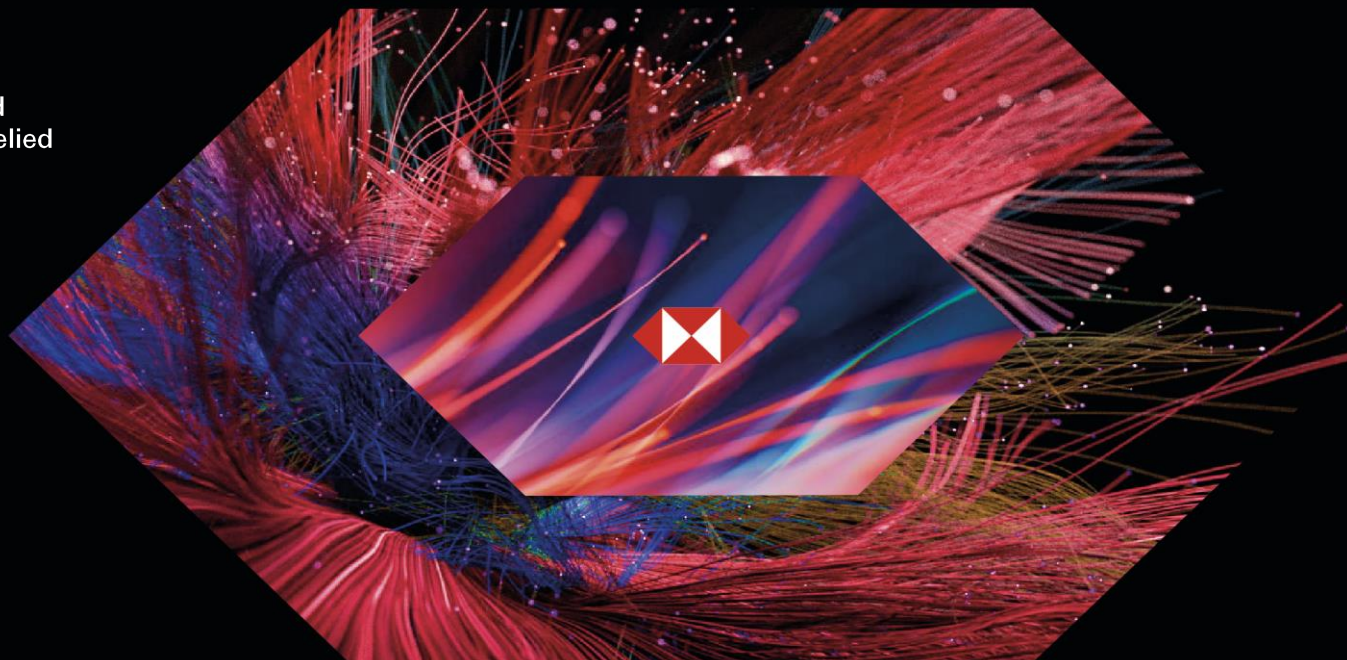


Investment Monthly

China rallies

October 2024

For Professional Clients only and should not be distributed to or relied upon by Retail Clients.



Summary

Macro Outlook

- ◆ A combination of falling inflation and cooling growth continue to align with our **base case scenario of a soft landing** for the economy
- ◆ With the **Fed kicking off its policy easing cycle**, the way has cleared for other global central banks to pursue rate cuts
- ◆ **Global growth remains ‘multi-speed’**. New policy support in China gives confidence that policymakers are committed to achieving a target of ~5% real GDP growth this year
- ◆ **Stock market performance and profit growth expectations** continue to broaden out, with a ‘great rotation’ of leadership across sectors and regions

House View

- ◆ If delivered, **the soft landing should catalyse the market rotation** – boosting emerging markets, laggard sectors, small-caps, and the value factor
- ◆ Investors should remain cautious of a **more volatile market environment** amid global economic cooling, election uncertainty and geopolitical risks
- ◆ In fixed income, we see a **strong case for a ‘structural steepening’ of the yield curve**. Private credits, real assets, and hedge funds remain attractive
- ◆ **EMs should continue to benefit from a weaker US dollar**. We prefer Asia stocks and credits, and local-currency EM debt

