

Fundamentals:

Hong Kong stocks dropped by the most in more than three months on Friday, wiping away US\$196 billion in market value, after US President Donald Trump said he would double the tariff on Chinese imports, escalating the trade war with Beijing and clouding the outlook for growth in the world's two largest economies.

The Hang Seng Index slumped 3.3 per cent to 22,941.32 at the close, its most substantial decline since October 15. The fall trimmed the month's gains to 13 per cent. The Hang Seng Tech Index tumbled 5.3 per cent for its worst single-day performance since October 8. On the mainland, the CSI 300 Index and the Shanghai Composite Index both sank 2 per cent.

Chinese technology stocks that have been riding the DeepSeek wave led declines. Alibaba Group Holding, owner of the Post, sank 6 per cent to HK\$127.50 and Tencent Holdings slid 3.4 per cent to HK\$478.60. Meituan shed 6.3 per cent to HK\$162 and Xiaomi dropped 2.4 per cent to HK\$51.85.

Trump said on Truth Social that the US would apply an additional 10 per cent tariff on imports of Chinese goods, compounding the 10 per cent levy that was put in place when he took office. The president also said the 25 per cent tariffs on Canada and Mexico would be effective next week.

"The market hasn't fully priced in the threat of Trump's tariffs to China and to some extent [it] ignored the potential drag on the economy," said Chen Meng, an analyst at Soochow Securities.

The new tariff risks stifling a rally in Chinese stocks that was spurred by a breakthrough in artificial intelligence (AI) technology by start-up DeepSeek, which launched a cheaper but high-performing chatbot that is competitive with ChatGPT. The Hang Seng Index has risen 14 per cent this year, making it the best performer among the major global gauges, while the Hang Seng Tech Index entered a bull market this month after clocking a 20 per cent gain from a January low.

The tariff escalation underscores the urgency for China to boost its fiscal stimulus to offset a negative fallout, according to Zhang Zhiwei, chief economist at Pinpoint Asset Management in Hong Kong. China would boost its fiscal deficit for the year to 4 per cent from 3 per cent at the National People's Congress next week, and the bar could be raised again in the event of even higher tariffs, he said.

The declines for Hong Kong stocks tracked an overnight rout in US equities and losses across Asia-Pacific markets on Friday, as global traders rotated out of equities and into Treasuries on concerns that entrenched inflation in the US and the Trump administration's tariffs would lead to stagflation in the American economy. The new tariff also risks disrupting China's exports, which were the biggest contributor to the nation's economic growth last year.

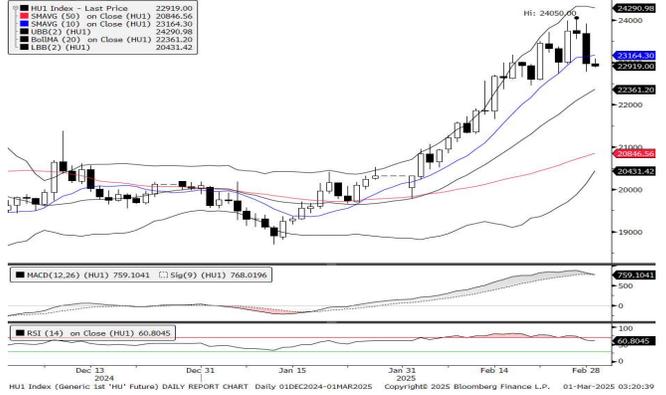
"Risk appetite is running on fumes," said Stephen Innes, managing director with SPI Asset Management in Bangkok. "The trade war drumbeat is getting louder. The market had been clinging to hopes of a softer stance, but what they got was a stark reminder: tariff escalation is the default setting, and Washington isn't backing down."

Tensions between China and the US are expected to intensify significantly, particularly after Beijing has made great strides in AI and robotics, said Nomura Holdings. The US could threaten to revoke China's most-favoured-nation trade status, crack down on its export re-routing via other countries, limit scientific exchanges and tech transfers, and step up restrictions on exports of hi-tech goods, the Japanese bank said in a report this week.

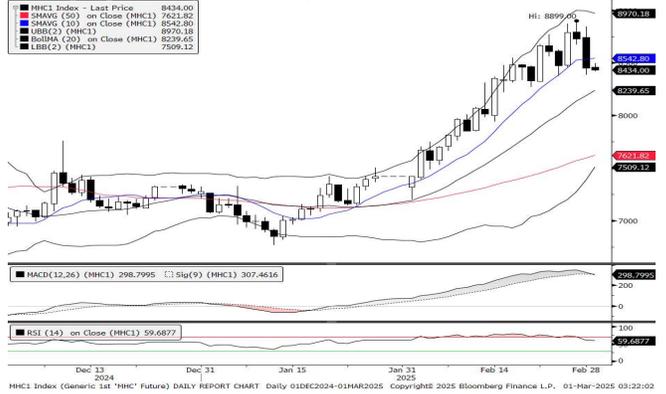
The Nasdaq-100 index slumped almost 3 per cent overnight to its lowest level since November. In the Asia-Pacific region, Japan's Nikkei 225 slid 2 per cent, South Korea's Kospi retreated 3.4 per cent and Australia's S&P/ASX 200 lost 1.2 per cent.

