

The great resilience of ASEAN

Sailing through the storm

- ◆ With a strong export base, a recovery in consumption and tourism, along with impressive earnings growth ...
- ◆ ... ASEAN economies are in a relatively robust position ...
- ◆ ... and we expect this resilience to continue next year

ASEAN's moment. Against a backdrop of general global gloom, ASEAN remains on the front foot. Two years of pandemic-induced demand has boosted the region's trade and efforts to attract quality foreign direct investment have paid off, especially in the electronics sector. And while high-frequency indicators point to a cooling manufacturing cycle amid recession risks, our analysis shows there are good reasons to believe ASEAN economies can maintain their relative outperformance in 2023e.

Credit. ASEAN companies have been generally resilient amid the high volatility in US rates and FX markets year-to-date. They are less exposed to foreign currency debt versus other EM peers. Given the high cost of USD funding on the bond market, the region's corporates are seeking access to alternate debt financing, either through local currency bond issuance or via USD loans from domestic banks.

Equity strategy. ASEAN markets have achieved some of the strongest earnings growth numbers year-to-date, with equities generally outperforming most regional indices. The reopening of economies has lifted economic growth numbers in 1H and, given pent-up consumer demand, a revival in tourism, and Indonesia and Malaysia benefitting from high commodity prices, the region's equity markets have proved to be defensive with regard to inflation and interest rate shocks.

Rates. It's been a tough year for global fixed income investors due to the rising rate environment, but small pockets of resilience have emerged in Southeast Asia. Fixed income returns on Indonesia and Malaysia bonds have been notably better than in the Philippines and Thailand. We attribute the outperformance to stronger demand for bonds from domestic investors and inflation being more under control.

FX. While ASEAN currencies haven't depreciated as much as other Asian currencies y-t-d, this masks the diversity within this group of six currencies. The PHP and THB have notably underperformed, reflecting their current account deficits. The MYR has been undermined by capital outflows and a historically strong correlation with the RMB. Meanwhile, the VND, SGD and IDR are more resilient for different reasons. The VND is managed to be on a more gradually depreciating path. The IDR is partially shielded by its commodity trade surplus. The SGD nominal effective exchange rate (NEER) is directly supported by the central bank's tightening of its exchange-rate-centred monetary policy. Looking ahead, we expect all ASEAN currencies to continue weakening against the USD.

This is a Free to View version of a report with the same title published on 20-Oct-22. Please contact your HSBC representative or email AskResearch@hsbc.com for more information.

Free to View – Multi-Asset Asia

Frederic Neumann

Chief Asia Economist, Co-head Global Research Asia
The Hongkong and Shanghai Banking Corporation Limited

Yun Liu

Economist

The Hongkong and Shanghai Banking Corporation Limited

Keith Chan

Head of Asia Credit Research

The Hongkong and Shanghai Banking Corporation Limited

Joy Wang*

Head of ASEAN Equity Research and ASEAN Property

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch

Herald van der Linde*, CFA

Head of Equity Strategy, Asia Pacific

The Hongkong and Shanghai Banking Corporation Limited

Pin Ru Tan

Asia-Pacific Rates Strategist

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch

Joey Chew

Senior Asia FX Strategist

The Hongkong and Shanghai Banking Corporation Limited

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

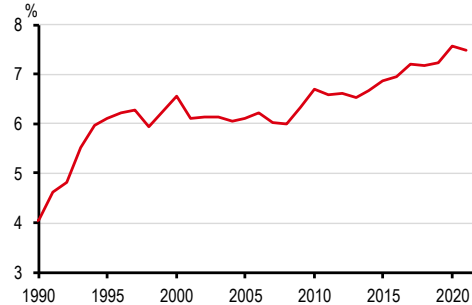
Disclosures & Disclaimer

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: The Hongkong and Shanghai Banking Corporation Limited

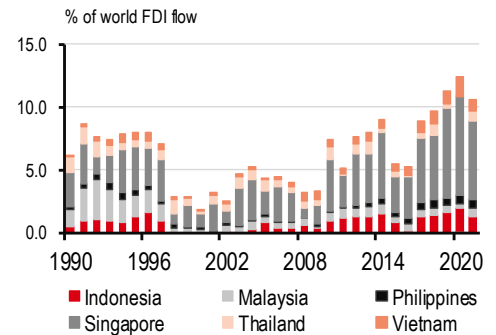
View HSBC Global Research at:
<https://www.research.hsbc.com>

Chart 1. ASEAN's global share of exports has almost doubled in the past 30 years



Source: UNCTAD, HSBC

Chart 2. The region's share of global FDI has also risen significantly since the GFC



