

Fundamentals:

Hong Kong stocks dropped to their lowest in three months on Wednesday as concerns intensified that corporate earnings may fall short of expectations, following weak performance from Chow Tai Fook Jewellery Group, and after property sector headwinds picked up on the back of recent pay cuts in the financial services sector.

The Hang Seng Index fell 0.9 per cent to 17,311.05 at the close, the lowest level since April 25. The Hang Seng Tech Index slid 1.5 per cent and the Shanghai Composite Index sank 0.5 per cent.

Jewellery retailer Chow Tai Fook tumbled more than 6 per cent after saying that retail sales fell 20 per cent in the first quarter from a year ago. Chinese electric-vehicle maker Li Auto weakened after Tesla reported earnings that trailed analysts' consensus estimates and put off its Robotaxi event. Packaged water maker Nongfu Spring slumped after Daiwa Securities Group downgraded its rating on the stock. Meanwhile, NetEase bucked the sell-off ahead of the launch of a new gaming title.

"Trading will more focus on earnings results, with the earnings season kicking off," said Zhou Zhengfeng, an analyst at Nanjing Securities. "Meanwhile, the market is also closely watching the policy implementation to fulfill the annual growth target. If that does not come through as expected by the market, the risk appetite will be dented."

Investors are waiting for official June data on Chinese companies' industrial profits due to be released on Saturday. It is expected to shed light on how second-quarter earnings for Chinese listed companies will pan out, given the high correlation between the two figures. Profits for mainland-listed companies probably dropped 0.9 per cent on average in the second quarter year-on-year, marking the second consecutive quarterly decline, according to Huaxi Securities.

Chow Tai Fook tumbled 6.6 per cent to HK\$7.39, citing "macro challenges (that) continued to impact consumers' spending". Li Auto shed 4.1 per cent to HK\$74.50 and its peer BYD lost 2.3 per cent to HK\$233. Nongfu Spring plunged 7.1 per cent to HK\$30.75 after Daiwa cut its recommendation on the stock to hold from outperform because of weak sales of its natural-water products.

NetEase jumped 4.6 per cent to HK\$148.80 before the launch of its highly-anticipated game Naraka Bladepoint Mobile (NBM) on Thursday.

HSBC analysts said that given more than 40 million pre-registrations, NBM could gross 2.4 billion yuan in the third quarter or around 11 billion in the first 12 months.

"If it can reach top 1-3 in grossing rank sustainably, there could be upside surprise," they said while adding that after the launch of Justice Mobile, a top three grossing game, share price rallied by 20 per cent last year.

Investors' hope of a stabilisation in the property market is just wishful thinking and China will need to ramp up its policy support for the sector, according to Nomura Holdings.

The property market is still in a downturn despite a broad rescue package unveiled in May, while key indicators of the industry will remain in the negative territory in the second half, home prices are still falling and pay cuts in the financial industry could become a new headwind posing a threat to a recovery in home sales, the Japanese brokerage said in a report on Wednesday.

Other major Asian markets all headed south. Japan's Nikkei 225 slid 1.1 per cent, while South Korea's Kospi both dropped 0.6 per cent and Australia's S&P/ASX 200 slipped 0.1 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	-153	17348	17532	17268
H. SENG FUT AUG 24	-149	17371	17552	17295
H. SENG FUT SEP 24	-150	17333	17518	17260
H. SENG FUT DEC 24	-154	17476	17633	17400
MINI H. SENG FUT JUL 24	-153	17348	17533	17267
MINI H. SENG FUT AUG 24	-149	17371	17556	17292
MINI H. SENG FUT SEP 24	-150	17333	17511	17257
MINI H. SENG FUT DEC 24	-154	17476	17634	17400
HSCEI FUT JUL 24	-48	6156	6220	6124
HSCEI FUT AUG 24	-48	6171	6235	6142
HSCEI FUT SEP 24	-49	6156	6218	6128
HSCEI FUT DEC 24	-50	6216	6235	6200
MINI HSCEI FUT JUL 24	-48	6156	6221	6124
MINI HSCEI FUT AUG 24	-48	6171	6236	6141
MINI HSCEI FUT SEP 24	-49	6156	6216	6126
MINI HSCEI FUT DEC 24	-50	6216	6259	6190

Major HSI Constituent Stocks	Close	Change	High	Low
*Alia Group Ltd	51.6	-2.1	53.55	50.45
**Tencent Holdings Ltd	363.2	-3	369.6	360.6
*HSBC Holdings PLC	66.65	-0.15	67.15	66.3
**China Construction Bank Corp	5.5	0.02	5.54	5.46
**Ping An Insurance Group	33.95	-0.3	34.6	33.8
**Meituan	113.3	-4.8	118.3	111.5
*Hong Kong Exchanges & Clearing Ltd	232.8	-3	236	230.6
**Alibaba Group Holdings Ltd	74.2	0.1	74.85	74.05
**Xiaomi Corp	16.54	-0.42	17.04	16.32
**ICBC	4.39	0.05	4.45	4.35

