Investment Monthly

End of exceptionalism

May 2025

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HSBC Asset Management

Summary

Macro Outlook

- **Our baseline scenario** is that we move from “tariff escalation” to negotiation. US growth drops below trend while inflation rises
- **Policy uncertainty** has risen to extreme levels, creating the risk of sharper downturn and elevated cross asset market volatility
- In **China**, policy support measures for households, signs of stabilisation in the property market, and expansionary fiscal policy should help mitigate rising external risks
- Rising trade concerns are likely to have diverging effects on **Asian economies** while macro policies should be supportive for growth

Policy Outlook

- The **Fed remains in a holding pattern**. We expect gradual policy easing as rising growth concerns offset inflation worries
- The ECB policy rate is now around neutral. Some further near-term easing is likely but German fiscal stimulus can support growth in 2026
- Elevated global trade uncertainty is expected to prompt **diverging policy responses across Asia**. The Indian and Korean central banks are expected to ease, but Bank Indonesia is constrained
- **Chinese authorities** have pledged a “more proactive” macro policy and measures to boost services consumption to counter global trade tensions

House View

- **Increased policy uncertainty has raised market volatility**, which is consistent with our view of markets ‘spinning around’ in 2025
- Recent weakness in US stocks, bonds, and the dollar could point to an end of **‘US exceptionalism’** and a move towards **‘EAFE exceptionalism’,** with a rotation in performance to previously lagging sectors and regions
- **Diversification is a key theme.** Country diversification is back. Alternatives, such as private credit, hedge funds and defensive real assets can build resilience into portfolios. Gold has been a good hedge against uncertainty. Investors should look beyond bonds for portfolio ballast

Scenarios

SPINNING AROUND	Our central scenario. Stop-start tariff escalation and moderate US spending cuts. Extreme uncertainty. Stock market leadership broadens out. EMs are resilient
TOPPLING OVER	Full blown global trade war and major US spending cuts. Sharp slowdown in growth, hitting EMs. US stocks enter a bear market. Rates rally across the curve
TAKING OFF	Tariff risk dissipates. Animal spirits boost global growth. Europe catches up with resilient US. Stocks perform well. EMs rally as global growth projections upgraded

Source: HSBC Asset Management as at May 2025. The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. The views expressed above were held at the time of preparation and are subject to change without notice. Diversification does not ensure a profit or protect against loss. This information shouldn’t be considered as a recommendation to invest in the country or sector shown.

House View

Investors face a backdrop of **ultra-high policy uncertainty, rising recession risk, and elevated market volatility**. If current trends sustain, a structural rotation toward Europe and Asia will build. Investors should prepare for continued regime uncertainty by considering more granular country, regional, and factor exposures

- **Equities** – A weakening backdrop for US stocks favours a shift in performance to EAFE (DM ex-US) markets. We continue to prefer Europe, EM and Frontier regions given relatively low market valuations and domestic policy stimulus in Europe and China. But elevated volatility and short-term reversals remain a risk
- **Government bonds** – With the Fed in "wait and see" mode amid policy uncertainty and sticky inflation, Treasury yields could be rangebound for a while. Investors may need to look at other asset classes to diversify portfolios
- **Corporate bonds** – Recent volatility has moved spreads wider. Investment Grade fundamentals remain solid, but High Yield spreads could be affected by the impact of policy uncertainty and a consumer slowdown on corporate profits

Equities

Asset Class	House view
Global	↔/▲
US	↔
UK	↔
Eurozone	↔/▲
Japan	↔/▲
Emerging Markets (EM)	▲
CEE & Latam	▼
Frontier	▲

Government bonds

Asset Class	House view
Developed Market (DM)	↔/▲
US 10-year	↔/▲
UK 10-year	▲
Germany 10-year	↔
Japan	▼
Inflation-linked bonds	↔/▲
EM (local currency)	▲

Corporate bonds

Asset Class	House view
Global investment grade (IG)	↔/▲
USD IG	↔
EUR & GBP IG	↔
Asia IG	↔/▲
Global high-yield	↔/▼
US high-yield	▼
Europe high-yield	▼
Asia high-yield	↔/▲
Securitised credit	▲
EM aggregate bond (USD)	▲

FX & Alternatives

Asset Class	House view
Gold	▲
Other commodities	↔
Real assets	▲▲
Hedge funds	▲▲
Private credit	▲▲
Private equity	↔
US dollar (DXY)	↔/▼
Crypto assets	▼▼

