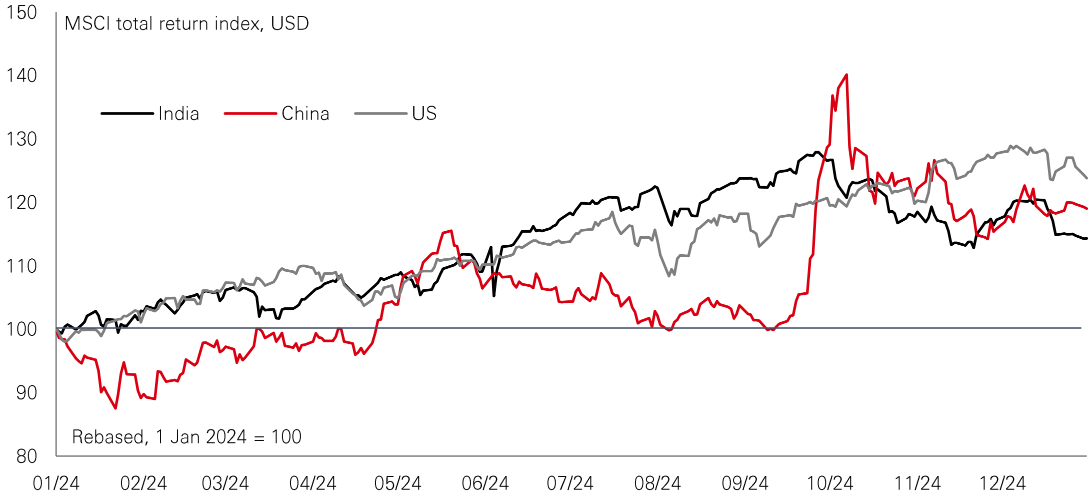
HSBC Asset Management

# Investment Weekly

10 January 2025
For Professional Clients only.

## Chart of the week – China beats India in 2024




In 2024, central banks cut rates, fiscal policy remained active, and growth stayed resilient. Many assets – especially stocks and precious metals – did very well. Geopolitics mattered a lot for the market narrative. But (apart from gold), it's hard to see much evidence of it in 2024 investment market returns.

Megatrends were important in 2024. The AI theme powered growth stocks to outperform value. And the prospect of tax cuts and deregulation turbo-charged investor confidence in US stocks (so called "US exceptionalism"). That all meant that the US market outperformed Europe massively – by more than 20 percentage points in dollar terms.

And bonds put in a decent performance in 2024, unless you were invested in Brazil or Japan. Even so, stocks outperformed Treasuries and other core fixed income assets in 2024 because the macro backdrop of no recession, rate cuts, and profits resilience was simply more equity-friendly.

Likewise in emerging markets. Bonds performed reasonably well – with India bonds a highlight. But EM stocks outperformed EM bonds, and the performance of China stocks (outperforming India) was noteworthy (see Page 2). From here, the uncertain macro backdrop and looks set to persist in 2025. **That's likely to translate to periods of elevated volatility in markets and calls on investors to do their homework when it comes to asset allocation.**


Bond Yields →

Exploring recent moves in government bond yields

Japanese Stocks →

Why Japan's equity market could offer value

China Outlook →

What future policy meetings could mean for markets


### Market Spotlight

#### Questions for 2025

In an unusually uncertain macro environment, making forecasts for the year ahead is even tougher than normal. But here are some of the key macro questions we think will feature heavily in investors' minds in 2025…

A key question, of course, is which way the narrative on Fed rates will swing next. Could markets even price a Fed hike? And what would that mean for Treasuries, the dollar, and risk assets? Likewise, how will rising policy and geopolitical uncertainty impact trade, global growth, inflation, and investor risk appetite in 2025? With yields rallying at the long-end, and signs the term premium is rising too, could "bond market vigilantes" play an influential role in disciplining policy makers this year?

And can US exceptionalism keep on going? Will US consumers keep on spending? Can 2024's market megatrends, like AI, keep on performing? There could be scope for global stock market performance to finally broaden out in 2025, boosting the broader US, European, and Japanese markets. And further policy support in China could be a catalyst to close the valuation discount in Chinese, Asian, and Frontier stocks. **There's certainly plenty for economists and investors to think about at the start of 2025.**


**Read our latest views: Investment Outlook 2025**



Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 7.30am UK time 10 January 2025.

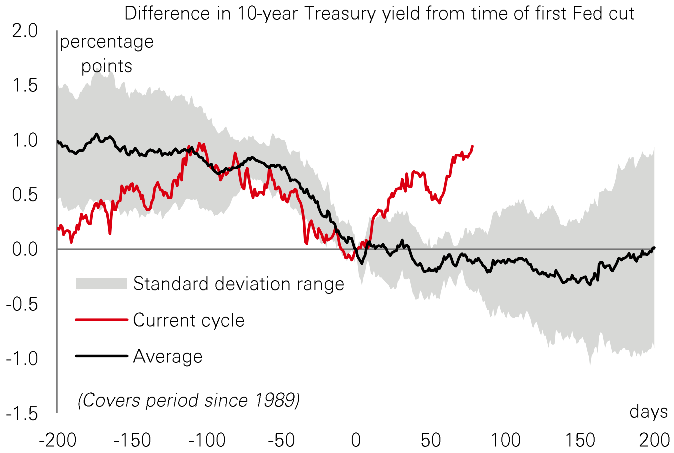
## Lens on...

