

Fundamentals:

Hong Kong stocks jumped by the most in two weeks, buoyed by upbeat industrial profits and in anticipation of more supportive policies from the coming Politburo meeting.

The Hang Seng Index gained 1.3 per cent to 17,238.34 at the close of trade on Monday, the biggest advance since July 12. The Hang Seng Tech Index added 0.7 per cent and the Shanghai Composite Index gained less than 0.1 per cent.

E-commerce company Alibaba rallied 3.8 per cent to HK\$75.90, smartphone maker Xiaomi jumped 1.8 per cent to HK\$16.66 and search engine operator Baidu 1.1 per cent to HK\$86.50. Insurer AIA advanced 1.8 per cent to HK\$52.65 and HSBC gained 1.7 per cent to HK\$67.35, leading gains in the financial sector.

Before today's gains, the city's benchmark index had retreated 3.9 per cent in July, heading for its biggest monthly pullback since January. An underwhelming policy response at the Third Plenum and shaky economic fundamentals prompted investors to offload local shares.

This decline has pushed the Hang Seng Index's 14-day relative strength index to near 30 on price charts, a reading that signals stocks are oversold, according to technical analysts.

"The market has approached support levels after the recent significant correction," Kevin Liu, equity strategist and managing director at CICC, said in a note on Sunday. "Barring any unexpected shocks, there's a possibility that the market could stabilise at this position."

Total profits of industrial enterprises rose 3.5 per cent year on year in the first half, about 0.1 per cent faster than in the January - May period, the National Bureau of Statistics (NBS) said on Saturday.

Traders are now eyeing more policy support from the Politburo meeting this week after the recent rate cuts and allocation of 300 billion yuan (US\$41.3 billion) in ultra-long-term treasury bonds.

The meeting is expected to have a more significant impact on market expectations than the third plenum conclave last week, when leadership focused on medium- and long-term goals but placed an unusual emphasis on Beijing's commitment to meeting its near-term goal of "around 5 per cent" annual growth in gross domestic product (GDP), according to analysts.

"We expect policymakers to remain cautious on growth headwinds, reinforce their easing stance and signal more policy support for the remainder of this year, especially on the demand-side such as fiscal and housing easing," analysts at Goldman Sachs said in a note.

Local developer New World Development gained 0.7 per cent to HK\$7.32, after market sources said it completed another HK\$10 billion in loan arrangements and debt repayments, bringing the total amount this year to HK\$45 billion.

Meanwhile, the US monetary policy remains in focus, with the Federal Reserve likely to provide further indications about its plan to cut benchmark interest rates in September at the conclusion of its meeting on Wednesday.

Other major Asian markets advanced ahead of central banks' rate decision this week. Japan's Nikkei 225 surged 2.3 per cent, while South Korea's Kospi added 1.3 per cent and Australia's S&P/ASX 200 gained 0.8 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 | 231 | 17253 | 17381 | 16986 |
| H. SENG FUT AUG 24 | 231 | 17262 | 17384 | 17000 |
| H. SENG FUT SEP 24 | 236 | 17222 | 17333 | 16962 |
| H. SENG FUT DEC 24 | 226 | 17365 | 17478 | 17110 |
| MINI H. SENG FUT JUL 24 | 231 | 17253 | 17380 | 16985 |
| MINI H. SENG FUT AUG 24 | 231 | 17262 | 17383 | 17000 |
| MINI H. SENG FUT SEP 24 | 236 | 17222 | 17338 | 16955 |
| MINI H. SENG FUT DEC 24 | 226 | 17365 | 17486 | 17116 |
| HSCEI FUT JUL 24 | 78 | 6088 | 6139 | 5995 |
| HSCEI FUT AUG 24 | 73 | 6099 | 6150 | 6010 |
| HSCEI FUT SEP 24 | 76 | 6085 | 6128 | 6026 |
| HSCEI FUT DEC 24 | 77 | 6145 | 6188 | 6069 |
| MINI HSCEI FUT JUL 24 | 78 | 6088 | 6139 | 5996 |
| MINI HSCEI FUT AUG 24 | 73 | 6099 | 6149 | 6009 |
| MINI HSCEI FUT SEP 24 | 76 | 6085 | 6127 | 5992 |
| MINI HSCEI FUT DEC 24 | 77 | 6145 | 6188 | 6058 |

| Major HSI Constituent Stocks | Close | Change | High | Low |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd | 52.5 | 0.8 | 53.3 | 52.2 |
| **Tencent Holdings Ltd | 358.2 | 3.8 | 362 | 353.8 |
| *HSBC Holdings PLC | 67.3 | 1.05 | 67.5 | 66.75 |
| **China Construction Bank Corp | 5.46 | 0.07 | 5.5 | 5.38 |
| **Ping An Insurance Group | 33.7 | 0.3 | 34.15 | 33.55 |
| **Meituan | 108.4 | 0.8 | 110.5 | 107.7 |
| *Hong Kong Exchanges & Clearing Ltd | 231 | 2 | 233.2 | 230.4 |
| **Alibaba Group Holdings Ltd | 76.55 | 3.45 | 77.3 | 74.75 |
| **Xiaomi Corp | 16.82 | 0.46 | 17.1 | 16.56 |
| **ICBC | 4.38 | 0.07 | 4.43 | 4.31 |