Asian assets

Asset Class	House view
Asia local bonds	▲
RMB bonds	↔
Asia ex-Japan equities	↔/▲
China	▲
India	▲
ASEAN	↔/▲
Hong Kong	▲
Asia FX (ADXY)	↔

▲▲▲	Max Positive	↔/▼	Neutral/Negative bias
▲▲	Positive	▼	Negative Bias
▲	Positive Bias	▼▼	Negative
↔/▲	Neutral/Positive bias	▼▼▼	Max Negative
↔	Neutral		

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

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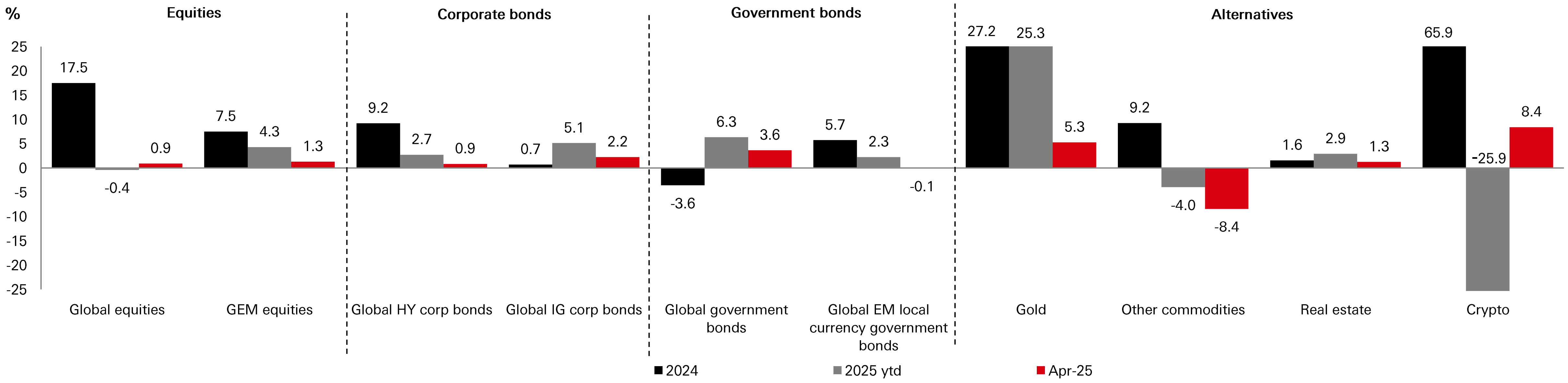
Asset class performance at a glance

A rollercoaster ride in investment markets saw correlations going haywire, with initial selloffs in both US stocks and bonds, and persistent weakness in the dollar versus major currencies. Chinese equities underperformed, but European and emerging markets were more resilient. Gold rallied on demand for perceived safe-haven assets

- **Government bonds** – US 10-year Treasury yields experienced significant volatility in response to policy uncertainty and a weaker growth outlook but closed the month flat. UK and German government bond yields declined
- **Equities** – April saw heightened volatility in US stocks and a broadening of performance benefiting more attractively valued markets in Europe and Asia. In emerging markets, Latin America and India were among the strongest performers, while markets in China finished the month lower
- **Alternatives** – Heightened volatility early in the month gave way to a rebound for real assets like real estate and infrastructure Elsewhere, the oil price saw significant weakness, while gold continued to break to new highs



Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future. This information shouldn't be considered as a recommendation to invest in the country or sector shown. The views expressed above were held at the time of preparation and are subject to change without notice. Source: Bloomberg, all data above as at close of business 30 April 2025 in USD, total return, month-to-date terms. Note: Asset class performance is represented by different indices. **Global Equities:** MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities**: MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return Index unhedged. **Government bonds**: Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. **Commodities and real estate:** Gold Spot $/OZ, Other commodities: S&P GSCI Total Return CME. **Real Estate**: FTSE EPRA/NAREIT Global Index TR USD. **Crypto**: Bloomberg Galaxy Crypto Index.

