HSBC

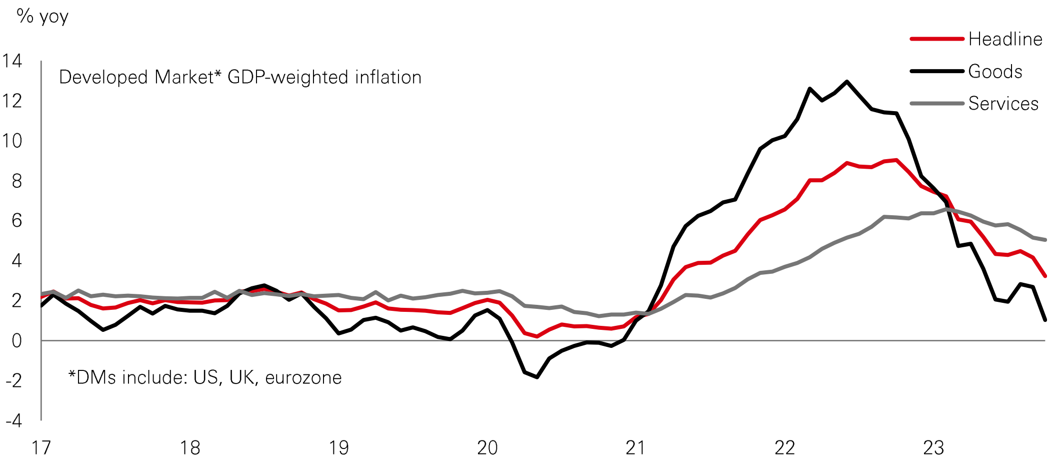
Asset Management

Investment Weekly

17 November 2023

For professional client and institutional investor use only

Chart of the week – Inflation trending towards a new paradigm



This week's US CPI data saw headline inflation fall to 3.2% yoy in October, down from 3.7% in September and lower than consensus expectations of 3.3%. 'Core' inflation – which ignores volatile measures like energy and food – fell to 4.0% in October from 4.1% previously.

This was very clearly good news for risk assets, with further rate hikes this year essentially ruled out by the market. It also heightened hopes that the Fed is moving closer to 'pivoting' its policy towards rate cuts. That was a key driver of a rally in bonds that saw yields fall by around 20 basis points to 4.45% before backing up later in the week. Equities also rallied, with the Russell 2000 index enjoying its best day in over a year.

As in other western economies, we see US disinflation continuing in 2024. Goods inflation has already fallen back quickly. Even though energy prices could be volatile, we expect that trend to continue. Meanwhile, central bankers are more focused on services inflation – and how 'sticky' that might be. Nonetheless, after a rapid tightening of financial conditions, evidence points to services inflation continuing to slow through 2024.

We think this inflation scenario is consistent with interest rate cuts in H2 2024. We think the Fed could surprise the market by cutting rates more. Further out, **we think several forces will keep inflation higher over the medium term versus recent trends, with 2% inflation no longer a ceiling and more likely to be a floor**.

Earnings Season →

What analyst forecasts say about the economic outlook

Global Equities →

A year of two halves for sector performances

Cryptocurrencies →

Exploring this year's rebound in the Bitcoin price

Market Spotlight

Moving 'EM up

Last week, Moody's lowered its outlook on the US credit rating to "negative" from "stable" citing large fiscal deficits and a decline in debt sustainability. However, as noted in our recent Q3 House Views, credit rating agencies are in cheerier mood when it comes to emerging market sovereign debt. For the hard currency Emerging Market Bond Index (EMBI), the ratio of positive to negative outlooks has turned positive for the first time in a decade.

What's driving the improving outlook? EM countries generally ran lower fiscal deficits during the Covid pandemic and consolidated quicker in the recovery with an emphasis on spending discipline. Many EMs have also pursued a strategy of local currency debt issuance while there has been limited supply from quasi sovereigns, which are pursuing alternative funding avenues.

There are macro tailwinds too. With many EMs acting early to raise interest rates to fight inflation and defend currencies post-pandemic, they are better positioned to ease rates over the coming quarters, and ahead of DM economies. Overall, **this should alleviate funding pressures and reduce default risk**.

