

Equity Insight

V-shaped recovery?

- **Consensus earnings revisions ratios for all main regions are showing a V-shaped profile, as are some economic indicators**
- **Improvement has been so dramatic that earnings upgrades are now almost matching downgrades for the world index**
- **Normalising rates: combination of stabilising profitability and favourable valuations should allow equities to live with the normalisation of long-term interest rates, in our view**

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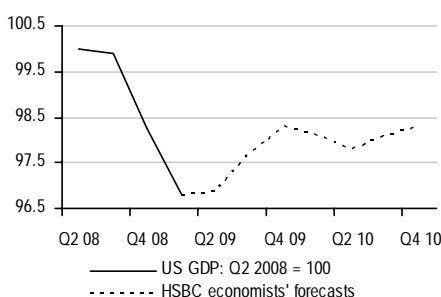
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Very few commentators appear to be giving serious consideration to the likelihood of a 'V'-shaped global economic recovery (which may make you wonder where the balance of risk lies from here). The most popular representative letters still appear to be 'W', 'U' and 'L'. But, if the profile of analysts' earnings revisions is any guide, the possibility of a decent rebound in economic growth and corporate earnings should not be ruled out.

The normalisation of interest rates has been beginning to feature in our discussions with investors, spurred by the sell-off in government bonds. As we write, the sheer steepness of the yield curve seems to have capped the surge in long-term yields, for a while at least. And recent levels of yields are not yet hitting equity valuations materially: the implied risk premium remains well above trend. But, at some stage, equity markets will have to tackle this question more definitively.

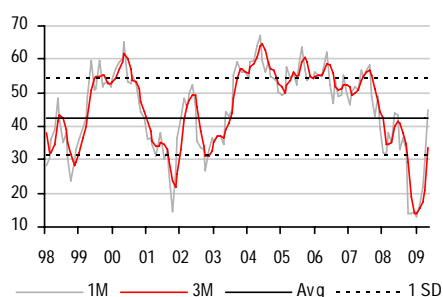
In our view, a combination of stabilising profitability – which may be a little closer perhaps than we'd thought – and favourable (cyclically adjusted) valuations, together with a conscious decision by asset allocators eventually to dump bonds and money-market mutual funds for stocks, should allow equities to live with the normalisation of long and even short-term interest rates when this finally happens for real.

US GDP index (Q2 08 = 100)



Source: HSBC estimates, Thomson Financial Datastream

Earnings revisions ratio: FTSE World index



Source: HSBC, IB/E/S

V-shaped recovery?

Very few commentators appear to be giving serious consideration to the likelihood of a 'V'-shaped global economic recovery (which may make you wonder where the balance of risk lies from here). The most popular representative letters still appear to be: 'W' (a double-dip growth profile); 'U' (a period of depressed growth followed by a slow and lacklustre recovery); and 'L' (a stagnant/depressionary growth profile).

But, if the profile of analysts' earnings revisions is any guide, the possibility of a decent rebound in economic growth should not be ruled out. Take, for example, the right-hand chart on the front page. This shows the revisions ratio for the FTSE World index. As recently as January, the series hit a record low of just 13%, with downgrades outnumbering upgrades by a factor of 7 to 1. Around this time depression fears were rising, complete financial meltdown was still on the agenda and any concept of a recovery seemed a remote possibility to many.

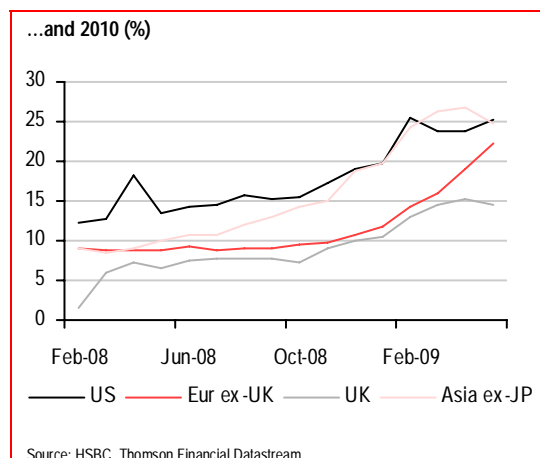
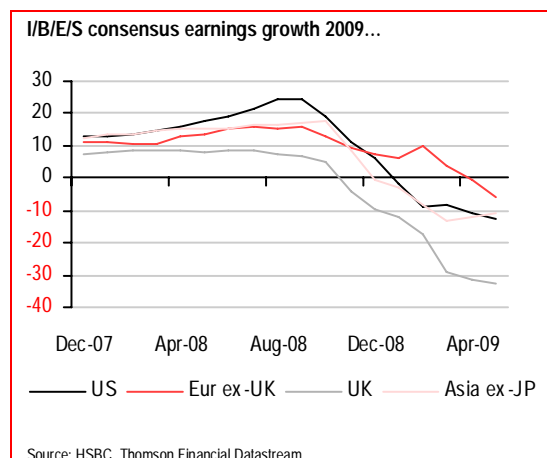
Since then, the series has taken off and the rise has been so rapid that the latest reading of 45% stands above the long-term average. That's a pretty impressive turnaround and suggests to us that the worst of the downgrade cycle is now behind us.

Note, the source of the data is I/B/E/S consensus and we define the revisions ratio as the total number of earnings upgrades as a percentage of the total number of earnings revisions.

The charts on the following page confirm that the impressive rebound in the World index revisions ratio has been repeated across all of the key regions. We find that the revisions ratios in all of the regions (except Europe ex-UK) have risen at least back to their long-term average levels. Moreover, in the case of Asia Pacific ex-Japan, we are now seeing more earnings upgrades than downgrades, with a revisions ratio of 54%.

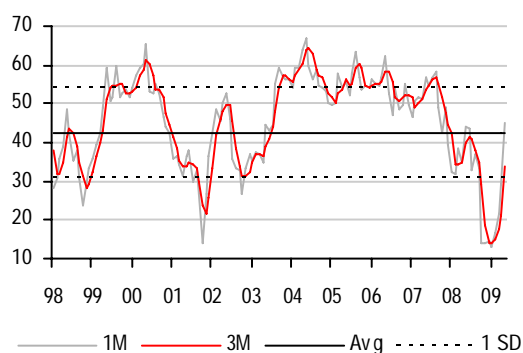
In our view, our findings add to the growing body of evidence that suggests the worst-case scenario of a 'Great depression' looks unlikely.

Admittedly, the first half of a 'W' can also look like a 'V' and therefore it would be unwise to rule out a double-dip in the profile of earnings revisions at some stage. However, it seems unlikely to us that the ratios will revisit the depths that they plunged to around the turn of the year.



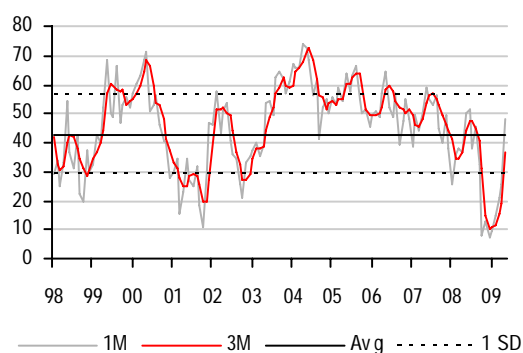
Revisions ratios: I/B/E/S consensus data (FTSE World indices) – upgrades as percentage of all revisions

World revisions ratio



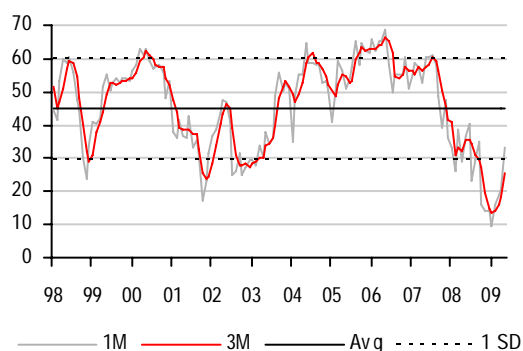
Source: HSBC, Thomson Financial Datastream, I/B/E/S

US revisions ratio



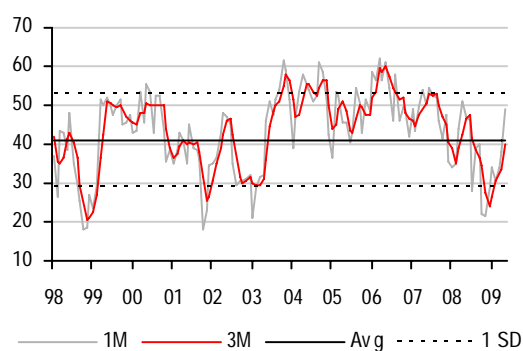
Source: HSBC, Thomson Financial Datastream, I/B/E/S

Europe ex-UK revisions ratio



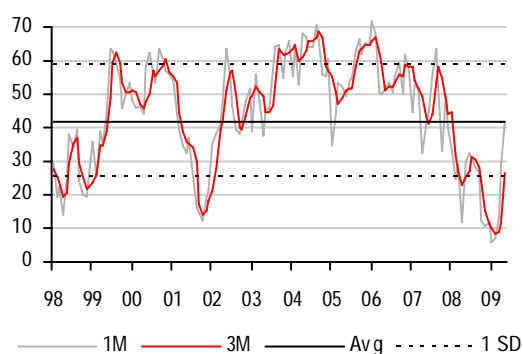
Source: HSBC, Thomson Financial Datastream, I/B/E/S

UK revisions ratio



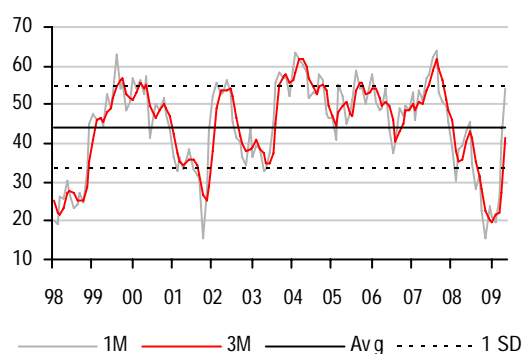
Source: HSBC, Thomson Financial Datastream, I/B/E/S

Japan revisions ratio



Source: HSBC, Thomson Financial Datastream, I/B/E/S

Asia Pacific ex-Japan revisions ratio



Source: HSBC, Thomson Financial Datastream, I/B/E/S

Normalising rates: dress rehearsal

The normalisation of interest rates has been beginning to feature in our discussions with investors, spurred by the sell-off in government bonds. The yield on the 10-year Treasury note last Wednesday, 27 May, had risen 170bp from its December lows, lifting some US mortgage rates on the way, pouring cold water on mortgage refinancing and threatening to curtail the ongoing decline in corporate borrowing costs. Meanwhile, LIBORs stopped falling. Bonds rallied somewhat on Thursday and Friday, and our fixed income colleagues think the market will stabilise, but investor expectations have taken a knock.

There is (as ever) a vigorous debate over what, exactly, the immediate causes of the past few weeks' rebound in "riskless" bond yields might be. Perma-bears are adamant that the economic data show few signs of recovery and suggest that the rise in yields reflects the surge in supply, which may yet be mopped up by high savings and more Fed purchases. Gold-bugs assert that fears of US hyperinflation are to blame. We'd note that markets had previously been pricing in the risk of banking collapse and Depression, and that neither of these now seem likely.

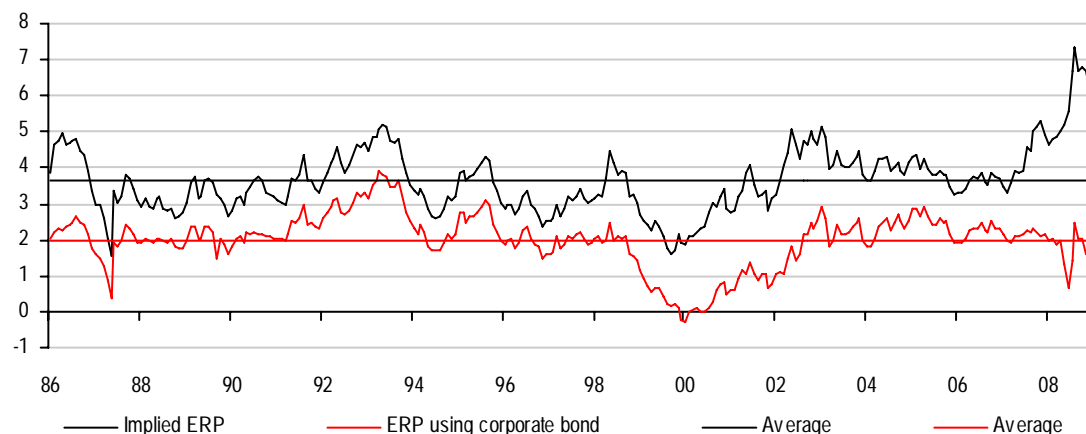
As we write, the sheer steepness of the yield curve (see bottom left chart on p9) seems to have capped the surge in long-term yields, for a while at least. And recent levels of yields are not yet hitting equity valuations materially: the implied risk premium remains well above trend – see chart below. But, at some stage, equity markets will have to tackle this question more definitively.

Our guess is that a combination of stabilising profitability – which may be a little closer perhaps than we'd thought, see comments above – and favourable (cyclically adjusted) valuations, together with a conscious decision by asset allocators eventually to dump bonds and money-market mutual funds for stocks, should allow equities to live with the normalisation of long and even short-term interest rates when this finally happens for real.

When will this be? Things have had a habit of happening sooner than expected in this cycle and we are trying to keep an open mind about the likely exit route from the crisis.

The trajectory of growth, when it resumes, will be important. There was a lot of interest in last week's note, *Some of us are looking at the stars* (27 May 2009), in which we suggested that, from this summer's likely low points, some measures of trend economic and profit growth may accelerate, not decelerate as is widely assumed.

Estimated forward-looking implied US equity risk premium (%) – using government and corporate bonds



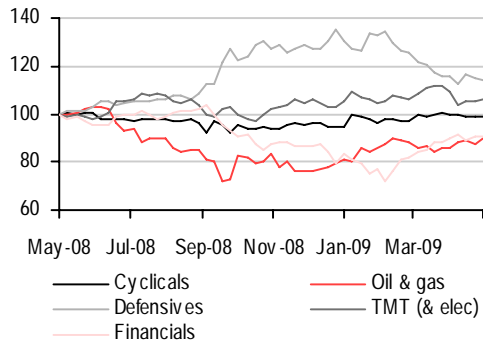
Source: HSBC, Thomson Financial Datastream

As far as the short-term profile is concerned, we don't want to get dragged into the alphabet argument – is the profile shown in the left-hand chart on the front page a scary 'W' or something more reassuring? – but we have to note here, again, that financial base effects mean that quoted sector profits at least will (eventually) bounce vigorously and possibly by more than we're currently assuming in our top-down projections for 2010.

The same may yet be the case even for short-term interest rates, but we still can't see that happening until the Fed is convinced that the economy – and profits, and by our inference stocks – can live with them. We are very carefully not labelling this notion a 'Bernanke put', because, if we've learned anything at all in the past two years, it's surely that derivative trades are not immune to counterparty risk...