Source: UNCTAD, HSBC

Yun Liu
Economist
The Hongkong and Shanghai
Banking Corporation Limited

Economics: Exports resilience

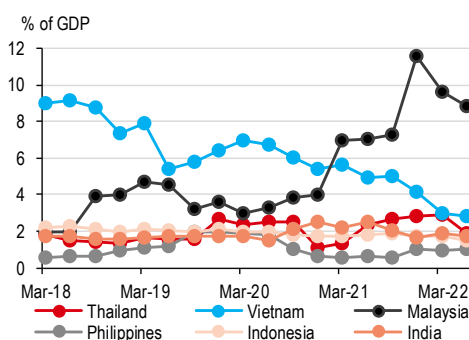
Southeast Asia has long played a key role in global trade, led by Singapore. ASEAN's trade has boomed in the past decade, accounting for almost 8% of global exports (Chart 1). In particular, the past two years of pandemic-induced demand boosted growth in the region's trade. While high-frequency indicators point to a cooling manufacturing cycle amid recession risks, there is good reason to believe ASEAN is in a *relatively* better position than many other regions.

True, ASEAN will not be fully insulated from the trade slowdown but its rising share of the global export market – the result of multiple years of efforts to attract quality FDI to its export-oriented sectors – is likely to provide a buffer. Indeed, ASEAN now accounts for around 10% of the world's FDI, almost on par with mainland China (Chart 2). That said, the impact is likely to be uneven across the region, with Singapore, Malaysia and Vietnam relatively better positioned in the near term and Indonesia offering a compelling structural transformation story.

The electronics sector best illustrates this trend as ASEAN is now deeply embedded in the global tech supply chain. In some economies, the electronics share of total shipments is as high as 50-60%. While signs point to a 'pay-back' in the tech cycle, consistent FDI inflows may provide some protection from cyclical trade headwinds.

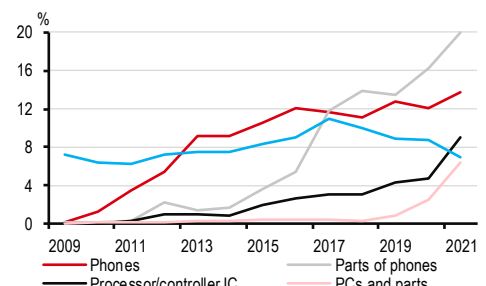
In terms of regional FDI outperformance, Malaysia and Vietnam stand out. Malaysia's share of FDI has been high as 10% of GDP (Chart 3), and while semiconductor production is still concentrated in chip packaging and assembly, it has moved up the tech value chain in recent years. The same applies to Vietnam, transforming the country into a global production hub for consumer electronics (Chart 4).

Chart 3. Malaysia and Vietnam are two outperformers in attracting FDI



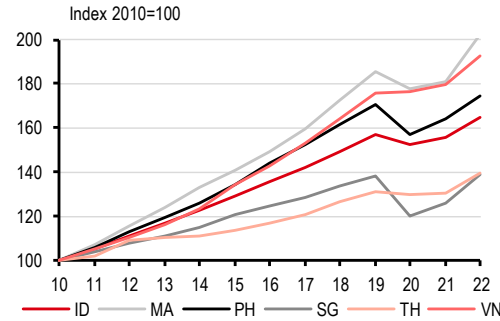
Source: CEIC, HSBC

Chart 4. Vietnam has gained substantial market share in electronics



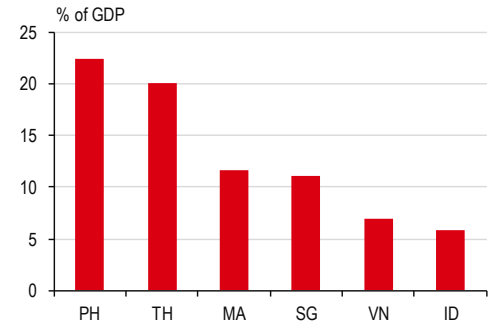
Source: ITC Trademap, HSBC

Chart 5. Consumption is likely to exceed pre-pandemic levels for all countries



Source: CEIC, HSBC forecasts; 2022 data is our forecasts

Chart 6. Tourism is also an important source of revenue for ASEAN (2019)



