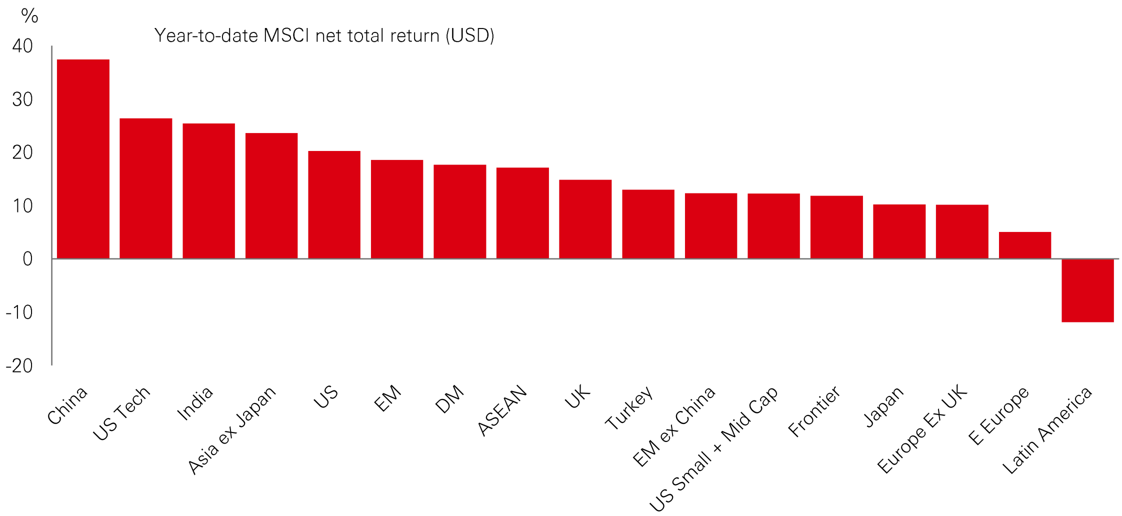
Investment Weekly

4 October 2024
For Professional Clients only.

Chart of the week – Emerging markets are back



There were some remarkable twists and turns in the macro and market environment in Q3, and one of the biggest was the recent Politburo-endorsed package of support in China. That sparked a stunning rally in the country's stocks, which reversed China's laggard status this year, and put the **overall performance of emerging market stocks at +19% year-to-date, slightly ahead of developed markets**.

Policy was a major focus during the quarter, with the Fed finally joining the global easing cycle with a 50bp rate cut. The backdrop to that move – one that aligns with our own base case – is that the economy remains on course for a soft landing. Despite some bumps, inflation continued its retreat, but growth also cooled, with mixed employment data causing volatility at times, particularly in early August.

In markets, **a 'great rotation' in leadership was a strong theme**. In developed markets, the 'Magnificent 7' were robust – rising around 4%, but there were more signs of a broadening out of returns and profit growth expectations across sectors and markets. Japan, Europe, and UK indices largely outperformed the US. And in the US itself, the small-cap Russell 2000 beat the S&P 500. Meanwhile, emerging market regions accelerated on a weakening US dollar and anticipation of rate cuts, with Asian regions setting the pace (see Market Spotlight), but Latam markets continued to lag. Across other asset classes, high quality fixed income performed as the global easing cycle progressed.

Market Spotlight

Emerging Asian assets lead in Q3

Stocks in China and Hong Kong set the pace in Q3 – with a remarkable rally late in the quarter delivering gains of 23% and 24% respectively for MSCI indices. But even before that, weakness in the US dollar as Fed policy easing got started (and rate expectations were repriced) sparked a pick-up in the performance of EM Asian markets. ASEAN was notable, with the region's MSCI index up 19% in Q3. That was driven by a rebound in foreign inflows in response to the favourable FX environment, regional monetary easing, and a resilient macro backdrop. Thailand, the Philippines, and Malaysia led the gains. **Year-to-date, China, India, and Asia (ex-Japan) now lead global performance**.

EM Asian credits were also strong during the quarter, with Asia high yield a leading performer globally. In part, that was driven by well-performing names in markets like India and Indonesia. And from here, our credit specialists believe the default outlook is favourable with good funding access, strong balance sheets and a resilient macro backdrop for a vast majority of Asian companies.

Chinese Stocks →

How policy stimulus propelled Chinese markets

Rates Outlook →

Is Brazil's recent rate hike a warning for the Fed?

European Stocks →

Exploring the earnings outlook for European stocks

Read our latest views: China Insights – economy in transition

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. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 04 October 2024.