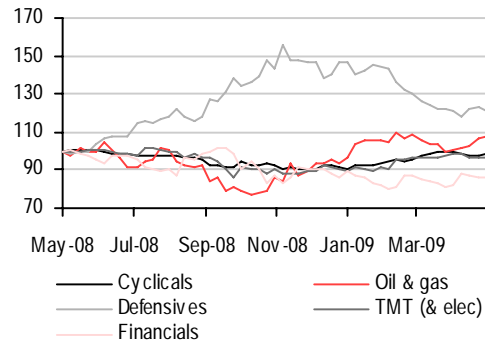
Supersectors and selected cyclicals: price relatives

Europe ex-UK



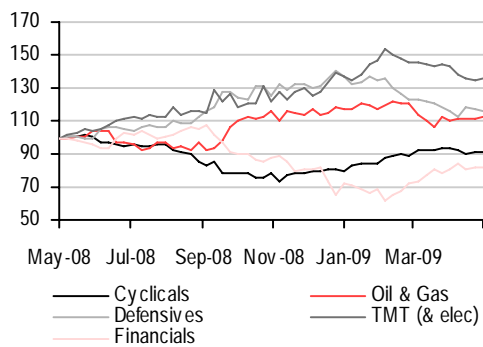
Source: HSBC, Thomson Financial Datastream

Japan



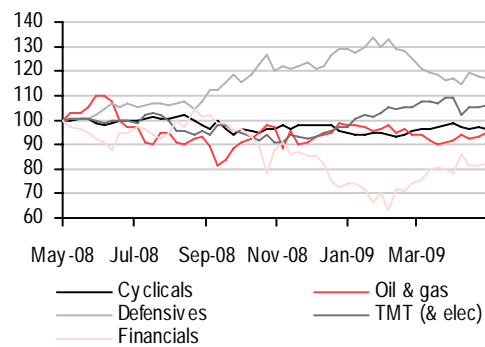
Source: HSBC, Thomson Financial Datastream

UK



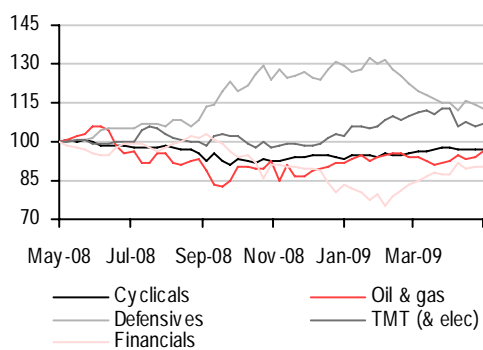
Source: HSBC, Thomson Financial Datastream

US



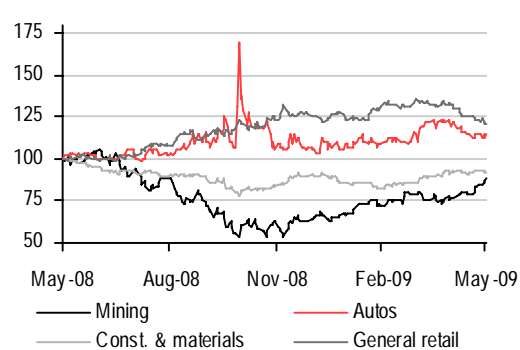
Source: HSBC, Thomson Financial Datastream

World



Source: HSBC, Thomson Financial Datastream

Selected cyclical sectors (global)



Source: HSBC, Thomson Financial Datastream

Data pack

HSBC Global Strategy views

Major market calls (MSCI All Country World: some countries excluded – figures may not add). Index targets, set on 19 March, currently under review

	MSCI world index (%)	HSBC (%)	Divergence	Index	Current level*	End-09
US	42.3	41.0	-1.3	S&P 500	919	900
Canada	4.3	4.3	0.0	S&P/TSX	10370	9500
France	4.4	4.6	0.2	CAC 40	3278	3200
Germany	3.3	3.5	0.2	DAX 30	4941	4600
Italy	1.5	1.5	0.0	MIB30	20571	17000
Netherlands	1.0	1.1	0.1	AEX	259	245
Spain	1.8	1.9	0.1	IBEX 35	9424	8600
Switzerland	3.2	3.2	0.0	SMI	5350	5300
Continental Europe	18.5	19.3	0.8	Eurostoxx 50	2451	2275
UK	8.7	8.7	0.0	FTSE 100	4418	4300
Europe	27.2	28.0	0.8	Eurofirst 300	862	820
Australia/NZ	2.9	2.9	0.0	ASX 200	3818	3825
HK SAR	1.0	1.0	0.0	HSI	18171	14500
Singapore	0.6	0.6	0.0	STI	2329	1750
Dev Asia ex Japan	4.5	4.5	0.0	MSCI Pac ex Japan	986	895
Japan	9.8	9.8	0.0	Topix	898	800
Developed world	88.0	87.5	-0.5	MSCI developed world (USD)	970	950
Emerging world	12.0	12.5	0.5	MSCI emerging world (USD)	773	600
Total	100.0	100.0	0.0	MSCI world (USD)	247	235

Note: current suggested regional positions do not necessarily relate precisely to end-year target returns *Close 29 May 2009
Source: HSBC, Thomson Financial Datastream

Global benchmark (BM) and HSBC calls (some countries excluded – figures differ slightly from table above)

Priced at 14-April-09	_N America_		Pan-Europe		Eur ex-UK		UK		Japan		Pac B ex-Jp		Global	
	BM	Call	BM	Call	BM	Call	BM	Call	BM	Call	BM	Call	BM	Call
	%	%pts	%	%pts	%	%pts	%	%pts	%	%pts	%	%pts	%	%pts
HSBC suggested global portfolio														
Oil & Gas	6.2		3.1	0.2	1.4	0.1	1.8	0.1	0.1		0.8	0.2	11.5	0.5
Basic Materials	1.6	0.1	2.0	0.1	1.2	0.1	0.8		0.7	-0.2	1.4	-0.2	6.8	-0.2
Industrials	5.0	-0.2	2.7	0.2	2.4	0.2	0.4		1.7	0.5	1.5	0.4	11.2	0.9
Consumer Goods	4.7	-0.1	3.7	-0.1	2.7		1.0	-0.1	2.3		0.8		11.8	-0.2
Health Care	5.7	-0.1	2.5	0.1	1.7	0.1	0.8		0.5	-0.1	0.2	-0.1	9.1	-0.2
Consumer Services	5.4	-0.3	1.9		1.1	0.1	0.8	-0.1	0.8		0.6		9.0	-0.4
Telecommunications	1.7		2.1	0.1	1.5	0.1	0.6	0.1	0.4		0.9	-0.2	5.7	-0.1
Utilities	1.7	-0.4	1.9	-0.1	1.6	-0.1	0.4		0.6	-0.1	0.4	-0.1	4.9	-0.7
Financials	7.7	0.2	5.7	0.3	4.2	0.3	1.5		1.7	-0.1	3.7		19.8	0.4
Technology	7.3	-0.2	0.8		0.8		0.0		0.6		1.3		10.0	-0.1
Total [HSBC regional call]	47.1	-1.0	26.5	1.0	18.6	1.0	7.9	0.0	9.4	0.0	11.6	0.0	100.0	0.0
HSBC suggested regional portfolios														
Oil & Gas	13.1	0.3	11.8	0.5	7.3	0.3	22.2	1.0	1.3		6.8	2.0		
Basic Materials	3.5	0.4	7.6	0.2	6.7		9.8	0.6	7.8	-2.0	11.8	-2.0		
Industrials	10.7	-0.1	10.2	0.3	12.7	0.6	4.4	-0.3	18.1	5.0	13.2	3.5		
Consumer Goods	9.9	-0.1	14.1	-0.8	14.7	-0.8	12.6	-0.7	24.9		7.1			
Health Care	12.2		9.4		9.4		9.6		5.2	-1.0	1.4	-0.5		
Consumer Services	11.5	-0.5	7.0	-0.2	5.8		10.0	-0.8	8.4		5.5			
Telecommunications	3.6		7.9	0.2	8.0		7.5	0.7	3.9		7.5	-2.0		
Utilities	3.7	-0.7	7.3	-0.6	8.5	-0.7	4.5	-0.5	5.9	-1.0	3.8	-1.0		
Financials	16.3	0.7	21.6	0.4	22.8	0.6	18.7		17.8	-1.0	31.9			
Technology	15.5		3.0		4.1		0.5		6.7		11.1			
Total	100.0	0.0	100.0	0.0	100.0	0.0	100.0	0.0	100.0	0.0	100.0	0.0		
Benchmark risk		3.6		4.2		3.8		5.2		10.0		9.0		2.9

Source: HSBC, Thomson Financial Datastream Universe here reflects the coverage of the HSBC Global Strategy team – it excludes non-Asian emerging markets

Suggested portfolio

A 30-stock equal-weighted global portfolio consistent with our regional and sectoral views, and with the ratings of HSBC analysts

Stock	Country	Sector	HSBC rating	Dividend yield (%)	PE (FY1)	Price/book	-3M (%)	Y-t-d (%)	Price (local cur)
BP	UK	Integrated Oil	Overweight	6.9	12.7	1.5	8.3	-2.9	5.1
Chevron	US	Integrated Oil	-	3.9	15.4	1.5	-0.8	-9.9	66.7
Exxon Mobil	US	Integrated Oil	-	2.4	17.1	3.0	1.8	-13.1	69.4
CNOOC	China	Oil & Gas Production	Overweight (V)	3.9	16.6	2.5	32.8	40.9	10.2
Vale	Brazil	Steel	Neutral (V)	3.6	13.2	1.7	21.5	36.0	32.5
BHP Billiton	UK	Other Metals/Minerals	-	3.4	13.4	4.3	6.6	14.1	14.8
Du Pont	US	Chemicals: Major Diversified	Overweight (V)	5.8	16.2	3.6	27.5	12.5	28.5
China Comm Constr	China	Engineering & Construction	Overweight (V)	1.0	18.0	3.4	25.8	12.1	10.7
CRH	Ireland	Construction Materials	-	4.0	11.8	1.3	2.4	2.8	16.6
Shanghai Electric	China	Electrical Products	Overweight (V)	1.9	17.5	1.9	63.7	16.6	3.7
Rolls Royce	UK	Aerospace & Defense	Overweight (V)	0.0	10.0	2.5	14.4	0.4	3.3
Siemens	Germany	Industrial Conglomerates	Overweight	3.1	n/a	1.7	19.6	-2.4	51.4
Nestle	Switzerland	Food: Major Diversified	Neutral	3.6	13.1	2.8	0.6	-7.0	38.7
Christian Dior	France	Consumer Sundries	Overweight (V)	3.0	n/a	1.6	30.6	33.9	53.9
Nike	US	Apparel/Footwear	Neutral (V)	1.8	15.2	3.5	21.7	11.9	57.1
Nintendo	Japan	Recreational Products	-	5.6	10.3	2.9	-9.3	-23.6	25800.0
Disney (Walt)	US	Media Conglomerates	-	1.4	14.2	1.3	33.4	6.7	24.2
Procter & Gamble	US	Household/Personal Care	-	3.4	12.3	2.4	10.3	-16.0	51.9
Sanofi-Aventis	France	Pharmaceuticals: Major	-	4.9	7.5	1.3	6.1	-1.0	45.0
Johnson & Johnson	US	Pharmaceuticals: Major	-	3.6	12.2	3.5	4.9	-7.8	55.2
Wells Fargo	US	Major Banks	-	0.8	17.3	1.6	79.1	-13.5	25.5
Credit Suisse	Switzerland	Major Banks	Overweight (V)	0.2	12.6	1.7	37.3	66.9	47.6
Morgan Stanley	US	Investment Banks/Brokers	Overweight (V)	0.7	32.5	1.0	33.2	89.0	30.3
JPMorgan	US	Financial Conglomerates	-	0.5	n/a	1.0	38.8	17.0	36.9
AXA	France	Multi-Line Insurance	Overweight (V)	3.1	8.2	0.7	44.9	-17.3	13.1
KDDI	Japan	Wireless Telecommunications	Overweight (V)	2.2	8.2	1.2	7.8	-21.6	498000.0
Oracle	US	Packaged Software	-	1.0	n/a	3.9	8.4	10.5	19.6
IBM	US	Information Technology Services	-	2.1	11.6	9.6	9.7	26.3	106.3
Taiwan Semicon Man	Taiwan	Semiconductors	Neutral (V)	5.0	28.2	3.2	17.5	36.0	60.4
Nissan Motor	Japan	Motor Vehicles	-	5.4	n/a	1.0	63.1	78.4	571.0

Note: The companies in the above table represent a selection of those in sectors we favour; some are drawn from those on whose stocks HSBC's fundamental analysts do not independently hold negative views, while others are not rated by our analysts but nevertheless fit in with our overall sector preferences on a macro view;
Source: HSBC, Factset as at 29 May 2009

Rates, curves, FX and commodities backdrop

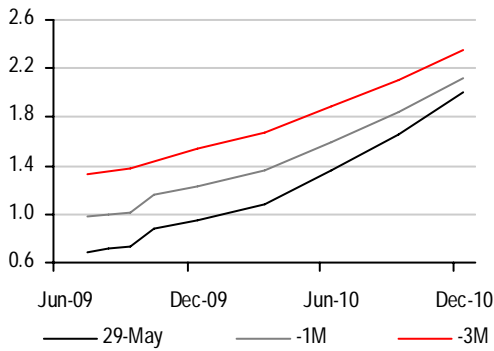
Interest rates, currencies and commodities: latest level (priced at 29 May 2009) and changes to date*

	Current Level	-1W	-1M	-1Q	-1Y	MTD	QTD	YTD
10 year bond yields								
US	3.47	0.02	0.34	0.42	-0.58	0.34	0.78	1.21
UK	3.75	0.03	0.24	0.13	-1.22	0.24	0.59	0.66
EMU	3.55	0.08	0.36	0.45	-0.85	0.36	0.56	0.61
Japan	1.48	0.05	0.07	0.21	-0.27	0.07	0.14	0.31
3 month interbank rates								
US	0.76	-0.02	-0.40	-0.59	-1.99	-0.40	-0.62	-0.64
UK	1.20	-0.05	-0.20	-0.90	-4.64	-0.20	-0.50	-1.43
EMU	1.27	0.01	-0.10	-0.56	-3.60	-0.10	-0.24	-1.62
Japan	0.50	-0.10	-0.20	-0.25	-0.46	-0.20	-0.16	-0.45
Yield curve (10y-3m, %)								
US	2.71	0.04	0.74	1.01	1.41	0.74	1.40	1.85
UK	2.55	0.08	0.44	1.03	3.41	0.44	1.09	2.09
EMU	2.28	0.07	0.46	1.00	2.75	0.46	0.80	2.23
Japan	0.98	0.15	0.27	0.46	0.19	0.27	0.30	0.76
Implied inflation (%)								
US	1.90	0.12	0.56	1.12	-0.87	0.56	0.74	2.66
UK	2.83	0.07	0.34	0.40	-1.20	0.34	0.66	0.69
EMU	2.30	-0.02	0.44	1.02	-0.13	0.44	0.66	1.32
Exchange rates								
USD/EUR	1.42	1.14	7.03	11.71	-9.02	7.03	6.88	1.36
USD/GBP	1.62	1.56	9.50	13.07	-18.37	9.50	12.99	10.83
JPY/USD	95.32	0.57	-3.29	-2.38	-9.66	-3.29	-3.62	5.05
CHF/EUR	1.51	-0.75	0.02	2.02	-7.03	0.02	-0.01	2.02
Commodities								
Crude Oil USD/BBL	65.08	6.39	27.31	45.40	-48.90	27.31	31.05	45.92
Gold USD/Troy oz	949.10	-0.83	7.36	-0.30	6.84	7.36	3.60	10.08

