

# Investment Weekly

This week in detail .....

US Federal Reserve (Fed) Chair Jerome Powell reiterated that the Fed recently pivoted to a “patient” policy approach in light of softer global economic conditions, a number of political crosscurrents and muted inflation pressures

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The week ahead .....

In the coming week, US data releases are likely to be in focus, including February’s ISM Non-Manufacturing Index and labour market report

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US equities ended little changed as disappointing earnings offset trade optimism and better than expected GDP data; eurozone stocks gained

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US and European government bonds declined on upbeat risk appetite

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Currencies .....

Sterling rallied amid the perception of diminishing risks of a “no deal” Brexit at the end of March

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Commodities .....

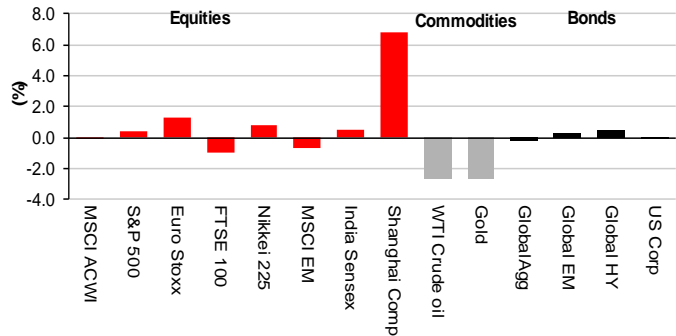
Oil prices decline as US President Donald Trump said prices are “getting too high”

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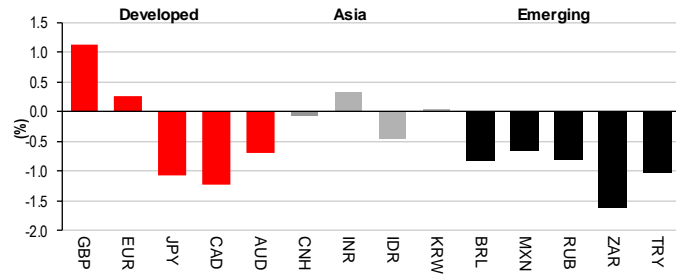
Market data .....

Market trends .....

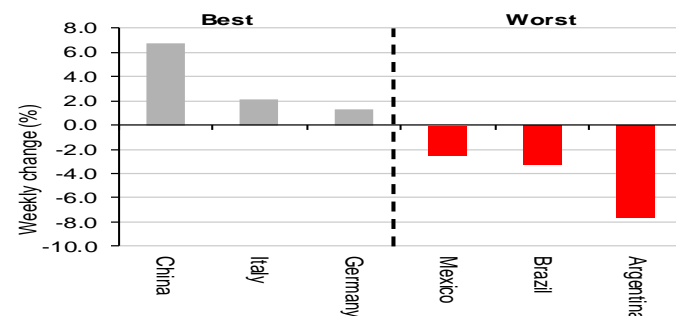
## Movers and shakers



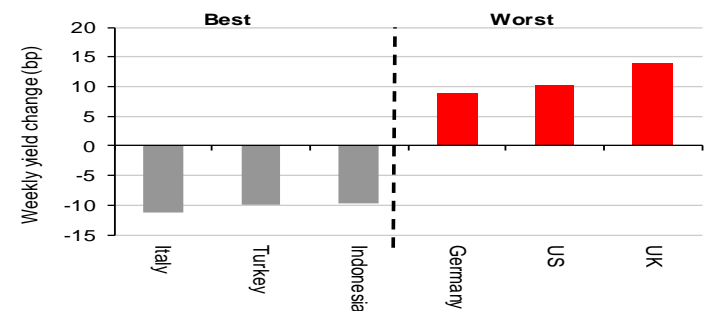
## Currencies (versus USD)



## Equities



## Bonds (10-year yields)



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Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 1 March 2019. All the above charts relate to 22/02/2019 –01/03/2019. **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 |
|-----------------------|----------|---|------------|--------|--------|-------|
| Monday 25 February    | Mexico   | GDP (seasonally adjusted, qoq)  | Q4 F       | 0.3%   | 0.2%   | 0.2%  |
| Tuesday 26 February   | US       | Housing Starts (mom)  | Dec        | -0.1%  | -11.2% | 0.4%  |
|                       | US       | S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index (yoy) | Dec        | 4.5%   | 4.2%   | 4.6%  |
|                       | US       | Fed Chair Powell Testifies to the Senate Banking Committee              |            |        |        |       |
| Wednesday 27 February | UK       | UK Parliament Votes on Brexit Next Steps                                |            |        |        |       |
| Thursday 28 February  | Japan    | Industrial Production (mom)   | Jan P      | -2.5%  | -3.7%  | -0.1% |
|                       | China    | Official Manufacturing PMI  | Feb        | 49.5   | 49.2   | 49.5  |
|                       | Brazil   | GDP (seasonally adjusted, qoq)  | Q4         | 0.1%   | 0.1%   | 0.5%  |
|                       | India    | GDP (yoy)   | Q4         | 6.7%   | 6.6%   | 7.1%  |
|                       | US       | GDP (annualised, qoq)   | Q4 A       | 2.2%   | 2.6%   | 3.4%  |
| Friday 01 March       | Japan    | Jobless Rate  | Jan        | 2.4%   | 2.5%   | 2.4%  |
|                       | Eurozone | Unemployment Rate   | Jan        | 7.9%   | 7.8%   | 7.8%  |
|                       | Eurozone | CPI Estimate (yoy)  | Feb        | 1.5%   | 1.5%   | 1.4%  |
|                       | US       | PCE Core (yoy)  | Dec        | 1.9%   | 1.9%   | 1.9%  |
|                       | Canada   | GDP (qoqa)  | Q4         | 1.0%   | 0.4%   | 2.0%  |
|                       | US       | ISM Manufacturing Index   | Feb        | 55.8   | 54.2   | 56.6  |
|                       | US       | University of Michigan Index of Consumer Sentiment                      | Feb F      | 95.9   | 93.8   | 95.5  |

