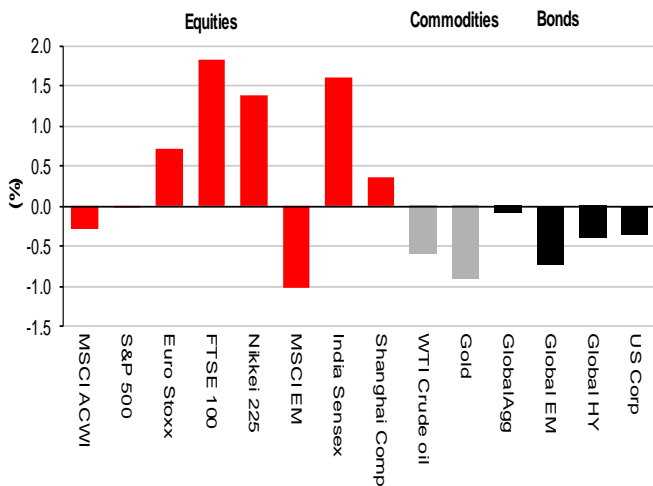


- ▶ US and European stocks were supported by positive corporate earnings releases this week; US 10-year Treasury yields hit 3.0% for the first time since December 2013
- ▶ Discussing recent economic activity data at the April European Central Bank (ECB) policy meeting, ECB President Mario Draghi stated indicators had moderated, justifying “caution” in setting policy. But growth was still “expected to remain solid and broad-based”
- ▶ The preliminary estimate of Q1 UK GDP growth was weaker than expected and pushed the market-implied probability of a Bank of England rate hike in May to below 25%
- ▶ In the coming week, a raft of US activity data will be in focus, along with the April Federal Open Market Committee (FOMC) meeting. Q1 eurozone GDP data will also be watched closely in light of recent softness in activity indicators

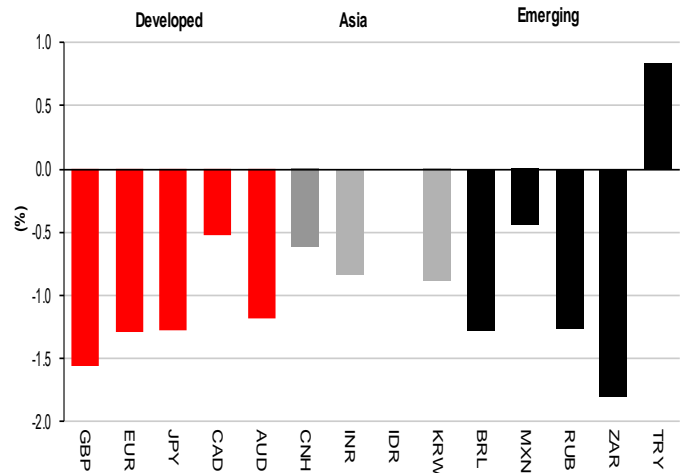
### Movers and shakers

Emerging market stocks sold off this week

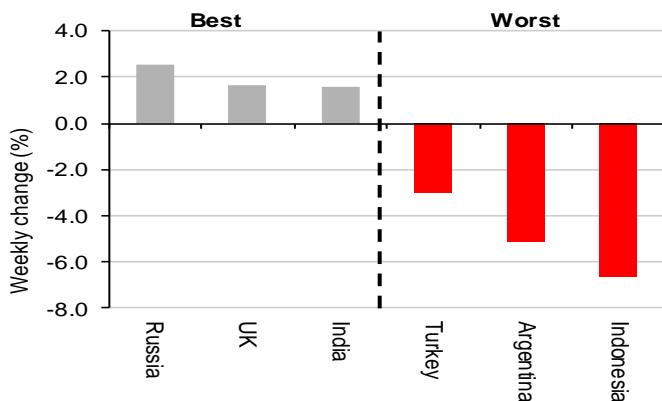


### Currencies (versus USD)

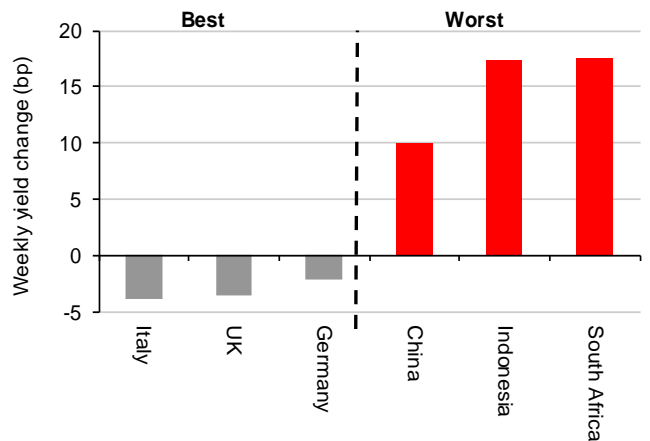
The US dollar rose against most currencies



### 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 27 April 2018. All the above charts relate to 20/04/2018 – 27/04/2018.