(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:	23312	2nd Resistance:	23656
1st Support:	22622	2nd Support:	22278
MACD:	815.826		
MACD DIFF:	45.41629		
RSI:	61.49754		

Mini Hang Seng China Enterprise

1st Resistance:	8578	2nd Resistance:	8705
1st Support:	8324	2nd Support:	8197
MACD:	322.320		
MACD DIFF:	12.640		
RSI:	60.25326		

Contracts	Chg	Sett	High	Low
H. SENG FUT MAR 25	-712	22967	23913	22777
H. SENG FUT APR 25	-725	23032	23757	22868
H. SENG FUT JUN 25	-728	22888	23833	22800
H. SENG FUT SEP 25	-729	22877	23766	22709
MINI H. SENG FUT MAR 25	-712	22967	23914	22778
MINI H. SENG FUT APR 25 #N/A	N/A	N/A	23032	23679
MINI H. SENG FUT JUN 25	-728	22888	23832	22711
MINI H. SENG FUT SEP 25	-729	22877	23809	22717
HSCEI FUT MAR 25	-296	8451	8843	8385
HSCEI FUT APR 25	-294	8475	8765	8430
HSCEI FUT JUN 25	-292	8440	8812	8389
HSCEI FUT SEP 25	-300	8424	8718	8715
MINI HSCEI FUT MAR 25	-296	8451	8843	8385
MINI HSCEI FUT APR 25 #N/A	N/A	N/A	8475	8730
MINI HSCEI FUT JUN 25	-292	8440	8829	8380
MINI HSCEI FUT SEP 25	-300	8424	8818	8368

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	59.4	-1.5	60.85	58.9
**Tencent Holdings Ltd	478.6	-16.8	497.8	476
*HSBC Holdings PLC	89.25	-0.15	89.85	88.8
**China Construction Bank Corp	6.59	-0.11	6.71	6.57
**Ping An Insurance Group	45.95	-2.2	47.8	45.6
**Meituan	162	-10.8	170.5	160.3
*Hong Kong Exchanges & Clearing Ltd	350	-15	360.6	346
**Alibaba Group Holdings Ltd	127.5	-8.2	133.8	127.1
**Xiaomi Corp	51.85	-1.25	55.75	50.65
**ICBC	5.5	-0.09	5.64	5.5

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	22.45	-1.2	23.65	22.1
**China Mobile Ltd	79	0.25	80.25	78.7
**Bank of China Ltd	4.41	-0.02	4.45	4.37
*Techtronic Industries Co Ltd	108.4	-2.1	110.5	106.9
*CK Hutchison Holdings Ltd	38.85	-0.7	39.55	38.85
*Link REIT	35.25	-0.55	35.75	35
**CLP Holding Ltd	64.45	-0.1	64.95	64.1
**Geely Automobile Holdings Ltd	17.54	-1.44	19.08	17.34
**CNOOC Ltd	17.88	0.04	18.16	17.8
**ANTA Sports Products Ltd	87.3	-1.35	91.85	86.4

Global Equity Indices	Close	Change	High	Low
Hang Seng	22941.32	-776.97	23616.18	22798.34
HSCEI	8417.43	-317.15	8712.63	8364.42
Shanghai Comp Index	3320.9	-67.165	3383.191	3318.716
Nikkei 225	37155.5	-1100.67	37925.28	36840.12
KOSPI	2532.78	-88.97	2586.78	2531.24
S&P/ASX200	8172.35	-95.862	8268.2	8155.5
DJIA	43305.9	66.4	43536.76	43100.87
S&P 500	5858.04	-3.53	5903.49	5837.66
NASDAQ	18534.7	-9.76	18701.27	18372.99
DAX	22551.4	0.54	22551.43	22329.06
CAC	8111.63	0.11	8111.63	8031.48
FTSE100	8809.74	53.53	8810.5	8715.43