### Rising yields

US 10-year US Treasury (UST) yields have continued to push higher this week, extending an upward trend that began shortly after the Fed's first rate cut in September. **This defies the textbook crunch lower in yields that usually occurs after the Fed starts to lower rates**.

Structural, rather than cyclical, factors appear to be driving the sell-off. Activity data have been in line with expectations and the latest core PCE inflation number was on the low side. In our view, the move reflects a mix of markets pricing in a higher neutral policy rate, given the resilience of growth; and increasing concern about US government debt dynamics.

Our base case is that some moderation in US growth and inflation allow the Fed to ease 50-100bp in 2025, limiting the scope for a significant further sell-off in USTs. However, the situation warrants close attention. As well as weighing on growth prospects and raising financial stability risks, **rising UST yields can create problems in other markets**. For example, since early December, the equal-weighted S&P 500 is significantly down, while longer-dated UK gilts have underperformed USTs, reflecting the UK's stretched fiscal position and weak growth.

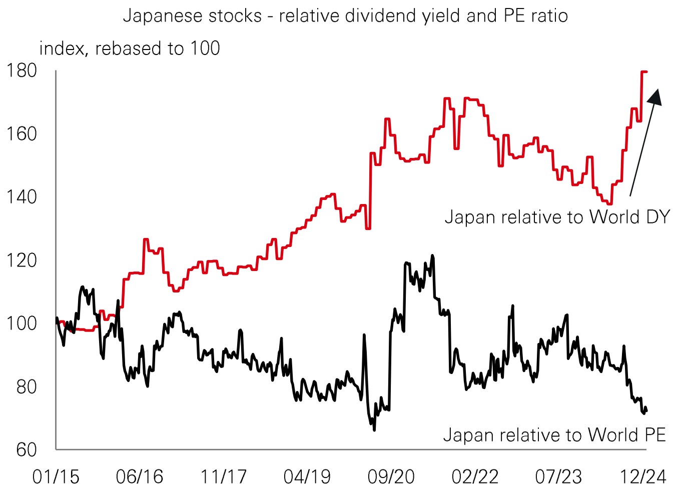



### Japanese value

Japanese stocks underperformed global peers in dollar terms in Q4 2024. Potential changes in US trade policy, plus the strength of US stocks and the dollar influenced the performance. Domestic forces were also at play, with uncertainty over the timing of Bank of Japan rate hikes.

Yet, the outlook for Japanese stocks is potentially positive for three reasons. First is that Japan continues to shift from prolonged disinflation to reflation, with consensus nominal GDP rising to 3.3% this year. Second, initiatives to boost corporate governance continue, with firms hiking shareholder payouts (dividends and buybacks), leading to fitter balance sheets and higher return on equity (ROE).

Third, **Japanese valuations have not kept pace**. Not only have price-to-book values lagged the broad rise in ROE, but there has also been a substantial pick-up in dividend yields, which are up by close to 80% over the past decade on a relative basis. During the same period, 12m forward relative price-earnings (PE) ratios have also declined, leaving Japanese stocks trading at 14.5x versus the world on 18x. We think that could offer a compelling entry point for investors.

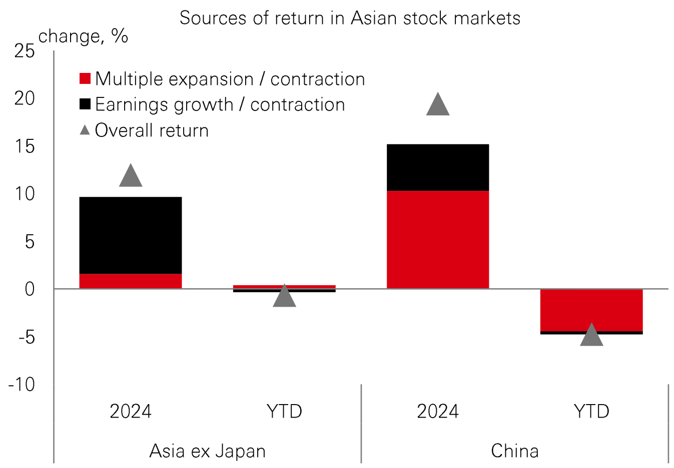



### China caution

Chinese stocks delivered double-digit gains in 2024, with the market outperforming major regional neighbours like India and South Korea. That was largely driven by a leap in valuations after a fresh round of economic and market stimulus measures last September.

Yet, Chinese markets have been weak of late. Investors are fretting over headwinds ranging from lacklustre domestic demand and geopolitical risks to the strong US dollar and the prospect of tariffs. There is also uncertainty over the timing and scope of further domestic policy support.

On that front, parliamentary sessions in early March could see details on the 2025 growth and fiscal deficit target, the annual bond issuance quota, and other economic and social targets. Officials have already set a pro-growth policy tone for 2025. **More demand-side stimulus, further efforts to stabilise the property sector, and structural reforms to rebalance the economy could support the growth outlook**. For investors, Chinese stocks continue to trade at a discount despite analysts being optimistic on the profits outlook. Any positive news following the March meetings could boost sentiment and foreign inflows.