# Macro Data and Key Events

Past Week (23-27 April 2018)

| Date               | Country  | Indicator                                                               | Data as of | Survey | Actual | Prior  |
|--------------------|----------|-------------------------------------------------------------------------|------------|--------|--------|--------|
| Monday 23 April    | Eurozone | Markit Composite PMI                                                    | Apr P      | 54.8   | 55.2   | 55.2   |
|                    | US       | Existing Home Sales (mom)                                               | Mar        | 0.2%   | 1.1%   | 3.0%   |
| Tuesday 24 April   | Germany  | Ifo Business Climate Index                                              | Apr        | 102.8  | 102.1  | 103.3  |
|                    | US       | S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy) | Feb        | 6.4%   | 6.8%   | 6.4%   |
|                    | US       | Conference Board Consumer Confidence Index                              | Apr        | 126.0  | 128.7  | 127.0  |
|                    | US       | New Home Sales (mom)                                                    | Mar        | 1.9%   | 4.0%   | 3.6%   |
| Wednesday 25 April | Turkey   | CBRT Interest Rate Decision (overnight lending rate)                    | Apr        | 9.25%  | 9.25%  | 9.25%  |
| Thursday 26 April  | Sweden   | Riksbank Interest Rate Decision                                         | Apr        | -0.5%  | -0.5%  | -0.5%  |
|                    | Eurozone | ECB Interest Rate Decision                                              | Apr        | -0.40% | -0.40% | -0.40% |
|                    | US       | Durable Goods Orders (mom)                                              | Mar P      | 1.6%   | 2.6%   | 3.5%   |
| Friday 27 April    | Japan    | Bank of Japan Interest Rate Decision                                    | Apr        | -0.10% | -0.10% | -0.10% |
|                    | Japan    | Jobless Rate                                                            | Mar        | 2.5%   | 2.5%   | 2.5%   |
|                    | Japan    | Industrial Production (mom)                                             | Mar P      | 0.5%   | 1.2%   | 2.0%   |
|                    | UK       | GDP (qoq)                                                               | Q1 A       | 0.3%   | 0.1%   | 0.4%   |
|                    | Russia   | Central Bank of Russia Interest Rate Decision                           | Apr        | 7.25%  | 7.25%  | 7.25%  |
|                    | US       | GDP Annualised (qoq) (first estimate)                                   | Q1         | 2.0%   | 2.3%   | 2.9%   |
|                    | US       | University of Michigan Index of Consumer Sentiment                      | Apr F      | 98.0   | 98.8   | 97.8 P |

P – Preliminary, Q – Quarter, F – Final, A – Annualized

- ▶ In the US, **Q1 GDP** grew by 2.3% qoq annualised (qoqa), higher than an expected 2.0% qoqa. This represents a slowdown after three quarters of strong growth, but the near-term economic outlook continues to be robust, boosted by the recent tax reform. Gross private investment contributed the most to activity over the quarter, while personal consumption contribution dipped amid declines in motor vehicle and household equipment purchases. Net exports also swung to a positive position. Elsewhere, **US durable goods orders** beat market expectations and rose by 2.6% mom in March. However, the result was driven by the volatile transportation component, which benefitted from a surge in commercial aircraft orders. The **Conference Board Consumer Confidence Index** rose to 128.7, surprising projections of a decline to 126.0 from 127.0 in March. A larger share of respondents also said that they were looking to buy big-ticket items (such as vehicles) in the next six months. Finally, in terms of the housing market, **existing home sales** jumped 1.1% mom in March (5.60 million annualised), more than an anticipated 0.2% mom increase (to 5.55 million annualised). Average days on market also dipped to a recent low of 30. **New home sales** jumped 4.0% mom in March, well above an anticipated rise of 1.9% mom. The prior month's decline was also revised to a 3.6% mom increase. Overall, the sales data suggests continuing firm homebuyer demand despite gradually rising mortgage rates and climbing home prices (the **S&P CoreLogic Case-Shiller 20-City Composite Home Price Index** climbed 6.8% yoy in February).
- ▶ In the **eurozone**, as expected, the **European Central Bank (ECB)** kept monetary policy on hold at its April meeting. Discussing recent economic activity data, ECB President Mario Draghi stated indicators had moderated, justifying "caution" in setting policy, along with uncertainty over spare capacity in the region. However, he also said the moderation could be due to temporary factors and a pullback from fast growth in 2017. Overall, growth was "expected to remain solid and broad-based," which continues to support the ECB's view that inflation will gradually converge towards target. Growth risks were also still seen as "balanced," even though the risk of increased protectionism had become more prominent. Draghi also confirmed that there had been no discussion on what the next meeting in June might bring on the exchange rate. In terms of data releases, the **eurozone Markit Composite PMI** stabilised in April at 55.2, beating expectations of a slight dip to 54.8. Following two months of sharp declines, this may help alleviate concerns of a significant downturn in activity in the region. Although **Germany's Ifo Business Climate Index** fell by a larger than expected amount in April, the current assessment index remains at an elevated level and is still consistent with strong GDP growth.
- ▶ The first estimate of **Q1 UK GDP** growth was 0.1%, below consensus expectations of 0.3% and following a 0.4% expansion in Q4 2017. Although a slowdown was expected amid weather disruptions during the quarter, the statistical office stated the impact of snow was "generally small." The weak print pushed the market-implied probability of a Bank of England rate hike in May to below 25%. Given that this was the first release, it is worth highlighting that it is based on only 40% of available data.
- ▶ The **Bank of Japan (BoJ)** concluded its two-day **policy meeting** by leaving the yield curve control parameters unchanged (-0.1% for short-term policy rate and 0% for 10-year Japanese government bond (JGB) yields) while keeping the indicative annual target for JGB buying at about JPY80 trillion. Inflation forecasts were revised down for the current fiscal year from 1.4% to 1.3%, despite an upward revision to GDP growth (from +1.4% to +1.6%). The BoJ also dropped its reference to reaching the inflation target of 2% by the end of FY2019. Instead, policymakers stated that current policy will continue "as long as necessary for maintaining [the 2% target] in a stable manner." **Japan's jobless rate** remained stable at 2.5% in March. The strength of the labour market was also illustrated by the job-to-applicant ratio, which rose to 1.59 (up from 1.58 in February), its highest level since early 1974. **Japan's industrial production** for March was stronger than expected, up 1.2% mom (consensus at +0.5%), driven by capital goods such as electrical machinery. However, consistent with persistently soft personal consumption data, the production of consumer goods fell (-

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 April 2018.

