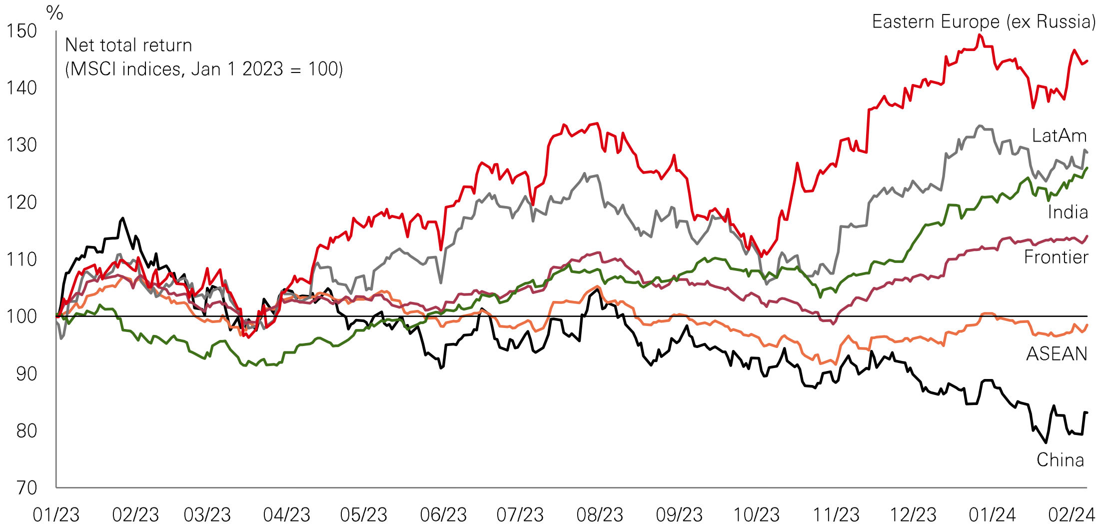
HSBC

Asset Management

Investment Weekly

9 February 2024
For professional client and institutional investor use only

Chart of the week – Emerging and diverging



The trend is still your friend in emerging markets. India was a star performer at the end of 2023 and has continued to lead the pack in 2024. Economists reckon it will be the fastest growing world economy again this year, and equity analysts are forecasting mid-teens profits growth. Meanwhile, China stocks have continued to lag, but recent market trends have firmed amid policy support and prospects for further stimulus.

But the big story in emerging markets continues to be one of divergence. The idea that the asset class can be seen as one big homogenous lump is old-fashioned, and country correlations within EMs are much lower than you might think. Even when it comes to monetary policy, the trends are diverging and regional. Latam central banks, for example, were early rate hikers, and the monetary cycle seems to be 'first in, first out'. Brazil and Chile already shifted into policy easing mode last year. And although Mexico kept rates on hold this week, policy looks set to pivot soon.

Meanwhile, in Eastern Europe, central banks have also been cutting. This week, economists were surprised by a bigger-than-expected cut in Czechia, following cuts from Hungary last week (and Poland last year). Policy easing in Eastern Europe and Latam – and market expectation for more – has contributed to their strong stock market gains.

Back in Asia, the interest rate cycle has been more subdued. That means rate cuts, when they come, will be less dramatic. But we do see Asian central banks easing rates later in the year. Against a backdrop of divergent policy strategies and continued different market outcomes in EMs, an active and selective strategy still looks good to us.

Year of the Dragon →

Exploring the outlook for Asian markets this year

Private Credit →

Why private credit offers new options to investors

Global Chokepoints →

What global trade disruption might mean for inflation

Market Spotlight

A narrow rally

US earnings season for Q4 2023 is now past the halfway mark. It's been good so far, with earnings surprising to the upside, albeit versus modest expectations. Solid profits from big tech have helped the S&P 500 to new highs.

But the year-to-date gains in US stocks are extremely narrow, with 75% of price moves coming from just four tech names. This doesn't look like a bull market according to the conventional definition. The question is whether the rally can broaden out? But that doesn't look straightforward. Short-term bond yields have started to rise again, as traders recalibrate expectations for Fed policy. That could point to turbulence ahead.

And the profits outlook is also uncertain. As inflation cools and growth slows in 2024, corporate pricing power is more constrained. Profits were already falling for much of last year despite gangbusters GDP – are profits at risk again this year? Corporate cost lines are worth monitoring too - especially wage bills and interest expenses.

What investors need to see is a productivity boom, but we can't yet find that in the economic data.