| Major HSCEI Constituent Stocks | Close | Change | High | Low |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc | 10.56 | 0 | 10.72 | 10.46 |
| **China Mobile Ltd | 73.2 | 0.45 | 73.75 | 72.35 |
| **Bank of China Ltd | 3.44 | 0.06 | 3.46 | 3.39 |
| *Techtronic Industries Co Ltd | 97.4 | 3.5 | 98.05 | 95 |
| *CK Hutchison Holdings Ltd | 41.45 | 1 | 41.6 | 40.5 |
| *Link REIT | 33.05 | 0.55 | 33.5 | 32.6 |
| *CLP Holding Ltd | 66.85 | 1 | 67.3 | 65.4 |
| **Geely Automobile Holdings Ltd | 7.89 | 0.05 | 8.03 | 7.88 |
| **CNOOC Ltd | 20.6 | 0.7 | 20.9 | 19.92 |
| **ANTA Sports Products Ltd | 69.75 | 0.05 | 71.1 | 69.3 |

| Global Equity Indices | Close | Change | High | Low |
|-----------------------|----------|--------|---------|----------|
| Hang Seng | 17238.34 | 217.03 | 17358.7 | 17154.12 |
| HSCEI | 6080.56 | 69.92 | 6133.61 | 6050.55 |
| Shanghai Comp Index | 2891.85 | 0.948 | 2898.95 | 2878.583 |
| Nikkei 225 | 38468.6 | 801.22 | 38719.7 | 38010.01 |
| KOSPI | 2765.53 | 33.63 | 2776.86 | 2742.69 |
| S&P/ASX200 | 7989.64 | 68.374 | 8000 | 7921.3 |
| DJIA | 40596.8 | 7.44 | 40682.5 | 40388.83 |
| S&P 500 | 5465.11 | 6.01 | 5487.74 | 5444.44 |
| NASDAQ | 17388.3 | 30.41 | 17535.3 | 17299.83 |
| DAX | 18320.7 | -96.88 | 18546.3 | 18309.27 |
| CAC | 7443.84 | -0.98 | 7547.64 | 7429.43 |
| FTSE100 | 8292.35 | 6.64 | 8368.38 | 8285.71 |

Technical Analysis

Mini Hang Seng

1st Resistance: 17512 2nd Resistance: 17771
 1st Support: 16994 2nd Support: 16735
 MACD: -212.140
 MACD DIFF: -56.5853
 RSI: 41.4019

Mini Hang Seng China Enterprise

1st Resistance: 6179 2nd Resistance: 6271
 1st Support: 5997 2nd Support: 5905
 MACD: -87.889
 MACD DIFF: -27.331
 RSI: 39.6945

| 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



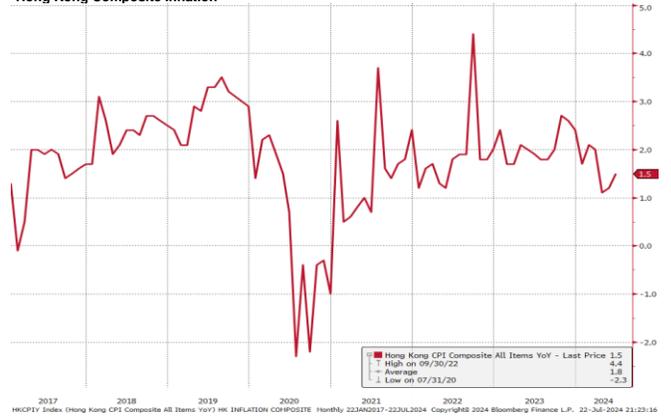
Hong Kong Base Interest Rate



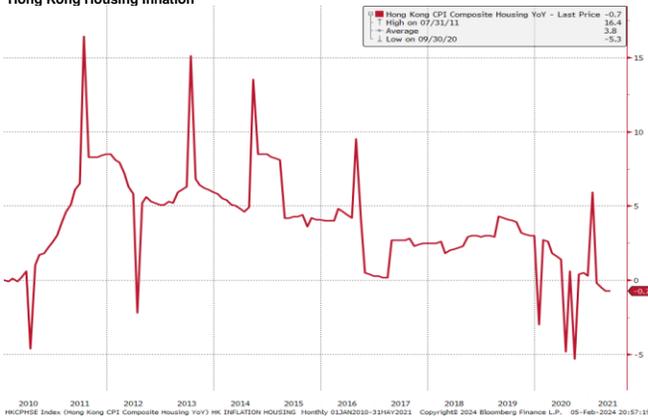
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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