Investment Weekly

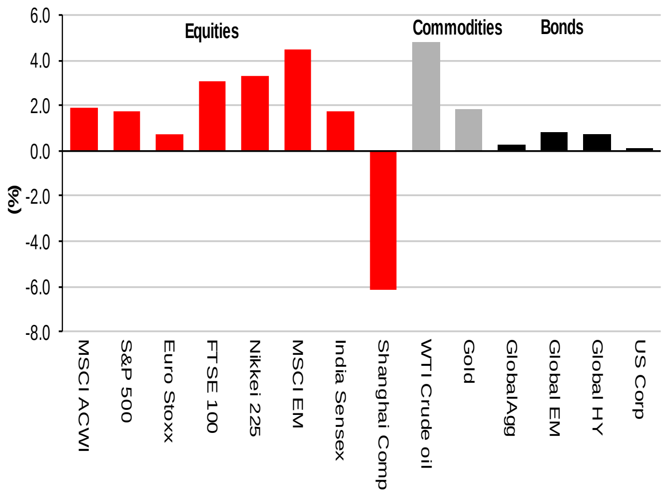
29 January 2016

For Professional Client and Institutional Investor Use Only

- Global equity markets ended the week higher after the Bank of Japan unexpectedly adopted a negative interest rate, boosting market sentiment
- There were no surprises from the Federal Open Market Committee (FOMC), with a unanimous decision to leave interest rates on hold, and an acknowledgement of increased risks from "global economic and financial developments"
- The Bank of Japan surprised markets by introducing a negative interest rate of -0.1% at its monetary policy meeting on Friday, while maintaining its monetary base target and Japanese government bond purchasing programme. The decision saw some internal opposition and was adopted with a small 5-4 majority
- In the coming week, investor focus will turn to a plethora of US data including nonfarm payrolls, the Bank of England's quarterly Inflation Report and the Reserve Bank of India's interest rate decision

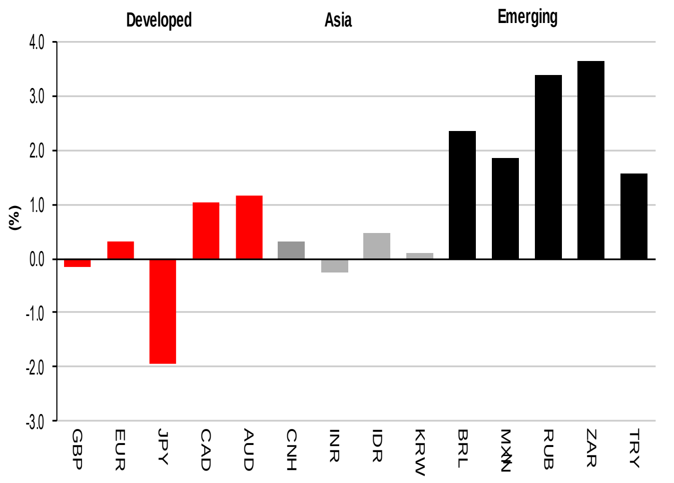
Movers and shakers

Global equity markets (excluding China) ended higher this week

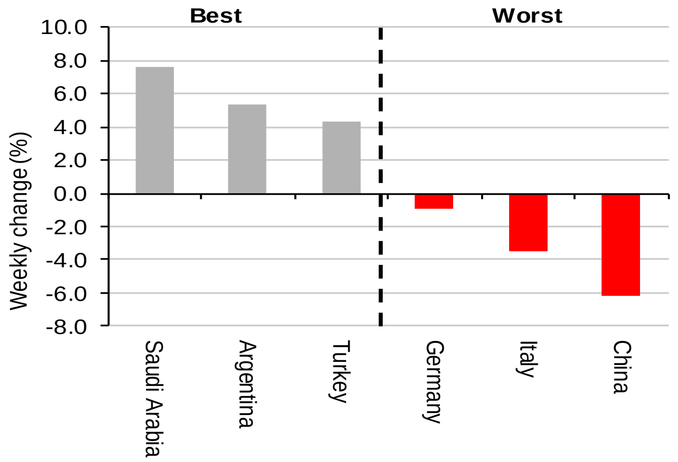


Currencies (versus US dollar)

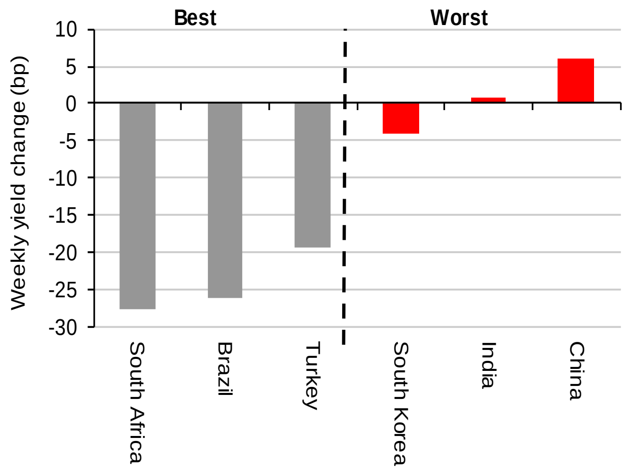
Most currencies rose against the USD and the yen fell 2%



Equities



Bonds (10-year)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 29 January 2016.
All the above charts relate to 22/01/2016–29/01/2016.
Past performance is not an indication of future returns.

