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Investment Monthly
Global economic growth moderates

Key takeaways

- We remain overweight global equities and local-currency emerging market (EM) government bonds. We also retain our underweight stance on developed market (DM) government bonds, and global investment grade (IG) and high-yield (HY) corporate bonds
- Global equities rose in April, boosted by receding global trade tensions. A strong start to the Q1 corporate earnings season also provided support
- The US economy expanded by 2.5% qoq annualised in Q1, below Q4's pace of 2.9% but stronger than the expected 2.2%. March core CPI inflation rose to 2.1%
- Eurozone activity data continued to show signs of a soft patch in Q1. Positively, however, survey data remains consistent with solid, above-trend growth
- China's economic growth remained solid in Q1. However, policymakers have expressed a more cautious view on the external environment, resulting in monetary policy fine-tuning
- Reflecting the uncertain inflation outlook, the Bank of Japan dropped the reference to 2019 as a time to start discussing an exit from quantitative easing (QE)

Economies are still growing above trend

Global economic growth has moderated in the first few months of 2018. In particular, the eurozone, UK and Japanese economies have shown signs of having hit a soft patch in Q1. Nevertheless, this is not yet a cause for concern as it may reflect temporary factors (eg weather, Lunar New Year distortions), whilst growth in most regions remains above trend. We need to monitor these trends closely but, for now, the risk of an imminent recession remains low.

We still view the balance of risks tilted towards the gradual build-up of cyclical inflation pressures. This is especially relevant to the US which continues to add jobs at a healthy pace and is operating with little (or no) spare capacity. This means the Fed could tighten policy at a faster than expected pace. Thus, given **DM government bonds** still offer low sustainable returns, we remain underweight in this asset class. However, we prefer **US Treasuries** to other global bond markets, with two-year notes now yielding more than US equity dividends. Elsewhere, we maintain an underweight view in credits as they are also vulnerable to higher interest rates, and current valuations leave little "margin of safety" against any downward surprises. Overall, **global equities and EM assets** are the best way to benefit from the still robust growth backdrop, in our view.

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HSBC

Equities

Asset class	View	View Move
Global	**OW**	–
US	N	–
UK	N	–
Eurozone	OW	–
Japan	OW	–
Emerging Markets (EM)	OW	–
Asia ex Japan	OW	–
CEE & Latam	N	–

Government bonds

Asset class	View	View Move
Developed Market (DM)	**UW**	–
US	UW	–
UK	UW	–
Eurozone	UW	–
Japan	UW	–
EM (local currency)	**OW**	–

Corporate bonds

Asset class	View	View Move
Global investment grade (IG)	**UW**	–
USD IG	UW	–
EUR and GBP IG	UW	–
Asia	N	–
Global high-yield	**UW**	–
US	UW	–
Europe	UW	–
Asia	N	–

Other

Asset class	View	View Move
EM agg bond (USD)	**UW**	–
Gold	**N**	–
Other commodities	**N**	–
Real estate	**N**	–

Long-term asset class positioning (>12 months)

Basis of Views and Definitions of 'Long term Asset class positioning' tables

Views are based on regional HSBC Global Asset Management Asset Allocation meetings held throughout April 2018, HSBC Global Asset Management's long-term expected return forecasts which were generated as at 30 March 2018, our portfolio optimisation process and actual portfolio positions.

Icons: ↑ View on this asset class has been upgraded — No chang ↓ View on this asset class has been downgraded

Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.

"Overweight" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.

"Underweight" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.

"Neutral" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class

For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

Past performance is not an indication of future returns.