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

Fed Chair Powell reiterated that the Fed recently pivoted to a “patient” policy approach in light of softer global economic conditions, a number of political crosscurrents and muted inflation pressures

US GDP grew 2.6% qoq annualised in Q4, down from 3.4% in the prior quarter, on weaker household spending and business investment

In the US, Fed Chair Jerome Powell broke no new ground as he delivered the latest semi-annual monetary policy report to the Senate Committee on Banking, Housing, and Urban Affairs. In his testimony, he reiterated that Fed officials recently pivoted to a “patient” approach for determining future policy adjustments in light of softer global economic conditions, a number of political crosscurrents and muted inflation pressures. Powell also repeated that policymakers were prepared to use all tools available to support their dual mandate, including the pace of balance sheet normalisation. In terms of data, **GDP** grew 2.6% qoq annualised (qoqa) in Q4, down from 3.4% in the prior quarter, but higher than an expected pace of 2.2%. In the details, consumer spending slowed to 2.8% qoqa, while gross investment decelerated to 4.6% qoqa, although growth in the equipment and intellectual property categories rose. Finally, net exports presented less of a headwind over the quarter, with lower goods imports and an uptick in exports. Meanwhile, the Fed’s preferred inflation gauge – the **PCE core deflator** – remained at 1.9% yoy, as expected. This could continue to support the central bank’s cautious approach to considering further rate hikes, with policy now touching its estimated neutral range. The same report also confirmed declines in household spending amid lower gasoline prices and financial market volatility. **Housing starts** fell 11.2% mom in December to an annualised 1.1 million rate, a sharper decline than expected (-0.1% decrease to 1.3 million). The prior release was also revised downwards, by 2.8 percentage points to 0.4% mom. However, a positive surprise for building permit applications (+0.3% mom versus -2.6% mom expected) somewhat offset the weak starts numbers. Elsewhere, the **S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index** rose by 4.2% yoy in December, compared to an anticipated 4.5% yoy reading. Gains in the housing price index have moderated steadily since March 2018’s peak (+6.7% yoy) amid waning sales activity. However, improving affordability amid a healthy job market, and lower residential prices and mortgage rates (relative to Q4 2018), could help stabilise conditions going forward. The **ISM Manufacturing Index** decreased 2.4 pts to 54.2 in February, more than an expected decline to 55.8. New orders (55.5) and production (54.8) eased, but stayed at solid levels while order backlogs (52.3) and new export orders (52.8) improved, suggesting a moderating but reasonable expansionary backdrop.

Elsewhere, **Canada’s GDP** growth slowed to 0.4% qoq annualised in Q4, weaker than an anticipated 1.0% qoqa. The deceleration mostly reflected continued headwinds from gross investment. Meanwhile, consumer spending growth slowed for the second consecutive quarter. However, the Bank of Canada expects activity to recover by mid-2019 due to business tax changes that incentivise capital expenditures, abating trade tensions and strong employment offsetting higher debt servicing costs.

Matching expectations, **Brazil’s GDP** rose by 0.1% qoq in Q4. The results confirmed an

## UK Prime Minister Theresa May confirmed that her Withdrawal Agreement will be put to a "meaningful vote" by 12 March

activity slowdown from Q3's downwardly revised 0.5% qoq pace, amid a fall in gross investment. Full-year growth in 2018 came in at 1.1%, the same pace as the prior year. With receding inflation risks and tentative pension reform progress, central bank officials may keep policy rates accommodative for the time being.

**In Europe, UK Prime Minister** Theresa May confirmed that her Withdrawal Agreement will be put to a "**meaningful vote**" by 12 March. She also promised that if the deal is rejected, MPs will be offered two separate votes – firstly on a no-deal Brexit by 13 March, which, if also rejected, would be followed by a vote (by 14 March) on whether or not to extend the current "Article 50" deadline to delay withdrawal from the European Union beyond 29 March. Meanwhile, **eurozone headline inflation** edged up to 1.5% yoy in the flash release for February, driven higher by the volatile energy, food, alcohol and tobacco categories. Core inflation unexpectedly fell, however, to 1.0%, dragged lower by services prices.