Macro scenarios

	TOPPLING OVER	SPINNING AROUND	TAKING OFF
Trade/ Fiscal	Full blown **global trade war** and major US spending cuts (**DOGE**)	Stop-start tariff escalation and moderate US spending cuts. **Extreme uncertainty**	Tariffs as a bargaining tool. **"Mission economy"** takes hold in Europe
Growth	**Sharp slowdown** as real incomes undermined and confidence hit	US growth moderates to around 1.5-2%. **End of US exceptionalism**	**Animal spirits** boost global growth. Europe catches up with resilient US
Inflation	Short-term boost to inflation, but fades as demand destroyed	**Converges to around 2.5%,** but path remains bumpy	**Settles in 2.0-2.5% "grey" range** - not high enough to prompt Fed hikes
Monetary Policy	Initial pause in rate cuts, but then **big easing** amid growth damage	**A few rate cuts for Western central banks**	**Easing cycle cut short**. Higher neutral rate
China	Tariffs and property sector weakness **weigh on growth**	**Stable growth** as domestic policy easing offsets headwind from tariffs	**Growth pickup** as property sector recovers and confidence returns

HSBC AM VIEW

Source: HSBC Asset Management, May 2025**.** The commentary and analysis presented in this document reflect the opinion of HSBC Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Asset Management. Consequently, HSBC Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in this document. Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. HSBC Asset Management accepts no liability for any failure to meet such forecast, projection or target.

Market scenarios

	TOPPLING OVER	SPINNING AROUND	TAKING OFF
Stocks	SPX enters **bear market**. US tech vulnerable given valuations. VIX spike	**Broadening out** of market leadership to laggard sectors, regions. VIX picks up	**Global stocks perform well**. High-beta markets shine
Fixed income	**Rates rally** across the curve, curve steepens. Credit spreads widen	Range-bound yields, some upside risk to credit spreads. **Focus on income flows**	Some **upside risk to yields** as growth remains strong. Credit spreads still tight
EM	**EMs hit** amid weaker global growth and trade challenges	Does well amid growth resilience, Fed cuts, China stimulus and good valuations	**EM rallies** as global growth projections upgraded, better trade news discounted
USD	**USD boosted** by safe-haven status, but weaker in Trump 2.0?	**Tug of war** between US inflation pressures vs end of US exceptionalism	Upside to USD limited by global growth expansion. EUR rallies
Top bets	USTs, gold, CHF, macro HFs, best IG, defensives, quality, momentum	Value, quality, mid-caps. EM/Europe/Japan > western markets. IG > HY	Europe/China > US. HY credits. Industrial metals. China. Crypto>gold.

NOW

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Cautious easing in the face of downside growth risks

		Consensus				Policy	
		Growth		Inflation		End-25 policy rate (HSBC AM)	2025 Fiscal impulse
		2025	2026	2025	2026		
US	The economy entered 2025 with elevated profits and a strong labour market. However, sharp increases in tariffs and policy uncertainty have weakened business and consumer confidence. The Fed is set to take a cautious approach to policy easing given concerns that tariffs could have a persistent impact on inflation	1.4	1.5	2.8	2.6	**3.50-4.00%**	**Mild drag**
Eurozone	The ECB delivered another 25bp rate cut, warning downside growth risks are rising. ECB president Lagarde stressed policy needs to be "ready and agile", keeping the door open for further rate cuts. Forward-looking surveys have weakened, hinting at weaker growth in Q225	0.8	1.2	2.1	1.9	**1.75-2.25%**	**Neutral**
UK	The BoE faces difficult trade-offs. A sharp fall in April's PMI heralds weaker Q2 GDP, reflecting trade worries and higher taxes. Service sector inflation remains sticky due to elevated wage growth. Gradual easing is likely, but increased recession risks could spur more aggressive action	0.9	1.2	3.1	2.3	**3.50-4.00%**	**Drag**
Japan	The BoJ is in "wait and see" mode, assessing the impact of tariffs on the economy. Despite downside growth risks, the BoJ should remain confident its 2% inflation target will be achieved over the medium-term. Positive wage-price dynamics support a gradual normalisation of monetary policy	1.0	0.8	2.7	1.9	**0.75-1.00%**	**Neutral**
China	Q1 GDP was solid, with strength broad-based. Exports increased, driven by front-loading ahead of anticipated higher US tariffs. Retail sales improved, aided by the trade-in programme and policy support measures. Real estate remains a structural headwind for growth, deflation pressures persist	4.2	4.2	0.4	1.0	**1.00-1.40%***	**Boost**
India	Rising growth concerns prompted the RBI to shift to an "accommodative" stance. The direct impact of higher US tariffs on exports is modest, but a global recession would be problematic. Headline inflation dropped further below the RBI's 4% target, increasing room for lower rates	6.4	6.5	4.1	4.5	**5.50-6.00%**	**Neutral**