**Past performance is not an indication of future returns.**

0.4%).

## Coming Week (30 April–04 May 2018)

| Date             | Country   | Indicator                                        | Data as of | Survey | Prior |
|------------------|-----------|--------------------------------------------------|------------|--------|-------|
| Monday 30 April  | China     | Official Manufacturing PMI                       | Apr        | 51.3   | 51.5  |
|                  | US        | PCE Core (yoy)                                   | Mar        | 2.0%   | 1.6%  |
|                  | US        | Personal Spending (mom)                          | Mar        | 0.4%   | 0.2%  |
|                  | Mexico    | GDP Seasonally Adjusted (qoq) (first estimate)   | Q1         | 0.6%   | 0.8%  |
|                  | US        | Pending Home Sales (mom)                         | Mar        | 0.5%   | 3.1%  |
| Tuesday 01 May   | Australia | Reserve Bank of Australia Interest Rate Decision | May        | 1.50%  | 1.50% |
|                  | US        | ISM Manufacturing Index                          | Apr        | 58.5   | 59.3  |
| Wednesday 02 May | Eurozone  | Unemployment Rate                                | Mar        | 8.5%   | 8.5%  |
|                  | Eurozone  | GDP (seasonally adjusted, qoq) (first estimate)  | Q1         | 0.4%   | 0.6%  |
|                  | US        | FOMC Interest Rate Decision                      | May        | 1.75%  | 1.75% |
| Thursday 03 May  | Turkey    | CPI (yoy)                                        | Apr        | 10.4%  | 10.2% |
|                  | Eurozone  | CPI Estimate (yoy)                               | Apr        | 1.3%   | 1.4%  |
|                  | US        | ISM Non-Manufacturing Index                      | Apr        | 58.0   | 58.8  |
|                  | US        | Durable Goods Orders (mom)                       | Mar F      | 1.6%   | 2.6%  |
| Friday 04 May    | Eurozone  | Markit Composite PMI                             | Apr F      | 55.2   | 55.2  |
|                  | US        | Change in Nonfarm Payrolls (000s)                | Apr        | 185    | 103   |

P – Preliminary, Q – Quarter, F – Final

## US

- ▶ Despite a strengthening economic outlook, the latest Beige Book report showed no significant acceleration in wage and inflationary pressures. This will give policymakers scope to continue monitoring conditions, with the **FOMC** expected to leave the fed funds rate unchanged at 1.50%-1.75% when the committee meets next week. Given the backdrop, outlook comments in the policy statement could remain broadly unchanged, with the central bank committing to a further reduction in monetary accommodation.
- ▶ Next Friday, **nonfarm payrolls** are forecast to increase by 185,000 jobs in April, reverting to the current trailing 12-month average (188,000) following a soft report in March. Mirroring the Beige Book observation of modest wage pressures, average hourly earnings growth is set to slow by 0.1 percentage points to 0.2% mom in March and the annual growth rate should stay steady at 2.7% yoy. Consensus estimates are anticipating the unemployment rate to dip to 4.0%.
- ▶ **US personal spending** is expected to pick up 0.2 percentage points to 0.4% mom in March. On an inflation-adjusted basis, the measure may show the first positive reading in 2018 and is projected to come in at 0.5% mom. Spending decelerated in recent months after a strong showing in late 2017, but solid labour conditions and tax-cut benefits should keep the slowdown short-lived. In the same report, the **PCE core deflator** – the US Federal Reserve's (Fed) preferred inflation gauge – is forecast to remain unchanged at 0.2% mom, but base effects will push up the annual rate 0.4 percentage points to 2.0% yoy. The impact of idiosyncratic price declines last year, including cheaper mobile data plans, is fading. If confirmed, this will be the first time the measure has touched the Fed's target in more than five years.
- ▶ Turning to housing, **pending home sales** are expected to rise by 0.5% mom in March. Housing resale contract signings have cooled amid accelerating residential prices, but demand remains solid. The average days on the market for existing homes hit a recent low (30 days) while the University of Michigan Index of Consumer Sentiment noted a bigger share of respondents anticipating "big-ticket" purchases (including homes) in the next six months.
- ▶ The **ISM Manufacturing Index** is anticipated to decline 0.8 points to 58.5 after reaching a 14-year peak (60.8) in February. While recent US dollar strength may weaken export demand, tax reforms incentivising business investment and steady growth could keep factories humming. Anecdotes and outlook comments in the report will also provide details on the evolving impact of imposed/proposed tariffs on the various industries. Meanwhile, the **ISM Non-Manufacturing Index** is similarly expected to dip 0.8 points to 58.0, receding from a 12-year high (59.9) attained in January. This still suggests a strong pace of activity with the prior report showing elevated new orders and a backlog of order components.

