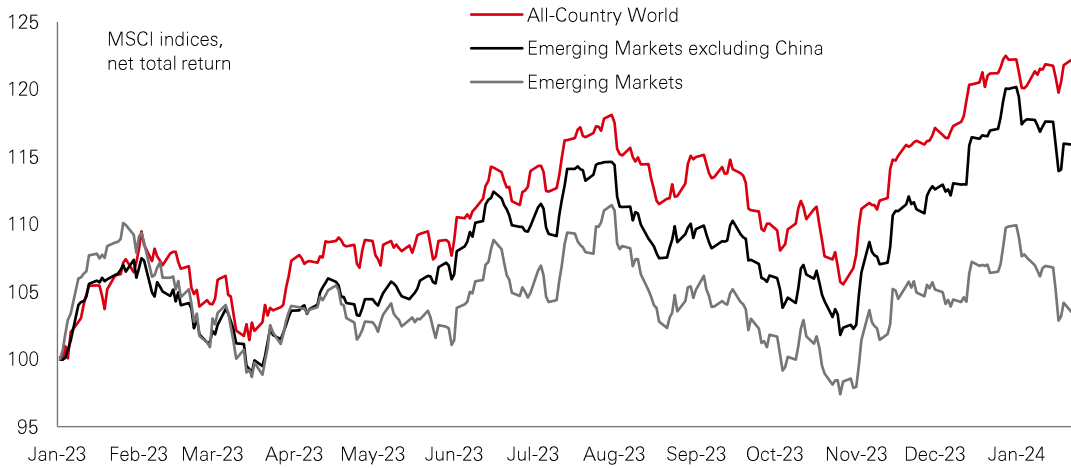



**Chart of the week – Difficult start to 2024 for EM**

Index (rebased 01/01/23 = 100)



Emerging market (EM) equities have had a tough start to 2024. This contrasts with US indices pushing to fresh record highs, Japan’s Nikkei chalking up major gains and other developed markets (DMs) showing resilience.

Why are EM stocks selling off? A rising dollar and Red Sea trade flow disruption in January hasn’t helped. Meanwhile, China-exposed assets have performed poorly on concerns over China’s growth outlook and regulatory uncertainty.

This backdrop requires a cautious approach. But we think it’s reasonable to expect a relatively good 2024 for EM. The Fed will be easing. There is scope for the (expensive) USD to weaken. A widening GDP growth gap versus DM implies room for earnings outperformance. And many markets now look relatively cheap - China really stands out. This could mean hypersensitivity to any positive economic data, earnings, or policy surprises – indeed, China’s decision to cut the RRR by 50bp and press reports of a potential RMB 2+trn equity stabilisation fund prompted a sharp bounce in Chinese stocks late this week. Importantly, however, intra-EM performance is highly divergent. This implies a requirement for active management to capture idiosyncratic trends, and opportunities for portfolio diversification.

**Market Spotlight**
**A boost for Chinese markets?**

Following Chinese equities’ poor 2023 performance and weak start to 2024, authorities have taken further action to restore investor confidence. The PBoC announced a 50bp cut in the reserve requirement ratio, which should inject around RMB 1 trillion of liquidity into the market. Other action includes measures to support the rental housing market and alleviate the liquidity stress of property developers. Moreover, according to press reports, a RMB 2+ trillion market stabilisation fund is under discussion.

The market reaction was positive, with China benchmark equity indices up around 5%, highlighting the dangers of strategies that underweight China when valuations are already cheap. This is especially so if the latest action marks a watershed moment in policy makers’ approach and if the stabilisation fund sees the light of day.

Nevertheless, while policy action gives some relief to Chinese equities after a tough period, the wider economy still faces headwinds. Weak consumer sentiment remains an impediment to policy transmission and the structural downturn in the property market is an ongoing problem with no easy solutions. But, after a build-up of bearish sentiment regarding China, we may have reached the point where policy makers have drawn a line in the sand.

**Inflation Trends →**

What the latest inflation trends mean for rates

**Earnings Season →**

Exploring the outlook for US earnings growth in 2024

**Hedge Funds →**

Why alternative strategies are outperforming



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

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11am UK time 26 January 2024.