In Asia, **China's** official PMI readings for February were weaker than expected, with the composite index falling to 52.4 from 53.2 and the manufacturing index sliding further to 49.2 from 49.5.

**Japan's industrial production** disappointed in January, shrinking 3.7% mom (consensus was for -2.5%), mostly due to soft capital goods production, and consistent with a broad slowdown in fixed investment in Japan and other countries. Meanwhile, **Japan's jobless rate** for January was higher than expected, at 2.5% (+2.4% expected), maintaining the flat trend in place since early 2018. The stabilisation of Japan's labour market was also visible in the job-to-applicant ratio, which remained at 1.63 for the third consecutive month.

**India's GDP growth** came in at 6.6% yoy in Q4 2018, declining from 7.1%, with private consumption growth slowing amid tighter monetary conditions, while government spending also softened. However, the external sector improved and investment spending remained resilient.

# The week ahead

## Macro data and key events

| Date               | Country      | Indicator  | Data as of | Survey | Prior  |
|--------------------|--------------|--|------------|--------|--------|
| Monday 04 March    | Turkey       | CPI (yoy)  |            | 20.0%  | 20.4%  |
| Tuesday 05 March   | Australia    | Reserve Bank of Australia Interest Rate Decision | Mar        | 1.50%  | 1.50%  |
|                    | Eurozone     | Markit Composite PMI                             | Feb F      | 51.4   | 51.4   |
|                    | South Africa | GDP (qoq annualised)                             | Q4 F       | 1.4%   | 2.2%   |
|                    | US           | ISM Non-Manufacturing Index                      | Feb        | 57.3   | 56.7   |
|                    | US           | New Home Sales (mom)                             | Dec        | -4.3%  | 16.9%  |
| Wednesday 06 March | Canada       | Bank of Canada Interest Rate Decision            |            | 1.75%  | 1.75%  |
| Thursday 07 March  | Eurozone     | GDP (seasonally adjusted, qoq)                   | Q4 F       | 0.2%   | 0.2% P |
|                    | Eurozone     | ECB Interest Rate Decision                       | Mar        | -0.40% | -0.40% |
|                    | Mexico       | CPI (yoy)  | Feb        | -      | 4.4%   |
|                    | Japan        | GDP (seasonally adjusted, qoq annualised)        | Q4 F       | 1.7%   | 1.4%   |
| Friday 08 March    | China        | Trade Balance (USD bn)                           | Feb        | 27.2   | 39.2   |
|                    | Germany      | Factory Orders (working day adjusted, yoy)       | Jan        | -4.0%  | -7.0%  |
|                    | US           | Housing Starts (mom)                             | Jan        | 8.5%   | -11.2% |
|                    | US           | Change in Nonfarm Payrolls (000s)                | Feb        | 188    | 304    |

P – Preliminary, Q – Quarter, F – Final

In the coming week, US data releases are likely to be in focus, including February's ISM Non-Manufacturing Index and labour market report

### US

February's gains in **nonfarm payrolls** are expected to cool in February (+188,000 jobs), after a string of strong results. The unemployment rate is also forecast to decrease to 3.9% while wage growth may pick up to 3.3% yoy, amid ongoing reports of difficulty finding qualified labour by employers.

Meanwhile, the **ISM Non-Manufacturing Index** is anticipated to advance to 57.3 in February from 56.7 in January, amid an end to a government shutdown and better consumer sentiment readings.

Turning to housing, homebuilder confidence has improved so far in 2019 but **housing starts** could look volatile in the short term, with an expected 8.5% mom increase in January (to an annualised 1.17 million), retracing some of the 11.2% mom fall in the prior month.

Finally, **new home sales** are projected to shrink 4.3% mom in December, after a 16.9% mom surge in November, which may have been boosted by post-hurricane recovery demand and seasonality adjustments.

Elsewhere, the **Bank of Canada** has signalled further eventual tightening, but a temporary economic slowdown is likely to see rates kept on hold at the bank's March meeting.

### Europe

The **European Central Bank's** March meeting is unlikely to see any policy changes, although the release of fresh staff economic forecasts is likely to see a significant downgrade to GDP and – to a lesser extent – inflation forecasts. The announcement of fresh financing to eurozone banks (TLTROs) may be delayed to April.

**German factory orders** are anticipated to rebound by 0.3% mom in January, following the previous month's sharp decline on the back of a contraction in big ticket orders. This would leave annual growth in orders at -4.0% yoy.

### Emerging markets

**China's** export growth (in USD terms) likely fell to -2.2% yoy in February from 9.1% in January, largely due to a high comparison base owing to the timing of the Lunar New Year holiday and payback from the pre-holiday front-loading of shipments. Meanwhile, import growth could have improved slightly partly due to base effects and a recovery in commodity prices, although it may be capped by still tepid domestic (private sector) demand. On balance, the **trade surplus** likely narrowed to USD27.2 billion in February from USD39.2 billion in January.

