96%. Meanwhile, the short end of the curve underperformed (two-year yields rose 1 bp to +2.62%) amid the August FOMC meeting minutes that confirmed the Fed will continue to raise interest rates if the economic momentum remains healthy.

Core European government bonds fell and yields rose this week as improved risk sentiment dampened demand for perceived “safe-haven” assets, with benchmark German 10-year bund yields up 4 bps to 0.34%. UK-equivalent yields also rose, by 4 bps to 1.28%. Riskier peripheral European bonds closed up, with the exception of Italy (where 10-year yields ended 3 bps at +3.15%).

Currencies

The **euro and the British pound** rose against the US dollar this week (+1.6% and +0.8% respectively), amid comments from US President Donald Trump stating his preference for a cheaper dollar and lower interest rates. Fed Chair Jerome Powell's comments on Friday also hit the greenback. The relative underperformance in the pound came amid lingering Brexit-related concerns as the UK government unveiled contingency plans for a “no-deal” Brexit.

Most **Asian currencies** rose against the US dollar this week, with the Thai baht and Korean won outperforming amid continued foreign fund inflows. In Thailand, stronger than expected Q2 GDP growth boosted investor expectations for central bank policy normalisation, boosting the currency. Meanwhile, the Japanese yen weakened as risk aversion eased with gains in equities. Elsewhere, the Hong Kong Monetary Authority intervened this week to defend the Hong Kong dollar peg.

Commodities

Crude oil prices rallied this week with Brent rising 5.2% to USD75.6 per barrel. Most of the gains occurred on Wednesday after the U.S. Energy Information Administration weekly report showed US crude stockpiles fell by 5.8 million barrels last week, almost completely retracing the previous week's surprise inventory build.

Meanwhile, **gold prices** rose 1.8% to USD1,206 per ounce, supported by a weaker US dollar.

