IW Investment Weekly

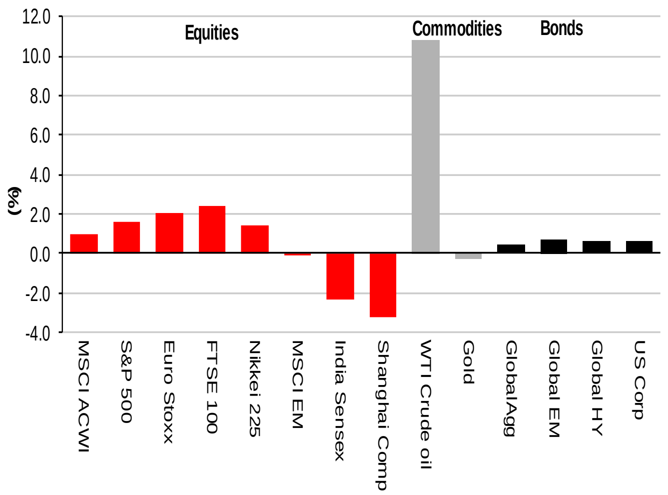
26 February 2016

For Professional Client and Institutional Investor Use Only

- Global equity markets mostly ended the week higher, buoyed by higher crude oil prices. However, China's Shanghai Stock Exchange Composite Index ended lower (-3.2%), following a 6.4% tumble on Thursday, apparently due to concerns about tighter liquidity conditions after the People's Bank of China (PBoC) withdrew some of the liquidities injected before the Lunar New Year
- The second estimate of US Q4 GDP unexpectedly expanded at a faster pace on upward adjustment to inventories
- After months of negotiations, the Council of the European Union (EU) agreed to a package of reforms aimed at softening some UK concerns about its EU membership. The UK government announced the UK/EU referendum for 23 June 2016
- In the coming week, investor focus will turn to a plethora of US data, including nonfarm payrolls and ISM manufacturing, as well as Brazil's interest rate decision and Q4 GDP data

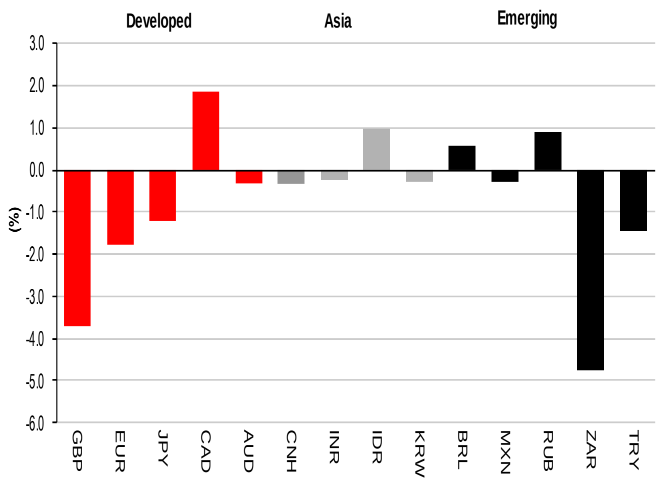
Movers and shakers

Crude oil prices rallied this week

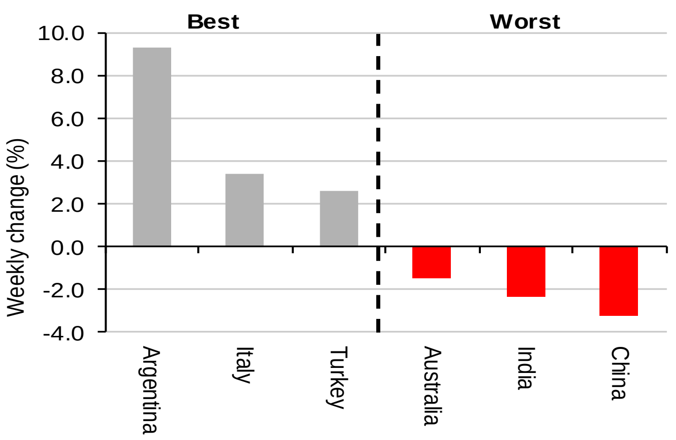


Currencies (versus US dollar)

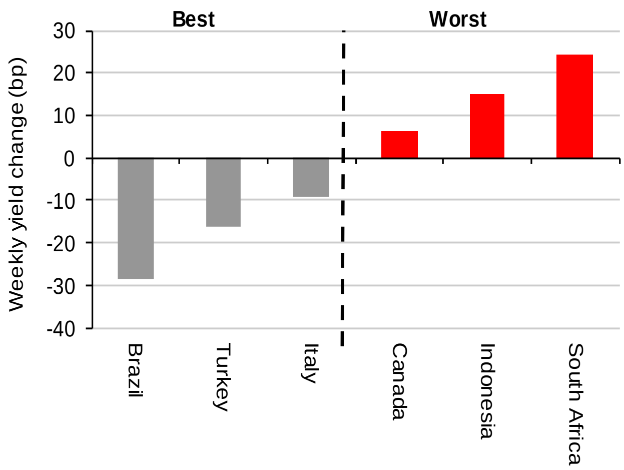
The pound and the rand fell over 3% against the US dollar this week



