

INDUSTRIAL MACHINERY WILL BE TOP GROWTH AREA FOR U.S. EXPORTS AND IMPORTS, HSBC TRADE REPORT SHOWS

Other Higher Value Added Sectors—Transport, Medical and Measuring Equipment – Also Driving U.S. Exports, Expected to Make Up Half of the Increase of U.S. Exports Beginning in 2021

New York, NY (February 26, 2013) – Industrial machinery is expected to be the top driver of U.S. export and import trade now and in the next decade, according to the latest HSBC Commercial Banking Trade Forecast.

According to the report, U.S. industrial machinery exports, which can include large power generating machinery to small parts for domestic electrical items, are expected to account for 21 percent of U.S. export growth this year through 2015, making it the biggest sector contributor to overall U.S. merchandise export growth through 2015. Further out, industrial machinery is expected to rise to 25 percent of U.S. export growth in 2016 to 2020, and to 26 percent in 2021 to 2030, according to the report.

At the same time, industrial machinery is expected to account for 25 percent of U.S. import growth this year through 2015, according to the report. The report predicts that industrial machinery will decline to 22 percent of U.S. import growth in 2016 to 2020 before inching up again to 23 percent in 2021 to 2030.

“For businesses looking to expand internationally, understanding which countries are set to increase imports in the sector in which they operate may provide new opportunities to deliver significant growth,” said Prabhat Vira, U.S. Regional Head of Trade and Receivables Finance for HSBC.

U.S. Sector Trends: Transport, Medical and Measuring Sectors Driving U.S. Export Growth

In addition to industrial machinery, other higher value added sectors including transport, medical and measuring equipment, are also set to be big contributors to U.S. export growth. In fact, these sectors together with industrial machinery are expected to contribute to half of the increase of U.S. exports in 2021 to 2030, according to the report.

The report shows that U.S. transport equipment exports, including motor vehicles and aircrafts, are expected to account for 17 percent of U.S. export growth this year through 2015, making it the second biggest sector contributor to U.S. export. The sector’s growth is expected to account for slightly less, 14 percent, of overall U.S. export growth in 2016 to 2030, but will still remain the second largest contributor to overall U.S. exports in the next decade and beyond.

And while medical and measuring equipment, which can include instruments for medical, surgical, dental or veterinary purposes, as well as meters and counters, are

expected to make up about seven percent of U.S. export growth this year through 2015, making it the fourth biggest sector contributor to U.S. export growth, the sector is anticipated to increase its share of U.S. export growth to 10 percent in 2021 to 2030. During that decade, it will become the third largest sector contributor to overall U.S. export growth.

“China and other emerging markets are expanding their operations into new, higher value sectors, which is prompting the more developed markets, including the U.S., to specialize and diversify,” said HSBC’s Vira. “U.S. companies looking to expand globally may want investigate the resources, relationships and finances needed to maximize any potential opportunities.”

U.S Trade Trends: Canada, Mexico, China Remain Top U.S. Trade Markets

According to the report, U.S exports will increasingly find their way to rapidly growing consumer markets in developing economies, as growth prospects for industrialized nations remain subdued. And while U.S. exports to the United Arab Emirates, India, and Vietnam are expected to increase the most over the next several years, the top three markets for U.S. exports continue to be Canada, Mexico and China, according to the report. The first two are perennial top destinations for U.S. exports as a result of free trade agreements and proximity to the U.S. The report indicates that China’s strong role in U.S. exports and imports activity reflects some of the overall shift in global manufacturing to China over the past two decades, but also forward-looking demand from China for U.S. high valued-added products as the country’s consumption share increases.

“Emerging markets are developing at a phenomenal pace and are set to reshape world trade patterns over the next 20 years,” said James Emmett, HSBC’s Global Head of Trade and Receivables Finance. “Understanding which sectors are growing in which markets, delivers huge opportunities for businesses.”

