

Fundamentals:

Hong Kong stocks rebounded from a two-week low after China's consumer and producer prices both slid into deflationary territory, stoking speculation the government will take further action to spur growth.

The Hang Seng Index rose 0.3 per cent to 19,246.03 at the close in see-saw trading. The Hang Seng Tech Index dropped less than 0.1 per cent and the Shanghai Composite Index retreated 0.5 per cent. Trading volumes on the Hong Kong stock exchange were 10 per cent below the 30-day average, according to Bloomberg data.

Hansoh Pharmaceutical Group and other drug makers rebounded while property developer Country Gardens Holdings extended declines on its debt woes.

Chinese consumer prices fell 0.3 per cent year on year in July, the first decline since February 2021, the statistics bureau said on Wednesday, while producer prices contracted 4.4 per cent, a 10th straight month of declines.

Deepening price falls are a sign that the government's piecemeal supportive measures from the cut in the loan prime rate to the relief package for the property market have yet to feed their way into the economy that is grappling with shrinking demand and weak consumer confidence. A government report showed a day earlier that exports slumped by the most in three years in July and imports also contracted.

The Hang Seng Index rallied 6.2 per cent in July, the biggest monthly gain since January, after a Politburo meeting hinted at a more dovish tone on reviving growth. Speculation has been swirling that the government will ease restrictions on home purchases in tier-one cities, boost fiscal spending and cut borrowing costs as follow-throughs.

Hansoh Pharmaceutical advanced 3.8 per cent to HK\$10.48 after tumbling 10 per cent over the past two days. Sino Biopharmaceutical rose 2.9 per cent to HK\$3.19 and Wuxi Biologics added 1.4 per cent to HK\$43.85. Alibaba Group Holding gained 1.1 per cent to HK\$94.10.

Among decliners, Country Garden lost 1.8 per cent to HK\$11.11, extending a 14 per cent slump spurred by a report that it missed coupon payments. Its property-management affiliate Country Garden Services Holdings dropped 1.6 per cent to HK\$7.99. Electric-vehicle maker BYD shed 0.2 per cent to HK\$259 and China Life Insurance retreated 0.8 per cent to HK\$13.12.

Three companies started trading on the mainland's exchanges. Bescient Technologies, which makes environment-monitoring instruments, rose 94 per cent to 70 yuan in Shanghai. Wind power equipment maker Yinchuan Weili Transmission Technology rallied 261 per cent to 128 yuan in Shenzhen and Tianjin Guoan Mengguli New Material Science & Technology, which makes lithium battery cathode materials, jumped 18 fold to 98.02 yuan.

Other major Asian markets were mixed. Japan's Nikkei 225 slid 0.5 per cent, while South Korea's Kospi rose 1.2 per cent and Australia's S&P/ASX 200 added 0.4 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 AUG 23 | 96 | 19236 | 19283 | 18893 |
| H. SENG FUT SEP 23 | 100 | 19236 | 19275 | 18900 |
| H. SENG FUT DEC 23 | 100 | 19448 | 19450 | 19111 |
| H. SENG FUT MAR 24 | 96 | 19236 | 19283 | 18893 |
| MINI H. SENG FUT AUG 23 | 96 | 19236 | 19283 | 18894 |
| MINI H. SENG FUT SEP 23 | 100 | 19236 | 19280 | 18897 |
| MINI H. SENG FUT DEC 23 | 100 | 19448 | 19488 | 19111 |
| MINI H. SENG FUT MAR 24 | 96 | 19236 | 19283 | 18894 |
| HSCEI FUT AUG 23 | 37 | 6620 | 6636 | 6490 |
| HSCEI FUT SEP 23 | 36 | 6617 | 6617 | 6488 |
| HSCEI FUT DEC 23 | 35 | 6710 | 6725 | 6597 |
| HSCEI FUT MAR 24 | 37 | 6620 | 6636 | 6490 |
| MINI HSCEI FUT AUG 23 | 37 | 6620 | 6635 | 6489 |
| MINI HSCEI FUT SEP 23 | 36 | 6617 | 6628 | 6488 |
| MINI HSCEI FUT DEC 23 | 35 | 6710 | 6715 | 6593 |
| MINI HSCEI FUT MAR 24 | 37 | 6620 | 6635 | 6489 |

