

# IMF-WB Annual Meetings

## Emerging Markets: Reflation, inflation, or stagflation?

Free to View  
Multi-Asset - Emerging  
Markets

- ◆ As the world is reeling from the pandemic and rising energy prices take cost-push inflation to multi-decade highs ...
- ◆ ... many EM central banks are trying to get ahead of the curve with rapid monetary tightening
- ◆ An uncertain outlook keeps investors rather cautious at the 'virtual' IMF-WB annual meetings; we provide a summary

### Uncertainty reigns

The International Monetary Fund (IMF) – World Bank (WB) annual meetings were held in a virtual format again this year and coincided with the final week of HSBC's flagship Global Emerging Markets Forum. We had numerous online policymaker meetings with the opportunity to take the pulse of investors based on the questions and discussions during our conference. We infer that sentiment is rather cautious in general as uncertainty reigns over the outlook for the global economy and emerging markets. The conversation has morphed rapidly from reflation earlier in the year, to inflation in the summer, and more recently, galvanised by the ongoing mini-energy crisis, to stagflation.

Emerging markets (EM) is indeed facing multiple, negative supply-side shocks. The pressure continues to build against a backdrop of global trade tensions and pandemic-related disruptions in supply chains, but also the recent spike in energy costs – which are especially inflationary in EM – and the impending tightening in global liquidity as major central banks edge towards normalisation of ultra-loose monetary policy. Our global views and forecasts suggest that stagflation could still be avoided but at a minimum, EM's growth-inflation mix is deteriorating fast.

On the other hand, the technical picture is favourable. EM asset classes, particularly equities and some currencies, are cheap by historical standards, positioning is light despite record inflows in 2021, and cash levels of the institutional investors are high. The adverse backdrop is, to a large extent, already priced in.

So it remains unclear which path the world economy and emerging markets will follow: **reflation, inflation, or stagflation**. These and other subjects dominate the IMF-WB meetings as we head into 2022.

---

**Dr Murat Ulgren**  
Global Head of Emerging Markets Research  
HSBC Bank plc

**Paul Mackel**  
Global Head of FX Research  
The Hongkong and Shanghai Banking Corporation Limited

**André de Silva, CFA**  
Head of Global EM Rates Research  
The Hongkong and Shanghai Banking Corporation Limited

**Edward Parker\***  
Emerging Markets Strategist  
HSBC Bank plc

---

\* Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations

*This is an abridged version of a report by the same title published on 18-Oct-21. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for more information.*

### Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Issuer of report: HSBC Bank plc

View HSBC Global Research at:  
<https://www.research.hsbc.com>

## Summary of investor takeaways on key EM from HSBC-hosted meetings

### China

- ◆ Significant headwinds are emerging from a tightening of regulations, real estate concerns, and power cuts, and are likely to put downward pressure on growth. There were discussions on whether there will be a sustained rebalancing of growth including a shift to a greener economy. China's inclusion in the FTSE Russell World Government Bond Index was also a topic.

### India

- ◆ Investors agree that the Reserve Bank of India's stealth policy tightening needs to gain traction. For prospective key bond index inclusion for India government bonds, there are still some hurdles that need to be cleared.

### ASEAN: Indonesia, Malaysia, Thailand, Philippines

- ◆ There has been little indication from central bank officials across ASEAN of a rush to normalise policy, in contrast to other EM regions. Policy is set to remain supportive, to ensure that the economic recovery has traction. Inflation pressures are more contained in the region.

### CEE: Romania, Hungary, Czech Republic

- ◆ Romania's strong growth recovery masks underlying challenges, with high inflation eroding household purchasing power and a lower COVID-19 vaccination rate than its EU and CEE peers
- ◆ Hungary's economy recovered to its pre-pandemic Q4 2019 level but the focus has now shifted to the outlook for fiscal policy and debt.
- ◆ The Czech economy has been slower bounce back as low unemployment and supply-side disruptions generate uncomfortably high inflation and a strong labour market and wage growth remain as upside risks.