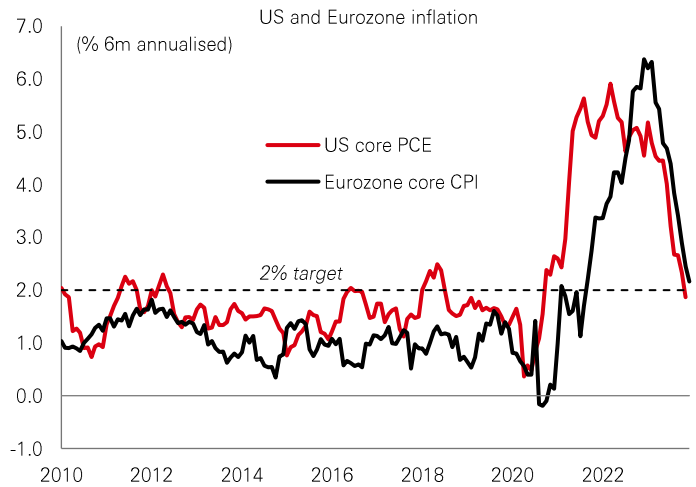
### Cutting to avoid tightening

The Fed and ECB face a much-improved inflation environment. While core inflation for both is still above 3.0% y/y, the annual comparison masks the extent of the decline; in both cases, 6m annualised core inflation is close to its 2% target. As such, markets are pricing in meaningful policy easing in 2024, but what do the Fed and ECB think?

The ECB had its say this week, noting “Tight financing conditions are dampening demand, and this is helping to push down inflation”. The dampening of demand was evident in January’s composite eurozone PMI; while it edged up, it remained at recessionary levels.

Chair Powell will update us on the Fed’s thinking in the coming days. With US growth still stronger than expected (3.3% q/q annualised in Q4), the Fed is likely to want more evidence that inflation has been slain before beginning to ease policy.

Importantly, we need to remember that with inflation receding, meaningful policy easing is warranted even in the absence of major economic weakness. Failure to do so would push up short term real rates to undesirable levels. We expect the first cuts in Q2.

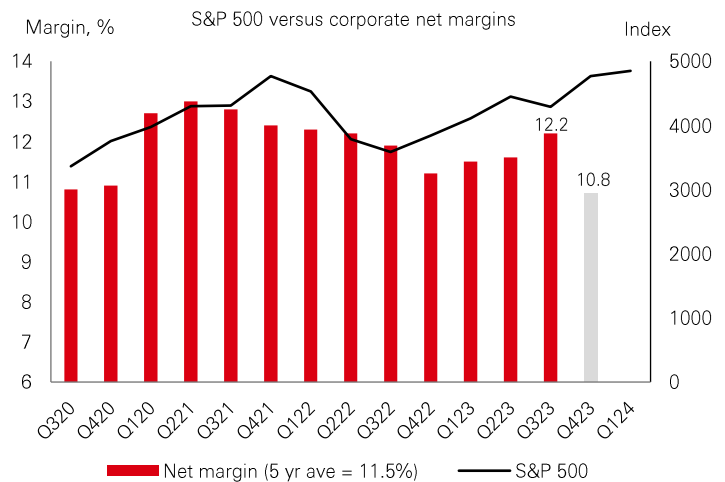


### US earnings season – don’t be fooled by the beat

US fourth quarter earnings season is here (over 25% of firms have reported) and many S&P 500 firms are beating estimates.

But we highlight that the bar (of earnings estimates) has fallen materially. Analysts have slashed Q4 2023 forecast EPS growth from +6.3% to -2% over the past 3 months. Plus, EPS estimates have also been cut for Q1-Q3 this year. Yet, the full-year 2024 profit forecasts have barely changed. This means this year’s growth is being pushed out to the last quarter (forecast to be well over 20%).

As the chart shows, profit margins for Q4 2023 have fallen. Analysts have reduced their forecast net margin to the lowest level since Q2 2020. According to Factset, all 11 sectors are expected to report lower margins for Q4 (vs Q3). While analysts predict margins will improve again into mid-2024, we look to the upcoming annual guidance statements. With the S&P trading at new highs, and consensus EPS growth at 10.8% (2024) and 13.0% (2025), we remain cautious. Sales could be tested by slowing GDP growth and disinflation, while margins face downward pressure from sticky wage costs and input costs pressure from geopolitical-related disruptions.

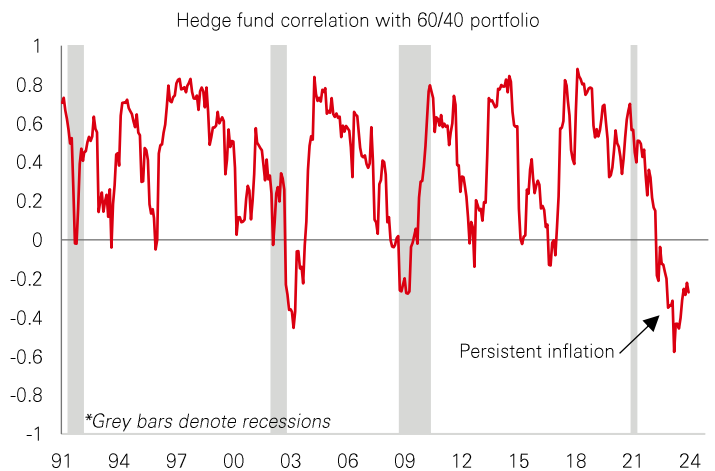


### Hedging portfolios for persistent volatility

For many years, the usually uncorrelated nature of stocks and bonds made it relatively easy to construct diversified portfolios – but the recent period of high inflation changed all that.

