

# Investment Daily

US stocks rose as details of a USD2.3tn infrastructure plan was unveiled, while Treasuries fell

European stocks edged lower amid quarter-end profit taking

Asian stock markets fell as investors weighed economic data releases

## US stocks rose as Biden unveiled USD2.3tn infrastructure plan

**US equities** rose on Wednesday as the White House released details of President Joe Biden's USD 2.3 trillion infrastructure package. The package sets aside funding for traditional infrastructure upgrades as well as funding for manufacturing, broadband and R&D. Alongside the spending plans, Biden proposed various corporate tax increases to fund the bill including a higher corporate tax rate. Investors weighed the timeline of the package and gauged the level of pushback in Congress, while eyeing a second package expected in the coming weeks focused on spending in education, childcare and healthcare. The S&P 500 rose 0.4%.

**US Treasuries** fell (yields rose) on Wednesday as risk appetite improved and as quarter-end rebalancing flows provided lacklustre support. Investors also assessed the possible impact on economic growth and inflation from Biden's infrastructure proposal. 10-year yields rose 4bp to 1.74%.

**European stocks** edged lower on Wednesday amid quarter-end profit taking and as near-term virus fears weighed on sentiment. The Euro Stoxx 50 closed 0.2% lower led by losses in cyclical sectors. The UK's FTSE 100 underperformed (-0.9%) amid sterling strength and as lower oil prices pressured energy stocks.

Meanwhile, most **European government bonds** edged higher (yields fell) as the latest Eurozone inflation data came in slightly lower than expected. Benchmark 10-year German bund yields held steady at -0.29%, while 10-year Italian yields dropped 1bp to 0.67%.

**Asian stock markets** fell on Wednesday as investors weighed economic data releases and as longer-maturity US Treasury yields continued to climb. China's Shanghai Composite dropped 0.4% despite a positive surprise in both services and manufacturing PMI data. Japan's Nikkei 225 was 0.9% lower amid a deeper-than-expected fall in industrial production figures. Korea's Kospi edged 0.3% lower, while Australia's ASX200 bucked the broader regional trend and gained 0.8%.

**Crude oil prices** fell on Wednesday as investors weighed renewed virus restrictions in France and while OPEC+ expressed concerns about the oil demand outlook ahead of an expected decision on output at Thursday's talks. Meanwhile, a US government report showed encouraging signs of demand recovery with US refineries processing crude at the highest rate in a year. WTI crude for May delivery fell 2.3% to USD59.2.

## Key Data Releases and Events

### Yesterday

**China's official manufacturing PMI** rose to 51.9 in March compared with 50.6 in February. While strong export growth and the domestic recovery continued to underscore robust industrial demand, support also came from earlier business resumption and some seasonal factors. In some of the details, new export orders rebounded and the employment component rose as well. Still, the data suggested continued weakness in small businesses. Notably, the non-manufacturing component surged pointing to a broader rise in consumption.

**Eurozone CPI inflation** rose 0.4ppts to 1.3% yoy in March (survey: 1.4% yoy) with energy the main contributor amid higher oil prices. Meanwhile, core inflation – which strips out energy and food prices – edged 0.2ppts lower to 0.9%, likely reflecting downward pressure from technological goods prices and disruptions to the timing of seasonal sales for clothing. Headline inflation should accelerate in the coming months owing to temporary base effects from energy, although this is unlikely to affect the European Central Bank's policy stance.

### Releases due today (1 April 2021)

Country	Indicator	Period	Survey	Prior
Japan	Tankan Large Manufacturing Index	Q1	-1	-10
China	Caixin Manufacturing PMI	Mar	51.4	50.9
United States	ISM Manufacturing	Mar	61.5	60.8
Russia	GDP (yoy)	Q4	-2.2%	-3.4%

Q=Quarter

**Japan's Tankan large manufacturing index** is expected to show a reading of -1 compared to -10 in the December reading, confirming a continuing recovery in business sentiment helped by external demand improvement, and consistent with expectations that the recent state of emergency measures should be temporary and limited. This follows the Reuters Tankan March poll that showed improving confidence amongst manufacturers.

Lastly for the **US**, the **ISM manufacturing index** is expected to rise 0.7ppts to 61.5 in March, which would mark the highest level for the index since 1983, reflecting a rapid expansion in factory activity. Readings for input prices and supply chain delivery times are also likely to remain elevated in the near term, reflecting delivery delays and temporary demand supply imbalances.



