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The unprecedented global energy shock and supply chain disruptions have provided new catalysts to accelerate the structural trends of energy transition and manufacturing upgrading in Asia, as the governments strive for energy security, supply chain security and technology self-sufficiency amid heightened geopolitical uncertainty. Asia's rapid adaptation to the latest disruptive changes is supportive of our Top Trend of Remaking Asia's Future.

China recently announced an "all-out" infrastructure push with top priorities attached to building new infrastructure for technology upgrading and net zero transition. We expect China's massive investment in new infrastructure will give a strong boost to the construction of clean energy base, 5G network, smart cities and electrification of the transportation and industrial sectors.

Asia is the world's number one energy consumer and carbon emitting region, and the region is also the world's largest investor in energy transition. The International Energy Agency forecasts Asia alone will account for 64% of new renewable capacity additions globally between 2019 and 2040. China will need to invest more than RMB200trn till 2060 in green transformation projects to achieve carbon neutrality. Asian Development Bank estimates that the ASEAN countries will need to invest USD210bn a year to build climate resilient infrastructure till 2030. Our new High Conviction Theme on Asia's Green Transformation captures opportunities in renewable energy, including equipment makers of solar, wind and green hydrogen, energy storage providers, smart grid manufacturers and leaders in the new energy vehicles supply chains.

Looking ahead into H2 2022, we expect a more favourable economic reopening outlook for most Asian countries given the support of positive vaccination progress. Eight major Asian economies have at least 80% of their populations fully vaccinated. In Singapore and South Korea, over 70% of their residents have had their third booster shots. Under our theme on Asia's Consumer Revival, we find attractive opportunities in the domestic leaders in the travel, hospitality, consumption, healthcare and ecommerce sectors in the course of Asia's post-pandemic reopening. Led by Singapore, the Southeast Asian countries are pressing ahead with reopening borders. Some North Asian economies, especially Hong Kong, will continue to relax COVID containment measures after the latest wave of COVID outbreaks has passed the peak.

Riding on the structural trends of digital transformation and automation, supply chains revamp, technology upgrading and rising middle class consumers, Asia has become the home of many industry leaders with global leadership position. Among the Fortune Global 500 in 2021, 231 or 46% of them have their headquarters in Asia. After the sharp correction of the Asian equity markets over the past 12 months, many Asian champions with strong brand franchise and resilient earnings power are trading at steep valuations discounts against their global peers. Our new High Conviction Theme on Asian Champions at Great Value identify high quality Asian industry leaders with strong earnings power and resilient cash flows, but they are trading at compelling valuations.

Under our theme on Asian Quality Credit, we see compelling carry opportunities in the Asian credit market. We have strong preference for Asian IG and RMB bonds over Asian high yield for their quality appeal and attractive yield pick-up versus DM and other EM IG credit. We see the best opportunities in Indonesian hard currency bonds, Chinese SOEs, Chinese financials, including the better quality local government financing vehicles. We expect China's rollout of more decisive monetary and fiscal stimulus will drive a stabilisation of economic growth in H2 2022, which will support recovery of the Chinese credit market. We stay overweight Indonesian hard currency sovereign and corporate bonds to reflect their strong credit fundamentals in the face of the accelerating economic reopening and tailwinds from the strong rally of coal and nickel prices.