Against a backdrop of rising prices post-Covid, stocks and bonds moved in lockstep. And as diversification evaporated, volatility in 60/40 stock/bond portfolios grew. While the uncorrelated relationship between stocks and bonds is returning as inflation falls, our view is that higher and spikier inflation is likely to persist.

One asset potentially well-placed to benefit from volatile conditions are hedge funds – which have seen their correlation with 60/40 portfolios fall sharply during high inflation. The conditions have driven strong returns in parts of the hedge fund sector during the past year. Our view is that multi-strategy funds with carefully targeted allocation strategies can benefit from heightened market dispersion and volatility, and potentially deliver diversified outperformance. Likewise, macro strategy funds should benefit from volatility in fixed income markets, along with macroeconomic and geopolitical uncertainty.



### Past performance does not predict future returns.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11am UK time 26 January 2024.



## Asset class views

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

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

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

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

Source: HSBC Asset Management. Data as at 11am UK time 26 January 2024.



## Key Events and Data Releases

### This week

| Date               | Country | Indicator                            | Data as of | Actual | Prior | Comment   |
|--------------------|---------|--------------------------------------|------------|--------|-------|---|
| Tuesday 23 January | JP      | Bank of Japan Interest Rate Decision | Jan        | -0.1%  | -0.1% | BoJ governor Ueda's comments were hawkish. He said the likelihood of reaching the 2% medium-term inflation target continues to "rise gradually". Medium-term inflation projections were little changed          |
| Wednesday 24 Jan.  | EZ      | S&P Global Composite PMI             | Jan P      | 47.9   | 47.6  | Eurozone business confidence has stabilised recently but remains low. Weakness is most evident in France and Germany  |
|                    | US      | S&P Global Composite PMI             | Jan P      | 52.3   | 50.9  | S&P's manufacturing sentiment measure returned to positive territory for the first time since October 2022. Service sector sentiment rose the prices charged dropped, signalling ongoing disinflation pressures |
| Thursday 25 Jan.   | GE      | Ifo Business Climate Index           | Jan        | 85.2   | 86.3  | A continued decline in Germany's IFO business climate measure highlights the ongoing challenges facing the industrial sector  |
|                    | EZ      | ECB Interest Rate Decision           | Jan        | 4.0%   | 4.0%  | ECB president Lagarde reiterated that talk of rate cuts were "premature", acknowledging the disinflation process is "at work", though domestic inflation is "resistant" due to strong wage growth               |
|                    | NW      | Norges Bank Interest Rate Decision   | Jan        | 4.5%   | 4.5%  | Norway's central bank maintained unchanged interest rates, reiterating policy would remain "restrictive for some time ahead"  |
|                    | US      | GDP (qoq annualised)                 | Q4         | 3.3%   | 4.9%  | US growth remains above trend, driven by continued resilient household spending. Net exports, investment and government spending all provided positive contributions to Q3 GDP                                  |
| Friday 26 January  | US      | PCE Core (yoy)                       | Dec        | -      | 3.2%  | The core PCE deflator is predicted to moderate further, heading towards the Fed's 2% medium-term target   |
|                    | BR      | IBGE Inflation IPCA-15 (yoy)         | Jan        | -      | 4.7%  | Headline inflation should maintain its gradual decline near-term, keeping the central bank in easing mode   |

P – Preliminary, Q – Quarter, F – Final    EZ- Eurozone, GE – Germany, CA – Canada, NW – Norway, JP – Japan, BR – Brazil

