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Highlights

In April, fears of Greek debt default and contagion to other peripheral Eurozone countries caused sharp market volatility. Greece asked its Eurozone partners and the IMF to activate a rescue package as the country's budget deficit reached a record high of 13.6% of GDP in 2009, considerably above previous estimates of 12.7%. The delay by Germany to approve the rescue package due to opposition at home created significant market swings in the last week of April.

Reflecting the market's growing concern, the yield on Greek debt soared in April and credit rating agencies Moody's and Standard & Poor's downgraded Greece and Portugal's debt ratings. Adding to investor uncertainty was the ongoing drive by US President Barack Obama to tighten the regulation of financial institutions. If implemented, it could restrict the level of risks that banks can take and the market is concerned that this may reduce credit supply and hurt global demand.

April Market Recap

Global equities declined marginally last month. The MSCI World Index fell by 0.16% in April. Despite the deterioration in Eurozone debt markets that sparked a bout of risk aversion, from a macroeconomic perspective, manufacturing data remained positive across most of the developed and emerging markets, with the latter continuing to lead growth, supported by encouraging retail sales and domestic demand.

However, a contrasting inflation outlook for developed and emerging markets has intensified. While developed-market governments have pledged to maintain extremely low interest rates for an extended period, further monetary tightening was seen in emerging markets. For instance, in April, India raised interest rates in order to control inflation and to stop the economy from overheating.

Outlook & Strategy

To address the risk of contagion stemming from the crisis in Greece, a series of exceptional measures have been agreed by European Governments, IMF and the ECB. The sums involved in the rescue plans are large, amounting to a possible EUR 750bn of EU and IMF money; plus, the ECB will intervene in the secondary market for private and public sector debt securities to provide liquidity as needed. Such strong measures seem to have helped reassure investors, with both the equity markets and the debt of the so-called PIIGS rallying strongly as a response. While the measures definitely help with the immediate liquidity problem and reduce contagion risk, the medium-term challenges of restoring the public finances to health are still to be tackled and are likely to continue cause volatility in the market-place, especially for sovereign debt.

Within fixed income, our preference remains for developed markets' corporate debt that continues to offer an attractive combination of improving fundamentals, good flows and reasonably good valuations.

We maintain a moderate underweight in equities versus cash. Our reasons are four-fold. First, equity markets could come under pressure if earnings do not meet expectations, as analyst forecasts for 2010-2011 remain optimistic despite subdued demand and high unemployment in developed markets. Second, while valuations are not demanding, they are considerably above the attractive levels seen in 1Q09. Third, fiscal austerity packages, such as the ones needed to repair the budget deficits in countries like Greece, may result in a slowdown of growth during the second half of the year. Fourth, monetary tightening in emerging markets could slow the pace of growth and affect global markets. As such, we maintain our preference for defensive sectors over cyclicals and financials as the more stable earnings profile of these companies are more attractive in the current economic cycle.

Our preference for Latin-America equities over Emerging Asia has been beneficial. Although the valuation discount between Latin America and Emerging Asia has narrowed, our preference for Latin America over Emerging Asia remains. Latin America still has the potential for positive growth surprises, especially regarding Brazil, due to robust domestic demand and strong export of commodities to Asia.

Short-term Investment Outlook (6-12 months)



