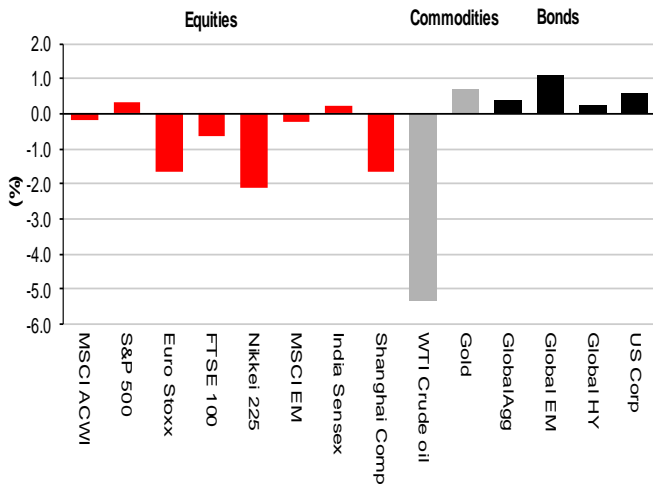


- ▶ Global equities fell this week on lingering trade and geopolitical tensions. Declining oil prices also weighed on investor sentiment
- ▶ US President Donald Trump cancelled a summit with North Korean leader Kim Jong Un. The US also launched a Section 232 investigation into auto imports for national security reasons
- ▶ The minutes of the Federal Open Market Committee (FOMC) meeting in May reiterated the “symmetry” of the US Federal Reserve’s (Fed) inflation target
- ▶ Next week’s calendar is dominated by data releases from the US. Investor focus will most likely be on the May employment report and the April core PCE inflation release, which can have implications for the trajectory of the Fed’s monetary policy

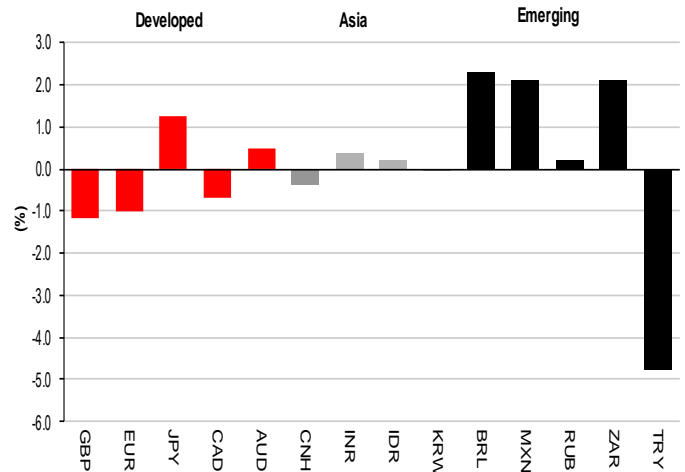
Movers and shakers

Global equities retreated on trade and geopolitical tensions

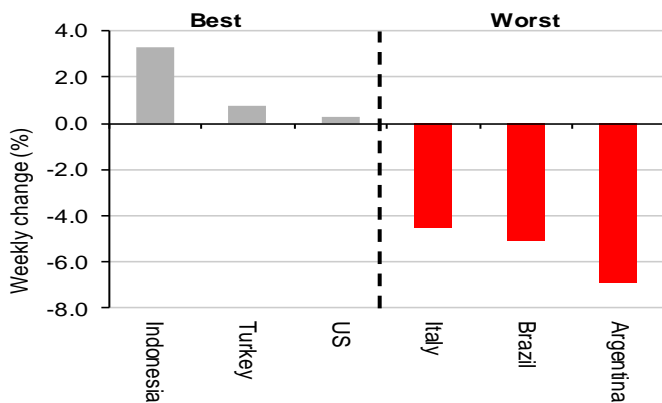


Currencies (versus US dollar)

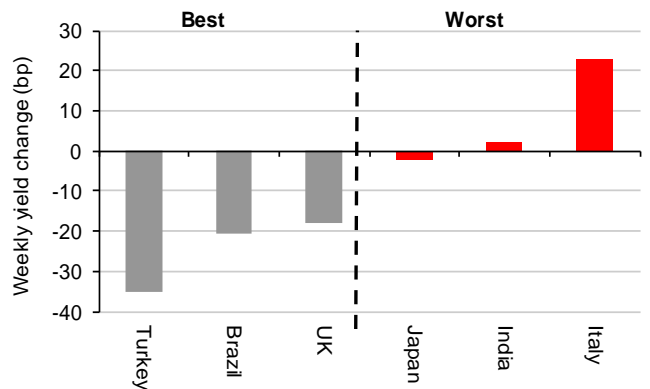
The Turkish lira continued to fall sharply



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 25 May 2018. All the above charts relate to 18/05/2018 – 25/05/2018.

