

Fundamentals:

Hong Kong stocks tumbled on Friday after China's third plenum announcement underwhelmed, with investors now awaiting further details about fiscal reforms and steps to boost growth in the world's second largest economy.

The Hang Seng Index fell 2 per cent to 17,417.68 at close of trade, bringing the week's losses to 4.8 per cent. The Hang Seng Tech Index dropped 2.1 per cent but the Shanghai Composite Index added 0.5 per cent.

Property developer Longfor plunged 6 per cent to HK\$10.68, while New World Development lost 2.5 per cent to HK\$7.89 and Sun Hung Kai Properties fell 2.8 per cent to HK\$70.15. Alibaba dropped 2.6 per cent to HK\$73.80, while peers Baidu fell 1.5 per cent to HK\$88.15 and Tencent fell 1.4 per cent to HK\$364.

China's four-day session ended yesterday, also known as the third plenum, and failed to make any major announcement aimed at promoting economic growth.

"We believe more demand-side easing measures - especially on the fiscal and housing fronts - are necessary to secure the full-year 'around 5%' real GDP growth target, and view the July Politburo meeting as a window for more easing rhetoric and measures," said Goldman Sachs in a report.

Some felt that the announcement suggested diminished importance of markets because earlier plenums had declared a 'decisive role' for the market and that wording had been removed in this year's communique.

The committee vowed that China would continue to deepen reforms in all areas, including the economy, rural land, taxation, environmental protection, national security, fighting corruption, and cultural development.

The Party also stressed the need to maintain market order and correct market failures, reflecting Beijing's concerns about risks in its financial system.

Investment banks and fund managers were broadly positive about the economic policy direction after the communique outlined China's broad reform packages over the medium and longer term.

The communique was - as some economists expected - short and vague, with the full statement of the meeting to be released next week, said Lynn Song, Greater China chief economist at ING.

Many traders will look to the Politburo meeting at the end of the month for specific policy announcements, he added.

"In the end, whether or not China can successfully transition its economy to the next stage of development will depend on how effective policymakers are in achieving these long-term goals," said Song.

Meanwhile investors are also mindful of geopolitical tensions between the world's two biggest economies. Bloomberg reported, citing data from the US Department of the Treasury, Chinese investors dumped a net US\$42.6 billion worth of long-term securities consisting of Treasury, agency and corporate bonds as well as equities in May. Sales in the first five months of this year totalled US\$79.7 billion, an all-time high for the January-May period, it reported.

Other major Asian markets mostly fell tailing Wall Street's tech-led sell-off. Australia's S&P/ASX 200 fell 0.8 per cent while South Korea's Kospi dropped 1 per cent. Japan's Nikkei 225 fell 0.2 per cent.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance: 17699 2nd Resistance: 17960
 1st Support: 17175 2nd Support: 16914
 MACD: -103.131
 MACD DIFF: -3.95417
 RSI: 40.8246

Mini Hang Seng China Enterprise

1st Resistance: 6261 2nd Resistance: 6353
 1st Support: 6075 2nd Support: 5983
 MACD: -39.508
 MACD DIFF: -9.878
 RSI: 39.2175

Contracts	Chg	Sett	High	Low
H. SENG FUT JUL 24	-372	17437	17822	17379
H. SENG FUT AUG 24	-372	17462	17848	17407
H. SENG FUT SEP 24	-369	17420	17770	17386
H. SENG FUT DEC 24	-378	17566	17890	17511
MINI H. SENG FUT JUL 24	-372	17437	17820	17380
MINI H. SENG FUT AUG 24	-372	17462	17840	17407
MINI H. SENG FUT SEP 24	-369	17420	17795	17360
MINI H. SENG FUT DEC 24	-378	17566	17918	17510
HSCEI FUT JUL 24	-148	6168	6318	6147
HSCEI FUT AUG 24	-148	6184	6333	6164
HSCEI FUT SEP 24	-147	6167	6306	6145
HSCEI FUT DEC 24	-148	6230	6325	6211
MINI HSCEI FUT JUL 24	-148	6168	6319	6148
MINI HSCEI FUT AUG 24	-148	6184	6328	6167
MINI HSCEI FUT SEP 24	-147	6167	6303	6150
MINI HSCEI FUT DEC 24	-148	6230	6368	6209

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	54.15	-0.4	54.25	53.1
**Tencent Holdings Ltd	364	-5.2	368.4	363
*HSBC Holdings PLC	66.35	-1.45	67.3	66.25
**China Construction Bank Corp	5.34	-0.14	5.44	5.31
**Ping An Insurance Group	34.35	-0.15	34.55	34.05
**Meituan	117.5	-1.9	119.3	117.1
*Hong Kong Exchanges & Clearing Ltd	239	-2.4	240.6	237.4
**Alibaba Group Holdings Ltd	73.8	-2	74.95	73.45
**Xiaomi Corp	16.52	-0.32	16.76	16.36
**ICBC	4.25	-0.11	4.35	4.22