Source: WTTC, HSBC

Growth this year will be underpinned by a rebound in private consumption

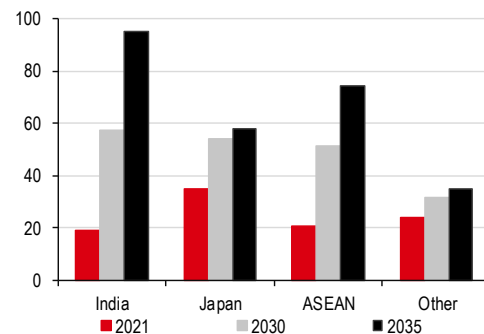
Consumption nations

While reliance on external demand may not be enough to sustain a recovery, growth in ASEAN this year will be underpinned by a robust rebound in private consumption. With most countries fully re-opening their economies since 2Q22, household expenditure has reversed its weakness and accelerated sharply (Chart 5). A meaningful improvement in the labour market provides strong support to consumers, although all but Singapore are yet to reach pre-pandemic levels.

A key part of the story is the start of the return of tourism. Many tourism-related sectors, including travel, accommodation and food and beverage, provide a large chunk of both formal and informal jobs, generating substantial revenue for the economy (Chart 6). Take Thailand as an example: after two difficult years Thailand has welcomed around 4 million tourists y-t-d, with the potential to exceed 10 million (25% of the 2019 level) for the whole year in 2022. That said, a word of caution is warranted. As mainland China accounted for roughly 30% of the total of 40 million tourists prior to the pandemic, there remains a degree of uncertainty about the extent of the rebound in tourism.

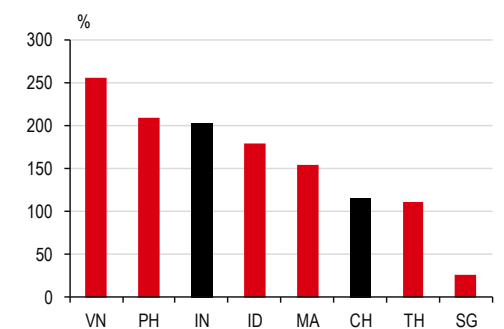
In addition to the near-term recovery, ASEAN’s consumption potential is also a structural story, underpinned by sound fundamentals, accelerating urbanisation and a rising middle class. While ASEAN accounts for only just under 7% of Asia’s wealth now, the size of the affluent population is expected to more than triple by 2035 (Chart 7). Vietnam and the Philippines will lead the way in terms of the projected increase in the number of adults holding wealth of at least USD250,000, with Indonesia and Malaysia not far behind (Chart 8).

Chart 7. Number of adults with wealth above USD250k (millions)



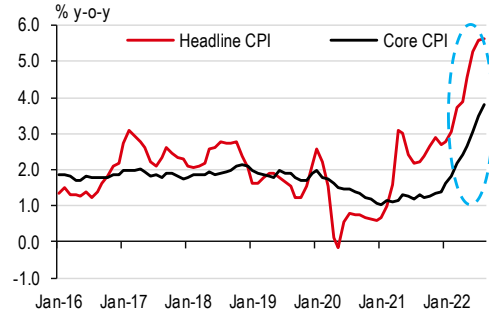
Source: UNU-WIDER, World Income Inequality Database, World Bank, IMF, United Nations Population Division, HSBC forecasts; NB

Chart 8. Rise in percentage of adults with at least USD250k in wealth (2022 to 2030)



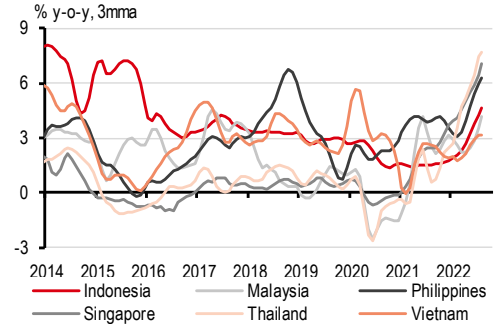
Source: UNU-WIDER, World Income Inequality Database, World Bank, IMF, United Nations Population Division, HSBC forecasts

Chart 9. Inflation has remained benign in the past, but has been accelerating in 2022



Source: CEIC, HSBC

Chart 10. Thailand, the Philippines and Singapore face acute inflation pressures



Source: CEIC, HSBC

ASEAN has not been shielded from the economic shocks experienced in 2022

Inflation risks

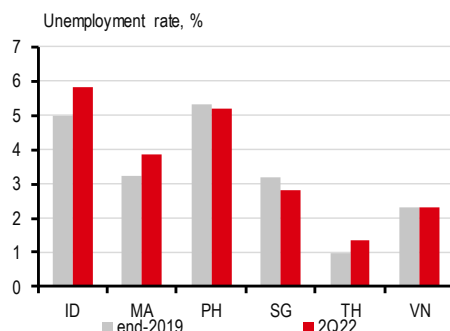
ASEAN has seen a disinflationary environment for some time, thanks to a combination of structural and cyclical factors, including a relatively stable oil supply outlook, improved food supply management and the growth of online retail. However, ASEAN has not been shielded from the economic shocks experienced in 2022. The surge in energy prices and food costs have pushed headline inflation notably higher (Chart 9). That said, the impact is uneven across countries, with inflation pressures in Singapore, Thailand and the Philippines particularly acute (Chart 10). This is because the extent of energy pass-through varies across the region, depending on local price adjustments and/or the level of taxation on fuel.