Macro Data and Key Events

Past Week (21-25 May 2018)

| Date | Country | Indicator | Data as of | Survey | Actual | Prior |
|------------------|--------------|---|------------|--------|--------|-------|
| Monday 21 May | Japan | Trade Balance Adjusted (JPY bn) | Apr | 114.9 | 550.0 | 170.0 |
| Wednesday 23 May | Eurozone | Markit Composite PMI | May P | 55.1 | 54.1 | 55.1 |
| | UK | CPI (yoy) | Apr | 2.5% | 2.4% | 2.5% |
| | Mexico | GDP, Seasonally Adjusted (qoq) | Q1 | 1.0% | 1.1% | 1.1% |
| | US | New Home Sales (mom) | Apr | -2.1% | -1.5% | 2.0% |
| | US | FOMC Meeting Minutes | | | | |
| Thursday 24 May | South Africa | Reserve Bank Interest Rate Decision | May | 6.50% | 6.50% | 6.50% |
| | UK | Retail Sales ex Auto Fuel (yoy) | Apr | 0.1% | 1.5% | 1.3% |
| | US | Existing Home Sales (mom) | Apr | -0.9% | -2.5% | 1.1% |
| Friday 25 May | Germany | Ifo Business Climate | May | 102.0 | 102.2 | 102.2 |
| | UK | GDP (qoq) | Q1 | 0.1% | 0.1% | 0.4% |
| | US | Durable Goods Orders (mom) | Apr P | -1.3% | 1.7% | 2.6% |
| | US | University of Michigan Consumer Sentiment | May F | 98.8 | 98.0 | 98.8 |

P – Preliminary, Q – Quarter, F – Final

- ▶ US President Donald Trump instructed the Commerce Department to launch **another 232 investigation** into whether US auto imports threaten US national security. The investigation does not automatically result in higher tariffs, and a similar investigation on steel and aluminium imports took 11 months to conclude. As widely expected, **FOMC meeting minutes** from the latest meeting confirmed that a rate hike would “soon be appropriate.” This assessment was on the basis of a continuing moderate pace of economic activity along with strong labour market conditions. The minutes did not seem to be too concerned about an overheating economy and inflation overshooting. It noted that a temporary period of inflation “modestly above 2% would be consistent with the committee’s symmetric inflation objective...” **New home sales** declined 1.5% mom in April to an annualised rate of 662,000, better than a projected fall by 2.1% mom. However, the prior month’s jump was revised 2 percentage points lower to 2.0% mom. New residential purchases still show a steady positive trend amid healthy homebuyer demand. Meanwhile, **existing home sales** declined 2.5% mom in April, larger than an expected decrease of 0.9% mom. Lean inventory has spurred an acceleration in residential prices, dampening sales in recent months. Looking ahead, homebuyer demand should remain firm amid healthy employment conditions. Lastly, **durable goods orders** slipped 1.7% mom, a steeper decline than the 1.3% mom expected. However, stripping out the volatile transportation component, orders climbed 0.9% mom and bested an anticipated 0.5% mom advance. The prior release for ex-transport was also revised 0.3 percentage points upwards to 0.4% mom. Also positive was the strong rebound in capital goods shipments (non-defence excluding aircraft), by 0.8% mom (+0.4% expected), as this is a strong leading indicator for business investments.
- ▶ **The eurozone Composite PMI** fell to 54.1 in the flash estimate for May, below expectations of no change from April’s reading of 55.1. This represents the lowest reading since November 2016, and follows sharp falls earlier in the year. The decline was driven by both the services component (-0.8 points to 53.9) and manufacturing (-0.7 points to 55.5). Following weather and strike related disruptions in Q1, the latest slowdown may be due in part to higher oil prices which are weighing on household disposable incomes and raising costs for businesses, as well as the lagged impact of euro strength. **Germany’s Ifo Business Climate Index** stabilised in May, at 102.2, in line with the previous month’s reading. This follows steady declines from the all-time high reached in November 2017 (105.2). This should help alleviate concerns of a significant slowdown in the eurozone’s largest economy, although it contrasts with the sharp fall in May’s PMI readings.
- ▶ In the **UK, CPI inflation fell** to 2.4% yoy in April from 2.5% in the prior month, below market consensus expectations of no change over the month. Meanwhile, core inflation surprised to the downside for the third month running, falling to 2.1% from 2.3%, the lowest rate since March 2017. The fall in inflation was mainly driven by base effects in the volatile air fares category due to the timing of Easter. **Retail sales (excluding auto fuel)** rose 1.3% mom in April, recovering from a 0.5% decline in the previous month amid weather-related disruptions. However, the underlying trend in sales remains fairly weak, with annual growth trending at around 1.5% yoy compared to between 4%-5% a year ago. Speaking to the UK Treasury Select Committee, **Bank of England Governor Mark Carney** reiterated the bank’s view that the Q1 UK soft patch was temporary, and that growth would likely rebound in Q2. Reflecting on the Monetary Policy Committee’s decision to keep policy on hold at this month’s policy meeting, Carney said he “felt it was right to get more data” before raising rates again, with policy tightening expected to occur at a “gentle rate” going forward.
- ▶ The final estimate for **Mexico Q1 GDP** remained at 1.1% qoq, higher than an expected revision to 1.0%. This represents the largest quarterly advance since 2016, with resilient household demand continuing to underpin strength in the retail sector.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 2018.