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 26 February 2016.
All the above charts relate to 19/02/2016–26/02/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (22-26 February 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 22 February	Eurozone	Markit Composite PMI	Feb P	53.3	52.7	53.6
Tuesday 23 February	Germany	Ifo Business Climate Index	Feb	106.8	105.7	107.3
	US	S&P/Case-Shiller 20-City Composite Home Price Index (yoy)	Dec	5.8%	5.7%	5.8%
	US	Existing Home Sales (mom)	Jan	-2.5%	0.4%	14.7%
Wednesday 24 February	US	New Home Sales (mom)	Jan	-4.4%	-9.2%	10.8%
Thursday 25 February	UK	GDP (qoq) 2nd Estimate	Q4 P	0.5%	0.5%	0.5% P
	Eurozone	CPI Inflation (yoy)	Jan F	0.4%	0.3%	0.4% P
	US	Durable Goods Orders (mom)	Jan P	2.9%	4.9%	-5.0%
Friday 26 February	Japan	National CPI (ex fresh food, energy) (yoy)	Jan	1.2%	1.1%	1.3%
	US	GDP Annualised (qoq) 2nd Estimate	Q4 P	0.4%	1.0%	0.7% P

P – Preliminary, F – Final

- In the **US**, the **S&P/Case-Shiller 20-City Home Price Index** rose 0.8% mom (5.7% yoy) in December (previous: 1.0%), coming in below consensus expectations (0.9% mom, 5.8% yoy). Monthly price gains were broad-based, with 19 of 20 cities reporting higher prices at year-end. The December print kept the annual pace of home price appreciation unchanged at 5.7%. **Existing home sales** rose by 0.4% mom in January, above consensus expectations of a 2.5% decline. The increase follows a downwardly revised, but still substantial, 12.1% gain in home sales in December that was driven by changes in mortgage disclosure rules. Single-family unit sales led the rise, increasing by 1.0%, while multi-family unit sales declined by 4.7%. The gain in existing home sales returns the overall headline figure to a level just below the post-crisis highs reached in July 2015. **Headline durable goods orders** rose 4.9% mom (versus consensus of +2.9%), in part due to a 54% gain in the volatile civilian aircraft category. Core capital goods orders increased 3.9% in January amid strength in most key categories, including a 6.9% gain in machinery. Core capital goods shipments – which are used by the U.S. Department of Commerce to estimate the equipment investment component of GDP – declined 0.4% (consensus -0.5%). Manufacturing inventories fell by 0.1% in January, while December's inventory accumulation was revised down. The second estimate of **US Q4 GDP** was revised up to 1.0% qoq annualised, from 0.7% qoq, well above consensus expectations of a downward revision to 0.4%. The details showed that most of the upward revision was due to larger inventory accumulation and a narrower trade deficit than estimated in the first release. Consumer spending was revised down to +2.0% (from +2.2% previously), reflecting slightly lower durable and non-durable goods consumption.

- In Europe, the **eurozone PMIs** fell to their lowest levels in a year. The composite PMI dropped 0.9 points to 52.7 in February, with both the manufacturing and services components weakening. However, the three indices remained in expansionary territory above 50. **Eurozone inflation** was revised down slightly by 0.1pp to +0.3% yoy in January on lower energy prices, but core inflation remained unchanged at 1.0%. Given recent developments in oil prices, headline inflation is expected to dip into negative territory in the coming months. **The German Ifo Business Climate Index** dropped for the third consecutive month, by 1.6 points to 105.7 in February, dragged down by the expectations component, which fell to 98.8 from 102.3 in January. Expectations declined to their lowest level since the peak of the eurozone crisis in late 2012. Business expectations worsened in all sectors, but the losses were particularly pronounced in export-oriented manufacturing. Meanwhile, the current conditions unexpectedly rose 0.4 points to 112.9, highlighting the underlying strength of the domestic economy.

