# IW Investment Weekly

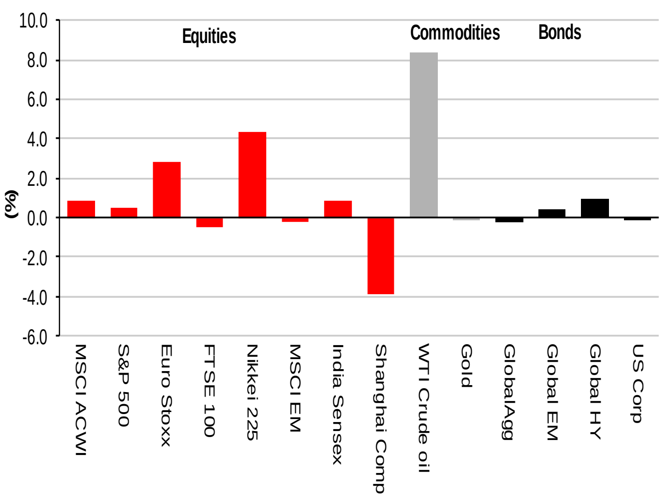
**22 April 2016**

**For Professional Client and Institutional Investor Use Only**

- Global equities were buoyed by an uptick in commodity prices this week, especially oil. Japan's Nikkei 225 Index outperformed on the back of a sharp depreciation of the yen and expectations of a Bank of Japan policy easing on 28 April
- In the US, housing market indicators for March were mixed, with housing starts declining 8.8% mom, reversing most of February's gains, although existing home sales rebounded by 5.1% mom from a downwardly revised 7.3% decline in the previous month
- At its latest policy meeting, the European Central Bank (ECB) stressed that the focus is *"now on the implementation of the additional non-standard measures"* announced in March's meeting. The ECB also reiterated its forward guidance, stating that interest rates will *"remain at present, or lower, levels for an extended period of time, and well past the horizon of asset purchases."*
- The US Federal Reserve (Fed) Federal Open Market Committee (FOMC) meets next week, with no change in official rates expected. The accompanying statement will be closely scrutinised for the likely timing of the next Fed tightening for the cycle

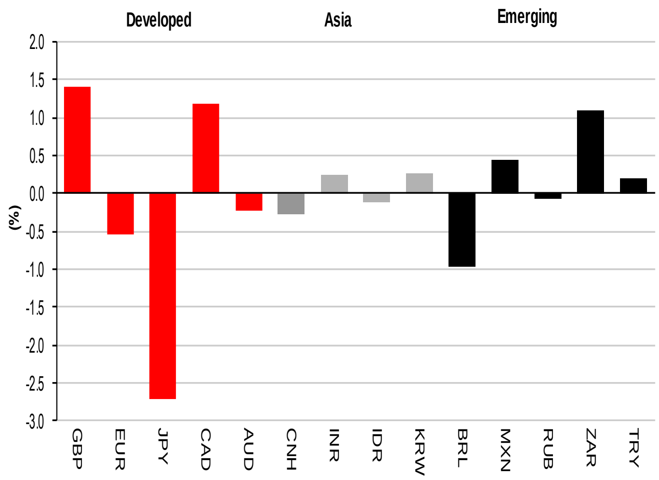
## Movers and shakers

Crude oil prices continued to rally

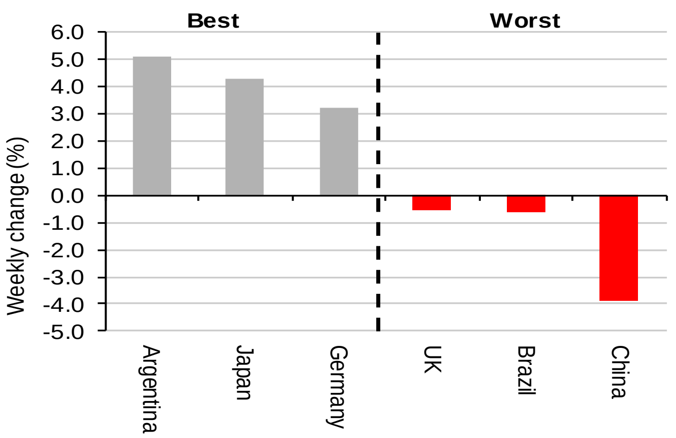



## Currencies (versus US dollar)

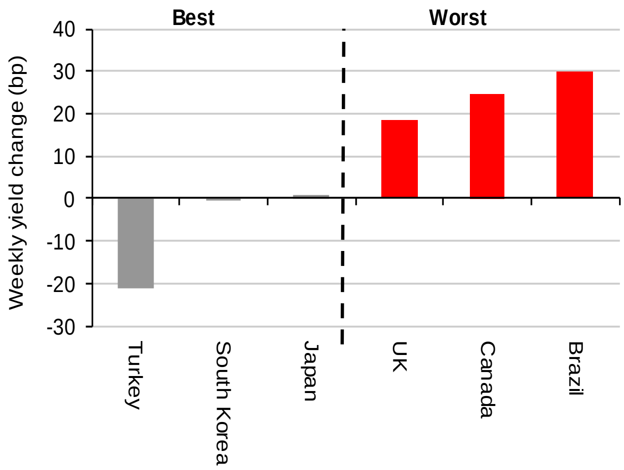
The yen reversed recent strong gains against the US dollar




