IW Investment Weekly

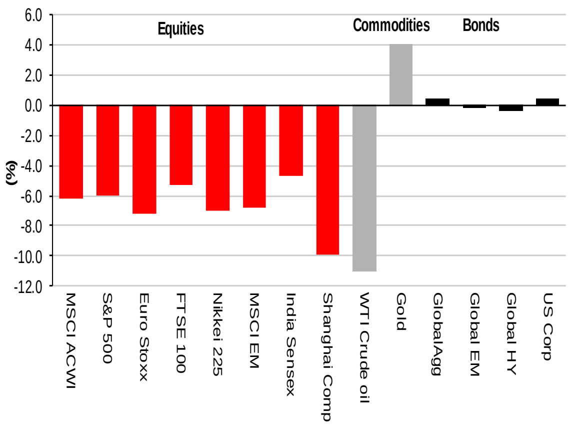
08 January 2016

For Professional Client and Institutional Investor Use Only

- Global stock markets plunged this week amid heightened risk aversion triggered by renewed concerns over the health of the Chinese economy following a weaker than expected December manufacturing PMI print and depreciation of the renminbi. A further slide in oil prices and increasing geopolitical tensions also contributed to bearish sentiment
- The plunge in Chinese stocks triggered two newly introduced circuit breakers in the first four trading sessions, which consequently prompted authorities to reverse course and suspend the mechanism at the end of the week
- The US nonfarm payrolls report surprised to the upside and showed that 292,000 new jobs were created in December (versus a consensus of 200,000), with a net upward revision of 50,000 for the previous two months
- In the coming week, investors will keep a close eye on inflation and trade data coming out of China, as well as further movements in the renminbi, which could provide clues about the health of the world's second-largest economy

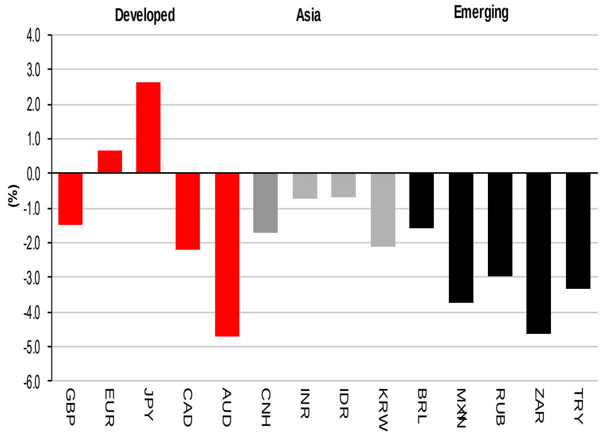
Movers and shakers

Global equities plunged on heightened risk aversion

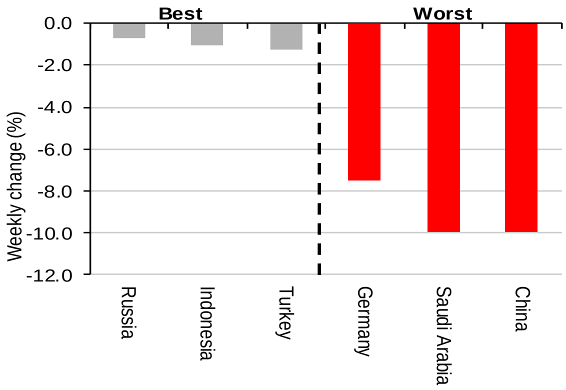


Currencies (vs. USD)

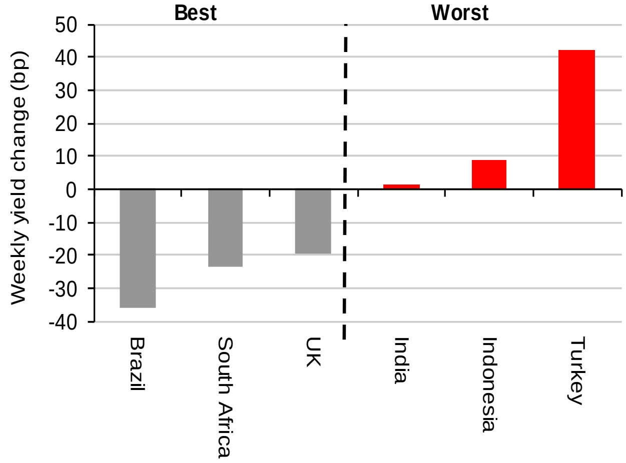
EM and commodity currencies sold off against the USD



Equities



Bonds (10-year)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
All the above charts relate to 01/01/2016 –08/01/2016
Past performance is not an indication of future returns