However, in the past three months the inflation drivers have started to tilt from the supply-side to the demand-side. While some commodity prices (e.g. oil) retreated modestly from their peaks in March, core prices across the board have accelerated. The degree of emerging core price pressures will partly depend on the recovery in countries' labour markets.

Thanks to generous policy support to save jobs, Singapore already has a tight labour market. However, the rest of the region is still recovering (Chart 11). That said, this may quickly change, and the risk from tightening labour markets will likely materialise as ASEAN is set to benefit further from its grand re-opening. Despite trade headwinds, job prospects in manufacturing are brighter across the region – most of the recent manufacturing PMIs have been in expansionary territory, exceeding pre-pandemic levels (Chart 12).

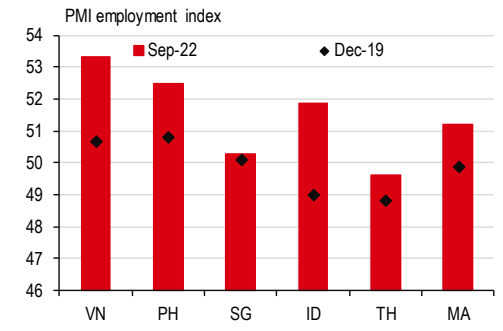
Meanwhile, services jobs, representing the lion's share of employment in ASEAN, will continue to see improvements. This will likely translate into upward pressure on wages and core inflation in the coming months, putting some pressure on the countries' respective central banks.

Chart 11. ASEAN's labour markets are still in the recovery phase, except Singapore



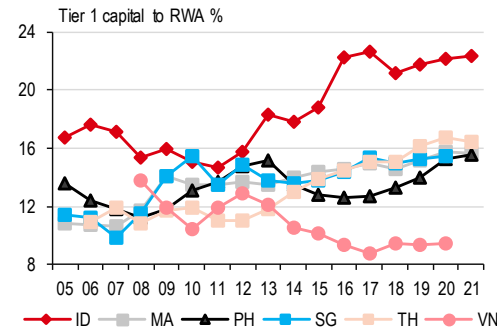
Source: CEIC, HSBC

Chart 12. Job prospects in manufacturing are brighter across the region



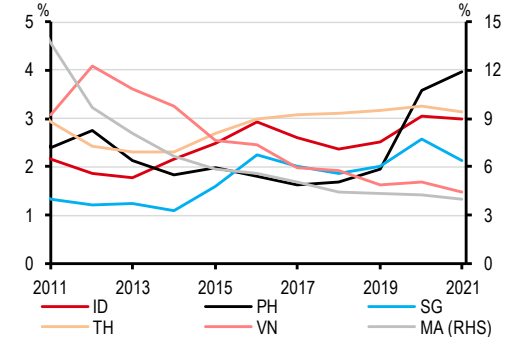
Source: S&P Global, HSBC

Chart 13. Capital adequacy ratios have improved drastically in ASEAN



Source: CEIC, HSBC

Chart 14. NPLs have been declining in recent years (except in the Philippines)



Source: CEIC, HSBC

The banking sector has become the lynchpin of the region's macroeconomic stability

Financial health

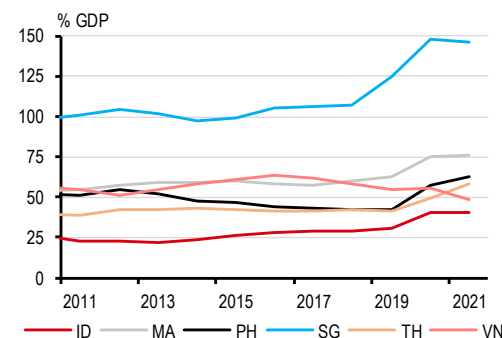
ASEAN banks were hit particularly hard by the Asian Financial Crisis (AFC) in 1997-98. Thanks to a sound mix of stringent regulatory oversight and higher lending standards, the region's banking sector has come a long way since then to become the lynchpin of the region's macroeconomic stability.