## Equities




## Bonds (10-year)




Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 22 April 2016.
All the above charts relate to 15/04/2016 – 22/04/2016.
**Past performance is not an indication of future returns.**

HSBC Global Asset Management

# Macro Data and Key Events

## Past Week (18-22 April 2016)

| Date | Country | Indicator | Data as of | Survey | Actual | Prior |
|---|---|---|---|---|---|---|
| Monday 18 April | US | NAHB/Wells Fargo Housing Market Index | Apr | 59 | 58 | 58 |
| Tuesday 19 April | Germany | ZEW Expectations of Economic Growth | Apr | 8.0 | 11.2 | 4.3 |
| | US | Housing Starts (mom) | Mar | -1.1% | -8.8% | 6.9% |
| Wednesday 20 April | Brazil | IBGE Inflation IPCA-15 (yoy) | Apr | 9.3% | 9.3% | 10.0% |
| | UK | ILO Unemployment Rate (3 Months) | Feb | 5.1% | 5.1% | 5.1% |
| | US | Existing Home Sales (mom) | Mar | 3.9% | 5.1% | -7.3% |
| | Japan | Trade Balance Adjusted (JPY) | Mar | 450.0bn | 276.5bn | 150.4bn |
| Thursday 21 April | Eurozone | ECB Interest Rate Decision (Deposit Rate) | Apr | -0.4% | -0.4% | -0.4% |
| Friday 22 April | Eurozone | Markit Flash Composite PMI | Apr P | 53.3 | 53.0 | 53.1 |

P – Preliminary

- In the **US**, the latest housing market indicators were mixed. **Housing starts** fell 8.8% mom in March to 1,089,000, well below expectations of a milder decline (-1.1%). The monthly dip erases most of February's gains, although growth remains robust on a yearly basis (+14.2% yoy). The timing of this year's Easter holidays (which came in March) could also have played a role. This makes a rebound possible in April, especially considering the underlying health of the labour market amid low interest rates and a shortage of inventory. However, **existing home sales** increased by 5.1% mom in March, rebounding from a downward-revised 7.3% decline in February. This was a little above consensus expectations of a 3.9% mom increase. Sales across all four geographic regions increased, led by the Northeast (+11.1%) and Midwest (+9.8%). Finally, the **NAHB/Wells Fargo Housing Market Index** was 58 in April (versus a consensus of 59), unchanged from March and February.
- In Europe, the **ECB kept monetary policy unchanged,** in line with expectations. Additional easing measures were not discussed at the meeting, but the Governing Council signalled that it will use all the instruments available within its mandate if new downside risks to the outlook for price stability arise. Therefore, the easing bias in place remains unchanged. The ECB released further details on the implementation of the corporate sector purchase programme. The details revealed that outright purchases will start in June 2016, carried out by six central banks (Belgium, Germany, Spain, France, Italy and Finland) and coordinated by the ECB. In particular, the ECB is going to buy debt securities of non-bank corporations, which will also include bonds issued by insurance companies, if they fulfil the following criteria: they must be eligible as collateral for Eurosystem credit operations, denominated in euro, have at least one investment-grade rating and have a remaining maturity between six months and 30 years. The ECB is willing to buy up to 70% of each issue and the purchases can be conducted in the primary and secondary market. However, the ECB did not comment on the overall size of the programme or its breakdowns. In terms of data, the **German ZEW** survey of investor sentiment pointed to an improvement of economic conditions in the second half of the year, but in the short term, a temporary slowdown is possible. While the index for the current assessment deteriorated, declining 3.0 points over the month to 47.7 in April, the expectations index reached the highest value this year so far at 11.2, up from 4.3 in March. The **Eurozone Markit Flash Composite PMI** remained essentially stable in April, inching down only 0.1 points to 53.0, hovering around levels reached in the past two months. Sector-wise, the situation also remained broadly unchanged, with services in the lead (+0.1 points to 53.2), while manufacturing edged down slightly by 0.1 points to 51.5.
- **Japan's trade balance** for March came in lower than expected, at JPY276.5 billion seasonally adjusted (consensus at JPY450 billion), although it was still the highest reading since February 2011. The decline in energy import prices continued to offset the higher volumes of imports of coal, natural gas and oil, as most of Japan's nuclear power production capacities remain unused five years after the earthquake/tsunami of March 2011. Overall, imports dropped 2.1% mom (-14.9% yoy) and exports remained little changed (+0.1% mom) after their decline of 2.4% in February.
- **Brazil's IBGE IPCA-15 inflation** moderated to 9.3% yoy in April, from 10.0% yoy in March, broadly in line with expectations. The decline mainly reflected recent falls in electricity tariffs, as surcharges relating to more intensive use of thermoelectric power have been scaled back as water levels at hydro-plant reservoirs have recovered. This more than offset a rise in food and beverage inflation (+13.4% yoy) on the back of poor weather conditions. Overall, the decline in inflationary pressures, combined with the recent appreciation of the real, could support much-needed interest rate cuts as early as Q3.