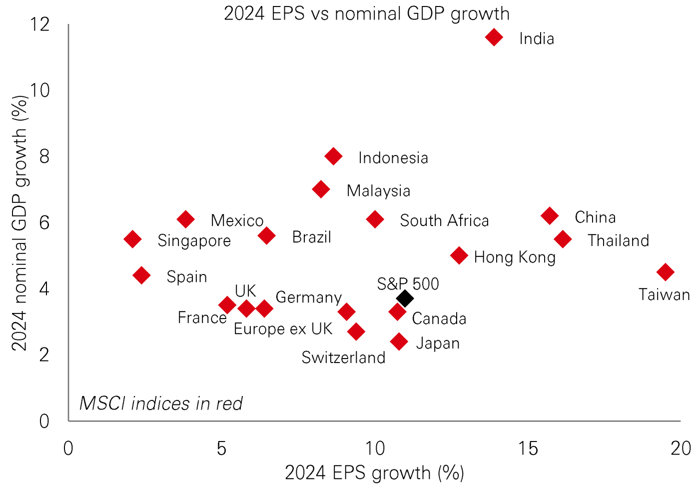
US earnings optimism

There is truth in the old saying that "the stock market is not the economy". Yet, it's also true that the strength and direction of corporate earnings forecasts are an important guide to where investors think the economy is heading.

With the Q3 earnings season winding down, S&P 500 earnings per share (EPS) is set to grow by 3.4% yoy, falling to 2.7% in Q4. Yet, further out, the picture is much more upbeat. Analysts expect around 11% EPS growth in 2024. What is this consensus view pricing in?

In the US, periods when earnings grow at more than three times nominal GDP tend to happen mid-cycle. Based on forecasts of 3.7% nominal GDP in 2024, the EPS/GDP ratio stands at around 3 – meaning that analysts are assuming an economic soft landing and no recession.

Some EPS optimism may be warranted. Productivity growth and limited corporate retrenchment may help avert a major downturn. Higher rates benefit cash-rich large-caps, and declines in sequential wage growth are helpful for cost control. But our view is that forecasts are toppy and that mid-single digit EPS is more likely as recessionary pressures grow.



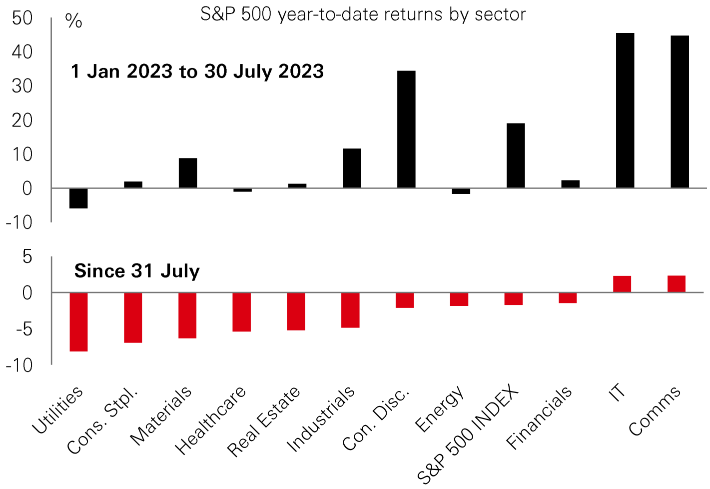
A year of two halves in markets

For investors, year-to-date market returns continue to look reasonable, and better than many expected at the beginning of 2023. A typical 60-40 portfolio is up 12%, with most gains coming from the performance of US equities, helping to offset losses in DM government bonds.

But scratching below the surface shows an interesting shift in market trends occurring around the time the S&P 500 reached its year-to-date peak on 31 July. Up until that point, year-to-date performance was characterised by outsized gains in tech and growth stocks – fuelled by AI enthusiasm and as peak Fed rate expectations stabilised – with relatively little action elsewhere

Since then, market performance has been more lacklustre. Tech continues to outperform. But rising bond yields in H2 have weighed on broad market performance.

