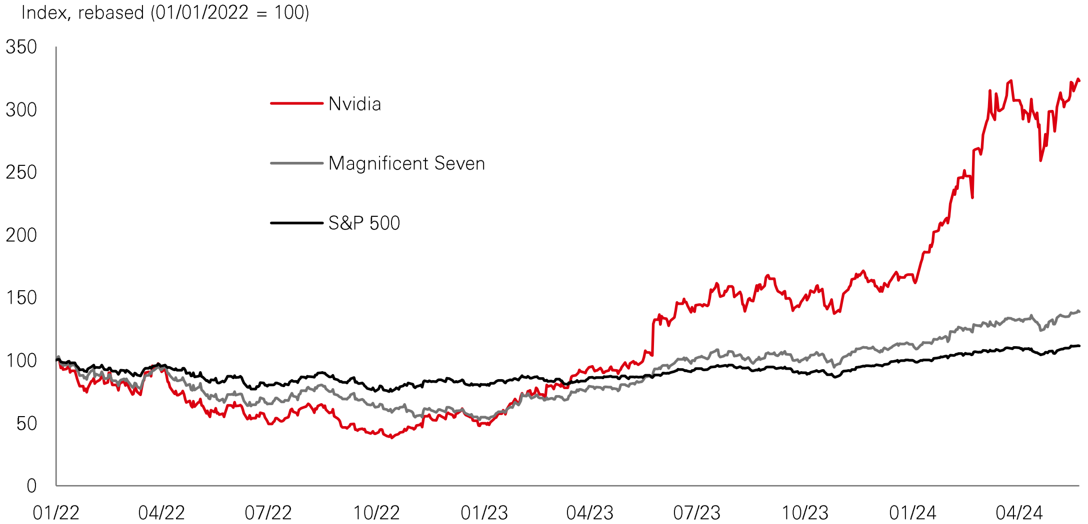
HSBC Asset Management

Investment Weekly

24 May 2024
For Professional Clients only.

Chart of the week – Unstoppable…for now



As US Q1 earnings season comes to an end, Nvidia's very strong results and guidance this week helped buoy overall S&P 500 performance, with the index pushing into fresh record territory. The results mattered given the company's outsized weight in the index following months of stellar gains. And it helps maintain investor confidence in the AI theme – a crucial market driver since early last year. **Many analysts now view tech profits as second only to tier-1 economic releases and Fed-speak in terms of their ability to influence broad market direction**.

In the near-term, as investors ride the wave of good earnings momentum, economic resilience and renewed confidence in a soft landing, stocks can continue to climb the 'wall of worry'. The trend is your friend, until it bends. Further down the line, sticky inflation, geopolitics, and growth cooling all feature on the list of possible concerns.

But the price you pay matters. Today, the Magnificent Seven's 12-month forward price-earnings (PE) ratio is 31x versus 18x for the rest of the S&P. Tech earnings growth expectations remain high (at around 20% for 2024 and 2025) and along with communication services make up over half of the overall index EPS growth. Therefore, at these valuations, investors remain vulnerable to a scenario where earnings in these sectors disappoint. And for the wider market, a Fed that keeps rates frozen heading into 2025 is still the key risk.

Macro Outlook →
Inflation trends and what lies ahead for the economy

Chinese Equities →
Sectors that are leading the country's market higher

Hedge Funds →
More opportunities for finding alpha in 2024

Market Spotlight

Navigating 'higher for longer' in Latam

Latin American nations were ahead of the curve in their response to inflation. But faced with the prospect of a potentially 'higher for longer' outlook in the US, some Latam central bankers have had to tread more carefully.

At its last meeting earlier this month, Banco Central do Brasil eased the pace of cuts to 25bp, from 50bp at the prior six meetings. This came amid recent FX weakness (the real is down 6% year-to-date). And in Mexico, central bankers have been more constrained. Deep economic integration with the US, the peso's high liquidity, and domestic inflation pressures recently forced a pause in the cutting cycle. And in Chile, there's been an even more cautionary tale. Aggressive rate cuts in 2022 and 2023 opened the way for FX-induced inflation. That forced a rethink in early 2024, with much slower cutting expected from here.

Rapid disinflation and rate cuts propelled huge gains Latin America's markets last year. But the slowdown in monetary policy easing – and subdued growth and earnings momentum in the region – may go some way in explaining this year's reversal in performance. Fed rate cuts are likely needed to reignite investor enthusiasm.

Discover more in our Q2 Global Investment Outlook

Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 24 May 2024.

Lens on…

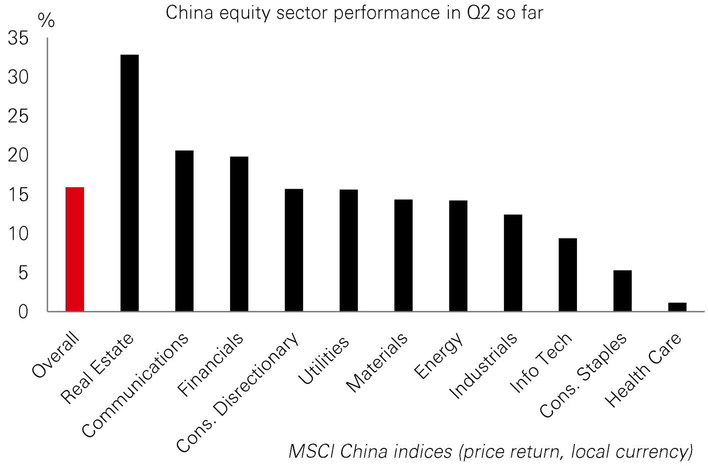
China stocks surge

Stock markets in China and Hong Kong have rallied this year, with solid momentum in Q2 delivering one of the strongest performances in global equities.

