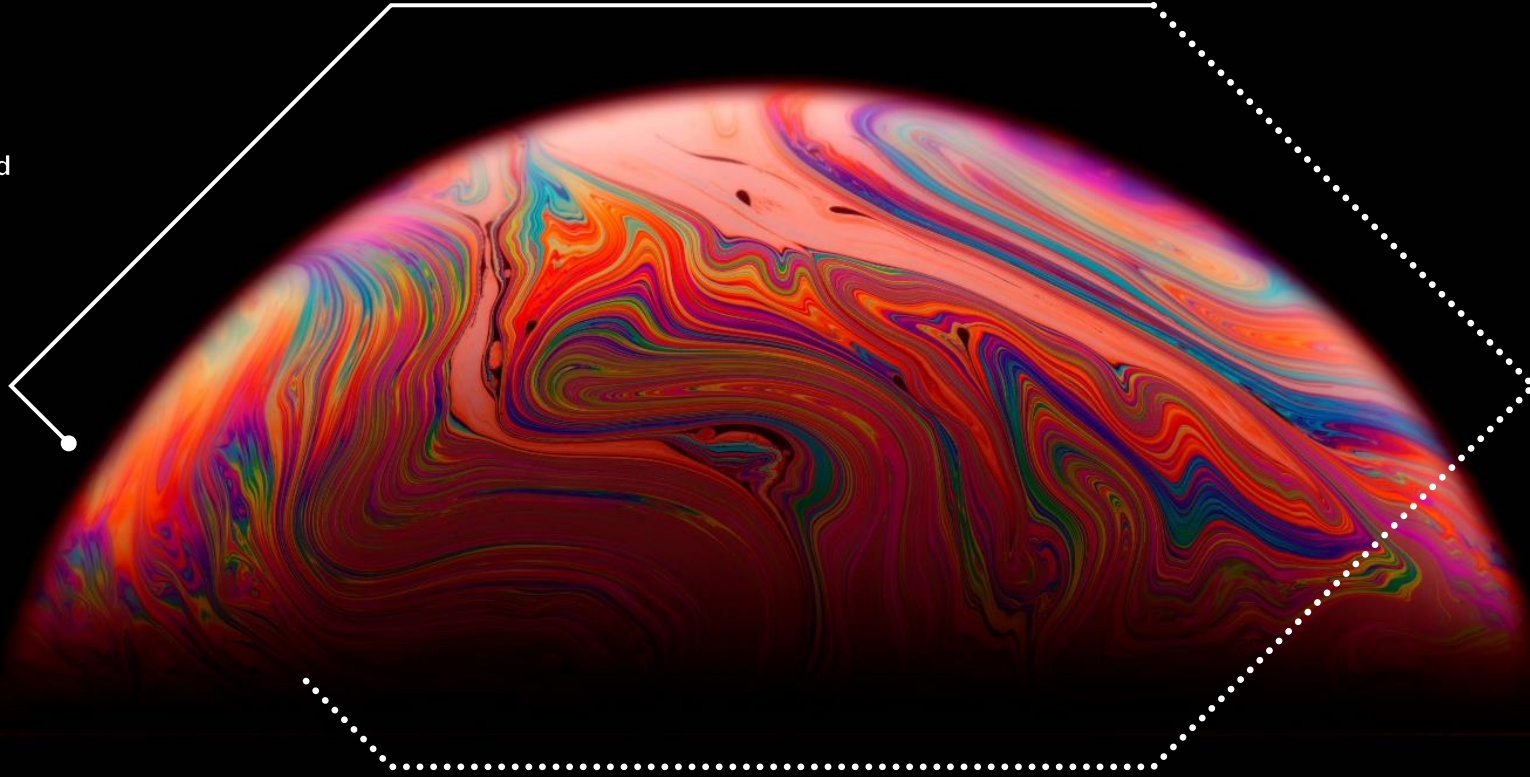


Investment Monthly

Bond vigilantes are back

June 2025

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should not be distributed to or relied
upon by Retail Clients.