	ASSET CLASS	CURRENT VIEW	REASONING
EQUITY	Global Developed Market Equity	Neutral	<ul style="list-style-type: none"> While equity valuations are no longer as attractive as in 1Q09, strong liquidity remains a tailwind to support markets, given interest rates are likely to remain low for sometime yet in developed economies.
	US Equity	Neutral	<ul style="list-style-type: none"> US economic activity is positive, but the pace of improvement is showing signs of slowing down and the risk from weak consumption and high unemployment persists. As such, the sustainability of US growth is in doubt.
	Europe Equity (including the UK)	Neutral	<ul style="list-style-type: none"> While market liquidity support remains strong, high levels of unemployment, fiscal-debt issues and potential reduction of stimulus support in Europe add risk to the growth outlook.
	Japan Equity	Neutral	<ul style="list-style-type: none"> Further JPY strength would add to Japan's deflation pressure, although improvement in manufacturing and trade, low interest rates and ongoing government support are positive.
	Asia ex-Japan Equity	Neutral	<ul style="list-style-type: none"> From a macroeconomic perspective the outlook remains generally positive given strong domestic consumption and ample liquidity. But from a valuation perspective, market prices have largely reflected the positive news flow.
	Global Emerging Markets	Neutral	<ul style="list-style-type: none"> Emerging markets are likely to continue to lead the recovery due to robust domestic consumption and strong intra-regional trade. That said, the positive news flow is reflected in valuations and monetary tighten could slow the pace of growth.
	Latin America Equity	Positive	<ul style="list-style-type: none"> Economic data remains strong in the region and there is potential for positive surprises, especially from Brazil, although the valuation discount to Emerging Asia has narrowed.
	Middle East Equity	Neutral	<ul style="list-style-type: none"> Economic data from the region has been highly encouraging and 2010-2011 forecasts are positive. In addition, valuations remain reasonable. Key risks include US demand for oil could slow down and the increase in budget deficits among some of the countries in the region.
	Eastern Europe Equity	Neutral	<ul style="list-style-type: none"> Similar to other emerging markets, manufacturing data has been encouraging. That said, weak labour market conditions and the high level of government debt are weighing on the outlook for the region. While valuations are not excessively cheap, it's not overly demanding either.

Short-term Investment Outlook (6-12 months)



FIXED INCOME	Sovereign USD	Negative	<ul style="list-style-type: none"> Despite heavy supply, macroeconomic headwinds have kept the demand for US government bonds fairly buoyant. However, within fixed-income assets, we prefer to own corporate debt, where we see greater total return opportunities
	Sovereign EUR	Negative	<ul style="list-style-type: none"> Sovereign credit quality concerns surrounding the peripheral European countries such as Greece and the risk of contagion are likely to continue to generate volatility for this asset class. Overall, within fixed-income, given the exceptionally low yields offered by government bonds, our preference remains for corporate debt on valuation grounds.
	Investment Grade Corporate	Negative	<ul style="list-style-type: none"> Strong earnings results and a view that the major central banks will keep interest rates lower for longer have seen demand for investment grade corporate bonds remain fairly robust.
	High Yield	Positive	<ul style="list-style-type: none"> Given the recent volatility seen in other riskier asset classes, high-yield bonds continue to look attractive on a total-return basis.
	USD-denominated Emerging Markets Debt	Negative	<ul style="list-style-type: none"> Emerging-market debt continues to look less attractive than high-yield corporate debt on valuation grounds. Whilst not directly involved, emerging-market debt could suffer if the situation worsens in the Eurozone.
	Global Inflation-linked bonds	Negative	<ul style="list-style-type: none"> For inflation linked bonds in developed markets, break-even inflation levels have risen significantly since early 2009, making the case for the asset class less compelling than a year ago from an valuation perspective. Therefore, we recommend a moderately negative allocation against nominal bonds.
	Oil	Range of between US\$65-85 per barrel	<ul style="list-style-type: none"> We expect oil price to keep fluctuating in the US\$65-85 range as improved demand is balanced out by the clouded economic growth outlook. Fluctuation in risk appetite will also contribute to oil price volatility.
	Gold	Neutral Range of between \$1,000 to \$1,200 per troy ounce	<ul style="list-style-type: none"> Inflation pressure and concern over the USD as a reserve currency make gold an investable long-term theme. But in the near term, gold price could be constrained by relative USD strength and supply concerns as the IMF intends to sell some of its gold reserves.
	Commercial Real Estate	Neutral	<ul style="list-style-type: none"> High unemployment, falling occupancy rates and declining rental values in the US and Europe warrant a cautious/negative outlook for these two markets in general. But within Europe, we have a positive view on the UK relative to other direct markets due to the increase in investor interest in UK properties and the lack of quality supply. The outlook for Asia Pacific is improving, although there is regional divergence and concern that price bubbles are forming in markets such as Hong Kong and China.

