

Investment Daily

US stocks gained led by technology shares as Treasury yields retreated

European stocks extended gains; government bonds rose

Asian stock markets lacked clear direction as sector rotation continued

US stocks rose as technology shares rebounded

US equities advanced on Tuesday, as US Treasury yields retreated and technology and consumer discretionary stocks rebounded. The S&P 500 gained 1.4%, while the Nasdaq surged 3.7%.

US Treasuries rose (yields fell) amid a solid start to a slate of debt auctions, with strong demand for a 3-year note auction. 10-year yields fell 6bp to 1.53%, the first decline in five sessions, while 5-year yields fell 4bp to 0.81%. A sale of USD38 billion of 10-year notes is set for Wednesday and USD24 billion of 30-year bonds on Thursday.

European stocks continued to rise on Tuesday, following their strongest session in around four months on Monday led by gains in oil and utility sectors. Overall, the Euro Stoxx 50 ended the session 0.6% higher. Meanwhile, Germany's DAX and France's CAC 40 both rose 0.4%. In the UK, the FTSE 100 gained 0.2%.

Most **European government bonds** rose (yields fell), despite risk-on sentiment for investors which saw stocks rise on the session, as reports suggested the ECB had increased its weekly purchases of government bonds last week. In Germany, 10-year yields ended the session 2bp lower with French equivalent yields 3bp lower. Meanwhile, periphery spreads tightened with Italian 10-year BTP yields down 7bp. In the UK, 10-year gilt yields fell 3bp.

Asian stock markets lacked clear direction on Tuesday, despite US stimulus optimism as sector rotation from longer duration growth stocks to cyclical and value stocks continued. Japan's Nikkei 225 rallied 1.0%. India's Sensex gained 1.2% led by gains in financials stocks, while energy shares declined amid reports that oil companies have been told by the government not to revise fuel prices for now. Meanwhile, China's Shanghai Composite was down 1.8% amid lingering concerns about high valuations in certain stocks, despite reports of state fund buying. Korea's Kospi ended 0.7% lower amid weakness in the tech sector.

Crude oil prices retreated on Tuesday, as investors took some profit and amid an upgrade to US oil production forecasts in the US Energy Information Administration's monthly short-term outlook report. Meanwhile, an industry report showed US crude inventories rose by 12.8 million barrels last week. WTI crude for April delivery fell 1.6% to USD64.0 a barrel.

Key Data Releases and Events

Yesterday

Mexico CPI rose to 3.76% yoy in February, broadly in-line with the expected 3.75% yoy. The year-over-year pickup was mainly due to the non-core energy category, although core inflation remained stubbornly above policymakers' 3% yoy mid-point.

Releases due today (10 March 2021)

Country	Indicator	Period	Survey	Prior
China	CPI (yoy)	Feb	-0.3%	-0.3%
United States	CPI (yoy)	Feb	1.7%	1.4%
Canada	Bank of Canada Interest Rate Decision	Mar 10	0.25%	0.25%

In **China**, February headline **CPI inflation** may have held steady at -0.3% yoy, despite hikes to domestic fuel prices. Monthly gains in food prices eased, especially for pork, while supply disruptions last year lifted the comparison base. Services prices likely moderated on a monthly basis following the Lunar New Year holiday.

Headline **US CPI inflation** is expected to rise to 1.7% yoy in February, partially due to the annual change in gasoline prices returning to positive territory. Subtracting out more volatile energy and food categories, core CPI is expected to remain unchanged at 1.4% yoy.

Meanwhile, the **Bank of Canada** is expected to maintain its overnight rate at its "effective lower bound" of 0.25%. Governor Macklem recently said "monetary policy will need to provide stimulus for a considerable period" as complete recovery was "still a long way off".