Macro Outlook

- ◆ **Our baseline scenario** is that tariffs settle close to current levels. US growth drops below trend while inflation rises
- ◆ But **policy uncertainty** remains high, creating the risk of a 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 lingering external risks
- ◆ Trade disruption is likely to have diverging effects on **Asian economies** while macro policies should be supportive for growth

House View

- ◆ **Ultra-high policy uncertainty** and stop-start tariff escalation have raised market volatility, in line with our view of markets ‘spinning around’ in 2025
- ◆ Relative underperformance in US stocks, bonds, and the dollar point to an end of **‘US exceptionalism’** and a move towards **‘EAFE exceptionalism’**
- ◆ **Bond vigilantes are back.** Concerns about “deficits forever” are causing volatility in US Treasuries and affecting their reliability as a diversifier
- ◆ **As bond-equity correlations go haywire**, it will be important to find new sources of portfolio diversification. EM country level stock performance looks increasingly uncorrelated. Alternatives, such as private credit, hedge funds and defensive real assets can build resilience into portfolios

Policy Outlook

- ◆ The **Fed** is in “wait and see” mode. We expect some further gradual policy easing later this year, as rising growth concerns offset inflation worries
- ◆ The **ECB** policy rate should move into accommodative territory. German fiscal stimulus is likely to 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
- ◆ **Chinese authorities** have pledged a “more proactive” macro policy but may limit fiscal measures on a substantial de-escalation of US-China tariffs

Scenarios

SPINNING AROUND	Our central scenario. Tariffs close to current levels, 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	Tariffs abandoned. 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 June 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.

Cooling growth and the relative underperformance of US stocks, bonds, and the dollar point to an **end of 'US exceptionalism'**. We expect a broadening out of asset returns beyond the US and a move towards 'EAFE exceptionalism', with low valuations potentially being unlocked by policy puts and policy stimulus, particularly in Europe and China

- ◆ **Equities** – Reasonably resilient global growth and potential policy puts in Europe and China should encourage a further “broadening out” of market leadership. We continue to prefer Europe, EM, and Frontier regions given their improving profits growth and superior valuations
- ◆ **Government bonds** – A regime of “deficits forever” and a cautious Fed implies that bond vigilantes will keep 10-year Treasury yields high in 2025. Treasuries’ ability to offer portfolio protection may be impaired
- ◆ **Corporate bonds** – While both investment grade and high yield credit spreads have tightened recently, relatively high ‘all in’ yields are compelling for investors seeking steady income flows. Policy uncertainty remains a potential headwind

Equities		Government bonds		Corporate bonds		FX & Alternatives		Asian assets	
Asset Class	House view	Asset Class	House view	Asset Class	House view	Asset Class	House view	Asset Class	House view
Global	↗▲	Developed Market (DM)	↗▲	Global investment grade (IG)	↗▲	Gold	▲	Asia local bonds	▲
US	↔	US 10-year	↔	USD IG	↗▲	Other commodities	↔	RMB bonds	↗▲
UK	↔	UK 10-year	▲	EUR & GBP IG	↗▲	Real assets	▲▲	Asia ex-Japan equities	▲
Eurozone	↗▲	German 10-year	▲	Asia IG	↗▲	Hedge funds	▲▲	China	▲
Japan	↔	Japan	▼	Global high-yield	↗▼	Private credit	▲▲	India	▲
Emerging Markets (EM)	▲	Inflation-linked bonds	↗▲	US high-yield	▼	Private equity	↔	ASEAN	↗▲
CEE & Latam	▼	EM (local currency)	▲	Europe high-yield	▼	US dollar (DXY)	▼	Hong Kong	▲
Frontier	▲			Asia high-yield	↗▲	Crypto assets	▼▼	Asia FX (ADXY)	↗▲
				Securitised credit	▲				
				EM hard currency (USD)	▲				