## Coming Week (25-29 April 2016)

| Date | Country | Indicator | Data as of | Survey | Prior |
|---|---|---|---|---|---|
| Monday 25 April | Germany | Ifo Business Climate Index | Apr | 107.0 | 106.7 |
| | US | New Home Sales (mom) | Mar | 1.6% | 2.0% |
| Tuesday 26 April | US | Durable Goods Orders (mom) | Mar P | 1.9% | -3.0% |
| | US | S&P/Case-Shiller 20-City Composite Home Price Index (yoy) | Feb | 5.5% | 5.8% |
| Wednesday 27 April | Brazil | COPOM Interest Rate Decision | Apr | 14.3% | 14.3% |
| | UK | GDP (qoq, First Estimate) | Q1 P | 0.4% | 0.6% |
| | US | Pending Home Sales (mom) | Mar | 0.2% | 3.5% |
| | US | FOMC Interest Rate Decision | Apr | 0.5% | 0.5% |
| Thursday 28 April | Japan | Bank of Japan Interest Rate Decision | Apr | -0.1% | -0.1% |
| | Japan | Industrial Production (yoy) | Mar P | -1.6% | -1.2% |
| | Japan | CPI ex Fresh Food and Energy | Mar | 1.0% | 1.1% |

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 22 April 2016.
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| | | | | | |
|---|---|---|---|---|---|
| | US | GDP Annualised (qoq, First Estimate) | Q1 P | 0.7% | 1.4% |
| Friday 29 April | Eurozone | CPI Estimate (yoy) | Apr | -0.1% | 0.0% |
| | Eurozone | GDP (qoq, First Estimate) | Q1 P | 0.4% | 0.3% |
| | US | PCE Core (yoy) | Mar | 1.5% | 1.7% |
| | US | Employment Cost Index | Q1 | 0.6% | 0.6% |
| | Mexico | GDP Seasonally Adjusted (yoy) | Q1 P | 2.3% | 2.5% |

P – Preliminary, Q – Quarter

## US

- In the coming week, there is an abundance of data releases from the US, starting with **new home sales**. There were 502,000 new home sales in 2015, up from 440,000 in 2014. Based on data for new homes – such as homebuilder sentiment, single-family housing starts and building permits – new home sales are expected to continue on an uptrend in the coming months. In March, new home sales are expected to rise by 1.6% to an annualised 520,000.
- **Durable goods orders** are expected to rise 1.9% mom in March, after a sharp 3.0% mom decline in February, partly reflecting a recovery in aircraft orders from a low level in February. Durable goods orders (excluding transportation equipment) are expected to rise by 0.5% mom in March.
- US home prices reaccelerated in the second half of 2015 as the limited supply of for-sale homes could not keep up with the stronger demand. The **S&P/Case-Shiller 20-City Composite Home Price Index** is expected to rise by 5.5% yoy in February.
- The **FOMC is expected to keep monetary policy unchanged** on Wednesday. Over the past six weeks, the main message from Fed policymakers has been to emphasise caution and gradualism. But financial conditions have generally improved since March, and fears about a sharp slowdown in global economic growth have subsided somewhat. Particular attention will be paid to any hints about moving policy in June. In this context, how the FOMC describes the economy and risks to the outlook will be very important.
- The **first estimate of Q1 GDP** is expected to show growth of 0.7% qoq annualised, down from 1.4% qoq annualised in Q4 2016. Incoming data suggests that consumer spending growth slowed, despite more favourable consumer fundamentals. Headwinds such as low energy prices, the strong dollar and slower global growth appeared to continue to weigh on activity in the industrial sector and international trade. Businesses also continued to pare back on inventory investment in Q1 after demand failed to meet expectations.
- The **Employment Cost Index** increased by 2.1% for the second consecutive year in 2015, as the marked improvement in the labour market has yet to lead to a pickup in wage growth. Incoming business surveys, and the average hourly earnings measure from the monthly employment reports for January through to March, point to steady wage growth again in Q1. Overall, the Employment Cost Index is expected to increase by 0.6% qoq in Q1.

## Europe

- In Europe, the bounce in retail sales volumes and industrial production points to a pickup in **eurozone growth** momentum in Q1 2016. However, the moderation in business surveys could be an offset. Overall, the eurozone economy is expected to grow by 0.4% qoq in Q1, up from 0.3% qoq in Q4 2015.
- **Eurozone inflation** was revised up slightly in the final estimate for March to 0.0% yoy, from -0.1% yoy in the flash reading. The upward revision to the flash estimate reflected higher inflation for unprocessed food and services inflation. At 1.4%, services inflation is now the highest it has been in almost two years. Core inflation therefore picked up to 1% yoy in March from 0.8% yoy in February. An unwind of this lift is expected in April. Headline CPI is expected at -0.1% yoy in April.
- **UK** Q4 GDP expanded 0.6% qoq, but all the signs are that growth slowed in the first quarter of 2016. The high frequency data, in particular a sharp contraction in retail sales in March, suggests growth in distribution output may be slower than previously expected. Also, lacklustre official services data for January – as well as manufacturing data – suggests they could be a drag on growth. Overall, the first estimate of **Q1 GDP** is expected to show growth of 0.4% qoq.