## Europe

- ▶ **Eurozone GDP growth** is expected to slow in Q1, to 0.4% qoq from 0.6% in the previous quarter. The moderation likely came amid a slowdown in global trade growth and increasing capacity constraints, particularly in the manufacturing sector.
- ▶ **Eurozone CPI inflation** is expected to decline to 1.3% in April in the flash estimate (versus +1.4% in the previous month), mainly on the back of base effects due to the timing of Easter (in April last year).

## Emerging markets

- ▶ **Mexico's Q1 GDP** will likely show continued economic expansion but at a slightly slower pace compared to Q4 2017's 0.8% qoq pace. Gains will be spurred by service-sector activity and some recovery in the industrial sector.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 April 2018.

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## Market Moves

### US and European stocks were supported by positive corporate earnings releases this week

- ▶ **US equities** fell at the start of the week following investor concerns about rising Treasury yields. However, stocks eventually recovered amid positive corporate earnings releases and stronger than expected macro data (existing home sales, new home sales, durable goods, first estimate of Q1 GDP data and initial jobless claims, which fell to their lowest level since 1969). Overall, the S&P 500 Index ended little changed while the Dow Jones Industrial Average Index shed 0.6%.
- ▶ **European equities** closed higher this week and were supported by stronger corporate earnings releases. A weaker euro and British pound against the US dollar also helped exporter shares in the region. Overall, the EURO STOXX 50 Index closed up 0.7%. All other major European bourses also ended higher: the UK's FTSE 100 Index gained 1.8%, Germany's DAX rose 0.3% and France's CAC 40 outperformed, gaining 1.3%.
- ▶ Most **Asian stock markets** ended lower in a volatile week, amid concerns about rising US Treasury yields and as investors assessed US economic data and corporate earnings. Indonesia's Jakarta Stock Exchange Composite Index was the worst-performing market, dropping 6.6% for the week, amid heightened concerns over rupiah depreciation, some negative earnings and worries over a possible rate hike. Volatility in tech shares weighed on Taiwan's TAIEX (-2.1%) and Hong Kong's Hang Seng Index (-0.5%). More positively, China's Shanghai Stock Exchange Composite Index rose slightly (+0.3%) as Chinese authorities signalled possible policy fine-tuning to support domestic demand and maintain a stable macro environment. Korea's KOSPI ended the week 0.6% higher, as sentiment was supported by optimism regarding the summit between the South Korean president and North Korean leader. India's SENSEX 30 Index advanced 1.6%, amid earnings optimism and buying by domestic investors. Finally, Japan's Nikkei 225 Index rose 1.4%, boosted by a weaker yen.

### 10-year Treasury yields little changed despite hitting 3.0% for the first time in four years

- ▶ **US Treasuries** sold off in the first half of the week, with 10-year yields breaking through 3.0% for the first time in four years on continued robust macro data releases (Markit PMI, home sales and consumer confidence). However, as the week progressed, Treasuries found support from strong demand in the primary market and ECB President Mario Draghi's slightly dovish comments on Thursday. Overall, two-year yields finished 3 bps higher at 2.48%, while at the longer end, 10-year yields closed flat.
- ▶ Core **eurozone government bonds** also finished little changed, with benchmark German 10-year bund yields dipping 2 bps to 0.57%. Early week losses were offset by ECB President Mario Draghi's remarks that the recent slowdown in economic momentum warrants "caution" in monetary policy-setting. Meanwhile, UK 10-year bond yields fell 3 bps to 1.44%, following an underwhelming Q1 GDP growth release. In the periphery, Greek bonds rallied in anticipation of eurozone finance ministers and Greek lawmakers discussing the exit package for the country as the last bailout program ends in August.

### Euro fell on US dollar strength and slightly dovish ECB Draghi; BoE May rate hike in question

- ▶ The **euro** tumbled against the US dollar (-1.3%) this week. Selling pressure came from general US dollar strength and slightly dovish comments by the ECB president at the post-meeting press conference. The British pound also depreciated for the second consecutive week (-1.6%). A major decline occurred on Friday as the much softer than expected Q1 GDP print tempered expectations of a Bank of England rate hike next month.
- ▶ Most **Asian currencies** depreciated against a stronger US dollar this week amid higher US Treasury yields. The Japanese yen led weakness in Asian currencies as the Bank of Japan kept its policy stance unchanged but removed the reference to fiscal 2019 as the time frame for achieving 2% inflation, also signalling no hurry to exit its stimulus policy. The Philippine peso outperformed, posting a small gain versus the US dollar, reflecting positive sentiment after a major rating agency raised the country's sovereign rating outlook to positive. The Indonesian rupiah also performed relatively well, after Bank Indonesia's Governor said the central bank is open to raising interest rates to stabilise the currency.

### Oil prices ended little changed and gold prices fell on US dollar strength

- ▶ **Oil prices** ended little changed this week, finding support from increasing concerns over the Iran nuclear deal. This helped offset U.S. Energy Information Administration data showing an unexpected increase in US crude inventories last week. Overall, WTI crude fell 0.6% to end at USD68.0 a barrel.
- ▶ Meanwhile, **gold prices** fell (-0.9% to USD1,323 per troy ounce) on the back of US dollar strength.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 April 2018.