Key to views

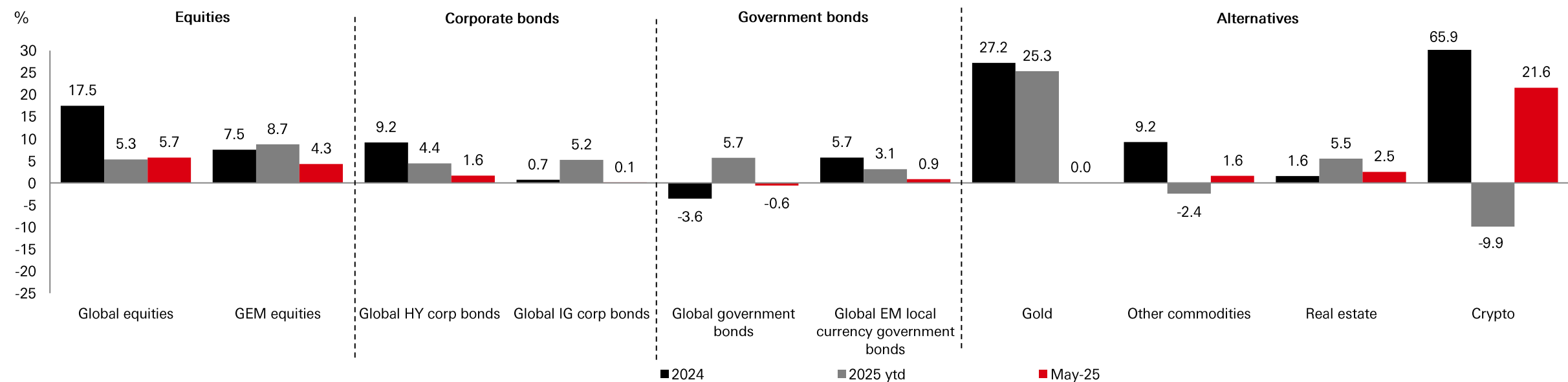
▲▲	Positive	↗▼	Neutral/Negative bias
▲	Positive Bias	▼	Negative Bias
↗▲	Neutral/Positive bias	▼▼	Negative
↔	Neutral		

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









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Global stock markets saw a broad rally in May on signs of de-escalating trade tensions. Worries over unsustainable fiscal dynamics kept government bond yields elevated, while the US dollar consolidated after recent weakness. Chinese offshore stocks led an Asian market recovery, with gains across EM and Frontier markets




- ◆ **Government bonds** – US 10-year Treasuries saw further volatility in May, with already elevated yields rising on continuing trade policy uncertainty and worries over widening deficits. Japanese long bond yields also saw a sharp move higher
- ◆ **Equities** – May saw US stocks largely recover losses from early in Q1/Q2, led by a technology sector rebound. German stocks set the pace in a positive month for European markets. In EMs, Taiwan and Korea rallied on easing trade tensions, while Chinese technology stocks delivered strong gains in the offshore market
- ◆ **Alternatives** – Global policy uncertainty saw quoted real asset indices like real estate and infrastructure equity trade in a narrow range. Oil prices lacked direction at sub-USD70/barrel, while gold consolidated close to all-time 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 31 May 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.




	 TOPPLING OVER	 SPINNING AROUND	 TAKING OFF
 Trade/ Fiscal	Tariff re-escalation and major US spending cuts (DOGE)	Tariffs around current level, moderate US spending cuts. Uncertainty impact	Tariffs abandoned. “Mission economy” takes hold in Europe
 Growth	Sharp slowdown as real incomes undermined and confidence hit	US growth moderates to around 1.0-1.5%. End of US exceptionalism	Animal spirits boost global growth. Europe catches up with resilient US
 Inflation	Short-term boost to US inflation, but fades as demand destroyed	3.0-3.5% in US , moderate across other DMs and many EMs	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	Gradual easing for Western central banks and some EMs	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

Source: HSBC Asset Management, June 2025.
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	<div> TOPPLING OVER</div>	<div> SPINNING AROUND</div>	<div> TAKING OFF</div>
<div> Stocks</div>	SPX back to early 2023 levels. US tech most vulnerable. VIX spike	Broadening out of market leadership. SPX fat and flat range. VIX stays high	Global stocks perform well (SPX 6500?) High-beta markets shine
<div> Fixed income</div>	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
<div> EM</div>	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
<div> USD</div>	USD buoyed 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
<div> Top bets</div>	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.