HSBC Global Asset Management

Macro Data and Key Events

Past Week (25-29 January 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 25 January	Germany	Ifo Business Climate Index	Jan	104.1	102.4	104.7
Tuesday 26 January	US	S&P/Case-Shiller 20-City Composite Home Price Index (yoy)	Nov	5.7%	5.8%	5.5%
Wednesday 27 January	US	New Home Sales (mom)	Dec	2.0%	10.8%	4.3%
	US	FOMC Interest Rate Decision (upper bound)	Jan	0.5%	0.5%	0.5%
Thursday 28 January	UK	GDP (first estimate, qoq)	Q4 P	0.5%	0.5%	0.4%
	US	Pending Home Sales (mom)	Dec	0.9%	0.1%	-1.1%
	US	Durable Goods Orders	Dec P	-0.7%	-5.1%	0.0%
Friday 29 January	Japan	National CPI (excluding food and energy, yoy)	Dec	0.9%	0.8%	0.9%
	Japan	Bank of Japan Monetary Policy Meeting				
	Japan	Industrial Production (yoy)	Dec P	-0.6%	-1.6%	1.7%
	Eurozone	CPI Estimate (yoy)	Jan	0.4%	0.4%	0.2%
	US	Employment Cost Index (seasonally adjusted, qoq)	Q4	0.6%	0.6%	0.6%
	US	GDP Annualised (first estimate, qoq)	Q4 P	0.8%	0.7%	2.0%

P – Preliminary, Q – Quarter

- In the **US**, as expected, the **US Federal Reserve (Fed) did not change its monetary policy** during its FOMC meeting, keeping the federal funds target range at 0.25%-0.50%. The Committee downgraded its assessment of growth, saying that economic activity "slowed late last year" versus saying growth was "moderate" in December. However, the general tone of the statement was less dovish than expected, highlighting strong labour market conditions and the Committee's expectation that inflation will converge towards 2% in the medium term, while also reintroducing language stating policymakers were "closely monitoring global economic and financial developments," signalling external downside risks. In terms of data, **US durable goods orders** fell 5.1% mom in December, below consensus estimates (-0.7%). The steep decline was driven primarily by less demand for aircraft and parts. Core capital goods shipments slipped 0.2% mom. Weaker shipments led inventories to increase 0.5% mom in December (previous: 0.2%), the largest increase since November 2014. Overall, this report was further confirmation of the tumble in the US industrial sector. The **Employment Cost Index (ECI)** continued to post solid gains in Q4. The ECI rose 0.6% qoq and 1.9 yoy (previous 2.0%) in Q4, in line with consensus expectations (0.6%). Growth in wages and salaries (0.6% qoq) and benefits (0.5% qoq) was also solid. Government sector earnings (0.8%) drove compensation growth, while the private sector ECI slowed modestly to 0.5%. On balance, the Q4 data suggest a return to a solid pace of compensation growth after the temporary weakness earlier this year. Finally, the **US economy grew** at an annualised pace of 0.7% in Q4 2015, down from 2.0% in Q3. Consensus expectations were for a 0.8% increase. The slowdown is mostly attributable to changes in inventories, net exports and a contraction in business investment. Consumption (the main engine of growth) slowed down, but grew more than expected. Residential investment also increased more than expected. Overall, growth should bounce back in Q1 2016, driven by better domestic demand and less of a drag from inventory growth and net trade.
- In Europe, the **German Ifo Business Climate Index** declined more than expected to 107.3 in January, from 108.6 in December, as the current assessment worsened slightly and expectations worsened more notably. This reading, the worst since February 2015, suggests that the slowdown in emerging markets is finally impacting the prospects of German exporters. More worryingly, the services index, not reported in the headline number, saw the steepest decline since April 2013, indicating that the more domestically oriented companies are also impacted. The **UK economy** grew by 0.5% qoq in Q4, accelerating from 0.4% qoq in Q3. Growth was driven exclusively by services, which expanded by 0.7% qoq, while the industrial and construction sectors contracted slightly. This was the 12th consecutive quarter of expansion and it is expected that the economy will grow at about the same speed throughout 2016. The biggest risks for growth stem from uncertainties related to the Brexit referendum. Meanwhile, base effects from energy prices pushed **eurozone headline inflation** up to 0.4% yoy in January, from 0.2% yoy in December. This was the highest annual rate since October 2014. This boost is likely to be temporary, however, as the recent decline in the price of oil is expected to drag inflation lower in the next few months, to close to zero or even below. Energy prices declined by 5.3% yoy in January after declining 5.8% yoy in December.
- The **Bank of Japan (BoJ) surprised the markets by introducing a negative interest rate** of -0.1% at the monetary policy meeting on Friday, while maintaining its monetary base target and Japanese government bond purchasing programme. The Bank called this move "Quantitative and Qualitative Monetary Easing (QQE) with a Negative Interest Rate." The decision saw some internal opposition and was adopted and passed with a small 5-4 majority vote. Under the new policy, which will take effect on 16 February 2016, the central bank will begin charging a negative interest rate of 0.1% on current accounts that financial institutions hold at the bank. Specifically, the BoJ will introduce a three-tier deposit rate system used by several central banks in Europe (excluding the Swiss National Bank). A positive deposit rate of 0.1% will apply to any existing BoJ current account balances. A zero rate will apply to required reserves held by banks. The negative interest rate (to be initially set at -0.1%) will be charged to any marginal increase in the financial institutions' current account balances in excess of these amounts. While the BoJ will continue with its existing asset purchases, the adoption of negative interest signals a big change in the focus of the central bank's easing methods, away from