Lens on...

China's breathtaking rally

Recent stimulus announcements have sparked a dramatic recovery in China's stock market – making it the top performing global market this year… and **perhaps the strongest example yet of the great rotations we've seen in markets in 2024**.

The gains are impressive. But the starting point was one of serial underperformance, connected to concerns about nominal growth. On valuation measures like 'earnings yield' there had been a large 'China discount', which gave stocks room to move sharply on better-than-expected news. It meant the stimulus was 'doubly good' for the market because investor sentiment had been so bad.

After a rally of historic proportions, some short-term caution is probably warranted. But the comprehensive liquidity measures mean that the 'policy put' is back. We think further fiscal and credit stimulus will be crucial to make the market recovery sustainable. But China policy stimulus, combined with Fed jumbo cuts, improve the odds that the global economy will stick the soft landing. And if so, we expect the 'broadening out' theme to continue in markets.

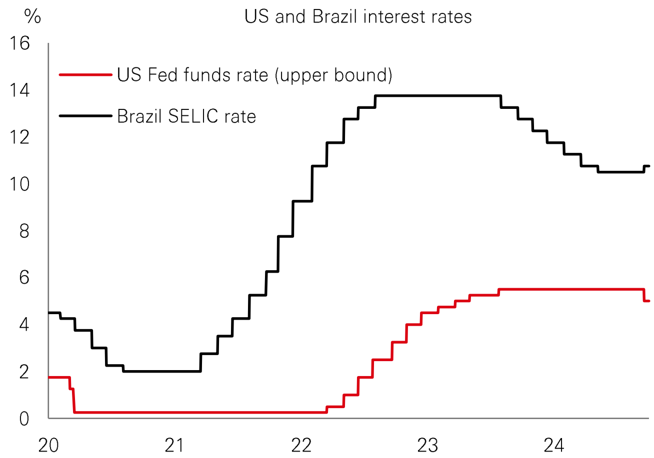
Brazil – a warning for the Fed?

Back in March 2021, Banco Central do Brasil (BCB) became one of the first major central banks to start hiking rates in response to the pandemic surge in inflation. As a global leader in the policy cycle, could September's BCB rate hike be a cautionary tale for the Fed, just as it kicks off its easing cycle?

Brazil's recent switch to policy tightening came a year after the country's leadership launched a public spending spree that fuelled domestic demand. Tight labour markets, a pick-up in wage growth, and a weaker Brazilian real have since proved inflationary.

For some onlookers, there are similar risks lurking in the US. November's US presidential election could result in a sizeable fiscal boost and shift tariff rates higher, while the US dollar remains on a weakening trend.

We think the comparison is off the mark. The fiscal boost wouldn't come until 2026, and the labour market and wider economy is cooling. But the potential shift in policies could mean a **higher-than-expected endpoint for rates in this policy easing cycle**, with consequences for longer-term investors.

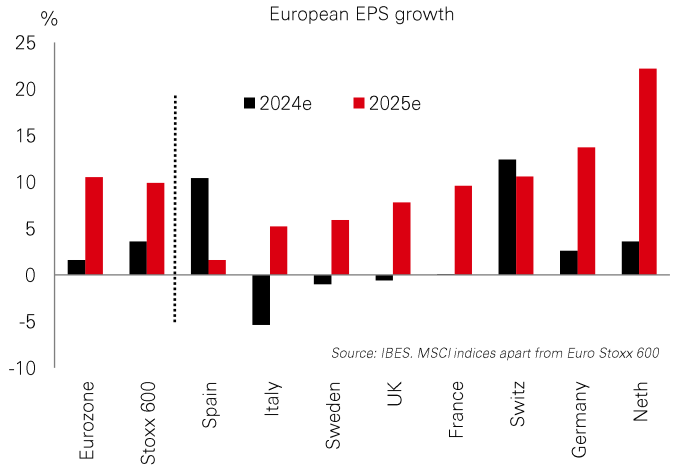


Conflicting signals for European profits

European stocks outperformed their US peers in Q3, helped by the 'broadening out' trade and their strong exposure to China, with investors seeking value outside the US. However, there is an intriguing disconnect between country-level macro data and profit growth expectations.

On the macro front, Europe is expected to grow in 2025, but recent activity data for Germany and France has been weak, with manufacturing PMIs well below 50. Germany's auto sector is struggling in particular. By contrast, the same industrial confidence surveys in Spain have been more positive. Meanwhile, the big drivers of wider European profit growth – which is expected to jump from 2-3% this year to around 10% in 2025e – are pencilled in as Germany and France. Both are forecast to move from low single digits in 2024e to 10-13% next year. But Spanish EPS growth is set to fall.