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Uncertainty requires forecast humility

		Consensus		Policy 	
		Growth (%) 	Inflation (%) 	12m ahead 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, higher tariffs and elevated policy uncertainty have dented business and consumer confidence. The Fed is set to take a cautious approach to policy easing given the cloudy outlook and perceived upside inflation risks	<div><div>1.4</div><div>1.5</div></div>	<div><div>2.8</div><div>2.7</div></div>	3.50-4.00%	Mild drag
Eurozone	The ECB remains on a gradual easing path and may take the policy rate mildly below its neutral level. Its willingness to ease reflects improving inflation data and concerns about near-term downside risks to growth. Looking ahead to 2026, German fiscal stimulus should start to support the economy	<div><div>0.8</div><div>1.1</div></div>	<div><div>2.1</div><div>1.9</div></div>	1.25-1.75%	Neutral
UK	The BoE faces difficult trade-offs and is split on the path policy should take. Surveys suggest Q1’s strong growth will reverse in Q2, reflecting trade worries and higher taxes. Service-sector inflation remains sticky due to elevated wage growth, but the labour market is cooling. Continued gradual policy easing is likely	<div><div>1.0</div><div>1.1</div></div>	<div><div>3.0</div><div>2.3</div></div>	3.25-3.75%	Drag
Japan	The BoJ is in “wait and see” mode amid global trade policy uncertainty. Despite soft Q1 GDP and possible downside growth risks, inflation has held up and the BoJ expects its 2% target will be achieved over the medium-term. Positive wage-price dynamics support a gradual normalisation of monetary policy	<div><div>0.8</div><div>0.8</div></div>	<div><div>2.8</div><div>1.8</div></div>	0.75-1.00%	Neutral
China	Easing US-China trade tensions have reduced downside risks for the Chinese economy. Activity data have been resilient so far. However, an uneven cyclical recovery and deflationary pressures stemming from persistent economic imbalances suggest further targeted policy support remains likely	<div><div>4.5</div><div>4.1</div></div>	<div><div>0.3</div><div>1.0</div></div>	1.10-1.40%	Moderate boost
India	Further measured monetary easing is likely amid high real policy rates, moderate credit growth, and inflation close to the 4% target. The FY26 Union Budget strikes a balance between growth support and fiscal prudence. Tax cuts, monetary easing and lower oil prices should aid a recovery in urban demand	<div><div>6.3</div><div>6.5</div></div>	<div><div>3.9</div><div>4.3</div></div>	5.50-5.75%	Neutral

Past performance is not a reliable indicator of future performance.
Source: HSBC Asset Management, consensus numbers from Bloomberg, June 2025. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target. This information shouldn't be considered as a recommendation to invest in the specific country mentioned.