### Russia

- ◆ The economy reached pre-pandemic levels in Q2 but inflation has continued rising. This combination prompted Russia to be among the first EM countries to begin policy normalisation.

### Egypt

- ◆ There appears to be an agreement among investors that Egypt has recovered well from the COVID-19 downturn, yet concerns remain, centred on Egypt's external account position.

### South Africa

- ◆ Investors discussed risks around the inflation outlook, which are likely to keep Central Bank policy in focus, and an agreement that South Africa's current account puts the country in a better position than during the 2013 taper tantrum.

### Argentina

- ◆ Investors are focused on debt dynamics as we approach the government's March 2022 deadline to come to an agreement with the IMF to potentially reschedule payments. The fiscal outlook also came up as results could deteriorate sharply in the latter part of this year. The reopening of outward tourism may carry the risk of further erosion of the current account.

### Brazil

- ◆ Higher inflation and rates outlook could come at the expense of lower growth, due to downward pressure on disposable income and economic activity in general. Investors are also becoming increasingly focused on the upcoming elections, especially the October 2022 presidential election.

### Mexico

- ◆ Investors have been discussing inflation and the possibility of stagflation in Mexico though, on balance, most investors agreed that stagflation would be avoided.

### Chile

- ◆ Investors noted that the COVID-19 situation in Chile had improved. This has come alongside a swift recovery in economic activity but with inflation continuing to rise.

### Colombia

- ◆ Economic activity is improving, driven by the reopening of several sectors yet the inflation outlook remains a focus for discussions alongside deficits, and current account deterioration.

# Disclosure appendix

## Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Dr. Murat Ulgen, Paul Mackel, André de Silva, CFA and Edward Parker

## Important disclosures

### Foreign exchange: Basis for financial analysis

This document has been prepared and is being distributed by the Research Department of HSBC and is intended solely for the clients of HSBC and is not for publication to other persons, whether through the press or by other means.

This document is for information purposes only and it should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other investment products mentioned in it and/or to participate in any trading strategy. Advice in this document is general and should not be construed as personal advice, given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. If necessary, seek professional investment and tax advice.

Certain investment products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. Investors should consult with their HSBC representative regarding the suitability of the investment products mentioned in this document and take into account their specific investment objectives, financial situation or particular needs before making a commitment to purchase investment products.

The value of and the income produced by the investment products mentioned in this document may fluctuate, so that an investor may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Value and income from investment products may be adversely affected by exchange rates, interest rates, or other factors. Past performance of a particular investment product is not indicative of future results.

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. HSBC's currency trade ideas on deliverable FX forwards (DF) or non-deliverable FX forwards (NDF) are usually identified on a time horizon of up to three months, although HSBC reserves the right to extend this time horizon on a discretionary, trade-by-trade basis.

HSBC believes an investor's decision to buy or sell an instrument should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of terms as well as different systems to describe their recommendations. Investors should carefully read the definitions of the recommendations used in each research report. In addition, because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the recommendation. In any case, recommendations should not be used or relied on in isolation as investment advice.

### Definitions for currency trades on DFs and NDFs

**Buy:** refers to buying the first currency in the named pair in exchange for the second currency in the named pair.

**Sell:** refers to selling the first currency in the named pair in exchange for the second currency in the named pair.

The tenor of the instrument will be denoted and will refer to a settlement date relative to the opening date of the trade idea e.g. 1m refers to a settlement date 1 month forward from the open date of the trade idea. NDF trades normally fix two working days prior to the settlement date.

### Distribution of currency trades

The nature of foreign exchange forward trade ideas is such that there will always be an equal number of buy and sell trades (buying one currency in exchange for selling another), both outstanding and historically.

### Equities: Stock ratings and basis for financial analysis

HSBC and its affiliates, including the issuer of this report ("HSBC") believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations and that investors utilise various disciplines and investment horizons when making investment decisions. Ratings should not be used or relied on in isolation as investment advice. Different securities firms use a variety of ratings terms as well as different rating systems to describe their

recommendations and therefore investors should carefully read the definitions of the ratings used in each research report. Further, investors should carefully read the entire research report and not infer its contents from the rating because research reports contain more complete information concerning the analysts' views and the basis for the rating.