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	10.8	-0.26	11.26	10.72
**China Mobile Ltd	75.5	-0.05	76.3	75
**Bank of China Ltd	3.45	-0.01	3.48	3.44
*Techtronic Industries Co Ltd	95.1	-0.85	95.55	92.75
*CK Hutchison Holdings Ltd	40.95	-0.1	41.2	40.7
*Link REIT	32.15	0.05	32.25	31.95
*CLP Holding Ltd	65.5	-0.05	65.7	65.1
**Geely Automobile Holdings Ltd	7.89	-0.08	8.06	7.86
**CNOOC Ltd	20.6	0.25	20.85	20.15
**ANTA Sports Products Ltd	69.95	-0.55	72.05	69.4

Global Equity Indices	Close	Change	High	Low
Hang Seng	17311.05	-158.31	17517	17251.26
HSCEI	6142.32	-52.37	6218.51	6117.82
Shanghai Comp Index	2901.95	-13.416	2922.03	2894.289
Nikkei 225	39154.9	-439.54	39643.3	39096.5
KOSPI	2758.71	-15.58	2778.31	2748.65
S&P/ASX200	7963.72	-7.412	7973.8	7944.3
DJIA	39926.1	-432	40258.4	39907.08
S&P 500	5437.42	-118.32	5508.04	5435.16
NASDAQ	17362.4	-635	17747.1	17361.29
DAX	18387.5	-170.24	18456.4	18348.99
CAC	7513.73	-1.12	7539.95	7464.1
FTSE100	8153.69	-13.68	8170.68	8112.03

Technical Analysis

Mini Hang Seng

1st Resistance: 17608 2nd Resistance: 17868
 1st Support: 17088 2nd Support: 16828
 MACD: -138.800
 MACD DIFF: -28.0366
 RSI: 40.5081

Mini Hang Seng China Enterprise

1st Resistance: 6248 2nd Resistance: 6341
 1st Support: 6064 2nd Support: 5971
 MACD: -56.078
 MACD DIFF: -16.611
 RSI: 40.1285

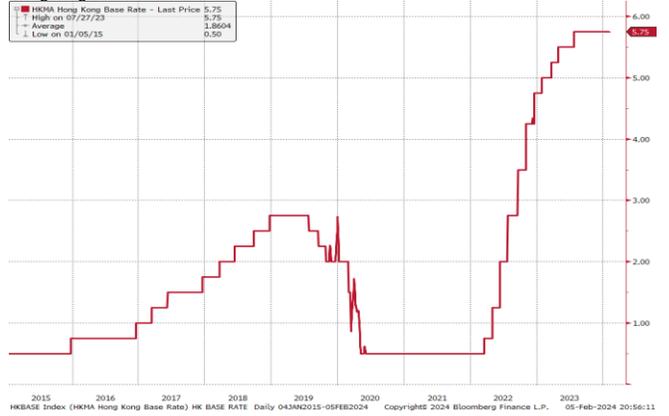
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised	
07/04/2024 08:30	S&P Global Hong Kong PMI	Jun	--	48.2	49.2	--
07/18/2024 16:30	Unemployment Rate SA	Jun	3.00%	3.00%	3.00%	--
07/22/2024 16:30	CPI Composite YoY	Jun	1.20%	1.50%	1.20%	--
07/31/2024 16:30	GDP SA QoQ	2Q A	--	--	2.30%	--
07/31/2024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



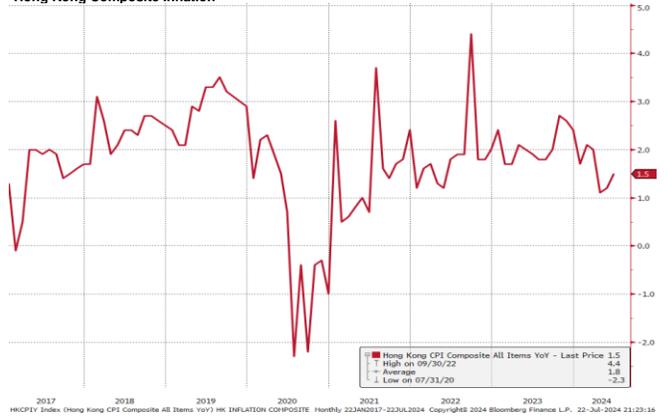
Hong Kong Base Interest Rate



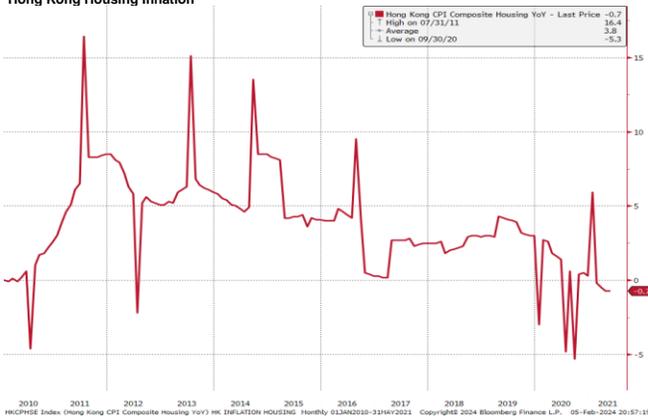
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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 judgment 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.