## Emerging markets and Japan

- **Mexico's Q1 GDP** is expected at 2.3% yoy, little different from the 2.5% seen in the prior quarter. Business investment is anticipated to improve notably after being a key area of weakness in Q4 2015. However, this is expected to be offset by lower government spending due to weaker energy revenues.
- The **Bank of Japan (BoJ)** will hold its monetary policy meeting on 27 and 28 April. The flow of economic data since the last meeting has been fairly depressed, with lower business sentiment, inflation expectations, industrial production and exports. Employment gains have plateaued amid a stronger yen against the US dollar. Pressures on the BoJ to anchor inflation expectations and support growth have therefore recently mounted. BoJ Governor Haruhiko Kuroda said recently in an interview that additional monetary easing would be adopted "without hesitation" if deemed necessary. The Bank may decide to cut interest rates further and/or boost its purchase of equities through ETFs, with a significant proportion of economists expecting an increase in the annual asset purchase programme by between JPY10 trillion and JPY20 trillion, from its current JPY80 trillion.
- **Japan's industrial production** for March will be published on Thursday, and should show an increase of 2.8% mom, erasing some

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of the declines observed in February (-5.2% mom). The survey of production forecasts conducted by the Ministry of Economy, Trade and Industry suggested a rebound of 3.9% in March followed by an increase of 5.3% in April. However, the strength of the yen is weighing on exports and the manufacturing PMI fell into recessionary territory in March, followed by a further deterioration in April, which suggests some downward revisions in production plans.

- With subpar economic growth and the recent appreciation of the yen, **inflation** pressures remain weak in **Japan**. Survey and market-based inflation expectations have declined significantly over the past six months, slowly dragging underlying inflation lower. CPI (excluding fresh food and energy, the favoured BoJ gauge of underlying inflation) is expected to edge lower to 1.0% yoy in March, from 1.1% yoy in February.

# Market Moves

## Global equities buoyed by an uptick in commodity prices, especially oil

- In the US, the S&P 500 Index was little changed this week (+0.5%), as the index reached fresh 2016 highs on Wednesday, with generally better than expected corporate earnings and a further rally in oil prices supporting investor sentiment. Energy shares outperformed. However, gains in the S&P 500 Index were pared by falls in the utility sector, and consumer staples and telecoms shares also declined on the back of disappointing sales results. The earnings season speeds up next week with 37% of the companies listed on the S&P 500 Index expected to release income statements.
- Most major European stock markets continued to rise this week, as risk sentiment was supported by the uptick in oil prices. Gains were led by financial stocks as the steepening of major European yield curves supported profitability expectations in the sector. This boosted the EURO STOXX 50 Index (+2.8%) with Spain's bank-heavy IBEX 35 outperforming (+4.3%). Nevertheless, gains were slightly pared as corporate earnings results came in mixed and as auto stocks fell sharply on Friday on the back of reignited concerns surrounding the auto emissions scandal. Investors largely shrugged off the outcome of Thursday's ECB meeting even as ECB President Mario Draghi warned of the downside risks to the growth outlook. Elsewhere, the UK's FTSE 100 Index was a notable underperformer (-0.5%), amid disappointing retail sales data, pressuring consumer stocks.
- Most Asian stock markets rose this week, buoyed by further gains in crude oil prices and easing concerns about the global growth outlook. In Japan, gains in the Nikkei 225 Index (+4.3%) also came on the back of a weaker yen, which improved the earnings outlook for exporters, while expectations of increased BoJ policy support also boosted sentiment. However, Chinese equities underperformed, with the decline in the Shanghai Stock Exchange Composite Index (-3.9%) coming as recent signs of a stabilisation in the Chinese economy have dampened expectations of more monetary easing by the People's Bank of China, with officials highlighting the need to keep credit growth under control. Other equity markets in the region finished the week up by less than 1.0% (Korea, India, Hong Kong and Singapore).

## Treasuries fell on stronger risk appetite and higher oil prices; European equivalents also dragged lower by sovereign debt auctions

- This week saw another decline in Treasuries (yields increased) as higher inflation expectations, on the back of increasing oil prices, pressured fixed income assets. Stronger risk appetite and relatively heavy corporate bond issuance also reduced demand for US government bonds. 10-year Treasury yields rose sharply (+14bps to 1.89%), mirroring similar movements in the US 10-year inflation breakeven rates. At the shorter end, two-year yields closed up less (+8bps to 0.82%), with investors gradually shifting attention to next week's FOMC monetary policy meeting.
- Similarly, stronger risk appetite, higher oil prices and a busy week of government debt sales across Europe weighed heavily on the region's government bonds (yields increased). Bond investors in Europe also remained cautious over future demand amid uncertainty over how much of the newly expanded ECB Asset Purchase Programme will be spent on government securities as opposed to non-financial corporate debt. Overall, German 10-year bunds had their worst week since the beginning of the year, with yields rising sharply (+10bps to 0.23%). Peripheral government bonds, excluding Greece, also fell, led by Italian notes.

## Yen reverses recent strong gains as emerging market currencies continue to rise

- The euro opened this week in positive territory, rising sharply on Tuesday as disappointing US housing data weakened the US dollar. However, the single currency subsequently pared gains, weighed down by a combination of stronger risk appetite (investors participating in euro-funded carry trades) and mixed eurozone PMI data, to end the week lower (-0.5%). Extreme volatility on Thursday was driven by speculation surrounding the future course of ECB monetary policy, following its decision to keep rates on hold. Elsewhere, the British pound booked in another weekly increase against the dollar (+1.4%) amid easing domestic political concerns.
- The Japanese yen depreciated against the US dollar this week (-2.7%), ahead of the BoJ policy meeting on 28 April and amid speculation that policymakers will announce aggressive stimulus measures, including negative loan rates. The Philippine peso also depreciated substantially (-1.2%) on the back of capital outflows ahead of the 9 May presidential election. On the appreciation side, the Singapore dollar was the biggest gainer (+0.2%) as investors continued to adjust their positions following the decision of the Monetary Authority of Singapore to stabilise its nominal effective exchange rate. Other currencies in the region hovered in a narrow range and ended little changed.