Asset class positioning

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

Key to views			
▲▲	Positive	↔▼	Neutral/Negative bias
▲	Positive Bias	▼	Negative Bias
↔▲	Neutral/Positive bias	▼▼	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 further 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	↔	Valuations remain attractive, bolstered by corporate reform tailwinds, particularly investor-friendly corporate actions. However, the earnings outlook for cyclical areas is sensitive to global macro and trade conditions. Potential strength in the yen and JGB yields could add further headwinds. We believe domestically-oriented sectors look more favourable
	Emerging Markets (EM)	▲	Premium growth rates are evident in EMs, where overall valuations remain favorable. A weaker dollar could bolster EM equities, which are currently under-owned, as reflected by their low 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, the re-emergence of growth concerns in early 2025, and worries over “deficits forever” has driven volatility in government bonds, with yields remaining elevated. The potential for a sustained decline in yields appears limited if the US economy does not fall into recession
	US 10-year	↔	Yields have been volatile in recent months reflecting the uncertain macro and policy outlook. Slower growth should lead to modest Fed easing, with a gradual decline in rates, but inflation risks and fiscal concerns are likely to keep yields above 4%
	UK 10-year	▲	Gilts have been volatile recently, driven by global yield moves amid increased policy uncertainty. Diminishing worries of a US recession have prompted a narrowing of the 10-year yield spread between the UK and US. We expect 10y Gilt yields to fall gradually during 2025, aided by lower UK supply worries
	German 10-year	▲	German yields have risen sharply on expectations of higher growth and bond issuance following new commitments on fiscal spending. Falling inflation and ECB policy easing means Bunds can perform well in periods of market stress. 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 gradual policy normalisation, although conditions will likely remain accommodative with the central bank signalling no rush to raise rates further amid global policy uncertainty. With minimal bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	↔▲	Global (ex-US) breakevens (the difference between nominal yields and real yields) have narrowed in response to US growth concerns, lower oil prices, and the impact of tariffs on domestic growth. But valuations remain cheap for US ILBs, with markets pricing almost no inflation risk premium
	EM local currency	▲	Emerging market local currency debt looks positioned to do well in a backdrop of high real yields, strong fundamentals, and a weakening US dollar. Indeed, strengthening EM currencies, combined with falling inflation, are allowing EM central banks to ease policy, further boosting the appeal of EM local bond markets to global investors

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↔	Neutral		

Asset class	House view	Comments
Corporate bonds	Global investment grade (IG)	↔▲ IG credit spreads have reversed their recent widening and are low in a historical context. Nonetheless, all in yields remain reasonable. Global policy uncertainty remains a potential risk, particularly if it leads to a widespread loss of confidence and an unexpectedly sharp slowdown
	USD IG	↔▲ US IG spread valuations have improved compared to early 2025 levels but remain way below long-term averages. All in yields are high, but demand has taken a hit with retail flows slowing markedly recently. Fundamental credit metrics remain solid, but US IG would be vulnerable to general risk-off episodes and any structural push towards de-dollarisation
	EUR and GBP IG	↔▲ European IG credit valuations have improved but are not compelling, with all in yields still relatively attractive. Technicals are strong, with the asset class in demand. The main risk for is a global risk-off event, and returns could also be affected if inflation risks prevent the ECB from easing policy according to plan
	Asia IG	↔▲ Asia IG benefits from attractive all in yields and limited issuance amid accommodative onshore funding conditions, as credit fundamentals remain sound. Asia IG’s shorter duration and strong quality bias help reduce overall volatility. We emphasise credit selection with a focus on idiosyncrasies amid global rate volatility and macro/policy uncertainty
	Global high-yield (HY)	↔▼ The risk to spreads may be to the upside given their rapid retracement from April’s peak at a time when the uncertain outlook is starting to filter through to the latest corporate earnings guidance for 2025. We maintain a more defensive stance with a preference for higher quality credits
	US HY	▼ Investor sentiment has improved following the de-escalation of tariffs between the US and China. However, policy headlines and potential for further tensions could continue to be major driver for where spreads will land during the rest of 2025. Spreads could widen if trade deals do not come to fruition, disappoint in scope, or if tariffs revert to higher levels
	Europe HY	▼ Current valuations are not compelling, with near-term uncertainty looking higher than usual. Single-B valuations look expensive, with these issuers sensitive to growth risks and financing 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 offers attractive yields and spread tightening potential relative to global peers. Positive technicals are aided by accommodative domestic macro policies and lower onshore rates. The market is now much more diversified structurally, and the wide dispersion in valuations across sectors provides opportunities amid elevated global uncertainty
	Securitised credit	▲ Spreads remain wider than the tights of the range since 2009 so there is long-term value in securitised credit compared to other credit markets. As long as rates remain high, floating securitised credit can generate high income as base rates feed directly into the income paid
FX & Alternatives	EM hard currency (USD)	▲ EM hard-currency debt is a structurally improving asset class with ratings upgrades outpacing downgrades. Moreover, policy stimulus from China and Europe provides some offset to headwinds from trade tariffs. Any spread widening from here is likely to be limited
	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	▲▲ With elevated rate uncertainty, private credit yields remain attractive due to their illiquidity premium. The asset class is expected to see further growth this year, and default rates remain relatively low. An upside of global policy uncertainty is that it can lead to improved lender terms/increased yields both on new transactions and refinancings
	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)	▼ Policy uncertainty has weighed on US growth sentiment, with the USD weakening versus major currencies. This trend could continue as investors worry about US growth, high deficits, and an end of US exceptionalism. Investors are now exploring hedging foreign exchange for US stock exposures, which is a major shift in psychology
FX & Alternatives	Crypto	▼▼ Crypto prices accelerated to new highs in early 2025 but remain highly correlated to risk and US administration news flow. More regulatory certainty could provide upside, but high sensitivity to sentiment and thin liquidity could deter mainstream institutional investors