This apparent contradiction in the macro outlook and expected earnings growth implies scope for surprises. For now, **we still like European equities given their discount to long run valuations, but we're watching the composition of profit growth closely**.



Past performance does not predict future returns. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Any views expressed were held at the time of preparation and are subject to change without notice. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection, or target. Source: HSBC Asset Management. Macrobond, Bloomberg, Datastream. Data as at 11.00am UK time 04 October 2024.

Asset class views

Our baseline macro scenario is for a soft-ish landing, characterised by growth falling below trend and inflation returning to target. But the data flow is likely to remain bumpy and the outlook remains uncertain. Risk asset valuations are stretched in many areas. That means that any deterioration in corporate fundamentals could create market volatility. A defensive positioning in portfolios remains appropriate, which includes selective exposures to fixed income, risk assets, and private markets.

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 positioning in investment portfolios remains appropriate given continuing risk of macro disappointment or weakness. We prefer to access the growth factor in laggard regions, such as Asia and emerging markets
	Duration	□□□□□□■□□	Improving inflation data and increasing concern regarding downside risks to growth have pulled yields lower. Nonetheless, carry remains appealing and, if adverse economic outcomes prevail, there is scope for strong returns in global duration. We favour the US and UK curves
	Emerging Markets	□□□□□□□■□	The EM growth outlook is a relative bright spot in a global context. Falling inflation and Fed policy easing should pave the way for more countries to cut rates. Supportive policy in China has buoyed confidence but all eyes are on more pro-growth measures
Bonds	US 10yr Treasuries	□□□□□□■□□	Yields have reversed the rise seen earlier in the year, as inflation and labour data have started to surprise to the downside. The market is now pricing in meaningful Federal Reserve rate cuts, but USTs still provide an attractive yield and scope for capital gains if the economy weakens markedly
	EMD Local	□□□□□□□■□	Real yields remain high in many EM local markets and long-term valuations are attractive. Fed easing is likely to maintain downward pressure on the USD and allow EM FX appreciation that would provide an important tailwind to returns for international investors
	Asia Local	□□□□□□■□□	With Fed policy easing under way, there is scope for rate cuts among regional central banks, with inflation risk across the region broadly manageable. The macro backdrop is supportive, with India, Indonesia, Korea, and the Philippines having a more favourable rates outlook
Credits	Global Credit	□□□□□■□□□	Global credit is expensive with most non-financial spreads at near-cyclical tights. Financials, particularly banks, look attractive but less so than they were at the start of 2024. 'All in' yields continue to support inflows, helping long duration corporate credit
	Global High-Yield	□□□■□□□□□	HY spreads remain historically tight despite cooling in the US economy, with spreads way below historical averages. Nevertheless 'all in' yields are high. For now, still reasonable growth and moderating inflation mean that the fundamental backdrop is supportive
	Asia Credit	□□□□□■□□□	Asia credit spreads (both IG and HY) are likely to narrow in response to a sustained US easing cycle in the medium term. Attractive 'all in' yields and solid fundamentals are supportive but tight spreads and the potential for a re-rating of global risks could add near-term pressure
	EMD Hard Currency Bonds	□□□□□■□□□	EM sovereigns should benefit from Fed rate cuts. They have underperformed competitor asset classes like global HY recently, which is at odds with fundamental improvements and ratings upgrades. Also, it is a high-duration asset class and more exposed to moves in core yields
Equities	DM Equities	□□□■□□□□□	Markets face potential volatility amid slowing global growth and political uncertainty, although falling rates should be supportive. We expect more broadening out for asset returns beyond the US technology sector and mega-cap growth into other regions, sectors, and styles
	EM Equities	□□□□□□■□□	The EM growth outlook is a relative bright spot in a global context, with disinflation and ongoing Fed rate cuts expected to be supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
	Asia ex Japan	□□□□□□■□□	The earnings outlook is supported by solid demand for tech-related products and services, room for monetary easing, and other regional cyclical and structural growth stories. Valuations remain undemanding but there are risks from global growth uncertainty and geopolitical developments
Alternatives	Global Private Equity	□□□□■□□□□	With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. However, increasing economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta
	Global Real Estate	□□□□□□□■□	Capital values are expected to bottom in 2024, although office space may take longer. Yield spreads with US Treasuries are expected to widen as US rates fall. Investment volumes should start to increase from H2 from the lowest levels since 2011. We prefer a focus on quality and prime property with high occupancy and inflation protected leases
	Infrastructure Debt	□□□□□□□■□	Infrastructure debt currently offers stronger expected returns than global credits, and experiences lower spread volatility during economic slowdowns. It has strong defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition

Past performance does not predict future returns. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Any views expressed were held at the time of preparation and are subject to change without notice.