This can be seen through the lens of two key indicators: capital adequacy ratio (CARs) and non-performing loan (NPL) ratios. CARs have generally improved (Chart 13), except in Vietnam, the only country yet to fully meet the Basel II minimum requirement of 8% across all banks. In particular, Indonesia's bank Tier 1 CAR of 22% is most impressive. Indeed, the improvement in bank capitalisation has occurred in tandem with a steady reduction in NPL ratios (Chart 14). Bank underwriting standards have improved significantly, reducing the likelihood of volatile fluctuations in NPLs in the aftermath of economic downturns.

Another measure to look at is debt. For one, public debt has steadied over the last decade, though rising modestly since the pandemic (Chart 15). The good news is that most countries are pursuing some form of fiscal consolidation to reduce the level of public debt. In addition, ASEAN's overall external debt levels have subsided sharply alongside the build-up of FX reserves (Chart 16). The ratio appears to be higher in Malaysia, which partly reflects deposits owned by the country's bank branches elsewhere, backed up by local assets.

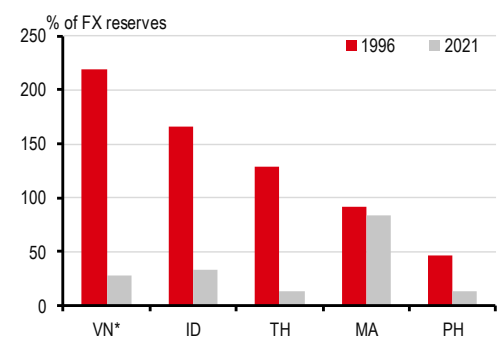
Of course, this is not to say there are no risks. But, after 20 years, ASEAN is in a *relatively* robust position to weather challenges compared with previous crises.

Chart 15. Public debt steadied in the last decade, despite a pick-up since 2020



Source: CEIC, HSBC

Chart 16. Short-term external debt down sharply since the Asian Financial Crisis



Source: CEIC, World Bank WDI, HSBC; NB: *VN's latest data is 2020

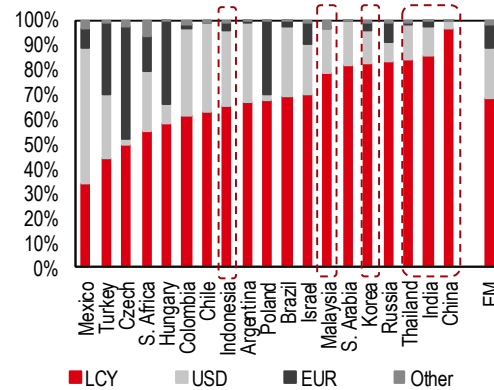
Keith Chan
Head of Asia Credit Research
The Hongkong and Shanghai
Banking Corporation Limited

Credit: ASEAN corporates sailing through the storm

ASEAN corporates have been generally resilient amid the high volatility in US rates as well as the FX markets y-t-d. In particular, corporates in various ASEAN countries are less exposed to foreign currency debt compared with peers in other EMs (see Chart 17). For instance, in India the RBI has set a pricing cap for debt raised through external commercial borrowing, effectively barring weaker issuers from accessing the USD bond market. This explains the low default rate of Indian HY corporates in recent years, with the exception of a few idiosyncratic cases. Even in Indonesia, where corporates have higher exposure to USD debt, most of the existing currency mismatches have been proactively hedged in accordance with regulatory requirements.

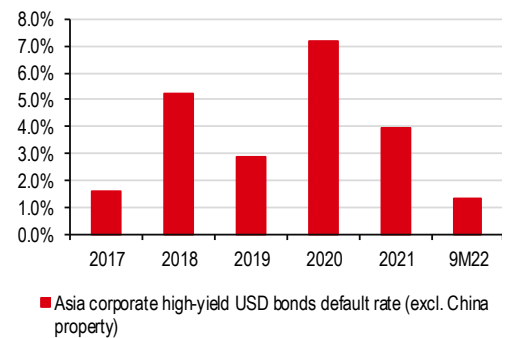
With the cost of tapping USD funding from the bond market at a high level, ASEAN corporates are seeking access to alternate debt financing, either through local currency bond issuance or via USD loans from domestic banks. We believe the Asia HY corporate USD bond default rate (ex-China property developers) will remain at a modest level into next year, as the maturity wall of USD HY bond from ASEAN issuers is manageable in 2023e.

Chart 17. Asian corporates are less reliant on foreign currency debt



Note: Non-financial corporates include private sector enterprises and state-owned enterprises. EM is calculated as an average of the countries
Source: IIF, HSBC. Data as of 2Q22.

