

US stocks little changed; central bankers' gathering in focus

US stocks and Treasury yields ended little changed ahead of the Jackson Hole symposium

European equities fell and core government bonds rose on heightened risk aversion

Japanese stocks fell whilst Chinese equities rose on hopes for state-owned enterprise reform

Markets

- ▶ **US equities** were little changed on Monday, as investors remained cautious ahead of the Jackson Hole Conference later this week, waiting for speeches by Fed Chair Janet Yellen and ECB President Mario Draghi. Energy shares declined as crude oil prices dropped. The S&P500 ended up 0.1% while the Nasdaq Composite edged down 0.1%.
- ▶ **US Treasuries** rose slightly (yields fell) amid quiet trading as investors awaited addresses by Janet Yellen and Mario Draghi at the Jackson Hole Symposium. 2-year and 10-year yields edged down 1bp to 1.30% and 2.18% respectively.
- ▶ **European equity markets** fell amid thin trading on Monday as investors cautiously awaited central bankers' speeches at the Jackson Hole Symposium later this week. The regional Euro Stoxx 50 lost 0.7%. Among the national indices, the German DAX retreated the most, dropping 0.8%. Meanwhile, the UK's FTSE100 was little changed, sliding just 0.1%, as gains in consumer and material shares helped pare losses.
- ▶ Risk aversion supported demand for safer fixed income assets, in particular for **European government bonds** whose yields fell slightly (prices rose). 10-year yields fell by 1bp in Germany and France and by 2bps in the UK, now yielding 0.40%, 0.70% and 1.07%, respectively. Yields also declined in most periphery markets, apart from Greece.
- ▶ **Asian stock markets** ended mixed on Monday, as investors awaited the gathering of central bankers at Jackson Hole. Concerns over geopolitical risks on the Korean peninsula and political development in the US dampened the mood. Japan's Nikkei 225 closed down 0.4% and India's Sensex down 0.8%. But Chinese markets performed well, with the Shanghai Composite and Hong Kong's Hang Seng adding 0.6% and 0.4% respectively, led by gains in stocks that may benefit from reforms in the state-owned enterprise (SOE) sector. Elsewhere, Thailand's

SET index gained 0.2%, as the country reported its strongest GDP growth in four years (+3.7% yoy in Q2, after +3.3% in Q1).

- ▶ **Crude oil** prices fell on Monday as investors weighed rising output in the US, Libya and Nigeria against OPEC production cuts. WTI for September, which expires today, fell 2.4% to USD47.4 per barrel.

Key Data Releases and Events

Yesterday

- ▶ There were no major data releases yesterday

Releases due today (22 August 2017)

Country	Indicator	Period	Survey	Prior
Germany	ZEW Expectation of Economic Growth	Aug	15.0	17.5
Mexico	GDP (seasonally adjusted, qoq)	Q2 F	0.5%	0.6%

Q - Quarter, F - Final

- ▶ In Germany, the **ZEW Expectation of Economic Growth** is expected to decline to 15.0 in August from 17.5 in July. Financial conditions tightened slightly over the past few weeks which may have adversely affected investor sentiment.
- ▶ **Mexico's Q2 GDP** growth is expected to be revised 0.1pt lower to 0.5% qoq from the preliminary estimate. The first release showed that the service sector grew robustly while agricultural output declined and industrial production remained nearly flat. Consumption stayed resilient, helped by the appreciation of the peso since the turn of the year.