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Asset class positioning

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

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▲▲	Positive	▼	Negative Bias
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↔/▲	Neutral/Positive bias	▼▼▼	Max Negative
↔	Neutral		

	Asset class	House view	Comments
Equities	**Global**	↔/▲	Markets face volatility amid ultra-high policy uncertainty, 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
	US	↔	Earnings growth expectations have weakened, with some firms reluctant to issue forward guidance. Risks to the growth outlook include trade policy uncertainty, threats to tech sector dominance, and weaker consumer confidence. Looser fiscal policy, tax cuts and deregulation could be supportive. Rich valuations make prices vulnerable to disappointment
	UK	↔	UK stocks trade at record valuation discounts relative to other regions and offer an attractive combined dividend and buyback yield. Weak domestic growth is a risk, but ongoing policy easing should be beneficial. Firms remain vulnerable to volatility driven by signs of slowing global growth and policy uncertainty
	Eurozone	↔/▲	Eurozone stocks offer both value and cyclical exposure partially linked to China and could benefit as global market leadership broadens out. Profits expectations for 2025 should be met, but the growth outlook could be affected by global trade policy uncertainty. Fiscal spending commitments in Germany should support long-run growth
	Japan	↔/▲	The local macro backdrop and corporate reform tailwinds remain supportive, and the earnings outlook has been resilient. Domestically oriented sectors look more favorable versus those with higher overseas exposure, especially amid ongoing external trade uncertainties and upward pressures on the yen due to potential haven-demand inflows
	Emerging Markets (EM)	▲	EM growth premiums (vs DM) are expected to widen, with overall valuations favorable and the USD playing a key role in their performance. They remain unloved, as reflected in low P/E multiples. However, EMs should not be treated as a single bloc given their idiosyncrasies. It's crucial to remain selective amid ongoing trade policy and geopolitical uncertainty
	CEE & Latam	▼	In Central and Eastern Europe, economies face mixed challenges complicated by global trade tensions and geopolitical developments. Latam equity valuations remain undemanding, but political risks, a mixed commodity outlook, and the domestic macro backdrop present near-term headwinds, along with the potential impact of trade policy on regional economies
	Frontier Markets	▲	A key attraction of frontier markets is exposure to smaller, rapidly-growing, domestically-driven economies that benefit from local idiosyncrasies. There tends to be low intra-country correlation between them, and they benefit from comparatively low volatility, potentially attractive valuations, and relatively strong earnings growth
Government bonds	**Developed Markets (DM)**	↔/▲	A combination of global policy uncertainty and the re-emergence of growth concerns in early 2025 has driven US Treasuries to outperform (yields have fallen), providing a hedge against equity market volatility. But the potential for a sustained decline in yields appears limited if the US economy does not fall into recession
	US 10-year	↔/▲	Yields have retraced recently on softer-than-expected macro data and increased concerns over downside risks. A cautious Fed, inflation risks stemming from trade policy uncertainty, and fiscal concerns should keep yields above 4% for most of the year. USTs still provide an attractive yield and scope for capital gains if the economy weakens markedly
	UK 10-year	▲	Gilts have experienced gyrations in both directions from global yield moves and this is set to continue. However, rising UK fiscal concerns have also widened the spread between 10-year Gilt and UST yields amid signs of weaker US growth. We expect 10-year Gilt yields to fall gradually during 2025, aided by an improving UK inflation outlook
	Germany 10-year	↔	German yields have risen sharply on expectations of higher growth and bond issuance following new commitments on fiscal spending. Further ECB policy easing and US tariffs should limit any further increases during the remainder of 2025. We expect the spread to 10-year UST yields to narrow modestly as US yields drift lower and Bund yields drift higher
	Japan	▼	The BoJ has raised interest rates as part of a gradual normalisation of policy, although conditions will likely remain accommodative. With minimal bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	↔/▲	Market-implied breakeven inflation expectations have narrowed on US growth concerns, lower oil prices, and trade policy uncertainty. European breakevens have also benefited from German commitments on fiscal spending. US ILBs should outperform nominal bonds given the headwinds of policy uncertainty
	EM local currency	▲	Inflation does not appear to be an issue in EM, with most central banks continuing to cut rates despite the Fed pause, catalysing a growth cycle in many regions. Broad US dollar weakness helped by softer US growth and a re-rating of international growth expectations is a tailwind, but will need to be monitored closely in 2025