### The week ahead

| Date               | Country | Indicator                               | Data as of | Survey | Prior  | Comment  |
|--------------------|---------|---|------------|--------|--------|--|
| Monday 29 January  | US      | Q4 corporate earnings (during the week) |            |        |        | So far, Q423 US earnings (25% of total) have beaten expectations, but EPS forecasts were slashed ahead of the reporting season (6.3% to -2%)   |
|                    | JP      | Jobless Rate                            | Dec        | 2.5%   | 2.5%   | Labour market tightness persists with the unemployment rate close to cyclical lows   |
| Tuesday 30 January | EZ      | GDP (seasonally adjusted, qoq)          | Q4 A       | -0.1%  | -0.1%  | The euro area stagnated during 2023, and market expectations for a slight contraction in Q4 implies the economy is in technical recession  |
|                    | MX      | GDP (qoq)                               | Q4 P       | -      | 1.1%   | Mexican growth should remain robust near-term, supported by solid domestic and external demand   |
| Wed. 31 January    | JP      | Industrial Production (mom)             | Dec P      | 2.5%   | -0.9%  |  |
|                    | CN      | Official Manufacturing PMI              | Jan        | 49.2   | 49     | Weak sentiment could still weigh on the PMI readings, despite ongoing policy support and some signs of stabilisation in the property sector  |
|                    | US      | FOMC Interest Rate Decision             | Jan        | 5.50%  | 5.50%  | Fed Chair Powell is likely to welcome recent good inflation news but retreat from his previous comments hinting at an early rate cut   |
|                    | BR      | COPOM Interest Rate Decision            | Jan        | 11.25% | 11.75% | Ongoing disinflation pressures point to further gradual easing by Brazil's central bank  |