Chart 18. Modest Asia HY corporate (ex-China property) default rate into 2023e



Note: We carve out China property developers from numbers above

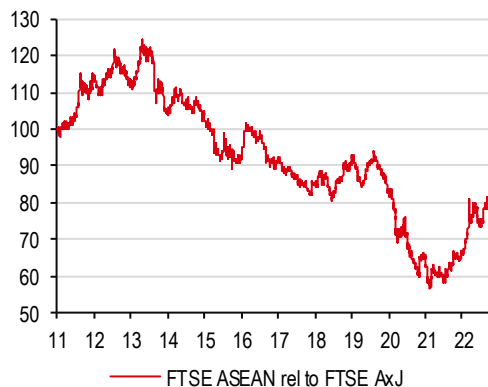
Source: Bloomberg, HSBC

Herald van der Linde*, CFA
Head of Equity Strategy, Asia
Pacific
The Hongkong and Shanghai
Banking Corporation Limited

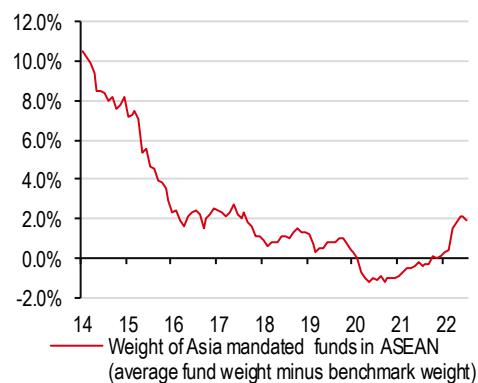
*Employed by a non-US affiliate of HSBC Securities (USA) Inc. and not registered/qualified pursuant to FINRA regulations

Equity Strategy: ASEAN markets have outperformed

ASEAN markets have been in recovery mode this year, achieving some of the strongest earnings growth numbers, with equities largely outperforming most of the regional indices globally. Reopening has lifted also economic growth numbers in the first half. With pent-up consumer demand, a revival in tourism and markets like Indonesia and Malaysia benefitting from high commodity prices, ASEAN equities proved to be defensive with regards to inflation and interest rate shocks. After lagging the Asian equities broadly since 2012, a change in sentiment about the region has started to become visible. We believe the region provides a good diversification and robust growth story, especially when growth elsewhere is slowing.

Chart 19. After underperforming broader Asia since 2013, ASEAN equities are proving resilient


Source: FTSE Russell, FactSet, HSBC

Chart 20. Funds still have limited exposure to ASEAN as a whole


Source: EPFR Global, HSBC

On top of a cyclical recovery, we foresee a structural shift in the ASEAN markets on the back of supply chain relocations and the adoption and development of digital economies. Indonesia and Vietnam stand out as two markets enjoying the most growth tailwinds.

Building on its rich natural resources in nickel, we see the country moving up the supply chain with multiple EV battery investment projects already in the pipeline. Government policy is focused on boosting the manufacturing sector and investing heavily in infrastructure. At the same time, Indonesia is moving from traditional 'banks and industrials' to fast-growing internet and technology companies, lending support to margins and ROE. The domestic consumer sector is becoming bigger and, in turn, a new category of investors – the domestic retailers – might be the next marginal buyers of local equities.

Another strong equity story in the region is Vietnam

Another strong equity story in the region is Vietnam. The equity market has grown 12-fold in terms of market cap in the last 10 years and has outperformed all the major regional indices. The country is moving up the manufacturing value chain, but it's not just exports, this market enjoys a strong domestic consumption story. The population is young and well-educated with a fast growing middle class. Additionally, the market is on the cusp of an upgrade to EM status, which could lead to more foreign investment.

While Indonesia and Vietnam are attracting a lot of attention, we argue that investors should also look at the Thai and Philippine markets. Thailand has been a structural underweight for global investors since 2014. As elsewhere in the region, Thailand has enjoyed a big bounce in earnings since COVID-19. The market has received record inflows of USD4.8bn so far this year, a reversal from five years of net outflows, indicating increasing FII interest. We believe even a marginal improvement in tourism could boost growth and sentiment in this market.

Philippine equities have been the strongest earnings story in the region in 2022. After growing 16% y-o-y in Q1 and 27% in Q2, consensus expects full-year growth to come in at 32%, the strongest in Asia. A lot of this has to do with the revival in domestic demand.