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## Market Data

|                                         | Close   | 1-week<br>Change<br>(%) | 1-month<br>Change<br>(%) | 3-month<br>Change<br>(%) | 1-year<br>Change<br>(%) | YTD<br>Change<br>(%) | 52-week<br>High | 52-week<br>Low | Fwd<br>P/E<br>(X) |
|-----------------------------------------|---------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|-------------------|
| <b>Equity Indices</b>                   |         |                         |                          |                          |                         |                      |                 |                |                   |
| <b>World</b>                            |         |                         |                          |                          |                         |                      |                 |                |                   |
| MSCI AC World Index (USD)               | 511     | -0.3                    | 1.4                      | -7.1                     | 12.2                    | -0.3                 | 551             | 455            | 15.5              |
| <b>North America</b>                    |         |                         |                          |                          |                         |                      |                 |                |                   |
| US Dow Jones Industrial Average         | 24,311  | -0.6                    | 1.9                      | -8.7                     | 15.9                    | -1.7                 | 26,617          | 20,553         | 16.2              |
| US S&P 500 Index                        | 2,670   | 0.0                     | 2.2                      | -7.1                     | 11.8                    | -0.1                 | 2,873           | 2,353          | 17.0              |
| US NASDAQ Composite Index               | 7,120   | -0.4                    | 1.6                      | -5.1                     | 17.7                    | 3.1                  | 7,637           | 5,997          | 21.7              |
| Canada S&P/TSX Composite Index          | 15,669  | 1.2                     | 3.0                      | -3.5                     | 1.0                     | -3.3                 | 16,421          | 14,786         | 15.6              |
| <b>Europe</b>                           |         |                         |                          |                          |                         |                      |                 |                |                   |
| MSCI AC Europe (USD)                    | 485     | -0.6                    | 2.0                      | -6.7                     | 10.4                    | -0.5                 | 524             | 439            | 14.2              |
| Euro STOXX 50 Index                     | 3,519   | 0.7                     | 6.1                      | -3.5                     | -1.2                    | 0.4                  | 3,709           | 3,262          | 14.1              |
| UK FTSE 100 Index                       | 7,502   | 1.8                     | 7.2                      | -2.1                     | 3.7                     | -2.4                 | 7,793           | 6,867          | 14.1              |
| Germany DAX Index*                      | 12,581  | 0.3                     | 5.1                      | -5.7                     | 1.1                     | -2.6                 | 13,597          | 11,727         | 13.1              |
| France CAC-40 Index                     | 5,483   | 1.3                     | 7.2                      | -0.8                     | 4.0                     | 3.2                  | 5,567           | 4,995          | 15.0              |
| Spain IBEX 35 Index                     | 9,925   | 0.4                     | 4.8                      | -6.3                     | -7.1                    | -1.2                 | 11,184          | 9,328          | 13.1              |
| <b>Asia Pacific</b>                     |         |                         |                          |                          |                         |                      |                 |                |                   |
| MSCI AC Asia Pacific ex Japan (USD)     | 563     | -0.7                    | -1.5                     | -8.2                     | 15.6                    | -1.1                 | 617             | 483            | 13.3              |
| Japan Nikkei-225 Stock Average          | 22,468  | 1.4                     | 5.4                      | -4.9                     | 16.7                    | -1.3                 | 24,129          | 19,145         | 16.3              |
| Australian Stock Exchange 200           | 5,954   | 1.4                     | 2.1                      | -1.6                     | 0.5                     | -1.8                 | 6,150           | 5,630          | 15.9              |
| Hong Kong Hang Seng Index               | 30,281  | -0.5                    | -1.7                     | -8.7                     | 22.6                    | 1.2                  | 33,484          | 24,359         | 11.7              |
| Shanghai Stock Exchange Composite Index | 3,082   | 0.3                     | -2.7                     | -13.4                    | -2.2                    | -6.8                 | 3,587           | 3,017          | 12.1              |
| Hang Seng China Enterprises Index       | 12,067  | 0.1                     | -1.9                     | -12.1                    | 17.6                    | 3.1                  | 13,963          | 9,882          | 7.9               |
| Taiwan TAIEX Index                      | 10,553  | -2.1                    | -3.9                     | -5.3                     | 7.0                     | -0.8                 | 11,270          | 9,846          | 13.6              |
| Korea KOSPI Index                       | 2,492   | 0.6                     | 1.6                      | -3.2                     | 12.8                    | 1.0                  | 2,607           | 2,202          | 9.7               |
| India SENSEX 30 Index                   | 34,970  | 1.6                     | 5.4                      | -3.0                     | 16.5                    | 2.7                  | 36,444          | 29,804         | 18.6              |
| Indonesia Jakarta Stock Price Index     | 5,919   | -6.6                    | -4.7                     | -11.1                    | 3.7                     | -6.9                 | 6,693           | 5,578          | 15.0              |
| Malaysia Kuala Lumpur Composite Index   | 1,863   | -1.3                    | 0.1                      | 0.5                      | 5.4                     | 3.7                  | 1,896           | 1,708          | 16.6              |
| Philippines Stock Exchange PSE Index    | 7,721   | -0.1                    | -4.1                     | -14.6                    | 0.8                     | -9.8                 | 9,078           | 7,526          | 17.2              |
| Singapore FTSE Straits Times Index      | 3,577   | 0.1                     | 4.0                      | 0.3                      | 12.8                    | 5.1                  | 3,612           | 3,170          | 14.3              |
| Thailand SET Index                      | 1,778   | -1.3                    | -1.4                     | -2.8                     | 13.5                    | 1.4                  | 1,853           | 1,532          | 16.3              |
| <b>Latam</b>                            |         |                         |                          |                          |                         |                      |                 |                |                   |
| Argentina Merval Index                  | 30,006  | -3.7                    | -3.9                     | -14.6                    | 43.6                    | -0.2                 | 35,462          | 20,462         | 9.9               |
| Brazil Bovespa Index*                   | 86,445  | 1.0                     | 3.1                      | 1.1                      | 33.7                    | 13.1                 | 88,318          | 60,315         | 13.1              |
| Chile IPSA Index                        | 5,690   | 0.0                     | 3.8                      | -2.8                     | 19.0                    | 2.3                  | 5,895           | 4,718          | 17.8              |
| Colombia COLCAP Index                   | 1,566   | 0.3                     | 8.0                      | -1.7                     | 15.0                    | 3.5                  | 1,598           | 1,360          | 15.0              |
| Mexico S&P/BMV IPC Index                | 48,285  | -0.3                    | 3.2                      | -5.4                     | -2.3                    | -2.2                 | 51,772          | 45,785         | 16.6              |
| <b>EEMEA</b>                            |         |                         |                          |                          |                         |                      |                 |                |                   |
| Russia MOEX Index                       | 2,301   | 3.1                     | 1.7                      | 0.3                      | 14.4                    | 9.1                  | 2,377           | 1,775          | 6.4               |
| South Africa JSE Index                  | 57,453  | -0.2                    | 2.5                      | -6.7                     | 7.0                     | -3.4                 | 61,777          | 50,750         | 14.9              |
| Turkey ISE 100 Index*                   | 107,614 | -3.0                    | -7.4                     | -10.8                    | 14.1                    | -6.7                 | 121,532         | 93,000         | 7.5               |