**From 23rd March 2015 HSBC has assigned ratings on the following basis:**

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

**Prior to this date, HSBC's rating structure was applied on the following basis:**

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile\*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile\*). Stocks between these bands were classified as Neutral.

\*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

**Rating distribution for long-term investment opportunities**

**As of 17 October 2021, the distribution of all independent ratings published by HSBC is as follows:**

<b>Buy</b>	60%	(31% of these provided with Investment Banking Services in the past 12 months)
<b>Hold</b>	34%	(30% of these provided with Investment Banking Services in the past 12 months)
<b>Sell</b>	6%	(28% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

**Fixed income: Basis for financial analysis**

This report is designed for, and should only be utilised by, institutional investors. Furthermore, HSBC believes an investor's decision to make an investment should depend on individual circumstances such as the investor's existing holdings and other considerations.

HSBC believes that investors utilise various disciplines and investment horizons when making investment decisions, which depend largely on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations. Given these differences, HSBC has two principal aims in its fixed income research: 1) to identify long-term investment opportunities based on particular themes or ideas that may affect the future earnings or cash flows of companies in corporate credit and based on country-specific ideas or themes that may affect the performance of these bonds in the case of covered bonds, in both cases on a six-month time horizon; 2) to identify trade ideas on a time horizon of up to four months, relating to specific instruments, which are predominantly derived from relative value considerations or driven by events and which, in the case of credit research, may differ from our long-term opinion on an issuer. Buy or Sell refer to a trade call to buy or sell that given instrument; HSBC has assigned a fundamental recommendation structure, as described below, only for its longer-term investment opportunities.

HSBC believes an investor's decision to buy or sell a bond should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of terms as well as different systems to describe their recommendations. Investors should carefully read the definitions of the recommendations used in each research report. In addition,

because research reports contain more complete information concerning the analysts' views, investors should carefully read the entire research report and should not infer its contents from the recommendation. In any case, recommendations should not be used or relied on in isolation as investment advice.

HSBC Global Research is not and does not hold itself out to be a Credit Rating Agency as defined under the Hong Kong Securities and Futures Ordinance.

#### **Definitions for fundamental credit and covered bond recommendations**

**Overweight:** For corporate credit, the issuer's fundamental credit profile is expected to improve within the next six months. For covered bonds, the bonds issued in this country are expected to outperform those of the other countries in our coverage over the next six months.

**Neutral:** For corporate credit, the issuer's fundamental credit profile is expected to remain stable for up to six months. For covered bonds, the bonds issued in this country are expected to perform in line with those of the other countries in our coverage over the next six months.

**Underweight:** For corporate credit, the issuer's fundamental credit profile is expected to deteriorate within the next six months. For covered bonds, the bonds issued in this country are expected to underperform those of other countries in our coverage over the next six months.

#### **Definitions for trades (Rates & Credit)**

**Buy** and **Sell** refer to a trade call to buy or sell a bond, option on an interest rate swap ("**swaption**"), interest rate cap or floor, inflation cap or floor, or Total Return Swap ("**TRS**"). The buyer/seller of a TRS receives/pays the total return of the underlying instrument or index at the end of the period and pays/receives the funding leg.

**Buy protection** and **Sell protection** refer to a credit default swap (CDS): the protection buyer/seller is effectively selling/buying the reference entity's credit risk.

**Pay** and **receive** refer to a trade call to pay or receive the fixed leg of an interest rate swap (IRS), a non-deliverable IRS, the first-named leg of a basis swap, the realised inflation leg of an inflation swap, or a forward rate agreement (FRA). An investor that executes a pay or receive trade is said to be "**paid**" or "**received**."

**Payer** and **receiver** refer to inflation caps or floors and to swaptions: a payer is an option giving the right but not the obligation to enter a paid position in an interest rate or inflation swap, and a receiver is an option giving the right but not the obligation to enter a received position in an interest rate or inflation swap.