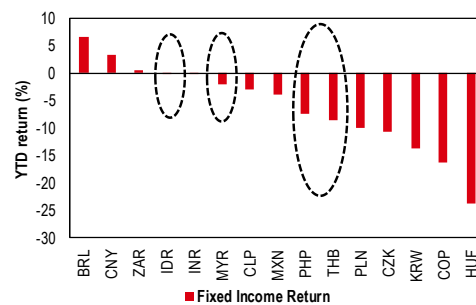
Pin Ru Tan
Asia-Pacific Rates Strategist
The Hongkong and Shanghai
Banking Corporation Limited,
Singapore Branch

Rates: Broadening the local investor base

It has been a tough year for global fixed income investors due to the rising rate environment, but pockets of resilience have been found in emerging market bonds. For example, in Southeast Asia, the fixed income returns on Indonesia and Malaysia bonds have been notably better than in the Philippines and Thailand (Chart 21). We attribute the outperformance of both markets to domestic investors' stronger demand for bonds and inflation being more under control.

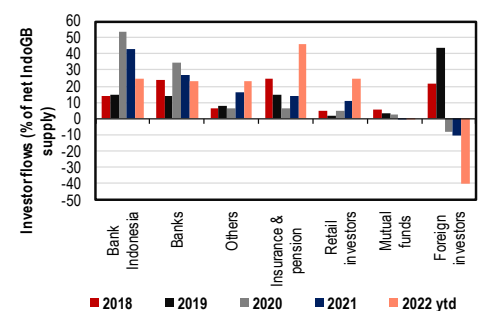
For example, in Indonesia, local insurance and pension funds have absorbed 45% of net government bond supply so far this year (Chart 22). Regulatory changes have led the insurance industry to shift away from investment-linked products and towards life insurance products, which has generated additional demand for long-dated bonds. Credit must also be given to policymakers for cultivating retail demand for government bonds in recent years, through its retail issuance series. So far this year, retail investors have absorbed 25% of net government bond supply, up from just 5% in 2018. Similarly, in Malaysia, the return of the Employee Provident Fund as a strong anchor investor, after a brief absence in 2020 due to the pension withdrawal schemes, has helped to shield the local market from global headwinds (Chart 23).

Chart 21. Indonesia and Malaysia bonds have performed better



Source: Bloomberg, HSBC

Chart 22. Strong local real money demand has anchored Indonesia's bond market

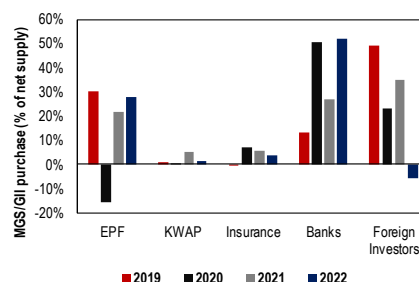


Source: CEIC, HSBC

In contrast to Indonesia and Malaysia, a broadening and deepening of the local bond investor base has not occurred in Thailand and the Philippines. Negative real yields also reduce the attractiveness of local bonds in these two markets. This is particularly true for Thailand, where the decline in real yield over the past year is the largest across EM (Chart 24).

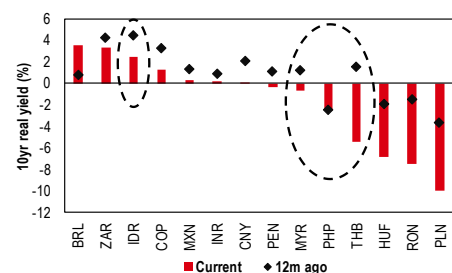
In the period ahead, the resilience of the region's bond markets will remain dependent on policymakers' inflation-fighting credentials and fiscal prudence, while continued efforts to widen the investor base would provide a welcome boost.

Chart 23. The return of Malaysia's pension fund as a net buyer of bonds has been a strong market stabiliser



Source: CEIC, HSBC

Chart 24. Negative real yields for the Philippines and Thailand



Source: Bloomberg, HSBC

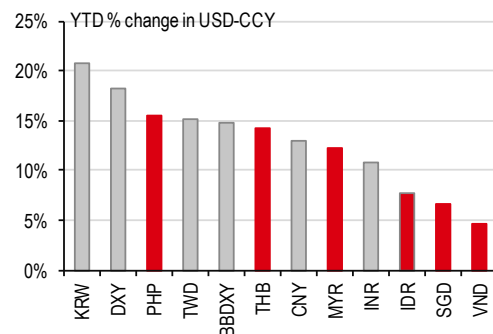
Joey Chew
Senior Asia FX Strategist
The Hongkong and Shanghai
Banking Corporation Limited

FX: A mixed bag

Year-to-date, ASEAN currencies as a whole have not depreciated as much as other Asian currencies, or the currencies in the Bloomberg USD (BBDXY) basket. But such a statement masks the diversity within this group of six currencies. The PHP and THB have notably underperformed, reflecting their current account deficits. The MYR does not have a deficit to fund, but it has been undermined by residents' capital outflows and a historically strong correlation with the RMB. Meanwhile, the VND, SGD and IDR are more resilient for different reasons. The VND is managed to be on a more gradually depreciating path. The IDR is partially shielded by its commodity trade surplus. The SGD NEER is directly supported by the central bank's tightening of its exchange rate-centred monetary policy.