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# 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)
<b>World</b>									
MSCI AC World Index (USD)	673	0.2	2.5	4.2	52.2	4.2	687	384	20.0
<b>North America</b>									
US Dow Jones Industrial Average	32,982	-0.3	6.6	7.8	50.5	7.8	33,228	18,214	21.1
US S&P 500 Index	3,973	0.4	4.2	5.8	53.7	5.8	3,984	2,192	22.7
US NASDAQ Composite Index	13,247	1.5	0.4	2.8	72.0	2.8	14,175	6,631	32.9
Canada S&P/TSX Composite Index	18,701	0.0	3.5	7.3	39.8	7.3	19,037	11,173	16.8
<b>Europe</b>									
MSCI AC Europe (USD)	514	0.0	2.7	3.4	41.7	3.4	521	315	16.6
Euro Stoxx 50 Index	3,919	-0.2	7.8	10.3	40.6	10.3	3,875	2,508	18.7
UK FTSE 100 Index	6,714	-0.9	3.6	3.9	18.4	3.9	6,904	4,994	14.4
Germany DAX Index	15,008	0.0	8.9	9.4	51.1	9.4	14,804	9,102	16.3
France CAC-40 Index	6,067	-0.3	6.4	9.3	38.0	9.3	6,089	4,038	17.9
Spain IBEX 35 Index	8,580	-0.2	4.3	6.3	26.4	6.3	8,740	6,330	18.5
Italy FTSE MIB Index	24,649	0.0	7.9	10.9	44.6	10.9	24,459	15,970	14.1
<b>Asia Pacific</b>									
MSCI AC Asia Pacific ex Japan (USD)	678	-0.4	-2.3	2.3	55.3	2.3	746	388	17.5
Japan Nikkei-225 Stock Average	29,179	-0.9	0.7	6.3	54.2	6.3	30,715	17,197	21.5
Australian Stock Exchange 200	6,791	0.8	1.8	3.1	33.8	3.1	6,938	4,546	19.4
Hong Kong Hang Seng Index	28,378	-0.7	-2.1	4.2	20.2	4.2	31,183	22,383	13.0
Shanghai Composite Index	3,442	-0.4	-1.9	-0.9	25.1	-0.9	3,732	2,667	12.3
Hang Seng China Enterprises Index	10,972	-0.4	-2.4	2.2	14.4	2.2	12,272	9,062	11.1
Taiwan TAIEX Index	16,431	-0.7	3.0	11.5	69.3	11.5	16,579	9,084	17.4
Korea KOSPI Index	3,061	-0.3	1.6	6.5	74.5	6.5	3,266	1,509	14.0
India SENSEX 30 Index	49,509	-1.3	0.8	3.7	68.0	3.7	52,517	25,639	29.5
Indonesia Jakarta Stock Price Index	5,986	-1.4	-4.1	0.1	31.9	0.1	6,505	3,912	16.5
Malaysia Kuala Lumpur Composite Index	1,574	-2.2	-0.3	-3.3	16.5	-3.3	1,696	1,271	13.6
Philippines Stock Exchange PSE Index	6,443	-1.6	-5.2	-9.8	21.1	-9.8	7,432	4,772	17.6
Singapore FTSE Straits Times Index	3,165	-0.8	7.3	11.3	27.6	11.3	3,149	2,291	16.2
Thailand SET Index	1,587	-0.1	6.0	9.5	41.0	9.5	1,585	1,024	20.1
<b>Latam</b>									
Argentina Merval Index	47,982	-0.2	-0.9	-6.3	96.8	-6.3	56,114	22,666	10.4
Brazil Bovespa Index*	116,634	-0.2	6.0	-2.0	59.7	-2.0	125,324	62,161	10.8
Chile IPSA Index	4,898	-0.6	7.1	17.3	40.4	17.3	4,932	2,894	15.1
Colombia COLCAP Index	1,317	-0.8	-3.1	-8.4	17.2	-8.4	1,468	896	0.1
Mexico S&P/BMV IPC Index	47,246	-1.4	6.0	7.2	36.7	7.2	48,314	32,503	15.6
<b>EEMEA</b>									
Russia MOEX Index	3,525	0.5	5.8	7.7	41.2	7.7	3,602	2,341	7.7
South Africa JSE Index	67,292	-1.2	0.5	11.9	49.4	11.9	69,404	38,267	11.0
Turkey ISE 100 Index*	1,396	-0.3	-5.4	-5.8	55.3	-5.8	1,589	868	6.6

