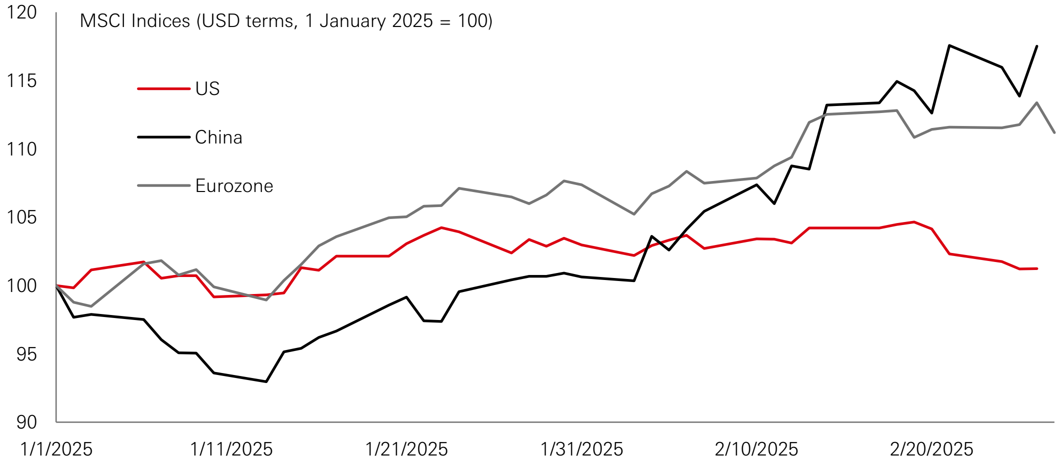
HSBC Asset Management

Investment Weekly

28 February 2025
For Professional Clients only.

Chart of the week – Mini growth scare



A mini growth scare has rippled through US markets over the past week or so. Equities are down, so too is the 'Dixie' dollar index, and Treasuries have rallied, with the yield curve flattening despite short-term rate expectations declining. Corporate spreads have widened a bit too, but remain tight. Bitcoin – notoriously sensitive to risk sentiment – gapped lower by more than 10% in a matter of days. And the AAII survey confirmed the shift lower in investor confidence. Bullish less bearish sentiment hit its weakest level since September 2022, with the pace of decline over the past four weeks the quickest since 2013. Although that move looks excessive relative to market developments and may reflect an additional headwind from much-increased policy uncertainty.

What do we make of all this? **Recent downside surprises to US macro data and analyst earnings revisions becoming less positive** (see Page 2) **mean the bullish growth narrative of "US exceptionalism" has been challenged**. Investors are understandably nervous given stretched valuations in some parts of the US market. However, thus far, **we see developments as consistent with our "spinning around" scenario**. Namely, moderating US growth and frothy valuations in some equity sectors leading to a rotation into markets where expectations still leave room for upside surprises and where valuations are closer to historic norms. This is playing out in the outperformance of Chinese and European stocks relative to the US since the start of 2025.

Market Spotlight

Sage advice

Warren Buffett, the legendary investor and CEO of Berkshire Hathaway, published his annual shareholder letter last week – a traditional 'must-read' for market-watchers. In it, the Sage of Omaha discusses Berkshire's US Treasury holdings, Japanese investments, and America's economic "miracle".

Buffett forged his early career as a deep value investor, buying unloved 'cigar butt' stocks close to collapse but still capable of delivering pure investment profit. These days he prefers to buy quality – without overpaying for it. But in the current growth-driven market environment, that has made outperformance tricky. Last year, Berkshire stock and the S&P 500 delivered near neck-and-neck returns of around 25%.

Against that backdrop, it's notable that in the past Buffett has advocated for indexing to the S&P 500. But with current high levels of 'big tech' concentration and valuation risk in the market cap-weighted S&P, even he might find the index a bit rich. A more value-driven strategy might be to pursue the equal-weight version. **Long-term, the S&P e/w has tended to outperform its market-cap-weighted sibling – and could potentially offer more balanced exposure if market performance continues to broaden out**.