**ASW** (also asset-swap, Buy on asset swap, Buy on an asset-swapped basis): Buy a bond packaged with a swap that is tailored to eliminate the bond's interest rate risk, effectively transforming the bond to a floating rate instrument whilst preserving the credit exposure to the bond issuer.

**RASW** (also reverse asset-swap, Sell on asset swap, Sell on an asset swapped basis): Sell a bond packaged with a swap that is tailored to eliminate the bond's interest rate risk, effectively transforming the bond to a floating rate instrument whilst preserving the credit exposure to the bond issuer.

#### **Distribution of fundamental credit and covered bond recommendations**

**As of 30-Sep-21, the distribution of all independent fundamental credit recommendations published by HSBC is as follows:**

<b>Overweight</b>	25%	(56% of these provided with Investment Banking Services in the past 12 months)
<b>Neutral</b>	49%	(39% of these provided with Investment Banking Services in the past 12 months)
<b>Underweight</b>	25%	(35% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used: Overweight = Buy, Neutral = Hold and Underweight = Sell. For rating definitions under both models, please see "Definitions for fundamental credit and covered bond recommendations" above.

#### **Distribution of trades**

**As of 30 September 2021, the distribution of all trades published by HSBC is as follows:**

<b>Buy</b>	79%	(65% of these provided with Investment Banking Services in the past 12 months)
<b>Sell</b>	21%	(50% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used: Buy/Sell protection/Receive/Buy Receiver/Sell Payer = Buy; and Sell/Buy protection/Pay/Buy Payer/Sell Receiver = Sell. ASW is counted as a buy of the bond and a paid swap, and RASW as a sell of the bond and a received swap. For rating definitions under both models, please see "Definitions for trades (Rates and Credit)" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at <http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures>.

**Recommendation changes for long-term investment opportunities**

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

Clients of Global Research and Global Banking and Markets: [www.research.hsbc.com/A/Disclosures](http://www.research.hsbc.com/A/Disclosures)

Clients of HSBC Private Banking: [www.research.privatebank.hsbc.com/Disclosures](http://www.research.privatebank.hsbc.com/Disclosures)

HSBC and its affiliates will from time to time sell to and buy from customers the securities/instruments, both equity and debt (including derivatives) of companies covered in HSBC Research on a principal or agency basis or act as a market maker or liquidity provider in the securities/instruments mentioned in this report.

Analysts, economists, and strategists are paid in part by reference to the profitability of HSBC which includes investment banking, sales & trading, and principal trading revenues.

Whether, or in what time frame, an update of this analysis will be published is not determined in advance.

Non-US analysts may not be associated persons of HSBC Securities (USA) Inc. and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts.

Economic sanctions imposed by the EU, the UK, the USA and certain other jurisdictions generally prohibit transacting or dealing in any debt or equity issued by Russian SSI entities on or after 16 July 2014 (Restricted SSI Securities). Economic sanctions imposed by the USA also generally prohibit US persons from purchasing or selling publicly traded securities issued by companies designated by the US Government as "Chinese Military-Industrial Complex Companies" (CMICs) or any publicly traded securities that are derivative of, or designed to provide investment exposure to, the targeted CMIC securities (collectively, Restricted CMIC Securities). This report does not constitute advice in relation to any Restricted SSI Securities or Restricted CMIC Securities, and as such, this report should not be construed as an inducement to transact in any Restricted SSI Securities or Restricted CMIC Securities.

For disclosures in respect of any company mentioned in this report, please see the most recently published report on that company available at [www.hsbcnet.com/research](http://www.hsbcnet.com/research). HSBC Private Banking clients should contact their Relationship Manager for queries regarding other research reports. In order to find out more about the proprietary models used to produce this report, please contact the authoring analyst.

**Additional disclosures**

- 1 This report is dated as at 18 October 2021.
- 2 All market data included in this report are dated as at close 15 October 2021, unless a different date and/or a specific time of day is indicated in the report.
- 3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Information Barrier procedures are in place between the Investment Banking, Principal Trading, and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.
- 4 You are not permitted to use, for reference, any data in this document for the purpose of (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments, (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument, and/or (iii) measuring the performance of a financial instrument or of an investment fund.