| Thurs. 01 February | CN      | Caixin Manufacturing PMI                | Jan        | 50.9   | 50.8   |  |
|                    | SW      | Riksbank Interest Rate Decision         | Feb        | 4.0%   | 4.0%   | Rising disinflation pressures in the goods and services sector point to a pivot by the Riksbank soon, with rates unchanged near-term   |
|                    | EZ      | CPI Estimate (yoy)                      | Jan        | 2.80%  | 2.9%   | Core inflation should maintain its improving profile near-term, driven by ongoing disinflation in the goods and services sectors   |
|                    | UK      | Bank of England Interest Rate Decision  | Mar        | 5.25%  | 5.25%  | The BoE looks set to downgrade its inflation forecast significantly, warranting a shift to a neutral policy stance. But easing is unlikely until the BoE sees sustained evidence of reduced wage pressures |
| Friday 02 February | US      | ISM Manufacturing                       | Jan        | 47.5   | 47.2   | The ISM manufacturing measure looks set to remain in contraction territory near-term, reflecting the impact of tight monetary policy   |
|                    | US      | Change in Nonfarm Payrolls (000s)       | Jan        | 185    | 216    | Payrolls have been robust recently, but other labour market measures point to softening underlying conditions  |

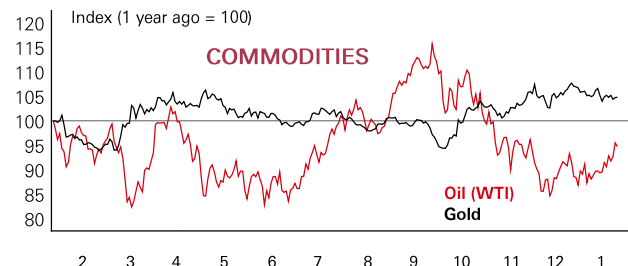
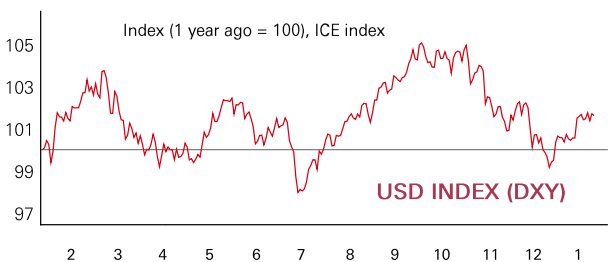
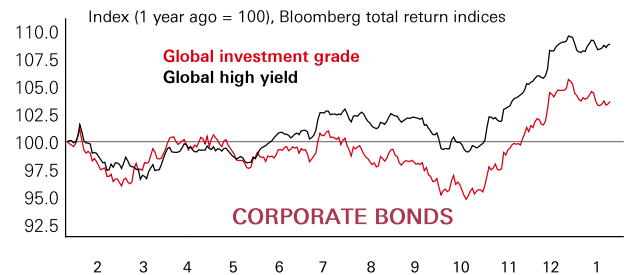
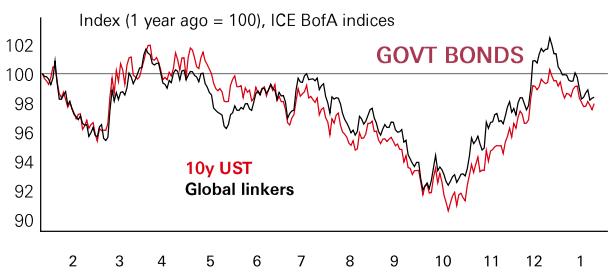
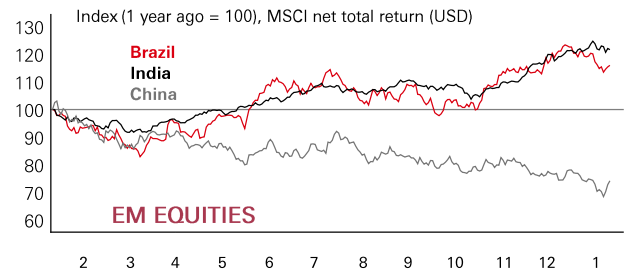
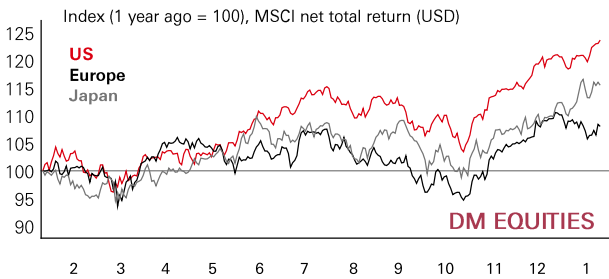
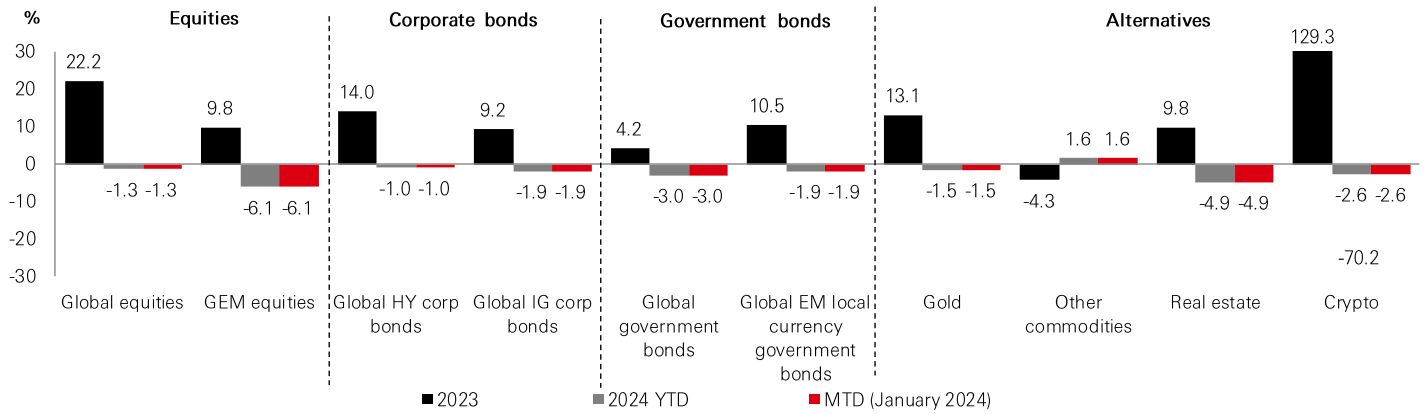
P – Preliminary, Q – Quarter, F – Final    EZ- Eurozone, JP – Japan, BR – Brazil, CA – Canada, SA – South Africa, GE – Germany