HSBC Global Asset Management

Macro Data and Key Events

Past Week (04 - 08 January 2016)

Date	Country	Indicator	Data as of	Survey	Actual	Prior
Monday 4 January	US	ISM Manufacturing Index	Dec	49.0	48.2	48.6
Tuesday 5 January	Eurozone	CPI Inflation (yoy)	Dec	0.3%	0.2%	0.2%
Wednesday 6 January	US	ISM Non-Manufacturing Index	Dec	56.0	55.3	55.9
	US	FOMC December Meeting Minutes				
Thursday 7 January	Germany	Factory Orders, Working Day Adjusted (yoy)	Nov	1.1%	2.1%	-1.4%
Friday 8 January	US	Nonfarm Payrolls	Dec	200K	292K	211K

- In the US, the **ISM Manufacturing Index** fell to 48.2 in December from 48.6 in November, marking the second month of outright contraction in national manufacturing activity. The release was below consensus (49.0) expectations. The details showed ongoing declines in production (49.8, previous: 49.2) and new orders (49.2, previous: 48.9), although the pace of decline moderated somewhat relative to November. The report also suggests an outright decline in manufacturing employment in December, with the employment index falling to 48.1 (previous: 51.3). Overall, the report points to continued headwinds faced by US manufacturers. The **US ISM Non-Manufacturing Index** declined to 55.3 in the December print (previous: 55.9), a sharper decline than consensus (56.0) had expected. However, the decline in the headline index owed entirely to a sharp fall in supplier deliveries (48.5, previous: 53.0). Business activity (58.7, previous: 58.2) and new orders (57.5, previous: 57.5) both rose, rebounding a bit from last month's drop and indicating the ongoing health of the non-manufacturing sector. The employment index also moved up modestly on the month (55.7, previous: 55.0), a print consistent with ongoing robust non-manufacturing employment gains. The new export orders index rebounded sharply in December (53.5, previous: 49.5), after falling into negative territory in November. The December **Federal Open Market Committee (FOMC) meeting** minutes confirmed that, although the vote to hike rates by 25bps was unanimous, "some members said that their decision […] was a close call" and that their decision reflected both the economic outlook and the time it takes for policy actions to affect future economic outcomes. The minutes also highlighted US policymakers' "significant concern" over low inflation, although most participants still believe this phenomenon to be transitory. Given that the neutral, short-term real interest rate is estimated to be close to zero and may only rise slowly over time, FOMC participants insisted on the fact that the policy path should be gradual and data-dependent.
- On Friday, the **US** employment report surprised to the upside and showed that **nonfarm payrolls** rose 292,000 in December (versus consensus of 200,000) from a upwardly revised 252,000 in November (previously 211,000). The net revision was 50,000. Job gains in December were broad-based and were led by business services, education & health and finance. Average hourly earnings were flat on the month (2.5% yoy). The unemployment rate, derived from a separate U.S. Department of Labor survey of households rather than employers, was unchanged at 5.0% in December as the labour force participation rate crept up a little to 62.6% in December. The household employment change was 485,000. Overall, this was a very solid report in December and should help soothe fears about the US economy's health. The report suggests the recent weakness in activity is mostly limited to the manufacturing and export-oriented sectors, which have been hit by a strong dollar and anaemic global demand.
- In Europe, the flash estimate of **eurozone inflation** in December was just 0.2% yoy, unchanged from the November inflation rate. Energy deflation moderated to 5.9% yoy, which should have pushed headline inflation up, but this was offset in large part by food inflation, which moderated to 1.2% yoy. Overall, the soft inflation print increases the pressure on the European Central Bank (ECB) next week and the risk of additional easing.
- Over in **China**, macro data surprised to the downside. The **Caixin Manufacturing PMI** came in at 48.2 in December, down from 48.6 in November. The detail showed that the decline was mainly driven by weakening external demand, as new export orders contracted sharply. So the improvement in new export orders observed over the past few months was temporary and related to launches of new electronic products rather than the beginning of a broader demand recovery. New orders and employment also contracted at a faster pace. However, the official PMI, less sensitive to exports, remained below the 50 waterline, pointing to weak underlying demand. **China's foreign exchange (FX) reserves** fell to USD3.33 trillion at the end of December from USD3.44 trillion last month, the lowest since December 2012. The month-on-month change of -3.1% is the largest drop since 2004. China's FX reserves have dived -16.5% since the peak in June 2014 (USD3.99 trillion). Gold reserves edged up to USD60.2 billion in December, from USD59.5 billion a month earlier. Overall, the large drop in FX reserves suggests the FX outflow picked up significantly from November, and is consistent with a significant increase in onshore FX trading volume during the month.