The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Past performance does not predict future returns.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11am UK time 09 February 2024.

Lens on…

Enter the dragon

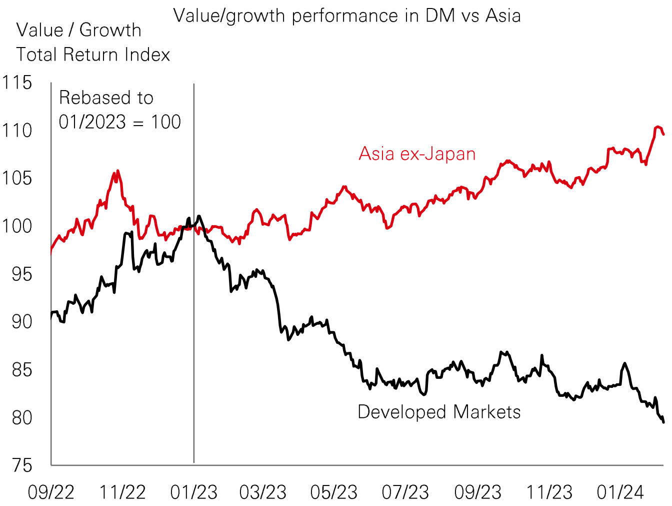
It is the year of the dragon. People born in this year usually have natural courage, tenacity and intelligence. So what would 'dragon investors' make of Asia investment opportunities today?

The macro backdrop seems like it could be supportive. We are likely to see Fed cuts, a weaker dollar, and central bank cuts across the region. Equally, intelligent dragons will be monitoring global growth and trade risks, as well as geopolitical tensions, and elections.

Dragons could be focussed on the very different value and growth dynamics in Asia's stock markets. Value has momentum, and growth is contrarian – a real contrast to the West.

Dragons might also be looking at country-specific themes. India's structural growth story. Or tourism and economic recovery plays in South Asian small caps. Or the corporate reform stories in Japan and South Korea. Or they might be looking at China, where policy announcements could be a market turning point.

Or dragons might be of the view that 'bonds are back' and investing in the attractive yields on offer in the Indian bond market. It seems there are several options for dragon investors in 2024. *Kung Hei Fat Choi!*



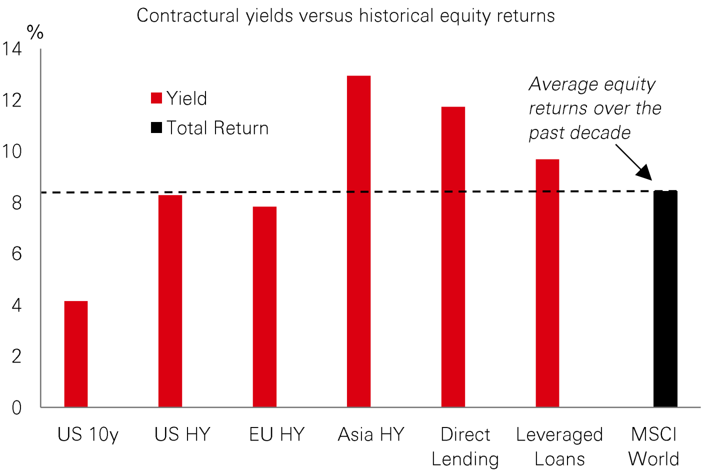
Credit where it's due

After more than a decade of ultra-low rates, central bank policy tightening has caused a new paradigm in markets, making it possible to achieve equity-like performance from credit.

With markets adjusting to one of the fastest rate-hiking cycles in decades – together with some major shifts in global lending - one of several areas to benefit is Private Credit, which includes direct lending and infrastructure debt.

With mainstream banks retrenching from these areas, private credit managers have stepped-in to make the market broader and deeper. It has grown rapidly, with assets under management of more than US$1.5tn (across institutionally-focused funds) at the end of 2022 – up from $862bn in 2017.

For investors, private credit offers diversification in traditional fixed income portfolios, with exposure to floating rate investments that provide a hedge against sticky inflation. And with rates at elevated levels, current yields in private credit are 11.7% - well ahead of 10y total return average from equities of 8.6%.



Safe passage?

Global chokepoints – the narrow passages on major trade and energy supply routes worldwide – are vulnerable to disruption. And delays in the Red Sea are currently causing particular concerns.

Container prices from China to Europe have more than doubled since the end of 2023. Typically, it takes a year or more for the full impact of shipping costs to show up in consumer prices and the passthrough is relatively limited. However, if sustained, current freight prices could add a few tenths to core inflation by late 2024 or early 2025.