Recent evidence of ongoing disinflation and the growing likelihood that the Fed is done with its tightening cycle has provided markets a respite. **But looking ahead, we expect defensive parts of the market to begin outperforming as economic conditions deteriorate**.

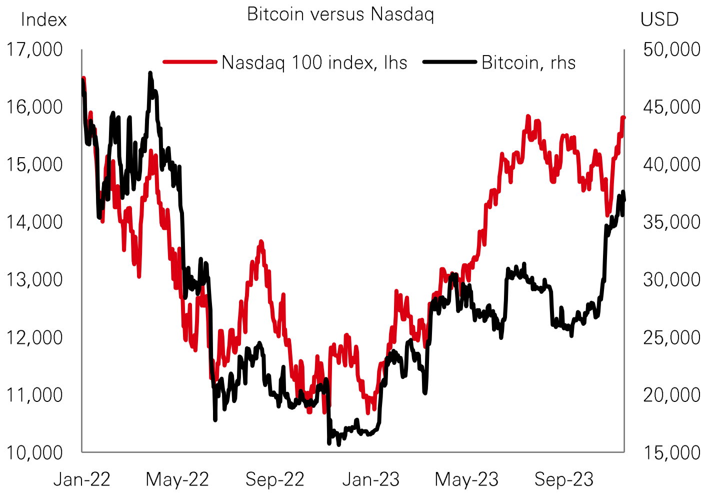


Bitcoin-ing it in

After a dramatic reversal last year, cryptocurrencies have rebounded strongly in 2023, with momentum accelerating since October. In US dollar terms the price of Bitcoin – by far the biggest crypto coin - has risen by around 30% in the past month. Bloomberg's broad basket of currencies, the Galaxy Crypto index, is up by more than 40%.

That's impressive in the context of struggling returns elsewhere in the investment universe, and given some of the negative news flow this year centred on FTX episode. But this was arguably reflected in this summer's period of relative underperformance versus tech stocks – which typically move in tandem with crypto.

Investors have moved on and crypto has caught up. News that a spot Bitcoin ETF could soon get the regulatory green light has probably helped repair investor sentiment. But perhaps a more intriguing view of recent Bitcoin price trends is the impact of rising bond yields on investor portfolio construction. Are investors viewing crypto as a source of protection?



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, Refinitiv, Macrobond, Bloomberg. Data as at 12PM UK time 17 November 2023.

Asset class views

Overall, we continue to argue for a defensive portfolio positioning. Our central scenario is consistent with "choppy waters" for risk assets over the next 12 months, with downside risks to credit and equity prices. In this context, short-duration fixed income remains attractive, especially US Treasuries, which can outperform in a recession.