Coming Week (09 – 15 January 2016)

Date	Country	Indicator	Data as of	Survey	Prior
Saturday 9 January	China	CPI Inflation (yoy)	Dec	1.6%	1.5%
Tuesday 12 January	Japan	BoP Current Account Adjusted (JPY)	Nov	1512.9bn	1493.7bn
	India	CPI Inflation (yoy)	Dec		5.4%
	India	Industrial Production (yoy)	Nov		9.8%
12-13 January	Russia	CPI Inflation (yoy)	Dec F		12.9%
Wednesday 13 January	China	Trade Balance (USD)	Dec	52.2bn	54.1bn
Thursday 14 January	UK	Bank of England Interest Rate Decision	Jan	0.5%	0.5%
	Eurozone	ECB Account of the Monetary Policy Meeting			
Friday 15 January	US	Retail Sales Advance (mom)	Dec	0.1%	0.2%
	US	Industrial Production (mom)	Dec	-0.2%	-0.6%
	US	University of Michigan Index of Consumer Sentiment	Jan P	93.0	92.6

P – Preliminary, F – Final

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
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US

- December's **US retail sales** will be closely watched for further confirmation that the US consumer remains well insulated from the weakness in the manufacturing sector and concerns surrounding global growth. Data so far in Q4 has seen the strongest two-month increase since June 2015 and the second strongest since November 2014. The market is looking for +0.3% mom for the core series, ex autos, gasoline and building materials. Growth in the headline number is expected to be lower at 0.1% mom with the average gasoline price 6% lower mom, compounded by somewhat weaker auto sales that dropped 5% mom, although auto sales are 18% above their historic average.
- For most of 2015, **US industrial production** has been in contractionary territory. Industrial production is expected at -0.2% mom in December, the fourth straight decline, partly reflecting reduced heating demand as temperatures remained moderate during the winter so far. More generally, the sector continues to struggle amid a stronger US dollar and the continued slowdown in emerging markets.
- The **University of Michigan Index of Consumer Sentiment** rose for the third consecutive month in December, with the report saying that improved sentiment was primarily due to lower inflation, which bolstered real income and buying plans for household durables. The preliminary reading of the index is expected to increase slightly in January to 93.0 from 92.6 in December.
- There are a few **US Federal Reserve speakers** next week talking on the US economy and monetary policy: Jeffrey Lacker (Monday), Eric Rosengren (Wednesday), Charles Evans (Wednesday), James Bullard (Thursday) and William Dudley (Friday).

Europe

- In Europe, the **Bank of England** is expected to leave its **policy rate** unchanged at 0.5% at its first meeting of 2016. While the current unemployment rate of 5.2% is very close to its equilibrium value, the recent deceleration in growth and the impact of the renewed slide in oil prices on inflation suggest that there is no rush to tighten policy. So far, only one member of the committee has been favouring a lift-off. In order to assess the potential timing of a first rate hike it will be important to scan the meeting minutes that are published alongside.
- The **ECB** will publish the **accounts of its December meeting** at which it cut the main deposit rate by 10bps to −0.3% and extended the asset purchase programme to March 2017. The fact that the decision was not unanimous suggests a divergence of views on the council. The minutes may shed some light on the reasoning behind the different positions, and whether members of the council see a risk that the operation may run into a shortage of eligible securities, a concern that ECB President Mario Draghi has dismissed. The minutes could also indicate whether a further cut in the deposit rate is possible.
- The **French central bank is going to host a conference on Tuesday** to discuss the current challenges of monetary policy, in particular those posed by low inflation, ultra-low interest rates and the risk of misallocation of resources. Some important central bank **speakers** could give clues about the future course of global monetary policy, including: **ECB** Governing Council members Peter Praet, Francois Villeroy de Galhau and Jens Weidmann; **Bank of England** Governor Mark Carney; **Fed** Vice Chairman Stanley Fischer; **Bank of Japan** Governor Haruhiko Kuroda; **Bank of Mexico** Governor Agustin Carstens; and **International Monetary Fund** Director Christine Lagarde.

