IW Investment Weekly

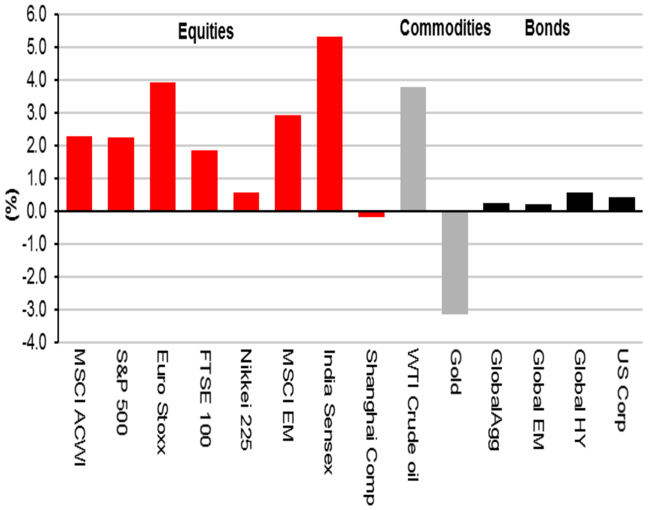
27 May 2016

For Professional Client and Institutional Investor Use Only

- Global equity markets rallied this week, supported by optimism over the US economy's ability to withstand further rate hikes and rising oil prices
- The second estimate of US Q1 GDP growth was revised up to +0.8% qoq annualised, from the first estimate of +0.5%. Most of the upward revision was due to larger inventory accumulation and a narrower trade deficit than initially estimated
- In the coming week, investor attention will turn to US ISM manufacturing and nonfarm payrolls, as well as India's Q1 GDP
- The European Central Bank (ECB) is expected to keep policy unchanged at the June meeting and likely focus on implementing the raft of measures announced in March, while noting that patience is required in order to see the full impact of its measures on growth and inflation

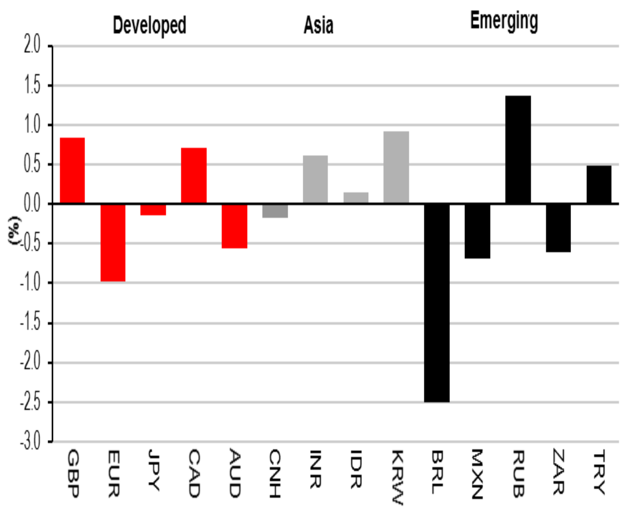
Movers and shakers

Global equities rallied on stronger risk appetite

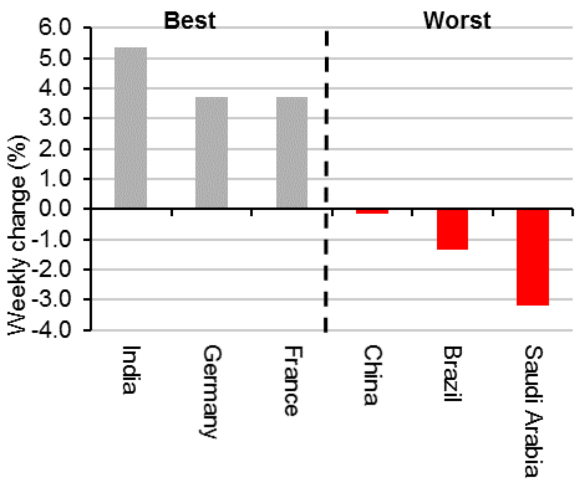


Currencies (versus US dollar)

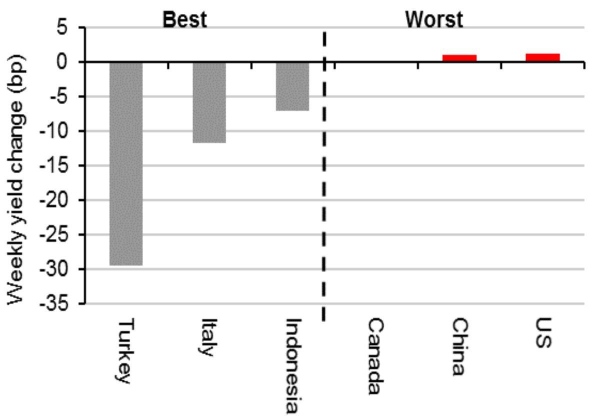
The Brazilian real underperformed against the US dollar this week