- British Prime Minister David Cameron reached an agreement with other European leaders about the UK's future role in the EU at the end of last week. The deal recognises Britain's special status in the EU and foresees some changes to the EU treaties that allow both Britain, and other EU countries, to limit migrants' access to benefits. On **23 June, the UK will hold a referendum** on whether to leave the EU or remain in the EU on these new and revised terms. At stake is first and foremost the UK's access to the European Single Market. The UK would also have to renegotiate trade agreements with most other non-European countries. A vote to leave could have consequences for the UK economy, particularly for those companies trading internationally. There is the potential for economic growth to be negatively impacted initially as the government renegotiates free trade agreements. This could spill over into the domestically oriented sectors as well. While negotiations would take time, increased access to those markets could be beneficial for longer-term growth. Concerns also persist that a "leave vote" could trigger another Scottish independence referendum. Given that the planned EU referendum creates uncertainty about the economic and political position of the UK, markets have begun to price in a risk premium on UK assets, primarily through the foreign exchange market. **What happens next?** Within six weeks, the UK Electoral Commission will designate one campaign on each side of the debate as a "lead campaign group." This will confer significant funding rights and access to broadcast airtime. The formal campaigning will start 10 weeks before the referendum to be held on 23 June. However, with the deal concluded, members of the government will now be free to campaign immediately for whichever side they choose.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 26 February 2016.
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Coming Week (29 February-4 March 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 29 February	Japan	Industrial Production (mom)	Jan P	3.2%	-1.7%
	Eurozone	CPI Estimate (yoy)	Feb	0.1%	0.3%
	US	Pending Home Sales (mom)	Jan	0.8%	0.1%
Tuesday 1 March	China	Caixin PMI Manufacturing	Feb	48.4	48.4
	US	ISM Manufacturing Index	Feb	48.6	48.2
	Eurozone	Unemployment Rate	Jan	10.4%	10.4%
Wednesday 2 March	Brazil	Selic Rate	Mar	14.25%	14.25%
	US	Beige Book			
Thursday 3 March	Brazil	GDP (qoq)	Q4	-1.8%	-1.7%
	US	ISM Non-Manufacturing Composite Index	Feb	53.5	53.5
	US	Factory Orders (mom)	Jan	1.4%	-2.9%
	Eurozone	Markit Composite PMI	Feb F	52.7	52.7 P
Friday 4 March	US	Change in Nonfarm Payrolls	Feb	195K	151K

P – Preliminary, F – Final

US

- Growth in the manufacturing sector has slowed markedly over the past 18 months. Cutbacks in the domestic energy industry, sluggish global growth, and a stronger US dollar have each had a negative impact on the demand for various types of machinery and industrial supplies. In addition, regional manufacturing surveys received thus far in February have been weak. Therefore, the **ISM Manufacturing Index** is expected to fall to 48.6 in February, from 48.2 in January.
- In January, the **ISM Non-Manufacturing Composite Index** fell to its lowest level since February 2014. The report was in contrast to other economic data that pointed to a more resilient non-manufacturing sector. It will be interesting to see if the decline in the index was the start of a new lower trend in non-manufacturing, which could be a potential warning sign for the economy in the medium term. The headline index is expected to remain in expansion territory at 53.5 in February.
- **Factory orders** have been volatile for the past year as demand for manufactured goods has been weak with global demand slowing and domestic firms still working through high inventory levels. However, there was a sizable gain in durable goods orders in January, primarily due to the volatile non-defence aircraft series. This could set a high baseline for factory orders. Thus, factory orders are expected to increase by 1.4% in January, after falling by 2.9% in December.
- **Nonfarm payrolls** added a net new 151,000 jobs in January, down from the Q4 average of 279,000 workers per month, but it is still consistent with the labour market growing near its underlying trend. Incoming data suggests there could be stronger job growth in February. For example, initial jobless claims have moved lower this month. Overall, nonfarm payrolls are expected to increase by 195,000. The unemployment rate is likely to remain unchanged at 4.9%, while average hourly earnings are expected to grow by only +0.2% mom (+2.5% yoy), paring back from strong gains in the prior month.
- The **US Federal Reserve (Fed) Beige Book** – prepared for the 15-16 March Federal Open Market Committee meeting – is expected to show that economic momentum improved early this year after slowing at the end of 2015. There will be a focus on how the industrial sector continues to adjust to the various headwinds that it has faced for the past year, the sector's expectations for future activity, and any comments on inventory correction. It will also be interesting to see the state of consumer and housing activity, as these are expected to be the bright spots in the economy in the medium term.

Europe

- **Eurozone inflation** is expected to soften again in February, after a temporary strengthening in January. Base effects in energy prices and an uptick in core inflation lifted the headline to +0.3% yoy in January, after +0.2% yoy in December. But the recent decline in oil prices is expected to drag inflation lower again to +0.1% yoy in February. Looking ahead, inflation could even drift lower into negative territory. Core inflation, on the other hand, should remain stable at about 1.0%.
- **Eurozone unemployment** is expected to remain unchanged from the previous month at 10.4% in January. The European recovery has supported job creation over the past three years and has steadily reduced the unemployment rate from a peak of 12.1% in 2013. All the countries that were affected by the crisis have seen a considerable improvement in their labour markets in the past years, even though unemployment is still elevated in Greece (24.6%) and Spain (21.0%). The recent global economic slowdown may, however, dampen European labour market dynamics in the coming months.