Policy Outlook

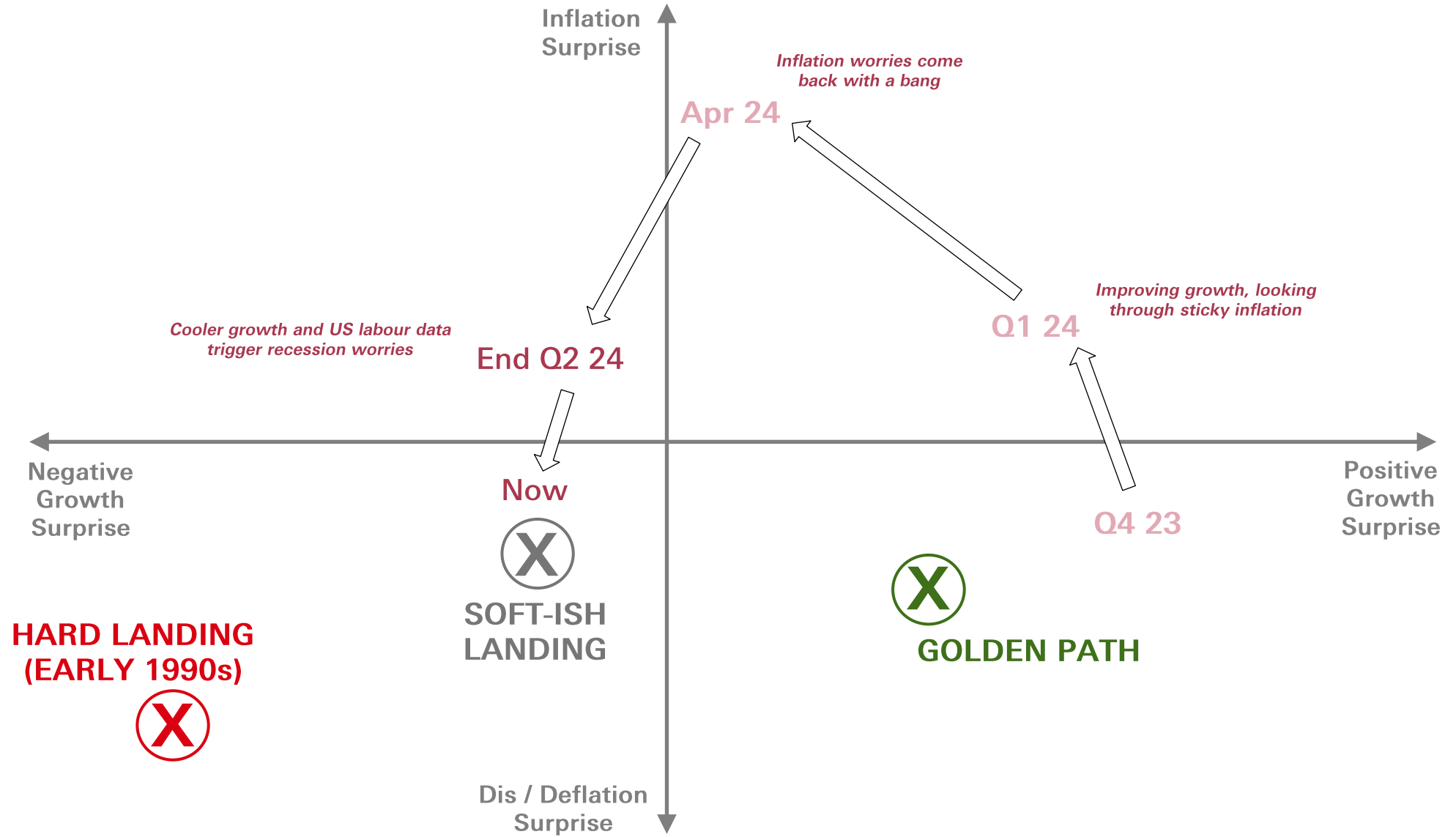
- ◆ A comprehensive set of **Politburo-endorsed policy measures in China** signalled strong intent to shore up confidence, the economy, and markets
- ◆ A **50bp rate cut from the US Fed** reflected its judgment that upside risks to inflation have moderated while downside risks to employment have risen
- ◆ **US fiscal policy will be a mild drag on growth in H2** and into 2025, but much will depend on the election result in November
- ◆ The Bank of Japan is expected to take a **cautious approach to further rate hikes** as it progresses towards policy normalisation without unsettling markets

Scenarios

SOFTISH LANDING	Inflation stabilises around target. GDP growth is below trend. Profit growth broadens-out
HARD LANDING	Restrictive policy induces recession. Inflation is below 2%. Most assets sell off. Bonds perform
GOLDEN PATH	Productivity boosts GDP without inflation. Bull market continues. US leadership is extended

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. The views expressed above were held at the time of preparation and are subject to change without notice. The level of yield is not guaranteed and may rise or fall in the future. This information shouldn't be considered as a recommendation to invest in the country or sector shown.