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		Longer duration bonds have sold off sharply during 2023, driving yields to attractive levels. Yields have room to fall if disinflation continues and especially if a US recession materialises
	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. However, risks remain that resilient labour markets and sticky inflation could lead markets to price in higher-for-longer policy rates
	Asia Local Bonds		Moderating inflation in the region during 2023 means that most Asia central banks are on an extended pause from monetary tightening. Rates are expected to move lower but food and energy prices could see further upward pressure due to the El-Nino phenomenon
	China Bonds		Supportive policy moves provide a favourable backdrop, but concerns persist about the country's property sector. Piecemeal stimulus shows signs of bearing fruit in the economy, but further support is likely to be needed to encourage economic growth
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		Although global growth risks and near-term sticky inflation concerns exist, headwinds from the Fed tightening cycle have largely abated. Valuations are attractive from a medium term perspective
	Asia IG		Valuations are rich and spreads could widen in near term amid some credit rating downgrades, and challenges for China and global macro. However, this can be partially offset by a healthy primary market, with many issuers boasting strong fundamentals
	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 scope for near-term gains given economic resilience, but recession risks are growing and momentum is moderating. Valuations look stretched in the US, while eurozone activity is sluggish, with inflation still too high. Japan looks interesting in the context of a more robust earnings outlook
	EM Equities		Broadly speaking, EM risk premiums look generous and the growth outlook is positive, but China's cyclical outlook is concerning and consistent with a more cautious view of EM overall. Large scale China policy support would meaningfully boost the outlook given current sentiment levels
	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		Direct real estate is pressured amid still high central bank policy rates. Listed real estate has repriced much faster and can offer attractive income opportunities. A strategy focusing on sectors with high occupancy and inflation-capturing leases is preferable
	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. Macrobond, Bloomberg. Data as at 12PM UK time 17 November 2023. Views reflect our long-term expected return forecasts, our portfolio optimisation process and actual portfolio positions. These views are for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Monday 13 Nov.	IN	CPI (yoy)	Oct	4.9%	5.0%	Declining fuel prices contributed to slowing headline inflation, food prices remain sticky. Core inflation continues to moderate
Tuesday 14 Nov.	EZ	GDP (seasonally adjusted, qoq)	Q3 P	-0.1%	-0.1%	
	GE	Zew Expectation of Economic Growth	Nov	9.8	-1.1	
	US	CPI (yoy)	Oct	3.2%	3.7%	Disinflation pressures are building, led by the goods sector. Service sector inflation is moderating, with a further deceleration dependent on weaker wage growth
Wednesday 15 Nov.	JP	GDP (qoq)	Q3 P	-0.5%	1.1%	Japan Q3 GDP contracted, with widespread weakness. Consumer spending fell with non-residential investment declining for the second consecutive quarter. Rising global headwinds pose a downside growth risk
	CN	Retail Sales (yoy)	Oct	7.6%	5.5%	Favourable base effects boosted retail sales. Increased demand for autos and discretionary goods were also supportive
	CN	Industrial Production (yoy)	Oct	4.6%	4.5%	Further signs of stabilisation in industrial production are evident amid ongoing policy support
	UK	CPI (yoy)	Oct	4.8%	6.7%	Disinflation is becoming more widespread. Weaker wage growth is key for softer service sector inflation in coming months
	US	Retail Sales Advance (mom)	Oct	-0.1%	0.9%	Retail sales softened in early Q4. Consumers are facing growing headwinds in coming months, pointing to weaker household spending near-term
Thursday 16 Nov.	US	Industrial Production (mom)	Oct	-0.6%	0.1%	Companies are turning more cautious amid tighter financial conditions
Friday 17 Nov.	US	Housing Starts (mom)	Oct	-	7.0%	Housing starts look set to struggle amid multi decade highs in mortgage rates

Q, Quarterly, P- Preliminary, F – Final CN- China, JP-Japan, IN – India, EZ- Eurozone, GE–Germany, BR – Brazil, MX – Mexico

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Tuesday 21 Nov.	US	Existing Home Sales (mom)	Oct	-1.5%	-2.0%	
	US	FOMC November Meeting Minutes				The Fed maintains a tightening bias but increasing signs of disinflation suggest the current tightening cycle is at an end
	UK	BoE Governor Bailey testify to the Treasury Committee				
	EZ	ECB President Lagrde speaks about fighting inflation				
Wednesday 22 Nov.	US	Durable Goods Orders (mom)	Oct P	-3.1%	0.8%	Recent indicators and surveys point to softening capital investment particularly as the favourable impact of CHIPS and IRA fades
Thursday 23 Nov.	SA	Reserve Bank Interest Rate Decision	Nov	8.25%	8.25%	Policy looks set to remain on hold near-term with inflation remaining within its 3-6% target range
	SW	Riksbank Interest Rate Decision	Nov	4.00%	4.00%	Recent encouraging inflation news has lessened the risk of further rate hikes amid contracting growth
	EZ	S&P Global Composite PMI	Nov P	47.0	46.5	EZ manufacturing sentiment remains mired in negative territory, with weakness becoming more pronounced in the service sector
	UK	S&P Global Composite PMI	Nov P	-	48.7	Sentiment remains low, with increased signs of broader-based weakness, posing downside risks to growth
	US	Thanksgiving holiday - markets closed				
Friday 24 Nov.	JP	National CPI ex Fresh Food, Energy (yoy)	Oct		4.2%	Core inflation remains above the BoJ's 2% target, but uncertainty persists about the medium-term outlook
	GE	Ifo Business Climate Index	Nov	87.4	86.9	German business confidence remains weak, highlighting the current challenging environment for the corporate sector
	US	S&P Global Composite PMI	Nov P	-	50.7	Forward-looking indicators point to weaker growth in early 2024, with sentiment worsening in the service sector