| Major HSI Constituent Stocks | Close | Change | High | Low |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd | 71.7 | -0.8 | 72.45 | 70.95 |
| **Tencent Holdings Ltd | 337.2 | 2.4 | 338.2 | 332 |
| **HSBC Holdings PLC | 63.85 | -0.15 | 63.9 | 63.1 |
| **China Construction Bank Corp | 4.31 | 0.04 | 4.31 | 4.26 |
| **Ping An Insurance Group | 52.95 | 0.2 | 53 | 52 |
| **Meituan | 140.9 | 0.8 | 141.4 | 137.6 |
| *Hong Kong Exchanges & Clearing Ltd | 312.2 | 0.6 | 314 | 308 |
| **Alibaba Group Holdings Ltd | 94.1 | 1.05 | 94.4 | 92.05 |
| **Xiaomi Corp | 12.14 | 0.08 | 12.18 | 11.92 |
| **ICBC | 3.62 | 0.02 | 3.62 | 3.56 |

| Major HSCEI Constituent Stocks | Close | Change | High | Low |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc | 43.85 | 0.6 | 44.9 | 42.8 |
| **China Mobile Ltd | 64.5 | -0.4 | 64.85 | 64.3 |
| **Bank of China Ltd | 2.79 | 0.02 | 2.79 | 2.76 |
| *Techtronic Industries Co Ltd | 95.15 | -0.2 | 96.6 | 94.55 |
| *CK Hutchison Holdings Ltd | 43.2 | -0.2 | 43.4 | 42.95 |
| *Link REIT | 41.3 | -0.5 | 41.55 | 40.8 |
| *CLP Holding Ltd | 62 | -0.15 | 62.3 | 61.5 |
| **Geely Automobile Holdings Ltd | 10.32 | -0.06 | 10.38 | 10.14 |
| **CNOOC Ltd | 12.78 | 0.14 | 12.84 | 12.56 |
| **ANTA Sports Products Ltd | 86.3 | 0.2 | 86.5 | 85 |

| Global Equity Indices | Close | Change | High | Low |
|-----------------------|----------|---------|---------|----------|
| Hang Seng | 19246.03 | 61.86 | 19270.5 | 19056.1 |
| HSCEI | 6613.23 | 25.48 | 6618.55 | 6526.26 |
| Shanghai Comp Index | 3244.49 | -16.133 | 3257.08 | 3240.289 |
| Nikkei 225 | 32204.3 | -172.96 | 32407.9 | 32175.64 |
| KOSPI | 2605.12 | 31.14 | 2608.98 | 2576.21 |
| S&P/ASX200 | 7337.96 | 26.812 | 7341.5 | 7308 |
| DJIA | 35123.4 | -191.13 | 35370.9 | 35058.73 |
| S&P 500 | 4467.71 | -31.67 | 4502.44 | 4461.33 |
| NASDAQ | 13722 | -162.3 | 13898.5 | 13698.39 |
| DAX | 15852.6 | 77.65 | 15983.8 | 15831.08 |
| CAC | 7322.04 | 0.72 | 7381.38 | 7317.38 |
| FTSE100 | 7587.3 | 59.88 | 7600.79 | 7527.42 |

Technical Analysis

Mini Hang Seng

| | | | |
|-----------------|----------|-----------------|-------|
| 1st Resistance: | 19525 | 2nd Resistance: | 19813 |
| 1st Support: | 18947 | 2nd Support: | 18659 |
| MACD: | 77.873 | | |
| MACD DIFF: | -30.1204 | | |
| RSI: | 48.2239 | | |

Mini Hang Seng China Enterprise

| | | | |
|-----------------|--------|-----------------|------|
| 1st Resistance: | 6719 | 2nd Resistance: | 6819 |
| 1st Support: | 6521 | 2nd Support: | 6421 |
| MACD: | 58.244 | | |
| MACD DIFF: | 0.177 | | |
| RSI: | 51.159 | | |