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) | 517 | 0.7 | -0.4 | 0.4 | 9.1 | 0.7 | 551 | 473 | 15.7 |
| North America | | | | | | | | | |
| US Dow Jones Industrial Average | 25,790 | 0.5 | 2.2 | 3.9 | 18.4 | 4.3 | 26,617 | 21,674 | 16.5 |
| US S&P 500 Index | 2,875 | 0.9 | 1.9 | 5.4 | 17.9 | 7.5 | 2,876 | 2,428 | 17.8 |
| US NASDAQ Composite Index | 7,946 | 1.7 | 1.3 | 7.0 | 26.7 | 15.1 | 7,950 | 6,229 | 31.0 |
| Canada S&P/TSX Composite Index | 16,356 | 0.2 | -0.2 | 1.5 | 8.5 | 0.9 | 16,586 | 14,786 | 15.8 |
| Europe | | | | | | | | | |
| MSCI AC Europe (USD) | 460 | 2.0 | -2.6 | -3.4 | -0.3 | -5.7 | 524 | 444 | 14.0 |
| Euro STOXX 50 Index | 3,427 | 1.6 | -1.6 | -2.7 | -0.5 | -2.2 | 3,709 | 3,262 | 13.9 |
| UK FTSE 100 Index | 7,577 | 0.3 | -1.7 | -1.8 | 2.3 | -1.4 | 7,904 | 6,867 | 13.5 |
| Germany DAX Index* | 12,395 | 1.5 | -2.3 | -3.6 | 1.8 | -4.0 | 13,597 | 11,727 | 13.1 |
| France CAC-40 Index | 5,433 | 1.6 | 0.0 | -2.1 | 6.2 | 2.3 | 5,657 | 4,995 | 14.5 |
| Spain IBEX 35 Index | 9,590 | 1.8 | -1.9 | -4.1 | -7.4 | -4.5 | 10,643 | 9,328 | 12.5 |
| Italy FTSE MIB Index | 20,742 | 1.6 | -5.2 | -8.8 | -4.5 | -5.1 | 24,544 | 20,236 | 11.3 |
| Asia Pacific | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 530 | 1.5 | -2.0 | -6.4 | -0.1 | -7.0 | 617 | 515 | 13.1 |
| Japan Nikkei-225 Stock Average | 22,602 | 1.5 | 0.4 | 0.7 | 16.8 | -0.7 | 24,129 | 19,240 | 16.0 |
| Australian Stock Exchange 200 | 6,247 | -1.4 | -0.3 | 3.5 | 8.7 | 3.0 | 6,358 | 5,639 | 16.0 |
| Hong Kong Hang Seng Index | 27,672 | 1.7 | -3.5 | -10.0 | 0.6 | -7.5 | 33,484 | 26,871 | 11.3 |
| Shanghai Stock Exchange Composite Index | 2,729 | 2.3 | -6.1 | -13.5 | -16.6 | -17.5 | 3,587 | 2,653 | 10.9 |
| Hang Seng China Enterprises Index | 10,780 | 2.5 | -1.8 | -11.3 | -2.5 | -7.9 | 13,963 | 10,360 | 7.7 |
| Taiwan TAIEX Index | 10,809 | 1.1 | -1.7 | -1.2 | 3.1 | 1.6 | 11,270 | 10,189 | 13.9 |
| Korea KOSPI Index | 2,293 | 2.1 | 0.6 | -7.0 | -3.5 | -7.1 | 2,607 | 2,218 | 9.2 |
| India SENSEX 30 Index | 38,252 | 0.8 | 3.9 | 10.4 | 21.1 | 12.3 | 38,488 | 31,082 | 20.4 |
| Indonesia Jakarta Stock Price Index | 5,969 | 3.2 | 0.6 | 0.4 | 1.3 | -6.1 | 6,693 | 5,558 | 15.4 |
| Malaysia Kuala Lumpur Composite Index | 1,809 | 1.4 | 2.6 | 1.9 | 1.9 | 0.7 | 1,896 | 1,658 | 17.5 |
| Philippines Stock Exchange PSE Index | 7,766 | 2.4 | 4.3 | 1.5 | -3.0 | -9.3 | 9,078 | 6,924 | 18.0 |
| Singapore FTSE Straits Times Index | 3,213 | 0.1 | -2.4 | -9.0 | -1.8 | -5.6 | 3,642 | 3,176 | 12.9 |
| Thailand SET Index | 1,704 | 0.8 | 1.8 | -1.7 | 8.1 | -2.8 | 1,853 | 1,571 | 15.8 |
| Latam | | | | | | | | | |
| Argentina Merval Index | 25,168 | -4.1 | -11.0 | -15.2 | 7.6 | -16.3 | 35,462 | 23,167 | 6.2 |
| Brazil Bovespa Index* | 76,262 | 0.3 | -3.7 | -4.8 | 7.2 | -0.2 | 88,318 | 69,069 | 11.5 |
| Chile IPSA Index | 5,260 | 0.3 | -3.5 | -5.7 | 2.1 | -5.5 | 5,895 | 4,847 | 15.5 |
| Colombia COLCAP Index | 1,539 | 0.7 | -0.4 | 0.7 | 4.1 | 1.7 | 1,598 | 1,415 | 13.4 |
| Mexico S&P/BMV IPC Index | 49,634 | 2.8 | 0.3 | 9.2 | -3.6 | 0.6 | 51,621 | 44,429 | 17.1 |
| EEMEA | | | | | | | | | |
| Russia MOEX Index | 2,280 | 1.1 | 0.1 | -0.6 | 15.5 | 8.1 | 2,379 | 1,959 | 5.7 |
| South Africa JSE Index | 58,798 | 3.8 | 3.1 | 3.7 | 3.9 | -1.2 | 61,777 | 53,027 | 14.2 |
| Turkey ISE 100 Index* | 90,186 | 1.6 | -2.1 | -10.8 | -17.4 | -21.8 | 121,532 | 84,655 | 6.7 |