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↔▲	Neutral/Positive bias	▼▼	Negative
↔	Neutral		

Asset class		House view	Comments
Asian assets	Asia local bonds	▲	The weaker USD should cushion the impact of a higher US term premium and rates volatility, with Asia’s sound fundamentals, macro stability indicators, and policy mix helping to lower local rate sensitivity to external market pressures. Disinflation and monetary easing remain supportive. We focus on idiosyncratic opportunities across regional curves
	RMB bonds	↔▲	The US-China trade truce has lowered market expectations for imminent rate cuts or additional fiscal stimulus. Despite already-low yields, the monetary easing bias amid deflationary pressures and external growth headwinds remains supportive, with potentially more foreign asset allocation inflows. The PBoC will likely continue its proactive liquidity management
	Asia ex-Japan equities	▲	Asian markets offer broad sector diversification and attractively-valued quality-growth opportunities. Prudent policy easing across the region, China’s policy put and other long-term themes continue to serve as positives. However, persistent trade uncertainties may lead to uneven impacts, with export-oriented markets more vulnerable to external shocks
	China equities	▲	Growing AI technology adoption, along with the government’s favourable policy signals and US-China tariff de-escalation have bolstered market confidence. Valuation discounts still reflect investor concerns surrounding domestic challenges and geopolitical risks, but firms’ relatively low overseas exposure may partially shield them from external headwinds
	India equities	▲	Valuations remain rich compared to Asian peers, especially for mid-/small-cap stocks. That said, there are further signs of a gradual, albeit uneven, macro and earnings growth recovery, with a supportive 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	↔▲	Overall valuations are fair, buoyed by modest monetary easing and structural drivers. The earnings outlook shows signs of improvement despite continuing divergence across markets. Nevertheless, exposure to global trade uncertainties, regional fund-flows, and idiosyncratic risks such as domestic developments warrants caution
	Hong Kong equities	▲	Market sentiment remains buoyed by hopes for Chinese stimulus, tech sector developments, and lower local rates, despite ongoing worries about the global trade outlook, domestic macro challenges, and geopolitical risks. However, valuations are appealing, reflected in well-below-long-term average P/Bs and P/Es, and relatively high dividend yields
	Asia FX (ADXY)	↔▲	Asian currencies are supported by sound external balances, relative growth resilience, and cheap valuations. Increased hedging of USD assets, FX conversion by exporters, and diversification flows into non-US assets provide support, with FX a potential topic in US trade talks. But persistent global trade and policy uncertainty could trigger further volatility