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 May 2016.
All the above charts relate to 20/05/2016 – 27/05/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (23-27 May 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 23 May	Japan	Trade Balance Adjusted (JPY)	Apr	274.1bn	426.6bn	295.3bn
	Eurozone	Composite PMI	May P	53.2	52.9	53.0
Tuesday 24 May	Germany	ZEW Expectation of Economic Growth	May	12.0	6.4	11.2
	Turkey	CBRT Interest Rate Decision	May	9.5%	9.5%	10.0%
	US	New Home Sales (mom)	Apr	2.4%	16.6%	-1.3%
Wednesday 25 May	Germany	Ifo Business Climate Index	May	106.8	107.7	106.7
Thursday 26 May	UK	GDP (qoq, Second Estimate)	Q1 P	0.4%	0.4%	0.4% P
	US	Durable Goods Orders (mom)	Apr P	0.5%	3.4%	0.8%
Friday 27 May	Japan	National CPI, ex Fresh Food and Energy (yoy)	Apr	1.0%	0.9%	1.1%
	US	GDP Annualised (qoq, Second Estimate)	Q1 P	0.9%	0.8%	0.5% P

P – Preliminary, Q – Quarter

- Strong housing data released at the start of this week fuelled optimism over the US economy. New home sales rose a stronger than expected +16.6% mom in April to 619,000 annualised, well above consensus expectations of +2.4% mom to 523,000 and from an upwardly revised -1.3% (previously -1.5% mom) in March. The April surge in sales was driven by activity across regions, with only the Midwest showing a slight slowing (-3,000). Both sales in the Northeast (+19,000 or +52%) and in the South (+48,000 or +15%) rose to levels well above their previous recession highs. Overall, despite some volatility in recent months, the rise in new home sales suggests that the housing market remains healthy. This was supported by pending home sales, released later in the week. Sales of pending homes surged +5.1% mom in April, well above the +0.7% mom gain expected. Sharp gains in sales activity in the South (+6.8% mom) and West (+11.4% mom) regions were responsible for the overall gain. The April rise in total pending sales marks the largest monthly gain since 2010 and puts the Pending Home Sales Index at the highest level since 2006. Durable goods orders rose by +3.4% mom in April (consensus +0.5% mom), mostly due to a 65% gain in the volatile civilian aircraft category. Core capital goods orders were softer than headline orders, declining -0.8% on the month, although this was somewhat offset by +0.7% net revisions for prior months. Core capital goods shipments – which are used by the U.S. Department of Commerce to estimate the equipment investment component of GDP – rose by +0.3% mom (consensus +0.1%), but the prior month's shipments were revised down by -0.3%. Overall, the April durable goods report suggests demand for capital equipment remains soft. Finally, the second estimate of US Q1 GDP growth was revised up to +0.8% qoq annualised (consensus +0.9%) from the first estimate of +0.5% qoq. 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 unchanged at +1.9% qoq, while real final sales were revised up to +1.0% qoq (from +0.9%).

- Over in Europe, the Eurozone Composite PMI edged down marginally from 53.0 in April to 52.9 in May, coming in below consensus expectations of 53.2. Growth continued to be largely driven by service-sector activity, with the headline index showing modest expansion at 53.1. Manufacturing growth moderated slightly (51.5). On a country basis, the German composite PMI was strong, rising 1.1 points, while the French composite figure rose by 0.9 points. The detailed breakdown will be released next week. The German Ifo Business Climate Index rose to 107.7 in May, from an upwardly revised 106.7 in April, driven by both better expectations and an improved current assessment. All sectors managed to gain, with sentiment in the construction industry reaching an all-time high. The Ifo survey confirms the improved sentiment signalled by the flash PMI data that was released on Monday. That said, Ifo expectations have only recovered roughly half of the drop since hitting a cyclical peak in November 2015. However, the German ZEW Expectation of Economic Growth fell by 4.8 points to 6.4 in May, signalling that investors were markedly less optimistic about prospects for the German economy over the next six months, against consensus expectations of a slight increase in sentiment. However, the assessment of the current situation improved by more than the consensus expected (+5.4 points), remaining at elevated levels. The ZEW institute cited that "uncertainties regarding developments such as a possible Brexit currently inhibit a more optimistic outlook" as a reason for the deterioration in expectations.