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 29 January 2016.
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quantitative balance sheet expansion. The latest action gives cover to the BoJ that it is doing everything it can to combat disinflationary pressures. Furthermore, the Bank clearly stated that it may cut further when necessary, which suggests -10bp is not a lower bound. The BoJ referred to rates in Switzerland (-75bp), Sweden (-110bp) and Denmark (-65bp), all of which suggest the BoJ views much lower rates as possible. Although the general tone was undeniably dovish, the BoJ specifically noted that it will not set a lower bound for yields on its Japanese government bond purchase, thereby implying that it can continue to meet its asset purchases while still adopting negative interest rates.

- In **Japan, industrial production** for December came in much weaker than expected, down 1.4% mom (-0.9% in November), while the consensus anticipated -0.3%. The decline was broad-based, with particularly negative contributions from investment goods and producer goods. Meanwhile, the labour market remained healthy, with a stable **rate of unemployment** in December (3.3%, unchanged from November), and the **job-to-applicant** ratio, which measures the strength of demand for labour, reached its highest level (1.27) since December 1991. However, wage growth remain lacklustre and, despite strong employment readings, **household spending** continued to disappoint in December, with a decline of 4.4%, the worst drop since March 2015. Weak consumer spending contributed to weaken inflation, with the **headline CPI** down from 0.3% yoy in November to 0.2% in December, while the CPI ex-food and energy came in at 0.8%, also down 0.1 percentage points from November.
- Finally, the minutes of **Brazil's Central Bank** (Copom) meeting on 20 January showed few changes relative to the report published after the November meeting, when the Central Bank first started to signal the possibility of resuming the tightening cycle. The minutes indicate that the majority of members preferred to wait for more data before raising the Selic policy rate, arguing that changes to the domestic and external environment could increase the likelihood that inflation converges to 4.5% even without further tightening.

Coming Week (1-5 February 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Monday 1 February	China	Caixin Manufacturing PMI	Jan	48.1	48.2
	US	ISM Manufacturing Index	Jan	48.5	48.2
Tuesday 2 February	Eurozone	Unemployment Rate	Dec	10.5%	10.5%
	India	RBI Interest Rate Decision	Feb	6.75%	6.75%
Wednesday 3 February	Eurozone	Markit Eurozone Composite PMI	Jan F	53.5	53.5 P
	US	ISM Non-Manufacturing Composite Index	Jan	55.3	55.3
Thursday 4 February	UK	Bank of England Interest Rate Decision	Feb	0.5%	0.5%
	US	Factory Orders	Dec	-0.1%	-0.2%
Friday 5 February	Germany	Factory Orders, Working Day Adjusted (yoy)	Dec	-1.6%	2.1%
	Brazil	IBGE Inflation IPCA (yoy)	Jan	-	10.7%
	US	Change in Nonfarm Payrolls	Jan	200K	292K