One driver of the moves has been a package of government support ranging from broad fiscal expansion to highly targeted plans to boost shareholder protections. There has also been strategic backing for key sectors, including the ailing property market, where measures sparked a 34% surge in real estate stocks in Q2.

Elsewhere, signs of cyclical stabilisation have played well for financial stocks. And upbeat earnings growth in places has supported sectors such as communications services.

There are still headwinds. China's property market is still weak, and growth remains unbalanced, with overcapacity in some sectors, lingering deflationary pressure and low consumer sentiment. **But with stocks still trading at a discount, we think re-rating can continue, especially if the news flow improves**.

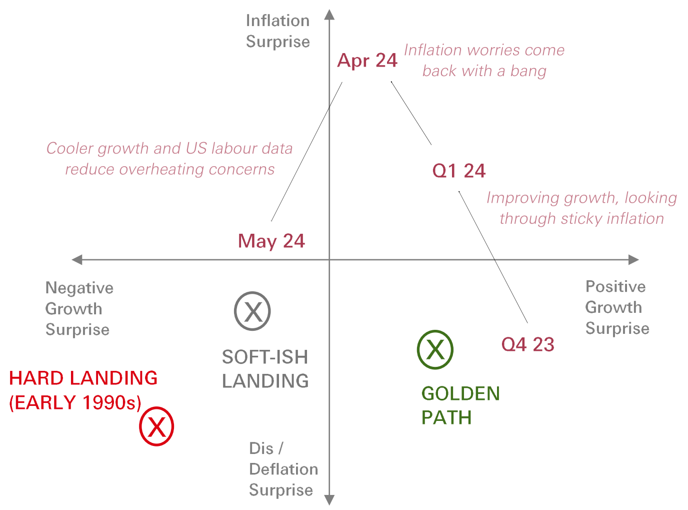


Reading the economic tea leaves

Last week marked the start of our quarterly 'Strategic Forum', bringing together teams across Asset Management to update our house views and forecasts. It started with an exploration of how the growth-inflation mix has evolved in 2024, where it might head next, and what that means for our scenarios.

Late last year, disinflation and positive growth hinted at the prospect of the softest of soft landings for the economy. But in Q1, a sequence of three hot inflation prints reframed expectations. And, by April, those worries – and the implication of higher for longer rates – came back with a bang, with government bond yields surging.

Recent data suggests the inflation surprise may now be ebbing, and that growth could be cooling down too. After this rotation through the quadrants, the question now is the extent to which the data goes on to align with the three potential scenarios we have identified before: a **hard landing**, a **softish landing**, or a more positive **golden path**. Despite uncertainty, with signs that growth is slowing, our view is that a softish landing remains the most likely course.

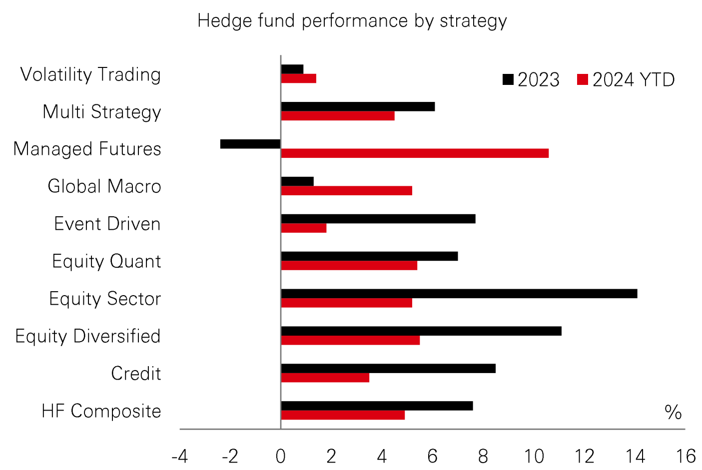


Hedging uncertain markets

Hedge funds have got off to a strong start in 2024, helped by supportive conditions in FX, equity and commodity markets. 'Trend following' strategies, such as Managed Futures – which pursue directional moves in markets – have been the strongest.

A key reason for this performance is that higher rates have caused wider dispersion in asset class and market performance. That means there has been a broader range of winners and losers, which is exactly what hedge funds need to achieve alpha returns.

Our hedge fund specialists remain positive on the opportunity for discretionary macro managers in this environment. While rate cuts are expected later this year, managers are trading rates and, more generally, seeing relative value opportunities in both rates and commodities. There is also a positive view on Multi-Strategy and Multi-Manager Platforms, with quant and fundamentals-driven approaches performing well this year. **Against a backdrop of positive stock-bond correlations, and heightened geopolitical tensions, hedge funds have strong appeal as portfolio diversifiers** – though there is a need for careful manager selection.



Past performance does not predict future returns.
Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 24 May 2024.