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

| | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | YTD Change (%) | 1-year Change (%) | 3-year Change (%) | 5-year Change (%) |
|--------------------------------------|-------------------|--------------------|--------------------|----------------|-------------------|-------------------|-------------------|
| Equity Indices - Total Return | | | | | | | |
| Global equities | 0.8 | -0.2 | 0.9 | 2.1 | 11.2 | 43.5 | 53.4 |
| US equities | 0.3 | 1.4 | 5.1 | 8.0 | 18.8 | 56.9 | 84.0 |
| Europe equities | 2.0 | -2.3 | -2.8 | -3.4 | 2.6 | 21.8 | 20.9 |
| Asia Pacific ex Japan equities | 1.6 | -1.7 | -5.3 | -5.2 | 2.5 | 49.3 | 40.5 |
| Japan equities | 0.0 | -2.0 | -4.7 | -3.1 | 8.1 | 27.2 | 39.6 |
| Latam equities | -0.6 | -7.5 | -6.7 | -10.5 | -11.7 | 37.1 | -9.7 |
| Emerging Markets equities | 2.5 | -2.8 | -6.6 | -7.9 | -0.9 | 45.6 | 26.5 |

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.

| Bond indices - Total Return | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) |
|--|-------|-------------------|--------------------|--------------------|-------------------|----------------|
| BarCap GlobalAgg (Hedged in USD) | 517 | 0.1 | 0.4 | 1.1 | 1.1 | 0.5 |
| JPM EMBI Global | 773 | 0.5 | -0.7 | -0.4 | -3.3 | -4.3 |
| BarCap US Corporate Index (USD) | 2,852 | 0.3 | 1.1 | 1.7 | -0.3 | -1.7 |
| BarCap Euro Corporate Index (Eur) | 246 | -0.3 | 0.2 | 0.4 | 0.2 | -0.2 |
| BarCap Global High Yield (Hedged in USD) | 466 | 0.3 | 0.0 | 0.4 | 1.2 | -0.6 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 193 | 0.2 | 0.8 | 0.8 | -0.8 | -1.4 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 245 | 0.1 | 1.1 | -0.8 | -0.8 | -2.8 |

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 | 1.16 | 1.14 | 1.17 | 1.17 | 1.18 | 1.20 | 1.26 | 1.13 | 1.6 |
| GBP/USD | 1.28 | 1.27 | 1.31 | 1.34 | 1.28 | 1.35 | 1.44 | 1.27 | 0.8 |
| CHF/USD | 1.02 | 1.00 | 1.01 | 1.01 | 1.04 | 1.03 | 1.09 | 0.99 | 1.2 |
| CAD | 1.30 | 1.31 | 1.32 | 1.29 | 1.25 | 1.26 | 1.34 | 1.21 | 0.3 |
| JPY | 111.24 | 110.50 | 111.20 | 109.26 | 109.56 | 112.69 | 114.73 | 104.56 | -0.7 |
| AUD | 1.37 | 1.37 | 1.35 | 1.32 | 1.27 | 1.28 | 1.39 | 1.23 | 0.2 |
| NZD | 1.49 | 1.51 | 1.47 | 1.44 | 1.39 | 1.41 | 1.53 | 1.34 | 0.8 |
| Asia | | | | | | | | | |
| HKD | 7.85 | 7.85 | 7.85 | 7.85 | 7.82 | 7.81 | 7.85 | 7.79 | 0.0 |
| CNY | 6.81 | 6.88 | 6.79 | 6.38 | 6.66 | 6.51 | 6.94 | 6.24 | 1.0 |
| INR | 69.91 | 70.16 | 68.95 | 68.35 | 64.03 | 63.87 | 70.40 | 63.25 | 0.4 |
| MYR | 4.11 | 4.11 | 4.07 | 3.98 | 4.28 | 4.05 | 4.28 | 3.85 | -0.1 |
| KRW | 1,119 | 1,125 | 1,135 | 1,080 | 1,128 | 1,067 | 1,150 | 1,054 | 0.5 |
| TWD | 30.78 | 30.79 | 30.71 | 29.92 | 30.26 | 29.73 | 30.88 | 28.96 | 0.0 |
| Latam | | | | | | | | | |
| BRL | 4.10 | 3.91 | 3.75 | 3.65 | 3.15 | 3.31 | 4.13 | 3.08 | -5.0 |
| COP | 2,958 | 3,030 | 2,896 | 2,854 | 2,961 | 2,986 | 3,080 | 2,685 | 2.4 |
| MXN | 18.91 | 18.89 | 18.88 | 19.57 | 17.73 | 19.66 | 20.96 | 17.57 | -0.1 |
| EEMEA | | | | | | | | | |
| RUB | 67.03 | 67.12 | 63.33 | 61.56 | 59.16 | 57.69 | 69.36 | 55.56 | 0.1 |
| ZAR | 14.15 | 14.64 | 13.28 | 12.42 | 13.20 | 12.38 | 15.55 | 11.51 | 3.4 |
| TRY | 6.01 | 6.02 | 4.89 | 4.71 | 3.48 | 3.80 | 7.24 | 3.39 | 0.2 |