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May 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)	880	5.5	1.9	12.0	4.5	888	723	19.2
North America								
US Dow Jones Industrial Average	42,270	3.9	-3.6	9.3	-0.6	45,074	36,612	21.0
US S&P 500 Index	5,912	6.2	-0.7	12.0	0.5	6,147	4,835	22.5
US NASDAQ Composite Index	19,114	9.6	1.4	14.2	-1.0	20,205	14,784	29.3
Canada S&P/TSX Composite Index	26,175	5.4	3.1	17.5	5.9	26,418	21,467	16.5
Europe								
MSCI AC Europe (USD)	627	3.8	7.1	10.4	18.5	633	516	15.2
Euro STOXX 50 Index	5,367	4.0	-1.8	7.7	9.6	5,568	4,474	15.4
UK FTSE 100 Index	8,772	3.3	-0.4	6.0	7.3	8,909	7,545	13.4
Germany DAX Index*	23,997	6.7	6.4	29.7	20.5	24,326	17,025	16.7
France CAC-40 Index	7,752	2.1	-4.4	-3.0	5.0	8,258	6,764	15.3
Spain IBEX 35 Index	14,152	6.5	6.0	25.0	22.1	14,371	10,299	12.8
Italy FTSE MIB	40,087	6.6	3.7	16.2	17.3	40,709	30,653	12.1
Asia Pacific								
MSCI AC Asia Pacific ex Japan (USD)	609	4.8	5.5	11.2	6.9	632	507	14.3
Japan Nikkei-225 Stock Average	37,965	5.3	2.2	-1.4	-4.8	42,427	30,793	19.3
Australian Stock Exchange 200	8,435	3.8	3.2	9.5	3.4	8,615	7,169	18.9
Hong Kong Hang Seng Index	23,290	5.3	1.5	28.8	16.1	24,874	16,441	10.4
Shanghai Stock Exchange Composite Index	3,347	2.1	0.8	8.4	-0.1	3,674	2,690	12.9
Hang Seng China Enterprises Index	8,432	4.4	0.2	31.9	15.7	9,211	5,772	9.7
Taiwan TAIEX Index	21,347	5.5	-7.4	0.8	-7.3	24,417	17,307	15.6
Korea KOSPI Index	2,698	5.5	6.5	2.3	12.4	2,896	2,285	9.6
India SENSEX 30 Index	81,451	1.5	11.3	10.1	4.2	85,978	70,234	21.9
Indonesia Jakarta Stock Price Index	7,176	6.0	14.4	2.9	1.4	7,911	5,883	11.9
Malaysia Kuala Lumpur Composite Index	1,508	-2.1	-4.2	-5.5	-8.2	1,685	1,387	13.8
Philippines Stock Exchange PSE Index	6,342	-0.2	5.7	-1.4	-2.9	7,605	5,805	10.2
Singapore FTSE Straits Times Index	3,895	1.6	0.0	16.7	2.8	4,005	3,198	12.3
Thailand SET Index	1,149	-4.0	-4.5	-14.6	-17.9	1,507	1,056	12.7
Latam								
Argentina Merval Index	2,278,992	8.5	3.3	38.0	-10.1	2,867,775	1,333,622	9.4
Brazil Bovespa Index*	137,027	1.5	11.6	12.2	13.9	140,382	118,223	8.3
Chile IPSA Index	8,048	0.1	9.8	21.3	19.9	8,493	6,082	11.8
Colombia COLCAP Index	1,609	-1.7	0.1	14.9	16.6	1,702	1,272	7.2
Mexico S&P/BMV IPC Index	57,842	2.8	10.5	4.8	16.8	59,735	48,770	12.6
EEMEA								
Saudi Arabia Tadawul All Share Index	10,990	-5.8	-9.3	-4.5	-8.7	12,536	10,657	14.2
South Africa JSE Index	94,331	3.0	9.8	23.0	12.2	95,162	75,753	11.3
Turkey index	9,356.0	-0.6	-6.6	-13.3	-8.2	11,252.1	8,566.6	3.6

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 May 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)

May 2025

EQUITY INDICES - TOTAL RETURN	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
Global equities	2.5	5.3	13.7	41.6	87.3	1.9
US equities	-0.4	1.0	13.6	48.5	104.1	1.3
Europe equities	8.8	20.6	13.4	42.1	82.8	3.2
Asia Pacific ex Japan equities	6.3	8.0	13.9	17.8	44.4	2.8
Japan equities	9.7	9.9	11.2	37.8	49.6	2.3
Latam equities	13.9	22.4	0.4	8.7	67.7	5.3
Emerging Markets equities	6.3	8.7	13.0	16.3	40.7	2.7