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- Meanwhile, most non-Asian currencies rose against the US dollar this week. The South African rand outperformed (+1.1%), supported by strong gains in commodity prices. Russia's oil-sensitive rouble ended the week slightly lower (-0.1%). Elsewhere, modest gains in the Turkish lira (+0.2%) came as the central bank cut the overnight lending rate by 50bps at its policy meeting on Wednesday. However, the Brazilian real was the notable underperformer (-0.9%), with most falls occurring on Friday after the central bank sold 20,000 reverse currency swaps (equivalent to buying about USD1.0 billion in the futures market).

## Oil prices extend recent gains as disappointment in Doha offset by Kuwait strike and falling US supply

- WTI oil prices rose (+8.3% to USD43.7 per barrel), as the failure of major producers to agree on a proposed deal to freeze output at January 2016 levels on Sunday in Doha was offset by an oil workers' strike in Kuwait. Furthermore, the U.S. Energy Information Administration weekly report showed a fall in US crude output to its lowest level since October, with inventories also climbing less than expected. Moreover, comments from Iraq's Deputy Oil Minister saying OPEC members and other producers could meet in Russia as early as May to restart talks on capping production also provided support. Brent crude also gained (+4.8% to USD45.2 per barrel).

- Gold prices ended slightly lower this week (-0.1% at USD1,233 per ounce), with the majority of gains occurring on Tuesday as US housing data disappointed, supporting the case for Fed cautiousness in raising interest rates this year. Meanwhile, a rally in silver prices, as China launched a new gold benchmark on the Shanghai Gold Exchange, also boosted the yellow metal, amid signs of strong physical demand emanating from China since the end of last week.

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# Market Data

| Equity Indices | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low | Fwd P/E (X) |
|---|---|---|---|---|---|---|---|---|---|
| **World** | | | | | | | | | |
| MSCI AC World Index (USD) | 407 | 0.8 | 2.5 | 10.6 | -7.1 | 1.9 | 444 | 351 | 16.3 |
| **North America** | | | | | | | | | |
| US Dow Jones Industrial Average | 18,004 | 0.6 | 2.4 | 11.9 | -0.2 | 3.3 | 18,351 | 15,370 | 16.7 |
| US S&P 500 Index | 2,092 | 0.5 | 2.0 | 9.7 | -0.8 | 2.3 | 2,135 | 1,810 | 17.8 |
| US NASDAQ Composite Index | 4,906 | -0.6 | 1.8 | 6.9 | -2.6 | -2.0 | 5,232 | 4,210 | 20.8 |
| Canada S&P/TSX Composite Index | 13,874 | 1.7 | 2.8 | 12.0 | -9.3 | 6.6 | 15,456 | 11,531 | 18.5 |
| **Europe** | | | | | | | | | |
| MSCI AC Europe (USD) | 409 | 1.3 | 2.8 | 7.8 | -11.4 | -0.6 | 479 | 356 | 15.5 |
| Euro STOXX 50 Index | 3,141 | 2.8 | 2.9 | 3.9 | -15.7 | -3.9 | 3,782 | 2,673 | 14.3 |
| UK FTSE 100 Index | 6,310 | -0.5 | 1.9 | 7.0 | -10.2 | 1.1 | 7,123 | 5,500 | 16.9 |
| Germany DAX Index* | 10,373 | 3.2 | 3.8 | 6.2 | -12.6 | -3.4 | 12,051 | 8,699 | 13.2 |
| France CAC-40 Index | 4,570 | 1.7 | 3.1 | 5.4 | -12.3 | -1.5 | 5,284 | 3,892 | 15.0 |
| Spain IBEX 35 Index | 9,233 | 4.3 | 2.7 | 5.8 | -19.0 | -3.3 | 11,685 | 7,746 | 14.4 |
| **Asia Pacific** | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 424 | 0.3 | 1.9 | 15.0 | -17.8 | 3.0 | 525 | 357 | 13.3 |
| Japan Nikkei-225 Stock Average | 17,572 | 4.3 | 3.1 | 3.6 | -12.7 | -7.7 | 20,953 | 14,866 | 16.5 |
| Australian Stock Exchange 200 | 5,236 | 1.5 | 1.3 | 6.5 | -10.3 | -1.1 | 5,986 | 4,707 | 17.1 |
| Hong Kong Hang Seng Index | 21,467 | 0.7 | 3.9 | 12.5 | -23.2 | -2.0 | 28,589 | 18,279 | 11.5 |
| Shanghai Stock Exchange Composite Index | 2,959 | -3.9 | -1.3 | 1.5 | -32.7 | -16.4 | 5,178 | 2,638 | 13.1 |
| Hang Seng China Enterprises Index | 9,121 | -1.0 | 2.5 | 12.5 | -37.8 | -5.6 | 14,963 | 7,499 | 7.4 |
| Taiwan TAIEX Index | 8,536 | -1.9 | -2.8 | 10.1 | -11.2 | 2.4 | 10,014 | 7,203 | 13.0 |
| Korea KOSPI Index | 2,015 | 0.0 | 0.9 | 7.2 | -6.0 | 2.8 | 2,190 | 1,801 | 11.6 |
| India SENSEX 30 Index | 25,838 | 0.8 | 2.0 | 5.7 | -7.4 | -1.1 | 28,578 | 22,495 | 16.1 |
| Indonesia Jakarta Stock Price Index | 4,915 | 1.9 | 1.2 | 10.3 | -9.6 | 7.0 | 5,464 | 4,034 | 15.4 |
| Malaysia Kuala Lumpur Composite Index | 1,718 | -0.6 | -0.4 | 5.7 | -7.4 | 1.5 | 1,868 | 1,504 | 16.5 |
| Philippines Stock Exchange PSE Index | 7,255 | -0.9 | -1.2 | 16.9 | -7.4 | 4.4 | 7,965 | 6,084 | 18.4 |
| Singapore FTSE Straits Times Index | 2,940 | 0.6 | 2.1 | 14.1 | -15.9 | 2.0 | 3,523 | 2,528 | 13.3 |
| Thailand SET Index | 1,411 | 1.8 | 1.0 | 11.3 | -9.1 | 9.5 | 1,563 | 1,221 | 15.0 |
| **Latam** | | | | | | | | | |
| Argentina Merval Index | 13,915 | 5.1 | 7.7 | 34.7 | 19.1 | 19.2 | 14,597 | 8,660 | 15.6 |
| Brazil Bovespa Index* | 52,908 | -0.6 | 3.7 | 39.1 | -3.1 | 22.0 | 58,575 | 37,046 | 15.0 |
| Chile IPSA Index | 3,972 | 0.3 | 0.6 | 12.5 | -1.6 | 7.9 | 4,148 | 3,419 | 15.5 |
| Colombia COLCAP Index | 1,374 | 1.4 | 4.4 | 19.3 | 2.1 | 19.1 | 1,422 | 1,046 | 15.0 |
| Mexico Index | 45,613 | 0.2 | 0.0 | 9.6 | 0.8 | 6.1 | 46,308 | 39,257 | 19.5 |
| **EEMEA** | | | | | | | | | |
| Russia MICEX Index | 1,967 | 3.1 | 3.4 | 14.5 | 17.3 | 11.7 | 1,977 | 1,570 | 7.8 |
| South Africa JSE Index | 52,926 | -0.2 | -0.9 | 11.0 | -2.5 | 4.4 | 55,355 | 45,976 | 17.7 |
| Turkey ISE 100 Index* | 85,829 | 0.3 | 5.0 | 22.2 | 2.4 | 19.7 | 88,652 | 68,230 | 9.7 |