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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)	471	0.1	-1.2	2.5	12.2	11.7	481	403	16.7
North America									
US Dow Jones Industrial Average	21,704	0.1	0.6	4.3	17.0	9.8	22,179	17,884	17.8
US S&P 500 Index	2,428	0.1	-1.8	2.0	11.2	8.5	2,491	2,084	18.6
US NASDAQ Composite Index	6,213	-0.1	-2.7	2.1	18.6	15.4	6,461	5,034	23.3
Canada S&P/TSX Composite Index	14,952	0.0	-1.5	-3.3	1.8	-2.2	15,943	14,319	16.9
Europe									
MSCI AC Europe (USD)	459	0.2	-0.5	0.5	14.4	14.8	471	374	15.1
Euro STOXX 50 Index	3,424	-0.7	-0.8	-4.6	15.3	4.0	3,667	2,923	14.6
UK FTSE 100 Index	7,319	-0.1	-1.8	-2.0	6.7	2.5	7,599	6,654	15.0
Germany DAX Index*	12,066	-0.8	-1.4	-4.5	14.4	5.1	12,952	10,175	13.3
France CAC-40 Index	5,088	-0.5	-0.6	-4.4	15.6	4.6	5,442	4,311	15.0
Spain IBEX 35 Index	10,360	-0.2	-0.6	-4.4	22.6	10.8	11,184	8,408	14.5
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	524	0.2	-0.1	6.5	16.9	22.8	533	419	14.4
Japan Nikkei-225 Stock Average	19,393	-0.4	-3.5	-1.0	17.2	1.5	20,318	16,112	16.7
Australian Stock Exchange 200	5,726	-0.4	0.1	0.0	3.6	1.1	5,957	5,052	16.0
Hong Kong Hang Seng Index	27,155	0.4	1.7	7.9	18.4	23.4	27,876	21,489	12.8
Shanghai Composite Index	3,287	0.6	1.5	6.4	5.8	5.9	3,305	2,969	14.5
Hang Seng China Enterprises Index	10,752	0.5	-0.3	4.7	11.9	14.4	11,147	9,117	8.4
Taiwan TAIEX Index	10,326	0.0	-1.1	3.8	14.3	11.6	10,619	8,880	14.8
Korea KOSPI Index	2,355	-0.1	-3.9	2.9	14.5	16.2	2,453	1,931	10.0
India SENSEX 30 Index	31,259	-0.8	-2.4	2.6	11.3	17.4	32,686	25,718	20.2
Indonesia Jakarta Stock Price Index	5,861	-0.6	1.7	1.2	8.2	10.7	5,912	5,023	16.8
Malaysia Kuala Lumpur Composite Index	1,772	-0.3	0.7	0.2	5.0	7.9	1,797	1,614	16.4
Philippines Stock Exchange PSE Index	8,017	0.0	0.3	3.2	1.1	17.2	8,107	6,499	19.2
Singapore FTSE Straits Times Index	3,247	-0.2	-2.0	0.9	14.2	12.7	3,355	2,761	14.7
Thailand SET Index	1,570	0.2	-0.2	1.3	2.0	1.7	1,601	1,343	15.6
Latam									
Argentina Merval Index	22,967	0.0	6.8	6.3	47.2	35.8	23,154	15,189	13.4
Brazil Bovespa Index*	68,635	-0.1	6.1	9.6	16.1	14.0	69,488	56,459	13.2
Chile IPSA Index	5,102	-0.3	1.8	6.4	23.0	22.9	5,144	4,007	19.1
Colombia COLCAP Index	1,477	0.0	0.4	2.9	9.4	9.3	1,492	1,271	14.9
Mexico Index	51,241	0.3	-0.6	4.4	6.1	12.3	51,772	43,999	18.9
EEMEA									
Russia MICEX Index	1,931	0.4	0.7	-1.3	-1.1	-13.2	2,294	1,775	6.6
South Africa JSE Index	55,304	0.3	2.4	1.9	5.1	9.5	56,396	48,936	15.9
Turkey ISE 100 Index*	107,202	1.3	1.7	14.2	39.0	39.0	110,322	71,793	9.3

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

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Equity Indices - Total Return					
Global equities	3.0	13.2	14.4	16.4	59.8
US equities	2.3	9.6	12.8	26.7	84.7
Europe equities	1.2	17.5	17.6	4.6	42.2
Asia Pacific ex Japan equities	7.6	25.1	20.0	11.8	40.7
Japan equities	4.4	12.0	13.0	20.3	60.9
Latam equities	12.8	22.6	16.6	-14.5	-11.6
Emerging Markets equities	8.0	25.3	19.5	5.5	22.9