 Source: HSBC Asset Management. Macrobond, Bloomberg, Datastream. Data as at 7.30am UK time 10 January 2025.

# Asset class views

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

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

| | Asset Class | - View + | Comments |
|---|---|---|---|
| Macro Factors | Global growth | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | A defensive positioning in investment portfolios remains appropriate given continuing risk of macro disappointment or weakness. We prefer to access the growth factor in laggard regions, such as Asia and emerging markets |
| | Duration | 🟥🟥🟥⬜⬛⬜🟩🟩🟩 | The US Treasury yield curve, which has steepened significantly over the past year, could experience a further "bear steepening", with investors demanding greater compensation for longer-term inflation and interest rate uncertainty. Nonetheless, carry remains appealing and, if adverse economic outcomes prevail, there is scope for strong returns in global duration |
| | Emerging Markets | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | The EM growth outlook is a relative bright spot in a global context. Falling inflation and Fed policy easing should pave the way for more countries to cut rates. Supportive policy in China has buoyed confidence but all eyes are on more pro-growth measures. A stronger US dollar is a risk |
| Bonds | US 10yr Treasuries | 🟥🟥🟥⬜⬛⬜🟩🟩🟩 | Yields have risen recently on resilient economic data, a repricing of rate expectations, and uncertainty about how the US policy agenda might impact fiscal deficits and inflation trends. But USTs still provide an attractive yield and scope for capital gains if the economy weakens markedly |
| | EMD Local | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | The pricing out of Fed policy easing and a stronger US dollar are headwinds to EM bonds and the outlook is more mixed now. But despite upward pressure on global rates, lower oil and commodity prices could keep the medium-term disinflation path unchanged, with EM local yields declining |
| | Asia Local | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | The macro backdrop and manageable inflation risk across the region are broadly supportive. We continue to expect a shallow monetary easing cycle given near-term FX volatility and financial stability concerns, and do not anticipate a major rise in yields in the region in the short run |
| Credits | Global Credit | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | Valuations are rich, with spreads reaching 30-year tights and most non-financial sectors at or near historical tights. Financials, especially banks, remain relatively attractive. Technicals remain highly supportive and 'all in' yields continue to attract strong inflows |
| | Global High-Yield | 🟥🟥🟥⬛⬜⬜🟩🟩🟩 | HY spreads remain historically tight despite cooling in the US economy, with spreads way below historical averages. Nevertheless 'all in' yields are high. For now, still reasonable growth and moderating inflation mean that the fundamental backdrop is supportive |
| | Asia Credit | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | Asia IG spreads are expected to remain within a tight range, with carry strategies a key contributor to alpha generation. Stable regional credit fundamentals and shorter duration compared to global credit markets are positives. 'All in' yields are attractive |
| | EMD Hard Currency Bonds | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | Both EM corporate and sovereign credit spreads should perform well in the current environment. The additional impact of weaker currencies can help EM firms with dollar-derived revenues, particularly those that have deleveraged and cut their financing needs |
| Equities | DM Equities | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | Markets face potential volatility amid slowing global growth and geopolitical risks, although falling rates should be supportive. We expect more broadening out for asset returns beyond the US technology sector and mega-cap growth into other regions, sectors, and styles |
| | EM Equities | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | The EM growth outlook is a relative bright spot in a global context, with disinflation and ongoing Fed rate cuts expected to be supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too |
| | Asia ex Japan | 🟥🟥🟥⬜⬜⬛🟩🟩🟩 | Asian markets offer broad sector diversification and reasonable valuations. China policy measures and other structural stories in the region are also positives. Technology industries are still the profit engine, but markets with high external exposure are more vulnerable to external shocks |
| Alternatives | Global Private Equity | 🟥🟥🟥⬜⬛⬜🟩🟩🟩 | With tighter financial conditions raising the cost of leverage, PE funds may face challenges in delivering consistently strong returns. However, increasing economic headwinds can create attractive entry points for longer-term investors. The investment case is about alpha, not beta |
| | Global Real Estate | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | Real estate values are bottoming, although office values are still falling. Investment activity could remain subdued given uncertainty over global growth and the repricing of rate cuts. Valuations are still supportive, but the sector is vulnerable to macro disappointment |
| | Infrastructure Debt | 🟥🟥🟥⬜⬜⬜⬛🟩🟩 | Infrastructure debt is currently expected to offer stronger returns than global credits, and experiences lower spread volatility during economic slowdowns. It has strong defensive attributes, offers inflation-linked cash flows and benefits from thematic drivers such as the green transition |

**Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. Diversification does not ensure a profit or protect against loss. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets.** For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice. preparation and are subject to change without notice. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection, or target. Source: HSBC Asset Management. Data as at 7.30am UK time 10 January 2025.