| 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 | 2.09 | 2.03 | 1.98 | 1.89 | 1.01 | 1.38 | 5 |
| 2-Year | 2.62 | 2.61 | 2.63 | 2.51 | 1.33 | 1.88 | 1 |
| 5-Year | 2.71 | 2.74 | 2.82 | 2.81 | 1.78 | 2.21 | -3 |
| 10-Year | 2.81 | 2.86 | 2.95 | 2.98 | 2.19 | 2.41 | -5 |
| 30-Year | 2.96 | 3.02 | 3.08 | 3.13 | 2.77 | 2.74 | -6 |
| 10-year bond yields (%) | | | | | | | |
| Japan | 0.10 | 0.09 | 0.08 | 0.04 | 0.02 | 0.04 | 0 |
| UK | 1.28 | 1.24 | 1.28 | 1.40 | 1.05 | 1.19 | 4 |
| Germany | 0.34 | 0.30 | 0.40 | 0.47 | 0.37 | 0.42 | 4 |
| France | 0.68 | 0.66 | 0.70 | 0.76 | 0.69 | 0.78 | 2 |
| Italy | 3.15 | 3.12 | 2.68 | 2.39 | 2.11 | 2.01 | 3 |
| Spain | 1.39 | 1.45 | 1.37 | 1.39 | 1.59 | 1.56 | -6 |
| China | 3.63 | 3.65 | 3.57 | 3.67 | 3.67 | 3.90 | -2 |
| Australia | 2.54 | 2.55 | 2.72 | 2.81 | 2.63 | 2.63 | -1 |
| Canada | 2.26 | 2.27 | 2.23 | 2.41 | 1.89 | 2.05 | -1 |

*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 | 1,206 | 1.8 | -1.5 | -7.6 | -6.2 | -7.5 | 1,366 | 1,160 |
| Brent Oil | 75.6 | 5.2 | 2.4 | -3.2 | 44.8 | 17.4 | 80 | 53 |
| WTI Crude Oil | 68.5 | 5.1 | 2.0 | -1.7 | 40.4 | 16.7 | 72 | 49 |
| R/J CRB Futures Index | 192 | 1.8 | -0.6 | -6.6 | 8.0 | -0.9 | 207 | 177 |
| LME Copper | 5,987 | 1.0 | -4.9 | -13.0 | -10.6 | -17.4 | 7,348 | 5,773 |

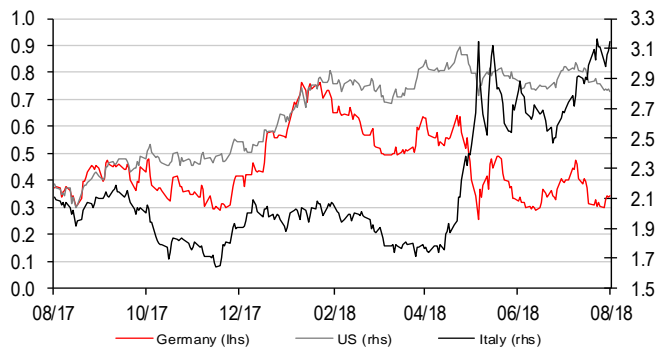
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 24 August 2018.

Past performance is not an indication of future returns.