P – Preliminary, F – Final

US

- In the coming week, January's **ISM Manufacturing Index** is expected to reverse six straight months of declines and contract at a slightly slower pace. The pace of decline slowed last month and new orders edged a little higher to 49.2; however, this is only likely to signal that manufacturing activity may be starting to stabilise at low levels rather than signal the beginning of a recovery. Concerns about global growth, the stronger dollar and low energy prices will likely continue to linger, keeping growth in manufacturing activity slow at best.
- The **ISM Non-Manufacturing Composite Index** was particularly strong through 2015, occupying a range between 55.3 and 60.3 and averaging 57.2. The continued strength in the service sector has been an undeniable positive given it accounts for around 85% of the US economy. The crucial new orders subcomponent, a useful leading indicator, remains elevated at 58.2, pointing to a positive start to the year. The non-manufacturing index is expected to continue to show a robust expansion in January, with the headline index likely to remain elevated at 55.3, essentially unchanged from the prior month.
- Finally, on Friday, **nonfarm payrolls** are released. The December jobs report was very positive, as job growth surprised strongly for the third straight month. While the unemployment rate was stable at 5.0%, hourly earnings disappointed at 2.5%. January's release is anticipated to show jobs growth of 200,000. Although initial jobless claims were at a six-month high, this could be related to the seasonal adjustment, rather than a loss of momentum in the labour market, particularly as consumer surveys indicate that jobs growth remains healthy.

Europe

- The **eurozone unemployment rate** is expected to remain unchanged from the previous month at 10.5% in December. The unemployment rate has been declining steadily from a peak of 12.1% in mid-2012. This trend is likely to continue this year, while the economy keeps on growing above potential until unemployment reaches its equilibrium rate of 9.9%.

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- The **Bank of England (BoE)** will likely keep monetary policy unchanged at the February Monetary Policy Meeting. Along with the rates decision and the meeting minutes, the BoE will publish its **quarterly Inflation Report,** which could be dovish in tone, taking into account the recent softness observed in economic data. Inflationary pressures are largely absent, given a continued decline in commodity prices and only sluggish wage growth in spite of record low unemployment. GDP is expanding at about the trend rate, and therefore too slowly to eliminate the remaining slack in the economy. The uncertain outcome of the Brexit referendum, which may be held in June, adds an additional layer of risk to the overall picture. In terms of the quarterly Inflation Report, the BoE is likely to trim its UK GDP forecasts based on the moderation in growth momentum, and downward revisions to history. The fall in oil prices could also see near-term CPI projections lowered, and the return to 2% yoy inflation pushed out. This could keep the tone of the BoE Monetary Policy Committee cautious and push expectations for the first rate hike well into the future.
- **German manufacturing orders** are expected to recede by 0.5% mom (-1.6% yoy) in December after relatively strong gains in October and November of 1.7% and 1.5% mom. However, taking a longer-term view, orders are flat and have barely grown in the past two years.

Emerging markets

- After 10 months of below 50 readings, the **Caixin China Manufacturing PMI** is expected to remain in contraction territory as tumbling commodity prices in the first three weeks of January probably weighed on commodity-related industries like steel-making, while lingering weakness in global trade should have also undermined exporters' activity. Overall, the Caixin China Manufacturing PMI is expected to have edged down from 48.2 in December to 48.1 in January.
- The **Reserve Bank of India** (RBI) is expected to stay on hold as policymakers are likely to wait for more visibility on fiscal deficit for next year. However, the general stance should remain accommodative on the back of falling energy prices. The RBI repurchase rate should remain at 6.75%. Further easing could be considered after the budget vote at the next RBI meeting in April.

Market Moves

Global equity markets rose this week after the BoJ unexpectedly adopted negative interest rates

- In the US, the S&P 500 Index finished higher this week (+1.7%), swinging between gains and losses, as investor sentiment was supported by the BoJ's surprise easing measures announced on Friday and a recovery in oil prices, boosting energy shares. This offset some disappointing US economic data releases, mixed earnings reports and a cautious Fed policy statement that reintroduced language highlighting recent global financial market volatility.
- In Europe, the EURO STOXX 50 Index swung between gains and losses this week, finishing higher (+0.7%). Gains in energy stocks supported by a recovery in oil prices and a positive reaction to the BoJ's easing measures on Friday were offset by some disappointing earnings reports. Elsewhere, the UK FTSE 100 Index outperformed (+3.1%), buoyed by a recovery in material stocks, although Italy's FTSE MIB declined over the week (-1.9%), on lingering fears over the health of the Italian banking sector.
- Most Asian stock markets gained this week with the BoJ's decision to cut policy rates and introduce a negative interest rate framework boosting market sentiment. Meanwhile, the relatively dovish FOMC statement had a limited impact on markets. Taiwanese stocks rose the most (+4.2%), buoyed by the end of the presidential elections process. Japanese stocks also outperformed, with the Nikkei 225 Index up 3.3% over the week on positive earnings and the falling yen. Chinese stocks bucked the regional upward trend, with the Shanghai Stock Exchange Composite Index ending the week lower (-6.1%) on lingering concerns about an economic slowdown and fears of further capital outflows.