## Key Events and Data Releases

### This week

| Date | Country | Indicator | Data as of | Actual | Prior | Comment |
|---|---|---|---|---|---|---|
| Tue. 07 January | US | ISM Services Index | Dec | 54.1 | 52.1 | A broadly positive report. General business activity and new orders rose, likely reflecting residual post-election optimism |
| | US | JOLTS Job Openings | Nov | 8.10mn | 7.84mn | News continues to be mixed, with another rise in openings and low layoffs, but quits and hiring falling back to cycle lows |
| | EZ | HICP, Flash (yoy) | Dec | 2.4% | 2.2% | Headline inflation rose on energy price base effects. This should not deter the ECB from cutting rates amid poor growth |
| Wed. 08 January | US | Fed Governor Christopher Waller Speech | Jan | | | Waller downplayed tariff concerns, stating more rate cuts will be "appropriate" as the US makes progress to the 2% inflation target |
| | US | FOMC Minutes | Dec | | | Most FOMC staff viewed the Dec rate cut as "balanced". Some preferred steady rates and almost all noted higher inflation risks |
| Thu. 09 January | MX | Headline Inflation (yoy) | Dec | 4.2% | 4.6% | Despite an uptick in core, Mexico's easing headline inflation has fuelled bets for further rate cuts by Banxico |
| | CN | CPI (yoy) | Dec | 0.1% | 0.2% | Headline CPI eased slightly but core inflation edged up for a third straight month, suggesting domestic demand is stabilising |
| Fri. 10 January | US | Change in Non-Farm Payrolls | Dec | - | 227.0k | Despite volatility in the underlying series, jobs growth has trended lower, mirroring other labour market measures |
| | IN | Industrial Production (yoy) | Nov | - | 3.5% | Favourable base effects should support the yoy growth of industrial production after a soft Q3 2024 |
| | US | Univ. of Michigan Sentiment Index (Prelim) | Jan | - | 74.0 | The University of Michigan's confidence index has risen steadily since July, aided by improving household income expectations |

**US - United States, EZ - Eurozone, MX - Mexico, CN - China, IN - India**

### The week ahead

| Date | Country | Indicator | Data as of | Survey | Prior | Comment |
|---|---|---|---|---|---|---|
| Mon. 13 January | US | 2024 Earnings | Q4 | | | US sectors expected to outperform include IT, health, industrials, and materials. Underperformers are energy, real estate, and staples |
| | CN | Trade Balance (USD) | Dec | 99.8bn | 97.4bn | The sizable trade surplus should persist amid resilient external demand and continued subdued domestic demand |
| | IN | CPI (yoy) | Dec | 5.3% | 5.5% | India's inflation rate should fall further as vegetable prices continue to cool, leaving room for an RBI cut in Q1 |
| Tue. 14 January | US | NFIB Index of Small Business Optimism | Dec | 100.5 | 101.7 | The headline index should pull back slightly after surging in December. Rising interest costs may dent sentiment |
| | US | PPI (mom) | Dec | 0.4% | 0.4% | Final demand PPI has started to creep higher in recent months and is expected to post another solid reading in December |
| Wed. 15 January | US | CPI (yoy) | Dec | 2.9% | 2.7% | The headline rate is expected to pick up in December, but core CPI should remain stable at around 3.3% before easing in 2025 |
| | UK | CPI (yoy) | Dec | - | 2.6% | Headline inflation has picked up recently on higher energy prices. Service sector inflation has remained sticky |
| Thu. 16 January | US | Retail Sales (mom) | Dec | 0.5% | 0.7% | Another solid rise in retail sales is likely in December, supported by positive wealth effects, signalling robust Q4 consumption |
| | KO | Bank of Korea Base Rate | Jan | 2.75% | 3.00% | A stable inflation outlook supports further BOK easing, but a more gradual approach is likely after back-to-back cuts in Q424 |
| Fri. 17 January | ID | Bank Indonesia Rate | Jan | 6.00% | 6.00% | The BI may stand pat to alleviate pressure on the rupiah despite high real rates and tepid economic growth |
| | CN | Retail Sales (yoy) | Dec | 3.5% | 3.0% | Retail sales should be decent but consumption excluding policy priority areas (e.g. trade-in programmes) will likely stay soft |
| | US | Industrial Production (mom) | Dec | 0.3% | -0.1% | A rebound in aircraft orders should boost industrial production in December but the trend remains weak |
| | CN | GDP (yoy) | Q4 | 5.00% | 4.6% | A potential pick-up in Q4 growth suggests 2024's "around 5%" growth target should have been achieved |

**US - United States, CN - China, IN - India, UK - United Kingdom, KO - South Korea, ID - Indonesia**

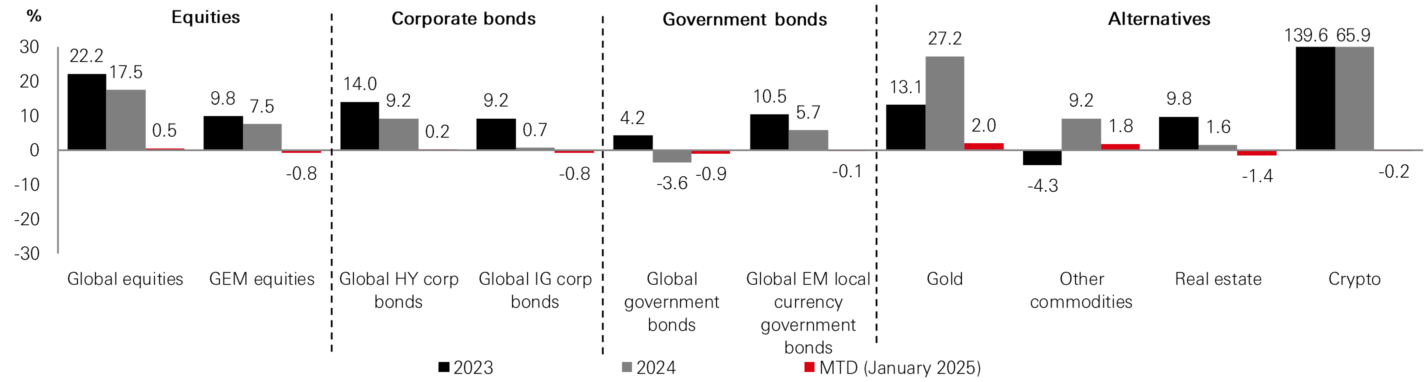
Source: HSBC Asset Management. Data as at 7.30am UK time 10 January 2025. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice.

