

Fundamentals:

A brief rebound in Hong Kong stocks, spurred by an improved China inflation reading, waned on Friday, as investors suspect that the easing deflationary trend could just be a blip.

The Hang Seng Index closed 0.3 per cent higher at 26,231.79, trimming a gain of as much as 0.6 per cent. The Hang Seng Tech Index rose 0.2 per cent. On the mainland, the CSI 300 Index climbed 0.5 per cent and the Shanghai Composite Index added 0.9 per cent.

Alibaba Group Holding rallied 2.7 per cent to HK\$146.50 and peer JD.com surged 2.6 per cent to HK\$114.60. Gold producer Zijin Mining Group advanced 2.9 per cent to HK\$38.26 on expectations of growing demand for the precious metal on the back of rising geopolitical tensions.

Tempering the gains, Xinyi Solar Holdings tumbled 3.7 per cent to HK\$3.11 and Meituan lost 2.5 per cent to HK\$38.50.

While official data on Friday showed that a 1.9 per cent year-on-year decline in producer prices in December was narrower than the consensus estimate of a 2 per cent drop, it represented a 39th straight month of contraction. Consumer prices rose 0.3 per cent, the fastest pace since February 2023. For the whole of 2025, factory-gate prices fell 2.6 per cent and consumer inflation stayed unchanged.

The inflation reading should be interpreted cautiously, as the improvement in producer prices was largely attributed to rising global commodity prices that were recently elevated by geopolitical tensions, said Zhang Zhiwei, chief economist at Pinpoint Asset Management in Hong Kong.

"Commodity prices have risen recently due to geopolitical concerns, which may put upward pressure on producer inflation in 2026," he said. "But domestic demand is still weak, so it is not clear at this stage how much producer inflation can improve."

For the week, the Hang Seng Index fell 0.4 per cent, exhibiting signs of exhaustion after a solid start to the year. Investors have been on the sidelines, awaiting fresh catalysts as geopolitical risks flared up following the US military raid on Venezuela and China's ramped-up export curbs on Japan.

A clutch of economic data due soon could be a game-changer that shapes monetary policy and supports investors' growth expectations. The US releases the monthly non-farm payroll report later on Friday and more monthly China economic data will follow next week.

Three companies started trading in the city on Friday. MiniMax Group, China's leading artificial intelligence start-up, surged 109 per cent from the offer price to HK\$345. Suzhou Ribao Life Science surged 42 per cent to HK\$2.10 and Yunnan JinxunResources, a manufacturer of copper cathodes with a presence in DR Congo and Zambia, rose 26 per cent to HK\$37.80.

Reflection trades in Chinese stocks were not likely to take hold in 2026, as weak consumption and the moribund property market weighed on the economy, according to Morgan Stanley.

However, the US investment bank maintained a constructive 12-month view on Chinese stocks. It cited several supportive factors like household asset reallocation, increased insurer participation, Beijing's continued push for tech innovation and emerging thematic investments, according to a report on Thursday.

Other major Asia-Pacific markets mostly edged higher. Japan's Nikkei 225 climbed 1.6 per cent and South Korea's Kospi gained 0.8 per cent, while Australia's S&P/ASX 200 was little changed.

(Source: South China Morning Post)

Contracts	Chg	Sett	High	Low
H. SENG FUT JAN 26	100	26241	26360	26086
H. SENG FUT FEB 26	108	26304	26408	26145
H. SENG FUT MAR 26	105	26281	26360	26139
H. SENG FUT APR 26	100	26241	26360	26086
MINI H. SENG FUT JAN 26	100	26241	26358	26083
MINI H. SENG FUT FEB 26	108	26304	26411	26140
MINI H. SENG FUT MAR 26	105	26281	26388	26152
MINI H. SENG FUT JUN 26	100	26241	26358	26083
HSCEI FUT JAN 26	20	9057	9113	9014
HSCEI FUT FEB 26	21	9076	9129	9036
HSCEI FUT MAR 26	22	9095	9143	9055
HSCEI FUT APR 26	20	9057	9113	9014
MINI HSCEI FUT JAN 26	20	9057	9112	9014
MINI HSCEI FUT FEB 26	21	9076	9129	9038
MINI HSCEI FUT MAR 26	22	9095	9146	9060
MINI HSCEI FUT JUN 26	20	9057	9112	9014

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	84.3	0.45	84.45	82.5
**Tencent Holdings Ltd	611	-5	617	610
*HSBC Holdings PLC	124.8	0.5	125.4	123
**China Construction Bank Corp	7.59	-0.02	7.66	7.56
**Ping An Insurance Group	70	-0.2	70.9	68.95
**Meituan	98.5	-2.5	100.6	98.2
*Hong Kong Exchanges & Clearing Ltd	426.8	1.6	427	422.6
*Alibaba Group Holdings Ltd	146.5	3.9	149.5	145.9
**Xiaomi Corp	37.82	-0.2	38.5	37.64
**ICBC	6.13	0.03	6.17	6.08

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	37.06	0.62	37.14	35.98
**China Mobile Ltd	80.95	0	81.4	80.75
**Bank of China Ltd	4.39	-0.03	4.45	4.38
*Techtronic Industries Co Ltd	96.45	1.9	97.05	95
*CK Hutchison Holdings Ltd	57.15	2.05	57.15	55.25
*Link REIT	34.62	0.26	34.66	34.34
*CLP Holding Ltd	70.5	-0.45	71	70.15
**Geely Automobile Holdings Ltd	17.19	-0.2	17.49	17.17
**CNOOC Ltd	20.94	0.26	21.24	20.86
**ANTA Sports Products Ltd	80.3	-1.2	81.4	80.1