24/08/2018 Investment Weekly 6

Market Trends

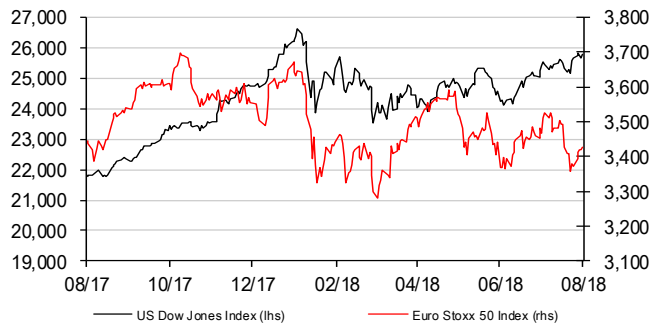
Government bond yields (%)



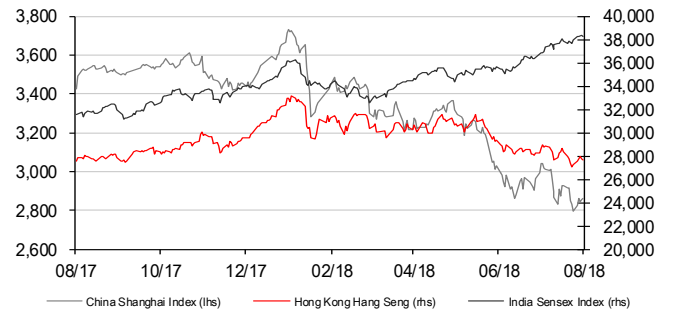
Major currencies (versus USD)



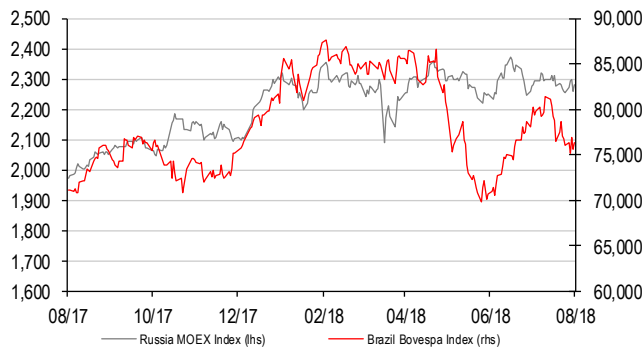
Global equities



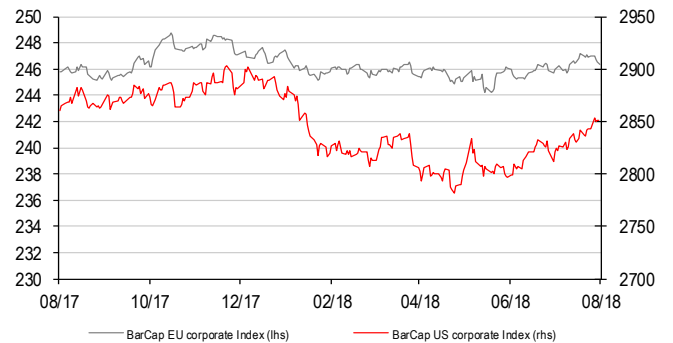
Emerging Asian equities



Other emerging equities



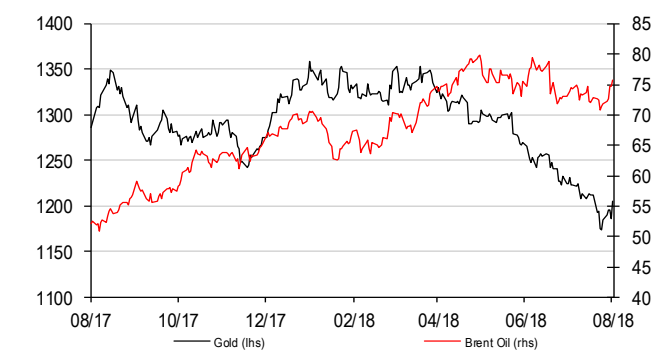
Global credit indices



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, 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: September 21, 2018 DK1800377A