

**Fundamentals:**

Hong Kong stocks rose by the most in two weeks on expectations efforts to improve US-China relations will help ease geopolitical tensions and tech rivalry, boosting the appeal of local assets.

The Hang Seng Index jumped 2.1 per cent to 19,361.59 at the close of Monday's trading, the biggest advance since June 15, adding to a 3.7 per cent rebound in June. The Tech Index soared 3.7 per cent, while the Shanghai Composite Index gained 1.3 per cent.

Alibaba Group surged 2.9 per cent to HK\$83.55, while JD.com increased 4.5 per cent to HK\$138.30 and Baidu rallied 4.6 per cent to HK\$138.90. China's EV makers surged on a bullish outlook after sales jumped in June. Xpeng jumped 16.5 per cent to HK\$58.25, while BYD climbed 4.5 per cent to HK\$261.20.

China's finance ministry said US Treasury Secretary Janet Yellen will make a four-day visit starting from Thursday to discuss financial and economic affairs that are important to both countries. The trip will be the second top-level meeting after Secretary of State Antony Blinken met top officials including President Xi Jinping in Beijing last month.

Yellen will discuss "the importance for our countries – as the world's two largest economies – to responsibly manage our relationship, communicate directly about areas of concern, and work together to address global challenges," her department said in a statement.

While the Hang Seng rallied in June, the city's benchmark only succeeded in trimming the losses last quarter to 7.1 per cent, making it the worst three months since Beijing's zero-Covid pivot last year.

Meanwhile, China's central bank said on Friday it would step up programmes to support small businesses, and signalled attempts to slow the currency slump. The yuan traded near an eight-month low of 7.25 per US dollar, having depreciated more than 2 per cent this year, according to Bloomberg data. Only the Japanese yen, which slumped 3.2 per cent, has suffered more among major Asian currencies.

The People's Bank of China appointed Pan Gongsheng, the former head of the State Administration of Foreign Exchange, as the "party secretary" of the central bank from July 1, putting him in line to succeed Yi Gang.

A private sector report today showed China's factory activity stabilised at a lower level in June. The Caixin/S&P Global PMI manufacturing index dropped to 50.5 from 50.9 in May. A reading above 50 indicates expansion, with weaker new order and export order sub-indices.

Elsewhere, one stock started trading on Monday. Renxin New Material fell 8.2 per cent to 24.49 yuan in Shenzhen.

Key Asian markets traded higher. The Nikkei 225 in Japan increased 1.7 per cent, while the Kospi in South Korea gained 1.5 er cent and the S&P/ASX 200 in Australia advanced 0.6 per cent.

(Source: South China Morning Post)

| Contracts               | Chg | Sett  | High  | Low   |
|-------------------------|-----|-------|-------|-------|
| H. SENG FUT JUL 23      | 430 | 19237 | 19304 | 18823 |
| H. SENG FUT AUG 23      | 430 | 19284 | 19348 | 18875 |
| H. SENG FUT SEP 23      | 429 | 19271 | 19338 | 18870 |
| H. SENG FUT DEC 23      | 430 | 19237 | 19304 | 18823 |
| MINI H. SENG FUT JUL 23 | 430 | 19237 | 19303 | 18816 |
| MINI H. SENG FUT AUG 23 | 430 | 19284 | 19340 | 18884 |
| MINI H. SENG FUT SEP 23 | 429 | 19271 | 19333 | 18861 |
| MINI H. SENG FUT DEC 23 | 430 | 19237 | 19303 | 18816 |
| HSCEI FUT JUL 23        | 176 | 6529  | 6551  | 6353  |
| HSCEI FUT AUG 23        | 177 | 6557  | 6558  | 6382  |
| HSCEI FUT SEP 23        | 176 | 6555  | 6575  | 6389  |
| HSCEI FUT DEC 23        | 176 | 6529  | 6551  | 6353  |
| MINI HSCEI FUT JUL 23   | 176 | 6529  | 6550  | 6354  |
| MINI HSCEI FUT AUG 23   | 177 | 6557  | 6578  | 6383  |
| MINI HSCEI FUT SEP 23   | 176 | 6555  | 6575  | 6386  |
| MINI HSCEI FUT DEC 23   | 176 | 6529  | 6550  | 6354  |

| Major HSI Constituent Stocks        | Close | Change | High  | Low   |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd                      | 81    | 1.9    | 81.25 | 79.75 |
| **Tencent Holdings Ltd              | 338   | 6.4    | 340   | 331.8 |
| *HSBC Holdings PLC                  | 61.95 | 0.95   | 62    | 61.4  |
| **China Construction Bank Corp      | 5.12  | 0.05   | 5.15  | 5.07  |
| **Ping An Insurance Group           | 51.45 | 1.6    | 51.75 | 49.85 |
| **Meituan                           | 126.4 | 4.1    | 127.2 | 123.3 |
| *Hong Kong Exchanges & Clearing Ltd | 300.2 | 5      | 303.8 | 296.2 |
| **Alibaba Group Holdings Ltd        | 83.55 | 2.35   | 84    | 82    |
| **Xiaomi Corp                       | 10.98 | 0.26   | 11.06 | 10.76 |
| **ICBC                              | 4.24  | 0.06   | 4.27  | 4.19  |