In **Mexico**, **CPI inflation** in February could have returned to the central bank's 2%-4% yoy target range, after trending above the channel for nearly two years. A preliminary reading to mid-February saw inflation dip to 3.9% yoy.

The European Central Bank is likely to downgrade its growth and inflation forecasts at its March meeting

# Market moves

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## Equities

US equities ended little changed as disappointing earnings offset trade optimism and better than expected GDP data; eurozone stocks gained

## Bonds

US and European government bonds declined on upbeat risk appetite

## Currencies

Sterling rallied amid the perception of diminishing risks of a “no deal” Brexit at the end of March

## Commodities

Oil prices decline as US President Donald Trump said prices are “getting too high”

## Equities

**US equities** ended little changed this week amid disappointing corporate earnings and after the US-North Korea summit in Hanoi ended abruptly without a deal. This offset earlier support from a better than expected Q4 GDP release and building hopes of improved US-China trade relations after US President Donald Trump postponed the date for raising tariffs on Chinese imports. Overall, the S&P 500 Index was broadly flat over the week, while Canada's S&P/TSX Composite Index outperformed (+0.3%).

**European equities** gained this week as better than expected data releases (e.g., German retail sales, US GDP in Q4 and Chinese manufacturing PMI) calmed investor concerns around the global growth outlook. Risk sentiment was also supported by growing optimism around US-China trade relations. The EURO STOXX 50 Index rallied 1.3% with financials providing the largest boost to the index amid higher government bond yields. At the country level, Germany's DAX added 1.3% while France's CAC 40 advanced 0.9%. All other major national bourses also ended the week higher with the notable exception of the UK's FTSE 100 Index (-1.0%) as a stronger sterling weighed on the multinationals heavy index.

Onshore **Chinese equities** rallied this week, with the Shanghai Stock Exchange Composite Index posting a 6.8% weekly gain, after US President Donald Trump said he will extend a deadline to raise tariffs on USD200 billion of imports from China scheduled for 1 March. MSCI also confirmed it will increase the weighting of China-listed shares in its benchmarks. Elsewhere, markets traded mixed, amid concerns about geopolitical risks – including India-Pakistan tensions and an abrupt end to a summit between US President Trump and North Korean leader Kim Jong Un. Japan's Nikkei 225 Index ended the week 0.8% higher, Hong Kong's Hang Seng Index was flat, Korea's KOSPI fell 1.6% and most ASEAN bourses finished in the red, led by losses in the Philippines. India's SENSEX 30 Index rose 0.5%, with sentiment supported by expectations of government policy measures to support growth.

## Bonds

**US Treasury yields** rose (prices fell) as risk appetite was boosted by encouraging news on US-China trade negotiations and stronger than expected US GDP data. On Wednesday, heavy issuance of investment-grade corporate debt further reduced demand for Treasuries. Yields rose across the curve, with two-year yields rising 6 bps to 2.55% and 10-year yields adding 10 bps to 2.75%.

Core **European bond** yields rose in line with the general risk-on move this week. Italian 10-year bonds gained considerably (yields fell) early in the week but came under some pressure on Wednesday as the European Commission warned that the country's public debt and weak productivity were a risk for the euro area. German 10-year yields rose 9 bps to 0.18%, French 10-year yields rose 6 bps to 0.58% and Italian yields fell 11 bps to 2.73%.

## Currencies

Both the **euro** (+0.3%) and **sterling** (+1.1%) appreciated against the US dollar this week, as “safe-haven” demand for the greenback was scaled back on optimism over progress in the US-China trade dispute. Sterling's outperformance came amid the perception of diminishing risks of a “no deal” Brexit at the end of March.

The **Japanese yen** depreciated against the US dollar on Friday, ending the week lower, amid reduced demand for perceived “safe-haven” assets and as Treasury yields rose. Most emerging market Asian currencies were subdued, as uncertainty over US-China trade negotiations kept investors on the sidelines. The Thai baht underperformed in the region, weighed on by domestic political uncertainty. Meanwhile, the Philippine peso rose, helped by a major rating agency's comment that the government's economic reforms are credit positive.

## Commodities

**Brent crude oil prices** fell earlier this week, after US President Donald Trump said that oil prices were getting too high, calling on OPEC to ease their production cut policy. Prices recovered some ground as the week progressed, supported by the U.S. Energy Information Administration weekly report showing US crude inventories unexpectedly fell by 8.6 million barrels last week. However, Friday saw another sell-off on the back of a weak US manufacturing PMI print. Overall, Brent declined 3.5% to USD64.9 a barrel. Meanwhile, **gold prices** fell this week (-2.6% to USD1,293 per troy ounce) amid broadly upbeat risk appetite.