Note: *units: yields and rates = basis points; other = %;
Source: HSBC, Thomson Financial Datastream

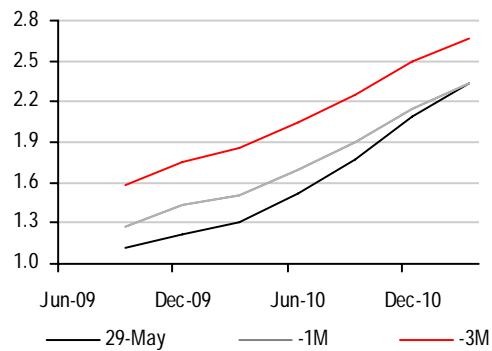
Interest rates and yield curve

US: implied 3M rates (%)



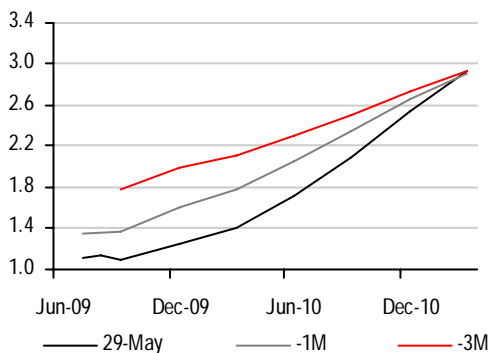
Source: HSBC, Thomson Financial Datastream

Eurozone: implied 3M rates (%)



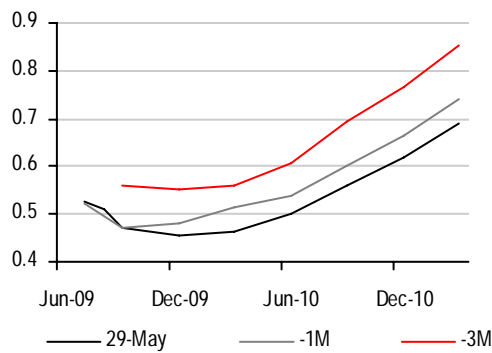
Source: HSBC, Thomson Financial Datastream

UK: implied 3M rates (%)



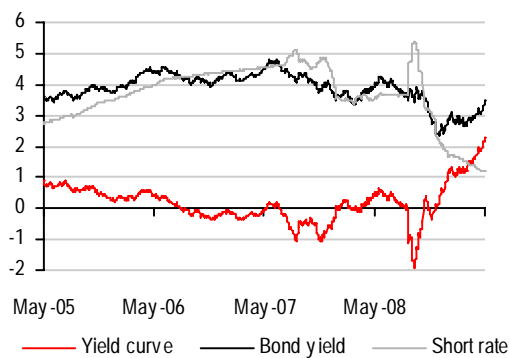
Source: HSBC, Thomson Financial Datastream

Japan: implied 3M rates (%)



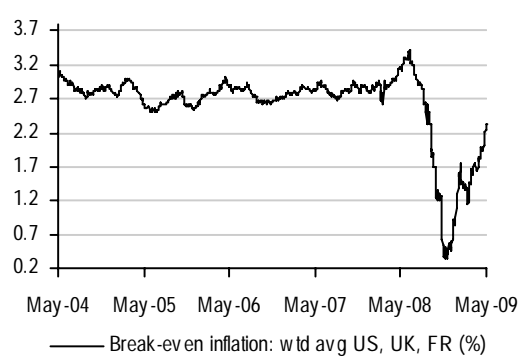
Source: HSBC, Thomson Financial Datastream

G3 yield curve (10Y-3M, %)



Source: HSBC, Thomson Financial Datastream

Implied inflation (%)



Source: HSBC, Thomson Financial Datastream

Regional performance

Absolute 1 week performance (FTSE indices, priced at 29 May 2009)

	-1W	-1M	-1Q	-1Y	MTD	QTD	YTD
World	2.5	5.6	23.9	-33.2	5.6	16.4	5.1
Americas	3.7	5.9	25.8	-33.4	5.9	16.0	4.3
Europe	0.5	3.5	20.5	-33.2	3.5	16.3	2.1
Europe Ex UK	0.2	3.4	22.6	-35.8	3.4	17.9	3.0
Eurobloc	0.6	3.4	23.9	-37.4	3.4	19.1	2.3
Asia Pacific Ex Japan	2.9	8.3	30.5	-27.0	8.3	19.7	21.6
Asia Pacific	2.7	7.6	24.4	-33.1	7.6	18.1	12.1
Australia	1.2	0.4	13.7	-32.3	0.4	5.7	2.2
Austria	2.9	12.8	52.9	-58.1	12.8	29.1	24.1
Belgium	0.4	7.0	21.7	-45.4	7.0	19.2	21.4
Canada	4.1	11.7	30.9	-27.4	11.7	20.8	17.6
Denmark	-5.3	7.7	22.1	-34.1	7.7	26.4	19.2
Finland	0.7	1.4	37.1	-42.3	1.4	27.4	2.8
France	1.2	2.9	21.0	-35.4	2.9	16.3	1.8
Germany	0.1	1.0	24.2	-35.5	1.0	17.3	-1.3
Greece	1.7	10.9	53.2	-46.4	10.9	37.6	25.6
Hong Kong	7.8	18.7	42.2	-26.0	18.7	34.2	32.0
Ireland	-0.4	0.9	28.0	-61.2	0.9	18.3	13.9
Italy	-0.6	4.2	26.9	-39.1	4.2	23.7	1.4
Japan	2.5	6.9	19.3	-37.4	6.9	16.6	5.1
Netherlands	-0.7	7.9	20.5	-42.4	7.9	21.6	5.7
New Zealand	-2.0	-4.3	2.5	-27.6	-4.3	2.6	-1.5
Norway	3.4	13.3	31.3	-41.3	13.3	24.7	26.6
Portugal	-0.1	5.3	12.8	-34.1	5.3	12.4	7.3
Singapore	3.8	23.0	47.1	-29.1	23.0	38.8	33.0
Spain	1.2	3.9	23.3	-32.0	3.9	19.8	1.1
Sweden	0.6	1.1	24.8	-25.6	1.1	21.1	19.5
Switzerland	-1.1	2.5	15.1	-28.9	2.5	9.5	-1.7
United Kingdom	1.2	3.9	15.7	-26.8	3.9	12.8	-0.1
United States	3.6	5.2	25.0	-33.9	5.2	15.2	2.3
Brazil	4.5	11.1	32.8	-30.0	11.1	24.6	37.7
Israel	1.0	3.2	9.2	-5.7	3.2	6.0	22.0
Korea	0.1	1.5	30.9	-24.4	1.5	14.6	23.6
Mexico	1.5	11.4	33.0	-25.2	11.4	24.6	9.3
South Africa	0.6	9.6	19.8	-19.1	9.6	9.4	6.1
Taiwan	2.6	13.3	46.3	-23.2	13.3	29.9	45.8
Argentina	2.6	20.9	64.4	-41.7	20.9	42.6	47.3
Chile	2.4	15.1	23.0	0.8	15.1	22.7	27.5
China	6.2	15.1	53.0	-23.0	15.1	29.9	37.1
Colombia	2.3	10.9	22.0	3.2	10.9	19.7	19.0
C. Republic	-4.9	-1.4	24.4	-32.1	-1.4	13.4	2.6
Egypt	-0.2	9.9	56.4	-48.3	9.9	34.4	24.2
Hungary	-2.0	17.4	52.5	-42.7	17.4	35.4	19.4
India	4.5	28.6	65.9	-14.8	28.6	51.5	52.1
Indonesia	1.7	9.1	54.6	-25.2	9.1	31.9	41.7
Malaysia	-0.6	5.0	16.1	-19.4	5.0	19.8	19.4
Morocco	-2.1	-0.6	-2.1	-26.1	-0.6	6.2	0.7
Pakistan	0.7	2.7	36.1	-35.2	2.7	10.3	56.2
Peru	2.7	28.5	48.0	-16.4	28.5	18.0	37.8
Philippines	5.6	15.9	30.7	-2.7	15.9	25.7	30.2
Poland	-1.0	-1.4	30.2	-39.3	-1.4	18.1	-5.8
Russia	5.9	27.2	81.6	-57.5	27.2	52.7	67.4
Thailand	0.6	14.6	34.9	-31.3	14.6	33.5	28.5
Turkey	-1.2	10.4	45.4	-10.1	10.4	36.3	27.9

Source: HSBC, Thomson Financial Datastream

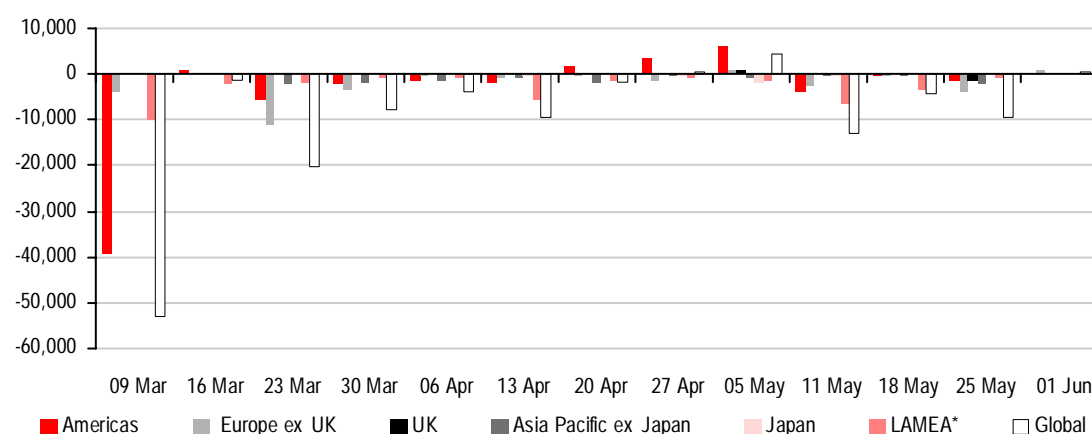
Earnings surprises

Aggregate company results relative to consensus expectations (where available)

Surprise (USDm)	Americas	Europe ex UK	UK	Asia Pacific ex Japan	Japan	LAMEA*	Global
09 Mar	-39,438	-3,926	0	110	2	-9,816	-53,068
16 Mar	782	89	0	-16	-2	-2,088	-1,234
23 Mar	-5,514	-11,067	0	-1,987	2	-1,547	-20,113
30 Mar	-2,199	-3,252	5	-1,548	0	-785	-7,779
06 Apr	-1,170	-375	14	-1,345	1	-885	-3,760
13 Apr	-1,879	-813	0	-945	-162	-5,463	-9,262
20 Apr	1,626	-568	12	-1,453	-17	-1,410	-1,810
27 Apr	3,585	-1,158	-104	-389	-369	-913	652
05 May	6,296	951	735	-819	-1,830	-1,062	4,271
11 May	-3,633	-2,503	212	-274	-434	-6,345	-12,977
18 May	-422	-218	-152	-283	60	-3,358	-4,374
25 May	-1,431	-3,953	-1,378	-1,891	205	-956	-9,404
01 Jun	-3	793	-95	-61	0	45	678

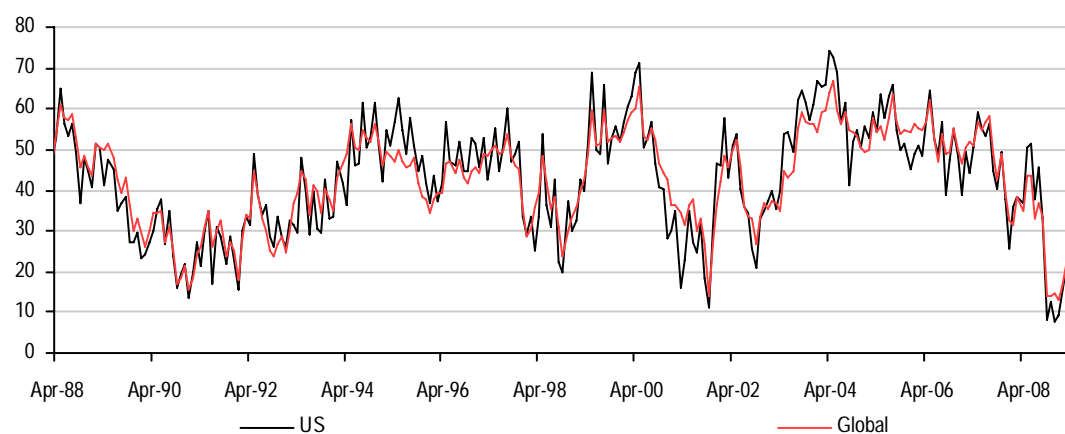
Note: *Latin America, Middle East and Africa.
Source: HSBC, Thomson Financial Datastream

Earnings surprises (USDm)



Source: HSBC, Thomson Financial Datastream

Analysts' revisions ratio: upgrades as percentage of all revisions (consensus)



Source: HSBC, Thomson Financial Datastream, I/B/E/S

Sector performance

US and Europe

Absolute 1 week performance (FTSE indices, priced at 29 May 2009)