Emerging markets and Japan

- **China's CPI inflation** likely rose to 1.6% yoy in December from 1.5% in November, driven mainly by higher food prices, while PPI deflation is expected to stay deep at -5.8% yoy in December, amid weak commodity prices, inventory adjustment and industrial overcapacity.
- Meanwhile, **Chinese** exports and imports likely contracted further in December, by -8.0% yoy and -11.0%, respectively, in US dollar terms, reflecting still sluggish global trade, weak commodity prices and the effects of renminbi depreciation (the decline should therefore be smaller in local currency terms). The **trade surplus** should remain large at USD52.2 billion in December (versus USD54.1 billion in November).
- **India's CPI inflation** likely moderated slightly in December from 5.4% in November, largely due to lower food prices (especially selected vegetable and pulse prices) as well as base effects, while core CPI inflation probably edged up with higher services inflation but remained contained. Meanwhile, **industrial production** growth is expected to have fallen in November from 9.8% in October, due to distortions caused by the timing of seasonal holidays (Diwali). Furthermore, the yoy decline in the infrastructure activity index and auto production, as well as recent weakness in trade data, also hint at softer industrial production growth.
- **Japan's current account balance** returned to its average level of the previous six months in October, at around JPY1,500 billion (seasonally adjusted), due to a rebound in income received from overseas investments. In November, the current account surplus may have continued to edge up, mostly due to weaker imports (-2.2% mom according to Ministry of Finance data) and stronger exports (+0.5%). The current account for November is expected to have increased marginally to JPY1,513 billion in seasonally adjusted terms.

Market Moves

Equity markets tumbled on elevated China and oil-related risk aversion amid rising geopolitical tensions

- US equities tumbled this week as investor sentiment was severely hit by the Chinese stock market rout, lower oil prices and heightened geopolitical tensions. The S&P 500 Index slid (-6.0%), with all 10 sectors finishing lower and defensive stocks, such as utilities, outperforming cyclicals.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
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- European stocks suffered heavy losses this week in the wake of China's stock market tumble, the plunge in oil prices and rising geopolitical tensions. Concerns about lower demand from China sent cyclical and commodity sectors lower. Overall, the EURO STOXX 50 Index ended down (-7.2%), with Germany's export-sensitive DAX underperforming (-8.3%) and France's CAC 40 also declining (-6.5%). Meanwhile, in the periphery, Spain's IBEX 35 (-6.7%) and Italy's FTSE MIB Index (-7.2%) also fell.
- Asian stock markets sold off sharply this week amid heightened concerns about the pace of depreciation of the Chinese renminbi and the health of the Chinese economy more generally. Escalating geopolitical tensions and weakness in oil prices also dampened risk appetite. The plunge in Chinese stocks triggered two circuit breakers in the first four trading sessions, which consequently prompted authorities to suspend the circuit breaker mechanism. The authorities also introduced new rules to prevent a sudden reduction of holdings by large shareholders ahead of the expiration of the selling ban on 8 January, while there were signs of state-controlled funds/entities buying to support the market. The Shanghai Stock Exchange Composite Index ended the week down (-10.0%) in volatile trading. Japan's Nikkei 225 Index also fell (-7.0%), hurt by the appreciation of the yen. Finally, India's SENSEX 30 Index posted a weekly loss (-4.7%) amid risk aversion ahead of the start of the quarterly earnings season next week.

US Treasuries gained on heightened risk aversion and lower oil prices

- US Treasuries ended higher this week (yields declined) amid heightened risk aversion and lower oil prices. However, gains were pared slightly on Friday following the stronger than expected December nonfarm payrolls report. Benchmark 10-year Treasury yields ended lower (-15bps to 2.12%), while the decline in policy-sensitive two-year Treasury yields (-10bps to 0.93%) was also supported by dovish FOMC minutes highlighting concerns over subdued inflation and the gradual pace of future rate hikes.
- Meanwhile, European government bonds also rose this week on heightened risk aversion following the global equity market sell-off and rising geopolitical tensions as the ECB resumed its asset purchase programme following the Christmas break. Furthermore, the plunge in oil prices this week and the softer than expected eurozone flash inflation print for December increased the chances of further ECB easing in coming months. Overall, benchmark German 10-year bund yields fell (-12bps to 0.51%), while 10-year French bond yields also declined (-6bps to 1.53%). Italian and Spanish 10-year bonds underperformed (-6bps and -6bps to 1.53% and 1.77% respectively).