Source: HSBC Asset Management. Data as at 11.00am UK time 04 October 2024.

Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Mon. 30 September	CN	Official Manufacturing PMI	Sep	49.8	49.1	The official manufacturing PMI edged up but remained in contraction territory, highlighting the need for policy stimulus
	US	Fed Chair Powell Speech at NABE Annual Meeting				Powell reiterated the Fed's data dependence and noted he sees 25bp cuts at each of the two remaining meetings this year
Tue. 01 October	JP	Tankan Business Conditions Manufacturing Index	Q3	13.0	13.0	The BoJ's Tankan large manufacturers' business confidence measure was unchanged in Q3, price expectations were stable
	US	ISM Manufacturing Index	Sep	47.2	47.2	The ISM manufacturing index was unchanged with new orders and production improving while employment weakened
	US	JOLTS Job Openings	Aug	8.04mn	7.71mn	US job openings edged up after two straight monthly falls. Hiring declined from depressed levels but layoffs remained low
	BR	S&P Global Manufacturing PMI	Sep	53.2	50.4	Brazil's manufacturing PMI expanded further, driven by a renewed rise in production, stronger job creation, and higher sales growth
	EZ	HICP, Flash (yoy)	Sep	1.8%	2.2%	Headline inflation fell below 2% for the first time since 2021 on weaker energy prices. Core inflation edged down to 2.7%
Wed. 02 October	KO	S&P Global Manufacturing PMI	Sep	48.3	51.9	Korea's manufacturing PMI unexpectedly fell to a 15-month low, with a material decline in new orders raising concerns
	MX	S&P Global Manufacturing PMI	Sep	47.3	48.5	The contraction in Mexico's manufacturing PMI deepened, with sharply lower new orders prompting further labour shedding
	EZ	Unemployment Rate	Aug	6.4%	6.4%	The labour market has remained robust for many quarters now, despite signs of cooling in other areas of the economy
Thu. 03 October	US	ISM Services Index	Sep	54.9	51.5	Business activity and new orders jumped in September, but the employment index dropped into contraction territory
Fri. 04 October	US	Change in Non-Farm Payrolls	Sep	-	142k	US non-farm payrolls have trended lower recently, in line with other labour market indicators, such as job openings

CN - China, US - United States, JP - Japan, BR - Brazil, EZ - Eurozone, KO - South Korea, MX - Mexico

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Mon. 07 October	GE	Manufacturing Orders (mom)	Aug	-2.5%	2.9%	German manufacturing orders have been stuck in a rut post-Covid, with the latest business surveys remaining downbeat
Tue. 08 October	US	NFIB Index of Small Business Optimism	Sep	91.7	91.2	The NFIB business optimism remains below its long-term average with earnings under pressure
	GE	Industrial Production (mom)	Aug	0.7%	-2.4%	German industrial production has been volatile recently, with the auto sector a weak spot amid cyclical and structural challenges
Wed. 09 October	BR	CPI (yoy)	Sep	4.5%	4.2%	A tight labour market is exerting upward pressure on service sector inflation, the main driver of core inflation
	MX	Headline Inflation (yoy)	Sep	4.6%	5.0%	Core inflation has fallen steadily since late 2022, driven by goods sector disinflation. Service sector inflation remains sticky
	IN	RBI Repo Rate	Oct	6.50%	6.50%	No rate move is likely in October. With new members joining the MPC and inflation set to fall, the RBI should ease before end-24
	NZ	RBNZ Official Cash Rate	Oct	4.75%	5.25%	The RBNZ looks set to ease further in October, with downside growth risks pointing to a 50bp move
Thu. 10 October	US	CPI (yoy)	Sep	2.3%	2.5%	Goods disinflation has normalised. Service sector inflation should soften as wage growth and rents moderate
Fri. 11 October	KO	Bank of Korea Base Rate	Oct	3.25%	3.50%	The BoK is expected to start its easing cycle in October with a 25bp cut on expectations inflation will stay below 2% for a while
	US	PPI (mom)	Sep	0.1%	0.2%	Latest benign PPI data points to ongoing disinflation in the goods sector. Any spike in oil prices would pose an upside risk
	US	Univ. of Michigan Sentiment Index (Prelim)	Oct	70.5	70.1	Consumer confidence has edged up since July but remains low, especially consumers' assessment of current conditions
	IN	Industrial Production (yoy)	Aug	1.3%	4.8%	Industrial production should decelerate reflecting a base effect from unusual strength last August