Source: HSBC Asset Management. Data as at 11am UK time 26 January 2024.

## This week

Positive risk appetite persists, supported by further policy measures in China and ongoing hopes of a US soft landing. Core government bonds were range-bound as ECB president Lagarde stated that discussion of rate cuts was “premature” at January’s Council meeting. US IG spreads narrowed to their lowest level in over two years. The S&P 500 reached a fresh all-time high, aided by upward surprises in Q4 US earnings. The tech-heavy Nasdaq also performed well with the interest rate-sensitive Russell 2000 breaking its recent losing streak. The Euro-Stoxx 500 powered to a multi-decade high, led by Germany. Japan’s Nikkei index lost ground as hawkish comments from BoJ governor Ueda prompted a bout of profit-taking. In EM, further fiscal and monetary measures lifted China’s Shanghai Composite. In commodities, oil firmed on geopolitical tensions and falling US crude energy stocks.

## Selected asset performance



## Past performance does not predict future returns.

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11am UK time 26 January 2024.



## Market data

| Equity Indices                          | Close     | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low | Fwd P/E (X) |
|---|-----------|-------------------|--------------------|--------------------|-------------------|----------------|--------------|-------------|-------------|
| <b>World</b>                            |           |                   |                    |                    |                   |                |              |             |             |
| MSCI AC World Index (USD)               | 733       | 1.2               | 1.3                | 16.3               | 13.1              | 0.9            | 735          | 607         | 17.2        |
| <b>North America</b>                    |           |                   |                    |                    |                   |                |              |             |             |
| US Dow Jones Industrial Average         | 38,049    | 0.5               | 1.3                | 16.1               | 12.1              | 1.0            | 38,109       | 31,430      | 18.2        |
| US S&P 500 Index                        | 4,894     | 1.1               | 2.5                | 18.3               | 20.5              | 2.6            | 4,904        | 3,809       | 20.7        |
| US NASDAQ Composite Index               | 15,511    | 1.3               | 2.9                | 23.1               | 34.7              | 3.3            | 15,629       | 10,983      | 28.4        |
| Canada S&P/TSX Composite Index          | 21,102    | 0.9               | 1.1                | 11.8               | 1.9               | 0.7            | 21,161       | 18,692      | 14.3        |
| <b>Europe</b>                           |           |                   |                    |                    |                   |                |              |             |             |
| MSCI AC Europe (USD)                    | 523       | 1.4               | -1.4               | 13.1               | 5.4               | -1.9           | 538          | 459         | 12.8        |
| Euro STOXX 50 Index                     | 4,601     | 3.4               | 1.7                | 13.6               | 10.2              | 1.7            | 4,603        | 3,981       | 12.6        |
| UK FTSE 100 Index                       | 7,594     | 1.8               | -1.3               | 3.3                | -2.1              | -1.8           | 8,047        | 7,207       | 10.8        |
| Germany DAX Index*                      | 16,881    | 2.0               | 1.0                | 14.6               | 11.5              | 0.8            | 17,003       | 14,458      | 11.6        |
| France CAC-40 Index                     | 7,573     | 2.7               | 0.1                | 9.9                | 6.7               | 0.4            | 7,654        | 6,774       | 12.6        |
| Spain IBEX 35 Index                     | 9,946     | 0.9               | -1.6               | 11.0               | 10.1              | -1.5           | 10,301       | 8,501       | 10.3        |
| Italy FTSE MIB Index                    | 30,239    | -0.1              | -0.4               | 9.9                | 15.3              | -0.4           | 30,864       | 24,751      | 8.2         |
| <b>Asia Pacific</b>                     |           |                   |                    |                    |                   |                |              |             |             |
| MSCI AC Asia Pacific ex Japan (USD)     | 508       | 2.0               | -1.3               | 8.1                | -9.1              | -3.9           | 563          | 469         | 12.8        |
| Japan Nikkei-225 Stock Average          | 35,751    | -0.6              | 7.3                | 16.8               | 30.7              | 6.8            | 36,985       | 26,633      | 21.6        |
| Australian Stock Exchange 200           | 7,555     | 1.8               | 0.7                | 10.9               | 1.2               | -0.5           | 7,633        | 6,751       | 16.7        |
| Hong Kong Hang Seng Index               | 15,952    | 4.2               | -2.4               | -6.4               | -29.3             | -6.4           | 22,701       | 14,794      | 7.6         |
| Shanghai Stock Exchange Composite Index | 2,910     | 2.8               | 0.4                | -2.6               | -10.9             | -2.2           | 3,419        | 2,724       | 9.9         |
| Hang Seng China Enterprises Index       | 5,360     | 4.5               | -2.3               | -8.5               | -30.4             | -7.1           | 7,774        | 4,943       | 6.7         |
| Taiwan TAIEX Index                      | 17,995    | 1.8               | 1.4                | 12.0               | 20.5              | 0.4            | 18,030       | 14,885      | 16.3        |
| Korea KOSPI Index                       | 2,479     | 0.2               | -4.8               | 7.8                | 0.4               | -6.7           | 2,676        | 2,274       | 9.6         |
| India SENSEX 30 Index                   | 70,701    | -1.4              | -0.9               | 12.0               | 17.4              | -2.1           | 73,428       | 57,085      | 23.1        |
| Indonesia Jakarta Stock Price Index     | 7,137     | -1.2              | -1.4               | 6.3                | 4.0               | -1.9           | 7,404        | 6,543       | 1.6         |
| Malaysia Kuala Lumpur Composite Index   | 1,508     | 1.4               | 3.9                | 4.7                | 0.6               | 3.6            | 1,509        | 1,369       | 13.5        |
| Philippines Stock Exchange PSE Index    | 6,686     | 2.8               | 2.8                | 11.1               | -5.1              | 3.7            | 7,102        | 5,920       | 11.5        |
| Singapore FTSE Straits Times Index      | 3,160     | 0.3               | 0.6                | 2.9                | -6.4              | -2.5           | 3,408        | 3,042       | 10.2        |
| Thailand SET Index                      | 1,367     | -1.1              | -3.3               | -0.3               | -18.2             | -3.5           | 1,693        | 1,352       | 14.2        |
| <b>Latam</b>                            |           |                   |                    |                    |                   |                |              |             |             |
| Argentina Merval Index                  | 1,284,940 | 9.4               | 40.7               | 90.9               | 391.4             | 38.2           | 1,297,641    | 207,676     | 7.8         |
| Brazil Bovespa Index*                   | 128,169   | 0.4               | -4.0               | 11.7               | 12.3              | -4.5           | 134,392      | 96,997      | 8.1         |
| Chile IPSA Index                        | 5,987     | 2.4               | -3.7               | 7.5                | 12.3              | -3.4           | 6,449        | 5,097       | 9.9         |
| Colombia COLCAP Index                   | 1,269     | -0.4              | 7.2                | 17.1               | -2.5              | 6.2            | 1,313        | 1,045       | 6.6         |
| Mexico S&P/BMV IPC Index                | 56,160    | 1.3               | -2.7               | 14.2               | 1.8               | -2.1           | 58,338       | 47,765      | 12.9        |
| <b>EEMEA</b>                            |           |                   |                    |                    |                   |                |              |             |             |
| Russia MOEX Index                       | 3,170     | 0.1               | 2.4                | -1.7               | 46.3              | 2.3            | 3,287        | 2,141       | N/A         |
| South Africa JSE Index                  | 73,874    | 1.7               | -0.7               | 5.6                | -8.2              | -3.9           | 81,338       | 69,128      | 9.6         |
| Turkey ISE 100 Index*                   | 8,231     | 2.9               | 12.8               | 7.4                | 57.3              | 10.2           | 8,563        | 4,311       | 5.0         |