Asset class views

Our baseline macro scenario is for a soft-ish landing, involving a slowdown in growth and further disinflation. 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 optimistic market expectations versus a lingering risk of macro disappointment or weakness. We prefer to access the growth factor in laggard regions, such as Asia and emerging markets
	Duration		Robust growth and inflation data have put upward pressure on yields so far in H1. Carry remains appealing and, in adverse economic outcomes, there is scope for strong returns in global duration. We favour the US and UK curves
	Emerging Markets		The outlook for EMs is bolstered by China policy support feeding through to the real economy, eventual Fed easing, and a growth premium versus the West. Disinflation is an ongoing process, especially in Latam and Europe, allowing EM central banks to lead the cutting cycle
Bonds	10yr US Treasuries		Yields have ground higher over the course of H1, driven by resilient growth and inflation data. However, growth could disappoint expectations in H2, meaning investors price in more cuts. We anticipate yield curve steepening by the end of the year
	EMD Local		EM local-currency bonds have performed well. Proactive central banks in Latam and Europe are leading the global cutting cycle, although some hesitancy has crept in given uncertainty over future Fed cuts. We remain overweight Brazil, Indonesia, Mexico, Peru and South Africa
	Asia Local		The medium-term outlook is stable, supported by a solid macro backdrop in the region, with some markets, such as Indonesia, India and Korea, benefiting from high carry. A potential delay in monetary policy easing amid fading optimism over US rate cuts could cause short-term volatility
Credits	Global Credit		Global credit is expensive with most non-financial spreads at near-cyclical tights. Financials, particularly banks, look attractive but less so than they were at the start of 2024. All-in yields continue to support inflows, helping long duration corporate credit
	Global High-Yield		Valuations are expensive with spreads falling sharply in recent months. The market prices a global soft landing. But the tight spreads in HY are offset by a high 'all-in' yield. And corporate fundamentals are not a source of concern
	Asia Credit		Valuations are expensive as spreads approach historic tights. The rising chance of a US soft landing mitigates the risk of material spread widening. Economic resilience within Asia, plus China policy action, support the regional credit market outlook
	EMD Hard Currency Bonds		EM credit spreads could benefit as the Fed moves towards cutting rates, but this prospect has already driven a re-rating of the asset class. Spreads are at historic tights and it is difficult to see further compression, although we remain cyclically-constructive
Equities	DM Equities		Investor sentiment is buoyed by confidence in the soft landing, and leadership from quality growth. But as investor perceptions shift, the market is discounting a lot of good news. Risks of an adverse surprise are rising, even if an imminent growth collapse looks unlikely
	EM Equities		The EM growth outlook is a relative bright spot in a global context, with disinflation and the prospect of Fed rate cuts being supportive. Stock and currency market valuations remain undemanding. Idiosyncratic trends within EMs imply scope for portfolio diversification too
	Asia ex Japan		Asia is a strong performer year-to-date. Chinese policy activism is rebuilding investor confidence in the market. India fundamentals are supportive, with strong EPS growth, despite elevated valuations. Korea and Taiwan continue to benefit from the upswing in the semiconductor cycle
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		In a more benign macro environment, real estate sub-sectors with a more secure income profile and lower leverage should outperform. Following recent price corrections driven by higher interest rates, there may be opportunities for value-add or opportunistic strategies to acquire at a low base
	Infrastructure Debt		Infrastructure debt currently offers stronger expected 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

Source: HSBC Asset Management. Data as at 11.00am UK time 24 May 2024.

Key Events and Data Releases

This week

Date	Country	Indicator	Data as of	Actual	Prior	Comment
Mon. 20 May	CN	Loan Prime Rate (1yr)	May	3.45%	3.45%	The PBOC left the 1-yr and 5-yr LPR rates unchanged, having left the 1-yr MLF rate unchanged in the prior week
Wed. 22 May	NZ	RBNZ Interest Rate Decision	May	5.50%	5.50%	The RBNZ left policy on hold, stating policy needs to be restrictive for a "sustained period" and that a rate hike was a "real consideration"
	UK	CPI (yoy)	Apr	2.3%	3.2%	Headline inflation slowed markedly in April, driven by the reduction in the OFGEM energy price cap. Service sector inflation remains sticky
	US	Minutes of May FOMC meeting	May			The May FOMC minutes reiterated that Q1 inflation data had shown "a lack of further progress" towards the 2% inflation target. "Various" participants noted a "willingness to tighten policy further" if needed
	ID	Indonesia Central Bank Interest Rate Decision	May	6.25%	6.25%	The BI kept rates unchanged amid recent currency stability, following April's surprise rate hike
Thu. 23 May	IN	S&P Global Composite PMI	May (P)	61.7	61.5	India's composite PMI edged higher in May and is close to all-time highs amid continued strong domestic demand
	EZ	Eurozone HCOB Composite PMI	May (P)	52.3	51.7	The eurozone composite PMI increased further in May, driven by stronger manufacturing while the services PMI was stable
	US	Composite PMI	May (P)	54.4	51.3	The US composite PMI jumped to a 12 month high in May. However, the employment index remained in contractionary territory
	MX	GDP (qoq)	Q1 (F)	0.3%	0.2% (P)	Q1 GDP was upgraded slightly with growth supported by the services and agricultural sectors while industrial output fell
	TY	Turkish Central Bank Interest Rate Decision	May	50.00%	50.00%	The Turkish central bank kept the policy rate unchanged at a high level amid elevated inflation
Fri. 24 May	JP	Nationwide CPI ex fresh food & energy (yoy)	Apr	2.4%	2.9%	Core inflation slowed in April, driven by goods sector disinflation. Service sector inflation softened due to temporary factors