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.
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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)	511	0.3	0.5	1.0	0.1	2.4
JPM EMBI Global	796	0.7	0.6	1.8	3.5	7.8
BarCap US Corporate Index (USD)	2,861	2.9	0.1	1.8	2.0	4.9
BarCap Euro Corporate Index (Eur)	246	0.1	0.5	1.1	0.8	1.9
BarCap Global High Yield (USD)	459	0.3	0.1	1.5	8.4	6.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	195	0.0	0.6	1.4	1.7	4.5
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	247	0.0	0.9	1.2	5.3	5.0

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	0.98	1.00	1.16	0.90	0.30	0.50
2-Year	1.30	1.31	1.34	1.27	0.75	1.19
5-Year	1.75	1.76	1.80	1.78	1.16	1.93
10-Year	2.18	2.19	2.24	2.23	1.58	2.44
30-Year	2.76	2.78	2.81	2.90	2.29	3.07
Developed market 10-year bond yields (%)						
Japan	0.03	0.03	0.06	0.04	-0.08	0.04
UK	1.07	1.09	1.17	1.09	0.62	1.24
Germany	0.40	0.41	0.51	0.37	-0.03	0.20
France	0.70	0.71	0.75	0.80	0.19	0.68
Italy	2.03	2.03	2.06	2.13	1.13	1.81
Spain	1.53	1.55	1.45	1.56	0.95	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	1.18	1.18	1.17	1.12	1.13	1.05	1.19	1.03
GBP/USD	1.29	1.29	1.30	1.30	1.31	1.23	1.34	1.18
CHF/USD	1.04	1.04	1.06	1.03	1.04	0.98	1.06	0.97
CAD	1.26	1.26	1.25	1.35	1.29	1.34	1.38	1.24
JPY	108.98	109.18	111.13	111.26	100.22	116.96	118.66	99.94
AUD	1.26	1.26	1.26	1.34	1.31	1.39	1.40	1.24
NZD	1.36	1.37	1.34	1.44	1.38	1.44	1.47	1.32
Asia								
HKD	7.82	7.82	7.81	7.78	7.75	7.76	7.83	7.75
CNY	6.67	6.67	6.77	6.89	6.65	6.95	6.96	6.64
INR	64.14	64.15	64.32	64.64	67.06	67.92	68.86	63.57
MYR	4.29	4.29	4.28	4.32	4.02	4.49	4.50	4.01
KRW	1,138.95	1,141.32	1,118.36	1,126.91	1,117.51	1,205.83	1,211.78	1,089.72
TWD	30.34	30.35	30.42	30.19	31.67	32.33	32.45	29.93
Latam								
BRL	3.17	3.15	3.14	3.25	3.21	3.26	3.51	3.04
COP	2,987.67	2,987.69	3,014.29	2,885.21	2,857.79	3,002.00	3,208.29	2,822.15
MXN	17.66	17.71	17.65	18.73	18.22	20.73	22.04	17.45
EEMEA								
RUB	59.15	58.95	59.36	56.89	63.90	61.54	66.87	55.70
ZAR	13.17	13.16	12.92	13.23	13.52	13.74	14.75	12.31
TRY	3.50	3.52	3.54	3.57	2.93	3.52	3.94	2.92

Commodities	Latest	1-day ago	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,292	1,284	2.9	2.9	-3.7	12.1	1,353	1,121
Brent Oil	51.7	52.7	7.5	-3.6	1.5	-9.1	58	44
WTI Crude Oil	47.4	48.5	3.5	-5.9	-2.4	-11.8	55	42
R/J CRB Futures Index	177	177	-0.1	-4.6	-6.5	-8.3	196	166
LME Copper	6,586	6,486	9.7	15.9	37.3	19.0	6,623	4,582

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