Having just endured a big inflation scare, central banks are likely to be highly sensitive to upside inflation risks – but markets could be overlooking them. Expectations of a soft landing have left risk assets 'priced for perfection' meaning that any bad macro news could be doubly-bad. Even if the soft landing sticks, there are still risks - and geopolitical shocks and tensions like those in the Red Sea could stack up for the global economy.

Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.
Source: HSBC Asset Management. Macrobond, Bloomberg, Lincoln Pratson of Duke University, Statista. Data as at 11am UK time 09 February 2024.

Asset class views

We continue to argue for a 'defensive growth' portfolio positioning, with a preference for selective areas of global fixed income. Our central scenario is consistent with a "problem of interest" for risk assets over the next 12 months. Inflation and interest rates are likely to remain elevated and fiscal policies are likely to have a more influential role in the direction of global economies than they have since the global financial crisis.

House view represents a 12-month investment view across major asset classes in our portfolios.

	Asset Class	- View +	Comments
Macro Factors	Global growth	□□□□■□□□□	A defensive asset allocation remains appropriate against a backdrop of elevated recession risk and market pricing which is consistent with a "soft landing" outcome in major developed markets
	Duration	□□□□□□■□□	After a sell-off in longer dated bonds in 2023, yields have eased back from their highs as markets begin to anticipate a timetable for rate cuts. A valuation reset and improved term premium mean that duration is being rewarded again
	Emerging Markets	□□□□□□■□□	Disinflationary trends are continuing to play out with many EM central banks likely to begin or continue cutting rates in early 2024. This supports the EM fixed income outlook. Sticky inflation and growth concerns remain the major risks
Bonds	10yr US Treasuries	□□□□□□■□□	Ten-year yields are likely to fall and the yield curve gradually steepen through 2024 as the Fed moves towards rate cuts. Resilient labour markets and sticky inflation have driven a narrative of higher-for-longer rates, but expectations are now shifting towards a timetable of policy easing
	Asia Local Bonds	□□□□□□■□□	Asia's more resilient growth impulse should be supportive. As core inflation moderates further, most central banks may have room for rate cuts in H2 2024 following a potential Fed policy easing, though bonds could stay volatile in the short run alongside moves in Treasury yields
	China Bonds	□□□□■□□□□	More proactive liquidity support from policymakers is likely, in addition to the already accommodative monetary backdrop. Although long-term diversification benefits remain intact, strong primary supply could limit the upside in the medium term
Credits	Global Credit	□□□□□■□□□	Credit spreads can widen as the economic cycle deteriorates and the risk of defaults increases. Nevertheless, amid stable corporate balance sheets, there are good income opportunities
	EM Corporate Bonds	□□□□□□■□□	EM sovereigns and EM corporates are at an inflection point after a dramatic improvement in EM creditworthiness. IMF-driven fiscal improvements and improved debt-GDP profile bode well for EM corporates, which have superior underlying quality, ratings momentum, and net issuance scarcity
	Asia IG	□□□□□■□□□	Disinflation with resilient growth is good for carry strategies like Asia IG with manageable default risks and improving macro fundamentals. Targeted fiscal and macro-prudential support by Chinese authorities for strategic priorities is a positive
	EMD Hard Currency Bonds	□□□□□■□□□	The technical environment is strong, with sovereigns expected to underperform corporates given the ongoing supply from governments compared to more prudence from EM corporate borrowers. Downside risks exist as deteriorating US economic data weighs on default risk pricing globally
Equities	DM Equities	□□■□□□□□□	There is continued scope for near-term gains given economic resilience, but recession risks remain. Valuations look slightly stretched in the US, while activity is sluggish in the eurozone and Asia. Equities in Japan look interesting in the context of a more robust earnings outlook
	EM Equities	□□□□□■□□□	EM risk premiums generally look generous, and the growth outlook is a relative bright spot in a global context. However, China's cyclical outlook is concerning and consistent with a more cautious view of EM overall. Policy support in China has increased, but more is needed
	Asia ex Japan	□□□□□□■□□	Macro uncertainties, geopolitics, margin erosion, and earnings downgrades remain key risks, but more policy rollouts in China to sustain growth momentum and less aggressive tightening by Asian central banks may offer some support. Dispersion in regional markets remains likely
Alternatives	Global Private Equity	□□□□■□□□□	As tighter financial conditions raise the cost of leverage, PE funds may face challenges in delivering as strong returns. However, the possibility of recession can create good entry points for longer-term investors. The investment case is about alpha, not beta
	Global Real Estate	□□□□□□■□□	Occupier fundamentals have been resilient. Sectors like logistics benefit from embedded rental growth, healthy occupier demand and thematic tailwinds. While office fundamentals are deteriorating, best in class offices post healthy rental growth
	Infrastructure Debt	□□□□□□■□□	Infrastructure debt offers better expected returns than global credits, with lower spread volatility during recessionary periods. In the event of a recession, infrastructure equity's defensive attributes are beneficial, with thematic drivers coming from the green transition

Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Source: HSBC Asset Management. Data as at 11am UK time 09 February 2024.

Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Mon. 05 February	US	ISM Services	Jan	53.4	50.5	Service sector sentiment remains firm. The rise in the prices paid component in early 2024 should be monitored for potential upside risks to core goods inflation in coming months
Tues. 06 February	AU	Reserve Bank of Australia Interest Rate Decision	Feb	4.35%	4.35%	Despite recent disinflation and weaker growth, the RBA doesn't rule out further hikes in coming months
Wed.07 February	GE	Industrial Production (mom)	Dec	-1.6%	-0.2%	The German corporate sector looks set to remain a drag on growth near-term
Thurs. 08 February	CN	CPI (yoy)	Jan	-0.8%	-0.3%	A larger annual drop in CPI amplified deflation worries, following weaker food prices and goods demand, with core inflation moderating further
	IN	Reserve Bank Interest Rate Decision	Feb	4.5%	4.5%	The RBI retains its tightening bias as it looks to bring inflation down further, indicating it would hold interest rates unchanged for a while
	BR	IBGE Inflation IPCA (yoy)	Jan	4.5%	4.6%	Brazilian headline inflation continues to ease, pointing to further gradual easing near-term
	MX	Banco de Mexico Interest Rate Decision	Feb	11.25%	11.25%	The Bank of Mexico left policy on hold in February but stated at the next meetings they will discuss "the possibility of adjusting the reference rate" , opening the door for a potential early rate cut
	MX	CPI (yoy)	Jan	4.90%	4.7%	Core inflation is moderating, led by the goods sector. Service sector remains elevated

P – Preliminary, Q – Quarter, F – Final GE – Germany, CN – China, IN – India, MX – Mexico, BR – Brazil, AU – Australia,

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Monday 12 Feb.	US	Q4 earnings				So far 60% of US Q423 earnings reported. Beats were healthy, but from a lowered bar. 10 out of 11 sectors reduced 2024e EPS for this year, pushing EPS growth down to 10%.
	Asia	Lunar New Year Holiday throughout Asia				
	IN	CPI (yoy)	Jan	5.0%	5.7%	Food-driven inflation should pull back amid increased supply, with core inflation expected to ease further
	IN	Industrial Production (yoy)	Dec	2.5%	2.4%	The annual rate of industrial production should decelerate due to base effects, but government subsidies and construction demand are supportive factors
Tuesday 13 Feb.	GE	Zew Expectation of Economic Growth	Feb	18.1	15.2	German business confidence measures have been mixed recently but remain low
	US	CPI (yoy)	Jan	2.9%	3.4%	Disinflationary pressures persist, led by the goods sector, but the medium-term path may be bumpy. A further fall in service sector inflation depends on cooling labour market conditions
Wednesday 14 Feb.	UK	CPI (yoy)	Jan	4.2%	4.0%	
	EZ	Industrial Production (mom)	Dec	-0.5%	-0.3%	Euro area industrial production is expected to remain weak near-term with weakness most evident in Germany.
	EZ	GDP (seasonally adjusted, qoq)	Q4 P	0.0%	0.0%	
Thursday 15 Feb.	JP	GDP (qoq)	Q4 P	0.3%	-0.7%	Japanese growth should rebound in late 2023 but continued weak consumer spending poses a downside risk
	UK	GDP (qoq)	Q4 P	0.0%	-0.1%	
	US	Retail Sales Advance (mom)	Jan	-0.2%	0.6%	Consumer spending is expected to continue to grow at a solid pace in early 2024 but should soften in H224 as supportive factors fade
	US	Industrial Production (mom)	Jan	0.4%	0.1%	The corporate sector maintains a cautious stance amid continued global headwinds
Friday 16 February	UK	Retail Sales ex Auto Fuel (yoy)	Jan	1.0%	-2.1%	
	US	Housing Starts (mom)	Jan	0.0%	-4.3%	The housing sector has stabilised recently, aided by lower mortgage rates
	US	Uni. of Michigan Consumer Sentiment	Feb P	79	79	Michigan's consumer confidence index remains relatively high, supported by fading inflation concerns