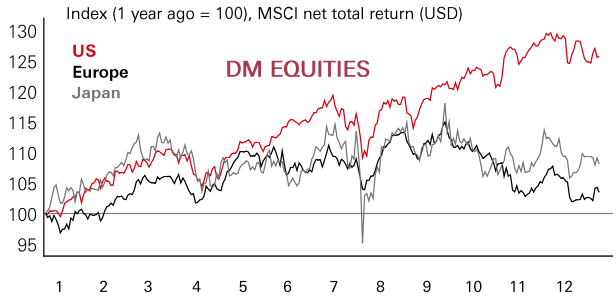
## Market review

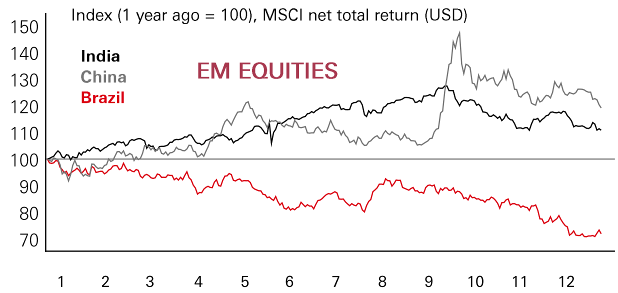
### This week

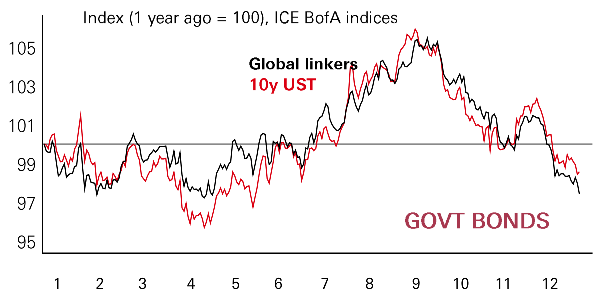
A widespread sell-off in core government bonds stifled risk markets amid ongoing uncertainty over US trade policy and the rate outlook. The US dollar continued to strengthen against major currencies. Gilts lagged behind Treasuries and Bunds due to rising UK fiscal concerns, with poor investor demand for the latest 30-year Gilt auction. US equities struggled to make headway ahead of the Q4 2024 earnings season. Europe's Stoxx 50 index began the year on a positive note, but Japan's Nikkei 225 tracked US stocks lower. In other Asian markets, Hong Kong's Hang Seng fell, led by losses in some tech heavyweights on lingering worries over geopolitical tensions. China's Shanghai Composite also slid, and earnings worries put pressure on India's Sensex. Korea's Kospi index bucked the trend, aided by stronger tech shares. In commodities, gold and copper advanced, while oil remained firm.

