

Fundamentals:

Hong Kong stocks slipped on Wednesday as disappointing earnings forecasts by major companies and disappointing inflation data reignited concerns about the strength of the recovery in the world's second largest economy.

The Hang Seng Index fell 0.3 per cent to 17,471.67 at the close, the lowest close since April 25. The Hang Seng Tech Index was little changed and the Shanghai Composite Index retreated 0.7 per cent.

Coal producer China Shenhua Energy tumbled after saying first half profit could have dropped by more than 60 per cent. Property developers slid after industry leader China Vanke forecast a loss. Overnight, Ganfeng Lithium and Angang Steel also issued profit warnings.

Data released early on Wednesday showed consumer prices rose 0.2 per cent from a year earlier in June, decelerating from a 0.3 per cent growth for the previous month. The reading also missed the consensus estimate of a 0.4 per cent increase. Producer prices, a gauge of factory-gate prices of industrial products, slipped 0.8 per cent for a 21st consecutive month of declines, according to data released by the National Bureau of Statistics.

"The risk of deflation has not faded in China," said Zhang Zhiwei, chief economist at Pinpoint Asset Management in Hong Kong. "Domestic demand remains weak. Fiscal and monetary policy stance is not expansionary, as real interest rate is high and fiscal spending stays weak. In the long term China will need a rebound of domestic demand to drive the economy. If the Fed enters a rate cut cycle in September, it may open up some policy room for the PBOC [People's Bank of China] to cut interest rate."

Hong Kong stocks have been struggling to stabilise after falling 11 per cent from a high in May, with investors locking in profits from a good run spurred by state intervention. A high-profile gathering of the elite members of the Communist Party next Monday may offer some clues as to how top policymakers will help the world's second-largest economy to overcome headwinds like the property market downturn and muted private sector confidence.

Shenhua sank 5 per cent to HK\$34.55 after it said its first-half profit probably fell by between 50 per cent and 63 per cent from a year earlier on shrinking demand and decreased product prices. China Resources Land fell 1.7 per cent to HK\$25.95 and Longfor Group Holdings lost 1.5 per cent to HK\$10.60, after peer Vanke forecast a first-half loss between 7 billion yuan (US\$962.1 million) and 9 billion yuan.

Vanke, which is not a member on the Hang Seng Index, slid 2.5 per cent to HK\$4.38. Its Shenzhen-traded stocks dropped 0.9 per cent to 6.65 yuan.

Gainers included search-engine operator Baidu which surged after the driverless taxis operated by the company's autonomous-driving unit started gaining popularity. Its shares jumped 10 per cent to HK\$95.05, also receiving a boost from media reports that the capital city of Beijing will support inclusion of robotaxis in ride-hailing services.

Xinyi Glass Holdings rose by as much as 2.4 per cent and Xinyi Solar Holdings gained 4.1 per cent to the day's high after China drafted rules aimed to curb expansion as the solar industry grapples with overcapacity.

Bottled water maker Nongfu Spring soared 4.4 per cent to HK\$35.25 after its controlling shareholder said it plans to raise its stake in the company by as much as HK\$2 billion (US\$256 million) within six months. BYD added 0.7 per cent to HK\$236.80 after JPMorgan Chase raised the price target for the Chinese electric vehicle maker by 86 per cent to HK\$475, citing a bright outlook for global deliveries.

Four companies started trading in the city and on mainland exchanges. Ruichang International Holdings, a maker of petroleum refinery equipment jumped 14 per cent from its initial public offering price to HK\$1.20 in Hong Kong, while Shanghai Voicecomm Information Technology, which develops conversational artificial intelligence technology, slumped 11 per cent to HK\$135 and Chengji Technology Limited, a ride-hailing service provider, slid 3.1 per cent to HK\$33.90. In Shenzhen, Jifine Intelligence Equipment, a maker of computer numerical control machines, surged 104 per cent to 34 yuan.

Other major Asian markets were mostly weak. Japan's Nikkei 225 rose 0.6 per cent, while South Korea's Kospi was little changed and Australia's S&P/ASX 200 lost 0.2 per cent.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Contracts	Chg	Sett	High	Low
H. SENG FUT JUL 24	-26	17505	17809	17449
H. SENG FUT AUG 24	-25	17528	17829	17480
H. SENG FUT SEP 24	-22	17487	17778	17441
H. SENG FUT DEC 24	-16	17626	17890	17608
MINI H. SENG FUT JUL 24	-26	17505	17808	17449
MINI H. SENG FUT AUG 24	-25	17528	17827	17478
MINI H. SENG FUT SEP 24	-22	17487	17787	17430
MINI H. SENG FUT DEC 24	-16	17626	17916	17579
HSCEI FUT JUL 24	-16	6258	6388	6246
HSCEI FUT AUG 24	-15	6274	6403	6267
HSCEI FUT SEP 24	-13	6258	6382	6254
HSCEI FUT DEC 24	-10	6314	6420	6308
MINI HSCEI FUT JUL 24	-16	6258	6387	6247
MINI HSCEI FUT AUG 24	-15	6274	6398	6263
MINI HSCEI FUT SEP 24	-13	6258	6382	6248
MINI HSCEI FUT DEC 24	-10	6314	6430	6300