# 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)               | 503     | -0.1                    | 2.5                      | 2.6                      | -1.6                    | 10.5                 | 530             | 435            | 15.0              |
| <b>North America</b>                    |         |                         |                          |                          |                         |                      |                 |                |                   |
| US Dow Jones Industrial Average         | 26,026  | 0.0                     | 3.8                      | 1.9                      | 5.8                     | 11.6                 | 26,952          | 21,713         | 15.8              |
| US S&P 500 Index                        | 2,804   | 0.4                     | 3.6                      | 1.6                      | 4.7                     | 11.8                 | 2,941           | 2,347          | 16.8              |
| US NASDAQ Composite Index               | 7,595   | 0.9                     | 4.6                      | 3.6                      | 5.8                     | 14.5                 | 8,133           | 6,190          | 21.8              |
| Canada S&P/TSX Composite Index          | 16,068  | 0.3                     | 3.6                      | 5.7                      | 4.4                     | 12.2                 | 16,586          | 13,777         | 15.1              |
| <b>Europe</b>                           |         |                         |                          |                          |                         |                      |                 |                |                   |
| MSCI AC Europe (USD)                    | 443     | 0.7                     | 2.7                      | 4.7                      | -7.1                    | 9.7                  | 493             | 391            | 13.0              |
| Euro STOXX 50 Index                     | 3,312   | 1.3                     | 4.4                      | 4.4                      | -2.6                    | 10.4                 | 3,596           | 2,909          | 13.2              |
| UK FTSE 100 Index                       | 7,107   | -1.0                    | 1.2                      | 1.8                      | -1.0                    | 5.6                  | 7,904           | 6,537          | 12.6              |
| Germany DAX Index*                      | 11,602  | 1.3                     | 3.8                      | 3.1                      | -4.8                    | 9.9                  | 13,204          | 10,279         | 12.6              |
| France CAC-40 Index                     | 5,265   | 0.9                     | 4.9                      | 5.2                      | 0.0                     | 11.3                 | 5,657           | 4,556          | 13.5              |
| Spain IBEX 35 Index                     | 9,268   | 0.7                     | 2.8                      | 2.1                      | -4.8                    | 8.5                  | 10,291          | 8,286          | 11.8              |
| Italy FTSE MIB Index                    | 20,695  | 2.1                     | 5.7                      | 7.8                      | -7.8                    | 12.9                 | 24,544          | 17,914         | 10.4              |
| <b>Asia Pacific</b>                     |         |                         |                          |                          |                         |                      |                 |                |                   |
| MSCI AC Asia Pacific ex Japan (USD)     | 522     | -0.4                    | 2.1                      | 6.2                      | -9.4                    | 9.5                  | 592             | 459            | 13.5              |
| Japan Nikkei-225 Stock Average          | 21,603  | 0.8                     | 3.9                      | -3.3                     | -0.6                    | 7.9                  | 24,448          | 18,949         | 15.7              |
| Australian Stock Exchange 200           | 6,193   | 0.4                     | 5.6                      | 9.3                      | 3.7                     | 9.7                  | 6,374           | 5,410          | 16.0              |
| Hong Kong Hang Seng Index               | 28,812  | 0.0                     | 3.2                      | 8.7                      | -7.2                    | 11.5                 | 31,978          | 24,541         | 11.1              |
| Shanghai Stock Exchange Composite Index | 2,994   | 6.8                     | 14.4                     | 15.7                     | -8.5                    | 20.1                 | 3,334           | 2,441          | 11.2              |
| Hang Seng China Enterprises Index       | 11,507  | 0.7                     | 4.0                      | 8.3                      | -7.4                    | 13.7                 | 12,850          | 9,762          | 8.5               |
| Taiwan TAIEX Index                      | 10,389  | 0.6                     | 4.6                      | 5.1                      | -3.7                    | 6.8                  | 11,262          | 9,319          | 14.4              |
| Korea KOSPI Index                       | 2,195   | -1.6                    | -0.4                     | 4.7                      | -9.6                    | 7.6                  | 2,517           | 1,985          | 10.8              |
| India SENSEX 30 Index                   | 36,064  | 0.5                     | -1.1                     | -0.4                     | 5.9                     | 0.0                  | 38,990          | 32,484         | 22.3              |
| Indonesia Jakarta Stock Price Index     | 6,500   | 0.0                     | -0.6                     | 7.3                      | -1.6                    | 4.9                  | 6,607           | 5,558          | 15.6              |
| Malaysia Kuala Lumpur Composite Index   | 1,701   | -1.2                    | 1.0                      | 1.2                      | -8.6                    | 0.6                  | 1,896           | 1,627          | 16.7              |
| Philippines Stock Exchange PSE Index    | 7,642   | -4.0                    | -6.2                     | 3.7                      | -9.7                    | 2.4                  | 8,485           | 6,791          | 16.2              |
| Singapore FTSE Straits Times Index      | 3,220   | -1.5                    | 1.0                      | 3.3                      | -8.4                    | 4.9                  | 3,642           | 2,956          | 12.7              |
| Thailand SET Index                      | 1,641   | -1.1                    | -0.6                     | 0.0                      | -10.3                   | 5.0                  | 1,826           | 1,547          | 14.9              |
| <b>Latam</b>                            |         |                         |                          |                          |                         |                      |                 |                |                   |
| Argentina Merval Index                  | 33,835  | -7.7                    | -7.6                     | 7.5                      | 5.7                     | 11.7                 | 37,875          | 24,618         | 8.0               |
| Brazil Bovespa Index*                   | 94,604  | -3.4                    | -3.3                     | 5.7                      | 10.8                    | 7.6                  | 98,589          | 69,069         | 11.8              |
| Chile IPSA Index                        | 5,275   | -3.8                    | -3.3                     | 3.2                      | -4.6                    | 3.3                  | 5,731           | 4,999          | 15.5              |
| Colombia COLCAP Index                   | 1,515   | 1.6                     | 3.6                      | 9.9                      | 3.3                     | 14.3                 | 1,582           | 1,291          | 12.6              |
| Mexico S&P/BMV IPC Index                | 42,619  | -2.6                    | -2.6                     | 2.1                      | -10.5                   | 2.4                  | 50,603          | 39,272         | 13.2              |
| <b>EEMEA</b>                            |         |                         |                          |                          |                         |                      |                 |                |                   |
| Russia MOEX Index                       | 2,478   | -0.4                    | -1.7                     | 3.6                      | 7.8                     | 4.6                  | 2,552           | 2,065          | 5.6               |
| South Africa JSE Index                  | 56,203  | 0.4                     | 4.2                      | 10.9                     | -3.0                    | 6.6                  | 60,299          | 50,033         | 13.8              |
| Turkey ISE 100 Index*                   | 103,267 | 0.1                     | 0.3                      | 8.2                      | -12.2                   | 13.1                 | 119,115         | 84,655         | 7.1               |