Past performance is not an indication of future returns.

Coming Week (28 May – 1 June 2018)

| Date | Country | Indicator | Data as of | Survey | Prior |
|------------------|----------|---|------------|--------|--------|
| Tuesday 29 May | Japan | Jobless Rate | Apr | 2.5% | 2.5% |
| | US | S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy) | Mar | 6.5% | 6.8% |
| | US | Conference Board Consumer Confidence Index | May | 128.0 | 128.7 |
| Wednesday 30 May | Brazil | GDP (seasonally adjusted, qoq) | Q1 | 0.3% | 0.1% |
| | US | GDP Annualised (qoq) | Q1 S | 2.3% | 2.3% P |
| | Canada | Bank of Canada Interest Rate Decision | May | 1.25% | 1.25% |
| Thursday 31 May | Japan | Industrial Production (mom) | Apr P | 1.4% | 1.4% |
| | China | Official Manufacturing PMI | May | 51.4 | 51.4 |
| | Eurozone | Unemployment Rate | Apr | 8.5% | 8.5% |
| | Eurozone | CPI Estimate (yoy) | May | 1.6% | 1.2% |
| | India | GVA (yoy) | Q1 | 7.2% | 6.7% |
| | US | PCE Core (yoy) | Apr | 1.8% | 1.9% |
| | Canada | GDP (qoqa) | Q1 | 2.0% | 1.7% |
| | US | Pending Home Sales (mom) | Apr | 1.0% | 0.4% |
| Friday 01 June | US | Change in Nonfarm Payrolls (000s) | May | 190 | 164 |
| | US | ISM Manufacturing Index | May | 58.1 | 57.3 |

P – Preliminary, Q – Quarter, F – Final, S – Secondary

US & Canada

- ▶ **US nonfarm payrolls** are expected to increase by 190,000 jobs in May, reverting to the 12-month trailing average growth rate after a softer than expected 164,000 in the prior month. However, the last release upwardly revised January and February figures by a net 32,000 jobs. On balance, the job market continues to look healthy and the unemployment rate is projected to stay at 3.9%. Tight labour conditions also underpin an anticipated 0.2 percentage point pickup in wage growth to 0.3% mom.
- ▶ **US PCE core inflation** is expected to slow by 0.1 percentage points to 1.8% yoy in April. Base effects contributed to an acceleration of the measure in March but policymakers have already signalled their willingness to allow inflation to modestly exceed their 2% target.
- ▶ Turning to housing, the **US S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index** is projected to show residential home price growth slow to 6.5% yoy in the three months to March. This would coincide with a recent decline in the median price for new homes. Meanwhile, **pending home sales** are expected to increase 0.6 percentage points to 1.0% mom. While a lack of inventory is weighing on activity, demand remains underpinned by solid employment conditions.
- ▶ The **US Conference Board Consumer Confidence Index** measure is expected to edge 0.7 points lower to 128.0. However, this is still near the 17-year high reading reached in February (130.0) amid tax refunds and low unemployment. The prior month's report had also shown notable gains in the share of respondents planning big-ticket purchases (e.g., vehicles) in the next six months.
- ▶ The second estimate of **US Q1 GDP** growth is expected to remain unchanged at 2.3% qoq annualised (qoqa). Consumer spending growth had slowed 2.9 percentage points to 1.1% qoqa during the period after a surge at the end of 2017. This was offset by a rise in private fixed investment and a positive contribution from net exports.
- ▶ Elsewhere, the **US ISM Manufacturing Index** is anticipated to tick up 0.8 points to 58.1. Tax reforms incentivising equipment investment and steady economic activity should continue to keep factory activity at healthy levels. Anecdotal commentary regarding input cost pressures and the impact of trade tensions on sentiment continue to be areas of interest.
- ▶ **Canada's Q1 GDP** growth is expected at 2.0% qoqa, higher than Q4 2017's 1.7%. This pace would also be stronger than the central bank's estimate of 1.3% qoqa in the April monetary policy report.

Europe

- ▶ **Eurozone headline CPI inflation** surprised to the downside in April, falling to 1.2% yoy, amid a large drag from the volatile air fares category due to the timing of Easter compared to last year. A rebound is expected in the flash May print, also driven higher by rising energy inflation on the back of higher oil prices. Core inflation is also expected to edge up, by 0.3 percentage points to 1.0% yoy.

