

US stocks ended flat amid reduced risk appetite

US stocks were little changed; Treasury yields fell on speculation about next Fed Chair

European equities closed down amid political concerns; UK gilts rose following data weakness

Japanese stocks extended gains; Chinese bourses traded lower amid PBoC Governor's comments

Markets

- ▶ **US equities** ended little changed on Thursday, erasing earlier losses, as gains in defensive sectors like health care and utilities offset losses in technology shares. Fresh concerns about Chinese debt after PBoC Governor Zhou remarks as well as relatively disappointing earnings releases weighed on market sentiment. The S&P 500 closed flat, still at all-time highs.
- ▶ **US Treasuries** rallied (yields fell) amid upbeat economic data and on speculation about the next Fed Chairman after media report suggested Donald Trump may decide to appoint Jerome Powell, a Fed Board member favouring monetary policy continuity. 2-year and 10-year yields were down 3bps at 1.53% and 2.32% respectively.
- ▶ **European equities** declined on Thursday on dampened risk appetite amid political tensions in Spain after Prime Minister Rajoy triggered the process for suspending the powers of the Catalan administration. The regional Euro Stoxx 50 index closed 0.5% lower, with consumer and financials stocks providing the largest drag. At the country level, Germany's DAX retreated 0.4% whilst Spain's IBEX 35 shed 0.7%
- ▶ Most core **European government bonds** ended little changed despite looming political concerns. 10-year German bund and French bond yields ended flat at 0.39% and 0.81%, respectively. Meanwhile, equivalent maturity UK gilts gained (yields fell 3bps to 1.28%) amid weaker than expected retail sales data for September. In the periphery, Spanish 10-year yields edged up 2bps to 1.63%.
- ▶ **Asian stock markets** were mixed on Thursday, after the S&P 500 closed at another record high and as investors assessed Chinese data. Japan's Nikkei 225 extended recent gains to close 0.4% higher, and hitting a fresh 21-year high. Meanwhile, China's Shanghai Composite

retreated 0.4% whilst Hong Kong's Hang Seng index fell 1.9% as the PBoC Governor expressed concerns that corporate and household debt are rising too quickly.

- ▶ **Crude oil** prices retreated on Thursday amid concerns about heightened US oil supplies after US official inventory data released Wednesday and on eased concern about tensions in Iraq. WTI for November delivery ended down 1.4% at USD51.3 per barrel.

Key Data Releases and Events

Yesterday

- ▶ **China's GDP** decelerated slightly to 6.8% yoy in Q3 from 6.9% yoy in Q2, in line with expectations. In terms of high-frequency monthly data, Industrial production, retail sales and single-month urban fixed asset investment (FAI) growth all rebounded in September from the August prints. The slight improvement in FAI growth was led by infrastructure and real estate FAI, though property sales fell.
- ▶ **Japan external trade** data for September came in slightly weaker than expected in nominal terms but volume data confirmed exports continued to expand at solid pace. Nominal exports rose 14.1% yoy, down from 18.1% in August. However, exports volume rose 4.8% yoy, led by a 16.6% increase in shipments to China, while imports volume fell 0.3% (the nominal gain of 12.0% was entirely explained by a surge in prices). In all, the seasonally adjusted trade surplus dropped from JPY308.3 billion in August to JPY240.3 billion.
- ▶ **UK retail sales (ex. auto fuel)** declined by 0.7% mom, below expectations of a 0.2% decline. On an annual basis, trend retail sales growth fell to 2.2% yoy (6-month moving average basis), the lowest rate since December 2013. The slowdown likely reflects the impact of higher inflation on household disposable incomes.

Releases due today (20 October 2017)

Country	Indicator	Period	Survey	Prior
US	Existing home sales (mom)	Sep	-0.9%	-1.7%

- ▶ **US existing home sales** are estimated to have declined 0.9% mom in September. Weather impacts are partially to blame but home re-sales have been slowing due to

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climbing prices and low inventory. Overall, however, the housing market remains supported by labor market strength and relatively low borrowing costs.