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

|                                      | 1-week<br>Change<br>(%) | 1-month<br>Change<br>(%) | 3-month<br>Change<br>(%) | YTD<br>Change<br>(%) | 1-year<br>Change<br>(%) | 3-year<br>Change<br>(%) | 5-year<br>Change<br>(%) |
|--------------------------------------|-------------------------|--------------------------|--------------------------|----------------------|-------------------------|-------------------------|-------------------------|
| <b>Equity Indices - Total Return</b> |                         |                          |                          |                      |                         |                         |                         |
| Global equities                      | -0.5                    | 1.4                      | -6.8                     | 0.0                  | 14.0                    | 22.4                    | 54.5                    |
| US equities                          | -0.1                    | 2.2                      | -6.7                     | 0.3                  | 13.2                    | 31.4                    | 80.8                    |
| Europe equities                      | -0.7                    | 2.4                      | -6.0                     | 0.3                  | 13.3                    | 11.7                    | 33.6                    |
| Asia Pacific ex Japan equities       | -1.7                    | -2.4                     | -8.7                     | -1.7                 | 17.4                    | 15.6                    | 34.9                    |
| Japan equities                       | 0.2                     | 1.0                      | -5.4                     | 1.8                  | 18.8                    | 21.5                    | 43.1                    |
| Latam equities                       | -1.4                    | -0.1                     | -7.1                     | 6.6                  | 17.9                    | 17.5                    | -7.9                    |
| Emerging Markets equities            | -2.0                    | -3.3                     | -9.7                     | -0.8                 | 19.4                    | 15.1                    | 26.0                    |

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 27 April 2018.

**Past performance is not an indication of future returns.**

## Market Data (continued)

|                                                        | Close | 1-week<br>Change<br>(%) | 1-month<br>Change<br>(%) | 3-month<br>Change<br>(%) | 1-year<br>Change<br>(%) | YTD<br>Change<br>(%) |
|--------------------------------------------------------|-------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|
| <b>Bond indices - Total Return</b>                     |       |                         |                          |                          |                         |                      |
| BarCap GlobalAgg (Hedged in USD)                       | 511   | -0.1                    | -0.4                     | -0.2                     | 1.2                     | -0.7                 |
| JPM EMBI Global                                        | 783   | -0.7                    | -1.0                     | -3.2                     | 0.5                     | -3.1                 |
| BarCap US Corporate Index (USD)                        | 2,799 | -0.3                    | -0.9                     | -2.8                     | 0.4                     | -3.6                 |
| BarCap Euro Corporate Index (Eur)                      | 246   | 0.1                     | 0.0                      | -0.3                     | 1.2                     | -0.4                 |
| BarCap Global High Yield (Hedged in USD)               | 466   | -0.4                    | 0.2                      | -1.3                     | 3.4                     | -0.6                 |
| Markit iBoxx Asia ex-Japan Bond Index (USD)            | 192   | -0.3                    | -0.6                     | -1.8                     | 0.4                     | -2.1                 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 249   | -0.6                    | -0.5                     | -2.0                     | 1.4                     | -1.4                 |