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Produced by the Global Investment Strategy Unit (globalassetmanagement.investmentstrategy@hsbc.com)

Market Snapshot

Equity Indices	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)
World									
MSCI AC World Index (USD)	663	1.3	-2.0	5.1	38.6	2.6	687	379	19.7
North America									
US Dow Jones Industrial Average	31,833	0.1	1.5	5.9	33.5	4.0	32,010	18,214	20.3
US S&P 500 Index	3,875	1.4	-0.9	5.5	41.1	3.2	3,950	2,192	21.9
US NASDAQ Composite Index	13,074	3.7	-6.7	6.0	64.4	1.4	14,175	6,631	31.4
Canada S&P/TSX Composite Index	18,599	0.8	1.0	5.9	28.1	6.7	18,580	11,173	16.5
Europe									
MSCI AC Europe (USD)	510	1.0	0.8	4.6	27.3	2.5	521	307	16.1
Euro Stoxx 50 Index	3,786	0.6	3.4	7.3	27.9	6.6	3,743	2,303	18.3
UK FTSE 100 Index	6,730	0.2	3.0	2.5	12.8	4.2	6,904	4,899	14.7
Germany DAX Index	14,438	0.4	3.0	8.2	35.9	5.2	14,197	8,256	15.7
France CAC-40 Index	5,925	0.4	4.1	6.8	25.9	6.7	5,871	3,632	18.3
Spain IBEX 35 Index	8,496	0.6	4.9	3.2	10.2	5.2	8,963	5,815	18.4
Italy FTSE MIB Index	23,817	0.6	2.2	8.4	28.9	7.1	23,652	14,153	13.7
Asia Pacific									
MSCI AC Asia Pacific ex Japan (USD)	683	0.8	-5.7	5.9	40.1	3.1	746	384	17.8
Japan Nikkei-225 Stock Average	29,028	1.0	-1.6	8.2	47.4	5.8	30,715	16,358	22.2
Australian Stock Exchange 200	6,771	0.5	-0.7	0.6	17.5	2.8	6,938	4,403	19.5
Hong Kong Hang Seng Index	28,773	0.8	-2.4	8.6	14.9	5.7	31,183	21,139	13.0
Shanghai Composite Index	3,359	-1.8	-6.8	-0.4	14.1	-3.3	3,732	2,647	12.8
Hang Seng China Enterprises Index	10,973	-0.4	-5.4	4.6	9.9	2.2	12,272	8,290	10.8
Taiwan TAIEX Index	15,853	0.2	0.3	10.2	44.4	7.6	16,579	8,524	17.5
Korea KOSPI Index	2,976	-0.7	-3.5	8.0	52.2	3.6	3,266	1,439	14.4
India SENSEX 30 Index	51,025	1.2	-0.6	10.7	43.2	6.9	52,517	25,639	29.8
Indonesia Jakarta Stock Price Index	6,200	-0.8	0.3	4.3	20.7	3.7	6,505	3,912	15.8
Malaysia Kuala Lumpur Composite Index	1,625	0.8	2.4	-1.3	14.1	-0.1	1,696	1,208	13.5
Philippines Stock Exchange PSE Index	6,767	0.1	-4.2	-4.7	7.2	-5.2	7,432	4,039	18.8
Singapore FTSE Straits Times Index	3,109	1.2	5.9	9.3	11.7	9.3	3,048	2,208	15.7
Thailand SET Index	1,551	0.4	2.1	4.6	23.5	7.0	1,562	969	19.8
Latam									
Argentina Merval Index	46,476	0.4	-11.1	-10.5	53.0	-9.3	56,114	22,061	8.8
Brazil Bovespa Index*	111,331	0.7	-6.8	-1.5	29.4	-6.5	125,324	61,691	11.2
Chile IPSA Index	4,838	2.7	6.5	16.6	19.9	15.8	4,799	2,851	15.5
Colombia COLCAP Index	1,342	0.4	-2.8	-3.0	-0.2	-6.7	1,554	881	12.2
Mexico S&P/BMV IPC Index	47,104	0.1	4.6	10.2	21.6	6.9	46,925	32,503	13.9
EEMEA									
Russia MOEX Index	3,414	1.9	1.5	8.3	27.9	5.8	3,521	2,074	7.7
South Africa JSE Index	68,426	0.3	5.4	15.8	40.6	15.6	69,404	37,178	12.5
Turkey ISE 100 Index*	1,530	1.2	0.3	14.7	49.6	4.9	1,582	819	7.5

*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	5.4	2.8	40.8	33.5	89.5
US equities	5.6	2.9	45.5	47.5	113.4
Europe equities	5.0	2.8	30.0	13.7	50.8
Asia Pacific ex Japan equities	6.3	3.4	43.2	27.0	95.2
Japan equities	3.3	0.6	32.5	20.5	66.1
Latam equities	-6.2	-9.9	13.1	-23.5	23.8
Emerging Markets equities	5.3	2.3	42.0	17.2	88.0

All total return data quoted in USD terms and subject to a one-day lag. Data sourced from MSCI AC World Total Return Index, MSCI US Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Emerging Latin America Total Return Index, and MSCI Emerging Markets Total Return Index.