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

| Equity Indices - Total Return | 3-month Change (%) | YTD Change (%) | 1-year Change (%) | 3-year Change (%) | 5-year Change (%) |
|---|---|---|---|---|---|
| Global equities | 11.6 | 2.9 | -4.9 | 21.3 | 29.5 |
| US equities | 10.1 | 2.5 | -0.1 | 39.2 | 67.6 |
| Europe equities | 9.7 | 1.2 | -8.2 | 11.1 | 6.0 |
| Asia Pacific ex Japan equities | 16.6 | 4.4 | -14.6 | -0.4 | -2.7 |
| Japan equities | 9.6 | -1.2 | -6.7 | 12.7 | 30.8 |
| Latam equities | 39.3 | 23.5 | -12.9 | -33.9 | -44.3 |
| Emerging Markets equities | 20.6 | 8.0 | -16.5 | -9.2 | -19.9 |

All total returns quoted in US dollar terms.
Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Markets Latin America Total Return Index and MSCI Emerging Markets Total Return Index.
Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 22 April 2016.
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## Market Data (continued)

| Bond indices - Total Return | Close | 1-week Change (% ) | 1-month Change (% ) | 3-month Change (% ) | 1-year Change (% ) | YTD Change (% ) |
|---|---|---|---|---|---|---|
| BarCap GlobalAgg (Hedged in USD) | 496.8 | -0.3 | 0.5 | 2.7 | 2.6 | 3.4 |
| JPM EMBI Global | 718.4 | 0.4 | 1.9 | 8.5 | 4.0 | 7.1 |
| BarCap US Corporate Index (USD) | 2691.8 | -0.1 | 1.8 | 4.8 | 1.7 | 4.8 |
| BarCap Euro Corporate Index (Eur) | 237.1 | 0.2 | 0.8 | 3.2 | 1.0 | 3.0 |
| BarCap Global High Yield (USD) | 397.4 | 0.9 | 2.6 | 8.8 | 1.1 | 6.3 |
| HSBC Asian Bond Index | 397.44 | -0.1 | 1.2 | 3.9 | 3.3 | 4.4 |