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

Equity Indices - Total Return	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)
Global equities	4.6	4.6	54.6	40.8	86.0
US equities	5.4	5.4	58.6	59.3	110.8
Europe equities	4.0	4.0	44.7	17.3	47.8
Asia Pacific ex Japan equities	2.7	2.7	58.6	29.8	85.1
Japan equities	1.6	1.6	39.7	20.2	64.5
Latam equities	-5.3	-5.3	50.1	-17.1	21.9
Emerging Markets equities	2.3	2.3	58.4	20.7	76.8

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)	583	0.0	-0.4	-2.5	1.5	-2.5
JPM EMBI Global	889	2.2	-1.0	-4.7	14.3	-4.7
BarCap US Corporate Index (USD)	3,395	5.0	-1.7	-4.6	8.7	-4.6
BarCap Euro Corporate Index (Eur)	264	0.4	0.2	-0.7	8.8	-0.7
BarCap Global High Yield (Hedged in USD)	544	0.0	-0.5	-0.4	23.2	-0.4
Markit iBoxx Asia ex-Japan Bond Index (USD)	227	0.0	-0.3	-1.0	9.4	-1.0
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	289	0.3	0.0	0.5	19.5	0.5

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
<b>US Treasury yields (%)</b>						
3-month	0.02	0.01	0.03	0.06	0.06	0.06
2-Year	0.16	0.15	0.13	0.12	0.25	0.12
5-Year	0.94	0.90	0.73	0.36	0.38	0.36
10-Year	1.74	1.70	1.40	0.91	0.67	0.91
30-Year	2.41	2.37	2.15	1.64	1.32	1.64

<b>Developed market 10-year bond yields (%)</b>						
Japan	0.09	0.09	0.16	0.02	0.01	0.02
UK	0.84	0.82	0.82	0.19	0.35	0.19
Germany	-0.29	-0.29	-0.26	-0.57	-0.47	-0.57
France	-0.05	-0.04	-0.01	-0.34	-0.02	-0.34
Italy	0.67	0.68	0.76	0.54	1.52	0.54
Spain	0.34	0.34	0.42	0.04	0.67	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
<b>Developed markets</b>								
EUR/USD	1.17	1.17	1.21	1.22	1.10	1.22	1.23	1.07
GBP/USD	1.38	1.37	1.39	1.37	1.24	1.37	1.42	1.16
CHF/USD	1.06	1.06	1.10	1.13	1.04	1.13	1.14	1.02
CAD	1.26	1.26	1.27	1.27	1.41	1.27	1.45	1.24
JPY	110.7	110.4	106.6	103.3	107.5	103.3	111.7	102.6
AUD	1.32	1.32	1.30	1.30	1.63	1.30	1.70	1.25
NZD	1.43	1.43	1.38	1.39	1.68	1.39	1.74	1.34

<b>Asia</b>								
HKD	7.77	7.77	7.76	7.75	7.75	7.75	7.77	7.75
CNY	6.55	6.57	6.48	6.53	7.08	6.53	7.18	6.42
INR	73.11	73.39	73.47	73.07	75.54	73.07	76.92	72.27
MYR	4.15	4.15	4.05	4.02	4.32	4.02	4.43	4.00
KRW	1,132	1,134	1,123	1,086	1,219	1,086	1,245	1,080
TWD	28.53	28.51	28.09	28.30	30.24	28.30	30.37	27.76

<b>Latam</b>								
BRL	5.63	5.77	5.60	5.20	5.21	5.20	5.97	4.82
COP	3,704	3,720	3,608	3,430	4,056	3,430	4,155	3,374
MXN	20.43	20.58	20.86	19.91	23.67	19.91	25.78	19.55

<b>EEMEA</b>								
RUB	75.69	75.86	74.62	74.41	78.42	74.41	80.95	68.04
ZAR	14.78	14.92	15.12	14.69	17.84	14.69	19.35	14.40
TRY	8.25	8.34	7.43	7.44	6.62	7.44	8.58	6.38

Commodities	Latest	1-day ago	1-month Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low
Gold	1,707.7	1,685.2	-1.5	-10.0	8.3	-10.0	2,075	1,491
Brent Oil	63.5	64.1	-3.9	22.7	179.4	22.7	71	16
WTI Crude Oil	59.2	60.6	-3.8	21.9	188.9	21.9	68	-40
R/J CRB Futures Index	185.0	184.9	-2.9	10.2	51.9	10.2	196	101
LME Copper	8,785.5	8,773.5	-3.2	13.1	77.4	13.1	9,617	4,644

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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