P – Preliminary, F – Final, Q – Quarter **CN – China, NZ – New Zealand, ID – Indonesia, IN – India, MX – Mexico, TY – Turkey, JP – Japan**

The week ahead

Date	Country	Indicator	Data as of	Survey	Prior	Comment
Mon. 27 May	EZ	Q1 Earnings				Thus far, 90% of Europe Q1 results have been released. Beats improved from Q4, defensives (staples and utilities) fared better than cyclicals. Consensus 2024e EPS growth nudged higher to 5%
	US/UK	US Memorial Day and UK Spring bank holiday. Financial markets are closed				
	GE	IFO Business Climate Index	May	90.3	89.4	German business confidence has recovered recently but remains relatively low
Tue. 28 May	US	Conference Board Consumer Confidence Index	May	96.0	97.0	The Conference Board consumer confidence index has fallen for three consecutive months but remains within the range since mid-2022
	US	S&P Case Shiller House Price Index, 20 major cities (mom)	Mar	0.3%	0.6%	US house prices have risen steadily over the past year as tight supply has offset the impact of high mortgage rates on demand
Thu. 30 May	US	GDP (qoq annualised)	Q1	1.2%	1.6%	Downward revisions to retail data suggest Q1 GDP growth will also be revised slightly lower
	US	Pending Home Sales (mom)	Apr	0.5%	3.4%	Pending home sales, a good leading indicator of existing home sales, have stabilised recently but remain at a depressed level
Fri. 31 May	JP	Industrial Production (mom)	Apr	1.7%	4.4%	Industrial production should rise further in April, led by manufacturing as the impact of the recent auto shutdown unwinds
	CN	Official Manufacturing PMI	May	50.4	50.4	China's manufacturing PMI is expected to remain stable in May but positive readings for the US and eurozone suggest an upside risk
	EZ	CPI (yoy)	May(P)	2.5%	2.4%	Headline inflation should tick higher in April, driven by unfavourable base effects in energy. Goods price inflation has largely normalised but service sector inflation remains sticky
	IN	GDP (qoq annualised)	Q1 (S)	6.4%	8.4%	A base effect from a strong Q1 2023 should weigh on yoy growth, but the underlying demand remains strong
	US	Core PCE Deflator (yoy)	Apr	2.8%	2.8%	Inflation was uncomfortably strong in early 2024, but CPI and PPI data suggest month-on-month core PCE will moderate in April

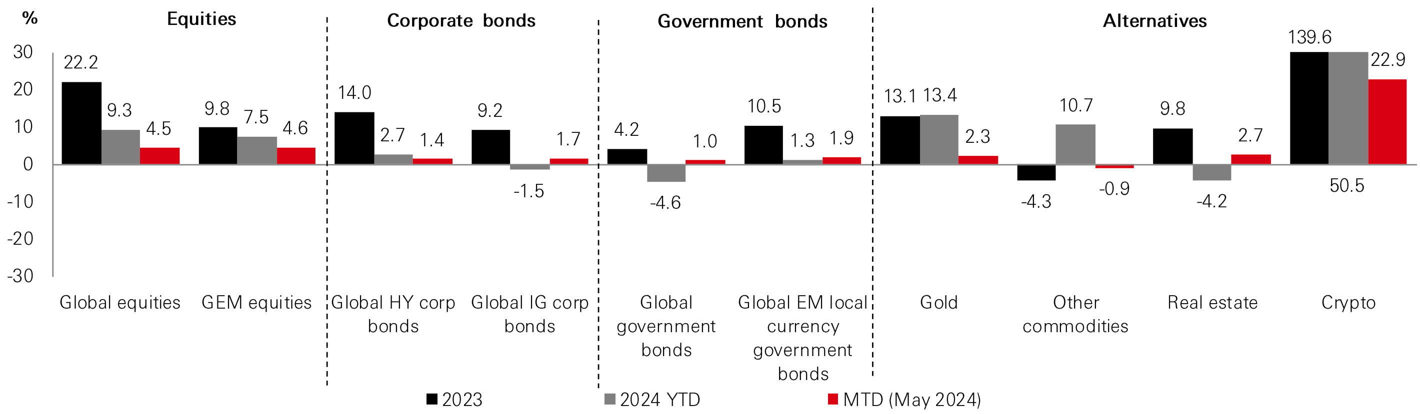
P – Preliminary, Q – Quarter, S – Second **EZ – Eurozone, GE – Germany, JP – Japan, CN – China, IN – India**

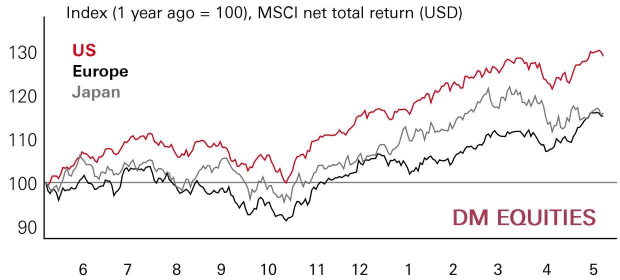
Source: HSBC Asset Management. Data as at 11.00am UK time 24 May 2024.