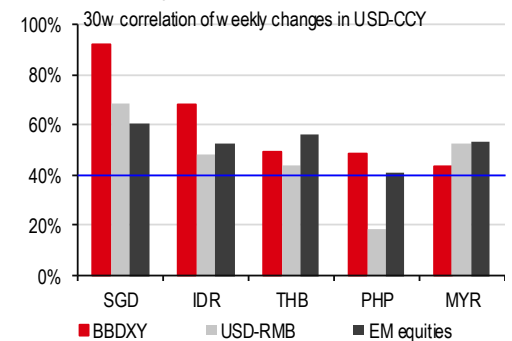
Looking ahead, we expect all ASEAN currencies to continue weakening against the USD. We find that all exchange rates have shown increasing correlation with the broad USD index over the past few months. We expect broad USD strength to persist for as long as the Fed remains on a hiking path and until global growth bottoms out. In terms of relative performance within ASEAN, we suspect the ranking to remain largely unchanged, except that (1) the THB may become less of an underperformer if tourism arrivals recover as quickly as HSBC Economics Research is forecasting; and (2) the SGD may have the potential overtake the VND to become the best-performing currency if inflation keeps surprising on the upside in Singapore. The IDR could also see its performance close in on the MYR if large bond outflows from Indonesia persist.

Chart 25. Diverse FX performance within ASEAN ...



Source: Bloomberg, HSBC

Chart 26. ... reflecting differing fundamentals and sensitivity to common external drivers



Source: Bloomberg, HSBC

Disclosure appendix

The following analyst(s), who is(are) primarily responsible for this document, certifies(y) that the opinion(s), views or forecasts expressed herein 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: Frederic Neumann, Yun Liu, Keith Chan, Joy Wang, Herald van der Linde, CFA, Pin Ru Tan and Joey Chew

This document has been issued by the Research Department of HSBC.

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.

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.

Additional disclosures

- 1 This report is dated as at 20 October 2022.
- 2 All market data included in this report are dated as at close 17 October 2022, 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

Issuer of report
The Hongkong and Shanghai Banking Corporation
Limited

This document has been issued by The Hongkong and Shanghai Banking Corporation Limited, which has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. Neither The Hongkong and Shanghai Banking Corporation Limited nor any member of its group companies ("HSBC") make any guarantee, representation or warranty nor accept any responsibility or liability as to the accuracy or completeness of this document and is not responsible for errors of transmission of factual or analytical data, nor is HSBC liable for damages arising out of any person's reliance on this information. The information and opinions contained within the report are based upon publicly available information at the time of publication, represent the present judgment of HSBC and are subject to change without notice.

This document is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment or other investment products mentioned in it and/or to participate in any trading strategy. It does not constitute a prospectus or other offering document. Information 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 it, consider the appropriateness of the information, having regard to their objectives, financial situation and needs. If necessary, seek professional investment and tax advice.

The decision and responsibility on whether or not to purchase, subscribe or sell (as applicable) must be taken by the investor. In no event will any member of the HSBC group be liable to the recipient for any direct or indirect or any other damages of any kind arising from or in connection with reliance on any information and materials herein.

Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of investments for which there is no recognised market it may be difficult for investors to sell their investments or to obtain reliable information about its value or the extent of the risk to which it is exposed. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors.

This document is for information purposes only and may not be redistributed or passed on, directly or indirectly, to any other person, in whole or in part, for any purpose. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report, you agree to be bound by the foregoing instructions. If this report 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. 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.

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.

HSBC and/or its officers, directors and employees may have positions in any securities in companies mentioned in this document. HSBC may act as market maker or may have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell or buy securities and may also perform or seek to perform investment banking or underwriting services for or relating to those companies and may also be represented on the supervisory board or any other committee of those companies.

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.

The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority.

© Copyright 2022, The Hongkong and Shanghai Banking Corporation Limited, 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 insert issuing entity name. MCI (P) 037/01/2022, MCI (P) 027/10/2022

[1202508]