Japan and emerging markets

- ▶ **Japan's industrial production** likely rose for a third straight month in April, by 1.4% mom, driven by increased exports and machinery orders.
- ▶ India's **gross value added** growth likely accelerated to 7.2% in Q1 from 6.7% in the previous quarter. The improvement would be consistent with trends in high-frequency indicators, and the recovery may be broad-based, with a pickup in domestic demand (particularly consumption) and a better contribution from net exports.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 2018.

Past performance is not an indication of future returns.

- ▶ **Brazil's Q1 GDP** is seen expanding 0.3% qoq, accelerating 0.2 percentage points from Q4's 2017 tepid pace. The prior reading was the slowest quarterly growth in a year as the economy continues to recover from a recent deep recession. On an annual basis, resilient consumption and fixed investment should be the key drivers supporting GDP growth.

Market Moves

Global equities ended the week lower on renewed geopolitical tensions

- ▶ **US equities** opened higher on Monday on signs that US-China trade tensions were easing following US Secretary Steven Mnuchin's comments around putting the trade war and tariffs on hold. However, as the week progressed, stocks pared back gains as the US administration ordered a new investigation into auto imports and after President Donald Trump called off a summit with North Korea. Overall, the S&P 500 Index ended the week 0.3% higher and the Dow Jones Industrial Average Index closed up 0.2%.
- ▶ **European equities** also edged higher at the start of the week amid easing US-China trade tensions. However, stocks retreated on Wednesday following weaker than expected eurozone PMI data. The outlook for the auto sector was also dampened by the US launching another 232 investigation into auto imports for security reasons. Overall, the EURO STOXX50 Index closed down 1.6%. Italy's FTSE MIB underperformed on continuing domestic political concerns, and Spain's IBEX 35 also fell sharply (-2.8%) on the prospect of a change in government. All other major national European bourses also ended lower.
- ▶ **Asian stock markets** ended the week mixed, as investors assessed FOMC meeting minutes and trade and geopolitical developments. Japan's Nikkei 225 Index fell 2.1%, also weighed down by a stronger yen. Chinese stocks also ended the week in negative territory. Elsewhere, India's SENSEX rallied on Friday on the back of a drop in oil prices and a rebound in the Indian rupee, posting a weekly gain of 0.2%. Indonesia's benchmark Jakarta Stock Exchange Composite Index rebounded by 3.3% as the market recorded its first weekly foreign fund inflows in 17 weeks, with the central bank's pledge to take stronger measures to maintain financial/foreign exchange stability following a rate hike last week supporting investor sentiment. Meanwhile, Malaysia's Kuala Lumpur Composite Index ended the week 3.1% lower, on renewed concerns over public debt and a widening probe over corruption linked to the previous government.

Treasury yields fell on dovish FOMC minutes and safe-haven demand; Italian yields jumped on policy outlook

- ▶ **US Treasury yields** fell (prices rose this week). At the short end, two-year yields closed 7 bps lower to 2.48%, as the FOMC minutes reiterated the "symmetry" of the Fed's inflation target. Rate setters also signalled that the underlying strong trend in health care and financial services inflation could be due to transitory effects. Ten-year yields also fell, by 12 bps to 2.93%, also boosted by demand for perceived safe-haven assets amid trade and lingering geopolitical uncertainties.
- ▶ Similar to long-end US Treasury yields, core **European government bond yields** fell sharply with benchmark German 10-year bund yields plummeting 17 bps to 0.40%. In the periphery, concerns over the policy outlook in Italy, and political uncertainty in Spain, saw bond yields rise sharply (prices fell). Ten-year Italian bond yields jumped 23 bps to 2.45%, and Spanish 10-year bond yields closed 2 bps higher at 1.45%.

US dollar gained against the euro and sterling despite dovish FOMC minutes

- ▶ The **euro** fell against the US dollar this week (-1.0%) on continued softness in high-frequency data (May preliminary eurozone PMI). Renewed political uncertainties in Italy and Spain also weighed on demand for the shared currency. The British pound fell 1.2% amid weak April inflation data. Interestingly, the robust performance of the greenback against some majors occurred despite the dovish FOMC minutes.
- ▶ In **Asia**, a drop in oil prices boosted currencies of some major regional oil importers such as India and Thailand. A stronger than expected Q1 Thai GDP growth print gave a lift to the baht against the US dollar, despite data showing a wider trade deficit for April. Elsewhere, the Indonesian rupiah consolidated after the new central bank chief pledged to be more pre-emptive, front-loaded and ahead of the curve in terms of monetary policy to safeguard economic stability, especially in terms of inflation and the rupiah exchange rate. Meanwhile, the Philippine peso weakened to its lowest since July 2006 after the central bank said currency weakness was not worrying and cut the reserve requirement ratio by 1 percentage point, adding to concerns over capital outflows from Fed tightening. Lastly, the Japanese yen rallied on demand for safety assets on trade and geopolitical uncertainties.