Strategy:

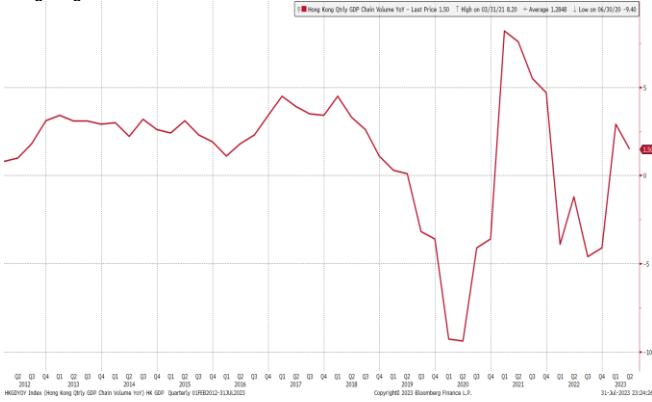
| | | | | | | |
|------------------------|-----------------------------|------------------|-------|-----------------------------|------------------|-------|
| Mini Hang Seng: | Long: Profit target: 18947 | Stop-loss: 19137 | 18853 | Long: Profit target: 18659 | Stop-loss: 18846 | 18566 |
| | Short: Profit target: 19525 | Stop-loss: 19329 | 19622 | Short: Profit target: 19813 | Stop-loss: 19615 | 19912 |

| | | | | | | |
|---|----------------------------|-----------------|------|----------------------------|-----------------|------|
| Mini Hang Seng China Enterprise: | Long: Profit target: 6521 | Stop-loss: 6586 | 6488 | Long: Profit target: 6421 | Stop-loss: 6486 | 6389 |
| | Short: Profit target: 6719 | Stop-loss: 6652 | 6753 | Short: Profit target: 6819 | Stop-loss: 6750 | 6853 |

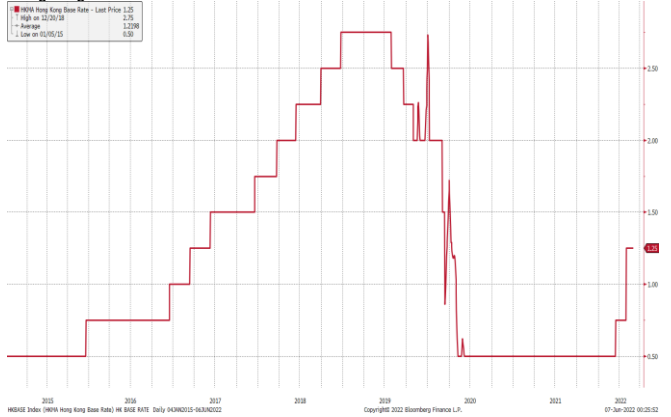
| Hong Kong Economic Releases | | Period | Survey | Actual | Prior | Revised |
|-----------------------------|------------|--------|--------|--------|--------|---------|
| 08/11/2023 16:30 | GDP YoY | 2Q F | 1.50% | -- | 1.50% | -- |
| 08/11/2023 16:30 | GDP SA QoQ | 2Q F | -- | -- | -1.30% | -- |

| China Economic Releases | | Period | Survey | Actual | Prior | Revised |
|-------------------------|-------------------------|--------|---------|--------|---------|---------|
| 08/09/2023 09:30 | CPI YoY | Jul | -0.40% | -0.30% | 0.00% | -- |
| 08/09/2023 09:30 | PPI YoY | Jul | -4.00% | -4.40% | -5.40% | -- |
| 08/09/2023 08/15 | Aggregate Financing CNY | Jul | 1100.0b | -- | 4220.0b | 4224.1b |
| 08/09/2023 08/15 | New Yuan Loans CNY | Jul | 780.0b | -- | 3050.0b | 3049.5b |
| 08/09/2023 08/15 | Money Supply M2 YoY | Jul | 11.00% | -- | 11.30% | -- |
| 08/09/2023 08/15 | Money Supply M1 YoY | Jul | 3.00% | -- | 3.10% | -- |
| 08/09/2023 08/15 | Money Supply M0 YoY | Jul | -- | -- | 9.80% | -- |
| 08/11/2023 08/18 | FDI YTD YoY CNY | Jul | -- | -- | -2.70% | -- |