The euro rose against the US dollar amid global risk aversion; emerging market currencies sell off

- The euro rose against the US dollar this week (+0.6%). The single currency was hit on Tuesday after eurozone inflation came in slightly lower than expected, raising expectations of further ECB easing in the coming months. However, the euro recovered ground on Thursday as China-related global risk aversion pushed investors to unwind euro-funded carry trades amid some upbeat eurozone economic data, especially for unemployment. A much better than expected US payrolls report on Friday led to a temporary sell-off before rebounding in late-afternoon trading. Elsewhere, the British pound fell against the US dollar (-1.7%). The pound came under pressure amid uncertainty over risks stemming from a referendum on membership of the European Union, with the odds of a UK exit having risen recently.
- Most Asian currencies ended the week lower against the US dollar, led by the Korean won and Malaysian ringgit (-2.3%), with the ringgit also hurt by lower oil prices. The offshore renminbi fell to a five-year low against the US dollar (-1.7%), with the onshore rate also declining (-1.5%). This raised market concerns about a faster depreciation of the currency and competitive devaluations across the region. However, the Japanese yen strengthened against the dollar (+2.6%), spurred by perceived "safe-haven" demand.
- Meanwhile, other non-Asian emerging market currencies sold off sharply against the US dollar this week amid heightened China and oil-related risk aversion. Among the worst performers was the highly traded and oil-sensitive Mexican peso (-3.9%), forcing the central bank to intervene by selling dollars. Meanwhile, the Argentine peso continued to plunge (-6.7%) following the finance ministry's late-December decision to lift currency controls.

Crude oil prices hit by China worries amid continuing oversupply concerns; gold shines on "safe-haven" demand

- WTI oil prices fell this week (-11.2% at USD32.9 per barrel), hitting a fresh low last seen in December 2003, lower than during the depths of the global financial crisis. Oil prices were pushed lower by this week's China-related risk aversion as well as Wednesday's U.S. Energy Information Administration weekly report that showed a 10.6 million barrel surge in gasoline stockpiles (the largest weekly increase since 1993), offsetting a 5.1 million barrel decline in crude inventories. However, this figure was likely distorted by year-end tax-related inventory adjustments at US refineries. Brent crude prices also fell (-10.6% at USD33.3) with rising geopolitical tensions in the Middle East failing to boost prices.
- Meanwhile, gold prices rose this week (+4.0% at USD1,104 per ounce), their highest level since early November last year, supported by perceived "safe-haven" demand as global equities sold off amid rising geopolitical tensions. The yellow metal also managed to hold onto the majority of gains on Friday following the better than expected US payrolls report.

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
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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	-6.2	-6.6	-6.8	-9.4	-6.2	444	373	14.5
North America									
US Dow Jones Industrial Average	16,346	-6.2	-7.0	-4.1	-8.7	-6.2	18,351	15,370	14.2
US S&P 500 Index	1,922	-6.0	-6.9	-4.5	-6.8	-6.0	2,135	1,867	15.5
US NASDAQ Composite Index	4,644	-7.3	-8.9	-3.5	-2.0	-7.3	5,232	4,292	19.1
Canada S&P/TSX Composite Index	12,445	-4.3	-3.7	-11.0	-13.9	-4.3	15,525	12,432	14.3
Europe									
MSCI AC Europe (USD)	385	-6.4	-6.5	-9.5	-9.6	-6.4	479	382	13.8
Euro STOXX 50 Index	3,033	-7.2	-8.0	-5.9	-3.2	-7.2	3,836	2,973	12.8
UK FTSE 100 Index	5,912	-5.3	-3.6	-7.3	-10.0	-5.3	7,123	5,768	14.4
Germany DAX Index*	9,849	-8.3	-7.7	-1.4	0.1	-8.3	12,391	9,325	12.0
France CAC-40 Index	4,334	-6.5	-7.4	-7.3	1.7	-6.5	5,284	4,119	13.4
Spain IBEX 35 Index	8,909	-6.7	-9.4	-12.5	-11.9	-6.7	11,885	8,890	12.8
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	382	-7.1	-5.9	-8.6	-17.8	-7.1	525	380	11.8
Japan Nikkei-225 Stock Average	17,698	-7.0	-9.2	-2.4	3.1	-7.0	20,953	16,593	17.1
Australian Stock Exchange 200	4,991	-5.8	-2.3	-4.2	-7.3	-5.8	5,997	4,910	15.2
Hong Kong Hang Seng Index	20,454	-6.7	-6.6	-8.5	-14.2	-6.7	28,589	20,324	10.1
Shanghai Stock Exchange Composite Index	3,186	-10.0	-8.2	1.4	-3.3	-10.0	5,178	2,851	12.6
Hang Seng China Enterprises Index	8,846	-8.4	-8.4	-14.0	-26.4	-8.4	14,963	8,688	6.7
Taiwan TAIEX Index	7,894	-5.3	-5.4	-6.5	-14.5	-5.3	10,014	7,203	11.5
Korea KOSPI Index	1,918	-2.2	-1.6	-5.0	0.7	-2.2	2,190	1,801	10.6
India SENSEX 30 Index	24,934	-4.7	-1.5	-7.1	-8.6	-4.5	30,025	24,826	17.2
Indonesia Jakarta Stock Price Index	4,546	-1.0	1.8	1.2	-12.8	-1.0	5,524	4,034	15.3
Malaysia Kuala Lumpur Composite Index	1,658	-2.1	-0.7	-2.0	-4.1	-2.1	1,868	1,504	15.5
Philippines Stock Exchange PSE Index	6,575	-5.4	-3.8	-7.5	-10.8	-5.4	8,137	6,555	16.1
Singapore FTSE Straits Times Index	2,751	-4.6	-4.3	-6.6	-17.8	-4.6	3,550	2,698	11.7
Thailand SET Index	1,244	-3.4	-4.8	-10.6	-18.2	-3.4	1,620	1,225	12.2
Latam									
Argentina Merval Index	11,306	-3.2	-13.5	0.2	34.7	-3.2	14,597	8,146	11.3
Brazil Bovespa Index*	40,612	-6.3	-8.6	-17.3	-18.7	-6.3	58,575	40,463	9.6
Chile IPSA Index	3,559	-3.3	-0.9	-6.5	-6.0	-3.3	4,148	3,490	13.1
Colombia IGBC Index	8,122	-5.0	3.3	-17.1	-25.9	-5.0	11,130	7,822	17.6
Mexico Index	40,265	-6.3	-4.7	-8.6	-5.0	-6.3	46,078	39,257	17.1
EEMEA									
Russia MICEX Index	1,749	-0.7	1.7	3.5	13.0	-0.7	1,874	1,431	5.5
South Africa JSE Index	48,105	-5.1	-2.0	-8.8	-3.0	-5.1	55,355	46,531	15.9
Turkey ISE 100 Index*	70,613	-1.6	-3.4	-10.2	-19.5	-1.6	91,806	69,191	8.0