Brent crude prices fell over the week on speculation of OPEC relaxing production cuts

- ▶ **Crude oil prices** fell this week, with downward pressure coming from speculation that OPEC may relax its production curbs at an upcoming meeting in Vienna on 22 June. Furthermore, the U.S. Energy Information Administration weekly report showed a large buildup in US crude inventories last week. This offset support from lingering concerns over Venezuela's production and easing US-China trade tensions. Overall, Brent crude fell 2.9% to close at USD76.2 a barrel.
- ▶ Meanwhile, **gold prices** rose this week (+0.7% to USD1,302 per troy ounce), boosted by news that US President Donald Trump had cancelled his meeting with North Korean Leader Kim Jong Un, originally scheduled for 12 June.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 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) | 515 | -0.2 | 1.7 | -1.8 | 10.8 | 0.4 | 551 | 462 | 15.6 |
| North America | | | | | | | | | |
| US Dow Jones Industrial Average | 24,753 | 0.2 | 2.8 | -2.2 | 17.4 | 0.1 | 26,617 | 20,943 | 16.3 |
| US S&P 500 Index | 2,721 | 0.3 | 3.1 | -0.9 | 12.7 | 1.8 | 2,873 | 2,404 | 17.1 |
| US NASDAQ Composite Index | 7,434 | 1.1 | 6.1 | 1.3 | 19.8 | 7.7 | 7,637 | 6,082 | 22.4 |
| Canada S&P/TSX Composite Index | 16,076 | -0.5 | 3.6 | 2.8 | 4.3 | -0.8 | 16,421 | 14,786 | 15.7 |
| Europe | | | | | | | | | |
| MSCI AC Europe (USD) | 476 | -1.5 | -1.2 | -2.8 | 3.9 | -2.4 | 524 | 446 | 14.2 |
| Euro STOXX 50 Index | 3,515 | -1.6 | 0.8 | 2.1 | -1.9 | 0.3 | 3,709 | 3,262 | 14.1 |
| UK FTSE 100 Index | 7,730 | -0.6 | 4.8 | 6.7 | 2.8 | 0.6 | 7,904 | 6,867 | 14.1 |
| Germany DAX Index* | 12,938 | -1.1 | 4.2 | 3.6 | 2.5 | 0.2 | 13,597 | 11,727 | 13.3 |
| France CAC-40 Index | 5,543 | -1.3 | 2.4 | 4.2 | 3.8 | 4.3 | 5,657 | 4,995 | 14.9 |
| Spain IBEX 35 Index | 9,827 | -2.8 | -0.3 | 0.0 | -10.2 | -2.2 | 11,048 | 9,328 | 12.8 |
| Asia Pacific | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 566 | -0.2 | 1.4 | -3.0 | 13.1 | -0.7 | 617 | 496 | 13.5 |
| Japan Nikkei-225 Stock Average | 22,451 | -2.1 | 1.1 | 2.5 | 13.3 | -1.4 | 24,129 | 19,240 | 16.3 |
| Australian Stock Exchange 200 | 6,033 | -0.9 | 1.9 | 0.6 | 4.2 | -0.5 | 6,150 | 5,630 | 16.1 |
| Hong Kong Hang Seng Index | 30,588 | -1.5 | 0.9 | -2.2 | 19.3 | 2.2 | 33,484 | 25,200 | 11.8 |
| Shanghai Stock Exchange Composite Index | 3,141 | -1.6 | 0.7 | -4.5 | 1.1 | -5.0 | 3,587 | 3,042 | 12.3 |
| Hang Seng China Enterprises Index | 12,048 | -2.5 | -0.4 | -5.4 | 14.0 | 2.9 | 13,963 | 10,204 | 8.0 |
| Taiwan TAIEX Index | 10,942 | 1.0 | 3.6 | 1.4 | 8.2 | 2.8 | 11,270 | 10,026 | 14.1 |
| Korea KOSPI Index | 2,461 | 0.0 | 0.5 | 0.4 | 5.0 | -0.3 | 2,607 | 2,310 | 9.5 |
| India SENSEX 30 Index | 34,925 | 0.2 | 1.2 | 2.3 | 13.6 | 2.5 | 36,444 | 30,352 | 18.6 |
| Indonesia Jakarta Stock Price Index | 5,976 | 3.3 | -1.7 | -9.7 | 4.8 | -6.0 | 6,693 | 5,669 | 15.4 |
| Malaysia Kuala Lumpur Composite Index | 1,797 | -3.1 | -2.9 | -3.4 | 1.3 | 0.0 | 1,896 | 1,708 | 16.2 |
| Philippines Stock Exchange PSE Index | 7,648 | -0.3 | 1.2 | -9.7 | -2.8 | -10.6 | 9,078 | 7,499 | 17.4 |
| Singapore FTSE Straits Times Index | 3,513 | -0.5 | -1.5 | -0.6 | 8.6 | 3.2 | 3,642 | 3,193 | 14.0 |
| Thailand SET Index | 1,741 | -0.7 | -2.2 | -3.7 | 10.9 | -0.7 | 1,853 | 1,556 | 15.8 |
| Latam | | | | | | | | | |
| Argentina Merval Index | 29,665 | -6.9 | -0.9 | -9.4 | 36.8 | -1.3 | 35,462 | 20,462 | 8.5 |
| Brazil Bovespa Index* | 78,898 | -5.0 | -7.2 | -9.6 | 24.8 | 3.3 | 88,318 | 60,544 | 11.9 |
| Chile IPSA Index | 5,576 | -1.6 | -1.6 | -2.9 | 14.5 | 0.2 | 5,895 | 4,718 | 16.7 |
| Colombia COLCAP Index | 1,526 | 0.4 | -2.0 | -0.4 | 5.7 | 0.8 | 1,598 | 1,415 | 15.3 |
| Mexico S&P/BMV IPC Index | 45,092 | -1.3 | -6.2 | -7.3 | -8.7 | -8.6 | 51,772 | 45,056 | 15.7 |
| EEMEA | | | | | | | | | |
| Russia MOEX Index | 2,307 | -0.9 | 2.4 | -1.3 | 18.5 | 9.3 | 2,377 | 1,775 | 6.0 |
| South Africa JSE Index | 56,917 | -1.5 | -0.1 | -3.1 | 5.3 | -4.3 | 61,777 | 50,750 | 14.8 |
| Turkey ISE 100 Index* | 103,200 | 0.8 | -3.9 | -12.2 | 5.6 | -10.5 | 121,532 | 96,926 | 7.3 |