Equities

Asset class	View	Movement	Rationale
Global	Overweight	—	**Rationale of overweight views:** Our measure of the global equity risk premium (excess return over cash) is still reasonable given where we are in the profits cycle. Global economic growth remains solid, driving global equity markets to deliver positive returns over the long term. Overall, support from still-loose monetary policy and fiscal policy (if needed) will, in the medium and longer term, likely outweigh any headwinds from more modest Chinese growth, monetary policy normalisation in DM economies, and political uncertainty in many regions. **Risks to consider:** Fairly narrow implied equity risk premia limit the ability of the market to absorb bad news. Episodic volatility may be triggered by concerns surrounding global trade protectionism, Chinese growth, and/or a potentially more rapid than expected Fed, ECB or BoJ normalisation of policy, coupled with political risks. A notable and persistent deterioration of the global economic outlook could also dampen our view.
US	Neutral	—	**Positive factors:** Despite a recent pickup in market volatility, corporate fundamentals remain strong, the earnings growth outlook looks solid (with upside risks from tax reform), and the US macroeconomic backdrop is still robust. Overall, our measure of the implied risk premium (excess returns over cash) remains consistent with a neutral positioning. **Risks to consider:** The magnitude of the boost to GDP growth from tax reform is likely to be small given where we are in the cycle. A more rapid than expected tightening of Fed policy also poses risks. We are getting closer to the critical point where we need to reassess whether we are being offered enough return to take on equity risk in this market. Risks from US protectionism also need to be considered, especially if further rounds of tit-for-tat actions materialise.
UK	Neutral	—	**Positive factors:** Major UK equity indices are heavily weighted to financial and resource stocks which should benefit from higher commodity prices and rising interest rates. Overall, however, current valuations are consistent with a neutral positioning, in our view. **Risks to consider:** The prospective reward for bearing equity risk in the UK is relatively low compared to other markets. The UK economy is underperforming amid low real wage growth and Brexit-related uncertainty.
Eurozone	Overweight	—	**Rationale of overweight views:** Eurozone equities benefit from relatively high implied risk premia and scope for better earnings news given the region's earlier point in the activity cycle. Ultra-low ECB policy interest rates are likely to persist until the end of the decade. **Risks to consider:** The recent softening of activity indicators requires monitoring. Political risks remain amid the aftermath of Italian general elections, lingering tensions in Spain (Catalonia) and Brexit-related uncertainty. A weaker UK economy may dent exports to a significant trading partner. ECB monetary policy may also be less accommodative than expected.
Japan	Overweight	—	**Rationale of overweight views:** The relative valuation is attractive, in our view, whilst policy is supportive. Large corporate cash reserves provide firms with the scope to boost dividends or engage in stock repurchases. Earnings momentum remains positive. **Risks to consider:** Although there has been a pick-up in investment, domestic economic fundamentals are relatively sluggish. There was also a slowdown in survey indicators and some industrial data in Q1.
Emerging Markets (EM)	Overweight	—	**Rationale of overweight views:** EM economic growth momentum continues to look good (especially relative to stable growth in DM). Based on current pricing, we also think there is still significant potential for (selected) EM currencies to appreciate over the medium term. Unhedged exposures to EM Asia offer the best risk-adjusted rewards, in our view. **Risks to consider:** There could be some near-term volatility as worries persist around the uncertain path for future Fed tightening, the potential for increased trade protectionism, economic transition in China, and the robustness of the global economy as a whole. Geopolitical uncertainty also poses risks.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Asset class	View	Movement	Rationale
Asia ex Japan	Overweight	—	**Rationale of overweight views:** We think Asia ex Japan equities have particularly attractive risk adjusted returns and a reasonable "margin of safety" in current valuations should a less favourable macro backdrop emerge. Asian earnings growth is strong. Asian currencies are also poised to appreciate in the medium term. **Risks to consider:** A further rise in Treasury yields is a key risk. DM central bank policy normalisation could raise uncertainty. Other risks include US protectionist policies; geopolitical events; commodity-price and/or currency volatility; faltering global growth; and renewed concerns about China's growth and financial stability.
CEE & Latam	Neutral	—	**Positive factors:** Brazil exited recession in Q1 2017 and has embarked on an ambitious reform agenda, whilst Mexico's economy is resilient. We believe Poland, Russia and Hungary offer attractive risk premiums. **Risks to consider:** Geopolitical tensions are high and unpredictable. We think high local cash rates and sovereign yields in many countries diminish the case for bearing equity risk.