Emerging markets/Japan

- The **Central Bank of Brazil** is expected to keep the Selic rate on hold at this week's meeting. The minutes of the last meeting suggested that the future policy decisions would be data-dependent, and that the external backdrop will exert disinflationary pressure on the economy.

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- **Brazil's Q4 2015 GDP** is expected to contract 1.8% qoq. Domestic demand likely had a steep decline, with investment plummeting while household consumption contracts.

- **Japan's industrial production** for January will be published on Monday. Data for December retreated much more than expected (-1.7% mom versus -0.3%), following a similar disappointment in November. The outlook for January suggests a strong rebound. The Ministry of Economy, Trade and Industry's Survey of Production suggests that output could have increased by 7.6% mom. However, leading indicators of exports are less encouraging and the stronger yen may have forced producers to remain cautious. Overall, industrial production is expected to expand by 3.2% mom (-3.8% yoy).

Market Moves

Global equity markets mostly ended the week higher, buoyed by higher crude oil prices

- **US stocks** ended this week higher, buoyed by a stronger oil price that helped offset lingering global growth concerns amid a mixed batch of US economic data and the Chinese yuan's resumption of a depreciating path. Overall, gains in the S&P 500 Index (+1.6%) were led by gains in consumer discretionary and utilities shares. The healthcare sector finished closely behind, with health insurers boosted by US government proposals to raise payments to insurance companies who offer health benefits to the elderly and disabled.

- **European stocks** rose for a second consecutive week, as some positive corporate earnings reports and the prospect of further monetary easing by the European Central Bank (ECB), as well as higher oil prices, lifted investor sentiment. Some stocks also benefited from talks about potential mergers. The EURO STOXX 50 Index ended higher (+2.0%). The announcement of the UK referendum on EU-membership and the intensifying discussion of Britain potentially leaving the EU did not have a discernible impact on UK stocks, with the FTSE 100 Index rising (+2.4%), led by financial stocks. On the continent, the German DAX (+1.3%) underperformed the French CAC 40 (+2.2%) and the Spanish IBEX 35 (+1.9%), amid increasing evidence the global slowdown is hampering the export-oriented German economy.

- Most Asian stock markets rose for a second week as higher crude oil prices and better than expected US durable goods orders marginally improved the global economic outlook. Japan's Nikkei 225 Index advanced (+1.4%) after inflation for January disappointed, fuelling hopes of more monetary stimulus at the next Bank of Japan meeting in mid-March. However, Chinese and Indian stocks fell sharply over the week. The Shanghai Stock Exchange Composite Index ended lower (-3.2%), following a slump of 6.4% on Thursday, apparently due to concerns about tighter liquidity conditions after the PBoC withdrew some of the liquidities injected before the Lunar New Year. In India, the SENSEX 30 Index also finished down (-2.3%) ahead of the budget presentation on Monday 29 February, as investors assessed the impact of the civil servants' pay increase, as recommended by the Pay Commission, on the fiscal deficit. The financial-heavy FTSE Straits Times Index in Singapore also closed slightly in the red (-0.3%).

US Treasuries little changed over the week amid heavy issuance; European bond yields fell as markets priced in further loosening of monetary policy by the ECB

- **US Treasuries** fluctuated between gains and losses to end this week relatively flat amid significant Treasury and corporate bond issuances and despite reduced demand for "safe-haven" assets as equities and oil recovered. Overall, 10-year Treasury yields finished the week slightly higher (+2bp to 1.76%) while policy-sensitive two-year yields also rose (+5bps to 0.79%).

- **European government bonds** rose this week (yields fell), especially those of longer duration, as markets priced in further loosening of monetary policy by the ECB. Over the week, German 10-year yields fell (-5bps to 0.15%). A general strengthening of risk appetite lifted peripheral bonds for the second week, with the largest gains in Portugal. Portuguese 10-year yields dropped sharply (-35bps to 3.07%) after Moody's commented that the government budget for 2016, approved this week, was "credit positive."

