

Fundamentals:

Hong Kong stocks retreated from a four-month high on Thursday after a rally that sent a key gauge of Chinese technology stocks into a bull market took a breather, as investors pared bets because of the Federal Reserve's hawkish interest-rate outlook.

The Hang Seng Index fell 0.2 per cent to 21,814.37 at the close. The Hang Seng Tech Index, which has benefited from most of the gains driven by the DeepSeek frenzy, lost 0.9 per cent. It reversed a gain of as much as 4.2 per cent, which briefly lifted the gauge past a September high after China announced a broad rescue package to prop up the stock and property markets.

On the mainland, the CSI 300 Index and the Shanghai Composite Index both slipped 0.4 per cent. Smartphone maker Xiaomi and personal computer maker Lenovo Group led losses among tech names, losing at least 5 per cent. Chipmaker Semiconductor Manufacturing International Corp (SMIC) also fell after Bocom International downgraded the stock to neutral. Alibaba Group Holding maintained momentum, extending its biggest gain in more than two years.

"In the near term, the re-rating process has been fully priced in," said Zhang Jiqiang, an analyst at Huatai Securities in Beijing. "The rebound may have started to take a pause now."

The Hang Seng Index had risen 16 per cent from a January low through Wednesday, while the tech gauge surged 25 per cent, as Chinese start-up DeepSeek's AI model spurred a revaluation of the nation's biggest tech stocks leading to frenzied buying by investors. The 14-day relative strength index of the tech gauge rose to 72 on Wednesday – a reading above 70 typically signals a correction.

The S&P 500 Index fell 0.3 per cent overnight, as traders now expect only one Fed rate cut this year after a resurgence in inflation. Fed chair Jerome Powell said he saw the need to keep interest rates higher for longer as much work was required to tame inflation. Consumer prices rose 0.5 per cent month on month in January, the biggest increase since August 2023.

Still, some investors are still optimistic that the trade driven by the DeepSeek development can be sustained.

The adoption of DeepSeek's AI model would bolster the appeal of Chinese tech stocks that traded at depressed valuations relative to their global peers, according to US money manager Invesco.

The breakthrough would boost business opportunities in areas including e-commerce, cloud services and consumer electronics, it said. That adds to calls earlier this week by UBS Group and Morgan Stanley that said the rally would continue.

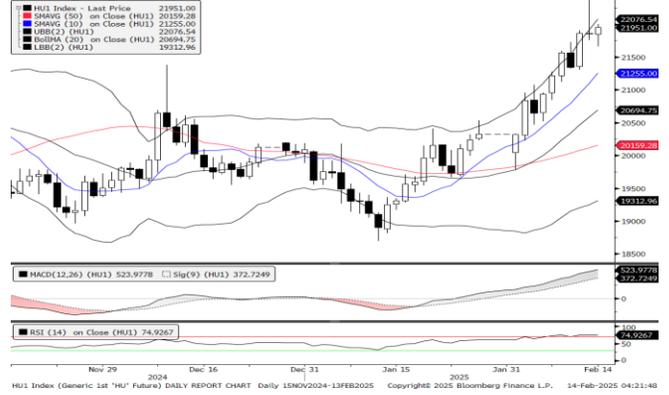
Xiaomi slumped 5.6 per cent to HK\$41.65 and Lenovo slid 5 per cent to HK\$12.16. SMIC tumbled 4.1 per cent to HK\$46.00, while Tencent Holdings lost 0.5 per cent to HK\$442.00.

Alibaba advanced 2.6 per cent to HK\$116.70, adding to an 8.5 per cent surge on Wednesday spurred by its tie-up with Apple.

Other major Asia-Pacific markets rose. Japan's Nikkei 225 climbed 1.3 per cent, while South Korea's Kospi advanced 1.4 per cent and Australia's S&P/ASX 200 added 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 FEB 25	-5	21859	22569	21756
H. SENG FUT MAR 25	-8	21850	22553	21766
H. SENG FUT JUN 25	-8	21771	22450	21700
H. SENG FUT SEP 25	-5	21747	22422	21700
MINI H. SENG FUT FEB 25	-5	21859	22570	21757
MINI H. SENG FUT MAR 25	-8	21850	22565	21756
MINI H. SENG FUT JUN 25	-8	21771	22480	21675
MINI H. SENG FUT SEP 25	-5	21747	22450	21667
HSCEI FUT FEB 25	-53	8017	8310	7983
HSCEI FUT MAR 25	-51	8044	8337	8016
HSCEI FUT JUN 25	-48	8027	8308	8011
HSCEI FUT SEP 25	-47	8011	8060	8017
MINI HSCEI FUT FEB 25	-53	8017	8310	7984
MINI HSCEI FUT MAR 25	-51	8044	8338	8016
MINI HSCEI FUT JUN 25	-48	8027	8312	8007
MINI HSCEI FUT SEP 25	-47	8011	8266	7989

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	54.5	2.8	55.6	52.25
**Tencent Holdings Ltd	442	-2.2	464.6	437
**HSBC Holdings PLC	84.85	0.4	85.4	84.75
**China Construction Bank Corp	6.53	-0.05	6.65	6.51
**Ping An Insurance Group	44.9	-1.1	46.85	44.7
**Meituan	159.7	4.5	167.5	155.2
*Hong Kong Exchanges & Clearing Ltd	325.8	-10	340	324.4
**Alibaba Group Holdings Ltd	116.7	2.9	124.3	115.2
**Xiaomi Corp	41.65	-2.45	44.6	41.2
**ICBC	5.63	0.03	5.72	5.61