Government bonds

Asset class	View	Movement	Rationale
Developed Markets (DM)	Underweight	—	**Rationale of underweight views:** Prospective returns still look low relative to competing asset classes. In a bond-unfriendly environment (strong global activity, the risk of cyclical inflationary pressures, and gradual DM central bank policy normalisation), global bond yields could move higher still. **Positive factors:** Government bonds can still deliver diversification benefits should there be a renewal of economic growth concerns. Also, "secular stagnation" forces remain (ageing populations, low productivity and investment), and the global pool of safety assets is limited.
US	Underweight	—	**Rationale of underweight views:** The US labour market is at (or close to) full employment so underlying inflationary pressures may build, especially following tax reform. A more meaningful pick-up in inflation is a key risk scenario. **Positive factors:** Two-year Treasury yields are higher than US dividend yields. To us, this means we no longer need to be exposed to unwanted risks in order to reach target income levels. We also believe 10-year Treasuries increasingly can benefit from recession fears. We hold this position with a positive bias.
UK	Underweight	—	**Rationale of underweight views:** Prospective returns for UK gilts continue to look poor, and we are being penalised for bearing interest-rate risk. **Positive factors:** Amid downside risks to growth and inflation heading back toward target, UK monetary policy is likely to remain accommodative for a longer period.
Eurozone	Underweight	—	**Rationale of underweight views:** Similarly, core European bonds are overvalued, in our view. A key risk is the eventual termination of the ECB Asset Purchase Programme. **Positive factors:** Core inflationary pressures in the region remain subdued, which should keep accommodative monetary policy in place for an extended period of time.
Japan	Underweight	—	**Rationale of underweight views:** Japanese government bonds (JGBs) are overvalued, in our view. The BoJ has also recently reduced the amount of its JGB purchases and could modify its yield targeting framework. **Positive factors:** The "Yield Curve Control" framework should limit volatility and reduce the risk of significantly higher yields in the near term.
Emerging markets (EM)	Overweight	—	**Rationale of overweight views:** Despite recent strong performance, we think most countries still offer high prospective returns, especially relative to the opportunity set. Our estimate of the sustainable return on EM currencies reinforces our choice to hold this position unhedged. **Risks to consider:** A more aggressive than expected tightening of Fed policy. Diverging economic and political regimes in the EM universe mean that being selective is key.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Corporate bonds

Asset class	View	Movement	Rationale
Global investment grade (IG)	Underweight	—	**Rationale of underweight views:** Low implied credit premiums mean that the margin of safety against negative shocks, such as a slight deterioration in the data or default outlook, is very thin. We prefer a mix of government bonds and equities to credit. **Positive factors:** The macro environment remains supportive for credits – implied recession probabilities remain very low. The risk of defaults and downgrades appear limited for now.
USD investment grade	Underweight	—	**Rationale of underweight views:** Apart from low implied credit premiums, the "duration" of US IG corporate bonds — a measure of their sensitivity to shifts in underlying interest rates — is at record highs, making them vulnerable to a more aggressive pace of Fed tightening, in our view. **Positive factors:** US investment-grade debt looks more attractive to us than European credit. We think carefully-selected US credit may outperform.
EUR and GBP investment grade	Underweight	—	**Rationale of underweight views:** Alongside a compressed credit risk premium, EUR IG prospective returns are also weighed down by a negative duration risk premium i.e. we are being penalised for bearing interest-rate risk. **Positive factors:** For the time being, the ECB's corporate bond-buying programme remains supportive. Default rates also remain low.
Asia IG	Neutral	—	**Positive factors:** Within the IG universe, the carry offered by Asian credits looks attractive relative to DM. Our measure of the implied credit risk premium is also relatively high. Robust underlying activity in EM Asia and a neutral monetary policy stance in most countries is also supportive. **Risks to consider:** A more aggressive than expected Fed policy normalisation poses a key risk, particularly for corporates who borrow in US dollars. Risks from rising protectionism cannot be ignored either, while the extent of Chinese leverage remains a long-term issue.
Global high-yield	Underweight	—	**Rationale of underweight views:** Our measures of implied high-yield (HY) credit risk premiums (compensation for bearing credit risk) are low. Our measures show we are better rewarded by equities as a way to benefit from a strong economic backdrop. **Positive factors:** HY bonds are more exposed to growth than to interest rate risk. Corporate fundamentals are solid amid robust global economic activity, and defaults are low. We prefer higher-rated HY bonds.
US HY	Underweight	—	**Rationale of underweight views:** We think compressed credit risk premiums makes US HY credits vulnerable to even a slight deterioration in the data or default outlook. A sustained fall in commodity prices and a more aggressive Fed tightening cycle all pose risks. **Positive factors:** Broad-based strength in US economic activity continues to support corporate fundamentals. Tax reforms will also help. Default rates are relatively low. HY bonds also have a shorter effective duration, making them more exposed to growth than to interest rate risk.
Europe HY	Underweight	—	**Rationale of underweight views:** The carry offered in Euro HY has declined over the past year and now looks less attractive when compared to European equities. The ECB APP, which has so far been positive for this asset class, is likely to be terminated by 2019. Overall, our measure of prospective risk-adjusted returns in EUR HY is consistent with an underweight positioning. **Positive factors:** The robust eurozone recovery, coupled with spill-over effects from the ECB Asset Purchase Programme (APP) remain supportive. The default outlook also looks benign.
Asia HY	Neutral	—	**Positive factors:** The carry offered by Asian High Yield looks attractive to us given the alternatives, with relatively high prospective risk-adjusted returns. Economic momentum is robust and inflationary pressures appear to have mostly stabilised. **Risks to consider:** A Fed error in its normalisation of monetary policy poses a key risk, particularly for corporates who borrow in US dollars. Risks from rising protectionism cannot be ignored either, while the extent of Chinese leverage remains a long-term issue.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Other