- The Central Bank of Turkey (CBRT) cut its overnight borrowing rate by 50bps to 9.50%, bringing the total number of cuts to 125bps in this cycle, from 10.75% in February. As before, it kept the other rates unchanged; hence, the interest rate corridor has narrowed substantially in line with the strategy of normalisation the CBRT had outlined previously. This was in line with expectations. The Bank cut the rate despite the fact that exchange rate volatility had picked up recently, a factor that the Bank previously cited as a constraining factor in normalising policy. However, arguably the volatility in the Turkish lira is mostly related to political uncertainty, a factor that is out of the sphere of influence of the CBRT.

- Japan's national headline inflation for April fell to its lowest level (-0.3% yoy) since May 2013, with broad-based declines in goods prices and slower momentum in services prices. The forward-looking index for the region of Tokyo, which dropped from -0.4% yoy in April to -0.5% in May, and the appreciation of the yen since the beginning of the year, suggest further disinflation should be expected in May. Meanwhile, the CPI excluding fresh food and energy slowed down in April, from +1.1% yoy to +0.9% yoy (-0.2% mom), confirming the negative trend in core inflation and highlighting the pressure for greater policy stimulus, fiscal or monetary, to boost prices.

Sourcse: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 May 2016.
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Coming Week (30 May – 3 June 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Tuesday 31 May	Japan	Industrial Production (yoy)	Apr P	-5.1%	0.2%
	Eurozone	CPI Estimate (yoy)	May	-0.1%	-0.2%
	India	GDP (yoy)	Q1	7.5%	7.3%
	US	PCE Core (yoy)	Apr	1.6%	1.6%
	US	S&P/Case-Shiller 20-City Composite Home Price Index (yoy)	Mar	5.1%	5.4%
Wednesday 01 June	China	Caixin China Manufacturing PMI	May	49.2	49.4
	Brazil	GDP, Seasonally Adjusted (qoq)	Q1	-0.6%	-1.4%
	US	ISM Manufacturing Index	May	50.5	50.8
Thursday 02 June	Eurozone	ECB Interest Rate Decision	Jun	-0.4%	-0.4%
Friday 03 June	Eurozone	Markit Eurozone Composite PMI	May F	52.9	52.9 P
	US	Change in Nonfarm Payrolls	May	160k	160k
	US	ISM Non-Manufacturing Composite Index	May	55.3	55.7

P – Preliminary, Q – Quarter, F – Final

US

- The US Federal Reserve's (Fed) preferred measure of inflation, the PCE core, is expected to rise +1.6% yoy in April, the same rate as in March. It will be important to see if the momentum evident so far in 2016 is maintained, as this could place additional pressure on the more dovish Fed members. This series rose +2.1% in the first three months of the year at an annualised rate, the fastest since Q1 2012.
- April's ISM Manufacturing Index disappointed a little at 50.8 in April, failing to build on the pickup seen in March (51.8). May's release is expected to be little changed at 50.5, with the momentum seen in new orders (55.8, previously down from a 16-month high of 58.3 in March) key for the outlook. May's regional PMIs have been disappointing, with the Empire State and Philly Fed releases both surprising to the downside. While there may be some benefit from the continued pickup in commodity prices, the tick up in the dollar index may offset this somewhat.
- Nonfarm payrolls added a net new 160,000 jobs in April, which compared unfavourably with the Q1 average of 203,000. However, this was notably lower than the Q4 average of 282,000 workers per month, but still remains consistent with the labour market growing strongly. May's labour market indicators have been mixed, with a spike in the Initial Jobless Claims (IJC) figure caused by industrial action that is expected to weigh on the headline figure. While this saw IJC spike sharply away from its 43-year low of 248,000, it remained below 300,000. Similarly, the recovery in consumer sentiment and retail sales bodes well for a continued strong outlook. The unemployment rate is likely to dip to 4.9% in April from 5.0%, while average hourly earnings are expected to grow by +0.2% mom (+2.5% yoy), maintaining the pact seen in April. Ahead of the June Fed meeting, this report will receive particular attention, especially given the Fed's apparent comfort with April's 160,000 print.
- April's ISM Non-Manufacturing Composite Index is expected to tick slowly lower to 55.3 in May from 55.7 in April, consolidating at a pace consistent with strong growth, but perhaps disappointing given the weakness of the first two months of the year. Encouragingly, business activity remained strong at 58.8 and new orders moved to their highest level (59.9) since October 2015.
- 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 +5.1% yoy in March, although the continued strength evident in the housing recovery without a pickup in building activity is likely to decrease inventory further and maintain upward price pressure.