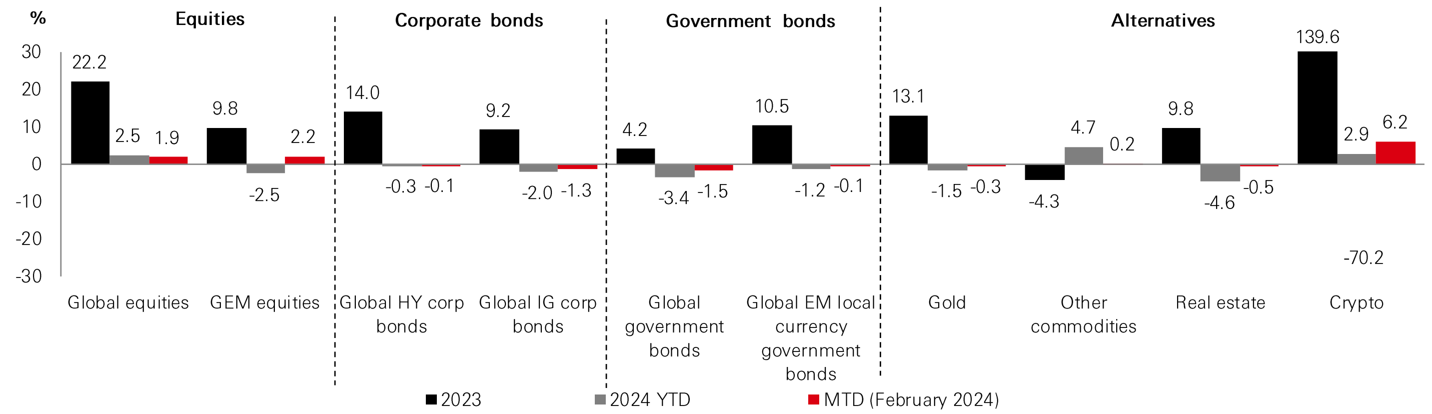
P – Preliminary, Q – Quarter, F – Final EZ- Eurozone, GE – Germany, JP- Japan, IN – India, RU - Russia

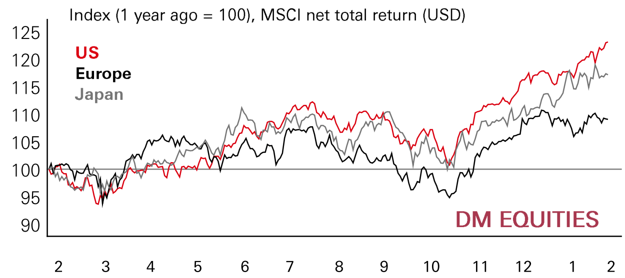
Source: HSBC Asset Management. Data as at 11am UK time 09 February 2024.

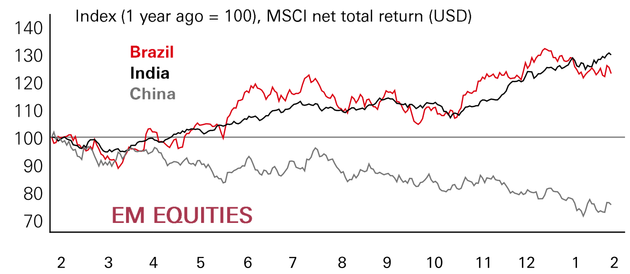
This week

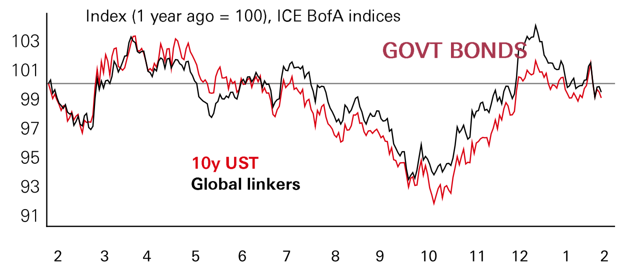
Positive risk sentiment persisted this week, with investors digesting Q4 earnings and the latest central bank comments. Core government bond yields edged higher, while in equities the inexorable rise of technology-related stocks powered the S&P 500 to an all-time high, though it lagged the Nasdaq. The Russell 2000 rallied but remains in negative territory year-to-date. The Euro Stoxx-50 posted modest gains whilst Japan's Nikkei rose to 34- year highs, aided by dovish Bank of Japan comments and a weaker Yen. In emerging markets, China's Shanghai Composite rebounded in volatile trading ahead of the Lunar New Year holiday amid rising deflation jitters. In commodities, energy prices increased, supported by ongoing geopolitical concerns. Gold traded sideways whilst base metals fell as concerns about global demand linger.