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↔	Neutral		

	Asset class	House view	Comments
Corporate bonds	**Global investment grade (IG)**	↔▲	IG credit spreads remain tight, and while recent volatility has moved spreads wider, the move has been contained and still reflects seemingly full valuations. Global policy remains a potential headwind, particularly if it leads to a widespread loss of confidence
	USD IG	↔	US IG credit remains at spreads meaningfully below historical averages with most non-financial sectors at or near cyclical tights. Technicals have been highly supportive on high all-in yields and solid fundamentals. The main risk would be a stagflation scenario where Treasury yields back-up and spreads widen as inflation stays sticky even if growth weakens
	EUR and GBP IG	↔	The risks for European IG credit are finely balanced and we expect the market to trade in a range. Fundamentals are reasonably strong for IG issuers, especially European banks. With the ongoing back-up in German bond yields, we would expect the attraction of higher all-in yields to attract more buyers. The main risk for European IG is a global risk-off event
	Asia IG	↔▲	Asia IG spreads are expected to remain within a tight range, with carry strategies a key contributor to alpha generation. Asia IG's shorter duration, strong quality bias, and solid demand are positives, with support from Chinese fiscal stimulus and AI/tech advancements. All-in yields are attractive. We emphasise credit selection with an idiosyncratic focus
	Global high-yield (HY)	↔▼	The risk to spreads may be to the upside given global trade policy uncertainty and signs of cooling consumer confidence, which is starting to filter through to the latest corporate earnings and guidance for 2025. We maintain a more defensive stance with a preference for higher quality
	US HY	▼	Investor sentiment has weakened on policy uncertainty. There is a risk that prospective tariffs become a headwind to consumer demand and result in lower profit margins – both forces that will work against HY spreads. Our bias is to maintain a more defensive stance in credit beta with a preference for higher quality names within HY
	Europe HY	▼	Current valuations are stretched, with spreads at their tightest since June 2007. Single-B valuations look particularly expensive. These issuers are sensitive to growth risks and average borrowing rates. We like banks and insurers where credit fundamentals are strong, but we are underweight autos where structural challenges compound cyclical weakness
	Asia HY	↔▲	Asia HY performance is anticipated to be mixed, with near-term spread widening pressure amid US policy uncertainty and idiosyncratic concerns for credit selection. China's cyclical macro outlook is cushioned by a clear pro-growth/market policy put, while fundamentals and technicals for ASEAN and Indian credits remain largely solid. HY carry is still attractive
	Securitised credit	▲	Spreads remain wider than the tights of the range since 2009 so there is long-term value in securitised credit despite recent tightening. As long as rates remain high, floating securitised credit can generate high income as base rates feed directly into the income paid
	EM aggregate bond (USD)	▲	Both EM corporate and sovereign credit spreads have experienced modest widening on the shock from trade policy uncertainty, stock market weakness, and US government spending cuts. Corporates benefit from superior technicals and fundamentals
FX & Alternatives	**Gold**	▲	Gold has rallied to new highs in 2025, with central banks continuing to be major buyers. Investor demand has also been strong, driven by a flight to safe-haven assets as a result of rising geopolitical tensions, global policy uncertainty, and financial market volatility
	Other commodities	↔	Geopolitical tensions have emerged as a heightened risk factor. China's economic story will be a critical driver, with a meaningful recovery likely to provide a boost to prices. OPEC+ market management is also a key influence on oil prices
	Real assets	▲▲	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. Meanwhile, infrastructure debt offers better expected returns than global credits, and lower spread volatility during economic slowdowns.
	Hedge funds	▲▲	Hedge funds can be good diversifiers in an environment of elevated inflation and market phases where there are sharp upticks in volatility. Macro and CTA strategies can be particularly attractive alternatives to bonds when there are positive stock-bond correlations
	Private credit	▲▲	As interest rates normalise, private credit continues to offer attractive all-in yields, and an illiquidity premium that suits long-term investors. It can also serve as a useful portfolio diversifier. Default rates remain consistently low
	Private equity	↔	Reduced borrowing costs and positive momentum across the broader capital markets spectrum is expected to drive a normalisation of PE transaction flow over the coming quarters. PE firms have experienced a tough period for exits and fundraising – with the majority of firms with the largest amount of dry powder globally being US-based
	US dollar (DXY)	↔▼	The USD shows signs of losing its shine as US exceptionalism is increasingly challenged, and with trade and policy uncertainty weighing more on US growth sentiment. Shrinking yield differentials for the dollar has been the main fundamental basis for recent weakness, and we expect further weakness over 2025
	Crypto	▼▼	Crypto prices accelerated to new highs in early 2025, with new ETFs continuing to see strong inflows. However, prices have experienced a marked pick-up in volatility. More regulatory certainty could provide upside, but high sensitivity to sentiment and thin liquidity could deter mainstream institutional investors