Short-term Investment Outlook (6-12 months)



CURRENCY	EUR vs USD	Neutral	<ul style="list-style-type: none"> The Euro is susceptible to both positive and negative surprises depending on how resolution of the 'PIGS' (Portugal, Italy, Greece, Spain) fiscal difficulties unfolds. Valuation indicators are not sending any signals at present so in the short term, we recommend a neutral Euro position overall. GBP is also susceptible to event risk from the resolution of the hung parliament situation. Nevertheless, on a medium term basis we continue to prefer the EUR to GBP given the weaker fiscal position of the UK compared to the core Euro zone countries.
	GBP vs USD	Neutral	
	JPY vs USD	Neutral	

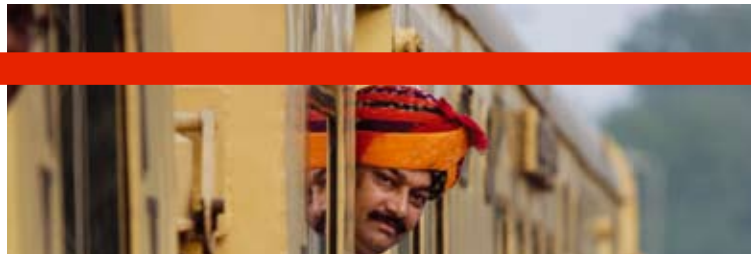
Summary

For equities, as a result of valuations and current growth concerns, we maintain our preference for defensive sectors, such as healthcare and telecommunication services, over financials and cyclical stocks. By region, we continue to see potential in Turkish equities on attractive valuations. We also maintain our preference for Latin America over Emerging Asia, although the valuation discount has narrowed.

Within fixed income, we continue to recommend a neutral position on government bonds relative to cash. However, within this asset class, we prefer to own corporate debt, where we see greater value opportunities.

For currencies, we continue to have some conviction on longer-term strengthening of the EUR versus the GBP because of the greater deterioration in the UK's public sector finances compared with those of the major Eurozone countries. However, we prefer to hold a neutral position for the GBP versus the EUR, as Greece's fiscal difficulties create uncertainty for the EUR.

Macro Assessment



The global economic recovery continues with a well-established lead from emerging markets, but risk remains as government debt issues intensify in developed economies.

US

The US economic rebound is gaining momentum, but the risk from a fiscal drag and low consumer demand persists.

- Economic data was largely positive in April, as signs of a recovery continued. The ISM manufacturing index rose for the eighth month running in April to 60.4, beating consensus estimates and accelerating at its fastest pace since July 2004.
- Retail sales and real personal expenditure also improved, rising by 1.6% and 0.3% m-o-m respectively, with encouraging auto sales underlining the gradual progress in consumer activity.
- However, jobless claims failed to improve, with both continuing and initial claims coming in above consensus forecasts in April, suggesting the private sector is still tentative on hiring.

Europe

The macroeconomic picture remains mixed for the Eurozone, amid fears of sovereign-risk contagion and disappointing labour data.

- The economic newsflow was mixed in April with good activity data but worrying development on the fiscal policy side.
- The downgrades by Standard & Poor's of Greece's credit rating to "junk" status, and Portugal's to A-, drew all market participants' attention to the seriousness of fiscal challenges in the region.
- Regarding Greece, a provision of funds from a combination of the IMF and other Eurozone members was agreed at the beginning of May, but key concerns remain, such as the ability of Greece to balance their budget deficit over the longer term.

UK

Economic activity improved but concerns regarding the country's fiscal challenges continue to weigh on the outlook for growth.

- The economic data in April continued to reflect a manufacturing/industrial-led rebound in the UK. However, the strength of the rebound continued to disappoint, which was well reflected in the lower-than-expected GDP growth for 1Q, at 0.2% q-o-q, against consensus of 0.4% q-o-q.
- High unemployment remains the key concern for consumption, which was partly reflected in the sharp drop in the consumer confidence index, to 72 in March from 81 in February.
- The lack of clarity over the outcome of the elections continued to fuel uncertainty on the ability of the next government to rein in the spiralling deficit, particularly as it will have to implement some measures of fiscal austerity.

Japan

Difficult labour market conditions and rising government debt remain a concern in Japan, but overall economic activity is showing positive improvement.