GE - Germany, US - United States, BR - Brazil, MX - Mexico, IN - India, NZ - New Zealand, KO - South Korea

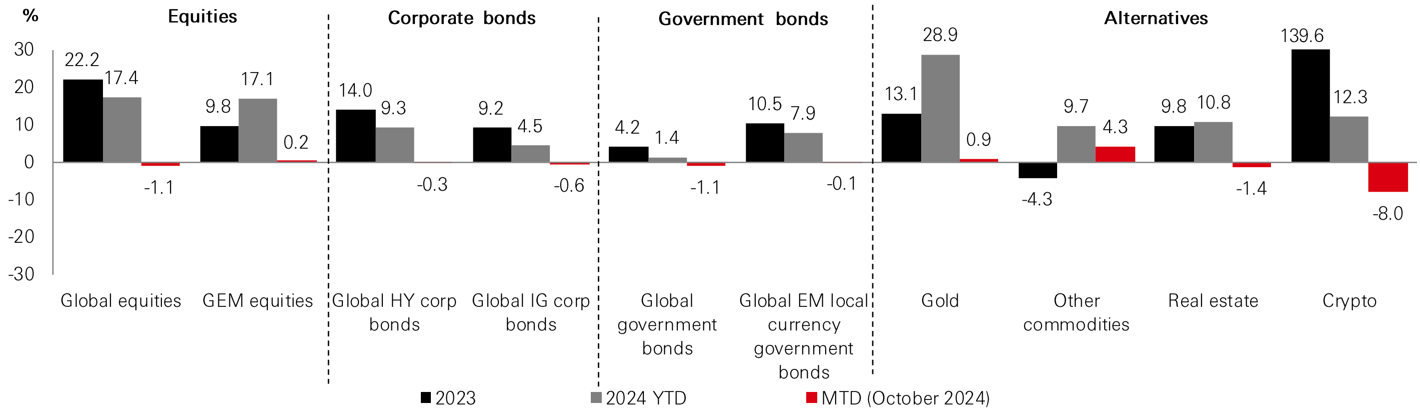
Source: HSBC Asset Management. Data as at 11.00am UK time 04 October 2024. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Any views expressed were held at the time of preparation and are subject to change without notice.