Global Equity Indices	Close	Change	High	Low
Hang Seng	26231.79	82.48	26299.32	26114.41
HSCEI	9048.53	9.19	9103.58	9024.59
Shanghai Comp Index	4120.43	37.447	4121.723	4083.615
Nikkei 225	51939.9	822.63	51986.91	51189.14
KOSPI	4586.32	33.95	4590.03	4500.48
S&P/ASX200	8717.85	-2.918	8762.7	8707.8
DJIA	49504.1	237.96	49571.41	49197.06
S&P 500	6966.28	44.82	6978.36	6917.64
NASDAQ	23671.4	191.33	23721.15	23426.48
DAX	25261.6	134.18	25281.18	25107.92
CAC	8362.09	1.44	8362.09	8271.65
FTSE100	10124.6	79.91	10135.7	10032.92

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance:	26635	2nd Resistance:	27028
1st Support:	25847	2nd Support:	25454
MACD:	131.643		
MACD DIFF:	116.858		
RSI:	59.0307		

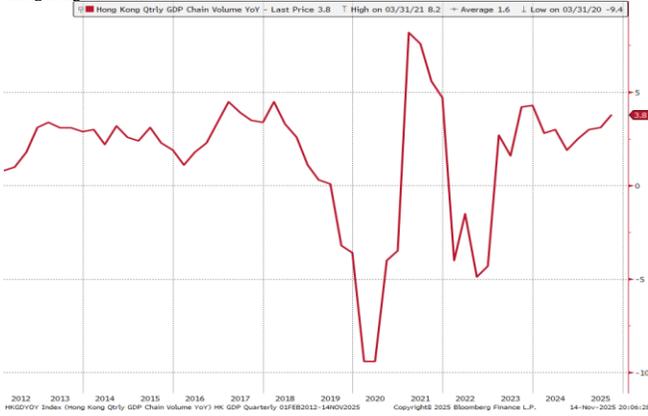
Mini Hang Seng China Enterprise

1st Resistance:	9193	2nd Resistance:	9329
1st Support:	8921	2nd Support:	8785
MACD:	9.501		
MACD DIFF:	44.379		
RSI:	54.7526		

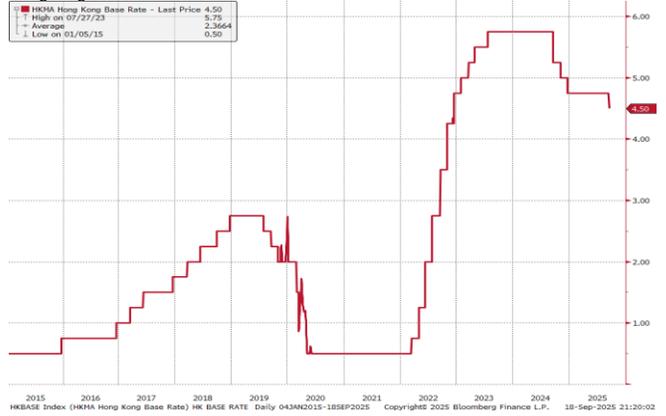
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
01/02/2026 16:30	Retail Sales Value YoY	Nov	8.60%	6.50%	6.90%	--
01/02/2026 16:30	Retail Sales Volume YoY	Nov	6.70%	4.40%	5.30%	--
01/06/2026 08:30	S&P Global Hong Kong PMI	Dec	--	51.9	52.9	--
01/20/2026 16:30	Unemployment Rate SA	Dec	--	--	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	-2.00%	-1.90%	-2.20%	--
01/09/2026 09:30	CPI YoY	Dec	0.80%	0.80%	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



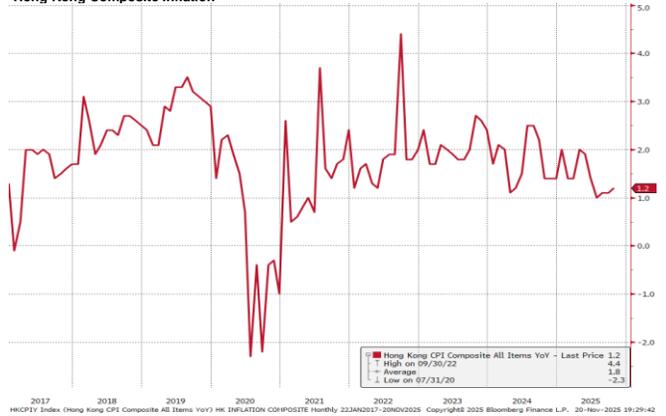
Hong Kong Base Interest Rate



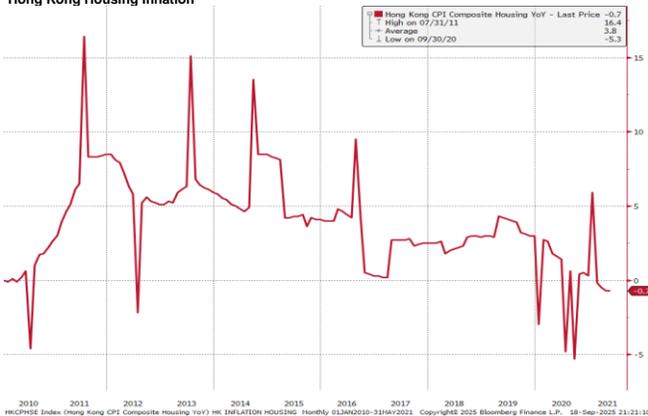
Hong Kong Unemployment Rate



Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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