Market Snapshot

	Close	1-day Change (%)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
Equity Indices									
World									
MSCI AC World Index (USD)	496	0.0	1.7	4.0	19.5	17.5	496	403	17.4
North America									
US Dow Jones Industrial Average	23,163	0.0	3.5	7.0	27.3	17.2	23,173	17,884	18.7
US S&P 500 Index	2,562	0.0	2.2	3.6	19.5	14.4	2,564	2,084	19.4
US NASDAQ Composite Index	6,605	-0.3	2.2	3.4	25.9	22.7	6,636	5,034	24.1
Canada S&P/TSX Composite Index	15,818	0.2	3.4	3.8	6.6	3.5	15,943	14,482	17.6
Europe									
MSCI AC Europe (USD)	481	0.1	0.9	4.0	22.2	20.3	484	374	15.7
Euro STOXX 50 Index	3,602	-0.5	2.0	2.9	17.9	9.5	3,667	2,938	15.5
UK FTSE 100 Index	7,523	-0.3	3.4	1.2	7.1	5.3	7,599	6,677	15.3
Germany DAX Index*	12,990	-0.4	3.4	4.3	22.0	13.1	13,095	10,175	14.5
France CAC-40 Index	5,368	-0.3	2.5	2.9	18.8	10.4	5,442	4,345	15.8
Spain IBEX 35 Index	10,198	-0.7	-1.7	-3.7	13.9	9.0	11,184	8,512	14.3
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	549	-0.8	1.0	4.5	21.5	28.6	555	419	14.8
Japan Nikkei-225 Stock Average	21,449	0.4	5.7	7.1	26.2	12.2	21,504	16,112	18.4
Australian Stock Exchange 200	5,896	0.1	3.2	2.9	8.5	4.1	5,957	5,052	16.2
Hong Kong Hang Seng Index	28,159	-1.9	0.4	5.6	20.8	28.0	28,799	21,489	12.8
Shanghai Composite Index	3,370	-0.3	0.4	4.3	9.3	8.6	3,410	3,017	14.7
Hang Seng China Enterprises Index	11,357	-2.3	2.1	4.6	17.8	20.9	11,694	9,117	8.7
Taiwan TAIEX Index	10,760	0.4	1.7	2.4	15.9	16.3	10,799	8,880	15.1
Korea KOSPI Index	2,473	-0.4	2.4	1.8	21.2	22.0	2,491	1,931	10.6
India SENSEX 30 Index	32,390	-0.6	0.0	1.4	15.7	21.6	32,700	25,718	21.0
Indonesia Jakarta Stock Price Index	5,911	-0.3	0.2	1.8	9.3	11.6	5,967	5,023	17.4
Malaysia Kuala Lumpur Composite Index	1,744	-0.3	-1.8	-0.8	4.5	6.2	1,797	1,614	16.3
Philippines Stock Exchange PSE Index	8,487	0.7	4.0	6.5	9.9	24.1	8,587	6,499	20.6
Singapore FTSE Straits Times Index	3,335	0.2	3.4	0.3	17.2	15.8	3,355	2,761	15.2
Thailand SET Index	1,683	-1.4	0.6	6.8	13.3	9.1	1,730	1,463	16.7
Latam									
Argentina Merval Index	26,805	2.3	10.7	25.0	47.9	58.4	27,369	15,189	15.1
Brazil Bovespa Index*	76,283	-0.4	0.4	17.0	20.1	26.7	78,024	56,829	14.8
Chile IPSA Index	5,477	-0.7	5.3	8.7	28.7	31.9	5,523	4,029	20.9
Colombia COLCAP Index	1,469	-0.6	-1.8	0.0	7.7	8.7	1,509	1,271	16.3
Mexico Index	50,000	0.1	-0.5	-2.1	3.1	9.5	51,772	43,999	18.1
EEMEA									
Russia MICEX Index	2,094	-1.0	1.2	6.2	5.3	-7.2	2,294	1,775	7.1
South Africa JSE Index	58,152	-0.4	3.4	7.0	12.4	14.3	58,372	48,936	16.0
Turkey ISE 100 Index*	106,926	1.4	3.4	0.9	36.9	38.8	110,531	71,793	8.9

*Indices expressed as total returns. All others are price returns.

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	4.5	19.5	21.9	32.6	64.2
US equities	3.9	15.8	21.1	41.4	92.1
Europe equities	4.5	23.3	25.7	21.1	42.3
Asia Pacific ex Japan equities	5.2	31.5	24.8	28.9	41.8
Japan equities	6.7	18.6	18.0	42.0	70.8
Latam equities	8.2	28.0	16.6	0.5	-9.8
Emerging Market equities	5.8	32.0	25.1	22.6	25.0

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

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Source: Bloomberg, HSBC Global Asset Management.
Data as of previous trading day's respective market close, except for BarCap GlobalAgg, BarCap US Corporate Index, BarCap Global High Yield and LME copper which are as of previous two trading days' market close.