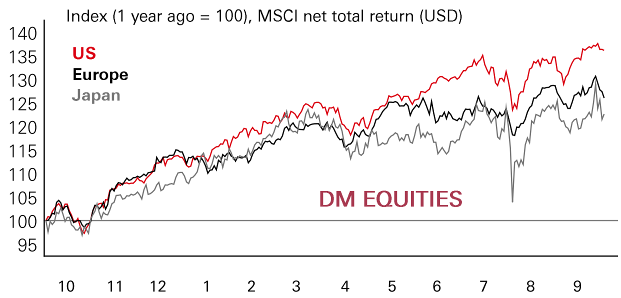
Market review

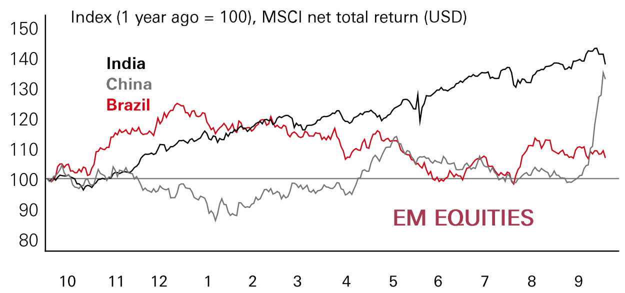
This week

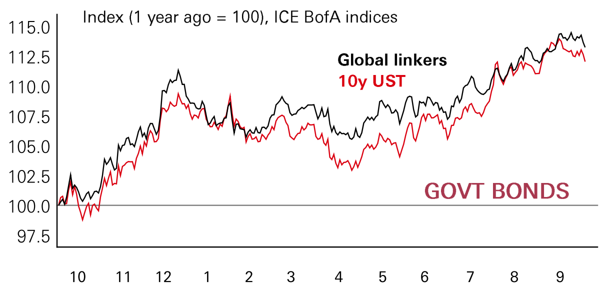
Heightened geopolitical concerns weighed on risk markets, with oil prices climbing on rising supply worries. The US dollar DXY index was little changed. Core government bonds were mixed, with US Treasuries weakening on comments by Fed Chair Powell that there was no urgency to ease policy. Bunds rallied on dovish ECB comments. Global equities softened, with US stocks falling across the board, and the small-cap Russell 2000 faring worst. The Euro Stoxx 50 fell on growing concerns about the eurozone's economic outlook, while Japan's Nikkei 225 was little changed despite a weaker yen following comments by new LDP president Ishiba on monetary policy. In emerging markets, the Hang Seng rallied further, Korea's tech-driven Kospi index weakened, and India's Sensex index also lost ground in a holiday-shortened week. Copper and gold both consolidated following recent rallies.

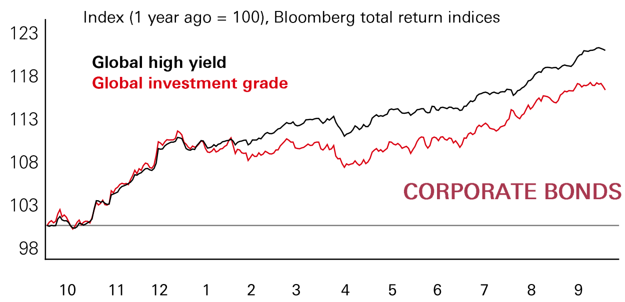
Selected asset performance

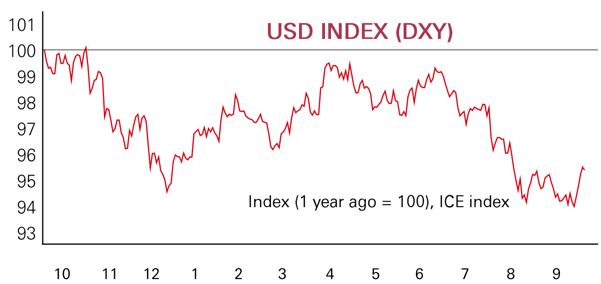


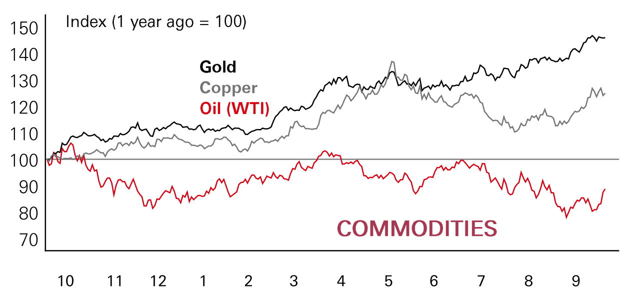












Past performance does not predict future returns. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 04 October 2024. Note: Asset class performance is represented by different indices. Global Equities: MSCI ACWI Net Total Return USD Index. Gem Equities: MSCI Emerging Net Total Return USD Index. Corporate Bonds: Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Retrun Index unhedged. Government bonds: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. Commodities and real estate: Gold Spot $/OZ/ Other commodities: S&P GSCI Total Return CME. Real Estate: FTSE EPRA/NAREIT Global Index TR USD. All the data above is in in USD, total return, month-to-date terms.