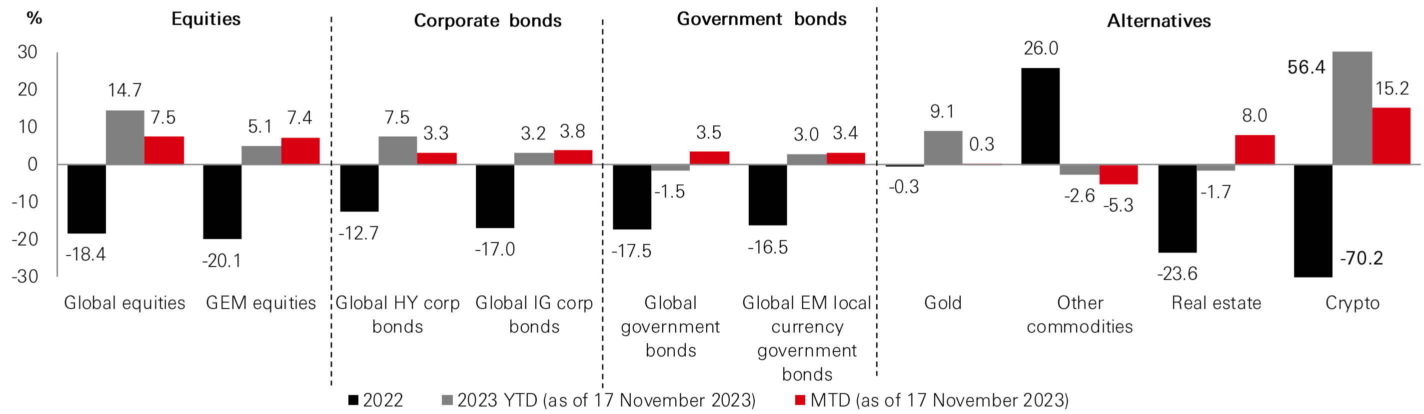
P – Preliminary, Q – Quarter, F – Final EZ- Eurozone, GE – Germany, JP-Japan, SW–Sweden, SA-South Africa, CN- China

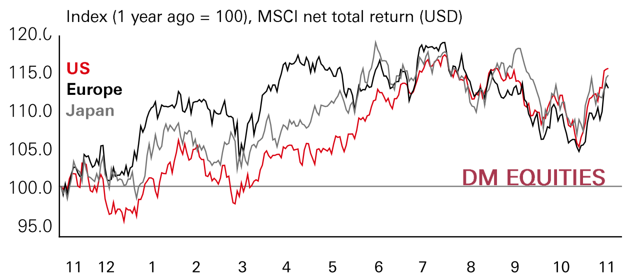
Past performance does not predict future returns. Source: HSBC Asset Management. Data as at 12PM UK time 17 November 2023.

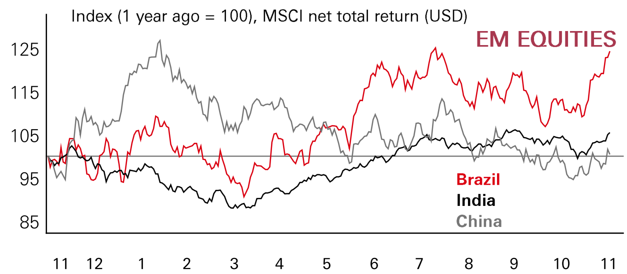
This week

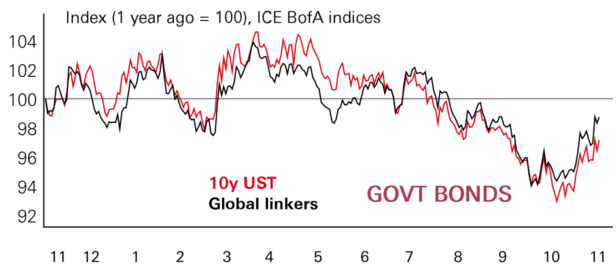
A downside surprise in US inflation and weak US labour market data spurred a broad-based rally in risk markets on rising expectations of a Fed easing by mid-2024. Short-dated US Treasuries outperformed, bull flattening the yield curve. Euro area and UK sovereign bonds moved higher in tandem. Global equities posted decent gains, including both developed and EM stocks. The S&P 500 was bolstered by improving US rate sentiment, with the "magnificent seven" outperforming. European stocks followed suit. In Japan, the Nikkei saws strong gains, shrugging off weaker than expected Q3 GDP data. Meanwhile, commodities were mixed. Oil prices weakened further with Brent crude dipping below $80 per barrel amid ongoing demand pressures. In contrast, gold moved higher, aided by falling US real yields.