US	-1W (%)	Europe	-1W (%)
Industrial Metals	9.72	Industrial Metals	6.89
Oil Equipment, Services & Distribution	9.71	Oil Equipment, Services & Distribution	6.18
Leisure Goods	8.06	Mining	4.76
Real Estate	7.47	Technology Hardware & Equipment	2.70
Mining	6.34	Food & Drug Retailers	2.45
General Financial	6.10	Oil & Gas Producers	2.40
Industrial Transportation	6.07	Banks	1.72
Automobiles & Parts	6.05	Fixed Line Telecommunications	1.69
Construction & Materials	5.93	General Retailers	1.64
Banks	5.50	Software & Computer Services	1.30
Technology Hardware & Equipment	5.34	Tobacco	1.11
Software & Computer Services	5.06	Gas, Water & Multiutilities	1.10
Travel & Leisure	4.93	Nonlife Insurance	0.80
Life Insurance	4.60	Media	0.71
Electricity	4.01	General Financial	0.61
Oil & Gas Producers	3.94	Automobiles & Parts	0.49
Personal Goods	3.94	Mobile Telecommunications	0.45
Health Care Equipment & Services	3.89	Equity Investment Instruments	0.30
Gas, Water & Multiutilities	3.86	Beverages	0.14
Fixed Line Telecommunications	3.85	Personal Goods	-0.17
Mobile Telecommunications	3.67	Pharmaceuticals & Biotechnology	-0.20
Aerospace & Defense	3.21	Travel & Leisure	-0.25
General Industrials	2.81	Chemicals	-0.26
Equity Investment Instruments	2.75	Real Estate	-0.48
Beverages	2.43	Aerospace & Defense	-0.56
Electronic & Electrical Equipment	2.42	Electricity	-0.58
Chemicals	2.37	Forestry & Paper	-0.89
Pharmaceuticals & Biotechnology	1.94	Industrial Transportation	-1.07
Industrial Engineering	1.86	Support Services	-1.13
Food & Drug Retailers	1.74	Household Goods	-1.25
Support Services	1.70	Health Care Equipment & Services	-1.78
Nonlife Insurance	1.55	General Industrials	-1.80
General Retailers	1.35	Industrial Engineering	-2.34
Media	0.88	Construction & Materials	-2.63
Tobacco	0.85	Food Producers	-3.02
Forestry & Paper	0.42	Life Insurance	-3.55
Food Producers	-0.81	Electronic & Electrical Equipment	-3.89
Household Goods	-1.31	Leisure Goods	-3.91

Source: HSBC, Thomson Financial Datastream

'Hot' & 'Cold' sectors

Sectors with 1wk change in 1wk moving avg price relative larger than +/-3%

US	%	Europe	%
Forestry & Paper	8.11	Software & Computer Services	8.33
Equity Investment Instruments	7.02	Technology Hardware & Eq.	6.25
Life Insurance	4.17	Industrial Metals	5.70
Mining	3.65	Life Insurance	3.33
Beverages	3.62	Media	-3.08
Fixed Line Telecommunications	-3.51	Mobile Telecommunications	-3.60
Electricity	-4.14		

Sectors with 3M change in 3M moving avg price relative larger than +/- 10%

US	%	Europe	%
Mobile Telecommunications	30.77	Mining	24.91
Industrial Metals	15.38	Oil Eq., Services & Distribution	20.33
Mining	13.22	General Retailers	15.94
General Financial	12.63	Industrial Engineering	12.77
Technology Hardware & Eq.	12.28	Life Insurance	-10.34
Oil Eq., Services & Distribution	12.06	Nonlife Insurance	-11.76
Software & Computer Services	10.39	Forestry & Paper	-22.64
General Industrials	-11.54		
Forestry & Paper	-12.90		
Banks	-13.89		
Real Estate	-14.29		
Life Insurance	-15.94		
Equity Investment Instruments	-18.75		

Source: HSBC, Thomson Financial Datastream

Asia-Pacific & Japan

Absolute 1 week performance (FTSE indices, priced at 29 May 2009)

Asia Pacific ex Japan	-1W (%)	Japan	-1W (%)
Real Estate	12.77	Real Estate	15.65
Software & Computer Services	8.11	Mining	9.07
Oil Equipment, Services & Distribution	7.86	Industrial Metals	7.59
General Industrials	7.75	Industrial Transportation	6.31
Automobiles & Parts	6.20	Automobiles & Parts	4.60
Travel & Leisure	5.15	Health Care Equipment & Services	4.43
Leisure Goods	5.01	Electronic & Electrical Equipment	4.18
Industrial Metals	4.94	General Industrials	4.08
Industrial Transportation	4.49	Support Services	3.34
Electronic & Electrical Equipment	3.56	Oil & Gas Producers	3.19
Oil & Gas Producers	3.22	Leisure Goods	3.14
Mining	3.10	Media	3.06
Chemicals	2.95	Mobile Telecommunications	3.01
Support Services	2.90	Chemicals	2.79
Mobile Telecommunications	2.48	Industrial Engineering	2.59
Food Producers	2.11	Beverages	2.49
Personal Goods	2.06	Nonlife Insurance	2.48
Technology Hardware & Equipment	2.02	General Financial	2.02
Fixed Line Telecommunications	1.99	Software & Computer Services	1.89
Forestry & Paper	1.54	Personal Goods	1.63
General Retailers	1.22	Construction & Materials	1.55
General Financial	0.93	Technology Hardware & Equipment	1.38
Banks	0.33	Fixed Line Telecommunications	1.01
Construction & Materials	0.23	Household Goods	0.80
Equity Investment Instruments	0.00	General Retailers	0.61
Gas, Water & Multiutilities	-0.04	Pharmaceuticals & Biotechnology	0.51
Health Care Equipment & Services	-0.18	Food Producers	0.49
Media	-0.41	Oil Equipment, Services & Distribution	0.00
Tobacco	-0.44	Aerospace & Defense	0.00
Industrial Engineering	-0.90	Equity Investment Instruments	0.00
Electricity	-1.02	Banks	-0.08
Beverages	-1.44	Electricity	-0.40
Food & Drug Retailers	-1.52	Travel & Leisure	-0.50
Life Insurance	-2.02	Gas, Water & Multiutilities	-0.91
Household Goods	-2.42	Life Insurance	-1.33
Aerospace & Defense	-2.51	Tobacco	-1.62
Nonlife Insurance	-3.67	Food & Drug Retailers	-2.61
Pharmaceuticals & Biotechnology	-5.17	Forestry & Paper	-3.32

Source: HSBC, Thomson Financial Datastream

'Hot' & 'Cold' sectors

Sectors with 1wk change in 1wk moving avg price relative larger than +/-3%

Asia Pacific ex Japan	%	Japan	%
Real Estate	7.20	Real Estate	6.52
Oil Eq., Services & Distribution	3.91	Industrial Metals	3.68
General Retailers	-3.49	Life Insurance	-9.26
Nonlife Insurance	-3.90		
Tobacco	-4.26		
Pharmaceuticals & Biotechnology	-5.49		

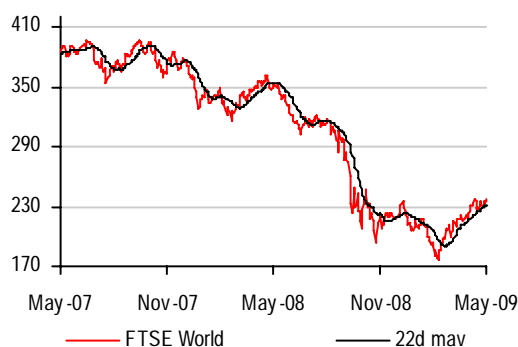
Sectors with 3M change in 3M moving avg price relative larger than +/- 12%

Asia Pacific ex Japan	%	Japan	%
Electronic & Electrical Eq.	22.98	Automobiles & Parts	19.55
Oil Eq., Services & Distribution	20.95	Technology Hardware & Eq.	12.24
Automobiles & Parts	19.82	Pharmaceuticals & Biotech.	-12.00
Leisure Goods	19.05	Forestry & Paper	-12.87
Software & Computer Services	18.75	Mobile Telecommunications	-13.79
Technology Hardware & Eq.	14.04	Electricity	-14.06
Household Goods	12.31	Fixed Line Telecommunications	-16.48
Media	-12.00	Food & Drug Retailers	-17.95
Pharmaceuticals & Biotech.	-13.73	Gas, Water & Multiutilities	-19.17
Mobile Telecommunications	-14.11		
Tobacco	-16.78		
Nonlife Insurance	-17.53		
Health Care Eq. & Services	-18.97		
Life Insurance	-21.19		

Source: HSBC, Thomson Financial Datastream

Major indices performance

FTSE World

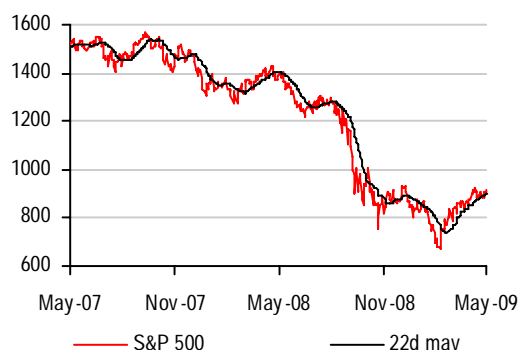


FTSE World

	Date	Level	% off	% change	
Current	29-May-09	236.1		1D	0.8
Record high	12-Oct-07	396.3	-40.4	1W	2.5
52W high	05-Jun-08	352.1	-32.9	3M	23.9
52W low	09-Mar-09	176.8	33.5	6M	6.3
Y-t-d high	08-May-09	237.4	-0.5	12M	-32.9
Y-t-d low	09-Mar-09	176.8	33.5	Q-t-d	5.1
5Y high	12-Oct-07	396.3	-40.4	Y-t-d	5.1
5Y low	09-Mar-09	176.8	33.5	2008	-40.0

Source: HSBC, Thomson Financial Datastream

S&P 500



S&P 500

	Date	Level	% off	% change	
Current	29-May-09	919.1		1D	1.4
Record high	09-Oct-07	1565.2	-41.3	1W	3.6
52W high	05-Jun-08	1404.1	-34.5	3M	25.0
52W low	09-Mar-09	676.5	35.9	6M	2.6
Y-t-d high	06-Jan-09	934.7	-1.7	12M	-34.3
Y-t-d low	09-Mar-09	676.5	35.9	Q-t-d	1.8
5Y high	09-Oct-07	1565.2	-41.3	Y-t-d	1.8
5Y low	09-Mar-09	676.5	35.9	2008	-38.5

Source: HSBC, Thomson Financial Datastream

NASDAQ



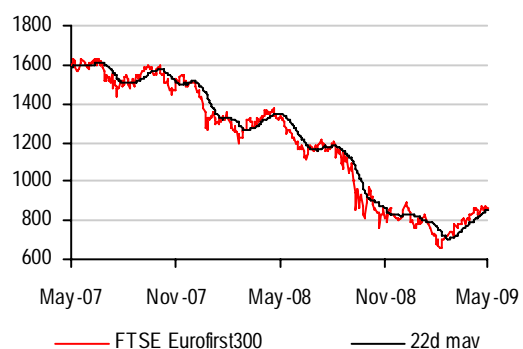
NASDAQ

	Date	Level	% off	% change	
Current	29-May-09	1774.3		1D	1.3
Record high	10-Mar-00	5048.6	-64.9	1W	4.9
52W high	05-Jun-08	2549.9	-30.4	3M	28.8
52W low	09-Mar-09	1268.6	39.9	6M	15.6
Y-t-d high	29-May-09	1774.3	0.0	12M	-29.3
Y-t-d low	09-Mar-09	1268.6	39.9	Q-t-d	12.5
5Y high	31-Oct-07	2859.1	-37.9	Y-t-d	12.5
5Y low	09-Mar-09	1268.6	39.9	2008	-40.5

Source: HSBC, Thomson Financial Datastream

Major indices performance (cont'd)

Eurofirst

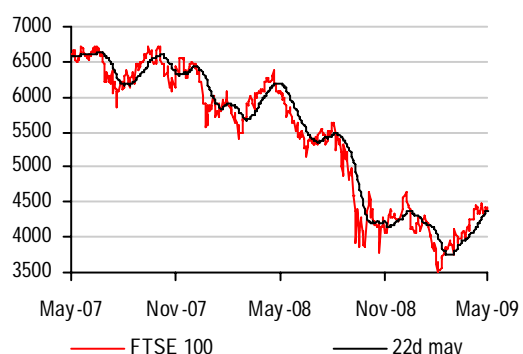


Eurofirst

	Date	Level	% off	% change	
Current	29-May-09	862.2		1D	0.2
Record high	04-Sep-00	1705.0	-49.4	1W	0.7
52W high	03-Jun-08	1329.1	-35.1	3M	19.9
52W low	09-Mar-09	657.3	31.2	6M	0.0
Y-t-d high	06-Jan-09	889.6	-3.1	12M	-35.2
Y-t-d low	09-Mar-09	657.3	31.2	Q-t-d	3.6
5Y high	16-Jul-07	1630.3	-47.1	Y-t-d	3.6
5Y low	09-Mar-09	657.3	31.2	2008	-44.8

Source: HSBC, Thomson Financial Datastream

FTSE 100



FTSE 100

	Date	Level	% off	% change	
Current	29-May-09	4417.9		1D	0.7
Record high	30-Dec-99	6930.2	-36.3	1W	1.2
52W high	03-Jun-08	6057.7	-27.1	3M	15.4
52W low	03-Mar-09	3512.1	25.8	6M	3.0
Y-t-d high	06-Jan-09	4638.9	-4.8	12M	-27.2
Y-t-d low	03-Mar-09	3512.1	25.8	Q-t-d	-0.4
5Y high	15-Jun-07	6732.4	-34.4	Y-t-d	-0.4
5Y low	03-Mar-09	3512.1	25.8	2008	-31.3

Source: HSBC, Thomson Financial Datastream

TOPIX



TOPIX

	Date	Level	% off	% change	
Current	29-May-09	897.9		1D	0.3
Record high	18-Dec-89	2884.8	-68.9	1W	2.5
52W high	04-Jun-08	1430.5	-37.2	3M	18.7
52W low	12-Mar-09	700.9	28.1	6M	7.6
Y-t-d high	11-May-09	900.5	-0.3	12M	-35.0
Y-t-d low	12-Mar-09	700.9	28.1	Q-t-d	4.5
5Y high	26-Feb-07	1817.0	-50.6	Y-t-d	4.5
5Y low	12-Mar-09	700.9	28.1	2008	-41.8