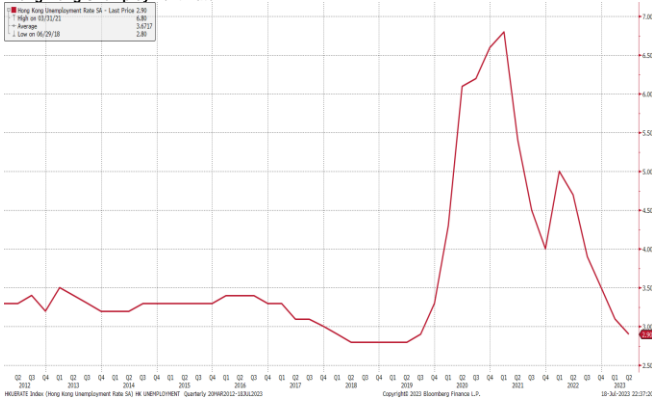
Hong Kong GDP Q on Q



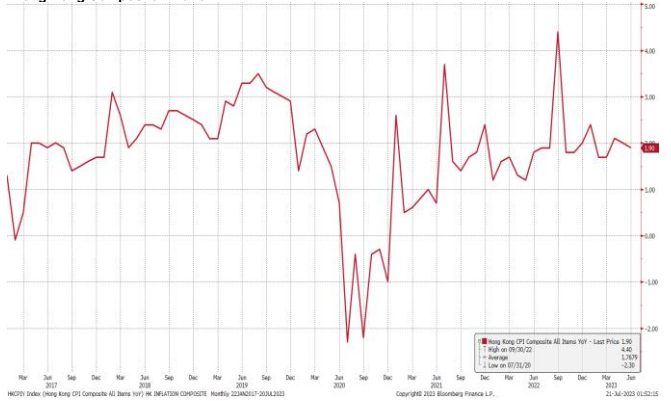
Hong Kong Base Interest Rate



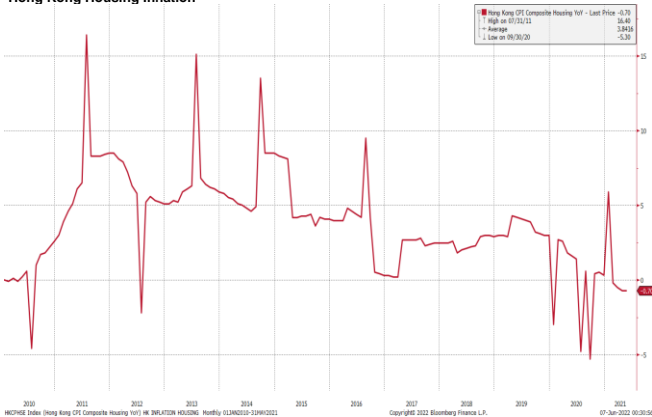
Hong Kong Unemployment Rate



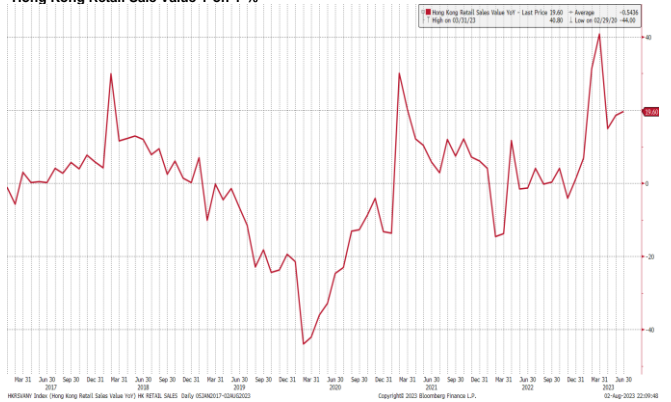
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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