Profits Outlook →

Analyst revision trends point to broadening performance

US Growth →

What recent data implies about the US growth outlook

China Bonds →

The outlook for China government bond yields

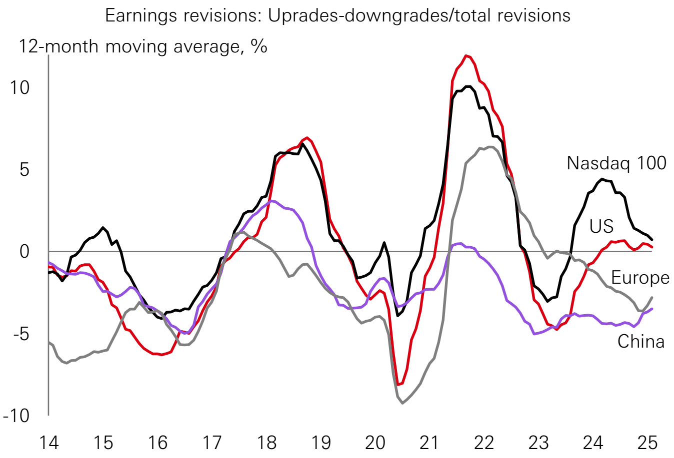
Read our latest views: Asian economies and credit market outlook

Great expectations

With Q4 2024 earnings season well under way, the broad picture for US stocks is positive, with profits on track to grow by 16% year-on-year – up from a forecast 11% at the start of January. This week saw the last – and largest – of the Magnificent Seven tech giants reporting, with sales and profits beating expectations but the market offering a mixed reaction.

Despite the upbeat Q4 performance, there are signs that stretched valuations and global policy uncertainty are taking the shine off the 2025 US profits outlook. While analyst earnings revisions are still in positive territory, they've been trending down in recent weeks, especially among the biggest tech stocks in the Nasdaq 100.

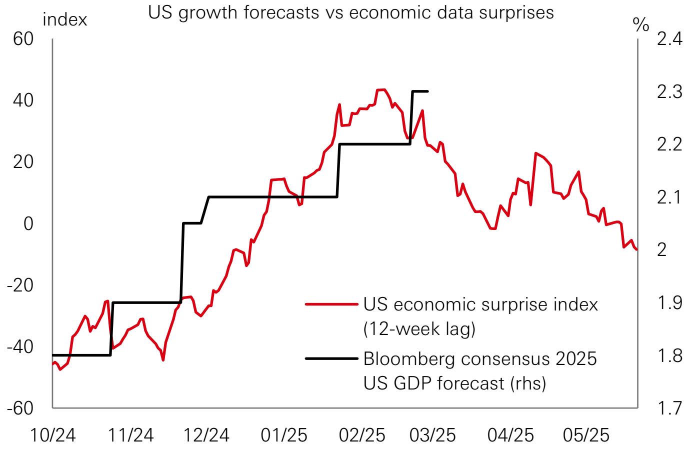
By contrast, revisions for European and Chinese stocks – while currently still negative – are turning higher. Q424 earnings have been strong in Europe so far, and prices have rallied, helped by expectations that now look too low and the fact that stocks there have been trading at a deep discount to the US. It's a similar story in China, where technology stocks have led a market rally in February. **We think this could be more evidence of a broadening out of market performance**.



Room to disappoint

Recent macro data have come in softer than expected, leading investors to question the bullish US growth narrative that had built up since late 2024. While growth expectations for many other economies have remained stable or been revised down in recent months, the Bloomberg consensus for US 2025 growth has pushed higher to 2.3% from 1.9% in November. This left room for disappointment, which is now happening with data such as January retail sales and the February US services PMI and consumer confidence numbers surprising to the downside.

Our base case has been for the US economy to slow somewhat during 2025, given still-restrictive monetary policy, moderating wage growth and a likely fading of consumers' willingness to continue running a low savings rate. While we do not expect a sharp weakening and would caution against putting too much weight on January data, given large seasonal swings in the underlying numbers, heightened policy uncertainty does create downside risks to growth that may have been overlooked in recent months and requires close monitoring.