| Major HSCEI Constituent Stocks  | Close | Change | High  | Low   |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc      | 38.1  | 0.55   | 38.3  | 36.85 |
| **China Mobile Ltd              | 64.5  | 0.45   | 64.7  | 63.65 |
| **Bank of China Ltd             | 3.19  | 0.05   | 3.2   | 3.15  |
| *Techtronic Industries Co Ltd   | 87.25 | 2.1    | 87.95 | 85.4  |
| *CK Hutchison Holdings Ltd      | 48.15 | 0.3    | 48.35 | 47.8  |
| *Link REIT                      | 44.1  | 0.6    | 44.2  | 43.65 |
| *CLP Holding Ltd                | 61.25 | 0.35   | 61.45 | 60.8  |
| **Geely Automobile Holdings Ltd | 10.16 | 0.6    | 10.18 | 9.58  |
| **CNOOC Ltd                     | 11.42 | 0.22   | 11.52 | 11.24 |
| **ANTA Sports Products Ltd      | 82.3  | 2.25   | 82.85 | 80.6  |

| Global Equity Indices | Close    | Change | High    | Low      |
|-----------------------|----------|--------|---------|----------|
| Hang Seng             | 19306.59 | 390.16 | 19371.7 | 19002.55 |
| HSCEI                 | 6590.82  | 165.94 | 6614.7  | 6457.55  |
| Shanghai Comp Index   | 3243.98  | 41.913 | 3246.86 | 3209.162 |
| Nikkei 225            | 33753.3  | 564.29 | 33762.8 | 33510.55 |
| KOSPI                 | 2602.47  | 38.19  | 2604.63 | 2580.49  |
| S&P/ASX200            | 7246.12  | 42.82  | 7251.6  | 7199.5   |
| DJIA                  | 34418.5  | 10.87  | 34465.6 | 34286.54 |
| S&P 500               | 4455.59  | 5.21   | 4456.46 | 4442.29  |
| NASDAQ                | 13816.8  | 28.85  | 13839.1 | 13773.41 |
| DAX                   | 16081    | -66.86 | 16209.3 | 16070.49 |
| CAC                   | 7386.7   | -0.18  | 7426.6  | 7386.7   |
| FTSE100               | 7527.26  | -4.27  | 7561.26 | 7513.93  |

**Mini Hang Seng Futures Daily Chart**



**Mini Hang Seng China Enterprise Futures Daily Chart**



**Technical Analysis**

*Mini Hang Seng*

1st Resistance: 19526                      2nd Resistance: 19814  
 1st Support: 18948                      2nd Support: 18660  
 MACD: -89.326  
 MACD DIFF: -27.5978  
 RSI: 50.0121

*Mini Hang Seng China Enterprise*

1st Resistance: 6627                      2nd Resistance: 6725  
 1st Support: 6431                      2nd Support: 6333  
 MACD: -29.484  
 MACD DIFF: -10.508  
 RSI: 50.1719

**Strategy:**

*Mini Hang Seng:*      Long: Profit target: 19138      Stop-loss: 18854      Long: Profit target: 18860      Stop-loss: 18846      Stop-loss: 18567

Short: Profit target: 19526      Stop-loss: 19330      Stop-loss: 19623      Short: Profit target: 19814      Stop-loss: 19616      Stop-loss: 19913

*Mini Hang Seng China Enterprise:*      Long: Profit target: 6431      Stop-loss: 6495      Stop-loss: 6399      Long: Profit target: 6333      Stop-loss: 6396      Stop-loss: 6301

Short: Profit target: 6627      Stop-loss: 6561      Stop-loss: 6660      Short: Profit target: 6725      Stop-loss: 6658      Stop-loss: 6758

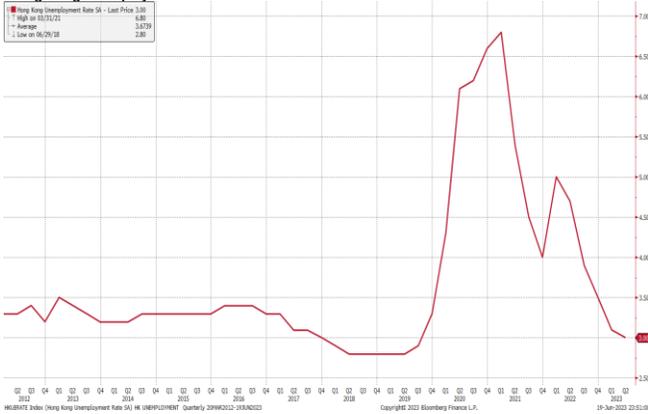
| Hong Kong Economic Releases |                          | Period | Survey | Actual | Prior    | Revised |
|-----------------------------|--------------------------|--------|--------|--------|----------|---------|
| 07/03/2023 16:30            | Retail Sales Value YoY   | May    | 22.60% | 18.40% | 15.00%   | 14.90%  |
| 07/03/2023 16:30            | Retail Sales Volume YoY  | May    | 22.70% | 16.50% | 13.30%   | 13.10%  |
| 07/05/2023 08:30            | S&P Global Hong Kong PMI | Jun    | --     | --     | 50.6     | --      |
| 07/07/2023                  | Foreign Reserves         | Jun    | --     | --     | \$421.0b | --      |