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

Source: Bloomberg, HSBC 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)	584	0.0	-1.6	-2.1	-1.4	-2.4
JPM EMBI Global	885	2.3	-4.3	-3.9	1.9	-5.2
BarCap US Corporate Index (USD)	3,383	0.0	-3.5	-3.9	-0.5	-5.0
BarCap Euro Corporate Index (Eur)	264	0.2	-0.6	-0.9	2.4	-0.7
BarCap Global High Yield (Hedged in USD)	543	0.0	-1.4	0.4	10.6	-0.6
Markit iBoxx Asia ex-Japan Bond Index (USD)	226	0.0	-1.4	-0.8	2.0	-1.3
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	287	-0.2	-0.2	0.6	6.1	-0.3

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 2020
US Treasury yields (%)						
3-month	0.03	0.03	0.03	0.07	0.34	0.06
2-Year	0.16	0.16	0.12	0.15	0.38	0.12
5-Year	0.81	0.85	0.47	0.40	0.48	0.36
10-Year	1.53	1.59	1.16	0.94	0.54	0.91
30-Year	2.23	2.32	1.95	1.68	1.00	1.64

Developed market 10-year bond yields (%)						
Japan	0.12	0.12	0.07	0.02	-0.17	0.02
UK	0.72	0.75	0.46	0.26	0.16	0.19
Germany	-0.30	-0.28	-0.45	-0.61	-0.86	-0.57
France	-0.06	-0.03	-0.23	-0.36	-0.39	-0.34
Italy	0.69	0.76	0.51	0.58	1.42	0.54
Spain	0.36	0.40	0.13	0.02	0.26	0.04

Currencies (vs US dollar)	Latest	1-day Ago	1-month Ago	3-months Ago	1-year Ago	Year End 2020	52-week High	52-week Low
Developed markets								
EUR/USD	1.19	1.18	1.21	1.21	1.15	1.22	1.23	1.06
GBP/USD	1.39	1.38	1.38	1.34	1.31	1.37	1.42	1.14
CHF/USD	1.08	1.07	1.12	1.12	1.08	1.13	1.14	1.01
CAD	1.26	1.27	1.27	1.28	1.37	1.27	1.47	1.25
JPY	108.5	108.9	104.6	104.2	102.4	103.3	111.7	101.2
AUD	1.30	1.31	1.29	1.34	1.52	1.30	1.81	1.25
NZD	1.39	1.40	1.38	1.42	1.58	1.39	1.83	1.34
Asia								
HKD	7.76	7.77	7.75	7.75	7.77	7.75	7.79	7.75
CNY	6.51	6.53	6.44	6.54	6.95	6.53	7.18	6.42
INR	72.93	73.26	72.88	73.57	74.09	73.07	76.92	72.27
MYR	4.12	4.11	4.05	4.06	4.22	4.02	4.45	4.00
KRW	1,140	1,133	1,117	1,084	1,204	1,086	1,294	1,080
TWD	28.37	28.22	28.18	28.51	30.10	28.30	30.53	27.76
Latam								
BRL	5.81	5.82	5.38	5.17	4.72	5.20	5.97	4.61
COP	3,598	3,615	3,583	3,466	3,793	3,430	4,237	3,374
MXN	21.19	21.49	20.10	19.88	20.78	19.91	25.78	19.55
EEMEA								
RUB	73.91	74.21	73.89	73.88	68.57	74.41	82.87	66.17
ZAR	15.30	15.54	14.73	14.97	16.09	14.69	19.35	14.40
TRY	7.62	7.76	7.07	7.83	6.15	7.44	8.58	6.07

Commodities	Latest	1-day ago	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,716.1	1,683.5	-6.6	-6.7	2.1	-9.6	2,075	1,452
Brent Oil	67.5	68.2	10.5	38.2	96.5	30.3	68	16
WTI Crude Oil	64.0	65.1	9.7	40.6	105.6	31.9	65	-40
R/J CRB Futures Index	191.3	192.3	3.9	20.4	32.1	14.0	196	101
LME Copper	8,998.5	8,998.5	10.4	16.5	62.6	15.9	9,617	4,371

Source: Bloomberg, HSBC 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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