

Climate snapshot

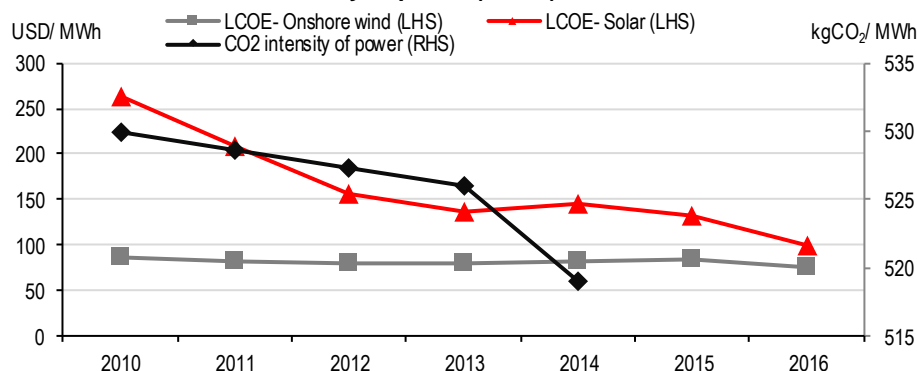
Market factors to drive emission cuts

- We think climate ambition, as measured by incremental policy implementation, is waning in some countries
- We expect market forces, such as the break-even economics for energy, to be a key signal for future emission trends
- Power to be fuelled less by coal, more by renewables as the economics of wind and solar have become more favourable

New energy policy is waning: A key means to solve the problem of rising CO₂ from the energy sector is to implement efficiency initiatives and to decarbonise the energy system. Historically the key means to do this has been through policy goals, for instance on building standards and appliances. These efforts have had a degree of success – globally in the last twenty years the amount of energy used to produce a unit of GDP has decreased by 14%. However, we think the wave of national climate policy initiatives put forward in advance of the Paris Agreement are now work in progress and we are unlikely to see much incremental momentum on policy goals.

Economics takes over: In the short term, we expect the speed of low carbon shift to be determined by market and economic forces, particularly in relation to the take up of renewables in the power sector. Power generation from renewables has already become more competitive. The unit costs of power from wind and solar have fallen by 26% and 61% from 2010 to 2016. This resulted in a 2.1% improvement in the global carbon intensity of power from 2010 to 2014 (charts 1 & 2). However, there is still a lot of work to do in terms of meeting climate goals, as coal fired power represents 42% of the global electricity mix, which is a rise of 9.6% in the last 20 years. This compares with a 46.7% rise for gas and 366% rise for wind, solar and geothermal as shown in chart 3.

Chart 1: Cost and CO₂ intensity of power (World)



Source: BNEF, IEA

CLIMATE CHANGE GLOBAL

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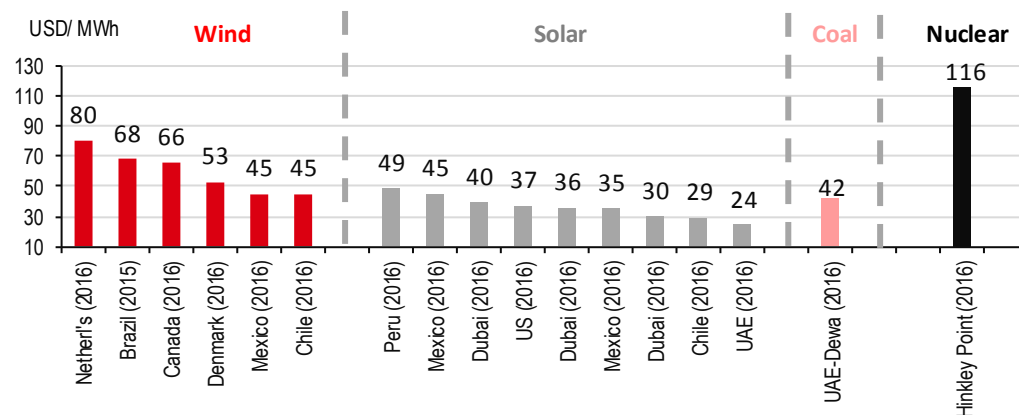
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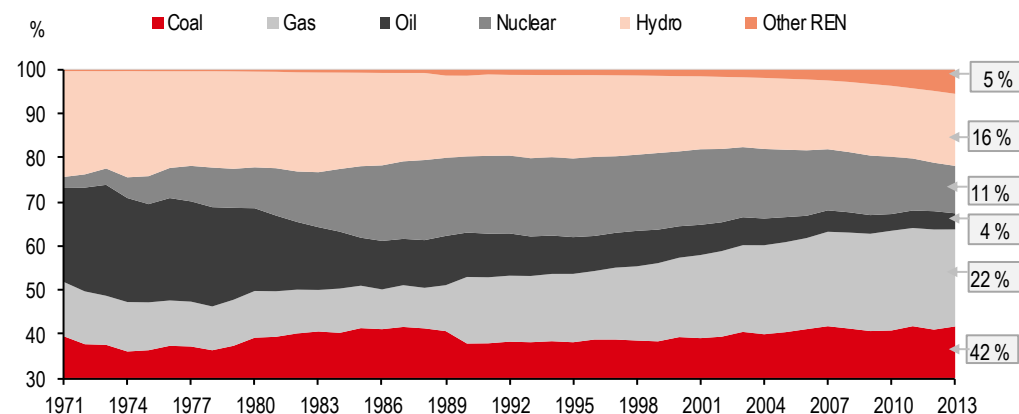
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Chart 2: Power tariff