Source: HSBC, Thomson Financial Datastream

Aggregations

Pan Europe

Consensus earnings, PE, dividends and dividend yields

	Market cap weight (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	11.7	18.2	-44.1	27.7	6.6	11.9	9.3	8.4	0.7	3.8	5.5	5.5	5.7
O Oil & Gas Producers	11.2	17.6	-45.4	29.6	6.6	12.0	9.3	8.2	1.9	3.6	5.6	5.7	5.9
O Oil Equip Servs & Disn	0.6	40.1	-9.6	-3.4	9.0	9.9	10.3	13.6	-34.9	10.8	4.0	2.7	3.0
Basic Materials	7.8	8.5	-60.6	38.4	7.1	18.0	13.0	-6.8	-15.3	8.8	3.5	2.8	3.0
C Chemicals	3.0	11.3	-31.0	20.0	10.0	14.5	12.1	17.8	-10.8	10.1	4.1	3.6	4.0
C Forestry & Paper	0.1	-69.7	-99.1	9,071.1	19.1	2,137.8	23.3	-48.0	-26.9	4.2	5.4	3.9	4.1
C Industrial Metals	1.5	17.8	-88.9	212.8	4.4	39.7	12.7	-26.4	-36.8	14.1	4.7	2.4	2.7
C Mining	3.1	4.9	-58.1	19.7	6.9	16.6	13.8	-20.3	-14.0	4.0	2.3	2.0	2.1
Industrials	10.2	-6.4	-23.1	6.1	9.9	12.9	12.1	-12.2	-7.7	3.7	3.8	3.6	3.7
C Construction & Matls	2.8	-17.7	-24.6	-0.5	8.5	11.3	11.4	-23.0	5.2	1.3	3.8	4.0	4.1
C Aerospace	1.1	64.6	-1.6	0.1	8.5	8.6	8.6	9.8	6.7	6.5	3.5	3.7	4.0
C General Industrials	1.3	-22.9	-5.0	22.8	12.7	13.3	10.8	0.4	-12.9	3.0	4.0	3.5	3.6
T Electronic & Elect Equip	0.4	0.7	-37.8	5.5	7.8	12.6	11.9	4.4	-27.8	4.4	5.9	4.3	4.5
C Industrial Engineering	2.0	3.1	-42.1	0.3	9.3	16.1	16.0	-21.6	-19.6	0.8	3.9	3.0	3.0
C Industrial Transportation	1.5	-17.3	-20.5	22.1	13.3	16.7	13.7	-8.4	-6.5	6.5	3.8	4.0	4.2
C Support Services	1.1	4.7	-18.7	5.5	11.6	14.3	13.6	-12.8	-9.4	9.6	3.1	2.8	3.1
Consumer Goods	13.2	-16.3	-28.5	36.0	12.7	17.7	13.0	-17.3	3.0	11.8	3.1	3.1	3.5
C Automobiles & Parts	1.7	-53.9	-146.6	n/m	9.3	n/m	21.0	-69.4	-24.1	54.6	2.5	1.5	2.3
D Beverages	2.5	-5.5	22.0	14.1	16.2	13.3	11.7	-37.1	10.5	17.1	2.3	2.5	2.9
D Food Producers	4.2	6.0	-6.1	11.8	12.4	13.2	11.8	12.2	2.5	6.3	3.8	3.9	4.1
C Household Goods	0.7	1.8	1.6	7.0	15.0	14.7	13.8	2.1	20.0	9.4	2.4	2.9	3.2
C Leisure Goods	0.3	2.6	-68.8	84.8	9.0	28.8	15.6	0.0	-13.4	3.2	5.5	4.8	4.9
C Personal Goods	2.6	-6.2	-18.1	10.6	13.5	16.5	14.9	-8.8	0.8	7.0	2.4	2.4	2.6
D Tobacco	1.2	18.4	14.0	8.3	12.6	11.0	10.2	19.5	14.5	10.2	4.6	5.2	5.8
Health Care	8.4	11.9	8.0	7.4	11.3	10.5	9.7	11.8	6.5	8.6	3.9	4.2	4.5
D Health Care Eq & Servs	1.0	11.1	5.9	13.1	16.2	15.3	13.5	-6.4	10.6	12.1	1.5	1.7	1.9
D Pharmaceuticals & Bio	7.4	12.2	8.2	6.8	10.9	10.0	9.4	13.1	6.3	8.4	4.2	4.5	4.9
Consumer Services	7.3	-13.4	-6.6	12.7	12.5	13.3	11.8	-2.9	-3.0	7.7	4.3	4.1	4.4
D Food & Drug Retailers	2.1	3.3	0.3	10.1	12.8	12.7	11.6	-1.8	4.2	8.4	3.2	3.3	3.6
C General Retailers	1.7	-8.7	-9.8	11.8	14.1	15.7	14.0	5.0	-0.3	7.2	4.0	4.0	4.3
C Media	2.2	0.8	-9.8	6.6	10.0	11.1	10.4	-4.3	-2.3	4.8	5.5	5.2	5.4
C Travel & Leisure	1.4	-52.3	-7.1	33.7	15.6	16.8	12.6	-6.3	-15.6	13.6	4.5	3.6	4.1
Telecommunications	6.9	8.3	-6.7	5.2	8.3	8.9	8.5	-3.7	6.6	7.7	6.8	7.3	7.8
D Fixed-Line Telecoms	4.1	-0.9	-1.8	6.6	8.9	9.0	8.5	8.6	8.3	7.1	7.0	7.6	8.1
D Mobile Telecoms	2.8	23.8	-12.9	3.3	7.7	8.8	8.5	-26.5	4.1	8.7	6.6	6.9	7.5
Utilities	8.9	2.8	-2.2	6.8	11.0	11.3	10.6	22.1	-7.0	4.5	5.5	5.4	5.7
D Electricity	4.4	7.0	-5.3	5.1	11.6	12.3	11.7	2.4	-5.4	3.7	4.6	4.8	4.9
D Gas, Water & Multi-Utils	4.5	-3.1	0.4	8.2	10.5	10.4	9.6	40.9	-8.2	5.0	6.3	6.1	6.4
Financials	22.6	-77.1	55.4	30.7	20.5	13.2	10.1	-44.4	-30.3	22.1	5.6	3.5	4.3
F Banks	15.2	-81.5	56.9	35.8	25.4	16.2	11.9	-48.3	-40.9	25.1	5.6	2.9	3.6
F Non-Life Insurance	3.5	-60.0	29.5	24.9	11.3	8.7	7.0	-40.9	-2.9	20.3	5.0	4.7	5.7
F Life insurance	1.6	-74.3	95.6	27.8	14.9	7.6	6.0	-35.0	-33.8	30.3	7.2	4.4	5.7
F Real Estate	0.7	-0.5	9.5	-2.2	13.7	12.5	12.8	-0.1	5.2	-0.3	6.4	6.7	6.7
F General Financial	1.5	-64.3	43.0	14.0	18.8	13.2	11.5	-8.6	-0.1	14.8	4.5	4.5	5.2
Technology	3.0	-4.8	-41.7	54.3	12.4	21.2	13.7	-26.1	-8.7	14.7	2.5	2.3	2.6
T Softw & Comp Servs	1.4	11.4	-1.9	13.1	15.4	15.7	13.8	-26.9	17.8	12.0	1.7	1.8	2.0
T Tech Hardw & Equip	1.6	-12.1	-64.8	120.9	10.6	30.2	13.7	-25.7	-12.7	16.2	3.1	2.6	3.0
MSCI Europe	100.0	-27.4	-16.4	20.6	10.8	13.0	10.8	-16.8	-8.4	9.8	4.6	4.1	4.5
C Cyclical	28.0	-9.9	-42.3	27.1	9.5	16.4	12.9	-15.1	-8.0	7.6	3.6	3.2	3.5
O Oil & gas	11.7	18.2	-44.1	27.7	6.6	11.9	9.3	8.4	0.7	3.8	5.5	5.5	5.7
D Defensives	34.3	6.7	0.5	7.7	10.9	10.9	10.1	7.9	2.4	7.3	4.7	4.9	5.3
T Technology	3.4	-3.9	-41.0	45.6	11.6	19.7	13.5	-18.6	-14.5	12.6	2.9	2.5	2.8
F Financials	22.6	-77.1	55.4	30.7	20.5	13.2	10.1	-44.4	-30.3	22.1	5.6	3.5	4.3

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

Europe ex UK

Consensus earnings, PE, dividends and dividend yields

	Market cap weight (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	8.0	12.0	-37.5	23.3	6.8	10.9	8.9	-2.6	-7.1	5.0	5.8	5.4	5.7
O Oil & Gas Producers	7.3	10.5	-39.5	26.4	6.7	11.1	8.8	-3.4	-5.0	4.7	6.0	5.7	6.0
O Oil Equip Servs & Disn	0.7	38.2	-10.6	-4.3	8.6	9.6	10.1	13.0	-38.0	11.1	4.1	2.7	3.0
Basic Materials	6.5	10.7	-62.4	52.5	7.1	18.9	12.4	-0.4	-16.0	11.1	4.3	3.2	3.6
C Chemicals	4.1	11.7	-31.2	20.1	10.0	14.5	12.1	18.2	-11.0	10.1	4.1	3.6	4.0
C Forestry & Paper	0.2	-69.7	-99.1	9,071.1	19.1	2,137.8	23.3	-48.0	-26.9	4.2	5.4	3.9	4.1
C Industrial Metals	2.1	17.8	-88.9	212.8	4.4	39.7	12.7	-26.4	-36.8	14.1	4.7	2.4	2.7
C Mining	0.1	-14.9	-38.8	24.8	8.4	13.8	11.0	-47.4	-7.8	41.6	2.8	2.6	3.6
Industrials	12.4	-8.2	-26.1	6.2	9.8	13.3	12.5	-13.4	-8.9	3.2	3.8	3.6	3.7
C Construction & Mtls	3.8	-17.5	-25.0	-0.5	8.5	11.4	11.4	-23.0	5.2	1.2	3.8	4.0	4.1
C Aerospace	0.8	135.5	-7.5	-3.5	8.0	8.6	8.9	5.2	6.4	6.8	2.9	3.1	3.3
C General Industrials	1.7	-28.4	-4.9	24.4	13.1	13.8	11.1	2.1	-14.3	3.0	3.8	3.2	3.3
T Electronic & Elect Equip	0.5	0.7	-37.8	5.5	7.8	12.6	11.9	4.4	-27.8	4.4	5.9	4.3	4.5
C Industrial Engineering	2.7	2.7	-42.1	0.2	9.4	16.2	16.2	-22.1	-20.0	0.8	3.8	3.0	3.0
C Industrial Transportation	2.1	-17.3	-20.5	22.1	13.3	16.7	13.7	-8.4	-6.5	6.5	3.8	4.0	4.2
C Support Services	0.8	9.1	-30.8	6.6	11.0	16.0	15.0	-12.2	-9.7	7.8	3.3	3.0	3.2
Consumer Goods	13.5	-22.7	-40.1	52.3	12.4	20.7	13.6	-26.5	-1.2	14.0	2.8	2.7	3.1
C Automobiles & Parts	2.4	-53.9	-146.6	n/m	9.3	n/m	21.0	-69.4	-24.1	54.6	2.5	1.5	2.3
D Beverages	2.2	-12.5	31.5	16.3	17.3	13.1	11.3	-55.1	22.3	28.4	1.5	1.8	2.4
D Food Producers	4.7	4.4	-5.8	12.3	12.5	13.3	11.8	14.9	0.1	6.5	3.8	3.8	4.0
C Household Goods	0.3	-16.0	-22.4	27.3	12.3	15.8	12.4	-52.9	31.0	31.5	1.6	2.1	2.7
C Leisure Goods	0.4	2.6	-68.8	84.8	9.0	28.8	15.6	0.0	-13.4	3.2	5.5	4.8	4.9
C Personal Goods	3.5	-6.2	-18.2	10.6	13.5	16.5	14.9	-8.8	0.8	7.0	2.4	2.4	2.5
D Tobacco	0.1	14.8	5.6	8.1	13.3	12.6	11.6	17.1	9.2	9.5	3.4	3.8	4.1
Health Care	8.4	7.1	8.7	9.8	12.4	11.4	10.4	12.7	6.0	9.9	3.5	3.7	4.1
D Health Care Eq & Servs	1.3	6.5	7.3	12.8	16.9	15.7	13.9	-12.1	12.9	11.9	1.5	1.7	1.9
D Pharmaceuticals & Bio	7.2	7.4	8.9	9.5	11.8	10.8	9.9	14.9	5.5	9.8	3.8	4.1	4.5
Consumer Services	6.5	-12.1	-9.1	12.8	12.4	13.7	12.1	-3.5	-3.8	6.7	4.6	4.2	4.5
D Food & Drug Retailers	1.6	3.0	-4.5	9.4	12.2	12.7	11.6	0.0	2.6	6.3	3.1	3.2	3.4
C General Retailers	1.8	-1.2	-6.8	11.6	15.2	16.3	14.6	4.4	0.7	8.0	3.9	3.9	4.3
C Media	2.0	0.4	-12.1	5.8	9.4	10.7	10.1	-4.2	-4.9	4.3	6.2	5.7	5.9
C Travel & Leisure	1.1	-54.4	-13.2	46.3	17.8	20.5	14.0	-12.6	-14.5	11.4	4.7	3.7	4.1
Telecommunications	7.2	1.9	-2.7	5.5	9.2	9.4	8.9	-3.2	6.6	9.0	6.9	7.3	8.0
D Fixed-Line Telecoms	5.3	-0.2	0.7	6.6	9.2	9.2	8.6	8.7	8.1	7.1	7.0	7.6	8.1
D Mobile Telecoms	1.9	8.4	-11.6	2.1	9.0	10.2	10.0	-26.8	2.3	15.2	6.5	6.6	7.6
Utilities	10.7	3.4	-3.9	7.4	10.9	11.4	10.6	19.9	-9.2	4.1	5.6	5.4	5.6
D Electricity	5.5	7.4	-5.2	4.7	11.9	12.6	12.0	1.1	-5.7	3.1	4.5	4.7	4.8
D Gas, Water & Multi-Utils	5.2	-8.4	-2.7	9.8	10.0	10.3	9.4	30.1	-11.8	5.0	6.7	6.1	6.4
Financials	23.1	-80.5	130.1	27.2	25.8	11.2	8.8	-52.8	-3.5	26.2	4.6	3.6	4.6
F Banks	15.0	-84.0	189.4	27.1	34.9	12.1	9.5	-59.6	3.0	29.8	4.2	3.1	4.0
F Non-Life Insurance	4.7	-61.5	31.9	25.4	11.4	8.7	6.9	-43.0	-3.4	21.0	4.9	4.7	5.7
F Life insurance	1.2	-112.5	n/m	65.8	n/m	11.0	6.6	-49.1	-66.1	58.6	8.0	3.1	5.0
F Real Estate	0.6	1.0	12.2	-0.5	14.0	12.5	12.5	3.0	0.7	0.5	7.1	7.1	7.2
F General Financial	1.6	-80.1	91.6	12.5	26.0	13.6	12.1	-8.9	3.3	16.3	4.1	4.2	4.9
Technology	3.8	-5.2	-45.0	59.7	12.2	22.1	13.8	-26.1	-10.5	15.2	2.5	2.3	2.6
T Softw & Comp Servs	1.6	12.5	-4.5	13.7	15.3	16.0	14.1	-31.0	19.2	13.1	1.7	1.8	2.0
T Tech Hardw & Equip	2.2	-12.1	-64.8	120.9	10.6	30.2	13.7	-25.7	-12.7	16.2	3.1	2.6	3.0
MSCI Europe ex-UK	100.0	-30.6	-9.3	21.3	11.7	12.9	10.6	-20.0	-4.0	11.4	4.4	4.0	4.5
C Cyclical	29.8	-12.0	-44.5	32.5	9.7	17.5	13.2	-16.7	-8.7	8.0	3.8	3.3	3.6
O Oil & gas	8.0	12.0	-37.5	23.3	6.8	10.9	8.9	-2.6	-7.1	5.0	5.8	5.4	5.7
D Defensives	34.8	2.8	0.4	8.6	11.3	11.3	10.4	6.3	0.3	7.7	4.7	4.8	5.2
T Technology	4.4	-4.2	-43.7	49.1	11.4	20.3	13.6	-18.2	-16.0	12.9	3.0	2.5	2.9
F Financials	23.1	-80.5	130.1	27.2	25.8	11.2	8.8	-52.8	-3.5	26.2	4.6	3.6	4.6