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

| Currencies (vs USD) | Latest | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2015 | 52-week High | 52-week Low |
|---|---|---|---|---|---|---|---|---|
| **Developed markets** | | | | | | | | |
| EUR/USD | 1.12 | 1.13 | 1.12 | 1.08 | 1.07 | 1.09 | 1.17 | 1.05 |
| GBP/USD | 1.44 | 1.42 | 1.42 | 1.43 | 1.50 | 1.47 | 1.59 | 1.38 |
| CHF/USD | 1.02 | 1.03 | 1.03 | 0.98 | 1.03 | 1.00 | 1.10 | 0.97 |
| CAD | 1.27 | 1.28 | 1.30 | 1.41 | 1.22 | 1.38 | 1.47 | 1.19 |
| JPY | 111.79 | 108.76 | 112.37 | 118.78 | 119.91 | 120.22 | 125.86 | 107.63 |
| AUD | 1.30 | 1.29 | 1.31 | 1.43 | 1.29 | 1.37 | 1.46 | 1.23 |
| NZD | 1.46 | 1.44 | 1.48 | 1.54 | 1.30 | 1.46 | 1.60 | 1.29 |
| **Asia** | | | | | | | | |
| HKD | 7.76 | 7.76 | 7.75 | 7.80 | 7.75 | 7.75 | 7.83 | 7.75 |
| CNY | 6.50 | 6.48 | 6.49 | 6.58 | 6.20 | 6.49 | 6.60 | 6.19 |
| INR | 66.48 | 66.65 | 66.72 | 67.63 | 62.83 | 66.15 | 68.79 | 63.11 |
| MYR | 3.90 | 3.90 | 4.01 | 4.29 | 3.61 | 4.29 | 4.48 | 3.54 |
| KRW | 1,143.22 | 1,146.18 | 1,154.18 | 1,200.20 | 1,079.59 | 1,175.06 | 1,245.13 | 1,065.21 |
| TWD | 32.33 | 32.33 | 32.44 | 33.52 | 31.07 | 32.86 | 33.79 | 30.35 |
| **Latam** | | | | | | | | |
| BRL | 3.57 | 3.53 | 3.58 | 4.09 | 3.01 | 3.96 | 4.25 | 2.88 |
| COP | 2,947.20 | 2,997.21 | 3,030.22 | 3,308.60 | 2,490.10 | 3,174.50 | 3,452.55 | 2,351.76 |
| MXN | 17.47 | 17.55 | 17.33 | 18.44 | 15.44 | 17.21 | 19.44 | 14.99 |
| **EEMEA** | | | | | | | | |
| RUB | 66.53 | 66.49 | 67.48 | 78.11 | 52.19 | 72.52 | 85.96 | 48.14 |
| ZAR | 14.40 | 14.55 | 15.22 | 16.47 | 12.22 | 15.47 | 17.92 | 11.71 |
| TRY | 2.85 | 2.85 | 2.87 | 3.00 | 2.71 | 2.92 | 3.08 | 2.56 |

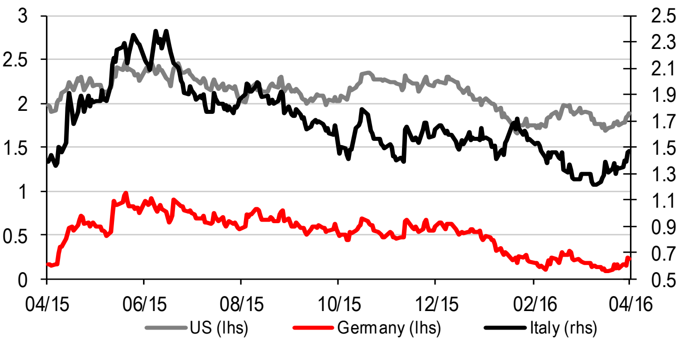
| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2015 |
|---|---|---|---|---|---|---|
| **US Treasury yields (%)** | | | | | | |
| 3-Month | 0.23 | 0.22 | 0.30 | 0.30 | 0.02 | 0.16 |
| 2-Year | 0.82 | 0.73 | 0.89 | 0.87 | 0.54 | 1.05 |
| 5-Year | 1.36 | 1.21 | 1.41 | 1.48 | 1.39 | 1.76 |
| 10-Year | 1.89 | 1.75 | 1.94 | 2.05 | 1.98 | 2.27 |
| 30-Year | 2.71 | 2.56 | 2.72 | 2.82 | 2.66 | 3.02 |
| **Developed market 10-year bond yields (%)** | | | | | | |
| Japan | -0.12 | -0.12 | -0.10 | 0.23 | 0.30 | 0.26 |
| UK | 1.60 | 1.41 | 1.46 | 1.71 | 1.71 | 1.96 |
| Germany | 0.23 | 0.13 | 0.21 | 0.48 | 0.16 | 0.63 |
| France | 0.57 | 0.47 | 0.55 | 0.80 | 0.41 | 0.99 |
| Italy | 1.47 | 1.33 | 1.25 | 1.57 | 1.39 | 1.59 |
| Spain | 1.59 | 1.49 | 1.43 | 1.73 | 1.37 | 1.77 |

| Commodities | Latest | 1-week ago (% ) | 1-month Change (% ) | 3-month Change (% ) | 1-year Change (% ) | YTD Change (% ) | 52-week High | 52-week Low |
|---|---|---|---|---|---|---|---|---|
| Gold | 1,233 | -0.1 | -1.3 | 12.3 | 3.8 | 16.1 | 1,285 | 1,046 |
| Brent Oil | 45.2 | 4.8 | 8.0 | 40.3 | -28.0 | 21.1 | 70 | 27 |
| WTI Crude Oil | 43.7 | 8.3 | 5.5 | 35.8 | -22.1 | 18.1 | 63 | 26 |
| R/J CRB Futures Index | 180 | 3.5 | 1.4 | 9.7 | -18.6 | 2.0 | 234 | 155 |
| LME Copper | 4,997 | 3.9 | -1.3 | 12.5 | -15.5 | 6.2 | 6,481 | 4,318 |

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 22 April 2016.
**Past performance is not an indication of future returns.**

