

Fundamentals:

Hong Kong stocks advanced for a third straight day as heavyweight Alibaba Group sparked a tech rally, while mainland investors lent support piling into high dividend stocks. Gains were tempered by data that showed slowing momentum in service activity.

The Hang Seng Index closed up 1.2 per cent to 17,978.57 on Wednesday after briefly topping the 18,000 level, with the Tech Index rallying 2.5 per cent in a rebound from two-month lows. The Shanghai Composite Index declined 0.5 per cent.

E-commerce group Alibaba rallied 2.5 per cent to HK\$72.20, its best gain in two weeks, after the company said it rewarded shareholders with US\$5.8 billion in share buy-backs last quarter. Food delivery platform Meituan jumped 4.3 per cent to HK\$117.10 and search engine operator Baidu jumped 2.7 per cent to HK\$86.20, while electric vehicle maker jumped 5.4 per cent to HK\$77.75.

Risk appetite was strong after US Federal Reserve Chair Jerome Powell said the world's largest economy is back on a "disinflationary path", a comment which was interpreted as suggesting that the US central bank may launch a rate easing cycle later this year.

"Sentiment is stabilising following the consolidation" from a peak in May, analysts at Huatai Securities said in a note on Wednesday. Still, the market is torn between those who feel the worst is over and those who expect conditions are about to get worse. However, southbound flows should lend support to the market, they added.

The Hang Seng Index is clawing back ground after losing as much as 9.8 per cent since May 20, as mainland investors focused on high-dividend-yielding shares in Hong Kong amid a sluggish stock market at home.

Onshore funds bought HK\$9.6 billion (US\$770 million) worth of local shares this week, following a net buying of HK\$37.1 billion (US\$47.5 billion) in the first half which topped the total inflow of 2023, Stock Connect data shows.

Enthusiasm was capped by a private report released on Wednesday that showed China's services activity expanded at the slowest pace in eight months. The Caixin China services purchasing managers' index (PMI) was 51.2 in June, slowing from 54 in May and falling short of consensus estimates.

Elsewhere, three stocks debuted on Wednesday. Two new listings in Hong Kong tumbled, with Zhonggan Communication Group declining 46 per cent to HK\$0.67 and Xian Kingfar Property Services dropping 11.5 per cent to HK\$6.64. In Shanghai, driving equipment maker Shanghai Ananda Drive Techniques surged 100 per cent to 41.19 yuan per share on its first day of trading.

Other major Asian markets were broadly higher. Japan's Nikkei 225 added 1.3 per cent, South Korea's Kospi edged up 0.5 per cent and Australia's S&P/ASX 200 gained 0.3 per cent.

(Source: South China Morning Post)

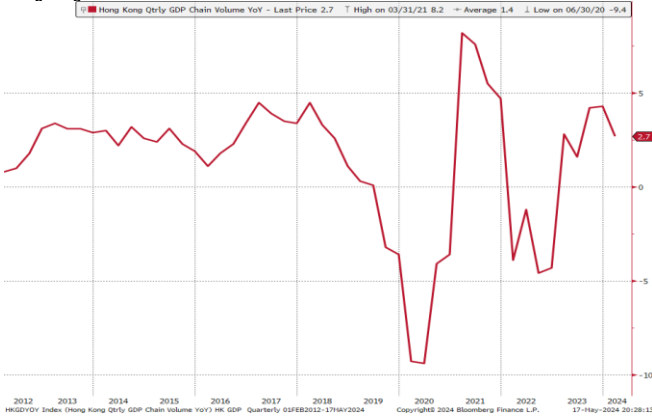
Mini Hang Seng Futures Daily Chart



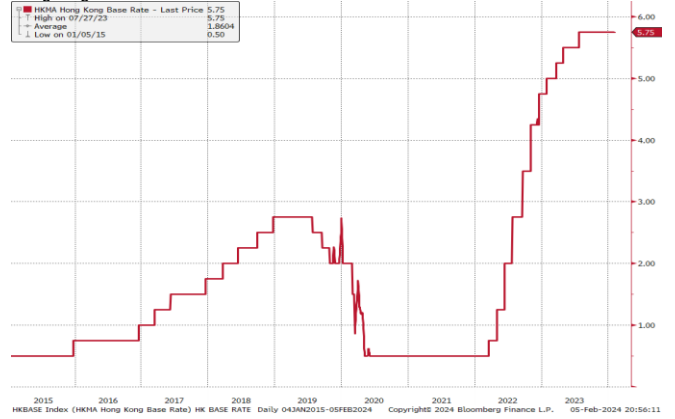
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised
07/04/2024 08:30	S&P Global Hong Kong PMI	Jun	--	--	49.2
07/18/2024 16:30	Unemployment Rate SA	Jun	--	--	3.00%
07/22/2024 16:30	CPI Composite YoY	Jun	--	--	1.20%
07/31/2024 16:30	GDP SA QoQ	2Q A	--	--	2.30%
07/31/2024 16:30	GDP YoY	2Q A	--	--	2.70%
07/31/2024 16:30	Money Supply M1 HKD YoY	Jun	--	--	-8.40%
07/31/2024 16:30	Money Supply M2 HKD YoY	Jun	--	--	1.50%
07/31/2024 16:30	Money Supply M3 HKD YoY	Jun	--	--	1.50%