US Treasuries and European bonds boosted by cautious Fed policy statement, some disappointing US economic data and BoJ action

- US Treasuries gained this week (yields declined) on some "safe-haven" demand earlier in the week and a cautious Fed policy statement which, combined with some disappointing US economic data releases over the week, trimmed financial market expectations of further US policy tightening this year. Furthermore, a plunge in Japanese government bond yields following the BoJ's surprise policy decision on Friday also supported fixed income assets elsewhere. Overall, benchmark Treasury 10-year yields ended lower (-13bps to 1.92%) as did two-year yields (-10bps to 0.77%).
- European government bonds gained this week (yields fell), supported by a moderately dovish January FOMC statement and the BoJ's adoption of negative deposit rates. Overall, German, French and Italian 10-year yields decreased (-16bps, -16bps and -16bps to 0.32%, 0.63% and 1.41% respectively), while German and French two-year yields hit fresh record lows. Spanish bonds outperformed, buoyed by some upbeat labour market and GDP data, with 10-year yields closing lower (-22bps to 1.51%).

US dollar hit by cautious Fed policy statement and disappointing US economic data; emerging market currencies also gain from stabilisation in risk appetite

- The euro rose against the US dollar this week (+0.3%). The single currency was supported earlier in the week on weak risk appetite, pushing investors to unwind euro-funded carry trades. The euro made further gains following the release of the cautious Fed policy statement and some disappointing US economic data that sent the US dollar lower. Meanwhile, upbeat inflation data in Germany on Thursday added to positive sentiment as this eases some pressure for the European Central Bank to loosen policy further in March. Elsewhere, the British pound ended the week (-0.1%), although it remains close to multi-year lows. Apart from the weaker US dollar,

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the pound was supported by data showing that Q4 GDP rose in line with expectations at 0.5% qoq. Meanwhile, investors shrugged off comments from Bank of England Governor Mark Carney, who said on Tuesday that the conditions for an interest rate rise were not yet in place, reiterating comments made last week.

- Most Asian currencies appreciated slightly against the US dollar over the week, benefiting from a relative stabilisation of the Chinese yuan and the unexpected decision of the BoJ to introduce a negative interest framework. Rising crude oil prices also improved market sentiment, especially for the Malaysian ringgit (+3.5%). Improved market sentiment also weighed on "safe-haven" assets like the yen, especially after the BoJ policy meeting, which ended the week down 1.9%. Overall, Asian currencies rose 0.4% on average.
- Meanwhile, other non-Asian emerging market currencies gained against the US dollar this week on the back of the cautious Fed policy statement and a stabilisation in global risk appetite. Among the best performers was the oil-sensitive Russian rouble (+3.4%), benefiting from a recovery in oil prices, with the South African rand also gaining (+3.6%) as the South African central bank raised its key interest rate by 50bps on Thursday in a widely expected move. The Brazilian real didn't perform as well, however (+2.3%), as a widening corruption probe offset news that the government will provide as much as USD20.4 billion of new loans from state-owned banks to help revive Latin America's largest economy.

Crude oil prices supported by continuing rumours of coordinated supply cuts by Russia and OPEC

- WTI oil prices rose this week (+4.8% at USD33.7 per barrel), recovering some of January's sharp losses. Support came from the softer tone to the US dollar and persistent rumours of coordinated supply cuts between OPEC and Russia, although no meeting was confirmed to discuss this issue. This helped offset continuing oversupply concerns after Saudi Arabia said it would not reduce its investment plans, data showed Iraqi output reached an all-time high last month and Wednesday's worse than expected U.S. Energy Information Administration weekly report. This showed crude stocks rose by 8.4 million barrels last week (versus an expected 4.3 million), although stocks of distillates fell. Brent crude prices also rose (+8.0% at USD34.7).
- Meanwhile, gold prices also rose this week (+1.8% at USD1,118 per ounce), extending last week's small gains. Gold continues to benefit from general risk aversion and perceived "safe-haven" demand. Additionally, further signs of softness in the US economy and a cautious Fed statement on Wednesday also supported the precious metal as the financial market odds of Fed tightening in March diminished further. This lowers the opportunity cost of holding a non-yield-generating asset.