Europe

- In Europe, the main event in the coming week is the ECB's June meeting. The ECB is not expected to change monetary policy but is likely to focus on implementing the significant raft of measures announced in March. Indeed, the much anticipated corporate bond and TLTRO II programmes will only begin in June. However, the ECB may continue to stress that more easing is possible, if the outlook were to deviate away from the baseline view. The ECB's new macroeconomic projections will also be released. Given the recent oil price rise, a key question is to what extent the ECB will raise its inflation projections for 2016-2018 and what this might signal for its quantitative easing policy after March 2017. The Q&A session may touch upon Greece, the ECB's soon-to-start corporate bond purchases, the upcoming TLTRO II auction, the UK referendum and the new lawsuit against the ECB by German critics as well as the Outright Monetary Transactions ruling of the German constitutional court expected on 21 June.
- Eurozone inflation fell back into negative territory for the second time this year, reaching -0.2% yoy in April, from 0.0% in March. Package holiday prices fell by a large -16.2% on the month in April, more than offsetting the increase seen in March. Positive base effects related to the lift in oil prices could support a relative rise in annual headline inflation in May to -0.1% yoy. That said, the slack in the eurozone economy, the ongoing but historically tepid economic recovery and global disinflationary forces could keep core eurozone inflation subdued near current low levels.

Sourcse: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 May 2016.
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Emerging markets and Japan

- China’s official manufacturing PMI is expected to edge down to 50.0 in May from 50.1 in April, as over-capacities in heavy industries offset the positive effect of policy stimulation. The Caixin China Manufacturing PMI is also expected to decelerate marginally, to 49.2 from 49.4.
- India's national accounts for Q1 will be released on Tuesday. GDP growth is expected to reach +7.5% yoy, up from +7.3% in Q4 2015, with private consumption the main engine for growth on the back of lower CPI inflation and in anticipation of the pay commission. Higher steel and cement output, as well as vehicle sales, also suggest investment could be recovering from its sharp deceleration in the second half of 2015. From a supply-side perspective, the PMI surveys suggested that the weakness in manufacturing activity was more than offset by the strong expansion in services.
- Japan's industrial production for April will be published on Tuesday and could show a decline of -1.5% mom (-5.1% yoy), erasing some of the gains observed in March (+3.8% mom).

Market Moves

Global equity markets rallied this week, supported by optimism over the US economy's ability to withstand further rate hikes and rising oil prices

- US equities rallied over the past week, supported by optimism over the economy's ability to withstand further rate hikes and rising oil prices. Various Fed speakers, including John Williams, James Bullard and Jerome Powell, suggested that a June rate hike remains on the table should the upcoming data confirm a solid rebound in second-quarter growth. Strong housing data and an upbeat initial jobless claims report helped to validate the likelihood of an upturn in activity, while core capital goods orders unexpectedly contracted. An upward revision to the Q1 GDP data to +0.8% qoq annualised also helped sentiment. Overall, the S&P 500 Index closed up +2.3% to 2,099.
- European equities opened lower this week as consumer discretionary and healthcare shares were weighed down by negative corporate updates. However, shares then rallied on stronger investor sentiment. Leading the gains were financial stocks, which were buoyed by news of the successful Greek debt negotiation. Higher commodity prices also supported material and energy producers. Overall, the EURO STOXX 50 Index closed sharply higher (+3.9%). All other major European bourses also ended the week higher.
- Asian stock markets rose this week on relatively positive global economic data combined with hopes of more economic stimulation, particularly in Japan. Local media reported that Prime Minister Shinzo Abe decided to put off the sales tax increase planned for April 2017 for at least a year, to support domestic consumption. Japanese stocks rallied at the end of the week, with the Nikkei 225 Index closing up +0.6%. India's SENSEX 30 Index rose +5.3%, erasing losses from the previous week, on the back of stronger capital inflows. China’s Shanghai Stock Exchange Composite Index underperformed other markets in the region, ending the week down (-0.2%), on the back of lingering concerns about the economic and policy outlook.