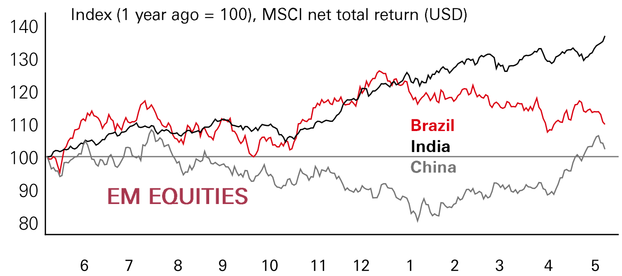
This week

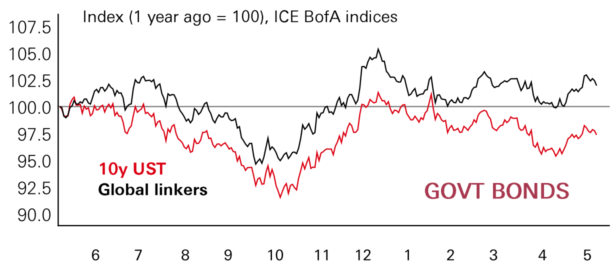
Risk asset sentiment cooled towards the end of the week despite some impressive Q1 results in the US and upbeat PMI surveys. Core government bonds sold off modestly on hawkish May FOMC minutes ahead of upcoming core PCE inflation data. Gilts underperformed US Treasuries following disappointing UK inflation data. US equities were mixed: the tech-heavy Nasdaq fared better than the S&P 500 and the rates-sensitive Russell 2000. The Euro Stoxx 50 index posted modest losses. Japan's Nikkei 225 fell, with 10yr JGB yields breaching 1% amid fears of lower BoJ JGB purchases. In EM, the Shanghai Composite eased on lingering concerns about the weak property sector. India's Sensex remained buoyed by the positive cyclical and structural outlook. In commodities, oil softened on an upside surprise in US crude inventories, while copper weakened. Gold fell on higher US real yields.

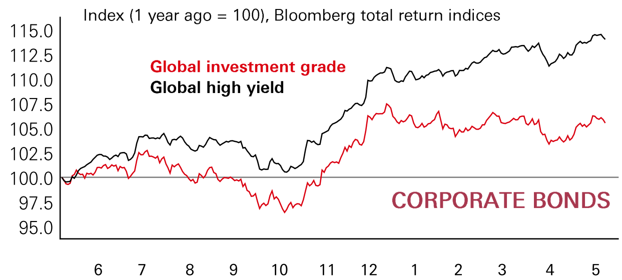
Selected asset performance

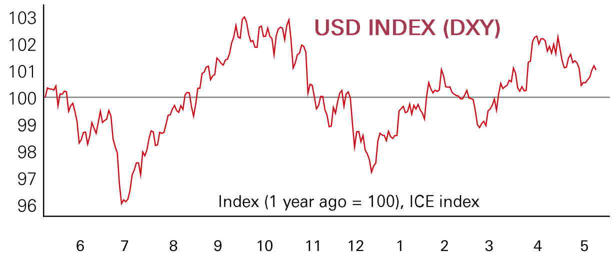


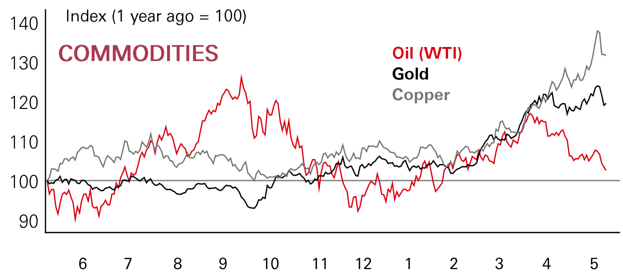












Past performance does not predict future returns
Source: HSBC Asset Management. Macrobond, Bloomberg. Data as at 11.00am UK time 24 May 2024.