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)	842	-1.2	3.3	3.3	30.3	15.9	856	628	19.6
North America									
US Dow Jones Industrial Average	42,012	-0.7	2.5	6.9	26.8	11.5	42,628	32,327	21.2
US S&P 500 Index	5,700	-0.7	3.3	2.9	33.7	19.5	5,767	4,104	23.6
US NASDAQ Composite Index	17,918	-1.1	4.9	-1.5	35.4	19.4	18,671	12,544	33.5
Canada S&P/TSX Composite Index	23,969	0.0	4.0	7.8	25.9	14.4	24,113	18,692	16.4
Europe									
MSCI AC Europe (USD)	573	-3.6	-0.5	1.3	22.6	7.4	595	459	14.6
Euro STOXX 50 Index	4,934	-2.6	1.8	-1.1	20.4	9.1	5,122	3,993	14.2
UK FTSE 100 Index	8,244	-0.9	-0.3	0.0	11.2	6.6	8,474	7,280	12.3
Germany DAX Index*	19,049	-2.2	2.5	3.2	26.2	13.7	19,492	14,630	14.2
France CAC-40 Index	7,511	-3.6	0.1	-2.4	7.3	-0.4	8,259	6,774	14.1
Spain IBEX 35 Index	11,630	-2.8	3.7	5.1	27.8	15.1	12,005	8,879	11.1
Italy FTSE MIB Index	33,415	-3.8	-0.8	-2.0	21.8	10.1	35,474	27,078	9.5
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	623	0.5	10.9	8.1	30.0	17.8	632	469	15.6
Japan Nikkei-225 Stock Average	38,636	-3.0	4.3	-5.6	26.6	15.5	42,427	30,538	21.5
Australian Stock Exchange 200	8,150	-0.8	2.5	4.1	18.3	7.4	8,286	6,751	19.0
Hong Kong Hang Seng Index	22,737	10.2	30.2	26.1	32.2	33.4	22,742	14,794	10.5
Shanghai Stock Exchange Composite Index	3,336	8.1	19.8	12.8	7.3	12.2	3,359	2,635	13.3
Hang Seng China Enterprises Index	8,157	11.7	33.0	26.0	38.7	41.4	8,162	4,943	10.0
Taiwan TAIEX Index	22,303	-2.3	5.7	-5.2	37.1	24.4	24,417	15,976	18.0
Korea KOSPI Index	2,570	-3.0	-0.4	-9.0	6.8	-3.2	2,896	2,274	10.0
India SENSEX 30 Index	81,688	-4.5	-0.8	2.0	25.2	13.1	85,978	63,093	23.4
Indonesia Jakarta Stock Price Index	7,496	-2.6	-2.3	3.8	8.9	3.1	7,911	6,640	14.3
Malaysia Kuala Lumpur Composite Index	1,630	-1.8	-2.4	0.8	15.1	12.1	1,685	1,415	15.1
Philippines Stock Exchange PSE Index	7,468	0.5	8.5	14.8	18.6	15.8	7,474	5,920	12.6
Singapore FTSE Straits Times Index	3,589	0.4	4.3	4.3	14.0	10.8	3,653	3,042	11.4
Thailand SET Index	1,444	-0.4	5.8	11.0	-0.5	2.0	1,472	1,273	16.0
Latam									
Argentina Merval Index	1,754,992	1.6	-2.3	8.8	195.6	88.8	1,856,002	557,095	7.3
Brazil Bovespa Index*	131,672	-0.8	-3.3	4.4	15.9	-1.9	137,469	111,599	8.9
Chile IPSA Index	6,390	-2.2	0.0	-2.2	12.1	3.1	6,838	5,363	10.8
Colombia COLCAP Index	1,303	-1.3	-2.5	-5.9	18.8	9.0	1,451	1,084	6.5
Mexico S&P/BMV IPC Index	51,675	-2.1	-0.3	-1.9	1.9	-10.0	59,021	47,765	11.9
EEMEA									
Saudi Arabia Tadawul Index	11,958	-3.4	-1.4	2.6	10.3	-0.1	12,883	10,262	N/A
South Africa JSE Index	86,319	-1.4	5.4	6.4	22.3	12.3	87,803	69,128	12.6
Turkey ISE 100 Index*	8,861	-9.4	-11.3	-18.5	6.3	18.6	11,252	7,203	4.8

*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	-1.2	3.5	3.7	17.4	32.4	25.6	77.7
US equities	-0.7	3.5	3.3	20.0	35.1	34.3	104.1
Europe equities	-3.6	-0.4	1.7	9.9	26.0	15.7	49.1
Asia Pacific ex Japan equities	0.5	11.1	8.9	20.4	33.3	7.2	41.5
Japan equities	-4.9	0.7	1.2	11.3	25.7	9.7	39.7
Latam equities	-2.1	-0.5	0.1	-13.5	7.3	22.4	8.4
Emerging Markets equities	-0.1	9.5	7.0	17.1	29.7	2.8	33.0

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 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. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 04 October 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)	585	-0.2	0.4	4.0	11.3	4.2
JPM EMBI Global	916.0	0.0	1.7	5.9	20.1	7.9
BarCap US Corporate Index (USD)	3384.4	-0.4	0.6	5.1	15.2	5.1
BarCap Euro Corporate Index (Eur)	256.0	0.2	1.1	3.3	10.3	3.9
BarCap Global High Yield (Hedged in USD)	620.4	0.1	1.8	5.4	19.6	9.6
Markit iBoxx Asia ex-Japan Bond Index (USD)	227.7	-0.1	0.8	3.9	13.1	6.5
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	262	0.5	2.3	3.9	22.5	14.2