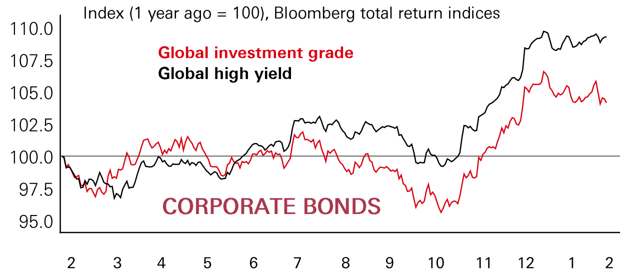
Selected asset performance

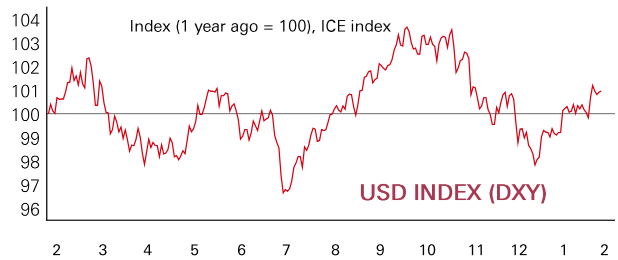


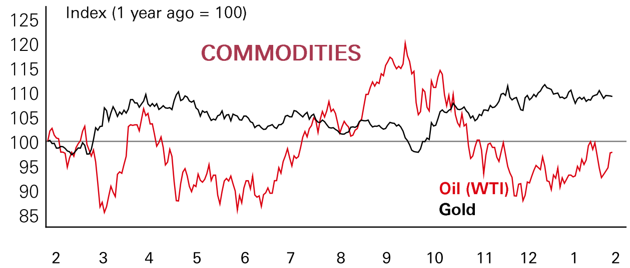












Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.
Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11am UK time 09 February 2024.

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)	745	0.6	3.4	12.5	14.8	2.5	746	607	17.5
North America									
US Dow Jones Industrial Average	38,726	0.2	3.2	14.3	14.9	2.8	38,784	31,430	18.3
US S&P 500 Index	4,998	0.8	5.1	15.0	22.5	4.8	5,000	3,809	20.9
US NASDAQ Composite Index	15,794	1.1	6.3	16.8	34.0	5.2	15,813	10,983	28.1
Canada S&P/TSX Composite Index	20,920	-0.8	-0.2	6.8	1.6	-0.2	21,251	18,692	14.3
Europe									
MSCI AC Europe (USD)	527	-0.1	0.4	8.8	5.4	-1.1	538	459	13.1
Euro STOXX 50 Index	4,717	1.3	5.6	11.5	11.0	4.3	4,721	3,981	12.9
UK FTSE 100 Index	7,604	-0.1	-1.0	2.0	-3.9	-1.7	8,047	7,207	10.9
Germany DAX Index*	16,978	0.4	1.7	10.6	9.4	1.3	17,050	14,458	11.8
France CAC-40 Index	7,655	0.8	3.1	7.6	6.5	1.5	7,703	6,774	12.9
Spain IBEX 35 Index	9,912	-1.5	-1.5	5.4	7.2	-1.9	10,301	8,501	10.1
Italy FTSE MIB Index	31,158	1.4	2.5	8.8	13.3	2.7	31,215	24,751	8.3
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	512	0.7	0.3	4.1	-6.6	-3.1	549	469	13.2
Japan Nikkei-225 Stock Average	36,897	2.0	9.3	13.0	33.8	10.3	37,287	26,633	22.5
Australian Stock Exchange 200	7,645	-0.7	1.7	9.0	2.1	0.7	7,704	6,751	17.0
Hong Kong Hang Seng Index	15,747	1.4	-2.7	-10.1	-27.2	-7.6	21,638	14,794	7.6
Shanghai Stock Exchange Composite Index	2,866	5.0	-0.9	-6.1	-12.4	-3.7	3,419	2,635	10.0
Hang Seng China Enterprises Index	5,307	1.7	-2.6	-12.0	-27.4	-8.0	7,315	4,943	6.7
Taiwan TAIEX Index	18,096	0.2	3.2	8.1	16.0	0.9	18,139	15,187	16.5
Korea KOSPI Index	2,620	0.2	2.3	8.0	5.6	-1.3	2,676	2,274	10.3
India SENSEX 30 Index	71,595	-0.7	0.3	10.4	17.7	-0.9	73,428	57,085	23.6
Indonesia Jakarta Stock Price Index	7,235	-0.1	0.5	5.8	4.9	-0.5	7,404	6,543	1.8
Malaysia Kuala Lumpur Composite Index	1,512	-0.3	0.9	4.1	3.3	4.0	1,521	1,369	13.5
Philippines Stock Exchange PSE Index	6,850	2.1	3.5	10.7	0.1	6.2	6,932	5,920	11.8
Singapore FTSE Straits Times Index	3,138	-1.3	-1.9	0.1	-6.6	-3.1	3,393	3,042	10.2
Thailand SET Index	1,388	0.3	-1.9	-1.2	-16.8	-1.9	1,672	1,352	14.5
Latam									
Argentina Merval Index	1,115,907	-15.2	5.2	78.8	349.5	20.0	1,334,440	207,676	6.3
Brazil Bovespa Index*	128,217	0.8	-2.5	7.7	18.7	-4.4	134,392	96,997	8.1
Chile IPSA Index	6,001	0.1	-1.7	6.6	12.0	-3.2	6,449	5,097	10.0
Colombia COLCAP Index	1,261	-1.3	-2.6	14.2	1.2	5.5	1,303	1,045	6.6
Mexico S&P/BMV IPC Index	57,762	-0.8	4.8	13.1	9.4	0.7	59,021	47,765	13.3
EEMEA									
Russia MOEX Index	3,239	0.4	2.7	0.0	43.2	4.5	3,287	2,141	N/A
South Africa JSE Index	73,633	-1.0	-0.3	1.9	-8.0	-4.2	80,531	69,128	9.7
Turkey ISE 100 Index*	9,019	4.1	16.6	15.0	100.2	20.7	9,021	4,311	5.5