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)
World									
MSCI AC World Index (USD)	789	-0.8	3.9	3.7	22.4	8.5	798	628	18.5
North America									
US Dow Jones Industrial Average	39,065	-2.3	1.6	-0.2	19.1	3.7	40,077	32,327	19.2
US S&P 500 Index	5,268	-0.7	3.9	3.5	28.0	10.4	5,342	4,104	21.5
US NASDAQ Composite Index	16,736	0.3	6.5	4.6	34.1	11.5	16,996	12,416	30.2
Canada S&P/TSX Composite Index	22,201	-1.2	1.5	3.7	11.4	5.9	22,555	18,692	15.4
Europe									
MSCI AC Europe (USD)	570	-0.7	4.4	4.8	14.6	6.8	576	459	14.4
Euro STOXX 50 Index	5,015	-1.0	0.5	2.9	17.6	10.9	5,122	3,993	14.1
UK FTSE 100 Index	8,311	-1.3	3.4	7.8	9.0	7.5	8,474	7,216	12.1
Germany DAX Index*	18,618	-0.5	2.9	6.9	17.5	11.1	18,893	14,630	13.5
France CAC-40 Index	8,085	-1.0	-0.1	1.5	11.5	7.2	8,259	6,774	14.3
Spain IBEX 35 Index	11,231	-0.9	1.8	10.9	22.6	11.2	11,386	8,879	11.2
Italy FTSE MIB Index	34,334	-3.0	0.2	5.0	29.4	13.1	35,474	26,000	9.3
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	567	-0.6	6.2	7.2	11.6	7.2	573	469	14.6
Japan Nikkei-225 Stock Average	38,646	-0.4	0.5	-1.2	26.0	15.5	41,088	30,488	22.7
Australian Stock Exchange 200	7,728	-1.1	0.6	1.1	7.1	1.8	7,911	6,751	17.4
Hong Kong Hang Seng Index	18,609	-4.8	8.2	11.3	-2.7	9.2	20,361	14,794	9.4
Shanghai Stock Exchange Composite Index	3,089	-2.1	1.4	2.8	-3.6	3.8	3,322	2,635	11.5
Hang Seng China Enterprises Index	6,605	-4.8	8.3	14.6	2.0	14.5	7,024	4,943	8.8
Taiwan TAIEX Index	21,565	1.4	7.1	14.2	33.5	20.3	21,669	15,976	19.5
Korea KOSPI Index	2,688	-1.4	0.4	0.7	4.7	1.2	2,779	2,274	10.7
India SENSEX 30 Index	75,424	2.0	2.1	3.1	22.1	4.4	75,637	61,485	21.4
Indonesia Jakarta Stock Price Index	7,222	-1.3	0.7	-1.0	7.1	-0.7	7,454	6,563	13.1
Malaysia Kuala Lumpur Composite Index	1,619	0.2	3.0	4.5	14.9	11.3	1,633	1,369	14.6
Philippines Stock Exchange PSE Index	6,620	0.0	0.7	-4.2	0.1	2.6	7,071	5,920	11.4
Singapore FTSE Straits Times Index	3,317	0.1	0.7	4.1	3.2	2.4	3,393	3,042	10.7
Thailand SET Index	1,364	-1.3	0.2	-2.4	-11.2	-3.6	1,579	1,330	14.9
Latam									
Argentina Merval Index	1,513,777	2.7	25.9	36.9	343.1	62.8	1,584,055	336,046	8.9
Brazil Bovespa Index*	124,729	-2.7	0.0	-3.6	14.6	-7.0	134,392	108,193	7.9
Chile IPSA Index	6,782	1.8	6.6	9.6	20.2	9.4	6,795	5,363	11.0
Colombia COLCAP Index	1,406	-1.6	4.7	9.0	26.6	17.7	1,451	1,045	7.5
Mexico S&P/BMV IPC Index	55,918	-2.9	-1.0	-1.3	4.7	-2.6	59,021	47,765	12.9
EEMEA									
Russia MOEX Index	3,420	-2.3	-0.3	8.8	28.8	10.4	3,522	2,626	N/A
South Africa JSE Index	78,873	-0.8	5.8	6.3	4.3	2.6	80,214	69,128	10.8
Turkey ISE 100 Index*	10,741	0.9	10.5	14.6	142.7	43.8	11,088	4,404	5.3

*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	-0.7	4.1	4.2	9.3	24.4	17.5	71.1
US equities	-0.7	3.9	3.7	10.6	29.8	27.5	97.3
Europe equities	-0.6	5.3	6.5	8.7	17.8	11.6	47.5
Asia Pacific ex Japan equities	-0.6	6.4	8.0	8.1	14.5	-10.3	28.4
Japan equities	-0.5	0.7	0.1	6.7	16.7	7.4	41.8
Latam equities	-3.2	1.1	-2.8	-7.1	13.0	20.1	22.4
Emerging Markets equities	-0.7	5.8	6.9	7.5	15.4	-11.0	25.3

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 11.00am UK time 24 May 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)	557	-0.3	0.9	0.2	3.9	-0.7
JPM EMBI Global	859.5	-0.5	1.9	2.1	10.5	1.3
BarCap US Corporate Index (USD)	3180.2	-0.3	1.7	0.2	5.2	-1.3
BarCap Euro Corporate Index (Eur)	246.0	-0.3	0.2	0.4	6.1	-0.1
BarCap Global High Yield (Hedged in USD)	584.3	-0.3	1.2	2.2	14.6	3.2
Markit iBoxx Asia ex-Japan Bond Index (USD)	217.1	0.0	1.4	1.3	6.0	1.6
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	249	0.2	2.6	3.9	14.3	8.6