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	Asset class	House view	Comments
Asian assets	**Asia local bonds**	▲	Macro-stability indicators are largely sound with an overall benign inflation outlook. We expect most EM Asian central banks to ease policy opportunistically given growth concerns from US policy/global trade uncertainty, while staying vigilant on FX volatility/financial stability concerns. We focus on capturing the divergent performance across regional curves
	RMB bonds	↔	Improved investor sentiment toward China's cyclical growth outlook and risky assets may limit the upside, but low inflation and an accommodative monetary policy space remain supportive. A further pick-up in government bond supply will exert upward pressures on yields, but the central bank's liquidity management will help mitigate the impact
	Asia ex-Japan equities	↤▲	Asian markets offer broad sector diversification and fair valuations, with China's growth-supportive policy and other structural stories serving as positives. The tech sector remains the regional profit engine, with rising optimism over China's AI and tech developments. However, export-oriented markets may remain more vulnerable to external shocks
	China equities	▲	Growing adoption of AI technology, together with the government's pro-growth policy tone have bolstered market confidence. Meanwhile, domestic challenges and geopolitical risks (such as trade frictions) are still reflected in valuation discounts. Relatively low exposure to overseas markets may partially shield firms from external uncertainties
	India equities	▲	Valuations remain rich compared to Asian peers, especially for mid-cap stocks. That said, we have seen further signs of a gradual, albeit uneven, growth recovery recently, with a more supportive macro policy backdrop. India's resilience to external headwinds and a strong structural story serve as positive catalysts for performance in the medium term
	ASEAN equities	↤▲	Valuations are fair in ASEAN, buoyed by modest monetary easing and some structural drivers. The earnings outlook is largely stable despite noticeable dispersion across markets. Nevertheless, exposure to global trade tensions, currency volatility, and idiosyncratic risks such as domestic political and policy uncertainty in a few economies warrants caution
	Hong Kong equities	▲	Despite heightened external trade frictions, market sentiment remains buoyed by hopes for Chinese stimulus and tech sector developments. Domestic macro challenges and geopolitical risks continue to be concerns. However, valuations are appealing, reflected in below-average P/Bs, well-below-long-term average P/Es, and relatively high dividend yields
	Asia FX (ADXY)	↔	US/global policy and macro uncertainties are near-term headwinds, but low valuations, overall solid fundamentals and China's policy put are supportive. Central banks may allow greater FX flexibility as an external shock absorber but will likely stay vigilant on financial stability risks from volatile capital flows with macro-prudential measures in place