Macro scenarios in 2024



House view

A soft economic landing should encourage the 'great rotation' in markets, boosting returns across sectors and regions. But slowing global growth, election uncertainty and geopolitical risks are headwinds. We prefer high quality fixed income in both developed and emerging markets, alternative assets including private credit, and Asian stocks and credits

- ◆ **Equities** – We expect a continuing rotation in market leadership to deliver an improving performance from laggard sectors and regions. We prefer emerging market and frontier equities, especially in Asia, together with a focus on quality, and selective exposure to defensive sectors, small-caps, and value
- ◆ **Government bonds** – With cooling US growth, inflation falling back to the 2% target, and further easing expected, 10yr US Treasury yields are expected to fall, although the yield curve is likely to 'bull steepen' as the Fed cuts rates
- ◆ **Corporate bonds** – Investment grade and high yield credit spreads still trade at close to historically expensive levels despite cooling in the US economy, but high 'all in' yields means corporate credit remains potentially attractive

Equities			Government bonds			Corporate bonds			FX & Alternatives			Asian assets		
Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move
Global	▼	—	Developed Market (DM)	↔	—	Global investment grade (IG)	↔	—	Gold	▲	—	Asia local bonds	▲	—
US	▼	—	US	▲	—	USD IG	↔	—	Other commodities	↔	—	RMB bonds	↔	—
UK	↔	↑	UK	▲	—	EUR & GBP IG	↔	↓	Real estate	▲	—	Asia ex-Japan equities	▲	—
Eurozone	↔	↑	Eurozone	▲	↑	Asia IG	↔	—	Infrastructure	▲	—	China	▲	—
Japan	↔	↓	Japan	▼	—	Global high-yield	↔	—	Hedge funds	▲	—	India	▲	—
Emerging Markets (EM)	▲	—	Inflation-linked bonds	↔	—	US high-yield	▼	—	Private credit	▲	—	ASEAN	▲	↑
CEE & Latam	▼	↓	EM (local currency)	▲	—	Europe high-yield	▼	—	Private equity	↔	—	Hong Kong	▲	—
Frontier	▲	—				Asia high-yield	↔	—	US dollar	▼	—	Asia FX	▲	—
						Securitised credit	▲	—	Crypto	▼	—			
						EM aggregate bond (USD)	▲	—						

▲ Positive
 ↔ Neutral
 ▼ Negative

View move:
 — No change
 ↑ Upgraded versus last month
 ↓ Downgraded versus last month

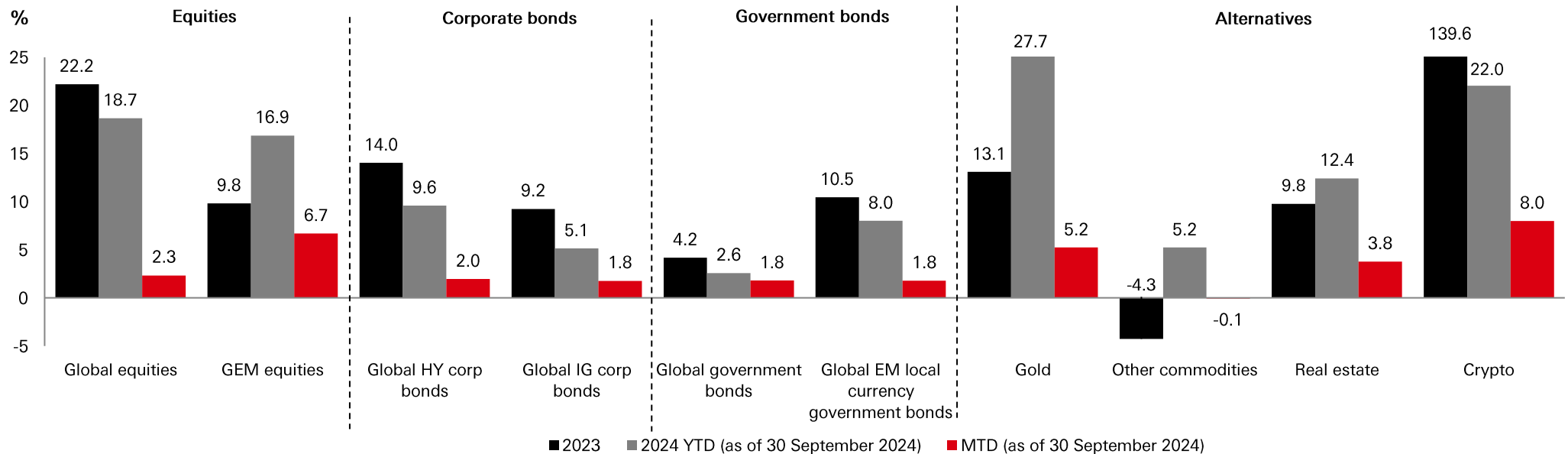
House view represents a >12-month investment view across major asset classes in our portfolios

Source: HSBC Asset Management as at October 2024. The level of yield is not guaranteed and may rise or fall in the future. The views expressed above were held at the time of preparation and are subject to change without notice. This information shouldn't be considered as a recommendation to invest in the country or sector shown.