Asset class	View	Movement	Rationale
EM agg bond (USD)	Underweight	–	**Rationale of underweight views:** The recent sell-off has improved prospective returns for dollar-denominated EM sovereign debt. This is interesting to keep monitoring, but it is not enough to make the asset class look attractive to us. The risk of a more hawkish Fed and stronger USD poses a significant risk to USD-denominated debt holdings in the EM universe. USD debt leverage is high in some economies. **Positive factors:** Investors' reach for yield may continue to support EM hard-currency bonds.
Gold	Neutral	–	**Positive factors:** Gold futures can offer reasonable diversification benefits to our multi-asset portfolios and have some inflation-hedging characteristics. **Risks to consider:** Based on our expected returns framework, prospective returns on gold futures look poor today given current market pricing. This is due to the large negative expected roll yield (the cost of renewing futures contracts) and a negative expected spot price return.
Other commodities	Neutral	–	**Positive factors:** Commodity futures can offer reasonable diversification benefits to our multi-asset portfolios and have some inflation-hedging characteristics. **Risks to consider:** Based on our expected returns framework, prospective returns on commodity futures look poor today given current market pricing. This is primarily because there is a large negative expected roll yield (the cost of renewing futures contracts).
Real estate	Neutral	–	**Positive factors:** We believe real estate equities are priced to deliver reasonably attractive long-run returns compared to developed-marked government bonds based on current dividend yields and our outlook for dividend growth. At the end of March 2018, the dividend yield from real estate equities of 4.1% was some 1.7 percentage points higher than that of wider equities. In the long run, rents are positively related to wider economic growth and offer a partial inflation hedge. **Risks to consider:** Stronger economic growth and potential inflation pressures have resulted in increases in some government bond yields, which have negatively impacted real estate equities. Although improved economic conditions are associated with more demand from occupiers of property (which is positive for rents, other things being equal), real estate equities can be sensitive to rises in government bond yields in the short term. Some retailers that do not have any online presence are suffering from the impact of internet shopping and we think this could continue to impact retail-focused stocks.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Global economic growth moderates

Markets: global equities rose as trade tensions eased; Treasuries fell amid higher oil prices