*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	-5.7	-5.3	-6.9	16.2	27.1
US equities	-3.4	-5.0	-4.5	39.0	64.3
Europe equities	-8.4	-5.5	-6.4	3.4	11.9
Asia Pacific ex Japan equities	-8.3	-7.2	-15.6	-11.9	-7.4
Japan equities	-0.9	-4.6	6.7	26.9	17.3
Latam equities	-17.7	-7.2	-35.2	-52.3	-57.1
Emerging Markets equities	-12.6	-6.9	-21.1	-25.6	-27.0

All total returns quoted in USD 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 Latam 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 (cont)

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	482.5	0.4	0.3	0.5	0.9	0.4
JPM EMBI Global	669.5	-0.2	-0.9	-0.8	1.4	-0.2
BarCap US Corporate Index (USD)	2582.2	0.5	-0.2	-0.2	-1.1	0.5
BarCap Euro Corporate Index (Eur)	230.6	0.2	-0.2	0.9	-0.6	0.2
BarCap Global High Yield (USD)	372.6	-0.3	-1.6	-2.2	-0.9	-0.3
HSBC Asian Bond Index	383.00	0.6	0.2	0.5	2.4	0.6

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	1.09	1.09	1.09	1.13	1.18	1.09	1.19	1.05
GBP	1.45	1.47	1.50	1.53	1.51	1.47	1.59	1.45
CHF	1.01	1.00	1.01	1.03	0.98	1.00	1.19	0.97
CAD	1.42	1.39	1.36	1.30	1.18	1.38	1.42	1.18
JPY	117.42	120.55	122.93	119.93	119.66	120.22	125.86	115.86
AUD	1.44	1.37	1.39	1.38	1.23	1.37	1.45	1.21
NZD	1.53	1.46	1.51	1.50	1.28	1.46	1.60	1.27
Asia								
HKD	7.76	7.75	7.75	7.75	7.75	7.75	7.77	7.75
CNY	6.59	6.49	6.42	6.35	6.21	6.49	6.60	6.18
INR	66.64	66.14	66.84	65.08	62.67	66.15	67.13	61.30
MYR	4.39	4.29	4.26	4.24	3.57	4.29	4.48	3.54
KRW	1,197.84	1,172.55	1,178.52	1,158.61	1,096.89	1,175.06	1,208.72	1,065.21
TWD	33.34	32.84	32.81	32.60	31.99	32.86	33.44	30.35
Latam								
BRL	4.02	3.96	3.80	3.79	2.66	3.96	4.25	2.55
COP	3,267.05	3,174.50	3,308.50	2,870.48	2,397.00	3,174.50	3,377.85	2,343.55
MXN	17.94	17.26	17.02	16.46	14.67	17.21	17.98	14.44
EEMEA								
RUB	74.75	72.52	69.46	61.40	60.12	72.52	76.11	48.14
ZAR	16.31	15.56	14.59	13.31	11.59	15.47	16.32	11.26
TRY	3.02	2.92	2.91	2.89	2.30	2.92	3.08	2.27