Asset class performance at a glance

Global stocks performed well in September, with China registering its best month since 2015. A rotation in performance saw defensive and rate-sensitive sectors lead returns. Continuing signs of slowing global growth saw government bond yields fall, while in credits Asia high-yield outperformed

- ◆ **Government bonds** – Government bonds yields continued to rise (yields fell) in September as markets priced-in the prospect of cooling economic growth. The spread between 2yr and 10yr US Treasury yields turned positive
- ◆ **Equities** – Emerging market stocks outperformed in September, with China leading returns, and ASEAN and India also delivering strong gains. After selling off during the summer, US large-cap tech stocks performed well. US small-caps, UK stocks, Latam and frontier markets were laggards during the month
- ◆ **Alternatives** – Rate-sensitive asset classes, including real estate, continued to perform well. Industrial metals, including copper, also saw gains, while gold once again rose to new highs. Oil prices finished the month lower



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Source: Bloomberg, all data above as at close of business 30 September 2024 in USD, total return, month-to-date terms. Note: Asset class performance is represented by different indices. **Global Equities:** MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities:** MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return 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. **Crypto:** Bloomberg Galaxy Crypto Index.

Monthly macroeconomic update

US	<ul style="list-style-type: none"> ◆ In the US, the Fed delivered a bold 50bp rate cut in September, kicking off the easing cycle. Fed Chair Powell characterised the move as a “recalibration” that “shifted policy from bringing down inflation to safeguarding the soft landing”. The Fed’s own median expectation of the funds rate for end-2024 is 4.4% ◆ Goods inflation has normalised, but core inflation has showed some stickiness in housing and service prices. A fall in the New Tenant Rent Index points to softer shelter inflation
Europe	<ul style="list-style-type: none"> ◆ In the eurozone, the ECB lowered rates 25bp in September, with ECB president Lagarde reiterating further easing was “data dependent”. The composite PMI contracted in September, with widespread weakness. Goods disinflation continues. Service sector inflation remains sticky but should soften as wage growth moderates in coming months ◆ In the UK, the composite PMI ended Q3 on a soft note. Headline inflation remained close to the BoE’s 2% target in August. Service sector inflation remains relatively high, but private sector wage growth is slowing. Output price expectations are falling
Asia	<ul style="list-style-type: none"> ◆ In China, the PBoC announced extensive monetary support for the economy including: (1) 20bp cut in the 7-day reverse repo rate; (2) 50bp reduction in required reserve ratio (RRR); (3) loan prime and deposit rates guided 20-30bp lower, and (4) a 50bp cut in existing mortgage rates. There was also support for the property and equity markets ◆ In India, the composite PMI index fell in September to a 2024 low, signaling a loss of momentum, but it remains above its long-term average. Hiring intentions remain solid ◆ In Japan, BoJ governor Ueda signalled no urgency to hike rates at September’s meeting. Nationwide CPI excluding fresh food and energy edged higher in September. Goods price inflation firmed, aided by recent yen weakness. Service sector inflation remains stable
Other EM	<ul style="list-style-type: none"> ◆ In Latin America, Banxico (Mexico’s central bank) lowered rates 25bp in September on an improving inflation outlook. In contrast, Brazil’s central bank, Banco do Brasil, hiked rates 25bp, citing a strong labour market and higher than expected Q2 GDP ◆ Easing cycles are broadening in Eastern Europe, with Hungary resuming rate cuts. Turkey’s central bank dropped its tightening bias, pointing to lower rates before end-2024 as inflation slows. South Africa’s central bank, SARB, lowered rates 25bp ◆ In MENA, central banks in Saudi Arabia, Oman, UAE and Bahrain cut rates 50bp, mirroring the Fed’s latest move. Kuwait’s central bank lowered rates 25bp

Base case view and implications

- ◆ Momentum in **US equities** continued in September, but a cooling growth outlook could present a risk to earnings, and may leave prices vulnerable to correction, especially in areas where valuations are stretched. If a soft landing is achieved, it could spur a rotation benefiting defensive sectors, small-caps, and ‘value’
- ◆ We continue to prefer **US Treasuries over equities**, which have continued to rally in response to slowing growth and rate cuts
- ◆ **European equities** offer both value and cyclical exposure. Relatively strong earnings growth and moderate valuations versus global peers supports the case for selective stock picking
- ◆ In **European government bonds**, yields have fallen sharply. Markets expect significant ECB easing between now and mid-2025, pointing to 10yr Bund yields remaining range-bound near-term
- ◆ **Chinese equities** still show material valuation discounts amid ongoing macro uncertainty. Recent stimulus measures may lead to further re-ratings as analysts continue to adjust earnings estimates
- ◆ **Indian equities** are underpinned by solid earnings, economic growth, and structural tailwinds. Rich valuations (in small-/mid-cap stocks) are a concern, but a potential RBI rate cut is supportive
- ◆ Upside potential for the yen following Fed easing could drive up volatility in **Japanese equities**, with exporters vulnerable to external risks. Corporate reform tailwinds remain intact
- ◆ **EM equities** have performed well but there is divergence across regions – with Latam a notable laggard. Reasonable valuations and a pick-up in the macro cycle/growth outlook are encouraging. EM equities offer potential diversification benefits due to idiosyncratic trends, including structural growth and cyclical upside
- ◆ **Local-currency EM government bonds** have performed well and are well-positioned to benefit from further policy easing

