

**Fundamentals:**

Hong Kong stocks' solid start to 2026 stumbled on Wednesday, with the benchmark gauge retreating from a seven-week high as geopolitical tensions intensified after China imposed new sanctions against Japan.

The Hang Seng Index fell 0.9 per cent to 26,458.95 at the close, while the Hang Seng Tech Index dropped 1.5 per cent. On the mainland, the CSI 300 Index dropped 0.3 per cent and the Shanghai Composite Index added 0.1 per cent.

Alibaba Group Holding slumped 3.3 per cent to HK\$145.90 and Tencent Holdings lost 1.3 per cent to HK\$624.50. Electric-vehicle maker BYD lost 3.9 per cent to HK\$95.30 and short-video platform operator Kuaishou Technology sank 2.3 per cent to HK\$73.75. PetroChina declined 2.9 per cent to HK\$8.02 and CNOOC shed 3 per cent to HK\$20.66.

In the latest flare-up of tensions between the two Asian neighbours, China's commerce ministry said on Tuesday that exports of products with potential military use to Japan would be banned immediately. Tokyo protested against the announcement.

Why have Takaichi's Taiwan comments sent China-Japan ties into a tailspin?

Beijing was also mulling tightening export reviews for some rare earth-related items, the state-run China Daily reported.

The episode clouded the strong momentum in Hong Kong stocks - a rally that has carried over from last year as investors shifted to Chinese technology companies in search of alternatives to richly valued US peers. The Hang Seng Index had risen 4.2 per cent since the start of 2026 up to Tuesday.

The relationship between Beijing and Tokyo plunged to the lowest in decades after Japanese Prime Minister Sanae Takaichi infuriated China by suggesting military intervention in Taiwan if Beijing takes the island by force. Beijing sees Taiwan as part of China to be reunited by force if necessary.

In other corners of the market, Mao Geping Cosmetics, the Chinese make-up maker, rallied 7.3 per cent to HK\$87.95 after Citigroup said that a stake-reduction plan by the company's controlling shareholders presented a buying opportunity, given its robust growth outlook and attractive valuation.

Meanwhile, Hong Kong Electric completed its maiden local-dollar public bond sale worth HK\$2 billion (US\$256.8 million), which was also the first public debt issuance by a local company in nearly a decade, according to joint global coordinator HSBC Holdings. The note reflected robust regional demand for Hong Kong offerings and confidence in the city's economic fundamentals, it said.

China stocks are forecast to continue expanding in 2026, as equity gains are set to be driven more by earnings growth rather than increased valuation, according to Goldman Sachs, which correctly predicted the market's bull run last year.

The MSCI China Index of both yuan-traded stocks and Chinese companies trading in Hong Kong and the US would potentially see a 20 per cent surge this year, while the CSI 300 was projected to increase 12 per cent, Goldman analysts led by Kinger Lau said in a report on Wednesday.

Elsewhere in Asia-Pacific, most markets rose with the exception of Japan, where the Nikkei 225 fell 1.1 per cent. South Korea's Kospi rose 0.6 per cent and Australia's S&P/ASX 200 added 0.2 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 JAN 26	-246	26473	26838	26360
H. SENG FUT FEB 26	-235	26532	26872	26419
H. SENG FUT MAR 26	-238	26508	26850	26420
H. SENG FUT APR 26	-246	26473	26838	26360
MINI H. SENG FUT JAN 26	-246	26473	26839	26360
MINI H. SENG FUT FEB 26	-235	26532	26881	26420
MINI H. SENG FUT MAR 26	-238	26508	26859	26400
MINI H. SENG FUT JUN 26	-246	26473	26839	26360
HSCEI FUT JAN 26	-100	9144	9293	9105
HSCEI FUT FEB 26	-100	9164	9295	9128
HSCEI FUT MAR 26	-102	9181	9311	9143
HSCEI FUT APR 26	-100	9144	9293	9105
MINI HSCEI FUT JAN 26	-100	9144	9293	9106
MINI HSCEI FUT FEB 26	-100	9164	9308	9125
MINI HSCEI FUT MAR 26	-102	9181	9312	9148
MINI HSCEI FUT JUN 26	-100	9144	9293	9106

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	85.95	-0.1	85.95	84.9
**Tencent Holdings Ltd	624.5	-8	629.5	615
*HSBC Holdings PLC	127.2	-1.6	128	126.5
**China Construction Bank Corp	7.62	-0.11	7.74	7.62
**Ping An Insurance Group	71.1	-0.9	72	70.4
**Meituan	104.5	-1.6	106.1	103.5
*Hong Kong Exchanges & Clearing Ltd	430.2	-2.2	431.4	426.6
**Alibaba Group Holdings Ltd	145.9	-4.9	147.8	143.5
**Xiaomi Corp	38.16	-0.6	39.2	38.02
**ICBC	6.14	-0.07	6.23	6.14

