

Fundamentals:

Hong Kong stocks advanced on Monday in volatile trade, as investors reacted to a surprise rate cut by China's central bank, while bracing for more uncertainty after US President Joe Biden dropped out of the presidential race on Sunday.

The Hang Seng Index advanced 1.3 per cent to 17,635.88 at close, after falling as much as 0.6 per cent. It was the biggest single-day gain since July 12. The Hang Seng Tech Index jumped 2.1 per cent, but the Shanghai Composite Index retreated 0.6 per cent.

China's 10-year government bonds rose after the People's Bank of China (PBOC) lowered both a short-term policy interest rate and loan prime rates. The easing came after the conclusion of a high-stakes Communist Party's third plenum last week that hinted at a ramp-up of policy support to achieve the growth target of about 5 per cent this year.

"This move is a dovish surprise given investors largely expected the PBOC to wait for the Fed and/or the July Politburo meeting," Goldman Sachs analysts said in a note. "In our view, the policy rate cut echoed the unusual comments on the near-term growth headwinds in the communique for the third plenum."

The Hang Seng Index slumped almost 5 per cent last week, posting its biggest weekly fall in almost two months after the third plenary session for the Communist Party's Central Committee failed to impress investors, even as it hammered out the long-term development objectives such as tech innovation and new quality productive force as widely expected by the market.

Investors are grappling with the ramifications of Biden's withdrawal from the US presidential race. Despite his endorsement of Vice-President Kamala Harris as the Democratic nominee, public polls showed that former President Donald Trump was the favourite to win the November election.

"Trump has a slight edge over Harris, but investors need to be ready for surprises," said Vasu Menon, the managing director for investment strategy at Oversea-Chinese Banking Corp. "This is the constant seen so far in 2024 and nothing should be taken for granted."

He advised investors to be positioned for gold as a hedge against volatility, while suggesting avoidance of portfolio concentration, such as in technology stocks, to prepare for a broadening of the market performance to more sectors. Trump, who in his earlier term in 2018 launched a trade war against China, has said that he would raise tariffs on all Chinese exports to 60 per cent, if re-elected. During his first term in office, he imposed levies on about US\$550 billion worth of Chinese goods with tariffs of up to 25 per cent.

With Harris now being the front-runner for the Democrats' presidential candidate, "Biden's departure increases the prospects of a closer presidential race while lowering the risks of a Republican clean sweep of both the US executive and legislature that would allow Trump to govern unopposed", Bank of Singapore said in a report.

Among the key gainers on the Hang Seng Index, online travel agency Trip.com advanced 5.1 per cent to HK\$361.80, smartphone maker Xiaomi added 4.2 per cent to HK\$17.22 and personal computer manufacturer Lenovo Group rose 3.9 per cent to HK\$10.58.

Chinese electric-vehicle maker BYD added 1.2 per cent to HK\$246 even after data from the Hong Kong exchange showed that Warren Buffett's Berkshire Hathway sold about 1.4 million shares on July 16. The divestment cut the billionaire investor's interest in BYD to 4.94 per cent, the data showed. Its Shenzhen-traded stock rose 0.6 per cent to 265.61 yuan.

Eisewhere, Hebei Keli Automobile Equipment, a maker of automobile glass, jumped 131 per cent from its initial public offering price to 69.20 yuan on its trading debut in Shenzhen.

Other major markets in the region all headed south. Japan's Nikkei 225 slipped 1.2 per cent, while South Korea's Kospi retreated 1.1 per cent and Australia's S&P/ASX 200 lost 0.5 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	228	17665	17716	17319
H. SENG FUT AUG 24	221	17683	17736	17343
H. SENG FUT SEP 24	223	17643	17677	17300
H. SENG FUT DEC 24	227	17793	17809	17465
MINI H. SENG FUT JUL 24	228	17665	17716	17319
MINI H. SENG FUT AUG 24	221	17683	17736	17343
MINI H. SENG FUT SEP 24	223	17643	17695	17300
MINI H. SENG FUT DEC 24	227	17793	17810	17448
HSCEI FUT JUL 24	92	6260	6283	6127
HSCEI FUT AUG 24	91	6275	6295	6144
HSCEI FUT SEP 24	93	6260	6277	6130
HSCEI FUT DEC 24	92	6322	6313	6200
MINI HSCEI FUT JUL 24	92	6260	6283	6128
MINI HSCEI FUT AUG 24	91	6275	6297	6144
MINI HSCEI FUT SEP 24	93	6260	6280	6135
MINI HSCEI FUT DEC 24	92	6322	6319	6194

Major HSI Constituent Stocks	Close	Change	High	Low
*Ala Group Ltd	53.8	-0.35	54.55	53.5
**Tencent Holdings Ltd	373.2	9.2	375.8	365.4
*HSBC Holdings PLC	67.1	0.75	67.2	66.05
**China Construction Bank Corp	5.42	0.08	5.45	5.26
**Ping An Insurance Group	34.65	0.3	34.9	34.2
**Meituan	121.3	3.8	121.9	118.5
*Hong Kong Exchanges & Clearing Ltd	239.2	0.2	241.8	236.4
**Alibaba Group Holdings Ltd	74.75	0.95	75.2	73.7
**Xiaomi Corp	17.22	0.7	17.32	16.54
**ICBC	4.28	0.03	4.3	4.18