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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)	375	1.9	-7.3	-8.8	-9.5	-6.1	444	352	14.9
North America									
US Dow Jones Industrial Average	16,466	2.3	-7.1	-7.3	-5.5	-5.5	18,351	15,370	14.9
US S&P 500 Index	1,940	1.7	-6.6	-7.1	-4.0	-5.1	2,135	1,812	16.0
US NASDAQ Composite Index	4,614	0.5	-9.7	-9.1	-1.5	-7.9	5,232	4,292	19.2
Canada S&P/TSX Composite Index	12,822	3.5	-3.2	-7.0	-12.4	-1.4	15,525	11,531	15.3
Europe									
MSCI AC Europe (USD)	384	1.4	-8.0	-10.4	-12.6	-6.5	479	361	14.3
Euro STOXX 50 Index	3,045	0.7	-8.1	-10.8	-9.7	-6.8	3,836	2,855	13.1
UK FTSE 100 Index	6,084	3.1	-3.7	-4.9	-10.7	-2.5	7,123	5,640	15.5
Germany DAX Index*	9,798	0.3	-9.8	-9.3	-8.8	-8.8	12,391	9,315	12.0
France CAC-40 Index	4,417	1.9	-6.0	-9.6	-4.6	-4.7	5,284	4,085	13.9
Spain IBEX 35 Index	8,816	1.1	-8.8	-15.2	-16.1	-7.6	11,885	8,206	13.0
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	379	2.9	-7.9	-10.4	-20.4	-7.9	525	357	12.2
Japan Nikkei-225 Stock Average	17,518	3.3	-7.7	-7.5	-0.5	-8.0	20,953	16,017	17.1
Australian Stock Exchange 200	5,006	1.8	-5.0	-5.0	-10.1	-5.5	5,997	4,804	15.7
Hong Kong Hang Seng Index	19,683	3.2	-10.5	-13.7	-20.0	-10.2	28,589	18,534	9.8
Shanghai Stock Exchange Composite Index	2,738	-6.1	-23.2	-19.2	-16.1	-22.6	5,178	2,638	11.2
Hang Seng China Enterprises Index	8,241	1.7	-15.8	-21.1	-29.8	-14.7	14,963	7,824	6.4
Taiwan TAIEX Index	8,081	4.2	-2.6	-5.7	-14.3	-3.1	10,014	7,203	12.0
Korea KOSPI Index	1,912	1.7	-2.8	-6.0	-2.0	-2.5	2,190	1,801	11.1
India SENSEX 30 Index	24,871	1.8	-4.6	-7.3	-16.2	-4.8	30,025	23,840	17.3
Indonesia Jakarta Stock Price Index	4,615	3.6	1.0	3.2	-12.3	0.5	5,524	4,034	14.0
Malaysia Kuala Lumpur Composite Index	1,668	2.6	-1.0	0.0	-6.4	-1.5	1,868	1,504	15.6
Philippines Stock Exchange PSE Index	6,688	7.7	-3.8	-7.0	-12.2	-3.8	8,137	6,084	16.3
Singapore FTSE Straits Times Index	2,629	2.0	-9.0	-12.4	-23.1	-8.8	3,550	2,529	11.3
Thailand SET Index	1,301	2.6	1.3	-6.4	-18.0	1.0	1,620	1,221	13.1
Latam									
Argentina Merval Index	11,306	9.4	-3.4	-7.4	33.2	-3.2	14,597	8,256	12.8
Brazil Bovespa Index*	40,406	6.2	-7.4	-11.4	-15.4	-6.8	58,575	37,046	10.3
Chile IPSA Index	3,706	4.9	1.1	-3.4	-3.5	0.7	4,148	3,419	13.9
Colombia IGBC Index	8,596	2.0	0.8	-6.7	-19.3	0.6	11,130	7,822	20.1
Mexico Index	43,631	4.8	0.6	-2.2	4.2	1.5	46,078	39,257	18.4
EEMEA									
Russia MICEX Index	1,785	3.9	1.2	4.5	8.9	1.3	1,874	1,570	5.8
South Africa JSE Index	49,142	3.1	-3.6	-8.0	-3.5	-3.1	55,355	45,976	16.4
Turkey ISE 100 Index*	73,481	4.6	-0.6	-6.4	-17.0	2.4	90,242	68,230	8.4

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	-10.3	-7.9	-9.5	9.6	22.3
US equities	-9.4	-7.6	-5.5	30.4	58.9
Europe equities	-11.1	-7.5	-11.3	-3.3	4.6
Asia Pacific ex Japan equities	-11.7	-9.6	-19.6	-15.1	-9.7
Japan equities	-7.8	-8.2	-1.3	20.0	12.9
Latam equities	-15.6	-8.8	-35.4	-54.2	-56.1
Emerging Markets equities	-14.3	-9.0	-24.0	-27.3	-27.4

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 EM 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)	485.4	0.3	1.1	0.9	0.5	1.0
JPM EMBI Global	667.6	0.8	-0.5	-2.1	0.5	-0.5
BarCap US Corporate Index (USD)	2570.2	0.0	0.4	-0.9	-3.1	0.0
BarCap Euro Corporate Index (Eur)	230.8	0.5	0.3	0.2	-1.1	0.2
BarCap Global High Yield (USD)	367.8	0.7	-1.7	-4.9	-2.6	-1.6
HSBC Asian Bond Index	385.55	0.8	1.0	0.4	1.6	1.3