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	36.12	2.02	36.34	34.06
**China Mobile Ltd	81.4	-0.8	82.5	81.35
**Bank of China Ltd	4.45	0	4.48	4.43
*Techtronic Industries Co Ltd	95.8	1.8	96.5	94.1
*CK Hutchison Holdings Ltd	54.7	-0.65	55.6	54.55
*Link REIT	34.58	0.38	34.7	34.24
*CLP Holding Ltd	70.65	0.1	70.8	70.5
**Geely Automobile Holdings Ltd	17.51	-0.32	17.83	17.37
**CNOOC Ltd	20.66	-0.64	21.14	20.62
**ANTA Sports Products Ltd	81.5	-1.15	82.7	81.2

Global Equity Indices	Close	Change	High	Low
Hang Seng	26458.95	-251.5	26616.94	26313.51
HSCEI	9138.75	-105.49	9219.21	9092.71
Shanghai Comp Index	4085.77	2.105	4098.777	4069.436
Nikkei 225	51962	-556.1	52404.11	51830.4
KOSPI	4551.06	25.58	4611.72	4488.2
S&P/ASX200	8695.57	12.815	8734.3	8689.9
DJIA	48996.1	-466	49621.43	48951.99
S&P 500	6920.93	-23.89	6965.69	6919.19
NASDAQ	23584.3	37.11	23723.37	23504.21
DAX	25122.3	230.06	25122.46	24982.62
CAC	8233.92	-0.04	8257.33	8211.62
FTSE100	10048.2	-74.52	10124.75	10032.74

**Technical Analysis**

**Mini Hang Seng**

1st Resistance:	26870	2nd Resistance:	27267
1st Support:	26076	2nd Support:	25679
MACD:	131.643		
MACD DIFF:	116.858		
RSI:	59.0307		

**Mini Hang Seng China Enterprise**

1st Resistance:	9281	2nd Resistance:	9418
1st Support:	9007	2nd Support:	8870
MACD:	9.501		
MACD DIFF:	44.379		
RSI:	54.7526		

Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
01/02/2026 16:30	Retail Sales Value YoY	Nov	8.60%	6.50%	6.90%	--
01/02/2026 16:30	Retail Sales Volume YoY	Nov	6.70%	4.40%	5.30%	--
01/06/2026 08:30	S&P Global Hong Kong PMI	Dec	--	51.9	52.9	--
01/20/2026 16:30	Unemployment Rate SA	Dec	--	--	3.80%	--
01/22/2026 16:30	CPI Composite YoY	Dec	--	--	1.20%	--
01/30/2026 16:30	Money Supply M1 HKD YoY	Dec	--	--	14.90%	--
01/30/2026 16:30	Money Supply M2 HKD YoY	Dec	--	--	4.50%	--
01/30/2026 16:30	Money Supply M3 HKD YoY	Dec	--	--	4.50%	--
01/30/2026 16:30	GDP SA QoQ	4Q A	--	--	0.70%	--
01/30/2026 16:30	GDP YoY	4Q A	--	--	3.80%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
01/09/2026 09:30	PPI YoY	Dec	--	--	-2.20%	--
01/09/2026 09:30	CPI YoY	Dec	--	--	0.70%	--
1/09/2026-1/15/2026	Money Supply M2 YoY	Dec	8.00%	--	8.00%	--
1/09/2026-1/15/2026	Money Supply M1 YoY	Dec	--	--	4.90%	--
1/09/2026-1/15/2026	Money Supply M0 YoY	Dec	--	--	10.60%	--
1/11/2026-1/18/2026	FDI YTD YoY CNY	Dec	--	--	-7.50%	--
01/19/2026 10:00	GDP YoY	4Q	--	--	4.80%	--
01/19/2026 10:00	GDP YTD YoY	4Q	--	--	5.20%	--
01/19/2026 10:00	GDP SA QoQ	4Q	--	--	1.10%	--
01/19/2026 10:00	Retail Sales YoY	Dec	--	--	1.30%	--
01/19/2026 10:00	Retail Sales YTD YoY	Dec	--	--	4.00%	--
01/31/2026 09:30	Manufacturing PMI	Jan	--	--	50.1	--
01/31/2026 09:30	Non-manufacturing PMI	Jan	--	--	50.2	--
01/31/2026 09:30	Composite PMI	Jan	--	--	50.7	--

### Hong Kong GDP Q on Q



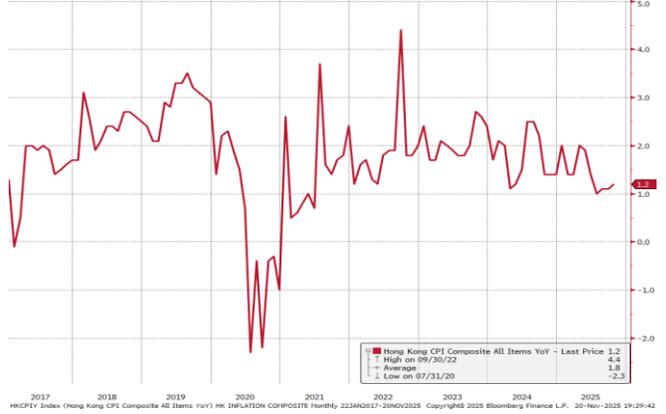
### Hong Kong Base Interest Rate



### 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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