*Indices expressed as total returns. All others are price returns.

Equity Indices - Total Return	1-week Change (%)	1-month Change (%)	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	0.6	3.5	12.8	2.5	16.8	15.7	66.2
US equities	0.9	5.2	15.6	4.8	24.2	28.5	95.7
Europe equities	-0.1	0.4	9.1	-1.0	8.3	12.6	41.4
Asia Pacific ex Japan equities	0.8	0.3	4.4	-3.1	-4.1	-23.8	13.5
Japan equities	0.5	3.5	11.6	3.0	16.7	-0.3	39.5
Latam equities	0.0	-1.6	9.3	-4.7	22.3	29.2	15.2
Emerging Markets equities	1.0	0.5	4.7	-2.5	-0.1	-23.7	8.8

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 Emerging 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.

Past performance does not predict future returns.
Source: HSBC Asset Management. Bloomberg. Data as at 11am UK time 09 February 2024.

Market data

Bond indices - Total Return	Close	1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	556	-0.5	-0.3	4.1	4.1	-1.0
JPM EMBI Global	838.1	-0.1	1.0	7.1	6.2	-1.2
BarCap US Corporate Index (USD)	3179.1	-0.8	-0.4	6.8	4.2	-1.3
BarCap Euro Corporate Index (Eur)	244.3	-0.5	0.2	3.4	4.5	-0.8
BarCap Global High Yield (Hedged in USD)	567.8	0.1	1.2	7.0	9.7	0.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	214.0	-0.1	0.6	4.9	3.8	0.1
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	237	0.3	2.4	8.7	-0.5	3.2