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

UK

Consensus earnings, PE, dividends and dividend yields

	Market cap (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	21.4	23.6	-50.3	32.9	6.4	13.0	9.8	20.8	8.5	2.7	5.2	5.6	5.8
O Oil & Gas Producers	21.3	23.5	-50.5	33.0	6.4	13.0	9.7	20.8	8.4	2.6	5.2	5.7	5.8
O Oil Equip Servs & Disn	0.2	67.3	7.8	10.0	15.1	14.0	12.8	14.9	14.7	8.5	2.3	2.6	2.8
Basic Materials	11.3	5.2	-57.9	19.5	7.0	16.6	13.9	-19.0	-13.8	3.3	2.4	2.0	2.1
C Chemicals	0.2	-2.5	-15.2	13.8	14.0	16.5	14.5	1.4	0.1	6.4	3.1	3.1	3.3
C Forestry & Paper	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Industrial Metals	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Mining	11.0	5.3	-58.3	19.6	6.9	16.6	13.9	-19.5	-14.1	3.2	2.3	2.0	2.1
Industrials	4.3	12.8	0.2	5.1	10.1	10.1	9.6	-1.5	-0.2	7.0	3.9	3.9	4.1
C Construction & Mtls	0.1	16.2	-0.0	-0.9	8.5	8.5	8.6	11.3	8.2	3.9	3.8	4.1	4.2
C Aerospace	1.8	17.7	6.0	4.0	9.1	8.6	8.3	11.4	6.8	6.2	4.2	4.5	4.7
C General Industrials	0.5	41.7	-5.9	12.9	9.6	10.2	9.0	-9.7	-5.2	3.0	5.7	5.4	5.6
T Electronic & Elect Equip	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Industrial Engineering	0.1	30.4	-38.1	6.7	6.4	10.3	9.7	2.5	0.1	0.9	6.0	6.0	6.0
C Industrial Transportation	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Support Services	1.7	-2.9	-1.5	4.5	12.5	12.7	12.1	-16.8	-9.0	12.2	2.9	2.6	2.9
Consumer Goods	12.4	13.2	7.2	8.0	13.3	12.5	11.5	15.7	11.3	7.8	3.9	4.3	4.6
C Automobiles & Parts	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
D Beverages	3.4	2.7	8.4	10.2	14.7	13.5	12.3	3.4	2.6	7.5	3.5	3.6	3.9
D Food Producers	2.8	13.5	-7.3	9.8	11.8	12.7	11.6	1.7	12.7	5.8	3.8	4.3	4.6
C Household Goods	1.7	16.5	15.9	-1.1	16.6	14.3	14.5	43.6	17.2	3.3	2.8	3.3	3.4
C Leisure Goods	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Personal Goods	0.1	-2.1	-8.9	10.3	12.5	13.7	12.4	n/m	-0.4	9.0	3.1	3.1	3.4
D Tobacco	4.3	18.0	14.4	8.3	12.6	11.0	10.1	18.9	14.7	10.2	4.6	5.3	5.9
Health Care	8.5	20.5	6.6	2.4	9.2	8.7	8.5	9.0	7.4	6.2	4.9	5.3	5.6
D Health Care Eq & Servs	0.3	44.4	-3.8	15.4	11.7	12.2	10.5	48.4	-5.9	13.6	2.0	1.9	2.2
D Pharmaceuticals & Bio	8.2	20.2	6.9	2.1	9.2	8.6	8.4	8.8	7.7	6.0	5.0	5.4	5.8
Consumer Services	9.4	-13.9	-1.9	12.6	12.5	12.7	11.3	5.7	-1.2	9.6	3.8	3.8	4.1
D Food & Drug Retailers	3.5	5.7	6.7	11.0	13.6	12.7	11.5	n/m	6.1	10.8	3.3	3.5	3.8
C General Retailers	1.3	-25.1	-18.0	12.4	11.2	13.6	12.1	5.9	-3.6	4.4	4.2	4.1	4.3
C Media	2.7	3.6	-4.3	8.3	11.4	12.0	11.0	-2.7	4.9	6.2	4.0	4.2	4.4
C Travel & Leisure	2.0	-46.4	-0.5	21.8	13.3	13.3	10.9	15.1	-17.1	17.1	4.2	3.5	4.1
Telecommunications	6.1	27.0	-15.6	4.6	6.5	7.7	7.4	n/m	6.6	3.6	6.7	7.2	7.5
D Fixed-Line Telecomms	0.9	-6.5	-24.2	7.1	5.4	7.1	6.6	n/m	11.7	7.3	7.1	7.9	8.5
D Mobile Telecomms	5.3	37.4	-13.8	4.2	6.8	7.8	7.5	n/m	5.7	2.9	6.7	7.1	7.3
Utilities	4.3	-7.2	9.5	3.0	11.6	10.6	10.3	23.4	8.4	6.3	4.9	5.8	6.2
D Electricity	1.4	3.6	-6.1	8.2	9.4	10.0	9.2	59.6	-3.2	9.5	5.7	5.5	6.0
D Gas, Water & Multi-Utils	2.9	-13.9	20.4	0.2	13.2	11.0	11.0	7.3	15.5	4.8	4.6	6.0	6.3
Financials	21.5	-63.9	-50.3	54.2	12.9	25.9	16.8	-21.3	-60.6	9.2	8.2	3.3	3.6
F Banks	15.8	-75.3	-86.2	233.8	15.1	109.6	32.8	-33.2	-74.2	9.3	9.1	2.3	2.6
F Non-Life Insurance	0.6	14.7	-12.0	12.1	9.1	10.4	9.3	12.5	4.7	7.5	6.1	6.4	6.9
F Life insurance	2.8	9.5	-6.2	6.2	5.4	5.7	5.4	-15.1	-7.9	13.5	6.2	5.7	6.5
F Real Estate	1.0	-9.2	5.6	-4.7	13.3	12.6	13.2	-33.9	14.5	-1.8	5.3	6.1	6.0
F General Financial	1.2	n/m	n/m	145.9	n/m	23.0	9.3	2.9	-1.3	9.7	5.5	5.4	6.0
Technology	0.8	9.9	12.4	10.4	15.6	13.9	12.6	-21.7	16.5	6.5	1.6	1.9	2.0
T Softw & Comp Servs	0.8	9.9	12.4	10.4	15.6	13.9	12.6	-21.7	16.5	6.5	1.6	1.9	2.0
T Tech Hardw & Equip	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
MSCI UK	100.0	-15.0	-31.3	18.5	9.1	13.2	11.2	-1.6	-17.0	5.8	5.2	4.3	4.6
C Cyclicals	23.4	-0.6	-35.8	12.8	8.8	13.8	12.2	-6.1	-5.5	6.2	3.1	3.0	3.1
O Oil & gas	21.4	23.6	-50.3	32.9	6.4	13.0	9.8	20.8	8.5	2.7	5.2	5.6	5.8
D Defensives	32.9	14.5	0.5	5.5	10.0	9.9	9.4	10.1	8.1	6.4	4.8	5.3	5.6
T Technology	0.8	9.9	12.4	10.4	15.6	13.9	12.6	-21.7	16.5	6.5	1.6	1.9	2.0
F Financials	21.5	-63.9	-50.3	54.2	12.9	25.9	16.8	-21.3	-60.6	9.2	8.2	3.3	3.6

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

US

Consensus earnings, PE, dividends and dividend yields

	Market cap weight (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	12.7	20.9	-56.7	38.7	7.3	16.8	12.1	10.6	1.0	3.9	2.1	2.1	2.2
O Oil & Gas Producers	10.0	20.8	-62.0	57.4	7.1	18.6	11.8	10.3	2.3	3.6	2.3	2.3	2.4
O Oil Equip Servs & Disn	2.7	23.5	-34.5	-7.2	8.0	12.3	13.2	16.7	-7.0	5.5	1.4	1.4	1.5
Basic Materials	2.8	-7.5	-59.3	80.0	10.5	25.7	14.3	4.6	-28.5	-1.4	3.1	2.2	2.2
C Chemicals	1.6	-14.4	-25.9	28.1	12.0	16.2	12.7	7.7	-17.0	2.1	3.4	2.8	2.9
C Forestry & Paper	0.1	-9.0	-93.0	214.3	7.2	102.6	32.7	0.0	-53.5	-67.4	6.9	3.2	1.0
C Industrial Metals	0.6	-11.8	-119.9	n/m	6.7	n/m	18.0	-0.7	-58.4	-5.5	3.4	1.4	1.4
C Mining	0.5	86.1	-11.8	17.3	15.8	17.9	15.3	7.6	4.3	3.9	0.8	0.8	0.9
Industrials	11.5	-1.1	-28.7	8.8	10.2	14.3	13.2	9.5	-9.9	-12.1	3.3	3.0	2.6
C Construction & Mtls	0.7	-23.8	-30.7	28.0	15.4	22.3	17.4	7.9	-35.2	8.7	2.8	1.8	2.0
C Aerospace	2.4	4.1	-5.5	7.0	10.3	10.9	10.1	14.0	5.7	4.0	2.5	2.7	2.8
C General Industrials	3.0	-10.5	-36.5	1.8	8.7	13.7	13.5	7.5	-22.3	-34.5	6.1	4.7	3.1
T Electronic & Elect Equip	1.0	10.7	-40.8	8.8	9.7	16.4	15.1	36.8	1.5	1.6	1.7	1.8	1.8
C Industrial Engineering	1.3	6.4	-58.9	14.2	8.0	19.4	17.0	12.9	-0.2	-0.9	3.0	3.0	2.9
C Industrial Transportation	1.7	4.5	-20.6	17.6	12.4	15.7	13.3	19.0	7.0	4.8	2.3	2.4	2.6
C Support Services	1.5	9.0	-7.5	8.6	13.6	14.7	13.5	-10.4	14.5	2.6	1.9	2.2	2.3
Consumer Goods	10.7	-49.2	2.5	60.7	23.7	23.1	14.4	-4.2	2.1	6.9	3.2	3.4	3.6
C Automobiles & Parts	0.5	-849.0	n/m	n/m	n/m	n/m	n/m	-18.2	-40.6	-0.1	2.7	1.6	1.6
D Beverages	2.7	10.4	-0.2	9.0	14.8	14.8	13.6	13.1	6.7	8.1	2.8	3.0	3.3
D Food Producers	2.4	12.6	4.7	5.7	14.2	13.6	12.9	20.4	-2.5	6.0	2.7	2.9	3.1
C Household Goods	2.2	-5.2	41.2	4.0	20.4	14.4	13.9	11.4	1.9	9.0	3.0	3.0	3.3
C Leisure Goods	0.4	-60.7	-3.6	30.1	18.5	19.2	14.8	-5.6	-6.8	12.4	1.8	1.7	1.9
C Personal Goods	1.0	11.1	-5.3	11.1	11.1	11.7	10.5	8.9	7.3	9.8	3.3	3.5	3.9
D Tobacco	1.6	-49.4	-6.6	9.7	11.3	12.1	11.1	-35.3	7.0	4.4	5.7	6.0	6.3
Health Care	12.8	7.6	-0.2	10.2	11.3	11.4	10.3	8.0	-7.9	14.8	2.5	2.3	2.7
D Health Care Eq & Servs	4.1	1.8	5.3	10.7	12.3	11.7	10.5	20.4	2.2	9.0	0.6	0.7	0.8
D Pharmaceuticals & Bio	8.7	10.3	-2.6	9.9	10.9	11.2	10.2	7.2	-8.7	15.4	3.4	3.1	3.6
Consumer Services	12.6	-0.7	-12.4	14.9	12.8	14.6	12.7	16.9	-5.4	8.6	1.7	1.6	1.8
D Food & Drug Retailers	1.7	13.9	-0.1	10.9	11.6	11.6	10.5	15.6	3.3	6.0	1.5	1.6	1.6
C General Retailers	6.2	-4.8	-5.1	11.9	14.7	15.5	13.8	10.4	1.6	8.3	1.6	1.7	1.8
C Media	2.7	7.9	-31.9	19.1	9.2	13.6	11.4	32.1	-18.1	5.9	1.7	1.4	1.4
C Travel & Leisure	1.9	-15.7	-7.0	23.6	16.1	17.3	14.0	3.6	-14.2	13.5	2.3	1.9	2.2
Telecommunications	3.2	-7.5	-14.9	8.6	11.3	13.2	12.2	13.1	3.9	2.7	6.0	6.1	6.3
D Fixed-Line Telecoms	2.9	1.2	-13.6	7.5	10.7	12.4	11.5	13.0	3.9	2.7	6.4	6.6	6.8
D Mobile Telecoms	0.3	-74.1	-54.8	70.5	27.6	61.0	35.8	8.4	-2.9	0.0	1.4	0.1	0.1
Utilities	3.9	3.1	-3.5	8.6	10.9	11.3	10.4	7.9	3.8	4.4	4.7	4.8	5.0
D Electricity	3.0	2.9	-1.2	8.3	11.0	11.2	10.3	9.1	4.9	4.3	4.5	4.7	4.9
D Gas, Water & Multi-Utils	0.9	3.8	-11.0	9.6	10.6	11.9	10.8	4.7	0.4	4.8	5.3	5.3	5.5
Financials	13.8	-116.1	n/m	63.9	n/m	20.3	12.4	-9.6	-60.9	-2.1	5.1	2.0	2.0
F Banks	5.4	-127.4	n/m	332.3	n/m	63.0	14.6	-15.0	-83.7	-19.7	8.0	1.3	1.0
F Non-Life Insurance	1.8	-206.6	n/m	24.0	n/m	8.7	7.0	-19.8	-16.5	9.6	4.4	2.6	2.9
F Life insurance	0.9	-28.8	0.1	21.1	8.4	8.4	6.9	-13.7	-15.2	4.7	2.4	2.1	2.1
F Real Estate	1.2	-7.4	-32.9	-10.9	17.4	26.0	29.2	7.8	-16.1	3.3	8.1	6.8	7.0
F General Financial	4.5	-24.3	-22.2	35.9	16.0	19.1	14.1	7.5	-28.7	-0.2	1.8	1.4	1.4
Technology	16.0	12.6	-19.5	19.7	14.0	17.4	14.5	21.5	-4.3	-1.3	0.7	0.7	0.7
T Softw & Comp Servs	7.5	22.3	-3.8	9.0	13.3	13.8	12.6	29.4	2.0	3.9	0.4	0.4	0.4
T Tech Hardw & Equip	8.5	4.5	-34.9	35.1	14.8	22.7	16.8	19.0	-6.4	-3.1	1.0	1.0	1.0
MSCI US	100.0	-19.6	-14.0	26.1	13.6	15.9	12.6	4.3	-17.6	2.6	2.8	2.3	2.4
C Cyclical	28.3	-16.2	-26.4	33.0	13.5	18.3	13.8	8.0	-10.3	-2.5	2.7	2.4	2.4
O Oil & gas	12.7	20.9	-56.7	38.7	7.3	16.8	12.1	10.6	1.0	3.9	2.1	2.1	2.2
D Defensives	28.2	2.7	-2.5	9.4	11.7	12.0	11.0	6.1	-0.0	7.8	3.3	3.4	3.6
T Technology	17.0	12.5	-21.2	19.0	13.7	17.3	14.6	23.4	-3.6	-0.9	0.8	0.8	0.8
F Financials	13.8	-116.1	n/m	63.9	n/m	20.3	12.4	-9.6	-60.9	-2.1	5.1	2.0	2.0