The euro declined against the US dollar as disappointing eurozone economic data raised ECB stimulus hopes; non-Asian emerging market currencies rose against the US dollar

- **The euro** declined against the dollar this week (-1.8%). The majority of the drop occurred on Monday amid increasing concerns over the impact of a potential UK exit from the EU ("Brexit") on the eurozone economy as eurozone PMIs for February came in worse than expected, supporting investor expectations of additional ECB stimulus next month. Further losses came during the week as other eurozone economic data disappointed, including the German Ifo and a host of national inflation numbers on Friday, particularly for France. Meanwhile, Friday's much better than expected US GDP print also boosted the US dollar, adding further downward pressure to the single currency. **The British pound** took a heavy beating this week (-3.7%), touching its lowest level against the greenback since March 2009, following the country's EU membership referendum announcement and the decision of the mayor of London to campaign for Brexit.

- Most Asian currencies were little changed against the US dollar over the week, generally fluctuating by less than +/-0.4%, buoyed by the rebound in crude oil prices. The Indonesian rupiah showed stronger volatility, appreciating by 0.7%, as investors continued to increase their exposure to one of the highest-yielding currencies in the region. The yen also remained under strong appreciation pressure, touching 111 against the US dollar at one point, but failed to break this technical resistance level and ended the week lower (-1.2%). The onshore Chinese yuan continued to depreciate gently, finishing marginally weaker (-0.3%), despite the fact the PBoC continued to withdraw some of the liquidities injected ahead of the Lunar New Year.

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- Meanwhile, the majority of non-Asian emerging market currencies gained against the US dollar this week amid increased global risk appetite. The Russian rouble outperformed (+0.9%) as oil prices recovered, while the Brazilian real also rose (+0.6%), buoyed by speculation that support is growing to impeach President Dilma Rousseff. However, the South African rand fell sharply (-4.8%) amid increasing domestic political instability and as Finance Minister Pravin Gordhan's budget speech failed to convince investors that a credit downgrade to junk status could be averted.

Oil prices recovered some ground as March meeting confirmed between oil producers in effort to stabilise prices

- WTI oil prices rose this week (+10.8% to USD32.8 per barrel), shrugging off the stronger tone to the US dollar, as the International Energy Agency said in its latest medium-term outlook report that US shale oil production could fall by 600,000 barrels per day this year, although the global supply glut is likely to persist into 2017. Meanwhile, Wednesday's U.S. Energy Information Administration weekly report showed gasoline inventories declined more than three times the expected number (2.2 million versus 662,000 barrels), offsetting a higher than expected increase in crude stockpiles to a fresh 86-year high. News of supply disruptions in Nigeria and Iraq and Friday's stronger than expected US Q4 GDP print also provided some support. This week also saw continued uncertainty around a deal between major oil producers to curb output. Although comments from the Iranian and Saudi Arabian oil ministers deflated hopes of a near-term agreement, investors were encouraged by news that a March meeting had been scheduled between Venezuela, Saudi Arabia, Russia and Qatar in an effort to stabilise prices. Meanwhile, Brent crude prices rose (+6.6% to USD35.2 per barrel), snapping three consecutive weeks of losses, further buoyed by loading issues in the UK's North Sea on Wednesday.

- Gold prices were little changed this week (-0.3% at USD1,223 per ounce) as a recovery in investor risk appetite, which reduced demand for perceived "safe-haven" assets, was offset by the broadly stronger US dollar.