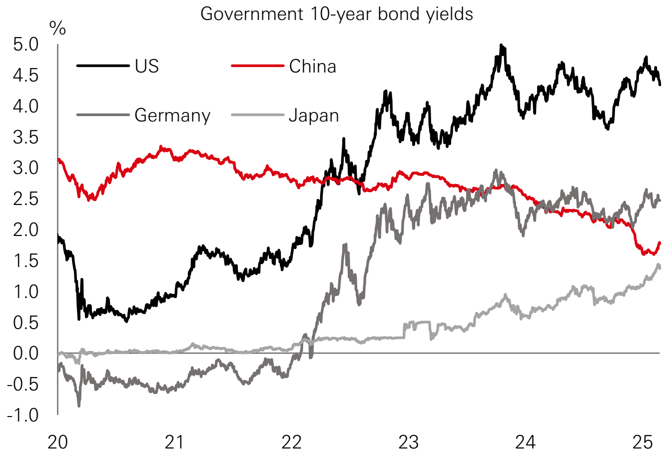


China bonds outlook

Trends in China government bond yields have diverged markedly from other major bond markets in recent years. The low correlation has been driven by China's domestic economic and policy cycles, as well as relatively low foreign investor participation in the CGB market.

CGB yields have also experienced relatively low volatility versus other bond markets, thanks to careful liquidity management by the PBoC. The central bank has managed both upside and downside yield moves in line with macro fundamentals and to safeguard financial stability.

In recent weeks, 10-year CGB yields have edged up after hitting record lows in early February and after notable declines in 2024. But we think yields are likely to trade in a range in the near term, given domestic growth, inflation, and policy outlooks and amid elevated external geopolitical and macro uncertainties. Next week's National People's Congress (NPC) meeting could be key for further news on fiscal support to revive confidence and consumer demand, and support modest inflation. **Any further material rise in China rates near-term could present opportunities for investors**.



Past performance does not predict future returns. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector, or security. Any views expressed were held at the time of preparation and are subject to change without notice.
Source: HSBC Asset Management. Macrobond, Bloomberg, Datastream. Data as at 7.30am UK time 28 February 2025.

Asset class views

Our baseline macro scenario is for trend-like growth in major economies and inflation declining gradually towards 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		The US Treasury yield curve, which has steepened significantly over the past year, could experience a further “bear steepening”, with investors demanding greater compensation for longer-term inflation and interest rate uncertainty. Nonetheless, carry remains appealing and, if adverse economic outcomes prevail, there is scope for strong returns in global duration
	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. A stronger US dollar is a risk
Bonds	US 10yr Treasuries		Yields have risen recently on resilient economic data, a repricing of rate expectations, and uncertainty about how the US policy agenda might impact fiscal deficits and inflation trends. But USTs still provide an attractive yield and scope for capital gains if the economy weakens markedly
	EMD Local		The pricing out of Fed policy easing and a stronger US dollar are headwinds to EM bonds and the outlook is more mixed now. But despite upward pressure on global rates, lower oil and commodity prices could keep the medium-term disinflation path unchanged, with EM local yields declining
	Asia Local		The macro backdrop and manageable inflation risk across the region are broadly supportive. We continue to expect a shallow monetary easing cycle given near-term FX volatility and financial stability concerns, and do not anticipate a major rise in yields in the region in the short run
Credits	Global Credit		Valuations are rich, with spreads reaching 30-year tights and most non-financial sectors at or near historical tights. Financials, especially banks, remain relatively attractive. Technicals remain highly supportive and ‘all in’ yields continue to attract strong inflows
	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 IG spreads are expected to remain within a tight range, with carry strategies a key contributor to alpha generation. Stable regional credit fundamentals and shorter duration compared to global credit markets are positives. ‘All in’ yields are attractive
	EMD Hard Currency Bonds		Both EM corporate and sovereign credit spreads should perform well in the current environment. The additional impact of weaker currencies can help EM firms with dollar-derived revenues, particularly those that have deleveraged and cut their financing needs
Equities	DM Equities		Markets face potential volatility amid slowing global growth and geopolitical risks, 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		EM growth premiums (vs DM) are expected to widen, with overall valuations favourable and the USD playing a role in their performance. They remain unloved as reflected in low PE ratios. EMs should not be treated as a single bloc given their idiosyncrasies, so it’s crucial to remain selective
	Asia ex Japan		Asian markets offer broad sector diversification and fair valuations, with China’s policy measures and other structural stories as positives. Tech remains the profit engine amid rising optimism over China’s AI developments, but export-oriented markets are more vulnerable to external shocks
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		Real estate values are bottoming, although office values are still falling. Investment activity could remain subdued given uncertainty over global growth and the repricing of rate cuts. Valuations are still supportive, but the sector is vulnerable to macro disappointment
	Infrastructure Debt		Infrastructure debt is currently expected to offer stronger 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. The level of yield is not guaranteed and may rise or fall in the future. Diversification does not ensure a profit or protect against loss. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice. Any forecast, projection or target where provided is indicative only and not guaranteed in any way. Source: HSBC Asset Management. Data as at 7.30am UK time 28 February 2025.

Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Mon. 24 February	GE	Federal Election Results				The CDU/CSU achieved victory. The most likely outcome is a coalition government with the SPD, probably in late April
	GE	IFO Business Confidence Index	Feb	85.2	85.2	IFO's business climate index was unchanged as improved expectations were offset by worsening current conditions
Tue. 25 February	US	Consumer Confidence Index, Conference Board	Feb	98.3	105.3	Consumer confidence dropped in the US as post-election optimism waned and an uncertain outlook weighed on sentiment
	KO	Bank of Korea Base Rate	Feb	2.75%	3.00%	The BoK cut rates 25bp, signalling further easing. The 2025 GDP forecast was downgraded amid increased geopolitical uncertainty
Thu. 27 February	US	GDP, 2nd Estimate (qoq annualised)	Q4	2.3%	2.3%	Headline GDP was unrevised. Consumer spending remained the main driver of growth, but is likely to slow in Q1 2025
Fri. 28 February	US	PCE Price Index (yoy)	Jan	-	2.6%	While core CPI was unexpectedly strong in January, the core PCE is expected to rise by a more palatable 0.3% mom
Sat. 01 March	CN	NBS Composite PMI	Feb	-	50.1	The LNY holiday could distort the PMI survey in early 2025. Risks are skewed to the downside given rising trade frictions

GE - Germany, US - United States, KO - South Korea, JP - Japan, CN - China

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Mon. 03 March	US	Earnings	Q4			S&P 500 results are 95% complete, with 75% in Europe. In the US, outperformers were IT, Comms and Financials.
	US	ISM Manufacturing Index	Feb	50.5	50.9	January's rise into expansionary territory, the first since October 2022, may partially unwind as policy uncertainty bites
	BR	S&P Global Manufacturing PMI	Feb	-	50.7	Manufacturing sentiment has softened since mid-24 with higher interest rates pressuring new orders. Cost pressures persist
	MX	S&P Global Manufacturing PMI	Feb	-	49.1	Manufacturing sector weakness intensified in early 2025 with trade policy uncertainty weighing on sentiment
	IN	S&P Global Manufacturing PMI (Final)	Feb	-	57.1	The preliminary reading saw a strong rebound in the services index in February, reversing the recent moderating trend
	EZ	HICP, Flash (yoy)	Feb	2.3%	2.5%	Headline inflation should ease on weaker energy prices. Lower wage growth bodes well for moderating service sector inflation
Wed. 05 March	US	ISM Services Index	Feb	53.0	52.8	The ISM services index has been resilient recently, but the latest soft PMI services survey poses a downside risk
	JP	Speech by BoJ Deputy Governor Uchida				Deputy governor Uchida should be more balanced, but another hawkish speech would raise risks of an earlier BoJ rate hike
	CN	NPC Meeting				Market focus is on the 2025 budget and growth targets, as policymakers previously vowed a 'more proactive' fiscal policy
Thu. 06 March	EZ	ECB Deposit Rate	Mar	2.50%	2.75%	ECB hawk Schnabel suggested the easing cycle may be near the end, but the majority of members favour further gradual easing
	TY	CBRT 1 Week Repo Lending Rate	Feb	42.50%	45.00%	Increasing signs of disinflation should allow scope for another 250bp rate cut but policy will remain in restrictive territory
Fri. 07 March	US	Change in Non-Farm Payrolls	Feb	155k	143k	Labour market conditions have stabilised and look to be broadly in balance. The Fed does not want to see further cooling
	EZ	GDP (qoq)	Q4	-	0.1%	The breakdown of Q424 GDP should reveal a small rise in consumer spending, with net exports acting as a drag on activity
	BR	GDP (qoq)	Q4	-	0.9%	Weaker manufacturing and business-related services point to weaker Q4 GDP. Consumer spending should moderate
	CN	Trade Balance (USD)	Feb	-	104.8bn	The trade surplus may narrow modestly after recent front-loaded shipments in the LNY holiday