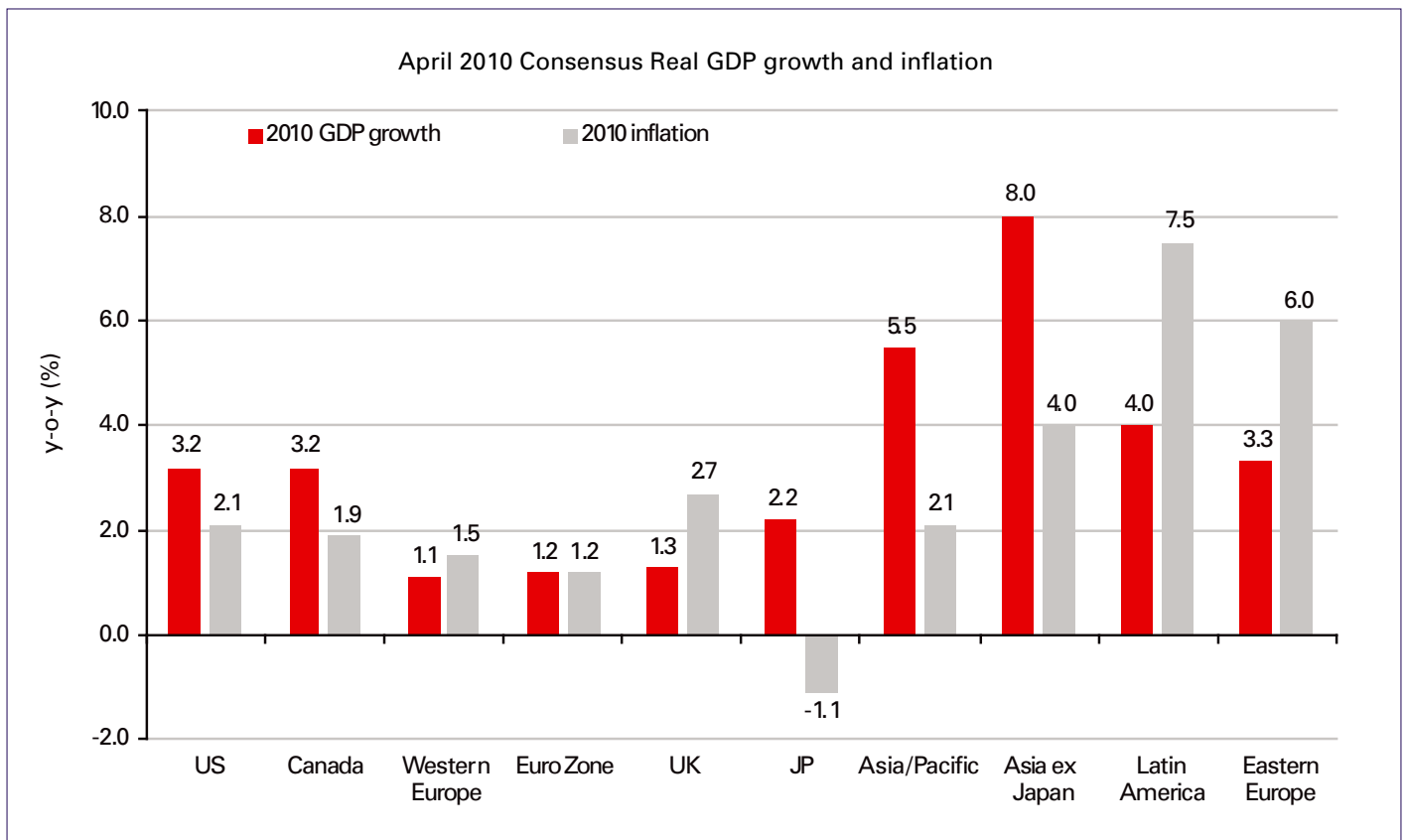
- The Bank of Japan commented that the economy "has been picking up", after reporting that demand for bank loans had started recovering in 1Q 2010.
- That said, a couple of key factors remained a concern. For example, companies were still cautious about spending and reluctant to hire, as machine orders dropped in February, by 5.4% y-o-y, while unemployment rose to 5.0% in March, from 4.9% a month ago.
- Furthermore, despite some improvements in consumer confidence, with the nationwide index coming in at 41 in March from 40 in February, retail sales were still weak, with department store sales down 3.5% y-o-y in March.

Macro Assessment

Emerging Markets

Economic activity remained strong, but potential acceleration in monetary policy tightening is causing concern.

- China continued to drive the recovery in the region, as real GDP rose 11.9% y-o-y in 1Q 2010. That said, other Asian economies also showed strong performance, in manufacturing and trading activity.
- In Latin America, Brazil remained a key driver of the economic rebound, with industrial production up 18.4% y-o-y in February.
- In Eastern Europe however, labour data was weak. For example in Russia, the unemployment rate remained at 8.6% in March. Furthermore, retail sales remained in negative territory for many countries.