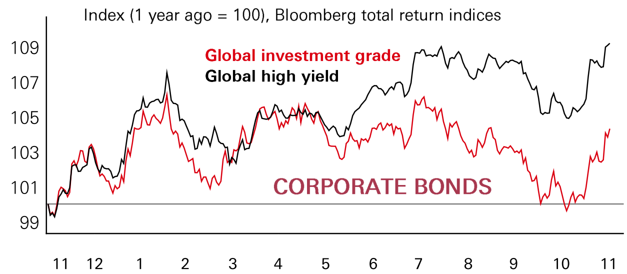
Selected asset performance

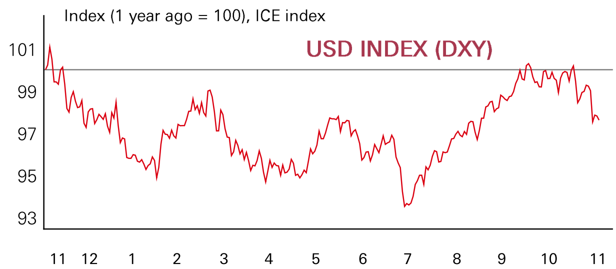


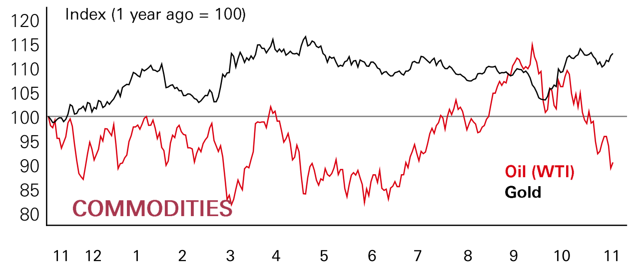












Past performance does not predict future returns.
Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 12PM UK time 17 November 2023.