Past performance is not an indication of future returns

Market Snapshot 2

Bond indices - Total Return	Close	1-day Change (Index Pts.)	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	512	0.0	0.2	0.7	0.7	2.5
JPM EMBI Global	807	0.5	0.3	2.2	5.5	9.2
BarCap US Corporate Index (USD)	2,881	4.3	0.5	1.1	2.8	5.6
BarCap Euro Corporate Index (Eur)	247	0.1	0.6	1.1	1.4	2.4
BarCap Global High Yield (USD)	468	0.0	0.8	2.2	8.8	8.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	196	0.1	0.3	1.5	2.9	5.3
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	251	0.1	0.6	3.0	6.6	6.9

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

Bonds	Close	1-day Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016
US Treasury yields (%)						
3-month	1.09	1.09	1.03	1.10	0.33	0.50
2-Year	1.53	1.56	1.40	1.36	0.79	1.19
5-Year	1.95	1.99	1.83	1.82	1.23	1.93
10-Year	2.32	2.35	2.24	2.27	1.74	2.44
30-Year	2.84	2.86	2.82	2.85	2.51	3.07
Developed market 10-year bond yields (%)						
Japan	0.06	0.07	0.02	0.07	-0.06	0.04
UK	1.28	1.31	1.33	1.19	1.08	1.24
Germany	0.39	0.40	0.45	0.54	0.03	0.20
France	0.81	0.81	0.72	0.80	0.31	0.68
Italy	2.02	2.04	2.04	2.19	1.38	1.81
Spain	1.63	1.61	1.55	1.55	1.11	1.38

Currencies (vs USD)	Latest	1-day Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2016	52-week High	52-week Low
Developed markets								
EUR/USD	1.19	1.18	1.20	1.15	1.10	1.05	1.21	1.03
GBP/USD	1.32	1.32	1.35	1.30	1.23	1.23	1.37	1.20
CHF/USD	1.02	1.02	1.04	1.05	1.01	0.98	1.06	0.97
CAD	1.25	1.25	1.23	1.26	1.31	1.34	1.38	1.21
JPY	112.54	112.94	111.59	111.97	103.44	116.96	118.66	101.20
AUD	1.27	1.27	1.25	1.26	1.30	1.39	1.40	1.23
NZD	1.42	1.40	1.37	1.36	1.38	1.44	1.47	1.32
Asia								
HKD	7.80	7.81	7.80	7.81	7.76	7.76	7.83	7.75
CNY	6.61	6.63	6.58	6.75	6.74	6.95	6.96	6.44
INR	65.04	65.04	64.33	64.28	66.68	67.92	68.86	63.57
MYR	4.22	4.22	4.19	4.29	4.18	4.49	4.50	4.14
KRW	1,132.24	1,130.09	1,131.28	1,120.74	1,123.05	1,205.83	1,211.78	1,110.52
TWD	30.22	30.21	30.14	30.42	31.55	32.33	32.45	29.90
Latam								
BRL	3.17	3.17	3.14	3.15	3.17	3.26	3.51	3.04
COP	2,919.29	2,924.50	2,903.38	3,004.14	2,917.16	3,002.00	3,208.29	2,831.07
MXN	18.80	18.86	17.80	17.56	18.52	20.73	22.04	17.45
EEMEA								
RUB	57.28	57.47	58.11	58.98	62.26	61.54	66.87	55.70
ZAR	13.49	13.57	13.32	12.92	13.83	13.74	14.65	12.31
TRY	3.65	3.68	3.49	3.52	3.06	3.52	3.94	3.06

Commodities	Latest	1-day ago	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,290	1,281	-1.6	3.9	1.6	12.0	1,358	1,121
Brent Oil	57.2	58.2	3.8	15.2	8.7	0.7	59	44
WTI Crude Oil	51.3	52.0	3.7	8.8	-0.6	-4.5	55	42
R/J CRB Futures Index	184	184	0.8	3.0	-3.5	-4.4	196	166
LME Copper	6,967	6,990	6.5	16.8	49.2	25.9	7,177	4,633

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