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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)	373	0.9	1.5	-9.1	-13.8	-6.5	444	351	15.1
North America									
US Dow Jones Industrial Average	16,640	1.5	2.9	-6.6	-8.6	-4.5	18,351	15,370	15.1
US S&P 500 Index	1,948	1.6	2.3	-6.7	-7.7	-4.7	2,135	1,810	16.3
US NASDAQ Composite Index	4,590	1.9	0.5	-10.3	-8.0	-8.3	5,232	4,210	19.3
Canada S&P/TSX Composite Index	12,798	-0.1	3.8	-4.7	-16.0	-1.6	15,525	11,531	16.2
Europe									
MSCI AC Europe (USD)	376	0.1	-1.3	-11.4	-18.4	-8.6	479	356	14.3
Euro STOXX 50 Index	2,929	2.0	-3.4	-16.3	-18.1	-10.4	3,836	2,673	13.0
UK FTSE 100 Index	6,096	2.4	3.1	-4.6	-12.3	-2.3	7,123	5,500	15.8
Germany DAX Index*	9,513	1.3	-3.2	-16.0	-16.0	-11.4	12,391	8,699	11.9
France CAC-40 Index	4,315	2.2	-1.0	-12.8	-12.1	-7.0	5,284	3,892	13.9
Spain IBEX 35 Index	8,349	1.9	-3.9	-19.2	-25.0	-12.5	11,885	7,746	12.7
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	377	-0.2	2.5	-10.1	-22.9	-8.4	525	357	12.3
Japan Nikkei-225 Stock Average	16,188	1.4	-3.1	-18.8	-13.8	-14.9	20,953	14,866	16.5
Australian Stock Exchange 200	4,880	-1.5	-2.5	-6.3	-17.4	-7.9	5,997	4,707	15.6
Hong Kong Hang Seng Index	19,364	0.4	2.7	-13.9	-22.2	-11.6	28,589	18,279	10.0
Shanghai Stock Exchange Composite Index	2,767	-3.2	0.6	-23.9	-16.1	-21.8	5,178	2,638	11.5
Hang Seng China Enterprises Index	8,034	-1.0	1.8	-20.5	-34.3	-16.8	14,963	7,499	6.3
Taiwan TAIEX Index	8,411	1.0	7.4	-0.9	-12.6	0.9	10,014	7,203	12.7
Korea KOSPI Index	1,920	0.2	2.6	-5.4	-3.7	-2.1	2,190	1,801	11.2
India SENSEX 30 Index	23,154	-2.3	-5.4	-10.8	-19.5	-11.3	30,025	22,600	16.8
Indonesia Jakarta Stock Price Index	4,733	0.8	4.9	3.0	-13.2	3.1	5,524	4,034	14.6
Malaysia Kuala Lumpur Composite Index	1,663	-0.7	2.3	-1.2	-8.6	-1.7	1,868	1,504	15.8
Philippines Stock Exchange PSE Index	6,771	-0.3	7.3	-4.1	-12.8	-2.6	8,137	6,084	16.7
Singapore FTSE Straits Times Index	2,649	-0.3	4.1	-8.2	-22.7	-8.1	3,550	2,528	11.8
Thailand SET Index	1,343	1.7	5.9	-1.7	-15.7	4.3	1,594	1,221	14.0
Latam									
Argentina Merval Index	12,929	9.3	23.2	-1.8	38.5	10.7	14,597	8,660	14.2
Brazil Bovespa Index*	41,593	0.1	10.9	-11.8	-19.6	-4.1	58,575	37,046	11.0
Chile IPSA Index	3,712	-1.2	4.8	-1.2	-6.9	0.9	4,148	3,419	13.9
Colombia IGBC Index	9,183	1.8	9.7	10.1	-12.0	7.4	11,030	7,822	24.4
Mexico Index	43,473	0.2	3.7	-2.0	-2.1	1.2	46,078	39,257	18.5
EEMEA									
Russia MICEX Index	1,817	1.3	6.6	-0.6	3.2	3.1	1,874	1,570	6.3
South Africa JSE Index	49,429	1.0	4.0	-5.4	-7.3	-2.5	55,355	45,976	16.8
Turkey ISE 100 Index*	74,929	2.6	4.3	-0.1	-12.8	4.5	88,652	68,230	8.5

*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	-8.8	-6.4	-12.1	13.3	21.3
US equities	-6.7	-4.7	-6.9	35.4	58.3
Europe equities	-11.6	-8.8	-16.6	0.5	0.7
Asia Pacific ex Japan equities	-10.5	-9.0	-21.3	-13.9	-6.4
Japan equities	-12.2	-10.6	-9.7	12.6	6.6
Latam equities	-11.0	-1.9	-30.7	-48.3	-53.3
Emerging Markets equities	-11.9	-7.3	-24.2	-24.0	-24.2

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, HSBC Global Asset Management. Data as at close of business 26 February 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)	492.0	0.4	1.5	2.2	2.2	2.4
JPM EMBI Global	679.3	0.7	2.6	-0.6	1.0	1.3
BarCap US Corporate Index (USD)	2600.6	0.6	1.1	0.5	-1.4	1.2
BarCap Euro Corporate Index (Eur)	232.2	0.4	0.9	0.1	-1.2	0.9
BarCap Global High Yield (USD)	368.0	0.7	0.6	-3.8	-4.8	-1.6
HSBC Asian Bond Index	388.31	0.2	1.3	1.6	2.1	2.0