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)	684	2.6	3.0	2.3	11.6	12.9	708	598	17.2
North America									
US Dow Jones Industrial Average	34,945	1.9	2.8	1.4	4.2	5.4	35,679	31,430	19.2
US S&P 500 Index	4,508	2.1	3.1	3.2	14.2	17.4	4,607	3,764	20.3
US NASDAQ Composite Index	14,114	2.3	4.3	6.0	26.6	34.8	14,447	10,207	29.7
Canada S&P/TSX Composite Index	20,053	2.0	1.8	1.2	0.8	3.4	20,843	18,692	13.9
Europe									
MSCI AC Europe (USD)	496	3.7	3.0	-0.1	11.3	8.5	528	442	12.5
Euro STOXX 50 Index	4,336	3.3	4.4	2.6	11.8	14.3	4,492	3,767	12.0
UK FTSE 100 Index	7,472	1.5	-2.6	2.2	1.7	0.3	8,047	7,207	10.8
Germany DAX Index*	15,911	4.4	4.3	1.5	11.5	14.3	16,529	13,792	11.3
France CAC-40 Index	7,230	2.6	2.8	0.5	9.9	11.7	7,581	6,388	12.1
Spain IBEX 35 Index	9,737	3.9	4.7	4.9	21.1	18.3	9,760	7,986	10.3
Italy FTSE MIB Index	29,482	3.4	3.9	5.7	21.1	24.4	29,758	23,353	7.8
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	503	3.4	2.4	0.4	1.9	-0.5	563	469	14.7
Japan Nikkei-225 Stock Average	33,585	3.1	4.8	6.2	20.2	28.7	33,773	25,662	19.7
Australian Stock Exchange 200	7,049	1.0	-0.1	-1.4	-1.2	0.2	7,568	6,751	15.6
Hong Kong Hang Seng Index	17,454	1.5	-1.8	-4.8	-3.3	-11.8	22,701	16,834	8.9
Shanghai Stock Exchange Composite Index	3,054	0.5	-0.9	-3.5	-2.0	-1.1	3,419	2,924	11.5
Hang Seng China Enterprises Index	5,974	1.2	-1.9	-5.1	-2.7	-10.9	7,774	5,702	8.1
Taiwan TAIEX Index	17,209	3.2	3.4	4.2	18.4	21.7	17,464	13,982	18.6
Korea KOSPI Index	2,470	2.5	0.4	-2.0	1.1	10.4	2,668	2,181	14.0
India SENSEX 30 Index	65,795	1.4	-1.0	1.0	6.5	8.1	67,927	57,085	20.9
Indonesia Jakarta Stock Price Index	6,978	2.5	0.5	1.1	-1.0	1.9	7,109	6,543	0.1
Malaysia Kuala Lumpur Composite Index	1,461	1.1	1.1	0.9	0.8	-2.3	1,504	1,369	14.5
Philippines Stock Exchange PSE Index	6,212	0.8	-1.1	-2.4	-3.0	-5.4	7,138	5,920	11.7
Singapore FTSE Straits Times Index	3,125	0.6	-1.5	-2.3	-4.9	-3.9	3,408	3,042	10.2
Thailand SET Index	1,416	1.9	-1.2	-7.4	-12.3	-15.2	1,696	1,366	16.4
Latam									
Argentina Merval Index	602,278	-8.8	-26.9	3.4	287.9	198.0	834,791	152,825	6.7
Brazil Bovespa Index*	124,639	3.4	7.5	8.4	13.6	13.6	124,737	96,997	8.7
Chile IPSA Index	5,730	2.0	-2.7	-6.6	10.8	8.9	6,449	5,072	0.6
Colombia COLCAP Index	1,109	0.5	-0.9	-2.3	-14.5	-13.8	1,348	1,045	6.0
Mexico S&P/BMV IPC Index	52,469	2.4	5.6	-1.4	2.2	8.3	55,627	47,765	12.6
EEMEA									
Russia MOEX Index	3,190	-1.6	-1.8	4.3	44.1	48.1	3,287	2,071	N/A
South Africa JSE Index	73,901	3.5	1.5	-0.6	2.4	1.2	81,338	69,128	9.8
Turkey ISE 100 Index*	7,827	0.7	-3.5	0.8	73.7	42.1	8,563	4,311	5.9

*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	2.7	3.1	2.7	14.7	13.6	17.2	52.8
US equities	2.2	3.1	3.6	19.0	15.8	26.7	75.0
Europe equities	3.8	3.1	0.2	11.4	14.4	13.8	32.4
Asia Pacific ex Japan equities	3.5	2.5	1.0	2.0	4.6	-12.6	17.0
Japan equities	2.5	3.2	3.6	13.4	15.5	1.5	24.6
Latam equities	4.7	9.5	6.1	21.1	21.8	36.9	18.8
Emerging Markets equities	3.6	3.3	1.2	5.1	7.0	-11.9	12.6

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. Data as at 12PM UK time 17 November 2023.

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)	539	1.0	2.5	1.2	2.4	2.8
JPM EMBI Global	791.0	1.2	3.5	0.5	5.5	3.0
BarCap US Corporate Index (USD)	3029.9	1.5	3.5	1.2	3.2	2.1
BarCap Euro Corporate Index (Eur)	237.9	0.9	2.3	1.9	3.7	4.5
BarCap Global High Yield (Hedged in USD)	535.2	0.9	2.9	1.9	9.2	7.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	205.8	0.9	2.2	1.3	6.0	2.7
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	220	1.1	2.5	2.9	10.8	-1.3