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	1.08	1.08	1.09	1.10	1.13	1.09	1.17	1.05
GBP/USD	1.42	1.43	1.48	1.53	1.51	1.47	1.59	1.41
CHF/USD	0.98	0.98	1.01	1.01	1.08	1.00	1.10	0.97
CAD	1.40	1.41	1.38	1.32	1.26	1.38	1.47	1.19
JPY	121.14	118.78	120.46	121.13	118.29	120.22	125.86	115.98
AUD	1.41	1.43	1.37	1.41	1.29	1.37	1.46	1.23
NZD	1.54	1.54	1.46	1.49	1.38	1.46	1.60	1.29
Asia								
HKD	7.79	7.80	7.75	7.75	7.75	7.75	7.83	7.75
CNY	6.58	6.58	6.49	6.36	6.25	6.49	6.60	6.18
INR	67.79	67.63	66.40	65.31	61.87	66.15	68.26	61.56
MYR	4.15	4.29	4.29	4.30	3.63	4.29	4.48	3.54
KRW	1,199.13	1,200.20	1,169.68	1,142.21	1,093.94	1,175.06	1,216.23	1,065.21
TWD	33.33	33.52	32.83	32.62	31.51	32.86	33.79	30.35
Latam								
BRL	4.00	4.09	3.86	3.85	2.60	3.96	4.25	2.61
COP	3,284.99	3,308.60	3,169.25	2,915.45	2,411.77	3,174.50	3,426.86	2,351.76
MXN	18.11	18.44	17.25	16.63	14.80	17.21	18.80	14.63
EEMEA								
RUB	75.55	78.11	72.31	64.38	68.97	72.52	85.96	48.14
ZAR	15.89	16.47	15.30	13.90	11.55	15.47	17.92	11.26
TRY	2.95	3.00	2.91	2.94	2.42	2.92	3.08	2.39

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.31	0.30	0.19	0.06	0.01	0.16
2-Year	0.77	0.87	1.09	0.72	0.52	1.05
5-Year	1.33	1.48	1.78	1.53	1.27	1.76
10-Year	1.92	2.05	2.31	2.17	1.75	2.27
30-Year	2.74	2.82	3.04	2.96	2.31	3.02
Developed market 10-year bond yields (%)						
Japan	0.10	0.23	0.26	0.29	0.29	0.26
UK	1.56	1.71	1.90	1.92	1.42	1.96
Germany	0.32	0.48	0.63	0.53	0.36	0.63
France	0.63	0.80	0.99	0.87	0.60	0.99
Italy	1.41	1.57	1.63	1.48	1.60	1.59
Spain	1.51	1.73	1.80	1.64	1.45	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	1,118	1.8	4.6	-2.4	-11.1	5.3	1,286	1,046
Brent Oil	34.7	8.0	-8.1	-28.8	-29.3	-6.8	70	27
WTI Crude Oil	33.7	4.8	-10.9	-26.7	-24.2	-8.9	63	26
R/J CRB Futures Index	167	1.8	-6.0	-14.1	-21.6	-5.3	234	155
LME Copper	4,530	2.0	-4.2	-11.7	-16.0	-3.7	6,481	4,318

Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 29 January 2016.
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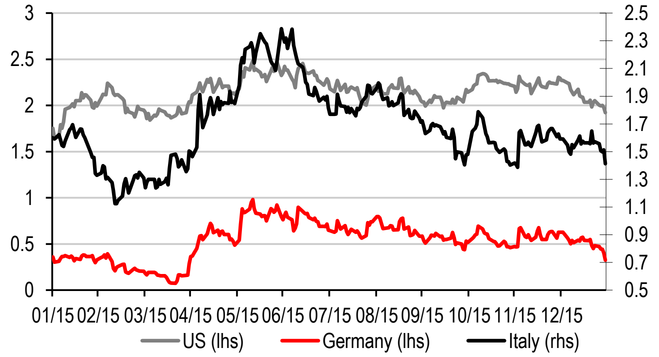
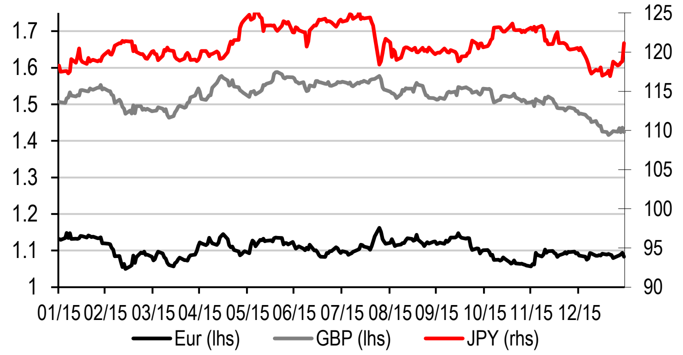
Market Trends

Government bond yields (%)