# Disclaimer

Legal entities as at 1 December 2020:

'UAE' HSBC Bank Middle East Limited, DIFC; HSBC Bank Middle East Limited, Dubai; 'HK' The Hongkong and Shanghai Banking Corporation Limited, Hong Kong; 'TW' HSBC Securities (Taiwan) Corporation Limited; 'CA' HSBC Securities (Canada) Inc.; 'France' HSBC Continental Europe; 'Spain' HSBC Continental Europe, Sucursal en España; 'Italy' HSBC Continental Europe, Italy; 'Sweden' HSBC Continental Europe Bank, Sweden Filial; 'DE' HSBC Trinkaus & Burkhardt AG, Düsseldorf; '000' HSBC Bank (RR), Moscow; 'IN' HSBC Securities and Capital Markets (India) Private Limited, Mumbai; 'JP' HSBC Securities (Japan) Limited, Tokyo; 'EG' HSBC Securities Egypt SAE, Cairo; 'CN' HSBC Investment Bank Asia Limited, Beijing Representative Office; The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch; HSBC Securities (South Africa) (Pty) Ltd, Johannesburg; HSBC Bank plc, London, Tel Aviv; 'US' HSBC Securities (USA) Inc., New York; HSBC Yatirim Menkul Degerler AS, Istanbul; HSBC México, SA, Institución de Banca Múltiple, Grupo Financiero HSBC; HSBC Bank Australia Limited; HSBC Bank Argentina SA; HSBC Saudi Arabia Limited; The Hongkong and Shanghai Banking Corporation Limited, New Zealand Branch incorporated in Hong Kong SAR; The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch; PT Bank HSBC Indonesia; HSBC Qianhai Securities Limited; Banco HSBC SA

Issuer of report:

**HSBC Bank plc**  
 8 Canada Square, London  
 E14 5HQ, United Kingdom  
 Telephone: +44 20 7991 8888  
 Fax: +44 20 7992 4880  
 Website: [www.research.hsbc.com](http://www.research.hsbc.com)

In the UK, this publication is distributed by HSBC Bank plc for the information of its Clients (as defined in the Rules of FCA) and those of its affiliates only. Nothing herein excludes or restricts any duty or liability to a customer which HSBC Bank plc has under the Financial Services and Markets Act 2000 or under the Rules of FCA and PRA. A recipient who chooses to deal with any person who is not a representative of HSBC Bank plc in the UK will not enjoy the protections afforded by the UK regulatory regime. HSBC Bank plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. If this research is received by a customer of an affiliate of HSBC, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. In Australia, this publication has been distributed by The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737) for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). Where distributed to retail customers, this research is distributed by HSBC Bank Australia Limited (ABN 48 006 434 162, AFSL No. 232595). These respective entities make no representations that the products or services mentioned in this document are available to persons in Australia or are necessarily suitable for any particular person or appropriate in accordance with local law. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient.

In the European Economic Area, this publication has been distributed by HSBC Continental Europe or by such other HSBC affiliate from which the recipient receives relevant services. The document is distributed in Hong Kong by The Hongkong and Shanghai Banking Corporation Limited and in Japan by HSBC Securities (Japan) Limited. Each of the companies listed above (the "Participating Companies") is a member of the HSBC Group of Companies, any member of which may trade for its own account as Principal, may have underwritten an issue within the last 36 months or, together with its Directors, officers and employees, may have a long or short position in securities or instruments or in any related instrument mentioned in the document. Brokerage or fees may be earned by the Participating Companies or persons associated with them in respect of any business transacted by them in all or any of the securities or instruments referred to in this document. In Korea, this publication is distributed by either The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch ("HBAP SLS") or The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch ("HBAP SEL") for the general information of professional investors specified in Article 9 of the Financial Investment Services and Capital Markets Act ("FSCMA"). This publication is not a prospectus as defined in the FSCMA. It may not be further distributed in whole or in part for any purpose. Both HBAP SLS and HBAP SEL are regulated by the Financial Services Commission and the Financial Supervisory Service of Korea. This publication is distributed in New Zealand by The Hongkong and Shanghai Banking Corporation Limited, New Zealand Branch incorporated in Hong Kong SAR.