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

Currencies (vs USD)	Latest	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015	52-week High	52-week Low
Developed markets								
EUR/USD	1.09	1.11	1.09	1.06	1.12	1.09	1.17	1.05
GBP/USD	1.39	1.44	1.44	1.51	1.54	1.47	1.59	1.39
CHF/USD	1.00	1.01	0.98	0.98	1.05	1.00	1.10	0.97
CAD	1.35	1.38	1.41	1.33	1.25	1.38	1.47	1.19
JPY	114.00	112.63	118.42	122.57	119.41	120.22	125.86	110.99
AUD	1.40	1.40	1.43	1.38	1.28	1.37	1.46	1.23
NZD	1.51	1.51	1.54	1.52	1.33	1.46	1.60	1.29
Asia								
HKD	7.78	7.78	7.80	7.75	7.75	7.75	7.83	7.75
CNY	6.54	6.52	6.58	6.39	6.26	6.49	6.60	6.18
INR	68.63	68.47	67.84	66.57	61.76	66.15	68.79	61.66
MYR	4.21	4.21	4.29	4.22	3.58	4.29	4.48	3.54
KRW	1,238.05	1,234.36	1,203.99	1,147.30	1,097.36	1,175.06	1,239.59	1,065.21
TWD	33.34	33.25	33.60	32.55	31.36	32.86	33.79	30.35
Latam								
BRL	4.00	4.02	4.05	3.74	2.91	3.96	4.25	2.84
COP	3,342.05	3,356.25	3,365.50	3,095.50	2,490.60	3,174.50	3,452.55	2,351.76
MXN	18.27	18.22	18.46	16.56	15.00	17.21	19.44	14.76
EEMEA								
RUB	76.32	77.00	78.83	65.82	61.18	72.52	85.96	48.14
ZAR	16.17	15.40	16.39	14.29	11.54	15.47	17.92	11.50
TRY	3.00	2.95	3.01	2.92	2.50	2.92	3.08	2.50

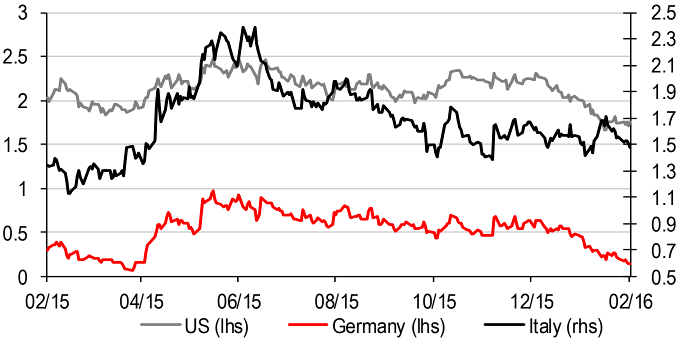
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.31	0.29	0.31	0.17	0.02	0.16
2-Year	0.79	0.74	0.84	0.93	0.65	1.05
5-Year	1.24	1.22	1.43	1.67	1.54	1.76
10-Year	1.76	1.74	1.99	2.23	2.03	2.27
30-Year	2.64	2.60	2.78	2.99	2.63	3.02
Developed market 10-year bond yields (%)						
Japan	-0.07	0.01	0.21	0.30	0.34	0.26
UK	1.40	1.41	1.69	1.84	1.73	1.96
Germany	0.15	0.20	0.45	0.47	0.30	0.63
France	0.50	0.56	0.75	0.80	0.58	0.99
Italy	1.47	1.56	1.51	1.43	1.34	1.59
Spain	1.57	1.70	1.64	1.56	1.28	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	1,223	-0.3	9.2	14.0	1.1	15.2	1,263	1,046
Brent Oil	35.2	6.6	10.7	-22.6	-41.4	-5.6	70	27
WTI Crude Oil	32.8	10.8	4.4	-23.7	-31.8	-11.3	63	26
R/J CRB Futures Index	162	1.3	-0.6	-12.9	-26.8	-8.2	234	155
LME Copper	4,601	-0.4	1.4	-0.8	-21.9	-2.2	6,481	4,318

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 26 February 2016.
Past performance is not an indication of future returns.

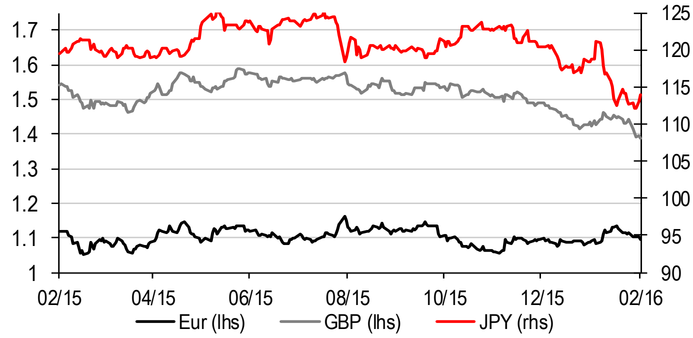
Market Trends

Government bond yields (%)



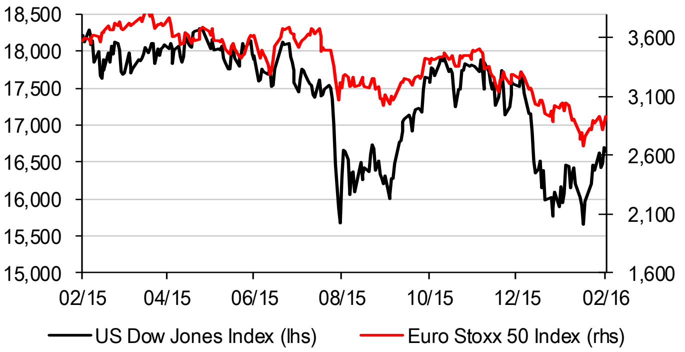
Yields based on 10 year government bonds