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

| <b>Currencies (vs USD)</b> | Latest | 1-week<br>Ago | 1-month<br>Ago | 3-months<br>Ago | 1-year<br>Ago | Year End<br>2017 | 52-week<br>High | 52-week<br>Low | 1-week<br>Change<br>(%) |
|----------------------------|--------|---------------|----------------|-----------------|---------------|------------------|-----------------|----------------|-------------------------|
| <b>Developed markets</b>   |        |               |                |                 |               |                  |                 |                |                         |
| EUR/USD                    | 1.21   | 1.23          | 1.24           | 1.24            | 1.09          | 1.20             | 1.26            | 1.08           | -1.3                    |
| GBP/USD                    | 1.38   | 1.40          | 1.42           | 1.42            | 1.29          | 1.35             | 1.44            | 1.26           | -1.6                    |
| CHF/USD                    | 1.01   | 1.03          | 1.06           | 1.07            | 1.01          | 1.03             | 1.09            | 0.99           | -1.3                    |
| CAD                        | 1.28   | 1.28          | 1.29           | 1.23            | 1.36          | 1.26             | 1.38            | 1.21           | -0.5                    |
| JPY                        | 109.05 | 107.66        | 105.34         | 108.58          | 111.26        | 112.69           | 114.73          | 104.56         | -1.3                    |
| AUD                        | 1.32   | 1.30          | 1.30           | 1.23            | 1.34          | 1.28             | 1.36            | 1.23           | -1.2                    |
| NZD                        | 1.41   | 1.39          | 1.38           | 1.36            | 1.45          | 1.41             | 1.47            | 1.32           | -1.8                    |
| <b>Asia</b>                |        |               |                |                 |               |                  |                 |                |                         |
| HKD                        | 7.85   | 7.84          | 7.85           | 7.82            | 7.78          | 7.81             | 7.85            | 7.78           | 0.0                     |
| CNY                        | 6.33   | 6.30          | 6.28           | 6.33            | 6.90          | 6.51             | 6.91            | 6.24           | -0.6                    |
| INR                        | 66.66  | 66.11         | 64.97          | 63.54           | 64.15         | 63.87            | 66.94           | 63.25          | -0.8                    |
| MYR                        | 3.92   | 3.90          | 3.88           | 3.87            | 4.35          | 4.05             | 4.36            | 3.85           | -0.6                    |
| KRW                        | 1,077  | 1,067         | 1,070          | 1,064           | 1,130         | 1,067            | 1,158           | 1,054          | -0.9                    |
| TWD                        | 29.63  | 29.41         | 29.12          | 29.09           | 30.16         | 29.73            | 30.64           | 28.96          | -0.8                    |
| <b>Latam</b>               |        |               |                |                 |               |                  |                 |                |                         |
| BRL                        | 3.46   | 3.41          | 3.33           | 3.15            | 3.18          | 3.31             | 3.51            | 3.08           | -1.3                    |
| COP                        | 2,806  | 2,760         | 2,783          | 2,813           | 2,938         | 2,986            | 3,103           | 2,685          | -1.7                    |
| MXN                        | 18.61  | 18.53         | 18.38          | 18.49           | 19.03         | 19.66            | 19.91           | 17.45          | -0.4                    |
| <b>EEMEA</b>               |        |               |                |                 |               |                  |                 |                |                         |
| RUB                        | 62.16  | 61.38         | 57.44          | 56.24           | 57.04         | 57.69            | 65.04           | 55.56          | -1.3                    |
| ZAR                        | 12.33  | 12.11         | 11.67          | 11.86           | 13.35         | 12.38            | 14.57           | 11.51          | -1.8                    |
| TRY                        | 4.04   | 4.08          | 3.98           | 3.75            | 3.56          | 3.80             | 4.19            | 3.39           | 0.8                     |

| <b>Bonds</b>                   | Close | 1-week<br>Ago | 1-month<br>Ago | 3-months<br>Ago | 1-year<br>Ago | Year End<br>2017 | 1-week<br>Basis<br>Point<br>Change |
|--------------------------------|-------|---------------|----------------|-----------------|---------------|------------------|------------------------------------|
| <b>US Treasury yields (%)</b>  |       |               |                |                 |               |                  |                                    |
| 3-Month                        | 1.80  | 1.80          | 1.75           | 1.41            | 0.80          | 1.38             | 0                                  |
| 2-Year                         | 2.48  | 2.46          | 2.26           | 2.12            | 1.26          | 1.88             | 3                                  |
| 5-Year                         | 2.80  | 2.80          | 2.57           | 2.47            | 1.82          | 2.21             | 0                                  |
| 10-Year                        | 2.96  | 2.96          | 2.78           | 2.66            | 2.29          | 2.41             | 0                                  |
| 30-Year                        | 3.12  | 3.15          | 3.03           | 2.91            | 2.96          | 2.74             | -2                                 |
| <b>10-year bond yields (%)</b> |       |               |                |                 |               |                  |                                    |
| Japan                          | 0.05  | 0.06          | 0.03           | 0.07            | 0.02          | 0.04             | -1                                 |
| UK                             | 1.44  | 1.48          | 1.42           | 1.44            | 1.06          | 1.19             | -3                                 |
| Germany                        | 0.57  | 0.59          | 0.50           | 0.63            | 0.29          | 0.42             | -2                                 |
| France                         | 0.79  | 0.81          | 0.73           | 0.91            | 0.83          | 0.78             | -1                                 |
| Italy                          | 1.74  | 1.77          | 1.87           | 2.00            | 2.24          | 2.01             | -4                                 |
| Spain                          | 1.26  | 1.27          | 1.23           | 1.40            | 1.61          | 1.56             | -2                                 |
| China                          | 3.65  | 3.55          | 3.74           | 3.95            | 3.45          | 3.90             | 10                                 |
| Australia                      | 2.82  | 2.81          | 2.65           | 2.85            | 2.61          | 2.63             | 2                                  |
| Canada                         | 2.32  | 2.34          | 2.15           | 2.26            | 1.58          | 2.05             | -1                                 |

\*Numbers may not add up due to rounding

| <b>Commodities</b>    | Latest | 1-week<br>Change<br>(%) | 1-month<br>Change<br>(%) | 3-month<br>Change<br>(%) | 1-year<br>Change<br>(%) | YTD<br>Change<br>(%) | 52-week<br>High | 52-week<br>Low |
|-----------------------|--------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|
| Gold                  | 1,323  | -0.9                    | -1.6                     | -2.0                     | 4.7                     | 1.6                  | 1,366           | 1,205          |
| Brent Oil             | 74.5   | 0.5                     | 6.2                      | 5.6                      | 44.7                    | 11.3                 | 75              | 44             |
| WTI Crude Oil         | 68.0   | -0.6                    | 4.2                      | 2.8                      | 38.8                    | 12.5                 | 70              | 42             |
| R/J CRB Futures Index | 201    | -0.3                    | 3.0                      | 0.4                      | 11.6                    | 3.9                  | 204             | 166            |
| LME Copper            | 6,965  | -0.4                    | 4.8                      | -1.7                     | 22.4                    | -3.9                 | 7,313           | 5,463          |

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 April 2018.