US - United States, BR - Brazil, MX - Mexico, IN - India, EZ - Eurozone, JP - Japan, CN - China, TY - Turkey

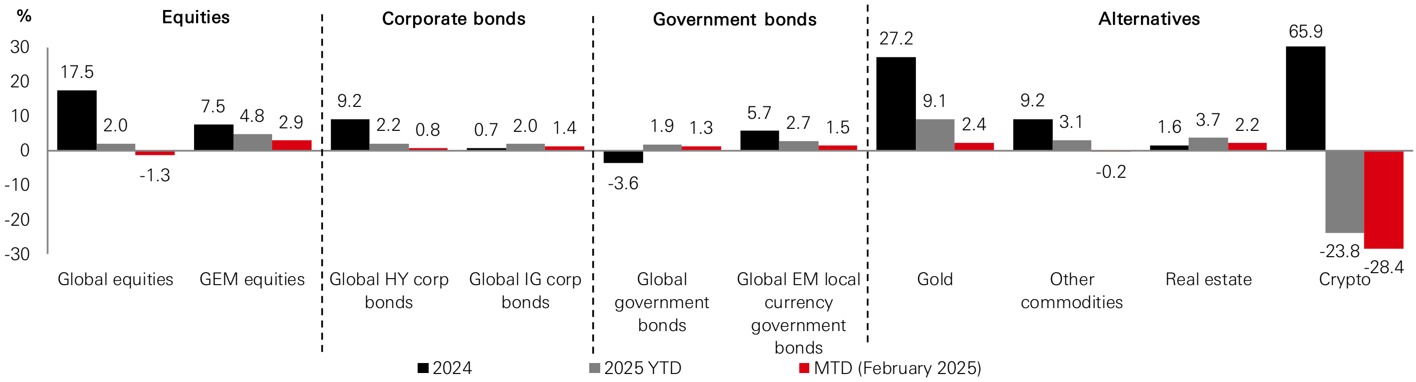
Source: HSBC Asset Management. Data as at 7.30am UK time 28 February 2025. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice.

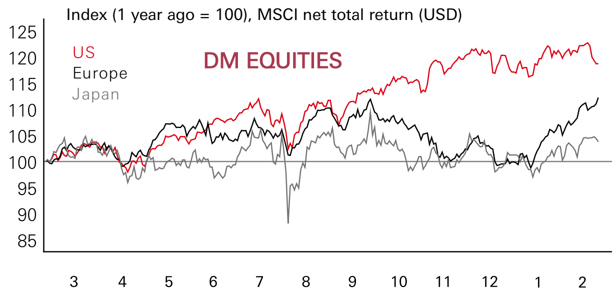
Market review

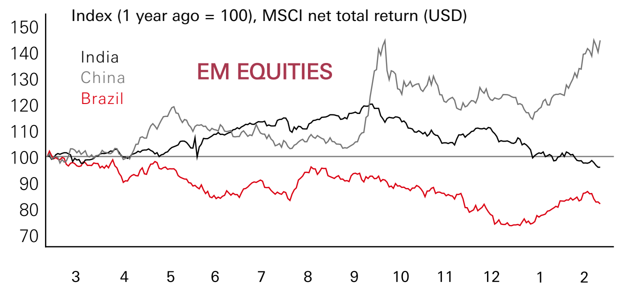
This week

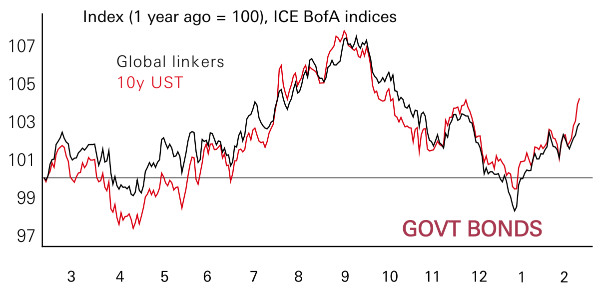
Rising jitters about a weaker US economy, fuelled by downside surprises in the PMI services and Conference Board's consumer confidence surveys, weighed on risk appetite. The US dollar index remained largely stable amid ongoing geopolitical uncertainty. US Treasuries rallied, outperforming eurozone government bonds and UK Gilts, driven by lower US rate expectations. US corporate spreads widened modestly, with IG faring better than HY. US equities experienced broad-based weakness, with tech stocks leading losses as investors absorbed the latest Q4-24 earnings. The Euro Stoxx 50 index was little changed, while the German DAX reached a new high. In Asia, the Hang Seng index reversed from earlier gains following rallies in previous weeks, with the Shanghai Composite falling ahead of the National People's Congress annual meeting. Both Japan's Nikkei 225 and Korea's Kospi tracked US tech stocks markedly lower, as India's Sensex also weakened. In commodities, oil fell, while gold and copper posted larger losses.