Asset class positioning

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

▲ Positive
↔ Neutral
▼ Negative

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Equities	Global	▼	–	Markets face potential volatility amid slowing global growth and political uncertainty. On the upside, global corporate profits look significantly less concentrated and lopsided for 2024 and into 2025, which could support a broadening out of performance
	US	▼	–	Recent volatility has shown that expensive areas of the market can be vulnerable to rapid corrections. Earnings growth continues to look robust, but slowdown fears, still-elevated rates, and uncertainty over geopolitics and elections could cause further uncertainty
	UK	↔	↑	BoE policy easing and an improving macro backdrop have boosted sentiment. The UK market benefits from a wide valuation discount relative to other regions, as well as the highest dividend yield globally, but stocks are vulnerable to volatility driven by slowing global growth
	Eurozone	↔	↑	Eurozone growth is expected to accelerate as inflation reaches target, with potential upside for sectors with value and cyclical exposure. But any recovery is likely to be gradual given still restrictive policy rates, and could be susceptible to growth headwinds in the US
	Japan	↔	↓	Fed rate cuts and BoJ policy normalisation are supportive of the yen, which could ease import costs for domestic firms but weigh on cyclical sectors with overseas exposure, especially given slowing global growth. Corporate governance reforms should improve corporate profitability
	Emerging Markets (EM)	▲	–	The EM growth outlook is a relative bright spot in a global context, with disinflation, Chinese policy stimulus, and Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
	CEE & Latam	▼	↓	In Central and Eastern Europe, central banks retain a cautious policy stance amid still high inflation, while the region's growth recovery remains weak. In Latam, earnings could be impacted by slowing global growth, while the domestic backdrop also presents near-term headwinds
	Frontier Markets	▲	–	Frontier economies are spread across different geographies and have highly varied economic characteristics, which contributes to lower correlation of returns and less volatility versus EM and DM indices
Government bonds	Developed Markets (DM)	↔	–	Signs of deterioration in the US labour market have led to heightened concerns about faster-than-expected economic cooling, and we continue to see downside growth risks. This has boosted the performance of bonds, which are also offering improved term premia
	US	▲	–	Yields have fallen on signs of economic cooling, evidence of labour market stress, and continuing disinflation. Markets have repriced significant policy easing for the rest of 2024 and into 2025, which has resulted in a steepening of the yield curve
	UK	▲	–	Gilt yields have fallen and are expected to trend lower, mirroring the trajectory of US and eurozone bonds, as policy easing gets under way and falling inflation boosts sentiment. With the BoE in no rush to cut rates near-term, the spread to US Treasury yields has widened
	Eurozone	▲	↑	Eurozone bond yields have fallen during the summer, in line with similar moves in US Treasuries. With markets expecting significant ECB easing between now and mid-2025, 10yr bond yields are likely to remain range-bound near-term
	Japan	▼	–	The Bank of Japan has raised interest rates as part of a gradual normalisation of policy, although conditions will likely remain accommodative. With minimal bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	↔	–	The inflation outlook remains uncertain, so a portfolio allocation to global inflation-linked bonds could make sense. Nevertheless, linkers may underperform nominal bonds as global disinflation continues and as inflation expectations moderate
	EM local currency	▲	–	The Fed easing cycle is a welcome boost to EM bonds, which could potentially deliver equity-like returns in this environment. Yields have declined steadily on the back EM central bank rate cuts, and further gains could be in store as global disinflation progresses and policy easing broadens out

Source: HSBC Asset Management as at October 2024. 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. The views expressed above were held at the time of preparation and are subject to change without notice. This information shouldn't be considered as a recommendation to invest in the country or sector shown.