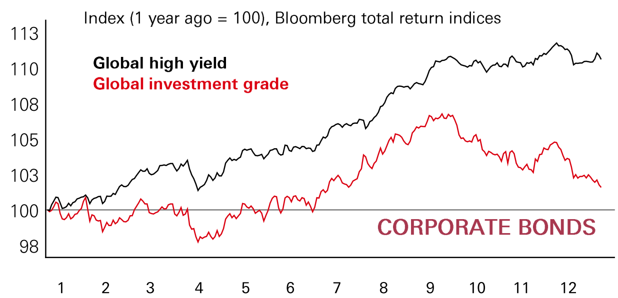
### Selected asset performance

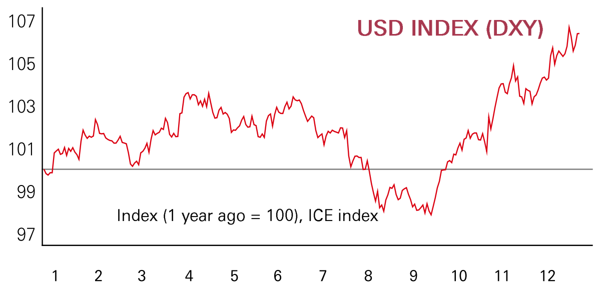


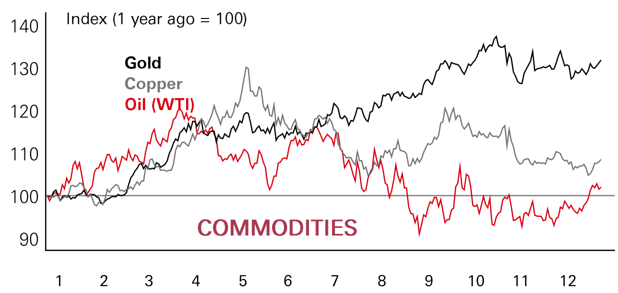




Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Any views expressed were held at the time of preparation and are subject to change without notice. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index. Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 7.30am am UK time 10 January 2025. Note: Asset class performance is represented by different indices. Global Equities: MSCI ACWI Net Total Return USD Index. Gem Equities: MSCI Emerging Net Total Return USD Index. Corporate Bonds: Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Retrun Index unhedged. Government bonds: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. Commodities and real estate: Gold Spot $/OZ/ Other commodities: S&P GSCI Total Return CME. Real Estate: FTSE EPRA/NAREIT Global Index TR USD. All the data above is in in USD, total return, month-to-date terms.

# Market data

| Equity Indices | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low | Fwd P/E (X) |
|---|---|---|---|---|---|---|---|---|---|
| **World** | | | | | | | | | |
| MSCI AC World Index (USD) | 846 | -0.2 | -2.4 | -0.3 | 17.0 | 0.5 | 875 | 710 | 20.0 |
| **North America** | | | | | | | | | |
| US Dow Jones Industrial Average | 42,635 | -0.2 | -3.6 | 0.4 | 13.1 | 0.2 | 45,074 | 37,123 | 22.7 |
| US S&P 500 Index | 5,918 | -0.4 | -1.9 | 2.4 | 23.7 | 0.6 | 6,100 | 4,715 | 24.4 |
| US NASDAQ Composite Index | 19,479 | -0.7 | -1.1 | 6.5 | 30.1 | 0.9 | 20,205 | 14,706 | 35.5 |
| Canada S&P/TSX Composite Index | 25,073 | 0.0 | -1.7 | 3.2 | 19.5 | 1.4 | 25,843 | 20,467 | 16.9 |
| **Europe** | | | | | | | | | |
| MSCI AC Europe (USD) | 535 | 1.7 | -2.3 | -6.2 | 1.6 | 1.2 | 595 | 510 | 14.2 |
| Euro STOXX 50 Index | 5,018 | 3.0 | 1.3 | 1.0 | 12.3 | 2.5 | 5,122 | 4,381 | 14.8 |
| UK FTSE 100 Index | 8,320 | 1.2 | 0.5 | 1.0 | 8.7 | 1.8 | 8,474 | 7,404 | 10.8 |
| Germany DAX Index* | 20,317 | 2.1 | -0.1 | 5.8 | 21.7 | 2.0 | 20,523 | 16,345 | 15.1 |
| France CAC-40 Index | 7,490 | 2.9 | 1.3 | -0.7 | 0.9 | 1.5 | 8,259 | 7,030 | 14.7 |
| Spain IBEX 35 Index | 11,899 | 2.1 | -0.6 | 2.1 | 18.2 | 2.6 | 12,154 | 9,799 | 11.2 |
| Italy FTSE MIB Index | 35,316 | 3.5 | 2.3 | 3.6 | 16.0 | 3.3 | 35,474 | 29,926 | 10.2 |
| **Asia Pacific** | | | | | | | | | |
| MSCI AC Asia Pacific ex Japan (USD) | 565 | -0.6 | -4.0 | -7.7 | 11.1 | -0.8 | 632 | 490 | 14.7 |
| Japan Nikkei-225 Stock Average | 39,190 | -1.8 | -0.5 | -0.5 | 13.8 | -1.8 | 42,427 | 31,156 | 21.0 |
| Australian Stock Exchange 200 | 8,294 | 0.5 | -1.2 | 0.9 | 11.1 | 1.7 | 8,515 | 7,322 | 18.9 |
| Hong Kong Hang Seng Index | 19,070 | -3.5 | -6.1 | -10.3 | 18.5 | -4.9 | 23,242 | 14,794 | 9.2 |
| Shanghai Stock Exchange Composite Index | 3,169 | -1.3 | -7.4 | -4.0 | 10.1 | -5.5 | 3,674 | 2,635 | 13.0 |
| Hang Seng China Enterprises Index | 6,903 | -3.6 | -5.5 | -9.4 | 27.3 | -5.3 | 8,373 | 4,943 | 8.5 |
| Taiwan TAIEX Index | 23,012 | 0.5 | -0.5 | 1.6 | 31.8 | -0.1 | 24,417 | 17,152 | 18.7 |
| Korea KOSPI Index | 2,516 | 3.0 | 4.1 | -3.2 | -1.0 | 4.8 | 2,896 | 2,360 | 10.4 |
| India SENSEX 30 Index | 77,700 | -1.9 | -4.7 | -4.8 | 8.4 | -0.6 | 85,978 | 70,002 | 22.7 |
| Indonesia Jakarta Stock Price Index | 7,092 | -1.0 | -4.8 | -5.2 | -1.9 | 0.2 | 7,911 | 6,699 | 11.9 |
| Malaysia Kuala Lumpur Composite Index | 1,603 | -1.6 | -0.4 | -2.3 | 7.8 | -2.4 | 1,685 | 1,477 | 15.3 |
| Philippines Stock Exchange PSE Index | 6,496 | -1.6 | -3.4 | -12.3 | -0.8 | -0.5 | 7,605 | 6,158 | 11.1 |
| Singapore FTSE Straits Times Index | 3,787 | -0.4 | -0.7 | 5.6 | 19.1 | 0.0 | 3,887 | 3,092 | 12.1 |
| Thailand SET Index | 1,360 | -1.8 | -6.1 | -7.4 | -3.8 | -2.9 | 1,507 | 1,273 | 15.8 |
| **Latam** | | | | | | | | | |
| Argentina Merval Index | 2,829,731 | 3.7 | 28.6 | 58.7 | 164.4 | 11.7 | 2,867,775 | 955,099 | 12.3 |
| Brazil Bovespa Index* | 119,781 | 1.1 | -6.6 | -8.1 | -8.5 | -0.4 | 137,469 | 118,404 | 7.8 |
| Chile IPSA Index | 6,803 | 1.5 | 1.2 | 3.4 | 12.3 | 1.4 | 6,838 | 5,823 | 11.7 |
| Colombia COLCAP Index | 1,407 | 0.8 | 1.7 | 7.4 | 9.2 | 2.0 | 1,451 | 1,215 | 5.5 |
| Mexico S&P/BMV IPC Index | 49,808 | 1.7 | -3.1 | -4.9 | -10.0 | 0.6 | 59,021 | 48,770 | 11.5 |
| **EEMEA** | | | | | | | | | |
| Saudi Arabia Tadawul Index | 12,098 | 0.0 | -0.8 | 0.9 | -0.3 | 0.5 | 12,883 | 11,318 | N/A |
| South Africa JSE Index | 83,572 | -1.3 | -4.2 | -2.1 | 13.6 | -0.6 | 87,884 | 71,635 | 11.6 |
| Turkey ISE 100 Index* | 10,020 | -0.6 | -0.8 | 11.8 | 27.2 | 1.9 | 11,252 | 7,709 | 6.4 |