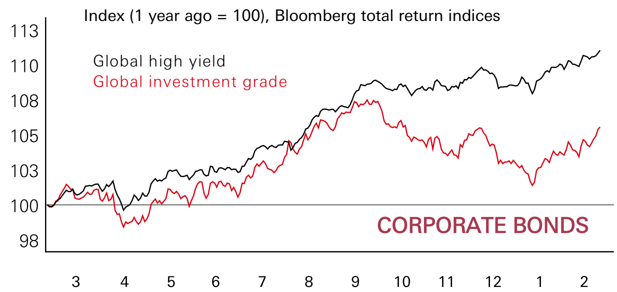
Selected asset performance

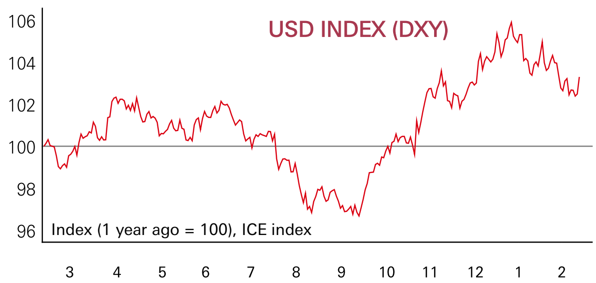


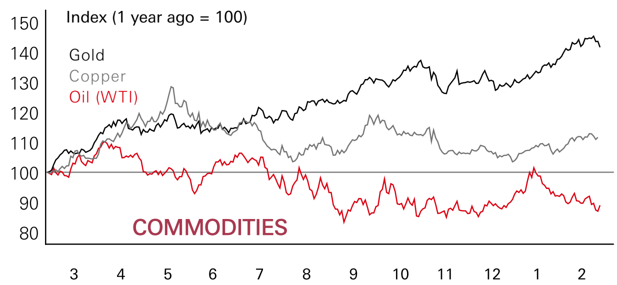












Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index. Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 7.30am am UK time 28 February 2025. 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)	857	-2.0	-1.4	-0.6	12.6	1.9	888	742	18.7
North America									
US Dow Jones Industrial Average	43,240	-0.4	-2.9	-3.7	10.9	1.6	45,074	37,612	20.7
US S&P 500 Index	5,862	-2.5	-3.0	-2.8	15.0	-0.3	6,147	4,954	21.6
US NASDAQ Composite Index	18,544	-5.0	-5.5	-3.5	15.2	-4.0	20,205	15,223	32.9
Canada S&P/TSX Composite Index	25,128	-0.1	-1.6	-2.0	17.6	1.6	25,876	21,287	15.2
Europe									
MSCI AC Europe (USD)	585	0.2	3.6	8.0	8.3	10.7	595	519	14.8
Euro STOXX 50 Index	5,473	0.0	3.5	13.9	12.2	11.8	5,544	4,474	15.3
UK FTSE 100 Index	8,756	1.1	0.9	5.7	14.8	7.1	8,821	7,598	12.7
Germany DAX Index*	22,551	1.2	3.8	14.9	27.6	13.3	22,935	17,025	16.9
France CAC-40 Index	8,103	-0.6	1.9	12.0	2.2	9.8	8,259	7,030	15.1
Spain IBEX 35 Index	13,271	2.5	7.3	14.0	32.7	14.5	13,340	10,001	12.1
Italy FTSE MIB Index	38,623	0.5	5.9	15.6	18.5	13.0	39,252	30,653	10.6
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	591	-1.8	2.5	2.6	12.6	3.8	632	510	15.5
Japan Nikkei-225 Stock Average	37,156	-4.2	-6.1	-2.8	-5.1	-6.9	42,427	31,156	19.2
Australian Stock Exchange 200	8,172	-1.5	-4.2	-3.1	6.2	0.2	8,615	7,493	17.9
Hong Kong Hang Seng Index	22,986	-2.1	13.7	18.3	39.2	14.6	24,077	16,044	11.3
Shanghai Stock Exchange Composite Index	3,337	-1.2	2.7	0.3	10.7	-0.4	3,674	2,690	13.9
Hang Seng China Enterprises Index	8,440	-2.6	14.3	21.5	48.6	15.8	8,912	5,539	10.7
Taiwan TAIEX Index	23,053	-2.9	-2.0	3.6	21.5	0.1	24,417	18,795	18.8
Korea KOSPI Index	2,533	-4.6	0.6	3.1	-4.1	5.6	2,896	2,360	9.5
India SENSEX 30 Index	73,597	-2.3	-5.0	-7.8	1.5	-5.8	85,978	70,234	19.6
Indonesia Jakarta Stock Price Index	6,300	-7.4	-11.4	-11.4	-13.9	-11.0	7,911	6,443	11.8