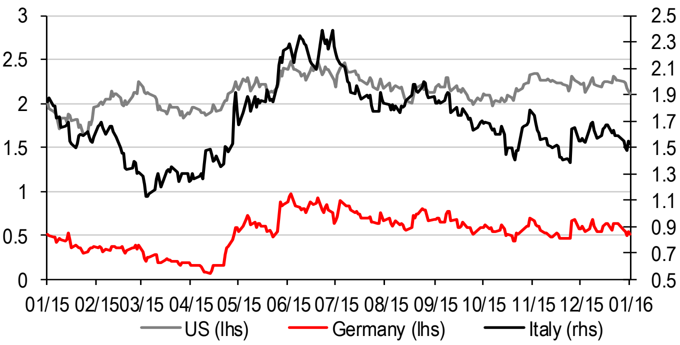
Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2015
US Treasury yields (%)						
3-Month	0.19	0.16	0.27	0.00	0.02	0.16
2-Year	0.93	1.05	0.93	0.63	0.61	1.05
5-Year	1.56	1.76	1.66	1.40	1.49	1.76
10-Year	2.11	2.27	2.22	2.10	2.02	2.27
30-Year	2.91	3.02	2.95	2.94	2.60	3.02
Developed market 10-year bond yields (%)						
Japan	0.22	0.26	0.32	0.33	0.29	0.26
UK	1.77	1.96	1.82	1.81	1.65	1.96
Germany	0.51	0.63	0.57	0.59	0.51	0.63
France	0.88	0.99	0.88	0.96	0.80	0.99
Italy	1.53	1.59	1.55	1.69	1.84	1.59
Spain	1.71	1.77	1.60	1.83	1.67	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	1,104	4.0	2.7	-3.1	-8.7	4.0	1,308	1,046
Brent Oil	33.3	-10.6	-17.2	-37.2	-34.6	-10.6	70	32
WTI Crude Oil	32.9	-11.2	-12.3	-33.4	-32.6	-11.2	63	32
R/J CRB Futures Index	169	-4.3	-5.0	-16.3	-25.4	-4.3	234	167
LME Copper	4,524	-3.8	-1.4	-11.9	-25.9	-3.8	6,481	4,430

Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
Past performance is not an indication of future returns

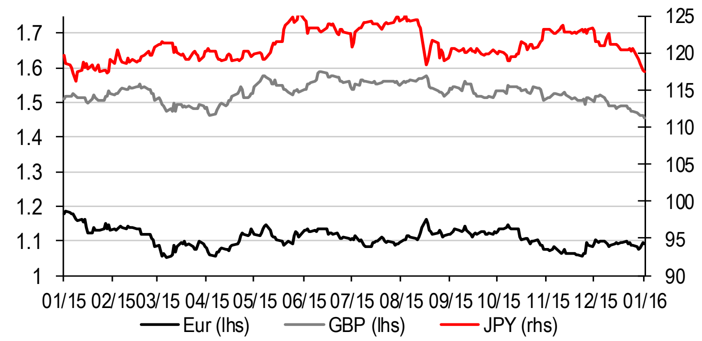
Market Trends

Government bond yields (%)



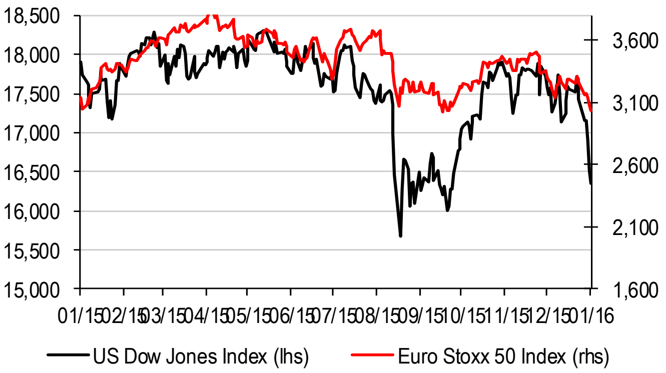
Yields based on 10 year government bonds

Major currencies (vs.USD)