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Market Data

April 2025

EQUITY INDICES	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
World								
MSCI AC World Index (USD)	834	0.8	-4.1	10.2	-0.9	888	723	18.0
North America								
US Dow Jones Industrial Average	40,669	-3.2	-8.7	7.5	-4.4	45,074	36,612	20.0
US S&P 500 Index	5,569	-0.8	-7.8	10.6	-5.3	6,147	4,835	21.0
US NASDAQ Composite Index	17,446	0.9	-11.1	11.4	-9.7	20,205	14,784	26.1
Canada S&P/TSX Composite Index	24,842	-0.3	-2.7	14.4	0.5	25,876	21,467	15.5
Europe								
MSCI AC Europe (USD)	604	3.8	6.8	10.8	14.1	614	516	14.6
Euro STOXX 50 Index	5,160	-1.7	-2.4	4.9	5.4	5,568	4,474	14.8
UK FTSE 100 Index	8,495	-1.0	-2.1	4.3	3.9	8,909	7,545	12.2
Germany DAX Index*	22,497	1.5	3.5	25.5	13.0	23,476	17,025	15.7
France CAC-40 Index	7,594	-2.5	-4.5	-4.9	2.9	8,259	6,764	15.0
Spain IBEX 35 Index	13,288	1.2	7.4	22.4	14.6	13,515	10,299	12.1
Italy FTSE MIB	37,605	-1.2	3.1	11.4	10.0	39,826	30,653	11.2
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	581	1.4	0.8	7.8	2.0	632	507	13.6
Japan Nikkei-225 Stock Average	36,045	1.2	-8.9	-6.1	-9.6	42,427	30,793	18.7
Australian Stock Exchange 200	8,126	3.6	-4.8	6.0	-0.4	8,615	7,169	17.9
Hong Kong Hang Seng Index	22,119	-4.3	9.4	24.5	10.3	24,874	16,441	10.1
Shanghai Stock Exchange Composite Index	3,279	-1.7	0.9	5.6	-2.2	3,674	2,690	12.5
Hang Seng China Enterprises Index	8,076	-5.2	9.4	28.7	10.8	9,211	5,772	9.5
Taiwan TAIEX Index	20,235	-2.2	-14.0	-0.8	-12.2	24,417	17,307	14.6
Korea KOSPI Index	2,557	3.0	1.6	-5.0	6.5	2,896	2,285	9.2
India SENSEX 30 Index	80,242	3.7	3.5	7.7	2.7	85,978	70,234	21.6
Indonesia Jakarta Stock Price Index	6,767	3.9	-4.8	-6.5	-4.4	7,911	5,883	11.0
Malaysia Kuala Lumpur Composite Index	1,540	1.8	-1.1	-2.3	-6.2	1,685	1,387	13.8
Philippines Stock Exchange PSE Index	6,355	2.8	8.4	-5.2	-2.7	7,605	5,805	10.0
Singapore FTSE Straits Times Index	3,833	-3.5	-0.6	16.4	1.2	4,005	3,198	11.9
Thailand SET Index	1,197	3.4	-8.9	-12.5	-14.5	1,507	1,056	13.2
Latam								
Argentina Merval Index	2,100,844	-10.2	-18.1	58.7	-17.1	2,867,775	1,323,586	8.5
Brazil Bovespa Index*	135,067	3.7	7.1	7.3	12.3	137,469	118,223	8.0
Chile IPSA Index	8,041	5.1	11.7	23.5	19.8	8,070	6,082	11.9
Colombia COLCAP Index	1,637	2.1	7.5	20.6	18.6	1,659	1,272	7.8
Mexico S&P/BMV IPC Index	56,259	7.2	9.9	-0.8	13.6	58,170	48,770	11.6
EEMEA								
Saudi Arabia Tadawul All Share Index	11,672	-2.9	-6.0	-5.8	-3.0	12,536	10,657	15.1
South Africa JSE Index	91,583	3.3	6.5	20.4	8.9	91,954	75,753	13.3
Turkey index	9,312.1	-6.0	-9.3	-9.6	-7.7	11,252.1	8,566.6	4.1

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2025. (*) Indices expressed as total returns. All others are price returns.
Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

Market Data (continued)

April 2025

EQUITY INDICES - TOTAL RETURN	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	-3.6	-0.4	11.8	34.1	84.8	2.0
US equities	-7.9	-5.1	11.8	39.2	101.6	1.4
Europe equities	7.9	15.3	13.7	36.9	82.8	3.3
Asia Pacific ex Japan equities	1.3	2.7	10.4	12.3	36.9	2.9
Japan equities	4.0	5.6	8.3	34.7	52.3	2.4
Latam equities	10.0	20.5	-4.3	15.8	75.7	5.5
Emerging Markets equities	2.4	4.3	9.0	12.0	36.0	2.8

All total returns quoted in USD terms.
Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Latam Total Return Index and MSCI Emerging Markets Total Return Index.