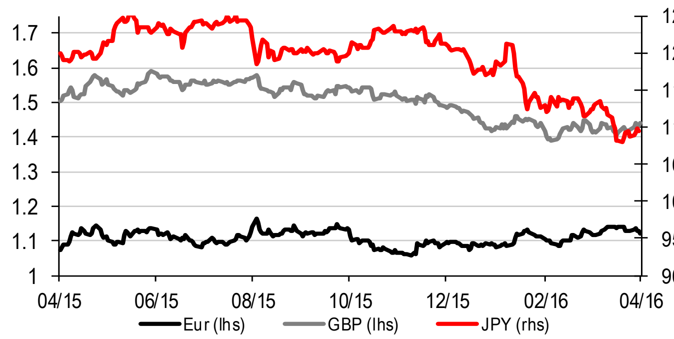
# Market Trends

## Government bond yields (%)



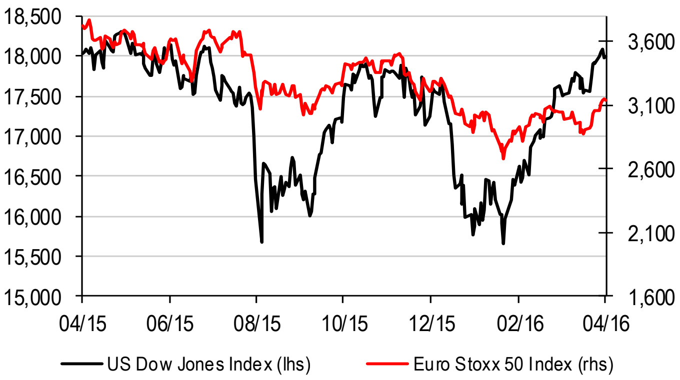

Yields based on 10 year government bonds

## Major currencies (versus US dollar)



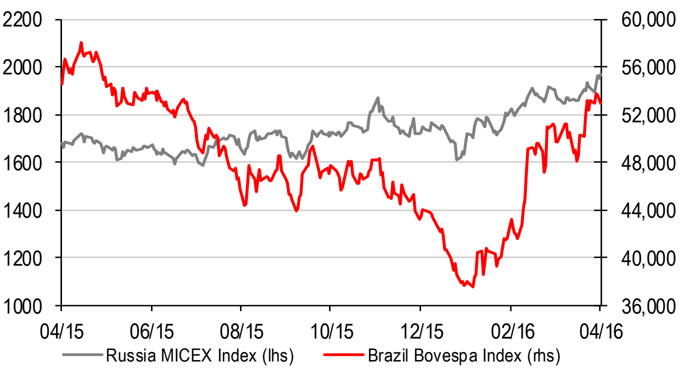

All values versus USD

## Global equities

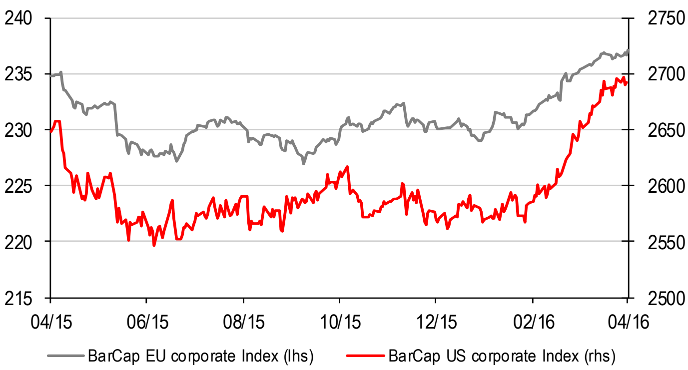



## Emerging Asian equities

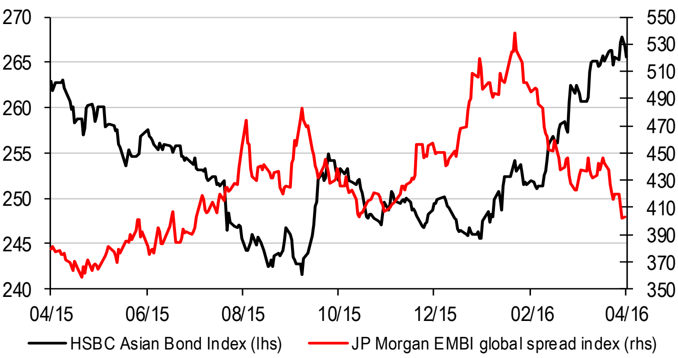

## Other emerging equities



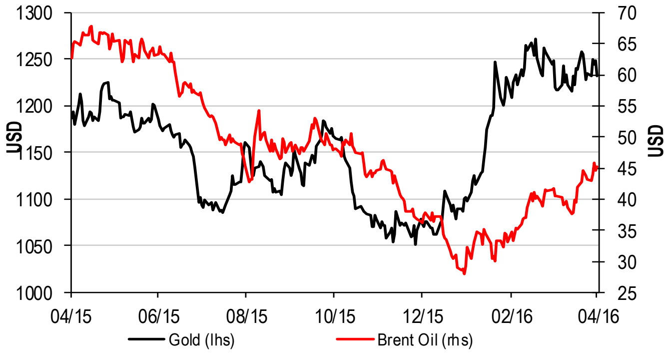

## Global credit indices




## Emerging markets spreads (USD indices)




## Commodities (USD)




Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 22 April 2016.
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