Source: Consensus Economics, as at April 2010

Equity Markets



Global Developed Markets

We retain a moderately cautious view toward global developed market equities relative to cash. The loose monetary policy bias of central banks is likely to remain for the medium term and should support equities. However our optimism is tempered by the risks posed to equity market appreciation by analysts' ambitious forecasts for earnings, which could be disappointed, particularly if fiscal austerity packages slow down growth in the second half of 2010.

US

- The economic recovery is on track, but employment and government fiscal balances remain a concern.
- Furthermore, until we see more progress in US labour markets, the outlook for consumption remains mixed. This increases the risk for disappointment in earnings growth, as analysts' estimates remain overly optimistic for 2010, at 30%.
- From a valuation perspective, US equities continue to trade in neutral territory, at a 12-month forward PE of 14.2x. Given the risk to earnings on the one hand, and support from low interest rates on the other, we maintain our moderately cautious view on equities in the US and elsewhere.
- At the sector level, we maintain our preference for defensive sectors such as healthcare and telecommunications services against the more cyclical sectors and financials.

Europe

- Concerns over the Eurozone debt situation pose a threat to the improvement in confidence and economic growth for the Eurozone and the UK. In addition, unemployment remains high and consumption weak, supporting our view of anaemic growth in 2010.
- We continue to feel that the current stock prices reflect an overly optimistic level of earnings growth, particularly as consumption may falter.
- That said, with both the European Central Bank and the Bank of England pursuing a clear accommodative monetary policy, we expect liquidity to be supportive.
- Overall, we reiterate our moderately cautious stance on European equities and maintain our moderate underweight against cash.

Japan

- The deterioration in unemployment has eased in Japan, but it has not given way to improvement yet. In addition, prices continue to fall, reflecting a deflationary environment. Finally, fiscal challenges remain high.
- However, a normalisation of monetary policy is still some way off and we expect liquidity to remain supportive in 2010 and 2011.
- From a valuation perspective, Japan's equity markets are trading at a 12-month forward PE of 17.3x, which is about the level seen in early 2007.
- Therefore, with valuation in neutral territory, ongoing risks to growth, but further support from strong market liquidity, we maintain a moderately cautious view on Japanese equities.

Global-Emerging markets

- While developed nations are struggling to bring their fiscal balances under control, many emerging nations do not share these difficulties which, coupled with better growth prospects, provides a favourable backdrop for their equity markets.
- However, rising inflation and tightening of monetary conditions are raising questions over the sustainability of the high levels of growth and the potential for negative earnings surprises.
- On balance, we continue to adopt a modestly cautious view on emerging-market equities as we do for developed ones, largely driven by the risk of negative surprises.
- However, equity valuations for both Turkey (against emerging markets generally) and Latin America (against Emerging Asia) remain attractive and continue to be our favourite positions within emerging markets.

Asia ex-Japan

- Asia ex Japan economies are likely to remain the driver of the global recovery, particularly as a rebound in domestic activity is now more established.
- However, such economic strength is creating some concerns, because inflation is rising quickly, pushing authorities to take measures to prevent overheating.
- The better outlook for consumer demand may justify the optimistic forecasts by analysts for earnings growth in Asia for

Equity Markets



both 2010 and 2011. That said, central banks and governments are reducing their levels of economic support, while in developed economies, the levels of consumer demand remain disappointing.

- Given the withdrawal of support and weak consumption in the developed world, it may prove more challenging for companies to meet analysts' ambitious growth estimates, thereby increasing the risk for earnings disappointment. Therefore, in line with other equity markets, we retain an underweight stance on Asian equities.

Latin America

- Latin-America equity performance was weak in April, declining by 2.6%, pushing it into negative territory for the year as a whole (-0.3%).
- Economic growth in the dominant Brazilian economy remained strong, with February industrial production rising 18.4% y-o-y and retail sales up 12.3% y-o-y in March.
- In other key countries in the region such as Mexico and Colombia, that rank 2nd and 5th in terms of GDP, industrial production growth was also encouraging, coming in at 4.4% y-o-y and 3.0% y-o-y respectively.
- However, inflation has risen in the region and combined with the generally strong economic rebound, this has led Brazil's central bank to start tightening monetary policy by raising interest rates by 0.75% to 9.5%.