US Treasuries were little changed as further hawkish Fed speak was offset by strong auction demand; European government bond yields ended lower

- US Treasuries were little changed over the week as further hawkish Fed speak was offset by strong auction demand. The Treasury experienced solid demand for its auctions of USD26 billion of two-year notes, USD34 billion of five-year notes and USD28 billion of seven-year notes this week, which exerted downward pressure on yields and mitigated a broader improvement in risk appetite. Fed speakers talking up the chances of a June rate hike and broadly better than expected economic data did little to materially increase yields. The yield on the two-year note was little changed at +0.91% and five-year yields increased 2bps to +1.38%. At the longer end, 10-year yields increased 1bp to +1.85%.
- Stronger risk appetite pushed European government bond yields lower this week, with German 10-year bund yields down -2bps to +0.14%. Peripheral government bond yields also fell, with Greek notes outperforming on progressive reforms and after the Eurogroup of finance ministers agreed on Tuesday to provide the heavily indebted country with EUR10 billion in emergency loans. Greek 10-year yields touched six-month lows on Wednesday.

Asian currencies appreciated against the US dollar for the first time in four weeks; the euro extended its recent losses

- The euro extended its recent losses against the US dollar this week. The majority of the fall occurred during the first half of the week as upbeat US macro data, especially April’s new home sales, continued to lift the prospect of higher US interest rates this year. The euro then pared losses against the US dollar amid caution ahead of Fed Chair Janet Yellen’s speech on Friday, closing the week slightly lower (-0.7%). Meanwhile, the British pound saw a solid rise against the US dollar for the second consecutive week (+0.9%), touching five-month highs on Wednesday.

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- Asian currencies appreciated against the US dollar for the first time in four weeks amid hopes of further policy easing in the region, especially in Japan, as G7 leaders highlighted the downside risks to the global economy. The Korean won saw the sharpest appreciation (+0.9%) on robust demand from exporters and capital inflows. Strong stock market gains also lured foreign investors in Taiwan, India and Singapore, where currencies rose by +0.4%-+=0.6%. The Chinese yuan remained on its gradual depreciation trend against the US dollar that emerged in early May, with a moderate decline of -0.2% over the week and a loss of -1.3% month-to-date.
- Meanwhile, in terms of non-Asian currencies, the Brazilian real underperformed against the US dollar this week (-2.9%) as a close ally of Brazil's acting President Michel Temer stepped aside in a new political scandal, impacting investor confidence in the country's new administration. Investors have also been pricing in expectations that new central bank president Ilan Goldfajn will ease monetary policy this year to stimulate growth. Elsewhere, the Russian rouble outperformed (+1.1%) amid a further gain in oil prices and further signs of improving domestic macro fundamentals, as both unemployment and retail sales data releases this week beat expectations.

Crude oil prices ended the week higher while gold prices fell

- Crude oil prices fluctuated between gains and losses this week, briefly breaking through the psychological level of USD50 on Thursday. Continued supply disruptions in Nigeria and Canada provided support, but prices were pressured by comments from Iran's Deputy Oil Minister suggesting that the country had no plan to freeze output, making a deal at the upcoming OPEC meeting on 2 June less likely. Meanwhile, the U.S. Energy Information Administration weekly report was mixed, with crude inventory falling more than expected while that of gasoline rose. Overall, WTI crude oil prices finished higher (+3.8% to USD49.6), extending its recent winning streak to three consecutive weeks.
- Gold prices fell sharply this week (-3.1% at USD1,213 per ounce), further extending losses since the beginning of the month. Rising market expectations of a summer rate hike by the Fed continues to put downward pressure on the precious metal amid some upbeat US economic data, not least Tuesday's stellar new home sales print.