\*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               | 1.4                | 16.6               | 0.9            | 15.1              | 15.7              | 65.0              |
| US equities                    | 1.1               | 2.4                | 19.0               | 2.5            | 22.2              | 28.2              | 94.9              |
| Europe equities                | 1.5               | -1.3               | 13.4               | -1.9           | 8.3               | 11.7              | 39.8              |
| Asia Pacific ex Japan equities | 2.0               | -1.2               | 8.5                | -3.8           | -6.6              | -23.6             | 14.0              |
| Japan equities                 | 1.1               | 5.2                | 16.9               | 2.8            | 16.4              | 2.5               | 36.5              |
| Latam equities                 | 0.5               | -5.1               | 15.6               | -5.1           | 13.7              | 29.5              | 13.8              |
| Emerging Markets equities      | 1.8               | -0.9               | 8.9                | -3.4           | -3.6              | -23.2             | 8.2               |

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.

Source: HSBC Asset Management. Bloomberg. Data as at 11am UK time 26 January 2024.



## Market data

| Bond indices - Total Return                            | Close  | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) |
|--|--------|-------------------|--------------------|--------------------|-------------------|----------------|
| BarCap GlobalAgg (Hedged in USD)                       | 556    | 0.2               | -0.8               | 5.7                | 3.6               | -0.9           |
| JPM EMBI Global  | 831.3  | 0.0               | -1.8               | 9.0                | 4.4               | -2.0           |
| BarCap US Corporate Index (USD)                        | 3189.2 | 0.3               | -0.5               | 9.0                | 3.4               | -1.0           |
| BarCap Euro Corporate Index (Eur)                      | 245.0  | 0.6               | -0.6               | 5.0                | 5.0               | -0.5           |
| BarCap Global High Yield (Hedged in USD)               | 565.4  | 0.4               | 0.1                | 8.9                | 9.1               | -0.2           |
| Markit iBoxx Asia ex-Japan Bond Index (USD)            | 213.3  | 0.2               | 0.0                | 5.9                | 3.3               | -0.2           |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 235    | 0.6               | 2.8                | 10.0               | -1.2              | 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 (%) |
|--------------------------|--------|------------|-------------|--------------|------------|---------------|--------------|-------------|-------------------|
| <b>Developed markets</b> |        |            |             |              |            |               |              |             |                   |
| EUR/USD                  | 1.08   | 1.09       | 1.10        | 1.06         | 1.09       | 1.10          | 1.13         | 1.04        | -0.5              |
| GBP/USD                  | 1.27   | 1.27       | 1.27        | 1.21         | 1.24       | 1.27          | 1.31         | 1.18        | 0.0               |
| CHF/USD                  | 1.15   | 1.15       | 1.17        | 1.11         | 1.09       | 1.19          | 1.20         | 1.06        | 0.3               |
| CAD                      | 1.35   | 1.34       | 1.32        | 1.38         | 1.33       | 1.32          | 1.39         | 1.31        | -0.3              |
| JPY                      | 148    | 148        | 142         | 150          | 130        | 141           | 152          | 128         | 0.2               |
| AUD/USD                  | 0.66   | 0.66       | 0.68        | 0.63         | 0.71       | 0.68          | 0.72         | 0.63        | -0.2              |
| NZD/USD                  | 0.61   | 0.61       | 0.63        | 0.58         | 0.65       | 0.63          | 0.65         | 0.58        | -0.3              |
| <b>Asia</b>              |        |            |             |              |            |               |              |             |                   |
| HKD                      | 7.81   | 7.82       | 7.81        | 7.82         | 7.83       | 7.81          | 7.85         | 7.79        | 0.1               |
| CNY                      | 7.18   | 7.19       | 7.14        | 7.32         | 6.79       | 7.10          | 7.35         | 6.71        | 0.2               |
| INR                      | 83.1   | 83.1       | 83.2        | 83.2         | 81.6       | 83.2          | 83.5         | 81.5        | -0.1              |
| MYR                      | 4.73   | 4.72       | 4.64        | 4.79         | 4.25       | 4.59          | 4.79         | 4.23        | -0.2              |
| KRW                      | 1336   | 1339       | 1294        | 1360         | 1231       | 1291          | 1364         | 1216        | 0.2               |
| TWD                      | 31.3   | 31.4       | 31.0        | 32.5         | 30.3       | 30.6          | 32.5         | 29.6        | 0.3               |
| <b>Latam</b>             |        |            |             |              |            |               |              |             |                   |
| BRL                      | 4.92   | 4.93       | 4.82        | 4.99         | 5.07       | 4.85          | 5.34         | 4.70        | 0.2               |
| COP                      | 3941   | 3911       | 3859        | 4128         | 4519       | 3875          | 4994         | 3806        | -0.8              |
| MXN                      | 17.2   | 17.1       | 17.0        | 18.2         | 18.8       | 17.0          | 19.3         | 16.6        | -0.6              |
| ARS                      | 823    | 820        | 805         | 350          | 185        | 808           | 823          | 185         | -0.4              |
| <b>EEMEA</b>             |        |            |             |              |            |               |              |             |                   |
| RUB                      | 89.7   | 88.0       | 92.3        | 93.7         | 69.6       | 89.5          | 102.4        | 69.2        | -1.9              |
| ZAR                      | 18.9   | 19.0       | 18.6        | 19.0         | 17.2       | 18.4          | 19.9         | 16.9        | 0.8               |
| TRY                      | 30.3   | 30.2       | 29.3        | 28.2         | 18.8       | 29.5          | 30.7         | 18.4        | -0.4              |