*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 | -0.2 | -2.3 | -0.1 | 0.5 | 18.8 | 20.0 | 60.8 |
| US equities | -0.4 | -2.0 | 3.0 | 0.7 | 25.2 | 30.3 | 91.9 |
| Europe equities | 1.7 | -2.2 | -5.9 | 1.3 | 4.3 | 4.8 | 25.1 |
| Asia Pacific ex Japan equities | -0.6 | -3.9 | -7.5 | -0.7 | 13.8 | -3.0 | 12.8 |
| Japan equities | -2.0 | -3.6 | -4.7 | -2.1 | 5.9 | 5.9 | 23.6 |
| Latam equities | 2.5 | -5.3 | -12.6 | 2.0 | -22.3 | 11.0 | -14.1 |
| Emerging Markets equities | -0.6 | -3.9 | -7.6 | -0.8 | 10.4 | -6.4 | 6.1 |

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. The level of yield is not guaranteed and may rise or fall in the future.** For informational purposes only and should not be construed as a recommendation to invest in the specific country, product, strategy, sector or security. Index returns assume reinvestment of all distributions and do not reflect fees or expenses. You cannot invest directly in an index. Source: HSBC Asset Management. Bloomberg. Data as at 7.30am UK time 10 January 2025.

## Market data

| Bond indices - Total Return | Close | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) |
|---|---|---|---|---|---|---|
| BarCap GlobalAgg (Hedged in USD) | 577 | -0.4 | -1.5 | -0.5 | 3.6 | -0.5 |
| JPM EMBI Global | 896.7 | -0.3 | -2.1 | -1.1 | 7.5 | -0.1 |
| BarCap US Corporate Index (USD) | 3269.3 | -0.5 | -2.7 | -2.4 | 2.5 | -0.6 |
| BarCap Euro Corporate Index (Eur) | 256.3 | -0.3 | -1.4 | 0.5 | 5.1 | -0.6 |
| BarCap Global High Yield (Hedged in USD) | 628.9 | 0.0 | -0.4 | 1.6 | 11.7 | 0.3 |
| Markit iBoxx Asia ex-Japan Bond Index (USD) | 224.8 | -0.1 | -1.0 | -0.7 | 5.6 | -0.1 |
| Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD) | 261 | 0.0 | -0.6 | -0.1 | 12.7 | 0.2 |