BONDS	Close	End of last month	3-months Ago	1-year Ago	Year End 2024
US Treasury yields (%)					
3-Month	4.29	4.29	4.28	5.39	4.31
2-Year	3.60	3.88	4.20	5.04	4.24
5-Year	3.73	3.95	4.33	4.72	4.38
10-Year	4.16	4.21	4.54	4.68	4.57
30-Year	4.68	4.57	4.79	4.78	4.78
Developed market 10-year bond yields (%)					
Japan	1.31	1.49	1.24	0.87	1.09
UK	4.44	4.67	4.54	4.35	4.56
Germany	2.44	2.74	2.46	2.58	2.36
France	3.17	3.45	3.20	3.05	3.19
Italy	3.56	3.87	3.55	3.91	3.52
Spain	3.11	3.37	3.07	3.35	3.06

BOND INDICES - TOTAL RETURN	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAgg (Hedged in USD)	593	1.0	1.8	7.4	2.2
JPM EMBI Global	917	-0.1	1.0	8.8	2.3
BarCap US Corporate Index (USD)	3,364	0.0	1.7	7.6	2.3
BarCap Euro Corporate Index (Eur)	261	1.0	0.5	6.2	1.0
BarCap Global High Yield (USD)	634	0.0	-0.2	9.8	1.1
BarCap US High Yield (USD)	2710	0.0	-0.4	8.7	1.0
BarCap pan-European High Yield (USD)	606	0.4	0.7	9.4	1.4
BarCap EM Debt Hard Currency	456	0.8	2.3	9.7	3.3
Markit iBoxx Asia ex-Japan Bond Index (USD)	230	0.1	1.8	7.7	2.4
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	266	-0.9	1.6	9.2	1.9

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2025. 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.

Market Data (continued)

April 2025

CURRENCIES (VS USD)	Latest	End of last month	3-months Ago	1-year Ago	Year End 2024	52-week High	52-week Low
Developed markets							
DXY index	99.47	104.21	108.37	106.22	108.49	110.18	97.92
EUR/USD	1.13	1.08	1.04	1.07	1.04	1.16	1.01
GBP/USD	1.33	1.29	1.24	1.25	1.25	1.34	1.21
CHF/USD	1.21	1.13	1.10	1.09	1.10	1.24	1.09
CAD	1.38	1.44	1.45	1.38	1.44	1.48	1.34
JPY	143.1	150.0	155.2	157.8	157.2	162.0	139.6
AUD	1.56	1.60	1.61	1.54	1.62	1.69	1.44
NZD	1.68	1.76	1.78	1.70	1.79	1.82	1.57
Asia							
HKD	7.76	7.78	7.79	7.82	7.77	7.82	7.75
CNY	7.27	7.26	7.24	7.24	7.30	7.35	7.00
INR	84.49	85.47	86.62	83.44	85.61	87.95	82.96
MYR	4.32	4.43	4.46	4.77	4.47	4.77	4.09
KRW	1,425	1,474	1,454	1,382	1,479	1,487	1,303
TWD	31.97	33.20	32.68	32.58	32.79	33.28	31.53
Latam							
BRL	5.67	5.71	5.84	5.19	6.17	6.32	5.04
COP	4,226	4,184	4,209	3,922	4,406	4,546	3,808
MXN	19.62	20.47	20.68	17.14	20.83	21.29	16.53
ARS	1,171.30	1,073.10	1,050.75	876.72	1,030.99	1,206.42	876.20
EEMEA							
RUB	82.00	83.16	98.69	93.45	113.52	115.07	78.17
ZAR	18.61	18.32	18.67	18.78	18.84	19.93	17.04

COMMODITIES	Latest	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	3,289	5.3	17.5	43.8	25.3	3,500	2,277
Brent Oil	63.1	-15.5	-17.8	-28.2	-15.4	88	58
WTI Crude Oil	58.2	-18.6	-19.7	-29.0	-18.8	85	55
R/J CRB Futures Index	289	-6.6	-5.3	-0.9	-2.7	317	265
LME Copper	9,125	-6.0	0.9	-8.7	4.1	11,105	8,105

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 April 2025.
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Important information

Basis of Views and Definitions of ‘Asset class positioning’ tables

- Views are based on regional HSBC Asset Management Asset Allocation meetings held throughout **April 2025**, HSBC Asset Management’s long-term expected return forecasts which were generated as at **31 March 2025**, our portfolio optimisation process and actual portfolio positions.
- **Icons:** ↑ View on this asset class has been upgraded **–** No change ↓ View on this asset class has been downgraded.
- Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- “*Overweight*” implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- “*Underweight*” implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- “*Neutral*” implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 March 2025.**
- Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 April 2025**.

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