Asset class positioning

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

▲ Positive
↔ Neutral
▼ Negative

View move:
– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Corporate bonds	Global investment grade (IG)	↔	–	Despite credit spreads remaining tight, we see selective opportunities in global corporate bonds, particularly in global investment grade and securitised credits. With a stronger term premium in global bonds, we also prefer duration
	USD IG	↔	–	US IG appears fully priced with most non-financial spreads still tight. 'All in' yields continue to support inflows. Fundamental metrics remain strong, and with a better macro backdrop they should prevent significant spread-widening
	EUR and GBP IG	↔	↓	The risks for EU IG credit are finely balanced. Historically depressed spreads point to expensive valuations. Carry and rolldown compensate for expected spread-widening to a certain extent, but we are now more defensive
	Asia IG	↔	–	Tight spreads, a heavy new-issue pipeline, and rising global risks could add near-term pressure, but spreads for Asia IG should resume narrowing in the medium term amid the Fed easing cycle, solid fundamentals, and stable demand from onshore investors
	Global high-yield (HY)	↔	–	HY spreads remain historically tight despite cooling in the US economy. Nevertheless 'all in' yields are high. For now, still reasonable growth and moderating inflation mean that the fundamental backdrop is supportive
	US HY	▼	–	Valuations remain at historically expensive levels but are offset by still attractive 'all in' yields. Growth is still reasonable, and despite some concerns, the fundamental picture is still relatively supportive
	Europe HY	▼	–	Current valuations are stretched given the unfavourable macro backdrop of barely-positive growth and high real interest rates. The market is relying on expected policy easing in the coming months to maintain the benign environment for risk assets
	Asia HY	↔	–	Asia HY may experience near-term spread retracement pressures but is still supported by good funding access, solid balance sheets, moderating defaults, resilient macro backdrop in the region, and China's policy support for property sector in the medium term
	Securitised credit	▲	–	Spreads remain in the middle of the range since 2009 so there is long-term value in securitised credit despite recent tightening. As long as rates remain high, floating securitised credit can generate high income as base rates feed directly into the income paid
	EM aggregate bond (USD)	▲	–	EM credit spreads could benefit from further Fed rate cuts, but this prospect has already driven a re-rating of the asset class. Spreads are tight and it is difficult to see further compression, although we remain cyclically-constructive
FX & Alternatives	Gold	▲	–	Gold has traded at new highs during 2024. The outlook depends on the extent of Fed rate cuts and the course of the USD and US yields. Performance as a risk-off diversifier is unreliable, but geopolitical tensions and financial market volatility have been supportive
	Other commodities	↔	–	Geopolitical tensions have emerged as a heightened risk factor. China's economic story will be a critical driver, with a meaningful recovery likely to provide a boost to prices. OPEC+ market management is also a key influence on oil prices
	Real estate	▲	–	Unlisted and quoted real estate has recently returned to favour. It is suited to a backdrop of falling rates and a soft landing and remains cheap versus its longer run averages in the US, but not as cheap in DM. Lower rates should support a bottoming (and even improvement) in capital values in 2024. Valuations are still supportive, but the sector is vulnerable to macro disappointment
	Infrastructure	▲	–	Infrastructure debt offers better expected returns than global credits, and lower spread volatility during economic slowdowns. It has defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition
	Hedge funds	▲	–	Hedge funds can be good diversifiers while we remain in a high inflation environment and should there be sharp upticks in volatility. Macro and CTA strategies can be particularly attractive alternatives to bonds when there are positive stock-bond correlations
	Private credit	▲	–	Private credit has grown rapidly in popularity and is expected to remain a high yield asset class (on both an absolute and relative basis), and one that offers an illiquidity premium that suits long-term investors. It also serves as a useful portfolio diversifier
	Private equity	↔	–	With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. But economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta
	US dollar	▼	–	The start of a pronounced rate cutting cycle in the US and growth concerns are negatives for the dollar, as rate differentials between the US and other developed markets narrow further
Crypto	▼	–	Crypto prices have been relatively stable this year, with new ETFs continuing to see strong inflows. Crypto performance has historically been highly volatile, and regulatory hurdles remain a key concern	

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Asset class positioning

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

▲ Positive
↔ Neutral
▼ Negative

View move:

– No change
↑ Upgraded versus last month
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Asian assets	Asia local bonds	▲	–	With Fed policy easing under way, there is scope for rate cuts among regional central banks, with inflation risk across the region broadly manageable. The macro backdrop is supportive, with India, Indonesia, Korea, and the Philippines having a more favourable rates outlook
	RMB bonds	↔	–	China is expected to maintain an accommodative monetary policy stance, with a focus on fighting deflation and reviving domestic demand. A planned pick-up in government bond supply could limit the upside in the medium term, but liquidity measures should help mitigate the impact
	Asia ex-Japan equities	▲	–	While solid demand for tech-related products is a profit engine, Asian markets offer broad sector diversification, and their overall valuations remain undemanding. China policy support, room for monetary easing and other structural stories in the region are positives despite external uncertainties
	China equities	▲	–	Analyst have become more optimistic on the growth outlook, with effective stimulus measures potentially fueling more re-ratings. China's macro weakness (deflationary pressures, property market downturn, and soft consumer sentiment) are reflected in valuation discounts
	India equities	▲	–	Rich valuations remain a concern (particularly in small-/mid-cap stocks), but a solid macro backdrop, earnings growth, broad policy continuity, and a strong structural story are supportive. A rebound in fund inflows to EM markets and an expected rate cut from the RBI are near-term tailwinds
	ASEAN equities	▲	↑	The earnings outlook in ASEAN has improved, though dispersion remains across regional markets. Potential tailwinds include a weaker USD offering scope for monetary easing, resilience to external shocks given relatively high domestically-oriented exposure, and fair valuations
	Hong Kong equities	▲	–	Faltering domestic economic momentum and a slow recovery in the local property market are concerns. However, solid regional trade flows and stabilising investor confidence following more forceful policy support in China are positives, with valuations also appealing
	Asia FX	▲	–	Asia FX is backed by broadly healthy fundamentals and renewed inflows after the Fed pivot. Growing foreign demand for Asian assets is still a medium-term benefit, but there is regional divergence. High-yielders and those with a strong local macro backdrop are preferred

