

Fundamentals:

Hong Kong stocks slumped on Thursday after data showed a slowdown in industrial profits for Chinese companies, adding to concerns about corporate performance in the world's second largest economy and sending the benchmark to two month lows.

The Hang Seng Index fell 2.1 per cent to 17,716.47 at the close, a level not seen since April 26, and the Hang Seng Tech Index slid 2.7 per cent. The Shanghai Composite Index retreated 0.9 per cent, as investors pruned risk from their portfolios and turned to havens, driving the 10-year Chinese government bond yields to 22-year lows.

Sentiment also took a pounding after the Japanese yen weakened to its lowest level against the US dollar since 1986, spurring concerns about competitive currency devaluation in the Asia-Pacific region, moves that could trigger more capital outflows. The dollar index approached its highest in the year.

Sell-off was broad-based, as all but five stocks in the city's 82-member benchmark dropped. Profit for Chinese industrial companies increased 0.7 per cent from a year earlier in May, decelerating from a 4 per cent gain in the previous month, the statistics bureau said on Thursday.

"This is a setback for the economic recovery and the momentum seems to have weakened, with the property market still in a downtrend," said Yao Liqi, an analyst at Shenwan Hongyuan Group. "Sentiment is weak and the correction may continue."

Meanwhile, Beijing's measures to shore up the property market, including steps like a cut in down payment ratios and mortgage rates, drew a tame reaction from investors with analysts at Japanese investment bank Nomura saying the relaxation came in "slower than expected". Beijing is the last among China's four first-tier cities to roll out the supportive policies in a follow-through of a nationwide rescue package unveiled last month.

"Beijing did not make major adjustments to the local home-purchase restrictions – unlike Shanghai – indicating Beijing government's more conservative stance on relaxing policy for the local property market," Nomura Holdings said in a note.

The property sector's shrinking market capitalisation is in focus. A clutch of Hong Kong-listed Chinese property developers, including Soho China and Shimao Group Holdings, risk losing the backing of mainland investors, as their valuation falls below the threshold limit for inclusion in the Stock Connect programme.

The Hang Seng Index has lost about a third of the gains made from a January low, as Chinese economic data underwhelmed and amid uncertainty around the timing of a potential interest rate cut by the US Federal Reserve. Much hope is pinned around next month's third plenary session, where a meeting of the elite of China's ruling Communist Party will decide on long-term policies and reforms.

Among leading decliners, packaged-water company Nongfu Spring slumped 7.4 per cent to HK\$37.10, smartphone maker Xiaomi sank 7.2 per cent to HK\$16.54 and instant noodle manufacturer Tingyi Holding retreated 6.5 per cent to HK\$9.39.

Bucking the decline, New World Development added 0.4 per cent to HK\$7.26 after selling a stake in a property project to its parent for 1.44 billion yuan (US\$198.2 million) to lower debt.

Other major Asian markets were broadly weaker. Japan's Nikkei 225 slid 0.8 per cent, while Australia's S&P/ASX 200 and South Korea's KOSPI both eased 0.3 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 JUN 24	-331	17733	18070	17715
H. SENG FUT JUL 24	-340	17610	17961	17560
H. SENG FUT SEP 24	-340	17594	17927	17543
H. SENG FUT DEC 24	-336	17742	18026	17695
MINI H. SENG FUT JUN 24	-331	17733	18070	17715
MINI H. SENG FUT JUL 24	-340	17610	17961	17560
MINI H. SENG FUT SEP 24	-340	17594	18100	17547
MINI H. SENG FUT DEC 24	-336	17742	18199	17698
HSCEI FUT JUN 24	-126	6337	6466	6332
HSCEI FUT JUL 24	-145	6249	6399	6238
HSCEI FUT SEP 24	-143	6250	6386	6240
HSCEI FUT DEC 24	-146	6307	6412	6300
MINI HSCEI FUT JUN 24	-126	6337	6466	6331
MINI HSCEI FUT JUL 24	-145	6249	6398	6238
MINI HSCEI FUT SEP 24	-143	6250	6368	6237
MINI HSCEI FUT DEC 24	-146	6307	6450	6300

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	53.25	-1.2	54.1	52.8
**Tencent Holdings Ltd	374.4	-7.6	380	372.2
*HSBC Holdings PLC	68.3	0	68.3	67.55
**China Construction Bank Corp	5.72	-0.07	5.77	5.69
**Ping An Insurance Group	35.95	-0.85	36.8	35.65
**Meituan	113.7	-3.3	116.7	112.6
*Hong Kong Exchanges & Clearing Ltd	251.6	-4.4	254.4	251.2
**Alibaba Group Holdings Ltd	71.55	-1.3	72.6	71.25
**Xiaomi Corp	16.54	-1.28	17.68	16.34
**ICBC	4.57	-0.05	4.6	4.54