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	52	0.55	52.5	51.85
**Tencent Holdings Ltd	377.6	-3.4	385.8	376.8
*HSBC Holdings PLC	66.5	-0.25	67.05	66.4
**China Construction Bank Corp	5.43	0.05	5.48	5.38
**Ping An Insurance Group	35.2	0.25	35.95	35.05
**Meituan	114.9	0.2	118.9	114.6
*Hong Kong Exchanges & Clearing Ltd	241.4	1.4	244.8	240
**Alibaba Group Holdings Ltd	73.1	0.6	74.6	73.1
**Xiaomi Corp	16.12	-0.28	16.56	16.04
**ICBC	4.32	0.01	4.38	4.3

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	10.66	-0.18	11.16	10.66
**China Mobile Ltd	75.85	-0.65	76.95	75.35
**Bank of China Ltd	3.47	0	3.52	3.44
*Techtronic Industries Co Ltd	88.3	-1.2	89.9	86.9
*CK Hutchison Holdings Ltd	36.95	-0.2	37.35	36.9
*Link REIT	30.05	-0.05	30.5	29.8
*CLP Holding Ltd	63.2	0.55	63.65	62.65
**Geely Automobile Holdings Ltd	8.17	0.02	8.4	8.13
**CNOOC Ltd	22.15	-0.8	23	22
**ANTA Sports Products Ltd	69	-0.7	70.95	68.85

Global Equity Indices	Close	Change	High	Low
Hang Seng	17471.67	-51.56	17765.9	17455.08
HSCEI	6251.18	-24.46	6373.28	6244
Shanghai Comp Index	2939.36	-20.008	2958.86	2935.33
Nikkei 225	41832	251.82	41889.2	41430.38
KOSPI	2867.99	0.61	2871.56	2858.87
S&P/ASX200	7816.81	-12.901	7829.7	7782
DJIA	39544.7	252.77	39545.2	39256.72
S&P 500	5619.03	42.05	5620.93	5586.44
NASDAQ	18603.5	174.17	18625.9	18467.58
DAX	18407.2	171.03	18420.1	18236.75
CAC	7573.55	0.86	7580.12	7487.39
FTSE100	8193.51	53.7	8194.85	8138.18

Technical Analysis

Mini Hang Seng

1st Resistance:	17768	2nd Resistance:	18030
1st Support:	17242	2nd Support:	16980
MACD:	-171.128		
MACD DIFF:	-32.3876		
RSI:	38.2451		

Mini Hang Seng China Enterprise

1st Resistance:	6352	2nd Resistance:	6446
1st Support:	6164	2nd Support:	6070
MACD:	-47.268		
MACD DIFF:	-10.770		
RSI:	40.6908		

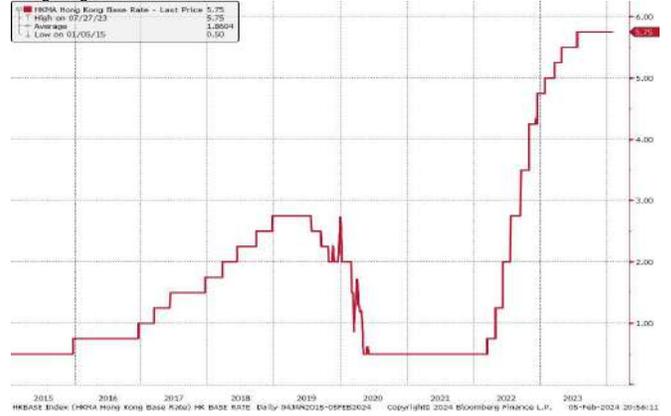
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised	
07/04/2024 08:30	S&P Global Hong Kong PMI	Jun	--	48.2	49.2	--
07/18/2024 16:30	Unemployment Rate SA	Jun	--	--	3.00%	--
07/22/2024 16:30	CPI Composite YoY	Jun	--	--	1.20%	--
07/31/2024 16:30	GDP SA QoQ	2Q A	--	--	2.30%	--
07/31/2024 16:30	GDP YoY	2Q A	--	--	2.70%	--
07/31/2024 16:30	Money Supply M1 HKD YoY	Jun	--	--	-8.40%	--
07/31/2024 16:30	Money Supply M2 HKD YoY	Jun	--	--	1.50%	--
07/31/2024 16:30	Money Supply M3 HKD YoY	Jun	--	--	1.50%	--