China Economic Releases	Period	Survey	Actual	Prior	Revised
07/03/2024 09:45	Caixin China PMI Composite	Jun	--	--	52.8
07/03/2024 09:45	Caixin China PMI Services	Jun	53.4	--	51.2
07/09/2024 07:15	Money Supply M2 YoY	Jun	6.80%	--	7.00%
07/09/2024 07:15	Money Supply M1 YoY	Jun	--	--	-4.20%
07/09/2024 07:15	Money Supply M0 YoY	Jun	--	--	11.70%
07/10/2024 09:30	PPI YoY	Jun	-0.80%	--	-1.40%
07/10/2024 09:30	CPI YoY	Jun	0.40%	--	0.30%
07/11/2024 07:18	FDI YTD YoY CNY	Jun	--	--	-28.20%

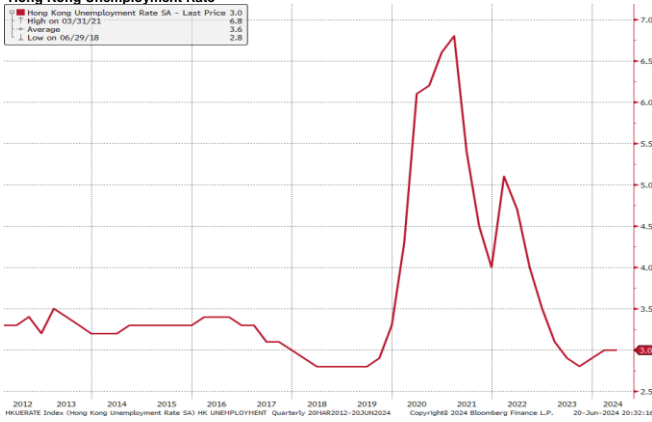
Hong Kong GDP Y on Y



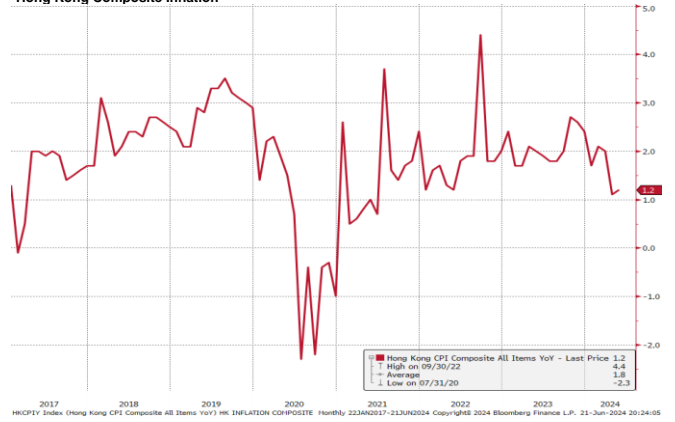
Hong Kong Base Interest Rate



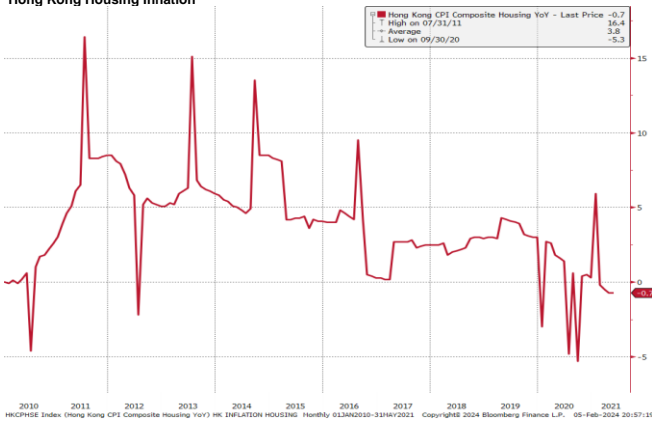
Hong Kong Unemployment Rate



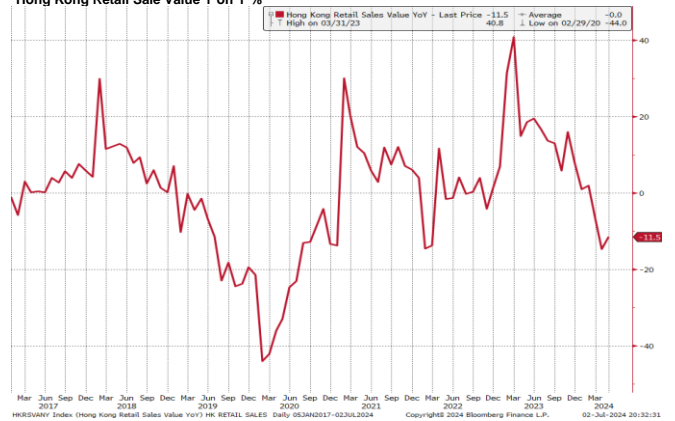
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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