Malaysia Kuala Lumpur Composite Index	1,580	-0.7	1.5	-0.9	1.8	-3.8	1,685	1,519	15.2
Philippines Stock Exchange PSE Index	6,073	-0.4	3.6	-8.2	-12.5	-7.0	7,605	5,863	10.4
Singapore FTSE Straits Times Index	3,896	-0.9	1.0	4.2	24.0	2.8	3,952	3,101	12.0
Thailand SET Index	1,195	-4.1	-9.1	-16.3	-12.8	-14.6	1,507	1,206	12.8
Latam									
Argentina Merval Index	2,193,657	-7.2	-14.5	-2.9	116.2	-13.4	2,867,775	955,099	8.5
Brazil Bovespa Index*	124,799	-1.8	-1.1	-0.7	-3.3	3.8	137,469	118,223	10.3
Chile IPSA Index	7,393	1.1	2.7	12.4	14.6	10.2	7,393	6,082	12.9
Colombia COLCAP Index	1,628	-0.2	7.0	16.9	27.8	18.0	1,655	1,268	5.7
Mexico S&P/BMV IPC Index	52,608	-2.1	2.7	5.6	-5.1	6.2	58,299	48,770	10.8
EEMEA									
Saudi Arabia Tadawul Index	12,112	-2.2	-2.4	4.0	-4.1	0.6	12,883	11,318	N/A
South Africa JSE Index	87,325	-1.8	1.6	3.3	20.1	3.8	89,254	71,663	13.3
Turkey ISE 100 Index*	9,741	1.4	-2.6	0.9	6.0	-0.9	11,252	8,567	6.7

*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	-2.0	-1.3	-0.4	2.0	14.3	29.1	81.3
US equities	-2.6	-3.2	-2.8	-0.2	16.2	37.7	109.2
Europe equities	0.2	3.7	8.2	10.9	11.3	23.0	55.2
Asia Pacific ex Japan equities	-1.7	2.7	2.9	4.1	15.2	7.0	31.0
Japan equities	-0.3	1.3	2.6	2.9	3.5	19.1	45.3
Latam equities	-2.7	0.0	2.8	9.5	-15.2	3.5	11.2
Emerging Markets equities	-2.0	2.9	4.6	4.8	12.8	3.9	26.2

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. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index. Source: HSBC Asset Management. Bloomberg. Data as at 7.30am UK time 28 February 2025.

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)	588	0.5	0.9	0.6	5.7	1.3
JPM EMBI Global	921.9	0.7	1.5	1.2	9.2	2.7
BarCap US Corporate Index (USD)	3365.0	0.7	1.7	0.3	6.2	2.3
BarCap Euro Corporate Index (Eur)	260.5	0.2	0.6	0.6	6.6	1.0
BarCap Global High Yield (Hedged in USD)	640.1	0.3	0.7	1.9	11.9	2.1
Markit iBoxx Asia ex-Japan Bond Index (USD)	229.6	0.5	1.4	1.3	7.0	2.0
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	267	0.5	2.1	2.2	11.4	2.4