| China Economic Releases |                            | Period | Survey     | Actual | Prior      | Revised |
|-------------------------|----------------------------|--------|------------|--------|------------|---------|
| 07/03/2023 09:45        | Caixin China PMI Mfg       | Jun    | 50         | 50.5   | 50.9       | --      |
| 07/05/2023 09:45        | Caixin China PMI Composite | Jun    | --         | --     | 55.6       | --      |
| 07/05/2023 09:45        | Caixin China PMI Services  | Jun    | 56.2       | --     | 57.1       | --      |
| 07/07/2023              | Foreign Reserves           | Jun    | \$3189.00b | --     | \$3176.51b | --      |
| 07/09/2023 07:15        | Aggregate Financing CNY    | Jun    | 2820.0b    | --     | 1560.0b    | 1555.6b |
| 07/09/2023 07:15        | Money Supply M2 YoY        | Jun    | 11.20%     | --     | 11.60%     | --      |
| 07/09/2023 07:15        | Money Supply M0 YoY        | Jun    | --         | --     | 9.60%      | --      |
| 07/09/2023 07:15        | New Yuan Loans CNY         | Jun    | 2000.0b    | --     | 1360.0b    | 1362.8b |
| 07/09/2023 07:15        | Money Supply M1 YoY        | Jun    | --         | --     | 4.70%      | --      |
| 07/10/2023 09:30        | CPI YoY                    | Jun    | --         | --     | 0.20%      | --      |
| 07/10/2023 09:30        | PPI YoY                    | Jun    | --         | --     | -4.60%     | --      |

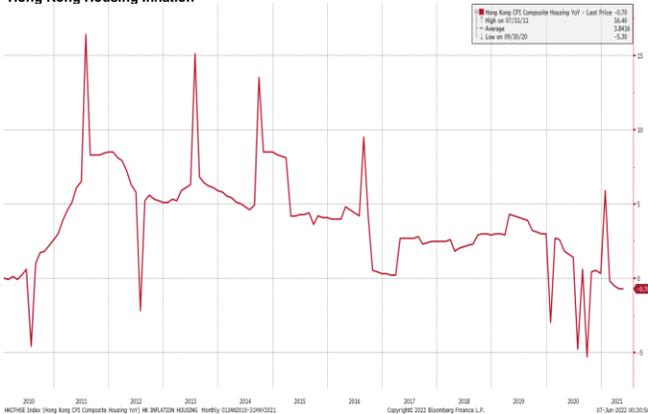
### Hong Kong GDP Q on Q



### Hong Kong Unemployment Rate



### Hong Kong Housing Inflation

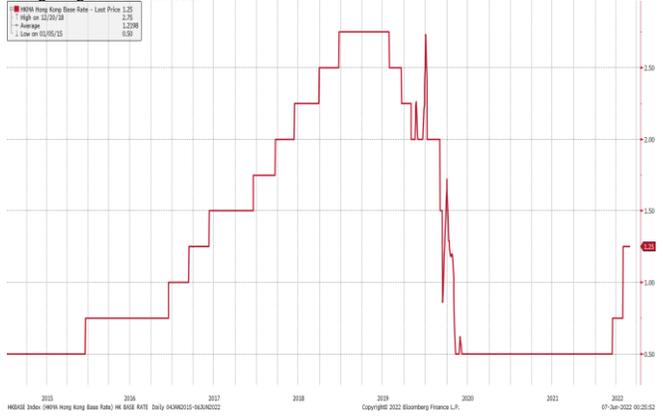


(Source: Bloomberg)

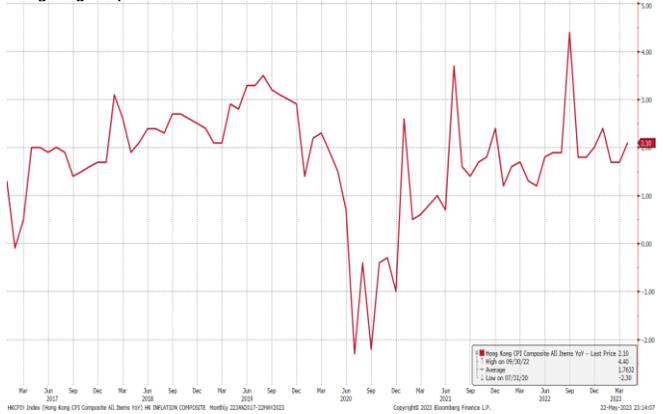
### Hong Kong Retail Sale Value Y on Y %



### Hong Kong Base Interest Rate



### Hong Kong Composite Inflation



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