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 2023	52-week High	52-week Low	1-week Change (%)
Developed markets									
EUR/USD	1.08	1.08	1.09	1.07	1.07	1.10	1.13	1.04	-0.2
GBP/USD	1.26	1.26	1.27	1.22	1.21	1.27	1.31	1.18	-0.2
CHF/USD	1.14	1.15	1.17	1.11	1.08	1.19	1.20	1.06	-1.0
CAD	1.35	1.35	1.34	1.38	1.35	1.32	1.39	1.31	0.1
JPY	149	148	144	151	132	141	152	130	-0.7
AUD/USD	0.65	0.65	0.67	0.64	0.69	0.68	0.70	0.63	0.0
NZD/USD	0.61	0.61	0.62	0.59	0.63	0.63	0.64	0.58	1.2
Asia									
HKD	7.82	7.82	7.82	7.81	7.85	7.81	7.85	7.79	0.0
CNY	7.19	7.19	7.17	7.28	6.79	7.10	7.35	6.79	0.0
INR	83.0	82.9	83.1	83.3	82.5	83.2	83.5	81.6	-0.1
MYR	4.77	4.72	4.64	4.69	4.32	4.59	4.79	4.32	-1.0
KRW	1333	1322	1316	1310	1260	1291	1364	1257	-0.8
TWD	31.4	31.2	31.0	32.3	30.1	30.6	32.5	30.1	-0.4
Latam									
BRL	5.00	4.97	4.91	4.94	5.28	4.85	5.34	4.70	-0.5
COP	3949	3935	3940	4018	4736	3875	4994	3806	-0.4
MXN	17.1	17.1	17.0	17.8	18.8	17.0	19.2	16.6	0.1
ARS	831	827	814	350	190	808	831	190	-0.4
EEMEA									
RUB	91.0	90.7	89.7	91.9	73.1	89.5	102.4	72.5	-0.3
ZAR	19.0	18.9	18.7	18.7	17.8	18.4	19.9	17.4	-0.6
TRY	30.7	30.5	30.0	28.5	18.8	29.5	30.8	18.4	-0.6

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2023	1-week basis point change*
US Treasury yields (%)							
3-Month	5.37	5.36	5.36	5.42	4.73	5.33	1
2-Year	4.47	4.36	4.36	5.02	4.48	4.25	10
5-Year	4.12	3.98	3.97	4.64	3.86	3.85	14
10-Year	4.16	4.02	4.01	4.62	3.66	3.88	14
30-Year	4.36	4.22	4.19	4.76	3.73	4.03	14
10-year bond yields (%)							
Japan	0.72	0.67	0.59	0.83	0.49	0.61	5
UK	4.04	3.91	3.78	4.27	3.29	3.53	13
Germany	2.35	2.24	2.19	2.65	2.30	2.02	11
France	2.86	2.74	2.72	3.23	2.75	2.56	11
Italy	3.92	3.81	3.85	4.51	4.12	3.69	11
Spain	3.33	3.17	3.16	3.69	3.23	2.98	16
China	2.44	2.43	2.50	2.65	2.90	2.56	1
Australia	4.13	3.98	4.10	4.53	3.67	3.96	15
Canada	3.55	3.38	3.22	3.85	3.05	3.11	17

*Numbers may not add up due to rounding.

Commodities		1-week Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	2,033	-0.4	0.1	3.8	9.2	-1.5	2,135	1,805
Brent Oil	81.6	5.5	5.6	2.8	3.6	6.1	90	70
WTI Crude Oil	76.3	5.6	5.6	1.2	2.7	6.2	87	63
R/J CRB Futures Index	273.6	2.2	3.4	0.1	1.1	3.7	290	254
LME Copper	8,205	-3.3	-2.0	0.7	-8.7	-4.1	9,212	7,856

Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.
Source: HSBC Asset Management. Bloomberg. Data as at 11am UK time 09 February 2024.

Important Information

For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in Canada and the US. This document should not be distributed to or relied upon by Retail clients/investors.

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. The capital invested in the fund can increase or decrease and is not guaranteed. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. 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 and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

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-authorised 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 Asset Management 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 Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities that may be provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). The above communication is distributed by the following entities:

- In Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N°1;
- In Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority;
- in Canada by HSBC Global Asset Management (Canada) Limited which provides its services as a dealer in all provinces of Canada except Prince Edward Island and also provides services in Northwest Territories. HSBC Global Asset Management (Canada) Limited provides its services as an advisor in all provinces of Canada except Prince Edward Island;
- in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbif.cl;

- in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- in France, Belgium, Netherlands, Luxembourg, Portugal, Greece by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin (German clients) respective by the Austrian Financial Market Supervision FMA (Austrian clients);
- in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission. This video/content has not be reviewed by the Securities and Futures Commission;
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- in Mexico by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- in the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. and the Securities and Commodities Authority in the UAE under SCA license number 602004 for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group and HSBC Global Asset Management MENA are marketing the relevant product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA may not be licensed under the laws of the recipient's country of residence and therefore may not be subject to supervision of the local regulator in the recipient's country of residence. One of more of the products and services of the manufacturer may not have been approved by or registered with the local regulator and the assets may be booked outside of the recipient's country of residence.
- in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. The content in the document/video has not been reviewed by the Monetary Authority of Singapore;
- in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website; if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission.

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

Copyright © HSBC Global Asset Management Limited 2024. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Global Asset Management Limited.

0129-2024 EXP 01.08.2024