Past performance is not an indication of future returns.

# Market Trends

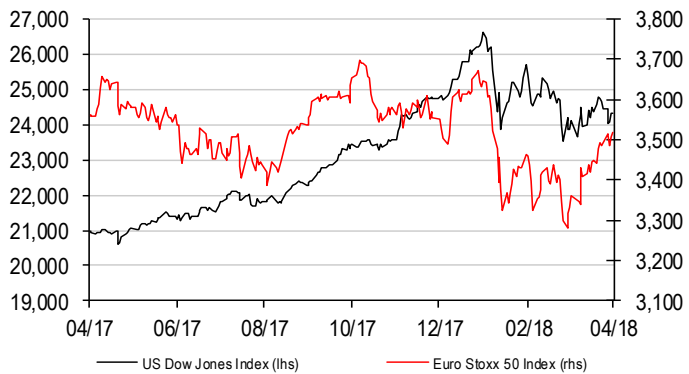
## Government bond yields (%)



## Major currencies (versus USD)



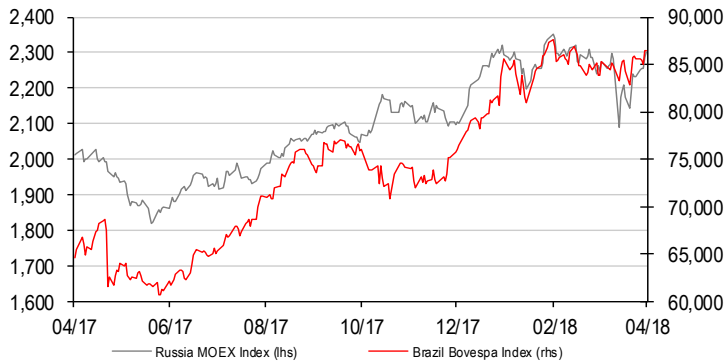
## Global equities



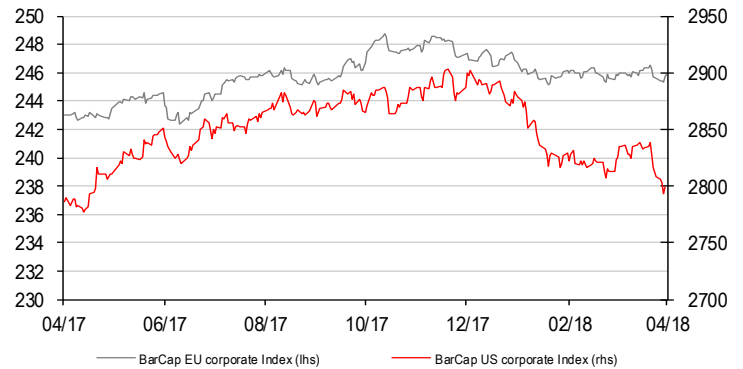
## Emerging Asian equities



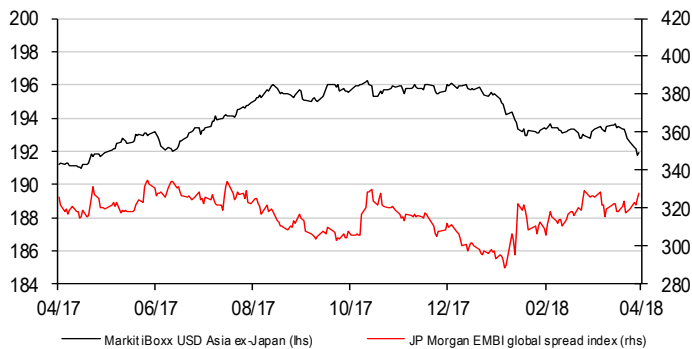
## Other emerging equities



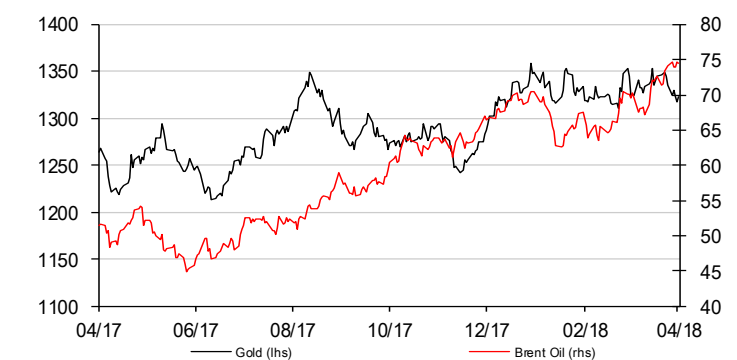
## Global credit indices



## Emerging markets spreads (USD indices)



## Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 April 2018.

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