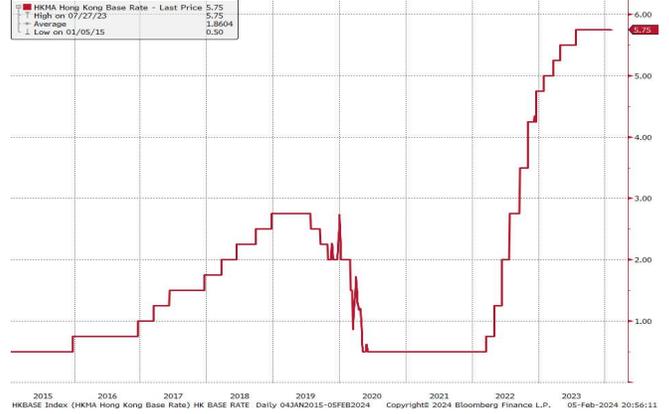
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised	
02/05/2025 08:30	S&P Global Hong Kong PMI	Jan	--	51	51.1	--
02/18/2025 16:30	Unemployment Rate SA	Jan	3.10%	3.10%	3.10%	--
02/20/2025 16:30	CPI Composite YoY	Jan	1.80%	2.00%	1.40%	--
02/26/2025	GDP Annual YoY	2024 F	--	2.50%	2.50%	--
02/28/2025 16:30	Money Supply M1 HKD YoY	Jan	--	1.80%	1.30%	--
02/28/2025 16:30	Money Supply M2 HKD YoY	Jan	--	4.50%	2.70%	--
02/28/2025 16:30	Money Supply M3 HKD YoY	Jan	--	4.50%	2.80%	--

China Economic Releases	Period	Survey	Actual	Prior	Revised	
02/14/2025 17:01	Money Supply M1 YoY	Jan	-0.50%	0.40%	-1.40%	1.20%
02/14/2025 17:01	Money Supply M2 YoY	Jan	7.30%	7.00%	7.30%	--
02/14/2025 17:01	Money Supply M0 YoY	Jan	--	17.20%	13.00%	--
02/14/2025 17:31	BoP Current Account Balance	4Q P	--	\$180.7b	\$147.6b	--
02/14/2025 02:18	FDI YTD YoY CNY	Jan	--	-13.40%	-27.10%	--
03/01/2025 09:30	Manufacturing PMI	Feb	--	--	49.1	--
03/01/2025 09:30	Non-manufacturing PMI	Feb	--	--	50.2	--
03/01/2025 09:30	Composite PMI	Feb	--	--	50.1	--
03/03/2025 09:45	Caixin China PMI Mfg	Feb	--	--	50.1	--
03/05/2025 09:45	Caixin China PMI Composite	Feb	--	--	51.1	--
03/05/2025 09:45	Caixin China PMI Services	Feb	--	--	51	--

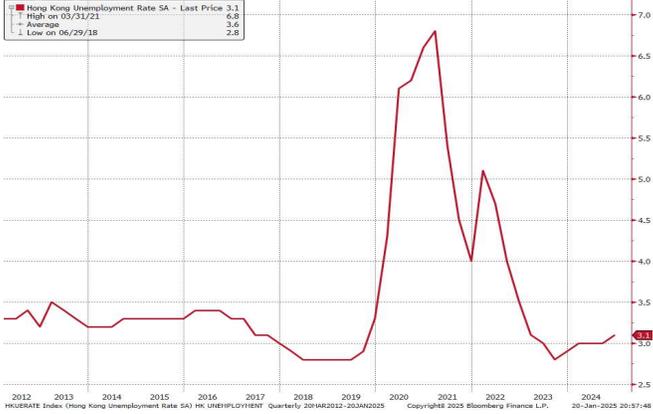
Hong Kong GDP Y on Y



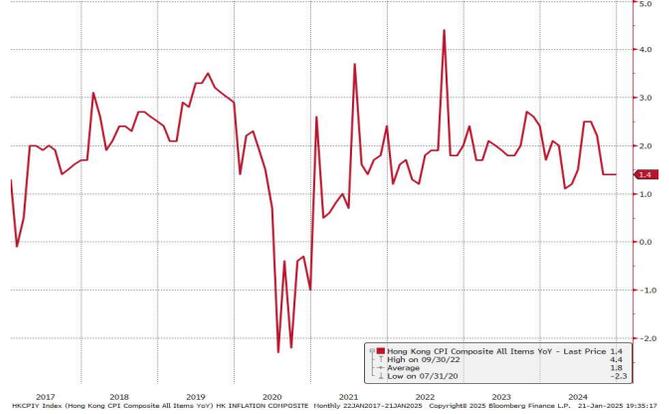
Hong Kong Base Interest Rate



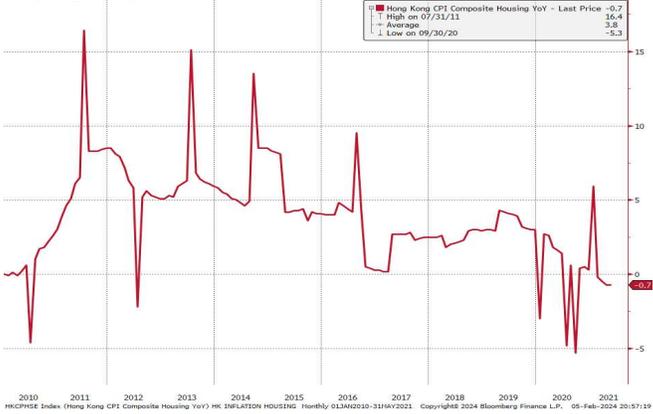
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y



(Source: Bloomberg)

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