Our views

The unprecedented moves in oil markets reflects the significant challenges facing the global economy.

Nevertheless, for global equities, highly attractive relative valuations and policy support measures means we remain strategically overweight in our multi-asset portfolios.
Market considerations

The collapse in oil prices may have important ramifications for the global economy. There are positives and negatives for different economies and sectors.

On the plus side, lower oil prices will help support consumers in many net-oil importing advanced and emerging economies by raising disposable incomes (less money spent on fuel) and reducing input costs into production. This will be especially important as containment measures are gradually lifted in the coming weeks.

Less positively, many economies that are major oil producers – including the US – will bear an economic hit from lower prices. Credit default rates within the US shale industry in particular are likely to pick up, weighing on the outlook for the US high-yield corporate bond sector.

Overall, the dramatic moves in the oil market reflect a very challenging economic outlook which sits alongside still-elevated levels of market volatility. There is also significant uncertainty about how the pandemic will evolve (in terms of case growth, the rollout of mass testing, and vaccination/treatment options), and thus the trajectory on any economic recovery.

Nevertheless, we think the case for a strategic, longer-term overweight in global equities in our multi-asset portfolios remains solid amid huge global policy support initiatives, and highly attractive relative valuations.
Important information:

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorized reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Global Asset Management Global Investment Strategy Unit and HSBC Securities (USA) Inc. at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios’ composition. Individual portfolios managed by HSBC Global Asset Management primarily reflect individual clients’ objectives, risk preferences, time horizon, and market liquidity.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. Past performance contained in this document is not a reliable indicator of future performance while any forecasts, projections and simulations contained herein should not be relied upon as an indication of future results. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Mutual fund investments are subject to market risks, read all related documents carefully. Please consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus, which contains this and other information, can be obtained by calling an HSBC Securities (USA) Inc. Financial Advisor or call 888-525-5757. Read it carefully before you invest.

Investment and certain insurance products, including annuities, are offered by HSBC Securities (USA) Inc. (HSI), member NYSE/FINRA/SIPC. In California, HSI conducts insurance business as HSBC Securities Insurance Services. License #: OE67746. HSI is an affiliate of HSBC Bank USA, N.A. Whole life, universal life, term life, and other types of insurance are provided by unaffiliated third parties and offered through HSBC Insurance Agency (USA) Inc., a wholly owned subsidiary of HSBC Bank USA, N.A. Products and services may vary by state and are not available in all states. California license #: OD36843. Investments, Annuity and Insurance Products: Are not a deposit or other obligation of the bank or any of its affiliates; Not FDIC insured or insured by any federal government agency of the United States; Not guaranteed by the bank or any of its affiliates; and subject to investment risk, including possible loss of principal invested.

All decisions regarding the tax implications of your investment(s) should be made in consultation with your independent tax advisor.