Major currencies (versus US dollar)

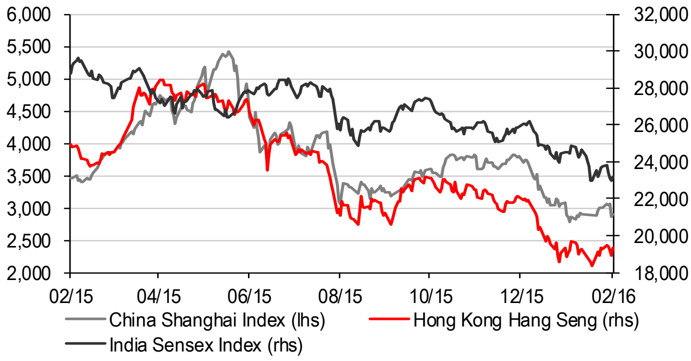


All values versus USD

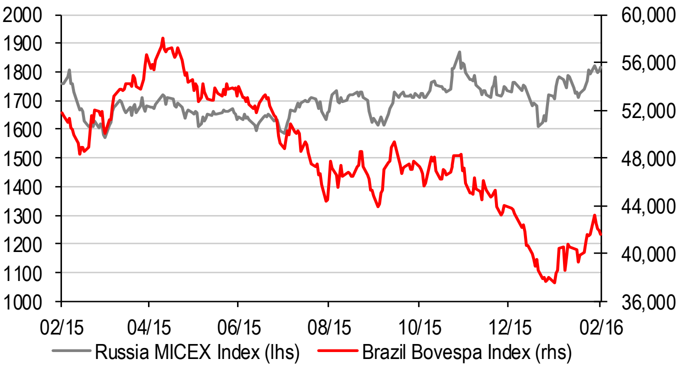
Global equities



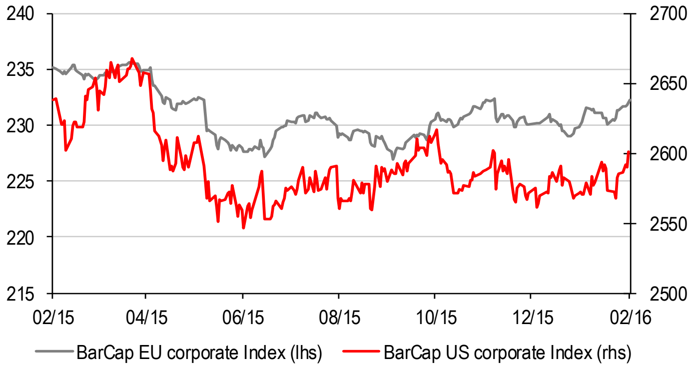
Emerging Asian equities



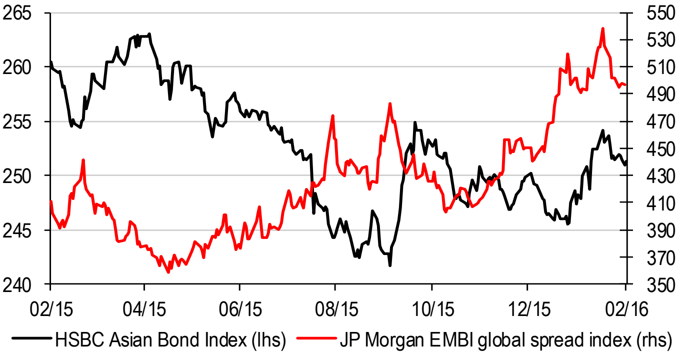
Other emerging equities



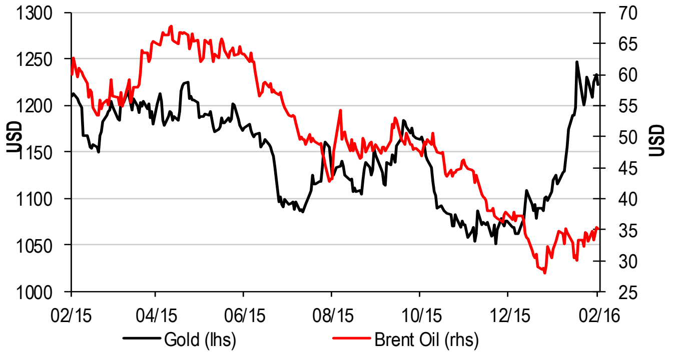
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 26 February 2016.
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Expiry: March 4, 2016

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