In fact, a related HSBC report issued last month showed how some U.S. companies have benefitted from global expansion and export trends. The report, “Spotlight on U.S. Trade,” the first in a series of reports analyzing publicly-traded companies in key regions around the U.S., showed that global businesses based in Upstate New York achieved almost three times the growth rates and earned over 10 per cent more in revenue than their domestic peers in the region between 2007-2011. The report included global expansion stories from companies such as Columbus McKinnon, Constellation Brands, Ecology and Environment, Inc., and Moog.

Regarding overall export growth for the U.S, the report anticipates growth to slow to 2.2 percent in 2013 before increasing moderately to 3.9 percent in 2014. Similarly, U.S. imports will slow to 1.3 percent in 2013 before increasing somewhat to 2.7 percent in 2014.

Global Trade Trends: Emerging Markets Add Value to Supply Chain

Globally, the report notes the shift towards the production of higher value goods is particularly evident in Asia, with a clear pattern emerging as Chinese export growth in information and communications technology and industrial machinery gathers pace. This balances a declining rate of growth in sectors such as textiles, giving rise to

opportunities for companies in the smaller, faster growing countries around the region to win contracts to produce these more basic goods.

Additionally, industrial machinery is the world's top sector for goods traded and will encompass around 25 percent of goods exported among the top 25 trading nations by 2030, and contribute over a third of the growth in total merchandise exports from 2013, according to the forecast.

For a copy of the global report and further information, visit:

<http://www.globalconnections.hsbc.com/>

Media inquiries:

Neal McGarity	+1 212-525-3422	neal.e.mcgarity@us.hsbc.com
Laura Sheridan Powers	+1 212-525-0115	laura.s.powers@us.hsbc.com

Notes to editors:

About the HSBC Trade Forecast - Modeled by Oxford Economics

Oxford Economics has tailored a unique service for HSBC which forecasts bilateral trade for total exports/imports of goods, based on HSBC's own analysis and forecasts of the world economy to generate a full bilateral set of trade flows for total imports and exports of goods.

Oxford Economics produces a global report for HSBC, plus regional reports and country specific reports on the following 23 countries: Hong Kong, China, Australia, Indonesia, Malaysia, India, Singapore, Vietnam, Bangladesh, Canada, USA, Brazil, Mexico, Argentina, UK, France, Turkey, Germany, Poland, Ireland, UAE, Saudi Arabia, and Egypt.

About HSBC Commercial Banking

Commercial Banking, a division of HSBC Bank USA, N.A., together with the other members of the HSBC Group, serve more than 3.5 million customers worldwide, from small enterprises to large multinationals, in over 60 developed and emerging markets around the world. Whether it is working capital, trade finance or payments and cash management solutions, we provide the tools and expertise that businesses need to thrive. With a heritage stretching back nearly 150 years, and a global network covering three quarters of global commerce, it makes HSBC the world's leading international trade and business bank.

For more information visit: www.hsbc.com/1/2/business-and-commercial

About HSBC Bank USA, N.A.

HSBC Bank USA, National Association, with total assets of \$196bn as of 30 September 2012 (US GAAP), serves 3 million customers through retail banking and wealth management, commercial banking, private banking, asset management, and global banking and markets segments. It operates more than 250 bank branches throughout the United States. There are over 165 in New York State as well as branches in: California; Connecticut; Delaware; Washington, D.C.; Florida; Maryland; New Jersey; Pennsylvania; Oregon; Virginia; and Washington State. HSBC Bank USA, N.A. is the principal subsidiary of HSBC USA Inc., an indirect, wholly-owned subsidiary of HSBC North America Holdings Inc. HSBC Bank USA, N.A. is a member of the FDIC.

About HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,900 offices in over 80 countries and territories in Europe, the Asia-Pacific region, North and Latin America, and the Middle East and North Africa. With assets of US\$2,721bn at 30 September 2012, the HSBC Group is one of the world's largest banking and financial services organisations.

ends/all