The information in this document is derived from sources the Participating Companies believe to be reliable but which have not been independently verified. The Participating Companies make no guarantee of its accuracy and completeness and are not responsible for errors of transmission of factual or analytical data, nor shall the Participating Companies be liable for damages arising out of any person's reliance upon this information. All charts and graphs are from publicly available sources or proprietary data. The opinions in this document constitute the present judgement of the Participating Companies, which is subject to change without notice. From time to time research analysts conduct site visits of covered issuers. HSBC policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits. This document is neither an offer to sell, purchase or subscribe for any investment nor a solicitation of such an offer.

HSBC Securities (USA) Inc. accepts responsibility for the content of this research report prepared by its non-US foreign affiliate. The information contained herein is under no circumstances to be construed as investment advice and is not tailored to the needs of the recipient. All US persons receiving and/or accessing this report and intending to effect transactions in any security discussed herein should do so with HSBC Securities (USA) Inc. in the United States and not with its non-US foreign affiliate, the issuer of this report. In Singapore, this publication is distributed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch for the general information of institutional investors or other persons specified in Sections 274 and 304 of the Securities and Futures Act (Chapter 289) ("SFA") and accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the SFA. Only Economics or Currencies reports are intended for distribution to a person who is not an Accredited Investor, Expert Investor or Institutional Investor as defined in SFA. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch accepts legal responsibility for the contents of reports pursuant to Regulation 32C(1)(d) of the Financial Advisers Regulations. This publication is not a prospectus as defined in the SFA. This publication is not a prospectus as defined in the SFA. It may not be further distributed in whole or in part for any purpose. The Hongkong and Shanghai Banking Corporation Limited Singapore Branch is regulated by the Monetary Authority of Singapore. Recipients in Singapore should contact a "Hongkong and Shanghai Banking Corporation Limited, Singapore Branch" representative in respect of any matters arising from, or in connection with this report. Please refer to The Hongkong and Shanghai Banking Corporation Limited Singapore Branch's website at [www.business.hsbc.com.sg](http://www.business.hsbc.com.sg) for contact details. HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC is authorised and regulated by Secretaría de Hacienda y Crédito Público and Comisión Nacional Bancaria y de Valores (CNBV).

In Canada, this document has been distributed by HSBC Securities (Canada) Inc. (member IIROC), and/or its affiliates. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offense. In Brazil, this document has been distributed by Banco HSBC S.A. ("HSBC Brazil"), and/or its affiliates. As required by Instruction No. 598/18 of the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários), potential conflicts of interest concerning (i) HSBC Brazil and/or its affiliates; and (ii) the analyst(s) responsible for authoring this report are stated on the chart above labelled "HSBC & Analyst Disclosures".

The document is intended to be distributed in its entirety. Unless governing law permits otherwise, you must contact a HSBC Group member in your home jurisdiction if you wish to use HSBC Group services in effecting a transaction in any investment mentioned in this document. HSBC Bank plc is registered in England No 14259, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. (070905)

If you are an HSBC Private Banking ("PB") customer with approval for receipt of relevant research publications by an applicable HSBC legal entity, you are eligible to receive this publication. To be eligible to receive such publications, you must have agreed to the applicable HSBC entity's terms and conditions for accessing research and the terms and conditions of any other internet banking service offered by that HSBC entity through which you will access research publications ("the Terms"). Distribution of this publication is the sole responsibility of the HSBC entity with whom you have agreed the Terms. If you do not meet the aforementioned eligibility requirements please disregard this publication and, if you are a customer of PB, please notify your Relationship Manager. Receipt of research publications is strictly subject to the Terms and any other conditions or disclaimers applicable to the provision of the publications that may be advised by PB.

© Copyright 2021, HSBC Bank plc, ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC Bank plc. MCI (P) 028/02/2021, MCI (P) 087/10/2020