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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)	403	2.3	-0.9	8.0	-8.1	0.9	439	351	16.4
North America									
US Dow Jones Industrial Average	17,873	2.1	-0.9	7.4	-1.6	2.6	18,190	15,370	16.7
US S&P 500 Index	2,099	2.3	0.2	7.8	-1.1	2.7	2,133	1,810	17.9
US NASDAQ Composite Index	4,934	3.4	1.4	7.5	-3.4	-1.5	5,232	4,210	18.3
Canada S&P/TSX Composite Index	14,105	1.3	1.6	10.2	-6.7	8.4	15,182	11,531	18.9
Europe									
MSCI AC Europe (USD)	404	2.7	-1.6	7.5	-13.4	-1.7	471	356	15.5
Euro STOXX 50 Index	3,078	3.9	-1.7	5.1	-16.4	-5.8	3,714	2,673	14.2
UK FTSE 100 Index	6,271	1.9	-0.8	2.9	-10.8	0.5	7,070	5,500	16.9
Germany DAX Index*	10,286	3.7	-0.1	8.1	-12.6	-4.3	11,802	8,699	12.9
France CAC-40 Index	4,515	3.7	-1.0	4.6	-12.9	-2.6	5,218	3,892	15.1
Spain IBEX 35 Index	9,107	3.8	-2.4	9.1	-20.3	-4.6	11,613	7,746	14.2
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	407	2.8	-2.7	8.0	-19.1	-1.1	507	357	13.3
Japan Nikkei-225 Stock Average	16,835	0.6	-2.6	4.0	-17.8	-11.6	20,953	14,866	16.5
Australian Stock Exchange 200	5,406	1.0	4.2	10.8	-5.6	2.1	5,803	4,707	17.7
Hong Kong Hang Seng Index	20,577	3.6	-3.7	6.3	-26.7	-6.1	27,855	18,279	11.2
Shanghai Stock Exchange Composite Index	2,821	-0.2	-4.5	1.9	-42.9	-20.3	5,178	2,638	12.9
Hang Seng China Enterprises Index	8,595	3.5	-4.9	7.0	-41.5	-11.0	14,434	7,499	7.1
Taiwan TAIEX Index	8,464	4.1	-1.2	0.6	-12.7	1.5	9,747	7,203	13.2
Korea KOSPI Index	1,969	1.1	-2.3	2.6	-6.6	0.4	2,123	1,801	10.9
India SENSEX 30 Index	26,654	5.3	2.3	15.1	-3.3	2.1	28,578	22,495	17.0
Indonesia Jakarta Stock Price Index	4,815	2.2	-0.6	1.7	-8.3	4.8	5,252	4,034	15.2
Malaysia Kuala Lumpur Composite Index	1,637	0.5	-3.3	-1.6	-6.7	-3.3	1,756	1,504	16.0
Philippines Stock Exchange PSE Index	7,412	1.5	3.2	9.5	-2.5	6.6	7,697	6,084	18.9
Singapore FTSE Straits Times Index	2,803	1.4	-2.5	5.8	-18.2	-2.8	3,404	2,528	12.6
Thailand SET Index	1,413	1.9	0.1	5.2	-5.9	9.7	1,525	1,221	15.2
Latam									
Argentina Merval Index	12,727	0.6	-7.4	-1.6	16.5	9.0	14,597	8,660	13.5
Brazil Bovespa Index*	49,051	-1.4	-10.0	17.9	-9.6	13.2	54,978	37,046	12.9
Chile IPSA Index	3,947	0.2	-0.8	6.3	-2.2	7.3	4,085	3,419	13.3
Colombia COLCAP Index	1,302	-1.5	-4.4	4.5	-0.6	12.9	1,380	1,046	14.2
Mexico Index	46,124	2.1	0.4	6.1	3.2	7.3	46,308	39,257	20.0
EEMEA									
Russia MICEX Index	1,928	1.9	-0.4	6.1	16.1	9.4	1,977	1,570	7.2
South Africa JSE Index	54,105	2.8	2.0	9.5	2.2	6.7	54,761	45,976	17.6
Turkey ISE 100 Index*	78,029	2.2	-8.6	4.1	-7.4	8.8	86,931	68,230	8.9

*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	8.5	1.6	-6.4	14.8	30.1
US equities	7.9	2.6	-0.8	32.0	68.2
Europe equities	9.6	0.5	-10.5	3.4	7.6
Asia Pacific ex Japan equities	8.0	-0.9	-17.3	-5.8	-3.8
Japan equities	6.8	-4.5	-9.0	9.7	27.8
Latam equities	17.6	14.7	-16.1	-38.0	-46.1
Emerging Markets equities	9.0	1.7	-19.3	-16.2	-21.0

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.

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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)	499.0	0.2	0.6	1.6	4.2	3.9
JPM EMBI Global	717.1	0.2	0.2	5.2	4.5	6.9
BarCap US Corporate Index (USD)	2705.8	0.4	0.2	4.3	3.8	5.3
BarCap Euro Corporate Index (Eur)	237.2	0.3	0.2	2.2	2.1	3.0
BarCap Global High Yield (USD)	401.4	0.6	0.8	8.5	1.6	7.3
HSBC Asian Bond Index	397.76	0.0	0.3	2.4	4.0	4.5