Market data

September 2024

	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
Equity Indices								
World								
MSCI AC World Index (USD)	852	2.2	6.2	29.7	17.2	856	628	19.7
North America								
US Dow Jones Industrial Average	42,330	1.8	8.2	26.3	12.3	42,628	32,327	21.2
US S&P 500 Index	5,762	2.0	5.5	34.4	20.8	5,767	4,104	23.7
US NASDAQ Composite Index	18,189	2.7	2.6	37.6	21.2	18,671	12,544	33.8
Canada S&P/TSX Composite Index	24,000	2.8	9.7	22.8	14.5	24,113	18,692	16.5
Europe								
MSCI AC Europe (USD)	587	0.3	6.0	21.9	10.1	595	459	14.5
Euro STOXX 50 Index	5,000	0.9	2.2	19.8	10.6	5,122	3,993	14.3
UK FTSE 100 Index	8,237	-1.7	0.9	8.3	6.5	8,474	7,280	12.4
Germany DAX Index*	19,325	2.2	6.0	25.6	15.4	19,492	14,630	14.3
France CAC-40 Index	7,636	0.1	2.1	7.0	1.2	8,259	6,774	14.2
Spain IBEX 35 Index	11,877	4.2	8.5	26.0	17.6	12,005	8,879	11.1
Italy FTSE MIB	34,125	-0.7	2.9	20.8	12.4	35,474	27,078	9.6
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	621	7.5	9.5	26.2	17.4	628	469	15.4
Japan Nikkei-225 Stock Average	37,920	-1.9	-4.2	19.0	13.3	42,427	30,488	21.1
Australian Stock Exchange 200	8,270	2.2	6.5	17.3	8.9	8,286	6,751	19.0
Hong Kong Hang Seng Index	21,134	17.5	19.3	18.7	24.0	22,668	14,794	10.6
Shanghai Stock Exchange Composite Index	3,336	17.4	12.4	7.3	12.2	3,359	2,635	13.3
Hang Seng China Enterprises Index	7,510	18.6	18.6	22.1	30.2	8,146	4,943	9.9
Taiwan TAIEX Index	22,225	-0.2	-3.5	35.9	23.9	24,417	15,976	18.0
Korea KOSPI Index	2,593	-3.0	-7.3	5.2	-2.3	2,896	2,274	10.0
India SENSEX 30 Index	84,300	2.3	6.7	28.1	16.7	85,978	63,093	24.0
Indonesia Jakarta Stock Price Index	7,528	-1.9	6.6	8.5	3.5	7,911	6,640	14.4
Malaysia Kuala Lumpur Composite Index	1,649	-1.8	3.7	15.8	13.4	1,685	1,412	15.1
Philippines Stock Exchange PSE Index	7,273	5.4	13.4	15.1	12.8	7,474	5,920	12.6
Singapore FTSE Straits Times Index	3,585	4.1	7.6	11.4	10.6	3,653	3,042	11.4
Thailand SET Index	1,449	6.6	11.4	-1.5	2.3	1,472	1,273	16.1
Latam								
Argentina Merval Index	1,697,401	-1.2	5.3	201.7	82.6	1,856,002	550,260	7.2
Brazil Bovespa Index*	131,816	-3.1	6.4	13.1	-1.8	137,469	111,599	8.9
Chile IPSA Index	6,491	0.5	1.2	11.3	4.7	6,838	5,363	10.9
Colombia COLCAP Index	1,308	-4.0	-5.3	16.6	9.4	1,451	1,084	6.5
Mexico S&P/BMV IPC Index	52,477	0.9	0.1	3.1	-8.6	59,021	47,765	12.1
EEMEA								
Saudi Arabia Tadawul All Share Index	12,226	0.7	4.7	10.6	2.2	12,883	10,262	17.6
South Africa JSE Index	86,548	3.3	8.6	19.6	12.6	87,803	69,128	12.7
Turkey index	9,887.8	9,833.2	10,647.9	8,334.9	7,470.2	11,252.1	7,202.9	5.0

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 September 2024. (*) Indices expressed as total returns. All others are price returns.

Market data (continued)

September 2024

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Equity Indices - Total Return						
Global equities	6.6	18.7	31.8	26.3	77.7	1.9
US equities	5.8	21.3	35.6	35.3	104.6	1.3
Europe equities	6.6	12.8	25.2	21.3	53.2	3.2
Asia Pacific ex Japan equities	10.6	19.9	29.4	5.5	39.7	2.6
Japan equities	5.7	12.4	21.6	8.2	41.2	2.1
Latam equities	3.7	-12.5	2.8	23.0	10.7	5.4
Emerging Markets equities	8.7	16.9	26.1	1.2	32.2	2.5

All total returns quoted in USD terms.