\*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                      | -0.1                    | 2.6                      | 3.0                      | 10.8                 | 0.3                     | 41.2                    | 35.6                    |
| US equities                          | -0.2                    | 3.1                      | 1.6                      | 11.7                 | 5.6                     | 47.5                    | 60.1                    |
| Europe equities                      | 0.8                     | 2.9                      | 5.1                      | 10.1                 | -4.4                    | 26.7                    | 3.2                     |
| Asia Pacific ex Japan equities       | -0.3                    | 2.3                      | 6.7                      | 9.8                  | -6.9                    | 49.2                    | 29.8                    |
| Japan equities                       | -0.8                    | 0.6                      | -1.0                     | 6.0                  | -8.5                    | 31.9                    | 29.0                    |
| Latam equities                       | -2.7                    | -3.8                     | 9.7                      | 10.7                 | -5.1                    | 65.3                    | 10.0                    |
| Emerging Markets equities            | -0.7                    | 0.2                      | 6.1                      | 9.0                  | -9.7                    | 49.7                    | 22.4                    |

All total returns quoted in USD 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 1 March 2019.

Past performance is not an indication of future returns.

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|  | 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)                       | 530   | -0.2                    | 0.2                      | 2.6                      | 3.8                     | 1.2                  |
| JPM EMBI Global  | 810   | 0.3                     | 0.5                      | 6.6                      | 2.5                     | 5.1                  |
| BarCap US Corporate Index (USD)                        | 2,902 | -0.1                    | 0.4                      | 4.1                      | 2.5                     | 2.6                  |
| BarCap Euro Corporate Index (Eur)                      | 248   | 0.0                     | 0.7                      | 2.0                      | 0.8                     | 1.8                  |
| BarCap Global High Yield (Hedged in USD)               | 483   | 0.5                     | 1.4                      | 5.0                      | 3.6                     | 5.9                  |
| Markit iBoxx Asia ex-Japan Bond Index (USD)            | 200   | 0.1                     | 0.7                      | 4.0                      | 3.2                     | 2.6                  |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 256   | 0.2                     | 1.2                      | 6.1                      | 1.7                     | 4.9                  |