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	1.10	1.12	1.11	1.08	1.05	1.10	1.12	1.05	-1.2
GBP/USD	1.32	1.34	1.31	1.28	1.21	1.27	1.34	1.21	-1.6
CHF/USD	1.17	1.19	1.18	1.11	1.09	1.19	1.20	1.08	-1.3
CAD	1.36	1.35	1.35	1.36	1.37	1.32	1.39	1.32	-0.3
JPY	146	142	144	161	149	141	162	140	-3.0
AUD/USD	0.68	0.69	0.67	0.67	0.63	0.68	0.69	0.63	-0.9
NZD/USD	0.62	0.63	0.62	0.61	0.59	0.63	0.64	0.58	-2.3
Asia									
HKD	7.76	7.77	7.80	7.81	7.83	7.81	7.84	7.76	0.1
CNY	7.02	7.01	7.11	7.27	7.30	7.10	7.32	7.00	-0.1
INR	84.0	83.7	84.0	83.5	83.2	83.2	84.0	82.6	-0.3
MYR	4.22	4.13	4.35	4.71	4.73	4.59	4.81	4.09	-2.3
KRW	1339	1310	1335	1381	1364	1291	1400	1283	-2.3
TWD	32.0	31.6	32.2	32.5	32.4	30.6	32.9	30.5	-1.4
Latam									
BRL	5.48	5.43	5.64	5.49	5.16	4.85	5.86	4.80	-0.8
COP	4188	4178	4173	4091	4269	3875	4427	3739	-0.2
MXN	19.3	19.7	19.9	18.1	18.0	17.0	20.2	16.3	2.1
ARS	972	966	953	914	350	808	972	350	-0.5
EEMEA									
RUB	95.2	93.3	87.5	89.0	100.0	89.5	102.4	82.7	-2.0
ZAR	17.5	17.1	17.9	18.3	19.3	18.4	19.6	17.0	-2.0
TRY	34.3	34.2	34.0	32.6	27.6	29.5	34.5	27.6	-0.2

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	4.57	4.60	5.08	5.38	5.50	5.33	-3
2-Year	3.72	3.56	3.75	4.71	5.05	4.25	16
5-Year	3.65	3.51	3.55	4.32	4.72	3.85	14
10-Year	3.86	3.75	3.76	4.36	4.73	3.88	11
30-Year	4.19	4.10	4.06	4.53	4.86	4.03	9
10-year bond yields (%)							
Japan	0.88	0.85	0.88	1.08	0.80	0.61	3
UK	4.07	3.98	3.93	4.20	4.58	3.53	9
Germany	2.19	2.13	2.22	2.61	2.92	2.02	6
France	2.97	2.92	2.93	3.28	3.48	2.56	5
Italy	3.50	3.45	3.66	4.00	4.86	3.69	6
Spain	2.95	2.92	3.04	3.39	4.01	2.98	3
China	2.21	2.18	2.13	2.25	2.68	2.56	3
Australia	4.07	3.96	3.95	4.41	4.66	3.96	12
Canada	3.12	2.96	2.99	3.61	4.15	3.11	16

*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	2,659	0.0	6.5	12.8	46.0	28.9	2,686	1,811
Brent Oil	78.8	10.1	9.0	-7.5	0.7	5.0	87	68
WTI Crude Oil	74.8	9.8	9.2	-8.0	0.8	5.9	83	65
R/J CRB Futures Index	291.2	1.8	7.7	-1.0	5.7	10.4	300	258
LME Copper	9,927	-0.6	10.8	0.4	24.9	16.0	11,105	7,856

Past performance does not predict future returns. This information shouldn't be considered as a recommendation to buy or sell specific sector/stocks mentioned. Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 04 October 2024.

For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in 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 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, investment manager's skill, 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.

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 provides a high level overview of the recent economic environment. 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. You must not, therefore, rely on the content of this document when making any investment decisions.

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. The level of yield is not guaranteed and may rise or fall in the future.

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 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 Malta by HSBC Global Asset Management (Malta) Limited which is regulated and licensed to conduct Investment Services by the Malta Financial Services Authority under the Investment Services Act;
- 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.
- In Uruguay, operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Uruguayan inspections or regulations and are not covered by warranty of the Uruguayan state. Further information may be obtained about the state guarantee to deposits at your bank or on www.bcu.gub.uy.

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

Content ID: D025751_V1.0; Expiry Date: 04.04.2025