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 Latam Total Return Index and MSCI Emerging Markets Total Return Index.

	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
Bond indices - Total Return					
BarCap GlobalAgg (Hedged in USD)	586	1.2	4.2	10.6	4.4
JPM EMBI Global	917	1.8	6.1	18.0	8.0
BarCap US Corporate Index (USD)	3,392	1.8	5.8	14.3	5.3
BarCap Euro Corporate Index (Eur)	256	1.2	3.3	9.6	3.8
BarCap Global High Yield (USD)	620	1.8	5.5	18.0	9.5
BarCap US High Yield (USD)	2678	1.6	5.3	15.7	8.0
BarCap pan-European High Yield (USD)	585	1.0	3.9	14.2	7.7
BarCap EM Debt Hard Currency	451	1.8	6.1	17.2	8.1
Markit iBoxx Asia ex-Japan Bond Index (USD)	228	1.2	4.1	12.4	6.6
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	261	1.4	3.9	21.1	13.9

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

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 September 2024. Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

Market data (continued)

September 2024

Bonds	Close	End of last mth.	3-months Ago	1-year Ago	Year End 2023
US Treasury yields (%)					
3-Month	4.62	5.11	5.35	5.45	5.33
2-Year	3.64	3.92	4.75	5.04	4.25
5-Year	3.56	3.70	4.38	4.61	3.85
10-Year	3.78	3.90	4.40	4.57	3.88
30-Year	4.12	4.20	4.56	4.70	4.03
Developed market 10-year bond yields (%)					
Japan	0.85	0.89	1.05	0.76	0.61
UK	4.00	4.01	4.17	4.44	3.53
Germany	2.12	2.30	2.50	2.84	2.02
France	2.92	3.02	3.30	3.40	2.56
Italy	3.45	3.70	4.07	4.78	3.69
Spain	2.92	3.13	3.42	3.93	2.98

	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Commodities							
Gold	2,635	5.2	13.2	42.5	27.7	2,686	1,811
Brent Oil	71.8	-8.9	-16.9	-24.7	-6.8	94	69
WTI Crude Oil	68.2	-7.3	-16.4	-24.9	-4.9	92	65
R/J CRB Futures Index	285	2.9	-1.9	0.1	8.0	300	258
LME Copper	9,829	6.4	2.4	18.8	14.8	11,105	7,856

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

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 September 2024.

Market data (continued)

September 2024

Currencies (vs USD)	Latest	End of last mth.	3-mths Ago	1-year Ago	Year End 2023	52-week High	52-week Low
Developed markets							
DXY index	100.78	101.70	105.87	106.17	101.33	107.35	100.16
EUR/USD	1.11	1.10	1.07	1.06	1.10	1.12	1.05
GBP/USD	1.34	1.31	1.26	1.22	1.27	1.34	1.20
CHF/USD	1.18	1.18	1.11	1.09	1.19	1.20	1.08
CAD	1.35	1.35	1.37	1.36	1.32	1.39	1.32
JPY	143.6	146.2	160.9	149.4	141.0	162.0	139.6
AUD	1.45	1.48	1.50	1.55	1.47	1.59	1.44
NZD	1.58	1.60	1.64	1.67	1.58	1.73	1.57
Asia							
HKD	7.77	7.80	7.81	7.83	7.81	7.84	7.76
CNY	7.02	7.09	7.27	7.30	7.10	7.32	7.00
INR	83.80	83.87	83.39	83.04	83.21	83.99	82.65
MYR	4.12	4.32	4.72	4.70	4.59	4.81	4.09
KRW	1,315	1,338	1,376	1,348	1,291	1,400	1,283
TWD	31.66	31.96	32.44	32.24	30.58	32.92	30.49
Latam							
BRL	5.45	5.61	5.59	5.03	4.85	5.86	4.80
COP	4,204	4,178	4,149	4,078	3,875	4,427	3,739
MXN	19.69	19.73	18.32	17.42	16.97	20.22	16.26
ARS	968.72	951.20	911.51	350.00	808.48	970.90	349.84
EEMEA							
RUB	93.00	90.47	85.77	97.55	89.47	102.36	82.65
ZAR	17.27	17.82	18.19	18.92	18.36	19.64	17.04

Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 September 2024.

Important information

Basis of Views and Definitions of 'Asset class positioning' tables

- ◆ Views are based on regional HSBC Asset Management Asset Allocation meetings held throughout **September 2024**, HSBC Asset Management's long-term expected return forecasts which were generated as at **31 August 2024**, our portfolio optimisation process and actual portfolio positions.
- ◆ **Icons:** ↑ View on this asset class has been upgraded – No change ↓ View on this asset class has been downgraded.
- ◆ Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- ◆ *"Overweight"* implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- ◆ *"Underweight"* implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- ◆ *"Neutral"* implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- ◆ For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- ◆ For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 August 2024**.
- ◆ Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 September 2024**.

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