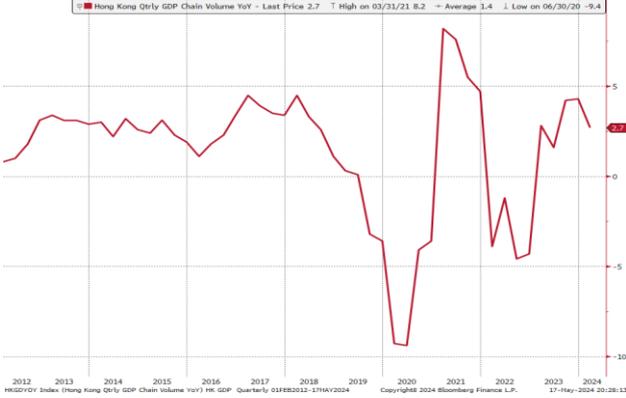
Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	10.82	-0.42	11.16	10.82
**China Mobile Ltd	75	-0.85	75.75	74.15
**Bank of China Ltd	3.39	-0.06	3.45	3.36
*Techtronic Industries Co Ltd	96.9	-2	98	96.35
*CK Hutchison Holdings Ltd	40.9	0.05	41	39.8
*Link REIT	32.15	-0.55	32.5	31.8
*CLP Holding Ltd	64.95	-0.55	65.75	64.6
**Geely Automobile Holdings Ltd	8.07	-0.1	8.12	8.02
**CNOOC Ltd	20.5	-1.05	21.4	20.3
**ANTA Sports Products Ltd	72.6	-2.05	73.8	72.15

Global Equity Indices	Close	Change	High	Low
Hang Seng	17417.68	-360.73	17630	17376.23
HSCEI	6165.04	-141.76	6257.97	6150.25
Shanghai Comp Index	2982.31	5.176	2986.24	2955.12
Nikkei 225	40063.8	-62.56	40212.9	39824.58
KOSPI	2795.46	-28.89	2802.68	2776.99
S&P/ASX200	7971.59	-64.927	8036.5	7923.6
DJIA	40258.2	-406.79	40626.2	40203.27
S&P 500	5514.63	-29.96	5557.5	5497.04
NASDAQ	17721.4	-149.82	17935.1	17691.43
DAX	18171.9	-182.83	18341.8	18162.3
CAC	7534.52	-0.69	7570.33	7513.66
FTSE100	8155.72	-49.17	8184.26	8135.08

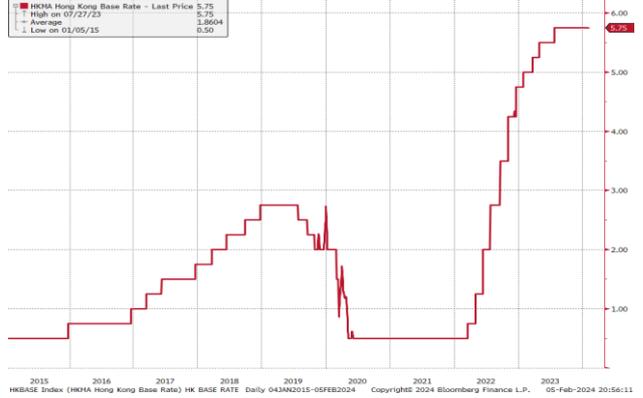
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
07/04/2024 08:30	S&P Global Hong Kong PMI	Jun	--	48.2	49.2	--
07/18/2024 16:30	Unemployment Rate SA	Jun	3.00%	3.00%	3.00%	--
07/22/2024 16:30	CPI Composite YoY	Jun	--	--	1.20%	--
07/31/2024 16:30	GDP SA QoQ	2Q A	--	--	2.30%	--
07/31/2024 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
07/15/2024 10:00	GDP YoY	2Q	5.10%	4.70%	5.30%	--
07/15/2024 10:00	GDP SA QoQ	2Q	0.90%	0.70%	1.60%	--
07/15/2024 10:00	GDP YTD YoY	2Q	5.20%	5.00%	5.30%	--
07/15/2024 10:00	Retail Sales YoY	Jun	3.40%	2.00%	3.70%	--
07/15/2024 10:00	Retail Sales YTD YoY	Jun	4.00%	3.70%	4.10%	--
07/31/2024 09:30	Composite PMI	Jul	--	--	50.5	--
07/31/2024 09:30	Manufacturing PMI	Jul	--	--	49.5	--
07/31/2024 09:30	Non-manufacturing PMI	Jul	--	--	50.5	--

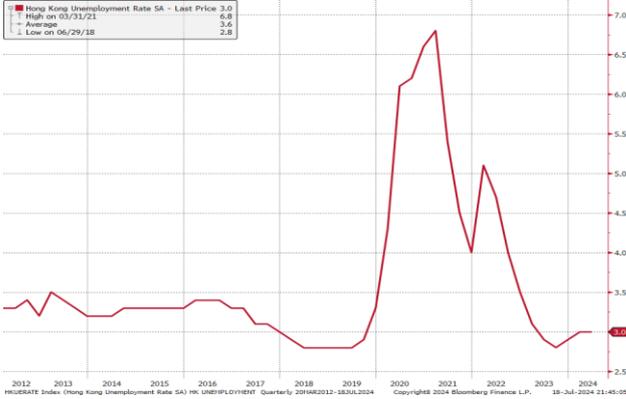
Hong Kong GDP Y on Y



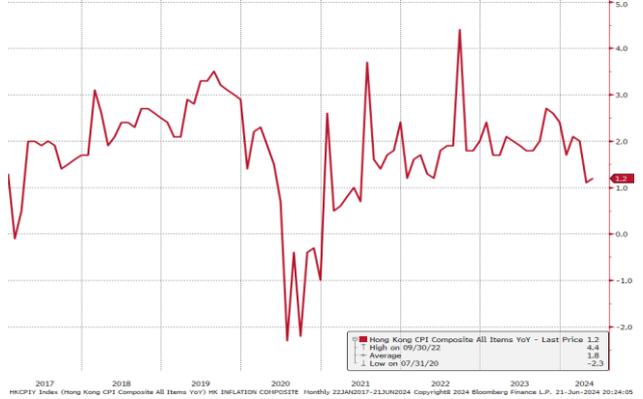
Hong Kong Base Interest Rate



Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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