*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 | -0.1 | 2.0 | -1.1 | 1.2 | 12.9 | 23.8 | 52.6 |
| US equities | 0.5 | 3.5 | -0.3 | 2.7 | 14.6 | 33.3 | 77.6 |
| Europe equities | -1.5 | -0.5 | -1.4 | -0.7 | 6.9 | 10.3 | 29.0 |
| Asia Pacific ex Japan equities | -0.1 | 1.7 | -2.4 | 0.1 | 16.1 | 21.0 | 39.4 |
| Japan equities | -1.2 | 0.1 | -1.3 | 1.2 | 16.0 | 20.3 | 42.7 |
| Latam equities | -0.7 | -8.5 | -14.6 | -4.0 | 7.8 | 10.5 | -16.4 |
| Emerging Markets equities | -0.2 | -0.3 | -6.3 | -1.4 | 14.4 | 17.5 | 24.2 |

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.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 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 | 0.4 | 0.3 | 0.5 | 1.0 | -0.6 |
| JPM EMBI Global | 776 | 1.1 | -0.9 | -1.7 | -1.3 | -4.0 |
| BarCap US Corporate Index (USD) | 2,804 | 0.6 | 0.4 | -0.8 | -0.2 | -3.4 |
| BarCap Euro Corporate Index (Eur) | 245 | 0.0 | 0.0 | -0.3 | 0.9 | -0.6 |
| BarCap Global High Yield (Hedged in USD) | 464 | 0.2 | -0.4 | -0.4 | 2.0 | -1.1 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 192 | 0.4 | 0.0 | -0.8 | -0.1 | -2.2 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 247 | 0.2 | -0.7 | -1.8 | 1.4 | -2.0 |

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 | 1.17 | 1.18 | 1.22 | 1.23 | 1.12 | 1.20 | 1.26 | 1.11 | -1.0 |
| GBP/USD | 1.33 | 1.35 | 1.39 | 1.40 | 1.29 | 1.35 | 1.44 | 1.26 | -1.2 |
| CHF/USD | 1.01 | 1.00 | 1.02 | 1.07 | 1.03 | 1.03 | 1.09 | 0.99 | 0.8 |
| CAD | 1.30 | 1.29 | 1.28 | 1.26 | 1.35 | 1.26 | 1.35 | 1.21 | -0.7 |
| JPY | 109.41 | 110.78 | 109.43 | 106.89 | 111.84 | 112.69 | 114.73 | 104.56 | 1.2 |
| AUD | 1.32 | 1.33 | 1.32 | 1.28 | 1.34 | 1.28 | 1.36 | 1.23 | 0.5 |
| NZD | 1.45 | 1.45 | 1.41 | 1.37 | 1.42 | 1.41 | 1.47 | 1.32 | -0.1 |
| Asia | | | | | | | | | |
| HKD | 7.85 | 7.85 | 7.85 | 7.82 | 7.79 | 7.81 | 7.85 | 7.79 | 0.0 |
| CNY | 6.39 | 6.38 | 6.33 | 6.34 | 6.87 | 6.51 | 6.86 | 6.24 | -0.2 |
| INR | 67.77 | 68.01 | 66.90 | 64.73 | 64.62 | 63.87 | 68.46 | 63.25 | 0.4 |
| MYR | 3.98 | 3.97 | 3.91 | 3.92 | 4.28 | 4.05 | 4.30 | 3.85 | -0.2 |
| KRW | 1,078 | 1,078 | 1,081 | 1,079 | 1,117 | 1,067 | 1,158 | 1,054 | 0.0 |
| TWD | 29.95 | 29.91 | 29.72 | 29.27 | 30.07 | 29.73 | 30.64 | 28.96 | -0.1 |
| Latam | | | | | | | | | |
| BRL | 3.65 | 3.74 | 3.48 | 3.24 | 3.28 | 3.31 | 3.77 | 3.08 | 2.2 |
| COP | 2,879 | 2,924 | 2,815 | 2,845 | 2,919 | 2,986 | 3,103 | 2,685 | 1.5 |
| MXN | 19.54 | 19.95 | 18.85 | 18.55 | 18.50 | 19.66 | 20.04 | 17.45 | 2.1 |
| EEMEA | | | | | | | | | |
| RUB | 62.22 | 62.36 | 62.42 | 56.13 | 56.89 | 57.69 | 65.04 | 55.56 | 0.2 |
| ZAR | 12.50 | 12.76 | 12.44 | 11.56 | 12.93 | 12.38 | 14.57 | 11.51 | 2.1 |
| TRY | 4.72 | 4.49 | 4.08 | 3.79 | 3.57 | 3.80 | 4.93 | 3.39 | -5.0 |

| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2017 | 1-week Basis Point Change |
|--------------------------------|-------|---------------|----------------|-----------------|---------------|------------------|------------------------------------|
| US Treasury yields (%) | | | | | | | |
| 3-Month | 1.89 | 1.88 | 1.84 | 1.64 | 0.92 | 1.38 | 1 |
| 2-Year | 2.48 | 2.55 | 2.49 | 2.24 | 1.29 | 1.88 | -7 |
| 5-Year | 2.77 | 2.89 | 2.84 | 2.62 | 1.79 | 2.21 | -12 |
| 10-Year | 2.93 | 3.06 | 3.03 | 2.87 | 2.26 | 2.41 | -12 |
| 30-Year | 3.09 | 3.20 | 3.21 | 3.16 | 2.92 | 2.74 | -11 |
| 10-year bond yields (%) | | | | | | | |
| Japan | 0.04 | 0.06 | 0.06 | 0.05 | 0.05 | 0.04 | -2 |
| UK | 1.32 | 1.50 | 1.54 | 1.52 | 1.04 | 1.19 | -18 |
| Germany | 0.40 | 0.58 | 0.63 | 0.65 | 0.36 | 0.42 | -17 |
| France | 0.71 | 0.83 | 0.85 | 0.93 | 0.79 | 0.78 | -12 |
| Italy | 2.45 | 2.22 | 1.77 | 2.06 | 2.11 | 2.01 | 23 |
| Spain | 1.45 | 1.43 | 1.29 | 1.59 | 1.57 | 1.56 | 2 |
| China | 3.64 | 3.72 | 3.62 | 3.90 | 3.66 | 3.90 | -8 |
| Australia | 2.79 | 2.90 | 2.84 | 2.85 | 2.44 | 2.63 | -12 |
| Canada | 2.35 | 2.49 | 2.37 | 2.25 | 1.46 | 2.05 | -14 |

*Numbers may not add up due to rounding

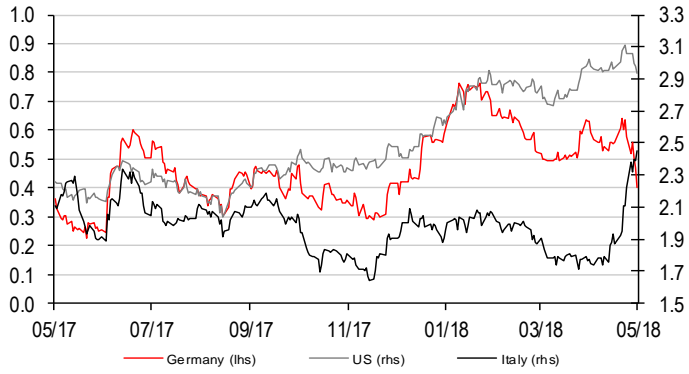
| Commodities | Latest | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|-----------------------|--------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|
| Gold | 1,302 | 0.7 | -1.6 | -2.0 | 3.7 | -0.1 | 1,366 | 1,205 |
| Brent Oil | 76.2 | -2.9 | 3.0 | 13.3 | 48.2 | 14.0 | 81 | 44 |
| WTI Crude Oil | 67.5 | -5.3 | -0.8 | 6.2 | 38.1 | 11.7 | 73 | 42 |
| R/J CRB Futures Index | 203 | -0.2 | 1.3 | 3.7 | 12.2 | 4.9 | 207 | 166 |
| LME Copper | 6,880 | 0.4 | -1.8 | -3.0 | 20.2 | -5.1 | 7,313 | 5,553 |

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 2018.