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

| Currencies (vs USD) | Latest | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2023 | 52-week High | 52-week Low | 1-week Change (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Developed markets** | | | | | | | | | |
| EUR/USD | 1.03 | 1.03 | 1.05 | 1.09 | 1.10 | 1.04 | 1.12 | 1.02 | -0.2 |
| GBP/USD | 1.23 | 1.24 | 1.28 | 1.31 | 1.27 | 1.25 | 1.34 | 1.22 | -1.1 |
| CHF/USD | 1.10 | 1.10 | 1.13 | 1.17 | 1.18 | 1.10 | 1.19 | 1.08 | -0.5 |
| CAD | 1.44 | 1.44 | 1.42 | 1.37 | 1.34 | 1.44 | 1.45 | 1.33 | 0.3 |
| JPY | 158 | 157 | 152 | 149 | 146 | 157 | 162 | 140 | -0.7 |
| AUD/USD | 0.62 | 0.62 | 0.64 | 0.67 | 0.67 | 0.62 | 0.69 | 0.62 | -0.3 |
| NZD/USD | 0.56 | 0.56 | 0.58 | 0.61 | 0.62 | 0.56 | 0.64 | 0.56 | -0.4 |
| **Asia** | | | | | | | | | |
| HKD | 7.78 | 7.78 | 7.77 | 7.77 | 7.82 | 7.77 | 7.84 | 7.76 | -0.1 |
| CNY | 7.33 | 7.32 | 7.25 | 7.08 | 7.17 | 7.30 | 7.33 | 7.01 | -0.2 |
| INR | 85.9 | 85.8 | 84.9 | 84.0 | 83.0 | 85.6 | 85.9 | 82.6 | -0.1 |
| MYR | 4.50 | 4.50 | 4.43 | 4.29 | 4.64 | 4.47 | 4.81 | 4.09 | 0.1 |
| KRW | 1466 | 1471 | 1432 | 1354 | 1320 | 1472 | 1487 | 1303 | 0.3 |
| TWD | 33.0 | 32.9 | 32.5 | 32.2 | 31.1 | 32.8 | 33.0 | 31.1 | -0.1 |
| **Latam** | | | | | | | | | |
| BRL | 6.04 | 6.19 | 6.05 | 5.58 | 4.89 | 6.18 | 6.32 | 4.83 | 2.4 |
| COP | 4332 | 4347 | 4371 | 4201 | 3941 | 4406 | 4566 | 3738 | 0.3 |
| MXN | 20.5 | 20.6 | 20.2 | 19.5 | 17.0 | 20.8 | 20.9 | 16.3 | 0.6 |
| ARS | 1037 | 1032 | 1016 | 975 | 815 | 1031 | 1037 | 815 | -0.4 |
| **EEMEA** | | | | | | | | | |
| RUB | 102.0 | 110.6 | 103.1 | 96.8 | 89.6 | 113.5 | 115.1 | 82.7 | 7.7 |
| ZAR | 18.9 | 18.7 | 17.8 | 17.5 | 18.7 | 18.8 | 19.4 | 17.0 | -1.1 |
| TRY | 35.4 | 35.4 | 34.9 | 34.2 | 30.0 | 35.4 | 35.6 | 29.9 | -0.2 |

| Bonds | Close | 1-week Ago | 1-month Ago | 3-months Ago | 1-year Ago | Year End 2023 | 1-week basis point change* |
|---|---|---|---|---|---|---|---|
| **US Treasury yields (%)** | | | | | | | |
| 3-Month | 4.29 | 4.29 | 4.36 | 4.64 | 5.37 | 4.31 | 0 |
| 2-Year | 4.27 | 4.28 | 4.14 | 3.96 | 4.36 | 4.24 | -1 |
| 5-Year | 4.46 | 4.41 | 4.10 | 3.89 | 3.97 | 4.38 | 5 |
| 10-Year | 4.69 | 4.60 | 4.23 | 4.06 | 4.03 | 4.57 | 9 |
| 30-Year | 4.93 | 4.81 | 4.42 | 4.36 | 4.20 | 4.78 | 12 |
| **10-year bond yields (%)** | | | | | | | |
| Japan | 1.20 | 1.09 | 1.06 | 0.95 | 0.58 | 1.09 | 11 |
| UK | 4.81 | 4.59 | 4.32 | 4.21 | 3.82 | 4.56 | 22 |
| Germany | 2.58 | 2.42 | 2.12 | 2.26 | 2.21 | 2.36 | 15 |
| France | 3.40 | 3.29 | 2.88 | 3.02 | 2.75 | 3.19 | 12 |
| Italy | 3.72 | 3.59 | 3.21 | 3.53 | 3.84 | 3.52 | 14 |
| Spain | 3.24 | 3.11 | 2.77 | 2.99 | 3.17 | 3.06 | 13 |
| China | 1.64 | 1.62 | 1.86 | 2.16 | 2.49 | 1.68 | 2 |
| Australia | 4.55 | 4.38 | 4.14 | 4.22 | 4.12 | 4.36 | 16 |
| Canada | 3.35 | 3.23 | 3.02 | 3.23 | 3.27 | 3.23 | 12 |

*Numbers may not add up due to rounding.

| Commodities | | 1-week Change (%) | 1-month Change (%) | 3-month Change (%) | 1-year Change (%) | YTD Change (%) | 52-week High | 52-week Low |
|---|---|---|---|---|---|---|---|---|
| Gold | 2,678 | 1.4 | -0.6 | 1.8 | 32.3 | 2.0 | 2,790 | 1,984 |
| Brent Oil | 77.6 | 1.4 | 7.9 | -0.5 | 5.5 | 3.9 | 85 | 68 |
| WTI Crude Oil | 74.6 | 0.8 | 9.2 | 0.7 | 7.8 | 3.9 | 80 | 64 |
| R/J CRB Futures Index | 297.4 | 0.2 | 2.4 | 2.3 | 13.4 | 0.2 | 300 | 262 |
| LME Copper | 9,079 | 2.3 | -1.5 | -6.6 | 8.5 | 3.5 | 11,105 | 8,127 |

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Source: HSBC Asset Management. Bloomberg. Data as at 7.30am UK time 10 January 2025.

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