Middle East

- The economic outlook for the MENA economies is positive and improving. The IMF recently increased its forecast for 2010 GDP growth to 4.5% for the region.
- The key driver of the rebound remains the fiscal and monetary stimulus in place, with government investment programs, especially in infrastructure, boosting domestic demand in the near term in many MENA economies. Amongst oil producers, Qatar is expected to be the strongest performer in 2010, with forecast of real GDP growth of 10.7% (HSBC Research). This is largely due to expansion of natural gas production and government infrastructure spending. Saudi Arabia, the largest Arab economy and oil exporter, should grow by 4.3% in 2010 with fiscal spending being a key driver.

- That said, there are a number of headwinds to a sustainable recovery for the region. The key risks to economic growth continue to be the high levels of government indebtedness, particularly for the oil-importing economies like Egypt. Furthermore, a vulnerable financial sector and weak property markets are still weighing on the outlook for the UAE and Kuwait.
- Turning to Inflation, it is expected to be fairly muted, which should provide more flexibility to central banks to maintain the support to their respective economies. Regarding monetary policy, non-pegged FX regime have reiterated to maintain accommodative policies, whilst region that have hard pegs to the dollar (SA, UAE) will mirror the still loose US monetary policy.
- According to HSBC Research, estimates of y-o-y CPI rates for 2010 and 2011 should remain contained, albeit increase relative to 2009. For the country which was reflected in the positive revision for GDP growth to 4.5% as well as the general commitment from local authorities to and fiscal stimulus should stay in place to cement the rebound.

Eastern Europe

- In Eastern Europe, labour data was weak.
- In Russia, the unemployment rate remained at 8.6% in March, while the consensus estimate expected a drop to 8.5%. Furthermore, retail sales growth remained in negative territory for many countries.
- However, some readings improved. Industrial production rebounded, not only in Russia, but also in other countries like Poland, while in Russia real wages and disposable income growth surprised on the upside, coming in at 3.4% y-o-y and 4.2% y-o-y in March respectively.
- Similar to other emerging markets, manufacturing data has been encouraging. That said, weak labour market conditions and the high level of government debt are weighing on the outlook for the region. And while valuations are not excessively cheap, they are not overly demanding either.

Fixed Income



Sovereign USD

- Rising risk aversion has kept the demand for US government bonds reasonably buoyant, despite heavy supply and increasing concerns regarding long-term deficits.
- We do not expect any changes to the Federal funds rate over the next six months and possibly longer, given our concerns surrounding the sustainability of current economic growth, coupled with an expectation of benign inflation during 2010.
- Overall, we continue to recommend a neutral position in US Treasuries relative to cash.
- However, within fixed-income assets, we prefer to own corporate debt, where we see greater total return opportunities. This preference has proven beneficial on a year-to-date basis and we expect this to continue.

Sovereign EUR

- Sovereign credit quality across the developed world is coming under question as public finances worsen. Greece is particularly at risk while the negative sentiment has impacted other Eurozone countries perceived to be fiscally challenged, such as Portugal and Spain.
- Greece's fiscal situation is likely to continue to generate volatility in markets, and the risk of contagion to other peripheral Eurozone nations is a concern.
- Elevated unemployment is keeping a lid on consumption, which remains stifled at best. However, this should contain inflation and enable the low interest rate environment to be kept, which is supportive for government bonds.
- Overall, within fixed income, given the exceptionally low yields offered by government bonds on average, our preference remains for corporate debt on valuation grounds.

Investment Grade Corporate

- Strong earnings results, low inflation expectations and a view that the major central banks will keep interest rates low for longer have meant demand for investment grade corporate bonds remain fairly robust.
- Near zero short-term interest rates are likely to fuel an ongoing search for yield leading to a continued investor preference for riskier fixed-income assets.
- Corporate spread levels remain attractive versus government bonds, but after substantial spread compression during 2009,

income is likely to be the main driver of returns going forwards.

- The environment for corporate bonds remains benign, with both fiscal and monetary stimulus remaining supportive for credit markets. Overall, we maintain our positive view on the asset class.

High Yield

- Our decision to retain a positive view on global high-yield bonds has continued to prove rewarding.
- Given the recent volatility seen in other riskier asset classes, high-yield bonds continue to look attractive on a total-return basis.
- The major central banks' commitment to low policy rates is likely to continue to send capital in search of growth and yield, maintaining a supportive environment for corporate bonds.
- Default risk will be meaningfully lower over the course of the year. Furthermore, valuations remain attractive when compared to implied default rates.