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	1.11	1.12	1.13	1.09	1.09	1.09	1.17	1.05
GBP/USD	1.46	1.45	1.45	1.39	1.54	1.47	1.59	1.38
CHF/USD	1.01	1.01	1.03	1.00	1.05	1.00	1.09	0.97
CAD	1.30	1.31	1.26	1.35	1.25	1.38	1.47	1.21
JPY	110.31	110.15	111.46	114.00	123.66	120.22	125.86	105.55
AUD	1.39	1.38	1.32	1.40	1.29	1.37	1.46	1.27
NZD	1.49	1.48	1.46	1.51	1.38	1.46	1.60	1.38
Asia								
HKD	7.77	7.77	7.76	7.78	7.76	7.75	7.83	7.75
CNY	6.57	6.55	6.50	6.54	6.20	6.49	6.60	6.19
INR	67.04	67.45	66.45	68.63	64.03	66.15	68.79	63.31
MYR	4.08	4.08	3.92	4.21	3.64	4.29	4.48	3.64
KRW	1,179.29	1,190.13	1,148.29	1,238.05	1,105.57	1,175.06	1,245.13	1,097.47
TWD	32.53	32.71	32.34	33.34	30.67	32.86	33.79	30.62
Latam								
BRL	3.61	3.52	3.53	4.00	3.14	3.96	4.25	3.03
COP	3,071.10	3,052.00	2,933.75	3,342.05	2,535.20	3,174.50	3,452.55	2,508.11
MXN	18.48	18.35	17.31	18.27	15.28	17.21	19.44	15.17
EEMEA								
RUB	65.94	66.84	65.13	76.32	51.94	72.52	85.96	51.17
ZAR	15.73	15.63	14.41	16.17	12.03	15.47	17.92	12.05
TRY	2.96	2.98	2.82	3.00	2.64	2.92	3.08	2.63

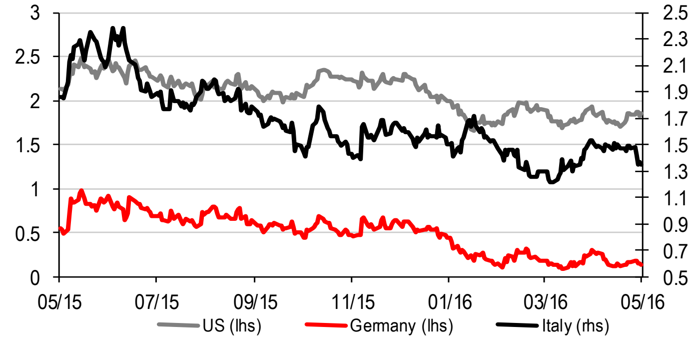
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.31	0.31	0.23	0.31	0.01	0.16
2-Year	0.91	0.88	0.82	0.79	0.65	1.05
5-Year	1.38	1.36	1.32	1.24	1.53	1.76
10-Year	1.85	1.84	1.85	1.76	2.13	2.27
30-Year	2.65	2.63	2.70	2.64	2.87	3.02
Developed market 10-year bond yields (%)						
Japan	-0.12	-0.12	-0.05	-0.07	0.39	0.26
UK	1.44	1.45	1.63	1.40	1.88	1.96
Germany	0.14	0.16	0.29	0.15	0.55	0.63
France	0.47	0.50	0.64	0.50	0.85	0.99
Italy	1.35	1.47	1.52	1.47	1.86	1.59
Spain	1.48	1.56	1.63	1.57	1.80	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	1,213	-3.1	-2.6	-0.8	2.1	14.3	1,304	1,046
Brent Oil	49.5	1.6	4.9	41.0	-20.3	32.8	66	27
WTI Crude Oil	49.6	3.8	9.3	51.2	-13.8	33.8	62	26
R/J CRB Futures Index	186	1.0	2.0	15.1	-15.5	5.7	229	155
LME Copper	4,661	1.8	-4.9	-1.0	-23.3	-0.9	6,146	4,318

Sourcse: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 May 2016.
Past performance is not an indication of future returns.

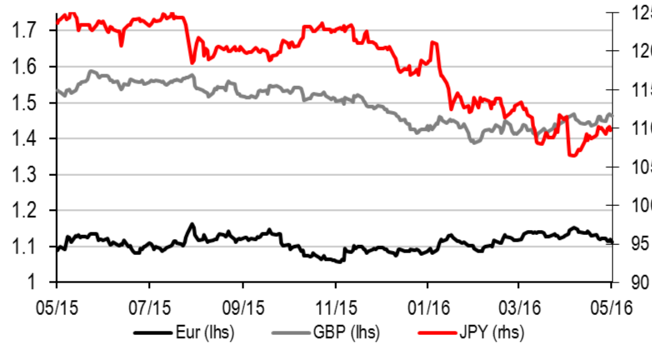
Market Trends

Government bond yields (%)