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	20.85	-0.6	21.9	20.65
**China Mobile Ltd	78	0.1	79	78
**Bank of China Ltd	4.22	0	4.31	4.21
*Techtronic Industries Co Ltd	107	0.9	112	106.2
*CK Hutchison Holdings Ltd	39.45	0.15	39.85	39.1
*Link REIT	33.95	-0.15	34.2	33.75
*CLP Holding Ltd	64.05	-0.05	64.5	63.85
**Geely Automobile Holdings Ltd	16.46	-0.52	17.36	16.42
**CNOOC Ltd	18.64	-0.26	18.8	18.5
**ANTA Sports Products Ltd	84.65	0.7	87.55	83.3

Global Equity Indices	Close	Change	High	Low
Hang Seng	21814.37	-43.55	22523.57	21735.56
HSCEI	8002.63	-55.45	8293.53	7973.44
Shanghai Comp Index	3332.48	-13.902	3359.181	3332.483
Nikkei 225	39461.5	497.77	39581.47	39112.17
KOSPI	2583.17	34.78	2583.74	2555.98
S&P/ASX200	8539.95	4.694	8575.2	8534.6
DJIA	44748.4	379.79	44768.26	44366.62
S&P 500	6110.59	58.62	6110.59	6050.95
NASDAQ	19924.4	274.47	19927.9	19675.87
DAX	22612	463.99	22624.57	22306.33
CAC	8164.11	1.52	8176.12	8091.42
FTSE100	8764.72	-42.72	8820.93	8729.57

Technical Analysis

Mini Hang Seng

1st Resistance:	22187	2nd Resistance:	22515
1st Support:	21531	2nd Support:	21203
MACD:	491.373		
MACD DIFF:	156.4771		
RSI:	74.0599		

Mini Hang Seng China Enterprise

1st Resistance:	8137	2nd Resistance:	8258
1st Support:	7897	2nd Support:	7776
MACD:	210.257		
MACD DIFF:	59.781		
RSI:	70.84153		

Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
02/05/2025 08:30	S&P Global Hong Kong PMI	Jan	--	51	51.1	--
02/18/2025 16:30	Unemployment Rate SA	Jan	--	--	3.10%	--
02/20/2025 16:30	CPI Composite YoY	Jan	--	--	1.40%	--
02/26/2025	GDP Annual YoY	2024 F	--	--	2.50%	--
02/28/2025 16:30	Money Supply M1 HKD YoY	Jan	--	--	1.30%	--
02/28/2025 16:30	Money Supply M2 HKD YoY	Jan	--	--	2.70%	--
02/28/2025 16:30	Money Supply M3 HKD YoY	Jan	--	--	2.80%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
02/05/2025 09:45	Caixin China PMI Composite	Jan	--	51.1	51.4	--
02/05/2025 09:45	Caixin China PMI Services	Jan	52.4	51	52.2	--
02/09/2025 09:30	PPI YoY	Jan	-2.20%	-2.30%	-2.30%	--
02/09/2025 09:30	CPI YoY	Jan	0.40%	0.50%	0.10%	--
02/13/2025 02:15	Money Supply M1 YoY	Jan	-0.50%	--	-1.40%	--
02/13/2025 02:15	Money Supply M2 YoY	Jan	7.30%	--	7.30%	--
02/13/2025 02:15	Money Supply M0 YoY	Jan	--	--	13.00%	--
02/13/2025 02:18	FDI YTD YoY CNY	Jan	--	--	-27.10%	--
02/13/2025 02:20	BoP Current Account Balance	4Q P	--	--	\$147.6b	--

Hong Kong GDP Y on Y



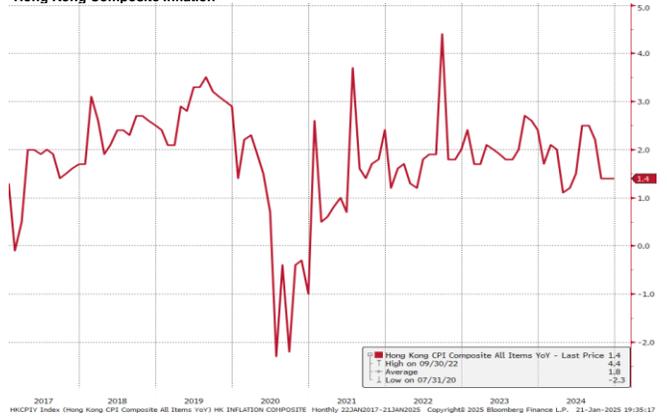
Hong Kong Base Interest Rate



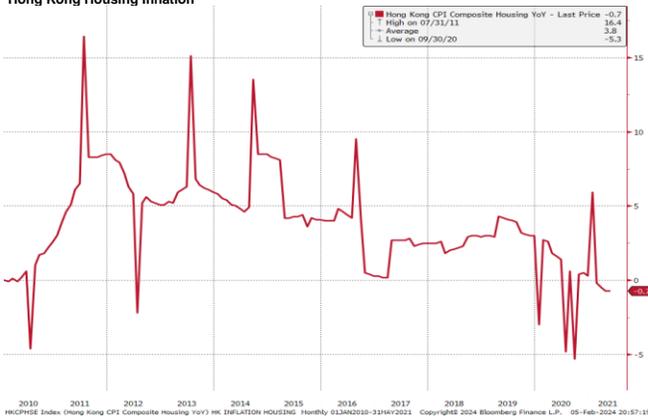
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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