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	11.24	0.42	11.32	10.84
**China Mobile Ltd	75.55	0.55	75.9	73.6
**Bank of China Ltd	3.42	0.03	3.42	3.34
*Techtronic Industries Co Ltd	98.1	1.2	99.45	96.5
*CK Hutchison Holdings Ltd	40.95	0.05	41.05	40.1
*Link REIT	32.25	0.1	32.4	31.85
*CLP Holding Ltd	65.75	0.8	65.8	64.6
**Geely Automobile Holdings Ltd	8.01	-0.06	8.1	7.93
**CNOOC Ltd	20.45	-0.05	20.8	19.9
**ANTA Sports Products Ltd	72.55	-0.05	73.1	71.25

Global Equity Indices	Close	Change	High	Low
Hang Seng	17635.88	218.2	17693.4	17313.88
HSCEI	6253.94	88.9	6276.02	6126.06
Shanghai Comp Index	2964.22	-18.093	2978.6	2946.561
Nikkei 225	39599	-464.79	39973.2	39519.39
KOSPI	2763.51	-31.95	2795.12	2752.63
S&P/ASX200	7931.74	-39.852	7971.6	7902.4
DJIA	40409.2	121.62	40472.5	40222.77
S&P 500	5561.6	56.6	5570.36	5529.04
NASDAQ	18012.2	285.3	18040.9	17839.76
DAX	18407.1	235.14	18468.6	18231.41
CAC	7622.02	1.16	7650.93	7566.54
FTSE100	8198.78	43.06	8240.4	8155.72

Technical Analysis

Mini Hang Seng

1st Resistance:	17930	2nd Resistance:	18195
1st Support:	17400	2nd Support:	17135
MACD:	-104.633		
MACD DIFF:	-4.36437		
RSI:	45.8455		

Mini Hang Seng China Enterprise

1st Resistance:	6354	2nd Resistance:	6448
1st Support:	6166	2nd Support:	6072
MACD:	-42.085		
MACD DIFF:	-9.964		
RSI:	44.6485		

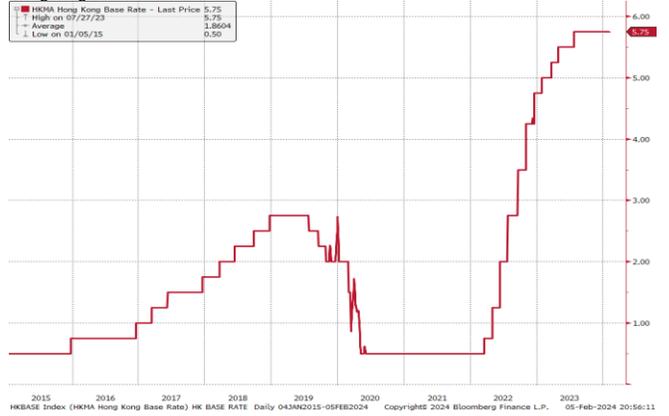
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised	
07/04/2024 08:30	S&P Global Hong Kong PMI	Jun	--	48.2	49.2	--
07/18/2024 16:30	Unemployment Rate SA	Jun	3.00%	3.00%	3.00%	--
07/22/2024 16:30	CPI Composite YoY	Jun	1.20%	1.50%	1.20%	--
07/31/2024 16:30	GDP SA QoQ	2Q A	--	--	2.30%	--
07/31/2024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



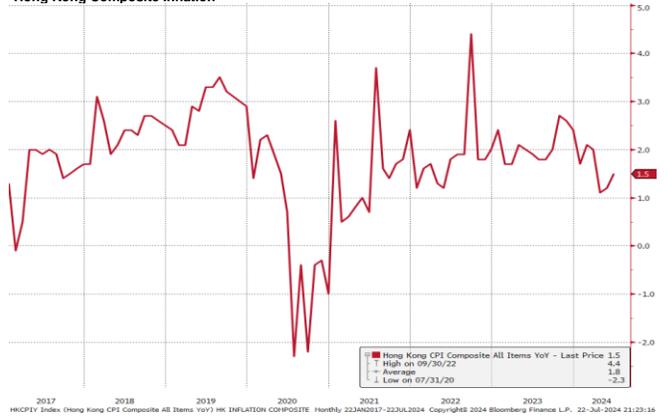
Hong Kong Base Interest Rate



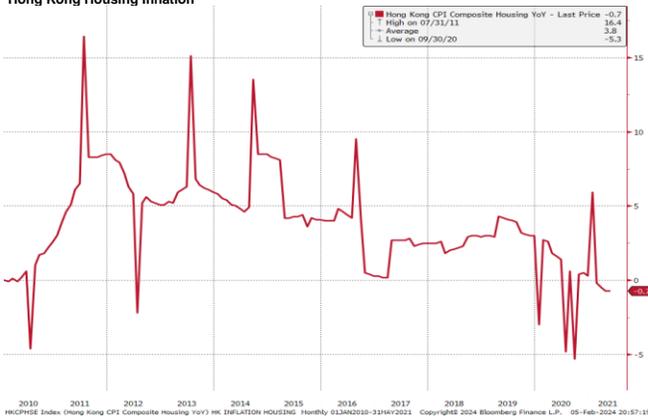
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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