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

Japan

Consensus earnings, PE, dividends and dividend yields

	Market cap weight (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	2.0	-130.2	n/m	25.8	n/m	15.9	12.7	-0.7	-1.4	1.4	2.3	2.3	2.3
O Oil & Gas Producers	2.0	-130.2	n/m	25.8	n/m	15.9	12.7	-0.7	-1.4	1.4	2.3	2.3	2.3
O Oil Equip Servs & Disn	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
Basic Materials	7.8	-87.5	-74.0	1,114.5	63.2	243.4	20.0	0.0	-34.2	20.8	2.3	1.5	1.8
C Chemicals	4.0	-109.6	n/m	357.9	n/m	107.6	23.5	-0.0	-18.9	5.2	2.2	1.8	1.9
C Forestry & Paper	0.3	-263.4	n/m	18.1	n/m	21.9	18.6	n/m	1.2	1.9	2.5	2.5	2.6
C Industrial Metals	3.5	-68.0	-111.2	n/m	19.8	n/m	17.3	n/m	-53.4	52.8	2.4	1.1	1.7
C Mining	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
Industrials	17.3	-90.8	112.0	152.0	94.0	44.3	17.6	15.5	-32.5	16.8	2.1	1.4	1.7
C Construction & Mtls	1.9	-108.8	n/m	202.6	n/m	64.5	21.3	19.7	-5.1	-0.2	2.4	2.2	2.2
C Aerospace	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C General Industrials	1.0	-213.0	n/m	n/m	n/m	n/m	19.5	n/m	-51.2	91.1	1.3	0.6	1.2
T Electronic & Elect Equip	4.2	-227.0	n/m	n/m	n/m	n/m	29.2	-2.4	-25.9	12.2	1.7	1.3	1.4
C Industrial Engineering	4.9	-69.0	-76.6	390.4	31.0	132.2	27.0	n/m	-45.9	24.6	1.8	1.0	1.2
C Industrial Transportation	1.2	-42.8	-44.9	23.6	10.2	18.4	14.9	n/m	-48.1	7.7	3.2	1.6	1.8
C Support Services	4.1	-33.3	-24.9	28.0	9.0	11.9	9.3	n/m	-29.3	20.6	2.7	1.9	2.3
Consumer Goods	24.0	-113.1	n/m	n/m	n/m	n/m	23.5	-1.2	-33.0	15.2	2.4	1.6	1.8
C Automobiles & Parts	13.0	-121.4	n/m	n/m	n/m	n/m	28.9	-16.7	-50.1	37.7	2.2	1.1	1.5
D Beverages	1.0	1.7	-14.7	5.0	16.0	18.8	17.9	8.1	0.3	0.5	1.9	1.9	2.0
D Food Producers	1.0	-44.9	71.4	19.9	40.5	23.7	19.7	-0.4	0.8	1.5	1.6	1.7	1.7
C Household Goods	0.8	-58.4	23.4	56.0	31.7	25.7	16.5	n/m	-25.2	11.3	2.7	2.0	2.3
C Leisure Goods	5.8	-128.4	n/m	1,294.3	n/m	305.5	21.9	46.6	-23.5	-1.8	3.0	2.3	2.2
C Personal Goods	1.3	-64.9	117.4	16.8	47.3	21.8	18.6	n/m	-0.6	3.4	2.3	2.3	2.4
D Tobacco	1.2	-48.3	17.5	30.3	21.2	18.0	13.8	n/m	8.4	13.2	2.0	2.1	2.4
Health Care	5.9	-64.2	137.8	2.7	35.5	14.9	14.8	12.7	1.9	4.0	3.1	3.1	3.3
D Health Care Eq & Servs	0.6	-172.5	n/m	29.7	n/m	28.2	21.7	n/m	4.8	3.5	0.9	1.0	1.0
D Pharmaceuticals & Bio	5.3	-52.1	87.3	1.2	26.6	14.2	14.3	12.6	1.8	4.0	3.3	3.4	3.6
Consumer Services	9.1	-45.6	28.9	27.3	29.0	23.0	18.0	34.7	-2.4	4.9	1.6	1.6	1.7
D Food & Drug Retailers	0.3	10.0	8.0	6.1	16.0	14.8	14.0	n/m	1.0	1.8	3.3	3.4	3.4
C General Retailers	3.2	-46.3	90.1	15.5	33.4	18.8	16.3	1.7	-2.6	2.4	1.6	1.7	1.7
C Media	1.2	-99.3	8,280.9	24.3	2,376.6	28.4	22.8	n/m	-4.8	7.3	2.0	1.9	2.0
C Travel & Leisure	4.4	-35.9	-17.5	42.6	22.3	26.8	18.8	n/m	-1.7	6.8	1.3	1.3	1.4
Telecommunications	7.0	-11.5	7.5	5.3	11.7	10.9	10.4	n/m	6.3	3.1	2.7	2.9	3.0
D Fixed-Line Telecoms	2.6	-13.2	-9.2	3.1	9.8	10.7	10.4	n/m	7.0	3.3	2.8	3.0	3.1
D Mobile Telecoms	4.4	-10.1	21.2	6.7	13.4	11.0	10.3	n/m	5.8	3.0	2.6	2.8	2.9
Utilities	5.7	-106.0	n/m	-2.5	n/m	18.8	19.3	n/m	0.1	2.2	2.6	2.6	2.7
D Electricity	4.9	-157.0	n/m	-2.5	n/m	19.4	19.9	n/m	-0.2	2.3	2.7	2.7	2.7
D Gas, Water & Multi-Utils	0.8	-11.0	39.0	-2.7	21.9	15.8	16.2	n/m	2.0	0.8	2.2	2.3	2.3
Financials	14.6	-202.2	n/m	57.9	n/m	25.8	16.3	n/m	-5.4	9.0	1.9	1.9	2.0
F Banks	9.5	-170.9	n/m	51.5	n/m	22.6	14.9	n/m	-3.9	9.7	2.0	1.9	2.1
F Non-Life Insurance	2.1	-125.2	n/m	37.9	n/m	26.2	19.0	n/m	0.7	3.3	1.9	2.0	2.0
F Life Insurance	0.6	-194.2	n/m	24.7	n/m	28.5	22.8	n/m	11.7	4.4	1.3	1.4	1.5
F Real Estate	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
F General Financial	2.4	-489.9	n/m	170.2	n/m	53.8	19.9	n/m	-19.4	12.6	2.0	1.6	1.8
Technology	6.7	-118.3	n/m	901.3	n/m	252.4	25.2	-1.1	-16.6	9.8	2.1	1.8	1.9
T Softw & Comp Servs	1.6	6.1	5.2	7.8	17.1	16.3	15.1	-9.4	-0.3	3.7	1.8	1.8	1.9
T Tech Hardw & Equip	5.1	-141.4	n/m	n/m	n/m	n/m	31.7	-0.0	-20.6	11.7	2.2	1.7	2.0
MSCI Japan	100.0	-104.0	n/m	96.1	n/m	35.2	17.9	2.1	-17.5	9.8	2.2	1.9	2.0
C Cyclicals	50.6	-91.8	29.4	305.8	105.0	80.7	19.9	6.2	-31.8	15.8	2.2	1.5	1.8
O Oil & gas	2.0	-130.2	n/m	25.8	n/m	15.9	12.7	-0.7	-1.4	1.4	2.3	2.3	2.3
D Defensives	22.0	-37.7	65.6	4.6	24.0	14.5	14.0	9.6	3.0	3.4	2.7	2.8	2.9
T Technology	10.9	-157.2	n/m	n/m	n/m	n/m	26.6	-1.1	-19.8	10.6	2.0	1.6	1.7
F Financials	14.6	-202.2	n/m	57.9	n/m	25.8	16.3	n/m	-5.4	9.0	1.9	1.9	2.0

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

Asia ex-Japan

Consensus earnings, PE, dividends and dividend yields

	Market cap weight (%)	EPS growth (%)			PE (x)			DPS growth (%)			Dividend yield (%)		
		2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Oil & Gas	10.5	-9.3	-13.6	25.0	13.2	15.7	12.6	-15.6	-5.5	16.9	2.5	2.2	2.6
O Oil & Gas Producers	10.3	-9.9	-14.2	25.4	13.2	15.8	12.6	-16.7	-5.8	17.2	2.5	2.2	2.6
O Oil Equip Servs & Disn	0.2	36.2	17.4	2.8	14.0	11.9	11.6	38.1	3.2	4.2	3.2	3.3	3.5
Basic Materials	10.0	-28.5	-17.5	17.5	13.1	15.8	13.5	6.3	-4.8	11.0	3.8	2.3	2.5
C Chemicals	2.1	-56.7	38.1	21.6	20.4	14.8	12.2	5.0	-24.7	20.1	7.0	2.6	3.1
C Forestry & Paper	0.0	n/m	n/m	n/m				n/m	n/m	n/m			
C Industrial Metals	3.3	-41.6	-21.4	51.3	13.1	16.5	10.9	-8.5	-35.5	24.2	3.0	1.6	2.0
C Mining	4.6	0.1	-29.2	-7.9	11.2	15.9	17.2	19.7	24.2	1.2	2.9	2.7	2.7
Industrials	13.1	-29.8	-15.9	28.4	15.0	17.9	14.0	-5.6	-23.2	5.7	3.3	2.5	2.6
C Construction & Matls	3.5	-8.4	-0.3	9.0	15.0	15.2	14.0	-13.9	-16.9	6.9	2.4	2.3	2.4
C Aerospace	0.1	-7.1	-4.9	6.7	14.8	15.5	14.6	n/m	n/m	0.0	7.2	6.4	6.4
C General Industrials	3.6	-45.6	7.1	14.7	17.3	16.1	14.0	-15.2	-15.1	6.8	3.2	2.8	3.0
T Electronic & Elect Equip	1.7	-31.3	13.6	24.8	23.1	20.3	16.3	-28.3	-3.1	17.3	2.4	1.4	1.6
C Industrial Engineering	2.1	1.4	7.5	29.8	12.6	11.7	9.0	-20.8	10.7	8.6	1.7	1.8	2.0
C Industrial Transportation	1.9	-48.5	-101.3	n/m	11.4	n/m	25.2	32.0	-52.3	-3.3	7.1	3.5	3.3
C Support Services	0.2	39.0	-46.9	30.0	12.1	22.8	17.5	34.3	-49.9	17.6	3.7	2.3	2.7
Consumer Goods	7.2	-4.3	3.7	18.5	16.1	15.9	13.4	2.2	2.9	8.7	2.1	2.5	2.7
C Automobiles & Parts	1.6	8.4	2.7	20.5	13.3	13.3	11.1	-18.3	17.2	5.7	1.4	1.6	1.7
D Beverages	0.7	1.7	14.1	9.0	17.7	15.8	14.5	11.5	7.7	8.5	3.6	4.0	4.3
D Food Producers	2.2	-8.1	-9.1	17.0	14.3	15.8	13.5	15.1	-22.4	0.5	1.7	2.2	2.2
C Household Goods	0.1	-13.1	1.1	11.2	15.0	14.9	13.4	-0.9	18.4	11.9	5.1	4.0	4.5
C Leisure Goods	0.4	-53.7	79.9	60.3	34.3	19.1	11.9	-59.1	42.8	8.1	0.5	0.6	0.7
C Personal Goods	1.6	-1.4	17.8	19.6	22.2	20.4	17.1	0.4	11.6	18.3	2.8	3.0	3.5
D Tobacco	0.7	28.5	-3.1	7.2	11.0	14.3	13.4	5.6	5.1	8.9	2.3	3.6	3.9
Health Care	1.0	-20.1	48.4	17.6	25.5	17.1	14.6	14.9	28.1	15.9	1.8	2.0	2.3
D Health Care Eq & Servs	0.2	-4.4	18.6	12.8	19.8	16.7	14.8	0.3	21.6	12.2	4.6	3.9	4.4
D Pharmaceuticals & Bio	0.8	-21.9	59.6	18.8	27.6	17.2	14.5	24.6	32.7	18.2	1.2	1.5	1.8
Consumer Services	5.5	-43.6	43.4	16.1	24.3	16.9	14.6	2.6	-18.5	9.4	3.8	3.1	3.4
D Food & Drug Retailers	0.9	23.4	11.7	10.4	18.9	16.9	15.3	24.0	11.0	11.7	3.8	4.1	4.6
C General Retailers	1.7	20.2	6.2	0.5	13.7	12.9	12.9	32.4	-19.6	3.6	4.0	3.1	3.3
C Media	0.3	-15.4	8.3	0.7	14.6	13.5	13.4	-2.6	-29.7	0.1	5.8	4.8	4.8
C Travel & Leisure	2.6	-89.0	247.8	39.4	77.2	22.2	15.9	-19.9	-28.7	15.1	3.5	2.5	2.9
Telecommunications	11.2	4.4	-0.3	4.8	12.1	12.2	11.6	0.6	2.7	4.5	4.3	4.6	4.8
D Fixed-Line Telecoms	3.3	-11.4	1.4	7.3	12.6	12.5	11.6	-8.3	1.0	4.4	5.7	6.0	6.3
D Mobile Telecoms	8.0	5.9	-0.9	3.8	11.9	12.0	11.6	-2.1	3.6	4.5	3.8	4.0	4.1
Utilities	5.2	-51.5	52.0	27.6	30.2	19.9	15.6	-7.8	10.3	8.5	2.1	2.6	2.8
D Electricity	3.8	-64.9	88.3	34.3	40.6	21.1	15.7	-12.4	3.2	9.3	1.9	2.4	2.6
D Gas, Water & Multi-Utils	1.3	-20.9	14.9	12.2	19.6	17.0	15.2	3.6	25.0	6.7	2.4	3.2	3.4
Financials	27.4	-14.9	3.4	13.3	14.0	13.7	12.1	-8.4	-4.1	9.7	4.0	3.8	4.2
F Banks	19.3	-4.1	-2.7	14.1	12.3	12.7	11.1	-7.2	-3.5	10.7	4.1	4.0	4.4
F Non-Life Insurance	1.1	-24.0	10.4	18.7	14.7	14.3	12.0	-7.3	-2.0	14.4	3.5	3.5	4.0
F Life Insurance	1.4	-74.5	204.5	17.4	69.6	22.9	19.5	-42.4	40.0	14.1	1.1	1.6	1.8
F Real Estate	1.3	-9.9	7.3	-10.1	10.8	10.1	11.2	-6.8	-8.9	-9.7	9.6	9.1	8.2
F General Financial	4.3	-56.0	37.4	18.4	28.1	20.7	17.4	-20.1	-13.2	21.5	3.0	2.3	2.8
Technology	9.0	-69.7	-29.7	189.7	38.7	50.2	17.3	-29.0	-6.1	8.0	2.9	2.1	2.3
T Softw & Comp Servs	2.3	18.7	5.8	9.8	21.2	19.1	17.4	424.8	-0.5	5.5	0.6	1.2	1.2
T Tech Hardw & Equip	6.7	-80.4	-54.5	583.3	51.6	118.0	17.3	-43.3	-9.8	8.4	3.7	2.4	2.6
MSCI Asia Pacific ex Jap	100.0	-23.0	-3.4	21.4	15.6	16.3	13.4	-5.0	-4.9	8.3	3.3	3.0	3.2
C Cyclical	29.7	-30.2	-8.3	22.4	15.3	16.7	13.7	-1.2	-16.2	8.4	3.4	2.5	2.7
O Oil & gas	10.5	-9.3	-13.6	25.0	13.2	15.7	12.6	-15.6	-5.5	16.9	2.5	2.2	2.6
D Defensives	21.8	-6.5	6.1	10.7	14.9	14.3	12.9	3.4	4.2	5.8	3.3	3.7	3.9
T Technology	10.6	-64.7	-19.4	137.8	34.9	40.8	17.2	-28.8	-5.5	9.0	2.8	2.0	2.2
F Financials	27.4	-14.9	3.4	13.3	14.0	13.7	12.1	-8.4	-4.1	9.7	4.0	3.8	4.2

Source: HSBC, Thomson Financial Datastream, I/B/E/S, MSCI as at 29 May 2009

What might a global 'Nifty Fifty' look like?