China Economic Releases	Period	Survey	Actual	Prior	Revised	
07/03/2024 09:45	Caixin China PMI Composite	Jun	--	52.8	54.1	--
07/03/2024 09:45	Caixin China PMI Services	Jun	53.4	51.2	54	--
07/09/2024 07:15	Money Supply M2 YoY	Jun	6.80%	--	7.00%	--
07/09/2024 07:15	Money Supply M1 YoY	Jun	--	--	-4.20%	--
07/09/2024 07:15	Money Supply M0 YoY	Jun	--	--	11.70%	--
07/10/2024 09:30	PPI YoY	Jun	-0.80%	-0.80%	-1.40%	--
07/10/2024 09:30	CPI YoY	Jun	0.40%	0.20%	0.30%	--
07/11/2024 07:18	FDI YTD YoY CNY	Jun	--	--	-28.20%	--

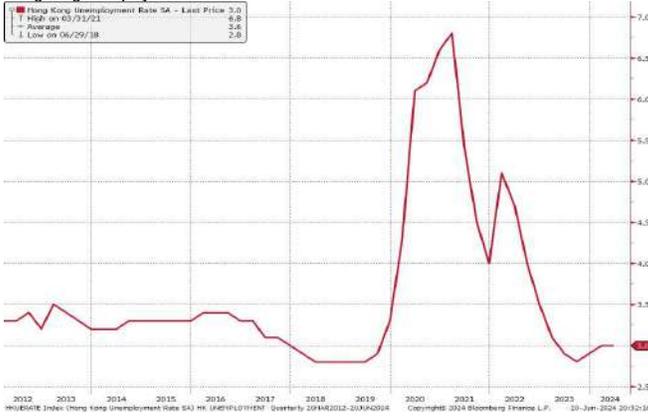
Hong Kong GDP Y on Y



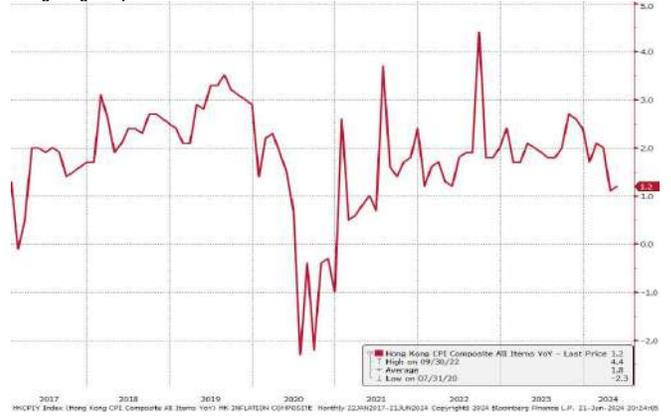
Hong Kong Base Interest Rate



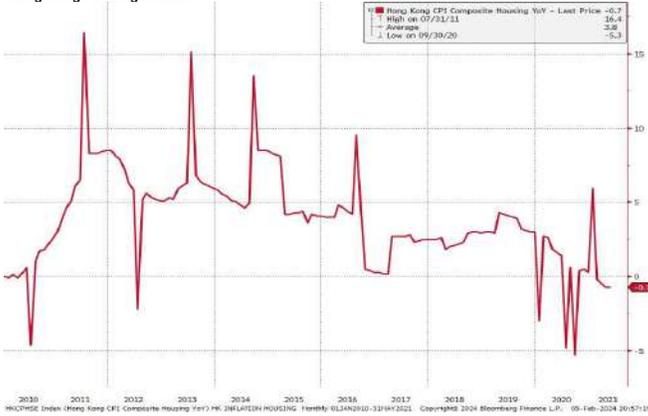
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y



(Source: Bloomberg)

Kenanga Futures Sdn Bhd (353603-X)

Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my

Disclaimer: This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness.

Any recommendation contained in this document does not have regard to the specific investment objectives, financial background and the particular needs of any person who may read this document.

This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement and assessment by addressees in relation to any investment decision.

Kenanga Futures Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities/underlying securities.

Kenanga Futures Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities/underlying securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.