- **Global equities** rose in April, boosted by receding global trade tensions and geopolitical tensions in Syria. A strong start to the Q1 corporate earnings season also provided support. The MSCI AC World index closed 1.7% higher
- Meanwhile, **DM government bonds** sold off, with 10-year Treasury yields at one point surpassing 3% for the first time since late 2013. The declines came amid higher oil prices, improving risk appetite and as the Fed signalled continued increases in interest rates
- The rise in **oil prices** came amid continuing strength of global demand, expectations that OPEC and Russia will extend supply cuts, and rising tensions in the Middle East (all data above as of close of 30 April in local currency, price return, month-to-date terms)

US: Inflation approaching lift-off as base effects dissipate

- March headline and core CPI inflation rose to one-year high of 2.4% yoy and 2.1% yoy respectively. The strong prints were mainly due to base effects, and an acceleration in food and energy prices as well as core shelter, hospital and transportation costs
- The economy expanded by 2.5% qoq annualised (qoqa), below Q4's pace of 2.9% but stronger than the expected 2.2%. Personal consumption grew 1.1% qoqa, much less than previously (4.0% qoqa), as the post-hurricane consumption boom moderated
- Housing market data (starts, sales, permits) came in strong. There have been some concerns over the housing market as interest rates have risen. Nevertheless, 30-year fixed mortgage rates remain subdued by historical standards
- Nonfarm payrolls rose by 103k in March whilst the unemployment rate remained at 4.1%. Average hourly earnings rose 2.7% yoy, more in line with its six-month moving average of 2.6% after jumping to 2.9% yoy in January

Europe: ECB still expected to end QE this year despite Q1 soft patch; BoE governor Carney makes dovish speech

- Eurozone activity data continues to show signs of a soft patch in Q1. Positively, however, survey data remains consistent with solid growth, and the decline in manufacturing sentiment is linked to capacity constraints rather than solely weak demand
- Employment growth is still positive, with the March unemployment rate (8.5%) at the lowest level since December 2008. Although the ECB remains cautious amid low inflation, the solid economic outlook should see the bank's QE programme end this year
- Bank of England governor Mark Carney reiterated that **UK** should prepare for a few interest rates over the next few years. But he also drew attention to "mixed data" from the UK economy and didn't want to focus on the "precise timing" of the next rate hike

Asia: Chinese growth remains solid in Q1; Bank of Japan drops reference to 2019 as a time to start discussing QE exit

- Growth in the **Chinese** economy remained solid in Q1. However, policymakers have recently expressed a more cautious view on the external environment, resulting in monetary policy fine-tuning which may help support domestic demand
- The latest Reserve Bank of **India** (RBI) meeting minutes expressed concerns over the inflation outlook from higher crude oil prices, hikes in Minimum Support Prices and fiscal slippage. This could see an interest rate hike later this year
- In **Japan**, the yen depreciated in April amid easing risk aversion and some downward pressure on inflation. Reflecting the uncertain inflation outlook, the BoJ dropped the reference to 2019 as a time to start discussing an exit from QE

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Other EM: growth continues but idiosyncratic political risks remain

- **Brazil's** hard data releases in April were weaker than expected. The March Markit PMI also fell from February levels. Meanwhile, inflation remains subdued, which could give the central bank more capacity to provide stimulus
- **Mexico's GDP** increased by 1.1% qoq in Q1, well-above a projected rise of 0.7% qoq. This was the biggest increase since 2016. Investor focus now shifts to the upcoming July general elections as televised debates between Presidential nominees kick-started
- **Russia's** ruble plunged circa 10% against the US dollar in April amid concerns over US sanctions, and may push inflation higher. The central bank left the key rate unchanged at 7.25%, slightly above the 6-7% range it deems neutral
- The **Turkish** central bank raised the late liquidity window rate by 75bp (50bp expected) to 13.50%. On the back of still elevated inflation and rising import prices, the policy statement reiterated its readiness to deliver more tightening if needed