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	11.68	-0.52	12.12	11.56
**China Mobile Ltd	75	0.45	75.4	74.1
**Bank of China Ltd	3.8	-0.02	3.82	3.76
*Techtronic Industries Co Ltd	92.95	1.65	93.7	92.05
*CK Hutchison Holdings Ltd	36.85	-0.55	37.4	36.6
*Link REIT	30	-0.6243	30.45	29.75
*CLP Holding Ltd	62.15	-1.1	63.2	62.1
**Geely Automobile Holdings Ltd	8.9	-0.25	9.13	8.85
**CNOOC Ltd	21.75	-0.8	22.5	21.65
**ANTA Sports Products Ltd	76.2	-1.7	77.55	75.9

Global Equity Indices	Close	Change	High	Low
Hang Seng	17716.47	-373.46	17961.9	17677.33
HSCEI	6324.05	-153.19	6435.87	6314.16
Shanghai Comp Index	2945.85	-26.673	2963.06	2944.898
Nikkei 225	39341.5	-325.53	39439.2	39193.51
KOSPI	2784.06	-7.99	2784.33	2761.55
S&P/ASX200	7759.6	-23.411	7783	7654.2
DJIA	39105.4	-22.44	39250.7	39026.75
S&P 500	5475.01	-2.89	5490.81	5467.54
NASDAQ	17863.8	58.62	17892.8	17765.42
DAX	18210.6	55.31	18265.5	18141.28
CAC	7530.72	-1.03	7626.38	7522.16
FTSE100	8179.68	-45.65	8232.87	8179.68

Technical Analysis

Mini Hang Seng

1st Resistance:	17999	2nd Resistance:	18265
1st Support:	17467	2nd Support:	17201
MACD:	-97.938		
MACD DIFF:	-36.6193		
RSI:	39.7467		

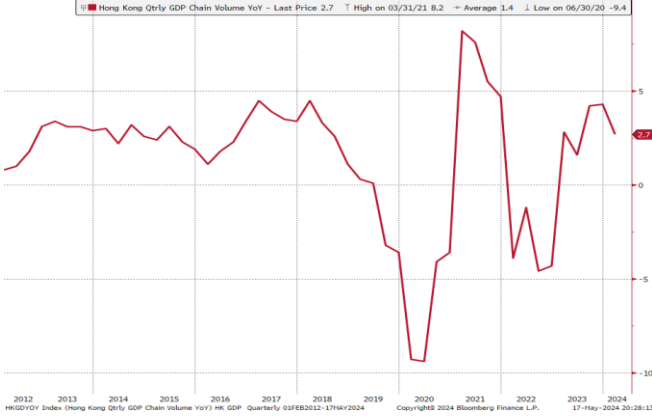
Mini Hang Seng China Enterprise

1st Resistance:	6432	2nd Resistance:	6527
1st Support:	6242	2nd Support:	6147
MACD:	-19.459		
MACD DIFF:	-8.510		
RSI:	42.0906		

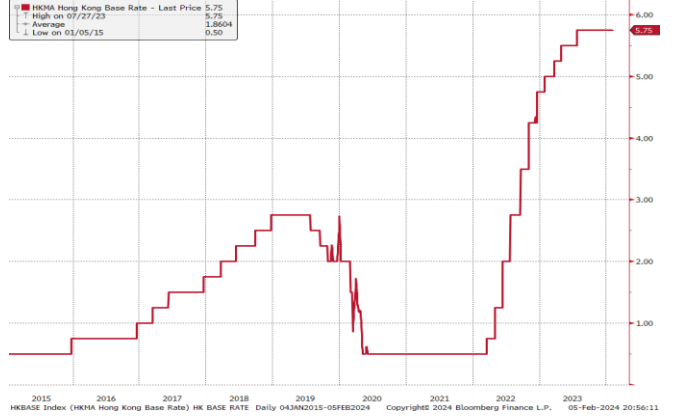
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
06/20/2024 16:30	Unemployment Rate SA	May	3.00%	3.00%	3.00%	--
06/21/2024 16:30	BoP Current Account Balance	1Q	--	\$100.96b	\$71.20b	\$70.72b
06/21/2024 16:30	BoP Overall	1Q	--	-\$35.51b	-\$9.11b	--
06/21/2024 16:30	CPI Composite YoY	May	1.30%	1.20%	1.10%	--
06/25/2024 16:30	Exports YoY	May	14.80%	14.80%	11.90%	--
06/25/2024 16:30	Imports YoY	May	8.50%	9.60%	3.70%	--
06/25/2024 16:30	Trade Balance HKD	May	--	-8.7b	-12.1b	-10.2b
06/28/2024 16:30	Money Supply M1 HKD YoY	May	--	--	-9.90%	--
06/28/2024 16:30	Money Supply M2 HKD YoY	May	--	--	0.50%	--
06/28/2024 16:30	Money Supply M3 HKD YoY	May	--	--	0.50%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
06/27/2024 09:30	Industrial Profits YTD YoY	May	--	3.40%	4.30%	--
06/27/2024 09:30	Industrial Profits YoY	May	--	0.70%	4.00%	--
06/30/2024 09:30	Composite PMI	Jun	--	--	51	--
06/30/2024 09:30	Manufacturing PMI	Jun	--	--	49.5	--
06/30/2024 09:30	Non-manufacturing PMI	Jun	--	--	51.1	--