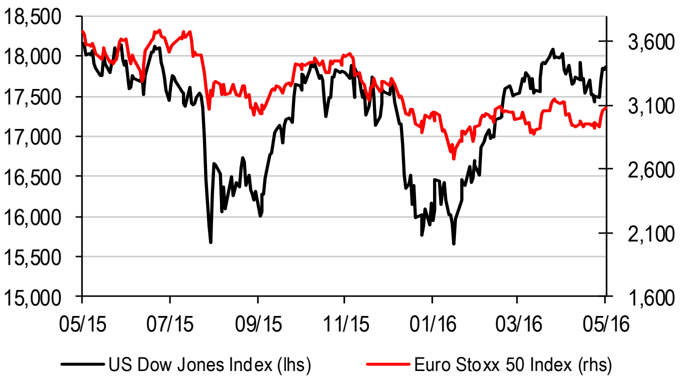
Yields based on 10 year government bonds

Major currencies (versus USD)



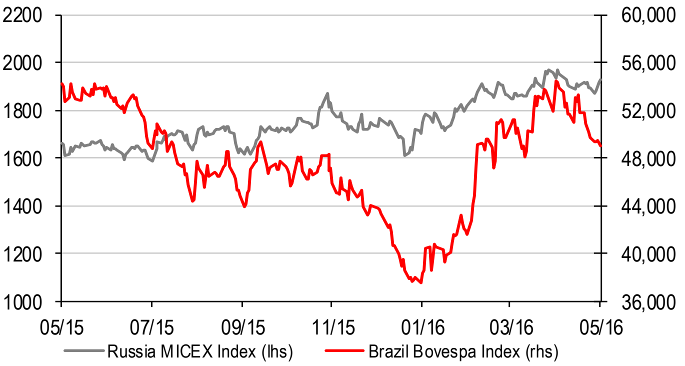
All values versus USD

Global equities

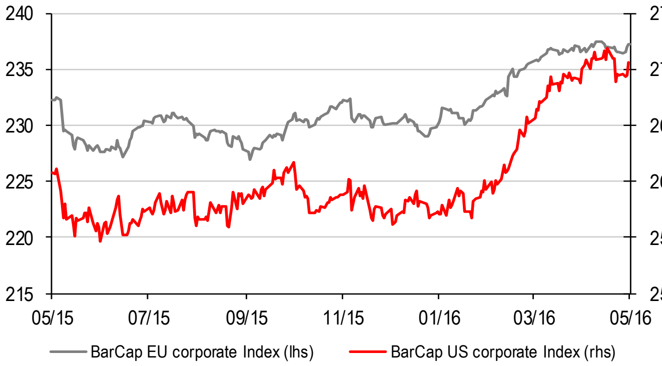


Emerging Asian equities

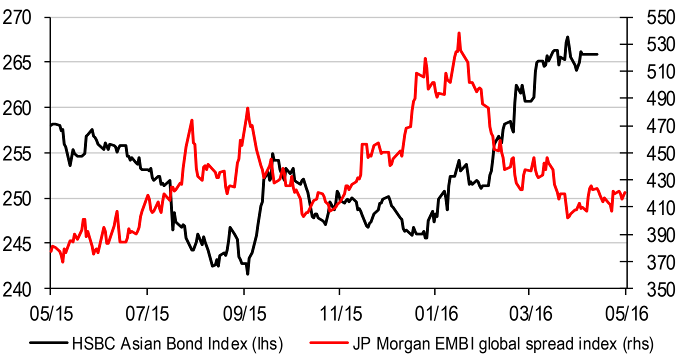
Other emerging equities



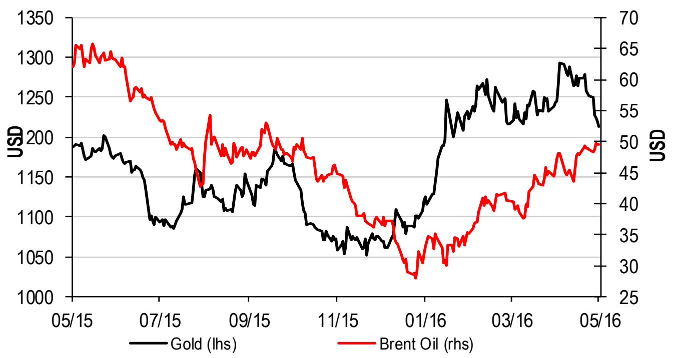
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sourcse: Bloomberg and HSBC Global Asset Management. Data as at close of business 27 May 2016.
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Expiry: 24 June 2016

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