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

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	1.04	1.05	1.04	1.06	1.08	1.04	1.12	1.01	-0.7
GBP/USD	1.26	1.26	1.24	1.27	1.26	1.25	1.34	1.21	-0.4
CHF/USD	1.11	1.11	1.10	1.14	1.13	1.10	1.19	1.08	-0.2
CAD	1.44	1.42	1.45	1.40	1.36	1.44	1.48	1.34	-1.5
JPY	150	149	155	150	150	157	162	140	-0.5
AUD/USD	0.62	0.64	0.62	0.65	0.65	0.62	0.69	0.61	-2.4
NZD/USD	0.56	0.57	0.56	0.59	0.61	0.56	0.64	0.55	-2.6
Asia									
HKD	7.78	7.77	7.79	7.78	7.83	7.77	7.84	7.76	-0.1
CNY	7.29	7.25	7.24	7.25	7.19	7.30	7.33	7.01	-0.5
INR	87.4	86.7	86.6	84.5	82.9	85.6	88.0	82.6	-0.8
MYR	4.47	4.42	4.46	4.45	4.74	4.47	4.80	4.09	-1.1
KRW	1463	1434	1454	1397	1331	1472	1487	1303	-2.0
TWD	32.8	32.8	32.7	32.5	31.6	32.8	33.2	31.4	-0.2
Latam									
BRL	5.83	5.73	5.84	5.97	4.97	6.18	6.32	4.93	-1.8
COP	4131	4082	4209	4433	3926	4406	4566	3738	-1.2
MXN	20.5	20.4	20.7	20.4	17.1	20.8	21.3	16.3	-0.3
ARS	1062	1058	1051	1010	842	1031	1062	842	-0.3
EEMEA									
RUB	87.7	88.5	98.7	106.5	91.2	113.5	115.1	82.7	0.9
ZAR	18.5	18.4	18.7	18.1	19.2	18.8	19.4	17.0	-0.5
TRY	36.5	36.4	35.7	34.7	31.2	35.4	36.7	31.2	-0.3

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	4.30	4.31	4.30	4.54	5.39	4.31	-2
2-Year	4.25	4.26	4.27	4.35	4.67	4.24	-1
5-Year	4.32	4.33	4.40	4.30	4.30	4.38	-1
10-Year	4.48	4.48	4.58	4.42	4.32	4.57	1
30-Year	4.73	4.70	4.81	4.60	4.48	4.78	3
10-year bond yields (%)							
Japan	1.42	1.36	1.19	1.09	0.72	1.09	7
UK	4.61	4.50	4.59	4.44	4.10	4.56	11
Germany	2.53	2.43	2.51	2.32	2.45	2.36	10
France	3.27	3.17	3.27	3.10	2.93	3.19	9
Italy	3.62	3.52	3.59	3.57	3.95	3.52	9
Spain	3.15	3.06	3.14	3.04	3.37	3.06	10
China	1.74	1.65	1.67	2.09	2.42	1.68	9
Australia	4.51	4.42	4.40	4.58	4.17	4.36	9
Canada	3.21	3.11	3.27	3.46	3.55	3.23	10

*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	2,864	-2.5	2.3	8.3	40.1	9.1	2,956	2,028
Brent Oil	73.5	-1.2	-2.8	3.2	-3.4	-0.9	84	68
WTI Crude Oil	69.9	-0.8	-2.9	3.8	-2.1	-1.4	79	64
R/J CRB Futures Index	306.0	-1.7	0.4	6.7	11.3	3.1	317	265
LME Copper	9,390	-1.8	3.8	4.2	10.5	7.1	11,105	8,428

Past performance does not predict future returns. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index.

Source: HSBC Asset Management. Bloomberg. Data as at 7.30am UK time 28 February 2025.

Important Information

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. This document 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.

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 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 Turkiye by HSBC Asset Management A.S. Turkiye (AMTU) which is regulated by Capital Markets Board of Turkiye. Any information here is not intended to distribute in any jurisdiction where AMTU does not have a right to. Any views here should not be perceived as investment advice, product/service offer and/or promise of income. Information given here might not be suitable for all investors and investors should be giving their own independent decisions. The investment information, comments and advice given herein are not part of investment advice activity. Investment advice services are provided by authorized institutions to persons and entities privately by considering their risk and return preferences, whereas the comments and advice included herein are of a general nature. Therefore, they may not fit your financial situation and risk and return preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations.
- 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.

Content ID: D041464_V1.0 Expiry date 31.08.2025