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	1.08	1.09	1.07	1.08	1.08	1.10	1.13	1.04	-0.3
GBP/USD	1.27	1.27	1.25	1.27	1.24	1.27	1.31	1.20	0.1
CHF/USD	1.09	1.10	1.09	1.14	1.11	1.19	1.20	1.08	-0.6
CAD	1.37	1.36	1.37	1.35	1.36	1.32	1.39	1.31	-0.8
JPY	157	156	155	151	139	141	160	137	-0.9
AUD/USD	0.66	0.67	0.65	0.66	0.65	0.68	0.69	0.63	-1.2
NZD/USD	0.61	0.61	0.59	0.62	0.61	0.63	0.64	0.58	-0.4
Asia									
HKD	7.81	7.80	7.83	7.82	7.83	7.81	7.85	7.79	-0.1
CNY	7.24	7.22	7.25	7.20	7.06	7.10	7.35	7.05	-0.3
INR	83.1	83.3	83.3	82.9	82.7	83.2	83.6	81.7	0.3
MYR	4.71	4.69	4.78	4.78	4.59	4.59	4.81	4.50	-0.5
KRW	1369	1355	1369	1331	1318	1291	1400	1257	-1.1
TWD	32.3	32.2	32.5	31.6	30.8	30.6	32.7	30.5	-0.2
Latam									
BRL	5.15	5.10	5.15	4.99	4.96	4.85	5.29	4.70	-0.8
COP	3867	3829	3939	3964	4447	3875	4489	3739	-1.0
MXN	16.7	16.6	17.1	17.1	17.8	17.0	18.5	16.3	-0.6
ARS	890	887	873	839	236	808	890	237	-0.4
EEMEA									
RUB	89.9	91.0	92.3	94.9	80.4	89.5	102.4	79.4	1.2
ZAR	18.4	18.2	19.2	19.3	19.2	18.4	19.9	17.4	-1.3
TRY	32.3	32.2	32.6	30.9	19.9	29.5	32.8	19.9	-0.1

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	5.39	5.39	5.41	5.40	5.33	5.33	0
2-Year	4.92	4.82	4.93	4.69	4.38	4.25	10
5-Year	4.52	4.45	4.66	4.28	3.82	3.85	8
10-Year	4.47	4.42	4.64	4.25	3.74	3.88	5
30-Year	4.58	4.56	4.77	4.37	3.99	4.03	2
10-year bond yields (%)							
Japan	1.00	0.94	0.89	0.71	0.41	0.61	6
UK	4.25	4.13	4.33	4.03	4.21	3.53	13
Germany	2.58	2.52	2.59	2.36	2.47	2.02	7
France	3.06	2.99	3.09	2.83	3.05	2.56	6
Italy	3.89	3.81	3.98	3.80	4.33	3.69	8
Spain	3.34	3.27	3.38	3.25	3.53	2.98	7
China	2.31	2.32	2.27	2.40	2.71	2.56	0
Australia	4.31	4.21	4.41	4.20	3.65	3.96	10
Canada	3.62	3.63	3.80	3.46	3.27	3.11	-1

*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	2,339	-3.2	1.0	14.9	19.5	13.4	2,450	1,811
Brent Oil	80.8	-3.8	-7.2	1.3	8.4	5.7	91	69
WTI Crude Oil	76.3	-4.2	-7.1	1.5	8.7	6.0	86	66
R/J CRB Futures Index	293.8	0.0	-1.1	8.5	11.8	11.4	298	254
LME Copper	10,391	-2.6	6.3	21.3	31.5	21.4	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.

Source: HSBC Asset Management. Bloomberg. Data as at 11.00am UK time 24 May 2024.

For Professional Clients and intermediaries within countries and territories set out below; and for Institutional Investors and Financial Advisors in the US. This document should not be distributed to or relied upon by Retail clients/investors.

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested. The capital invested in the fund can increase or decrease and is not guaranteed. The performance figures contained in this document relate to past performance, which should not be seen as an indication of future returns. Future returns will depend, inter alia, on market conditions, fund manager's skill, fund risk level and fees. Where overseas investments are held the rate of currency exchange may cause the value of such investments to go down as well as up. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries and territories with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries and territories in which they trade. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

The contents of this document may not be reproduced or further distributed to any person or entity, whether in whole or in part, for any purpose. All non-authorised reproduction or use of this document will be the responsibility of the user and may lead to legal proceedings. The material contained in this document is for general information purposes only and does not constitute advice or a recommendation to buy or sell investments. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. We do not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements. This document has no contractual value and is not by any means intended as a solicitation, nor a recommendation for the purchase or sale of any financial instrument in any jurisdiction in which such an offer is not lawful. The views and opinions expressed herein are those of HSBC Asset Management at the time of preparation, and are subject to change at any time. These views may not necessarily indicate current portfolios' composition. Individual portfolios managed by HSBC Asset Management primarily reflect individual clients' objectives, risk preferences, time horizon, and market liquidity. Foreign and emerging markets. Investments in foreign markets involve risks such as currency rate fluctuations, potential differences in accounting and taxation policies, as well as possible political, economic, and market risks. These risks are heightened for investments in emerging markets which are also subject to greater illiquidity and volatility than developed foreign markets. This commentary is for information purposes only. It is a marketing communication and does not constitute investment advice or a recommendation to any reader of this content to buy or sell investments nor should it be regarded as investment research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of its dissemination. This document is not contractually binding nor are we required to provide this to you by any legislative provision.