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Market Data

Equity Indices	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World								
MSCI AC World Index (USD)	510	0.8	(5.9)	12.0	(0.7)	551	455	15.4
North America								
US Dow Jones Industrial Average	24,163	0.2	(7.6)	15.4	(2.2)	26,617	20,553	16.1
US S&P 500 Index	2,648	0.3	(6.2)	11.1	(1.0)	2,873	2,353	16.8
US NASDAQ Composite Index	7,066	0.0	(4.7)	16.8	2.4	7,637	5,997	21.4
Canada S&P/TSX Composite Index	15,608	1.6	(2.2)	0.1	(3.7)	16,421	14,786	15.5
Europe								
MSCI AC Europe (USD)	485	1.9	(5.8)	10.4	(0.5)	524	439	14.2
Euro STOXX 50 Index	3,537	5.2	(2.0)	(0.6)	0.9	3,709	3,262	14.2
UK FTSE 100 Index	7,509	6.4	(0.3)	4.2	(2.3)	7,793	6,867	14.1
Germany DAX Index*	12,612	4.3	(4.4)	1.4	(2.4)	13,597	11,727	13.2
France CAC40 Index	5,521	6.8	0.7	4.8	3.9	5,567	4,995	15.1
Spain IBEX 35 Index	9,981	4.0	(4.5)	(6.9)	(0.6)	11,184	9,328	13.2
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	569	0.9	(6.4)	17.0	(0.1)	617	483	13.5
Japan Nikkei225 Stock Average	22,468	4.7	(2.7)	17.0	(1.3)	24,129	19,145	16.3
Australian Stock Exchange 200	5,983	3.9	(0.9)	1.0	(1.4	6,150	5,630	16.1
Hong Kong Hang Seng Index	30,808	2.4	(6.3)	25.2	3.0	33,484	24,359	11.9
Shanghai Stock Exchange Composite Index	3,082	(2.7)	(11.5)	(2.3)	(6.8)	3,587	3,017	12.1
Hang Seng China Enterprises Index	12,331	2.8	(9.1)	20.7	5.3	13,963	9,882	8.1
Taiwan TAIEX Index	10,658	(2.4)	(4.0)	8.0	0.1	11,270	9,846	13.7
Korea KOSPI Index	2,515	2.8	(2.0)	14.1	1.9	2,607	2,202	9.8
India SENSEX 30 Index	35,160	6.6	(2.2)	17.5	3.2	36,444	29,804	18.7
Indonesia Jakarta Stock Price Index	5,995	(3.1)	(9.3)	5.4	(5.7)	6,693	5,578	15.3
Malaysia Kuala Lumpur Composite Index	1,870	0.4	0.1	5.8	4.1	1,896	1,708	16.7
Philippines Stock Exchange PSE Index	7,819	(2.0)	(10.8)	2.1	(8.6)	9,078	7,526	17.4
Singapore FTSE Straits Times Index	3,614	5.4	2.3	13.8	6.2	3,628	3,170	14.5
Thailand SET Index	1,780	0.2	(2.6)	13.6	1.5	1,853	1,532	16.2
Latam								
Argentina Merval Index	30,006	(3.6)	(14.1)	42.8	(0.2)	35,462	20,462	10.0
Brazil Bovespa Index[1]	86,116	0.9	1.4	31.7	12.7	88,318	60,315	13.1
Chile IPSA Index	5,711	3.0	(2.5)	19.1	2.6	5,895	4,718	17.8
Colombia COLCAP Index	1,566	7.6	0.5	14.1	3.4	1,598	1,360	15.9
Mexico S&P/BMV IPC Index[1]	48,358	4.8	(4.2)	(1.8)	(2.0)	51,772	45,785	16.8
EEMEA								
Russia MOEX Index	2,307	1.6	0.7	14.4	9.4	2,377	1,775	6.4
South Africa JSE Index	58,252	5.0	(2.1)	8.2	(2.1)	61,777	50,750	15.2
Turkey ISE 100 Index[1]	104,283	(9.3)	(12.8)	10.2	(9.6)	121,532	93,000	7.3

[1] Indices expressed as total returns. All others are price returns.

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	(5.4)	0.0	14.2	24.0	52.4
US equities	(5.8)	(0.4)	12.6	32.0	77.7
Europe equities	(4.7)	0.6	13.5	13.2	31.8
Asia Pacific ex Japan equities	(5.9)	0.4	20.0	20.4	35.3
Japan equities	(2.9)	1.5	19.2	23.7	41.9
Latam equities	(5.7)	6.7	17.8	19.6	(9.9)
Emerging Markets equities	(6.8)	1.0	21.7	19.1	26.0

All total returns quoted in USD terms and subject to one-day lag.