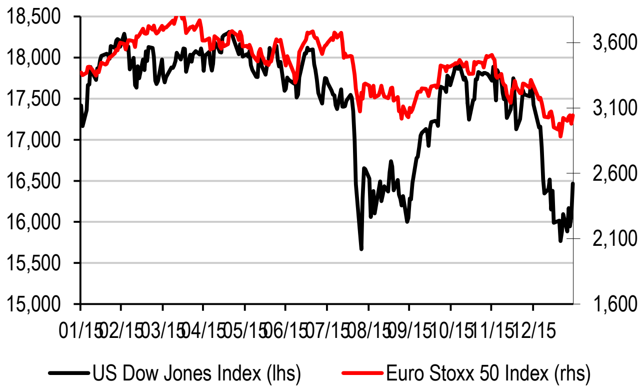
Yields based on 10 year government bonds

Major currencies (versus US dollar)

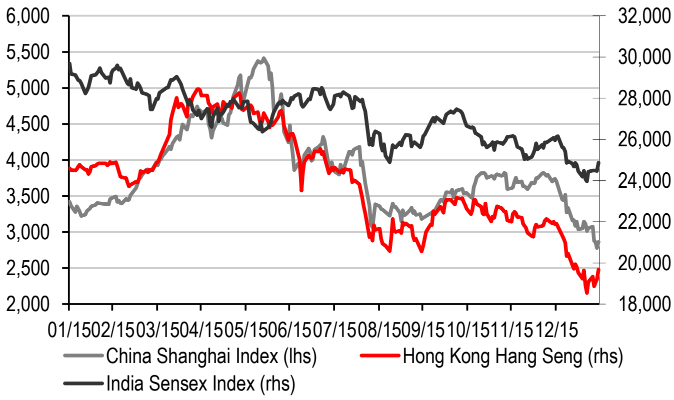


All values versus USD

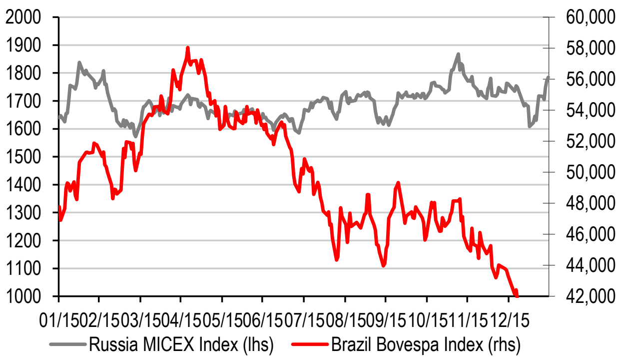
Global equities



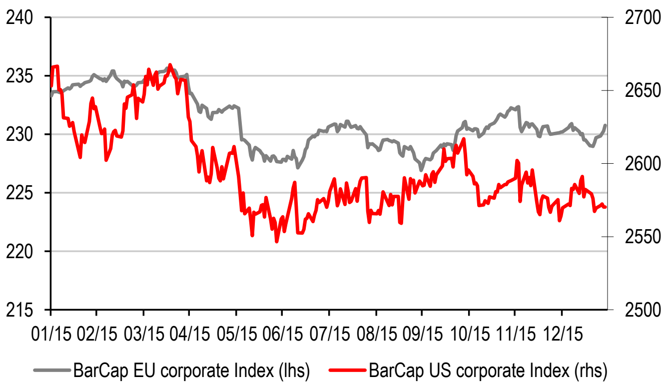
Emerging Asian equities



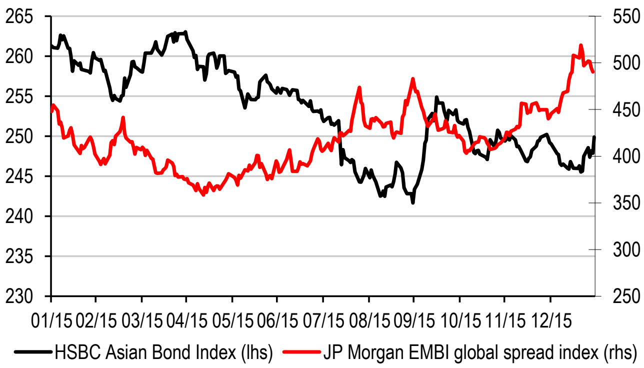
Other emerging equities



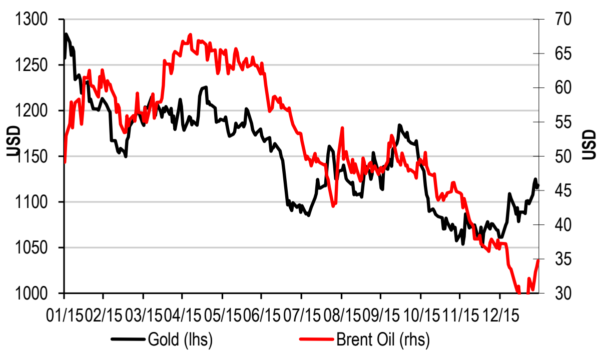
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Sources: Bloomberg and HSBC Global Asset Management. Data as at close of business 29 January 2016.
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