Source: IRENA, BNEF, Renewable Energy World, The National; Note: the currency conversion factors- 1BRL=0.32USD, 1EUR=1.08USD, 1GBP=1.26USD

Chart 3: Electricity generation mix (World)



Source: World Bank; Note: the figures on the RHS are the 2013 data for each generation type

The global climate calendar: upcoming events

Year	Location	Event
14-16 February	Phoenix, Arizona	GreenBiz 2017
06- 09 March	Bonn, Germany	15 th Meeting of Standing Committee on Finance, UNFCCC
07-10 March	Bonn, Germany	11 th meeting of the Adaptation Committee, UNFCCC
12-15 March	San Antonio, Texas	ACCP: The Conference 2017, Association of Corporate Contributions Professionals
14-17 March	Bonn, Germany	29 th Meeting of the Adaptation Fund Board, UNFCCC
15 March	Netherlands	Netherlands Parliamentary Election
20-24 March	Washington, DC	Land and Poverty Conference 2017: Responsible Land Governance—Towards an Evidence Based Approach, World Bank
26 March	Hong Kong	Chief Executive election, Hong Kong
26-27 March	Guadalajara, Mexico	45th Session of the IPCC
29-31 March	Bangkok, Thailand	Asia Pacific Forum on Sustainable Development (APFSD), UNESCAP
03-05 April	New York, US	3 rd Sustainable Energy for All (SE4All)
04 April	New York, US	High-Level UNGA Event on Sustainable Finance
05-April	London, UK	Water: Risk, Opportunity and Sustainability, London Stock Exchange HQ, Environmental Finance
21-23 April (Tentative dates)	Washington DC	CPLC 2nd High-Level Assembly, World Bank/IMF
23 April	France	French presidential election (1 st round)
26-27 April	San Francisco, California	Ceres Conference 2017
26-28 April	Porto Novo, Benin	Africa Carbon Forum (ACF) 2017, IETA
03 May	New York, US	Special Meeting on Innovations in Infrastructure Development and Promoting Sustainable Industrialization, UN ECOSOC
07 May	France	French presidential election (2 nd round)
08-18 May	Bonn, Germany	46th Sessions of the UNFCCC Subsidiary Bodies
10 May	Geneva, Switzerland	ECE Regional Forum on Sustainable Development (RFSD) 2016, UN ECOSOC
22-25 May	New York, US	Forum on Financing for Development, UN-ECOSOC
22-25 May	Washington D.C., US	52 nd Meeting of the GEF Council
22-26 May	Cancun, Mexico	2017 Global Platform for Disaster Risk Reduction, UNISDR
22-26 May	Geneva, Switzerland	2017 World Health Assembly, WHO
22-26 May	Barcelona, Spain	Innovate4climate - Finance & Markets Week, World Bank
5-17 June	Geneva, Switzerland	2017 International Labour Conference, ILO
6-8 June	Beijing, China	Clean Energy Ministerial 8 (CEM8)
7-8 July 2017	Hamburg, Germany	G20 Summit
10-19 July	New York, US	High-Level Political Forum on Sustainable Development, UN
11-14 July	Bangkok, Thailand	Montreal Protocol OEWG 39, UNEP
27 Aug- 22 Oct	Germany	German federal election
25-27 September	Berlin, Germany	PRI in Person, PRI

Source: HSBC

Selected HSBC report on climate change[Mounting risks: Climate dominates in pre-Davos expert survey](#), 17 January 2017[UAE: Climate and Energy: Economic diversification, clean power, resilience](#), 11 January 2017[The 2017 HSBC View: Our multi-asset summary](#), 09 January 2017[Climate and ESG attitudes: Surveying global trends](#), 8 December 2016[COP22: A Marrakech MAP: Climate talks lay foundations for stronger momentum](#), 21 November 2016[Trump's opening bid: Early revoke of climate finance and rules possible](#), 18 November 2016[Trump transforms trajectory: Republican's win challenges decarbonisation progress](#), 09 November 2016**Selected HSBC videos on climate change**[Video: The 2017 HSBC View: Our multi-asset summary](#), 09 January 2017[Video: Keeping it cool: Assessing climate risk](#), 12 Sep 2016[Video: Keeping it cool: Implementing the Paris Agreement](#), 25 February 2016[Video: Keeping it cool: Moving towards global carbon pricing](#), September 2015**Keeping it cool Series**[Keeping it cool: Assessing climate risk](#), 12 Sep 2016[Keeping it cool: Implementing the Paris Agreement](#), 24 Feb 2016[Keeping it cool: Moving towards global carbon pricing](#), 09 September 2015[Keeping it cool: Oil, CO2 and the carbon budget](#), 02 March 2015[Keeping it cool: Financing a 2°C World](#), 10 September 2014

Disclosure appendix

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