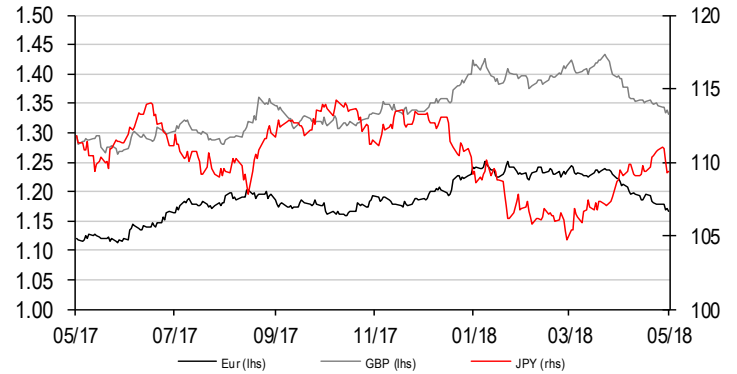
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Market Trends

Government bond yields (%)



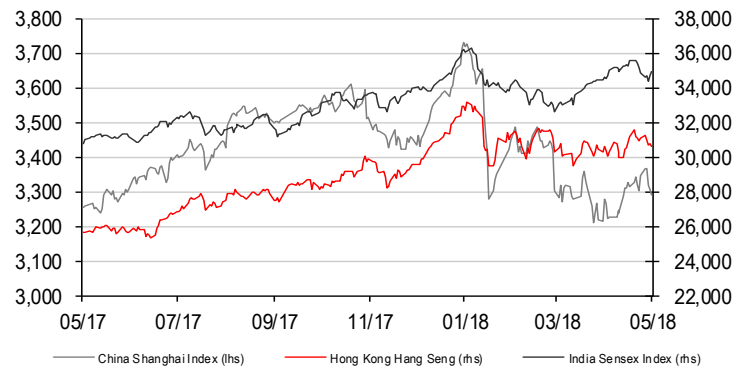
Major currencies (versus US dollar)



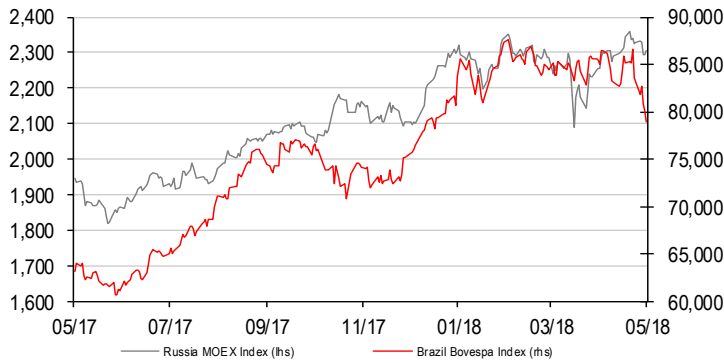
Global equities



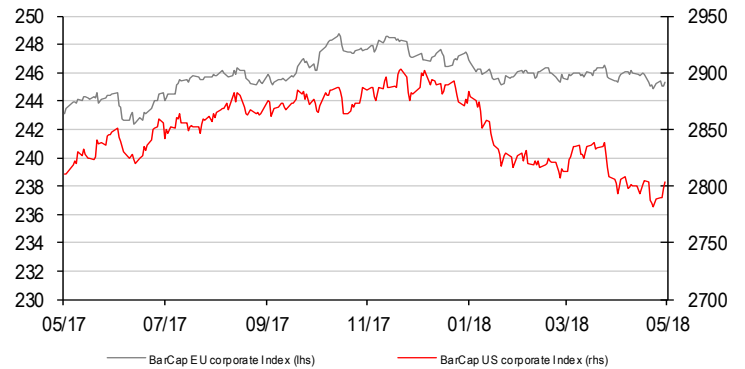
Emerging Asian equities



Other emerging equities



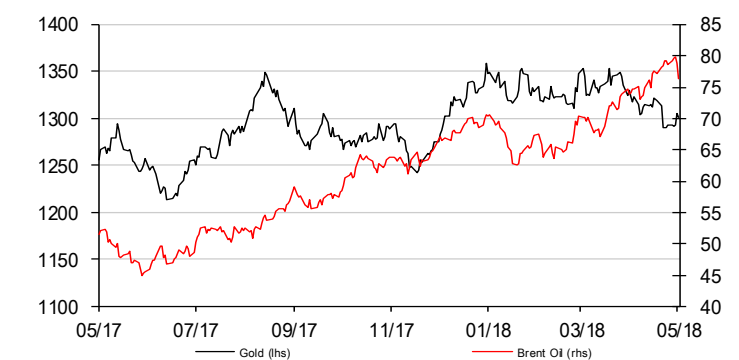
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 2018.

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Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 25 May 2018.

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