USD-denominated Emerging Markets

- On a valuation basis, emerging-market debt continues to look less attractive than high-yield corporate debt.
- Sovereign credit quality across the developed world is coming under question as public finances worsen. Whilst not directly involved, emerging-market debt could suffer if the situation worsens in the Eurozone.
- Overall, we maintain our negative stance on USD denominated Emerging Market debt relative to developed market corporate debt.

Global Inflation-Linked Bonds

- The outlook for inflation remains uncertain globally, particularly in the long term. In developed economies, inflation is stay relatively contained in the near term, as high unemployment, compression in salaries as well as ongoing risks to a sustainable recovery are likely to weigh on consumption. In the long term, however, there is more uncertainty as to how the commitment and speed of central banks to withdraw quantitative easing and reduce liquidity support will affect inflation.
- For inflation linked bonds in developed markets, from a valuation perspective, break-even inflation levels have risen significantly since early 2009, making the case for the asset class less compelling than a year ago. Therefore, we recommend a moderately negative allocation against nominal bonds.

Other Investments



Oil

Oil had a good month again in April with the spot price gaining 2.9% over the month. Global demand remains strong on the back of a fairly broad pick-up in economic activity relative to a year ago, driven predominantly by emerging nations in Asia. However, the moderate level of economic activity in developed markets on the whole is likely to continue to keep oil demand at subdued levels, justifying our US\$65-85 price range

Gold

- Gold continues to be an investable theme, driven by concerns over future inflation associated with US government borrowings, and also confidence in the USD as a reserve currency.
- In the near term, gold prices could be constrained by factors including limited US money supply growth, the strength of the USD relative to other currencies and the perceived supply overhang associated with the IMF's intention to sell 20 tonnes of gold.
- Furthermore a stabilisation of near-term inflation expectations would also be unsupportive for gold in the short term, as it is seen often as an inflation hedge

Commercial Real Estate

- In the US, high unemployment is causing a decline in demand for space across all property types. Vacancies are rising and rents are declining in all major sectors.
- In Europe, demand continues to weaken, with the average office vacancy rate increasing to 11.1% at the end of December. This has fed through to falling rental values, which are now on average down 11.8% on the previous year, although the pace of decline has eased over the quarter.
- In the UK, investor interest and the lack of suitable supply on the market have led to a significant inward shift in yields. As a result, UK commercial property values grew by 3% in the final month of 2009, according to the IPD UK Monthly Index, the strongest monthly growth in the 23-year history of the index.
- In Asia, there is concern that a new mini-bubble is forming in some markets and several governments in the region have voiced concerns that real estate is rebounding too strongly and may take steps to cool the market.

Currency



- The resolution to the Greek fiscal crisis is likely to be a series of compromises with one of the first steps being in mid March when Greece reports on its proposed budget reforms to the EU.
- With inflation contained and growth still patchy, we continue to believe official interest rates will be kept low for a protracted period of time.
- Although this is not supportive for the EUR, such factors are currently subservient to the Greek fiscal resolution and, in the longer term, wider concerns over the stability of the Euro itself.
- We continue to have some conviction on longer term strengthening of the EUR against the GBP. However, the shorter term picture is unclear. Against other currencies, we prefer a neutral position in view of the uncertainties potentially impacting the EUR.
- Any medium-term views on the GBP are to a great extent dependent on the incoming government's fiscal intentions and therefore uncertainty will continue until the results of the general election are known.
- Even then, the picture is unlikely to be clear, at least in the short term, particularly if the result is a hung parliament.
- We retain the view that an underweight GBP position against the EUR is justified by the UK's worse fiscal position compared to that of the major Eurozone countries.
- However, we recognise that both the GBP and EUR could be subject to short-term volatility given the political uncertainty in the UK and the fiscal difficulties of the peripheral Eurozone countries.
- It is probably safe to assume that the authorities continue to hold the view that excessive JPY strength is not desirable for the Japanese economy.
- Nevertheless, there has been no market intervention or even any recent comments to this effect.
- It seems unlikely that the authorities will stand by and allow the JPY to resume its upward trend unchecked given the negative consequences this will have on Japanese exporters.
- The potential for volatility remains high and we therefore retain our neutral recommendation.

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