| Bonds                          | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2023 | 1-week basis point change* |
|--------------------------------|-------|------------|-------------|--------------|------------|---------------|----------------------------|
| <b>US Treasury yields (%)</b>  |       |            |             |              |            |               |                            |
| 3-Month                        | 5.33  | 5.34       | 5.36        | 5.45         | 4.66       | 5.33          | -1                         |
| 2-Year                         | 4.31  | 4.38       | 4.35        | 5.04         | 4.18       | 4.25          | -8                         |
| 5-Year                         | 4.00  | 4.05       | 3.89        | 4.80         | 3.59       | 3.85          | -5                         |
| 10-Year                        | 4.11  | 4.12       | 3.90        | 4.84         | 3.49       | 3.88          | -1                         |
| 30-Year                        | 4.36  | 4.33       | 4.05        | 4.99         | 3.64       | 4.03          | 3                          |
| <b>10-year bond yields (%)</b> |       |            |             |              |            |               |                            |
| Japan                          | 0.71  | 0.66       | 0.63        | 0.87         | 0.48       | 0.61          | 5                          |
| UK                             | 3.96  | 3.93       | 3.50        | 4.60         | 3.32       | 3.53          | 4                          |
| Germany                        | 2.27  | 2.34       | 1.98        | 2.86         | 2.21       | 2.02          | -7                         |
| France                         | 2.76  | 2.83       | 2.48        | 3.49         | 2.67       | 2.56          | -7                         |
| Italy                          | 3.79  | 3.88       | 3.54        | 4.87         | 4.03       | 3.69          | -9                         |
| Spain                          | 3.17  | 3.25       | 2.89        | 3.97         | 3.18       | 2.98          | -8                         |
| China                          | 2.50  | 2.50       | 2.58        | 2.72         | 2.93       | 2.56          | 0                          |
| Australia                      | 4.24  | 4.29       | 4.01        | 4.87         | 3.50       | 3.96          | -5                         |
| Canada                         | 3.48  | 3.49       | 3.19        | 4.00         | 2.86       | 3.11          | -1                         |

\*Numbers may not add up due to rounding.

| Commodities           | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|-----------------------|-------|-------------------|--------------------|--------------------|-------------------|----------------|--------------|-------------|
| Gold                  | 2,020 | -0.5              | -2.3               | 1.8                | 4.7               | -2.1           | 2,135        | 1,805       |
| Brent Oil             | 82.1  | 4.5               | 1.6                | -4.2               | 0.4               | 6.6            | 91           | 69          |
| WTI Crude Oil         | 76.9  | 5.0               | 1.5                | -5.3               | 0.3               | 7.0            | 87           | 63          |
| R/J CRB Futures Index | 272.4 | 2.6               | 1.4                | -3.2               | -2.6              | 3.3            | 290          | 254         |
| LME Copper            | 8,569 | 2.6               | -0.1               | 7.3                | -8.2              | 0.1            | 9,395        | 7,856       |

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

Source: HSBC Asset Management. Bloomberg. Data as at 11am UK time 26 January 2024.

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