All data from HSBC Asset Management unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

HSBC Asset Management is the brand name for the asset management business of HSBC Group, which includes the investment activities that may be provided through our local regulated entities. HSBC Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). The above communication is distributed by the following entities:

- In Argentina by HSBC Global Asset Management Argentina S.A., Sociedad Gerente de Fondos Comunes de Inversión, Agente de administración de productos de inversión colectiva de FCI N°1;
- In Australia, this document is issued by HSBC Bank Australia Limited ABN 48 006 434 162, AFSL 232595, for HSBC Global Asset Management (Hong Kong) Limited ARBN 132 834 149 and HSBC Global Asset Management (UK) Limited ARBN 633 929 718. This document is for institutional investors only, and is not available for distribution to retail clients (as defined under the Corporations Act). HSBC Global Asset Management (Hong Kong) Limited and HSBC Global Asset Management (UK) Limited are exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of the financial services they provide. HSBC Global Asset Management (Hong Kong) Limited is regulated by the Securities and Futures Commission of Hong Kong under the Hong Kong laws, which differ from Australian laws. HSBC Global Asset Management (UK) Limited is regulated by the Financial Conduct Authority of the United Kingdom and, for the avoidance of doubt, includes the Financial Services Authority of the United Kingdom as it was previously known before 1 April 2013, under the laws of the United Kingdom, which differ from Australian laws;
- in Bermuda by HSBC Global Asset Management (Bermuda) Limited, of 37 Front Street, Hamilton, Bermuda which is licensed to conduct investment business by the Bermuda Monetary Authority;
- in Chile: Operations by HSBC's headquarters or other offices of this bank located abroad are not subject to Chilean inspections or regulations and are not covered by warranty of the Chilean state. Further information may be obtained about the state guarantee to deposits at your bank or on www.sbif.cl;
- in Colombia: HSBC Bank USA NA has an authorized representative by the Superintendencia Financiera de Colombia (SFC) whereby its activities conform to the General Legal Financial System. SFC has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Colombia and is not for public distribution;
- in Finland, Norway, Denmark and Sweden by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- in France, Belgium, Netherlands, Luxembourg, Portugal, Greece by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- in Germany by HSBC Global Asset Management (Deutschland) GmbH which is regulated by BaFin (German clients) respective by the Austrian Financial Market Supervision FMA (Austrian clients);
- in Hong Kong by HSBC Global Asset Management (Hong Kong) Limited, which is regulated by the Securities and Futures Commission. This video/content has not been reviewed by the Securities and Futures Commission;
- in India by HSBC Asset Management (India) Pvt Ltd. which is regulated by the Securities and Exchange Board of India;
- in Italy and Spain by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;
- in Mexico by HSBC Global Asset Management (Mexico), SA de CV, Sociedad Operadora de Fondos de Inversión, Grupo Financiero HSBC which is regulated by Comisión Nacional Bancaria y de Valores;
- in the United Arab Emirates, Qatar, Bahrain & Kuwait by HSBC Global Asset Management MENA, a unit within HSBC Bank Middle East Limited, U.A.E Branch, PO Box 66 Dubai, UAE, regulated by the Central Bank of the U.A.E. and the Securities and Commodities Authority in the UAE under SCA license number 602004 for the purpose of this promotion and lead regulated by the Dubai Financial Services Authority. HSBC Bank Middle East Limited is a member of the HSBC Group and HSBC Global Asset Management MENA are marketing the relevant product only in a sub-distributing capacity on a principal-to-principal basis. HSBC Global Asset Management MENA may not be licensed under the laws of the recipient's country of residence and therefore may not be subject to supervision of the local regulator in the recipient's country of residence. One of more of the products and services of the manufacturer may not have been approved by or registered with the local regulator and the assets may be booked outside of the recipient's country of residence.
- in Peru: HSBC Bank USA NA has an authorized representative by the Superintendencia de Banca y Seguros in Perú whereby its activities conform to the General Legal Financial System - Law No. 26702. Funds have not been registered before the Superintendencia del Mercado de Valores (SMV) and are being placed by means of a private offer. SMV has not reviewed the information provided to the investor. This document is for the exclusive use of institutional investors in Perú and is not for public distribution;
- in Singapore by HSBC Global Asset Management (Singapore) Limited, which is regulated by the Monetary Authority of Singapore. The content in the document/video has not been reviewed by the Monetary Authority of Singapore;
- in Switzerland by HSBC Global Asset Management (Switzerland) AG. This document is intended for professional investor use only. For opting in and opting out according to FinSA, please refer to our website; if you wish to change your client categorization, please inform us. HSBC Global Asset Management (Switzerland) AG having its registered office at Gartenstrasse 26, PO Box, CH-8002 Zurich has a licence as an asset manager of collective investment schemes and as a representative of foreign collective investment schemes. Disputes regarding legal claims between the Client and HSBC Global Asset Management (Switzerland) AG can be settled by an ombudsman in mediation proceedings. HSBC Global Asset Management (Switzerland) AG is affiliated to the ombudsman FINOS having its registered address at Talstrasse 20, 8001 Zurich. There are general risks associated with financial instruments, please refer to the Swiss Banking Association ("SBA") Brochure "Risks Involved in Trading in Financial Instruments";
- in Taiwan by HSBC Global Asset Management (Taiwan) Limited which is regulated by the Financial Supervisory Commission R.O.C. (Taiwan);
- in the UK by HSBC Global Asset Management (UK) Limited, which is authorised and regulated by the Financial Conduct Authority;
- and in the US by HSBC Global Asset Management (USA) Inc. which is an investment adviser registered with the US Securities and Exchange Commission.

NOT FDIC INSURED ◆ NO BANK GUARANTEE ◆ MAY LOSE VALUE

0800-24; EXP 01.11.2024