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.

Market Data (continued)

Bond indices - Total Return	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	512	(0.4)	0.2	1.4	(0.5)
JPM EMBI Global	782	(1.5)	(3.0)	0.2	(3.2)
BarCap US Corporate Index (USD)	2,808	(0.9)	(2.3)	0.7	(3.2)
BarCap Euro Corporate Index (Eur)	246	0.0	(0.1)	1.2	(0.4)
BarCap Global High Yield (Hedged in USD)	466	0.1	(1.1)	3.2	(0.6)
Markit iBoxx Asia ex-Japan Bond Index (USD)	192	(0.6)	(1.4)	0.5	(2.0)
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	249	(0.7)	(1.9)	1.4	(1.4)

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

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2017
US Treasury yields (%)					
3-Month	1.80	1.70	1.46	0.79	1.38
2-Year	2.49	2.27	2.14	1.26	1.88
5-Year	2.80	2.56	2.51	1.81	2.21
10-Year	2.95	2.74	2.71	2.28	2.41
30-Year	3.12	2.97	2.93	2.95	2.74
Developed market 10-year bond yields (%)					
Japan	0.05	0.04	0.08	0.01	0.04
UK	1.42	1.35	1.51	1.08	1.19
Germany	0.56	0.49	0.70	0.32	0.42
France	0.78	0.72	0.97	0.83	0.78
Italy	1.78	1.78	2.02	2.28	2.01
Spain	1.27	1.16	1.42	1.64	1.56

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

Past performance is not an indication of future returns.

Currencies (vs USD)	Latest	End of last mth.	3-mths Ago	1-year Ago	Year End 2017	52-week High	52-week Low
Developed markets							
EUR/USD	1.21	1.23	1.24	1.09	1.20	1.26	1.08
GBP/USD	1.38	1.40	1.42	1.30	1.35	1.44	1.26
CHF/USD	1.01	1.05	1.07	1.01	1.03	1.09	0.99
CAD	1.28	1.29	1.23	1.37	1.26	1.38	1.21
JPY	109.3	106.3	109.2	111.5	112.7	114.7	104.6
AUD	1.33	1.30	1.24	1.34	1.28	1.36	1.23
NZD	1.42	1.38	1.36	1.46	1.41	1.47	1.32
Asia							
HKD	7.85	7.85	7.82	7.78	7.81	7.85	7.78
CNY	6.33	6.28	6.29	6.89	6.51	6.91	6.24
INR	66.66	65.18	63.59	64.25	63.87	66.94	63.25
MYR	3.92	3.86	3.90	4.34	4.05	4.35	3.85
KRW	1,068	1,064	1,068	1,138	1,067	1,158	1,054
TWD	29.61	29.11	29.14	30.21	29.73	30.64	28.96
Latam							
BRL	3.51	3.31	3.19	3.18	3.31	3.51	3.08
COP	2,803	2,794	2,831	2,943	2,986	3,103	2,685
MXN	18.71	18.18	18.60	18.82	19.66	19.91	17.45
EEMEA							
RUB	62.98	57.34	56.19	56.93	57.69	65.04	55.56
ZAR	12.46	11.84	11.85	13.37	12.38	14.57	11.51
TRY	4.06	3.96	3.76	3.55	3.80	4.19	3.39

Commodities	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,315	(0.7)	(2.2)	3.7	0.9	1,366	1,205
Brent Oil	75.2	7.0	8.9	45.3	12.4	75	44
WTI Crude Oil	68.6	5.6	5.9	39.0	13.5	70	42
R/J CRB Futures Index	202	3.4	2.3	11.1	4.2	204	166
LME Copper	6,807	1.4	(4.4)	18.7	(6.1)	7,313	5,463

Sources: Bloomberg, HSBC Global Asset Management. Data as at close of business 30 April 2018.

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