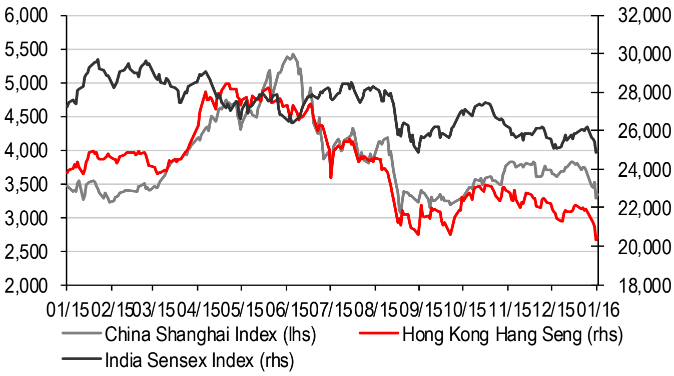


All values versus USD

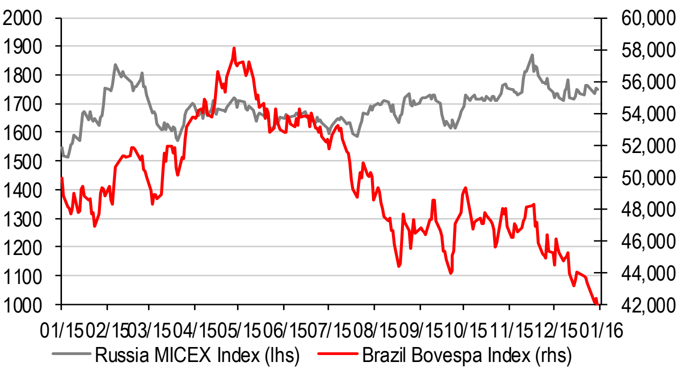
Global equities



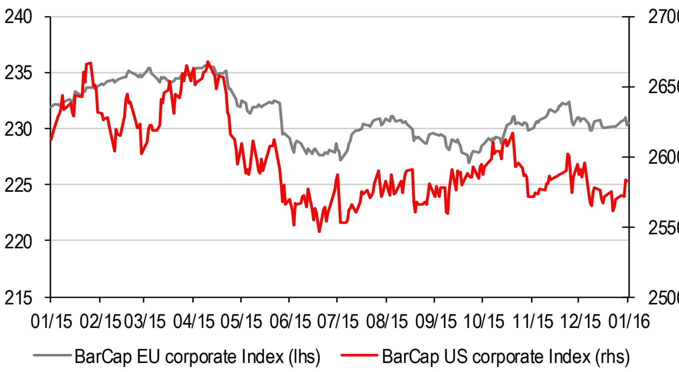
Emerging Asian equities



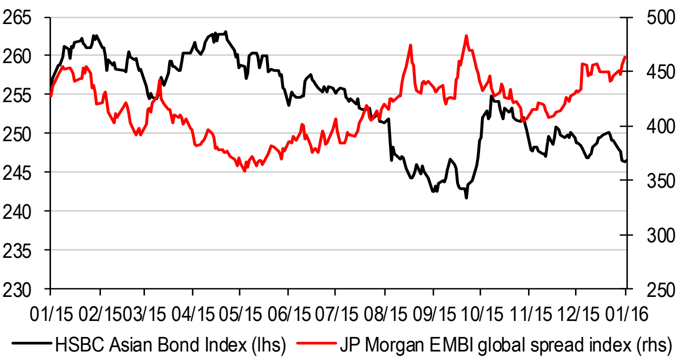
Other emerging equities



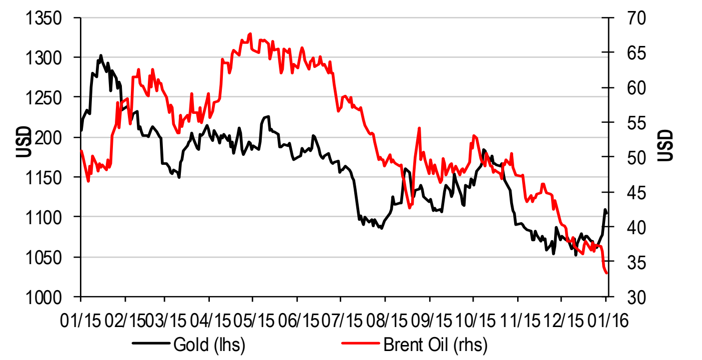
Global credit indices



Emerging markets spreads (USD indices)



Commodities (USD)



Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
Past performance is not an indication of future returns

Expiry: 15 January 2016

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Source: Bloomberg, HSBC Global Asset Management. Data as at close of business 08 January 2016.
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