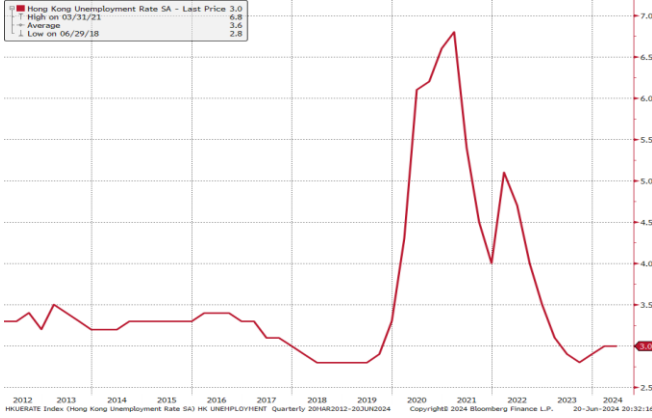
Hong Kong GDP Y on Y



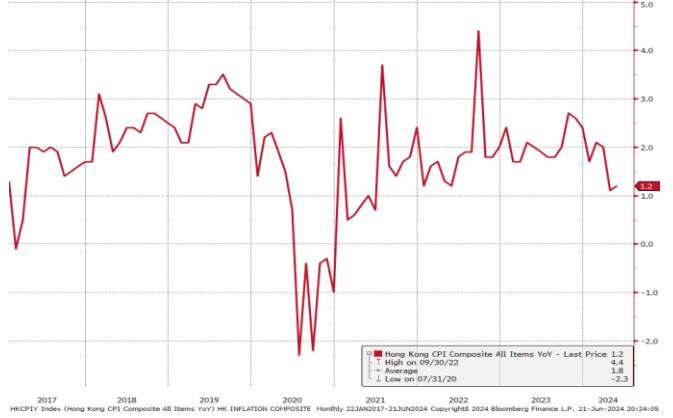
Hong Kong Base Interest Rate



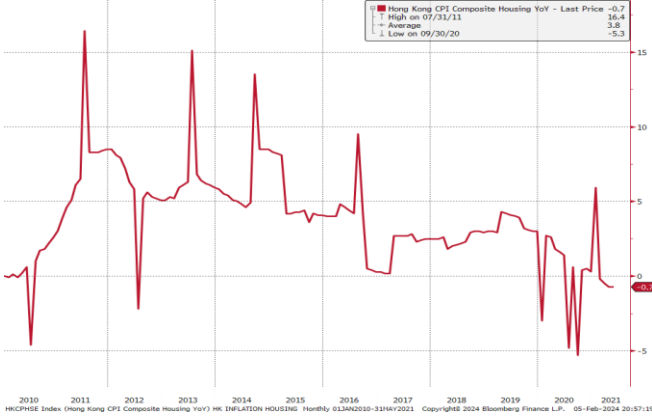
Hong Kong Unemployment Rate



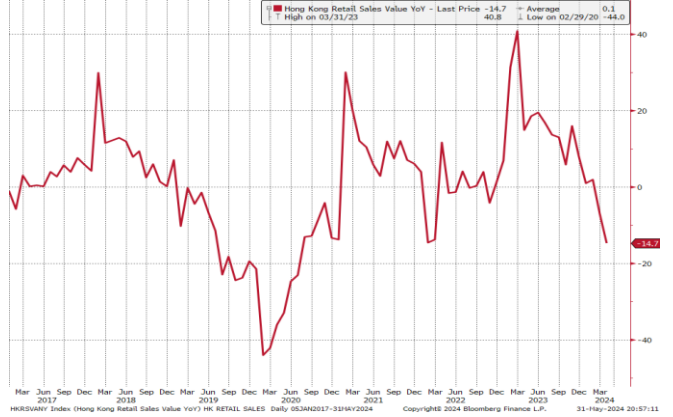
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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