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 2022	52-week High	52-week Low	1-week Change (%)
Developed markets									
EUR/USD	1.09	1.07	1.06	1.09	1.04	1.07	1.13	1.02	1.6
GBP/USD	1.24	1.22	1.22	1.27	1.19	1.21	1.31	1.18	1.6
CHF/USD	1.13	1.11	1.11	1.14	1.05	1.08	1.18	1.04	1.7
CAD	1.37	1.38	1.36	1.35	1.33	1.36	1.39	1.31	0.5
JPY	149	152	150	146	140	131	152	127	1.4
AUD/USD	0.65	0.64	0.64	0.64	0.67	0.68	0.72	0.63	2.1
NZD/USD	0.60	0.59	0.59	0.59	0.61	0.64	0.65	0.58	1.5
Asia									
HKD	7.80	7.81	7.82	7.83	7.83	7.80	7.85	7.76	0.1
CNY	7.21	7.29	7.32	7.29	7.16	6.90	7.35	6.69	1.0
INR	83.3	83.3	83.3	83.2	81.6	82.7	83.5	80.9	0.1
MYR	4.68	4.71	4.74	4.65	4.55	4.40	4.79	4.23	0.6
KRW	1297	1317	1354	1341	1339	1260	1364	1216	1.5
TWD	31.8	32.4	32.3	32.0	31.1	30.7	32.5	29.6	1.7
Latam									
BRL	4.86	4.91	5.04	4.98	5.41	5.29	5.48	4.70	1.0
COP	4088	4036	4198	4101	4999	4851	5019	3879	-1.3
MXN	17.2	17.6	18.0	17.1	19.4	19.5	19.9	16.6	2.5
ARS	353	350	350	350	163	177	354	163	-1.0
EEMEA									
RUB	89.2	92.3	97.9	94.3	60.4	74.2	102.4	60.1	3.3
ZAR	18.3	18.7	18.8	19.1	17.4	17.0	19.9	16.7	2.3
TRY	28.7	28.6	28.0	27.1	18.6	18.7	28.8	18.4	-0.5

Bonds	Close	1-week Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2022	1-week basis point change*
US Treasury yields (%)							
3-Month	5.37	5.40	5.49	5.41	4.20	4.34	-3
2-Year	4.82	5.06	5.21	4.93	4.45	4.43	-24
5-Year	4.39	4.68	4.87	4.41	3.94	4.00	-29
10-Year	4.41	4.65	4.83	4.27	3.77	3.87	-24
30-Year	4.59	4.76	4.92	4.39	3.88	3.96	-17
10-year bond yields (%)							
Japan	0.75	0.85	0.78	0.64	0.24	0.41	-9
UK	4.08	4.33	4.51	4.74	3.20	3.66	-26
Germany	2.56	2.72	2.88	2.71	2.02	2.57	-16
France	3.12	3.30	3.50	3.25	2.49	3.11	-18
Italy	4.30	4.57	4.89	4.41	3.93	4.70	-27
Spain	3.55	3.77	4.00	3.76	3.03	3.65	-21
China	2.66	2.65	2.69	2.57	2.80	2.84	1
Australia	4.47	4.62	4.55	4.32	3.62	4.05	-15
Canada	3.65	3.85	4.07	3.77	3.11	3.30	-20

*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	1,989	2.5	3.4	5.3	13.0	9.1	2,063	1,729
Brent Oil	78.6	-3.5	-11.3	-5.2	-3.3	-3.2	93	69
WTI Crude Oil	73.9	-4.2	-13.5	-6.6	-2.3	-4.4	92	63
R/J CRB Futures Index	271.3	-0.8	-4.2	-1.1	-2.3	-2.3	290	254
LME Copper	8,229	2.4	3.2	-0.1	1.5	-1.7	9,551	7,850

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 12PM UK time 17 November 2023.

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 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 document has not been 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 Israel, HSBC Bank plc (Israel Branch) is regulated by the Bank of Israel. This document is only directed in Israel to qualified investors (under the Investment advice, Investment marketing and Investment portfolio management law-1995) of the Israeli Branch of HBEU for their own use only and is not intended for distribution;
- 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 Bank Middle East Limited which are regulated by relevant local Central Banks for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority.
- in Oman by HSBC Bank Oman S.A.O.G regulated by Central Bank of Oman and Capital Market Authority of Oman;
- 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;
- 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 at https://www.assetmanagement.hsbc.ch/ 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