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<br>Ago | 1-month<br>Ago | 3-months<br>Ago | 1-year<br>Ago | Year End<br>2018 | 52-week<br>High | 52-week<br>Low | 1-week<br>Change (%) |
|--------------------------|--------|---------------|----------------|-----------------|---------------|------------------|-----------------|----------------|----------------------|
| <b>Developed markets</b> |        |               |                |                 |               |                  |                 |                |                      |
| EUR/USD                  | 1.14   | 1.13          | 1.15           | 1.13            | 1.23          | 1.15             | 1.25            | 1.12           | 0.3                  |
| GBP/USD                  | 1.32   | 1.31          | 1.31           | 1.27            | 1.38          | 1.28             | 1.44            | 1.24           | 1.1                  |
| CHF/USD                  | 1.00   | 1.00          | 1.00           | 1.00            | 1.06          | 1.02             | 1.07            | 0.99           | 0.1                  |
| CAD                      | 1.33   | 1.31          | 1.31           | 1.33            | 1.28          | 1.36             | 1.37            | 1.25           | -1.2                 |
| JPY                      | 111.89 | 110.69        | 109.50         | 113.57          | 106.24        | 109.69           | 114.55          | 104.56         | -1.1                 |
| AUD                      | 1.41   | 1.40          | 1.38           | 1.37            | 1.29          | 1.42             | 1.48            | 1.26           | -0.7                 |
| NZD                      | 1.47   | 1.46          | 1.45           | 1.45            | 1.38          | 1.49             | 1.56            | 1.35           | -0.7                 |
| <b>Asia</b>              |        |               |                |                 |               |                  |                 |                |                      |
| HKD                      | 7.85   | 7.85          | 7.85           | 7.82            | 7.83          | 7.83             | 7.85            | 7.79           | 0.0                  |
| CNY                      | 6.71   | 6.71          | 6.74           | 6.96            | 6.36          | 6.88             | 6.98            | 6.24           | 0.1                  |
| INR                      | 70.91  | 71.14         | 71.26          | 69.58           | 65.17         | 69.77            | 74.48           | 64.72          | 0.3                  |
| MYR                      | 4.07   | 4.08          | 4.10           | 4.18            | 3.93          | 4.13             | 4.20            | 3.85           | 0.1                  |
| KRW                      | 1,125  | 1,125         | 1,119          | 1,121           | 1,086         | 1,111            | 1,145           | 1,054          | 0.0                  |
| TWD                      | 30.82  | 30.81         | 30.74          | 30.82           | 29.32         | 30.55            | 31.17           | 29.03          | 0.0                  |
| <b>Latam</b>             |        |               |                |                 |               |                  |                 |                |                      |
| BRL                      | 3.78   | 3.75          | 3.66           | 3.87            | 3.25          | 3.88             | 4.21            | 3.21           | -0.8                 |
| COP                      | 3,097  | 3,106         | 3,091          | 3,235           | 2,879         | 3,254            | 3,303           | 2,685          | 0.3                  |
| MXN                      | 19.27  | 19.14         | 19.11          | 20.37           | 18.85         | 19.65            | 20.96           | 17.94          | -0.7                 |
| ARS                      | 39.85  | 39.19         | 37.17          | 37.75           | 20.16         | 37.67            | 41.54           | 20.08          | -1.7                 |
| <b>EEMEA</b>             |        |               |                |                 |               |                  |                 |                |                      |
| RUB                      | 65.92  | 65.38         | 65.48          | 67.09           | 56.82         | 69.35            | 70.84           | 56.26          | -0.8                 |
| ZAR                      | 14.23  | 14.00         | 13.32          | 13.87           | 11.89         | 14.35            | 15.70           | 11.60          | -1.6                 |

| Bonds                          | Close | 1-week<br>Ago | 1-month<br>Ago | 3-months<br>Ago | 1-year<br>Ago | Year End<br>2018 | 1-week<br>Basis<br>Point<br>Change * |
|--------------------------------|-------|---------------|----------------|-----------------|---------------|------------------|--------------------------------------|
| <b>US Treasury yields (%)</b>  |       |               |                |                 |               |                  |                                      |
| 3-Month                        | 2.43  | 2.44          | 2.39           | 2.34            | 1.61          | 2.35             | -1                                   |
| 2-Year                         | 2.55  | 2.49          | 2.50           | 2.79            | 2.21          | 2.49             | 6                                    |
| 5-Year                         | 2.56  | 2.47          | 2.50           | 2.81            | 2.58          | 2.51             | 9                                    |
| 10-Year                        | 2.75  | 2.65          | 2.68           | 2.99            | 2.81          | 2.68             | 10                                   |
| 30-Year                        | 3.12  | 3.02          | 3.03           | 3.29            | 3.08          | 3.01             | 11                                   |
| <b>10-year bond yields (%)</b> |       |               |                |                 |               |                  |                                      |
| Japan                          | -0.01 | -0.04         | -0.02          | 0.09            | 0.04          | -0.01            | 3                                    |
| UK                             | 1.30  | 1.16          | 1.25           | 1.36            | 1.47          | 1.28             | 14                                   |
| Germany                        | 0.18  | 0.09          | 0.17           | 0.31            | 0.64          | 0.24             | 9                                    |
| France                         | 0.58  | 0.51          | 0.57           | 0.68            | 0.91          | 0.71             | 6                                    |
| Italy                          | 2.73  | 2.84          | 2.75           | 3.21            | 1.94          | 2.74             | -11                                  |
| Spain                          | 1.19  | 1.17          | 1.22           | 1.50            | 1.50          | 1.41             | 2                                    |
| China                          | 3.20  | 3.15          | 3.11           | 3.38            | 3.85          | 3.31             | 6                                    |
| Australia                      | 2.15  | 2.10          | 2.21           | 2.59            | 2.75          | 2.32             | 6                                    |
| Canada                         | 1.94  | 1.89          | 1.96           | 2.27            | 2.18          | 1.97             | 5                                    |