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	4.33	4.29	4.29	5.40	4.31
2-Year	3.90	3.60	3.99	4.87	4.24
5-Year	3.96	3.73	4.02	4.51	4.38
10-Year	4.40	4.16	4.21	4.50	4.57
30-Year	4.93	4.68	4.49	4.65	4.78
Developed market 10-year bond yields (%)					
Japan	1.49	1.31	1.37	1.06	1.09
UK	4.65	4.44	4.48	4.32	4.56
Germany	2.50	2.44	2.41	2.66	2.36
France	3.16	3.17	3.14	3.14	3.19
Italy	3.48	3.56	3.54	3.98	3.52
Spain	3.09	3.11	3.04	3.39	3.06

BOND INDICES - TOTAL RETURN	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
BarCap GlobalAqq (Hedged in USD)	591	-0.3	0.2	6.1	1.8
JPM EMBI Global	925	0.9	0.2	7.8	3.1
BarCap US Corporate Index (USD)	3,364	0.0	-0.3	5.6	2.3
BarCap Euro Corporate Index (Eur)	262	0.5	0.5	6.5	1.5
BarCap Global High Yield (USD)	645	1.7	0.7	10.3	2.9
BarCap US High Yield (USD)	2755	1.7	0.6	9.3	2.7
BarCap pan-European High Yield (USD)	615	1.5	1.0	9.8	2.9
BarCap EM Debt Hard Currency	459	0.7	1.4	8.5	4.0
Markit iBoxx Asia ex-Japan Bond Index (USD)	231	0.3	0.5	6.4	2.7
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	268	0.9	0.4	7.9	2.8

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 May 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)

May 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	99.33	99.47	107.61	104.67	108.49	110.18	97.92
EUR/USD	1.13	1.13	1.04	1.08	1.04	1.16	1.01
GBP/USD	1.35	1.33	1.26	1.27	1.25	1.36	1.21
CHF/USD	1.22	1.21	1.11	1.11	1.10	1.24	1.09
CAD	1.37	1.38	1.45	1.36	1.44	1.48	1.34
JPY	144.0	143.1	150.6	157.3	157.2	162.0	139.6
AUD	1.55	1.56	1.61	1.50	1.62	1.69	1.44
NZD	1.68	1.68	1.79	1.63	1.79	1.82	1.57
Asia							
HKD	7.84	7.76	7.78	7.82	7.77	7.85	7.75
CNY	7.20	7.27	7.28	7.24	7.30	7.35	7.00
INR	85.58	84.49	87.51	83.47	85.61	87.95	83.23
MYR	4.26	4.32	4.46	4.71	4.47	4.73	4.09
KRW	1,382	1,425	1,459	1,386	1,479	1,487	1,303
TWD	29.88	31.97	32.91	32.47	32.79	33.28	29.46
Latam							
BRL	5.72	5.67	5.88	5.25	6.17	6.32	5.24
COP	4,159	4,226	4,154	3,868	4,406	4,546	3,860
MXN	19.44	19.62	20.55	17.01	20.83	21.29	17.45
ARS	1,189.45	1,171.30	1,063.69	895.54	1,030.99	1,206.42	895.22
EEMEA							
RUB	77.50	82.00	89.46	90.38	113.52	115.07	76.85
ZAR	18.00	18.61	18.69	18.79	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	0.0	15.1	41.3	25.3	3,500	2,287
Brent Oil	63.9	1.2	-12.7	-21.7	-14.4	88	58
WTI Crude Oil	60.8	4.4	-12.9	-21.0	-15.2	85	55
R/J CRB Futures Index	290	0.6	-3.8	0.1	-2.1	317	265
LME Copper	9,498	4.1	1.5	-5.4	8.3	10,238	8,105

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 31 May 2025.
Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.

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 **May 2025**, HSBC Asset Management's long-term expected return forecasts which were generated as at **30 April 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 **30 April 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 **31 May 2025**.

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