The list shown here is constructed very judgements, with little attention paid to current valuations and/or newsflow. Generally, we have opted – by definition – for large, liquid names, but in some Asian cases have had to

suspend even that consideration in favour of what we think might be an entrenched competitive advantage.

What might a global 'Nifty Fifty' look like? (Note: names in *italics* were members of the original US 'Nifty Fifty')

Stock	Region	Industry	Market Value (USDbn)	DY	PE FY1	% Price change -12M	% Price change since 14/01/09
Wal Mart	America	Consumer	195	2.2	14	-16	-7
Procter & Gamble	America	Consumer	151	3.4	12.3	-24	-12
<i>McDonalds</i>	America	Consumer	65	3.4	15.5	-12	-7
<i>Walt Disney</i>	America	Consumer	45	1.5	14.2	-33	13
Colgate-Palm.	America	Consumer	33	2.7	15.7	-12	1
<i>Coca Cola</i>	America	Consumer	114	3.3	16.1	-14	15
Monsanto	America	Consumer	45	1.3	18.4	-36	8
JP Morgan	America	Financials	139	0.5	24.6	-25	35
Bank of America	America	Financials	72	0.4	27.1	-67	10
Merck	America	Healthcare	58	5.5	8.6	-36	-8
Amgen	America	Healthcare	51	0.0	10.9	15	-14
<i>Pfizer</i>	America	Healthcare	103	4.2	7.8	-25	-13
<i>Bristol Myers Squibb</i>	America	Healthcare	39	6.2	10.3	-9	-10
<i>Johnson & Johnson</i>	America	Healthcare	152	3.6	12.2	-17	-4
<i>Baxter Intl.</i>	America	Healthcare	31	2.0	13.6	-16	-4
<i>General Electric</i>	America	Industrials	143	9.2	13.8	-60	-9
Caterpillar	America	Industrials	21	4.7	30.2	-57	-10
<i>3M</i>	America	Industrials	40	3.6	14.8	-26	4
Schlumberger	America	Resources	68	1.5	22.3	-51	29
Exxon Mobil	America	Resources	338	2.4	17.1	-25	-8
Oracle	America	Tech	98	1.0	13.8	-15	13
Microsoft	America	Tech	186	2.5	12.2	-33	6
Cisco Systems	America	Tech	107	0.0	14.1	-31	18
Exelon	America	Utilities	32	4.4	11.6	-44	-10
Nintendo	Asia	Consumer	38	5.6	10.3	-56	-23
Li & Fung	Asia	Consumer	10	2.7	21.2	-29	59
ICBC	Asia	Financials	52	3.8	12.5	-16	45
China Steel	Asia	Materials	11	12.3	230.8	-45	17
Sinopec	Asia	Resources	6	1.1	43.8	-6	55
ZTE	Asia	Tech	6	0.8	21.4	-28	33
TSMC	Asia	Tech	48	4.9	24.1	-7	40
Samsung Electronics	Asia	Tech	65	1.0	20.7	-25	14
Infosys Technologies	Asia	Tech	19	1.5	16	-18	23
Canon	Asia	Tech	44	3.5	38.6	-45	7
Tesco	EU	Consumer	46	3.3	12.4	-12	5
Nestle	EU	Consumer	139	3.6	13.1	-24	-2
LVMH	EU	Consumer	41	2.7	15.3	-22	43
Diageo	EU	Consumer	34	4.2	12.6	-14	-7
Banco Santander	EU	Financials	86	8.7	8.1	-40	23
AXA	EU	Financials	39	9.3	8.2	-42	1
Roche	EU	Healthcare	96	3.4	12.8	-19	-14
Fresenius Med.Care	EU	Healthcare	12	1.9	13.9	-17	-9
Siemens	EU	Industrials	67	3.1	11	-29	21
Rolls-Royce	EU	Industrials	10	0.0	10	-19	6
BHP Billiton	EU	Materials	53	3.8	13.4	-23	28
BP	EU	Resources	154	6.9	12.7	-16	5
Vodafone	EU	Telecoms	98	6.7	7.8	-29	-15
Telefonica	EU	Telecoms	101	6.6	9.1	-18	1
EDF	EU	Utilities	95	3.6	14.5	-47	-5
E On	EU	Utilities	71	6.0	9.4	-45	-4
Average			75	4	20	-27	8

Note: *Wyeth and Schering Plough were included in our initial list in January, but are both subject to M&A and have been replaced as shown
Source: HSBC, Thomson Financial Datastream.

Disclosure appendix

Analyst certification

The following analyst(s), who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and any other 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: Kevin Gardiner, Robert Parkes, Garry Evans and Steven Sun.

Important disclosures

Stock ratings and basis for financial analysis

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 equity 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 on a 12 month time horizon; and 2) from time to time to identify short-term investment opportunities that are derived from fundamental, quantitative, technical or event-driven techniques on a 0-3 month time horizon and which may differ from our long-term investment rating. HSBC has assigned ratings for its long-term investment opportunities as described below.

This report addresses only the long-term investment opportunities of the companies referred to in the report. As and when HSBC publishes a short-term trading idea the stocks to which these relate are identified on the website at www.hsbcnet.com/research. Details of these short-term investment opportunities can be found under the Reports section of this website.

HSBC believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings and other considerations. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations. Investors should carefully read the definitions of the ratings 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 rating. In any case, ratings should not be used or relied on in isolation as investment advice.

Rating definitions for long-term investment opportunities

Stock ratings

HSBC assigns ratings to its stocks in this sector on the following basis:

For each stock we set a required rate of return calculated from the risk free rate for that stock's domestic, or as appropriate, regional market and the relevant equity risk premium established by our strategy team. The price target for a stock represents the value the analyst expects the stock to reach over our performance horizon. The performance horizon is 12 months. For a stock to be classified as Overweight, the implied return must exceed the required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock must be expected to underperform its required return by at least 5 percentage points over the next 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands are classified as Neutral.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation of coverage, change of volatility status or change in price target). Notwithstanding this, and although ratings are subject to ongoing management review, expected returns will be permitted to move outside the bands as a result of normal share price fluctuations without necessarily triggering a rating change.

*A stock will be classified as volatile if its historical volatility has exceeded 40%, if the stock has been listed for less than 12 months (unless it is in an industry or sector where volatility is low) or if the analyst expects significant volatility. However, stocks which we do not consider volatile may in fact also behave in such a way. Historical volatility is 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 has to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Prior to this, from 7 June 2005 HSBC applied a ratings structure which ranked the stocks according to their notional target price vs current market price and then categorised (approximately) the top 40% as Overweight, the next 40% as Neutral and the last 20% as Underweight. The performance horizon is 2 years. The notional target price was defined as the mid-point of the analysts' valuation for a stock.

From 15 November 2004 to 7 June 2005, HSBC carried no ratings and concentrated on long-term thematic reports which identified themes and trends in industries, but did not make a conclusion as to the investment action that potential investors should take.

Prior to 15 November 2004, HSBC's ratings system was based upon a two-stage recommendation structure: a combination of the analysts' view on the stock relative to its sector and the sector call relative to the market, together giving a view on the stock relative to the market. The sector call was the responsibility of the strategy team, set in co-operation with the analysts. For other companies, HSBC showed a recommendation relative to the market. The performance horizon was 6-12 months. The target price was the level the stock should have traded at if the market accepted the analysts' view of the stock.

Rating distribution for long-term investment opportunities

As of 01 June 2009, the distribution of all ratings published is as follows:

Overweight (Buy)	34%	(33% of these provided with Investment Banking Services)
Neutral (Hold)	39%	(32% of these provided with Investment Banking Services)
Underweight (Sell)	27%	(29% of these provided with Investment Banking Services)

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
AXA	AXAF.PA	13.11	29-May-2009	1, 4, 5, 6, 7, 11
BHP BILLITON	BLT.L	14.76	29-May-2009	1, 2, 4, 5, 6, 7, 11
BRITISH PETROLEUM	BP.L	5.11	29-May-2009	2, 5, 6, 7
CHEVRONTXACO	CVX.N	66.67	30-May-2009	2, 5, 6, 7, 11
CHINA COMMUNICATIONS CONS	1800.HK	11.34	01-Jun-2009	4, 6, 7
CHRISTIAN DIOR	DIOR.PA	53.90	29-May-2009	6
CNOOC LTD.	0883.HK	11.10	01-Jun-2009	4, 5, 11
CREDIT SUISSE	CSGN.VX	47.58	29-May-2009	2, 5, 6, 9
DUPONT	DD.N	28.47	30-May-2009	2, 5
EXXONMOBIL	XOM.N	69.35	30-May-2009	2, 5, 6, 7
IBM	IBM.N	106.28	30-May-2009	2, 5, 6, 7, 11
JOHNSON & JOHNSON	JNJ.N	55.16	30-May-2009	2, 5, 6, 7, 9, 11
JP MORGAN CHASE	JPM.N	36.90	30-May-2009	2, 5, 6, 7, 9
KDDI CORP	9433.T	509000.00	01-Jun-2009	7
MORGAN STANLEY	MS.N	30.32	30-May-2009	2, 5, 6, 7, 11
NESTLE	NESZn.S	38.70	29-May-2009	2, 5, 6, 7
NIKE	NKE.N	57.05	30-May-2009	2, 5, 6, 7
NISSAN MOTOR	7201.T	584.00	01-Jun-2009	2, 5, 6, 7, 11
ORACLE	ORCL.OQ	19.59	30-May-2009	2, 3, 5
PROCTER & GAMBLE	PG.N	51.94	30-May-2009	1, 5, 6, 7, 11
ROLLS-ROYCE	RR.L	3.28	29-May-2009	2, 5, 6, 7, 11
SANOFI-AVENTIS	SASY.PA	44.95	29-May-2009	2, 4, 5, 6, 7, 11
SIEMENS AG	SIEGn.IB	51.44	29-May-2009	2, 4, 5, 6, 7
WALT DISNEY COMPANY	-	-	-	2, 5, 11
WELLS FARGO & COMPANY	WFC.N	25.50	30-May-2009	2, 5, 6, 11

Source: HSBC

- 1 HSBC* has managed or co-managed a public offering of securities for this company within the past 12 months.
- 2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
- 3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.
- 4 As of 30 April 2009 HSBC beneficially owned 1% or more of a class of common equity securities of this company.
- 5 As of 30 April 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.
- 6 As of 30 April 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking-securities related services.
- 7 As of 30 April 2009, this company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.
- 8 A covering analyst/s has received compensation from this company in the past 12 months.
- 9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.
- 10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
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Additional disclosures

- 1 This report is dated as at 02 June 2009.
- 2 All market data included in this report are dated as at close 29 May 2009, unless otherwise indicated in the report.
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- 5 As of 30 April 2009, HSBC beneficially owned 2% or more of a class of common equity securities of the following company(ies): SIEMENS AG , SANOFI-AVENTIS , BHP BILLITON
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- 7 We have recommended inclusion of the following stocks in our suggested portfolio: AXA (since 15-Apr-09 at EUR11.09), BHP Billiton (from 3-Jul-06 at GBP10.60 to 01-Oct-08 at GBP12.09 and since 19-Mar-09 at GBP14.05), BP (since 05-Oct-05 at GBP6.80), Chevron Corp (since 09-Jan-08 at USD92.13), China Communications Construction (since 27-May-09 at HKD10.7), Christian Dior (since 19-Mar-09 at EUR42.76), Cia Vale Rio Doce (since 19- Mar-09 at BRL55.6), CNOOC (from 04-Oct-06 at HKD6.37 to 02-Oct-07 at HKD13.06 and since 09-Jan- 08 at HKD13.28), Credit Suisse (since 01-Oct-08 at CHF51.65), CRH (from 05-Oct-05 at EUR20.76 to 20- Mar-05 at EUR18.61 and since 19-Mar-09 at EUR15.98), Du Pont (since 05-Jan-09 at USD8.16), Exxon Mobile Corp (since 05-Oct-05 at USD64.80), IBM (since 05-Jul-07 at USD105.01), Johnson & Johnson (since 19-Mar-09 at USD50.06), JP Morgan Chase & Co (since 04-Oct-06 at USD46.84), KDDI (since 02-Oct-07 at JPY852000), Morgan Stanley (since 01- Oct-08 at USD24.42), Nestle (since 01-Oct-08 at CHF48.42), Nike (since 01-Oct-08 at USD66.16), Nintendo (from 05- Jul-07 at JPY48300 to 01-Oct-07 at JPY59300 and since 19-Mar-09 at JPY28200), Nissan (since 15- Apr-09 at JPY465), Oracle Corp (since 03- Jul-06 at USD14.74), Procter & Gamble (since 03-Apr- 06 at USD57.74), Rolls Royce Group (since 04-Oct-06 at GBP4.48), Sanofi-Aventis (since 09-Jan-08 at EUR62.89), Shanghai Electric (since 27-May-09 at HKD3.7), Siemens AG (since 05-Jan-07 at EUR75.55), TSMC (since 19-Mar-09 at TWD15.1), Walt Disney (since 22-Jan-09 at USD20.24), Wells Fargo (since 01-Oct-08 at USD36.7).
- 8 As at 7 May 2009, HSBC holds a significant interest in the debt securities of: BHP BILLITON LTD, Wells Fargo & Co, JP MORGAN CHASE & CO, CIA VALE DO RIO DOCE and Morgan Stanley.
- 9 HSBC Securities and Capital Markets (India) Private Limited (HSCI) has been appointed Manager to the open offer made by Pfizer Investments Netherlands B.V. and Pfizer Inc to the shareholders of Pfizer Limited.

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