\*Numbers may not add up due to rounding

|                       | 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 |
|-----------------------|--------|-------------------------|--------------------------|--------------------------|-------------------------|----------------------|-----------------|----------------|
| <b>Commodities</b>    |        |                         |                          |                          |                         |                      |                 |                |
| Gold                  | 1,293  | -2.6                    | -1.8                     | 5.8                      | -1.8                    | 0.9                  | 1,365           | 1,160          |
| Brent Oil             | 64.9   | -3.5                    | 3.4                      | 8.5                      | 7.7                     | 19.5                 | 85              | 51             |
| WTI Crude Oil         | 55.8   | -2.6                    | 0.4                      | 8.6                      | -0.7                    | 21.0                 | 76              | 43             |
| R/J CRB Futures Index | 181    | -1.4                    | 0.5                      | -0.1                     | -6.4                    | 6.9                  | 207             | 168            |
| LME Copper            | 6,509  | 0.5                     | 6.0                      | 5.0                      | -6.0                    | 9.1                  | 7,348           | 5,725          |

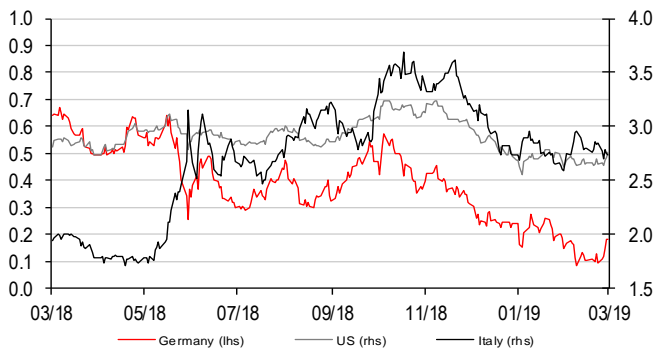
Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 1 March 2019.

Past performance is not an indication of future returns.

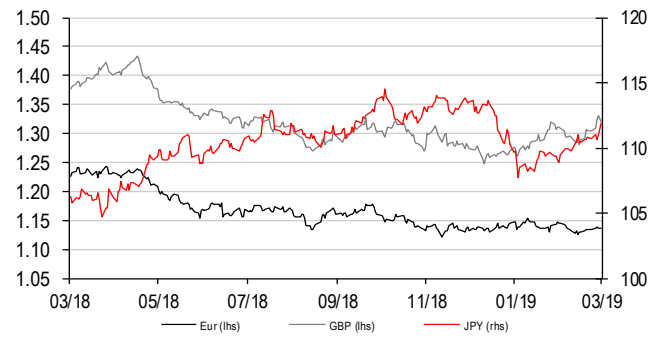
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# Market trends

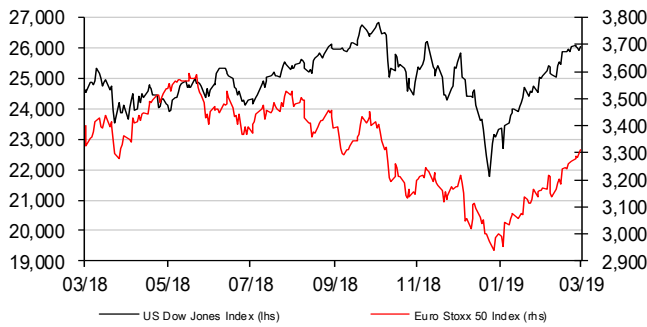
## Government bond yields (%)



## Major currencies (versus USD)



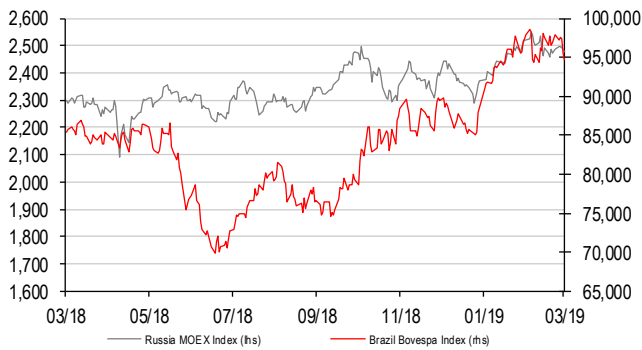
## Global equities



## Emerging Asian equities



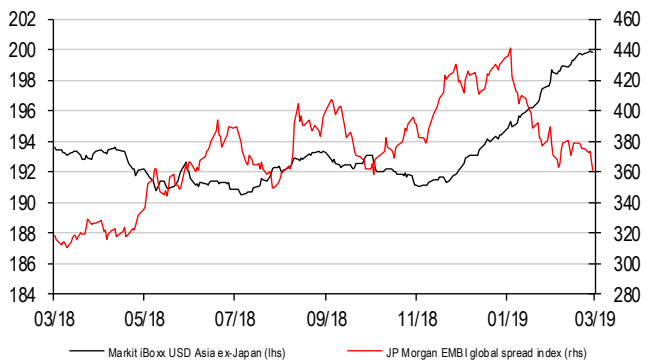
## Other emerging equities



## Global credit indices



## Emerging markets spreads (USD indices)



## Commodities (USD)





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