

Major indices - performance



Global Index	Closina	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	30515.31	2.0	3.3	5.1
HANG SENG CHINA ENT INDX	12068.99	3.1	3.8	5.7
SHANGHAI SE COMPOSITE	3348.326	1.2	1.9	1.6
SHENZHEN SE COMPOSITE I	1919.198	1.0	2.2	0.9
CSI 300 INDEX	4087.4	1.40	1.4	2.8
DOW JONES INDUS. AVG	24824.01	0.42	0.3	2.4
S&P 500 INDEX	2695.81	0.8	0.5	2.0
NASDAQ COMPOSITE INDEX	7006.898	1.5	0.7	2.3
DAX INDEX	12871.39	-0.4	-1.5	0.1
CAC 40 INDEX	5288.6	-0.5	-1.4	-0.5
FTSE 100 INDEX	7648.1	-0.5	0.7	4.8

Sources: Bloomberg as of 3 January 18

Commodities	Closina	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	66.57	-0.4	0.0	4.7
Gold	1317.56	1.1	2.1	3.0
Steel (HRC China)	4292	0.1	-0.1	0.2
Aluminium	2264.5	-0.2	5.4	9.2
Copper	7205	-0.6	1.7	5.4

Sources: Bloomberg as of 3 January 18

Currencies (vs. US\$)	Closina	Performance chg. (%)		
		1D	1W	1M
CNY	6.493	-0.21	0.8	1.8
HKD	7.815	0.01	-0.1	0.0
JPY	112.29	-0.30	0.9	0.1
EUR	1.2059	0.39	1.2	1.4
GBP	1.359	0.64	1.4	0.8
AUD	0.783	0.32	0.6	2.9
CAD	1.2512	-0.26	1.1	1.2

Sources: Bloomberg as of 3 January 18

Economic Calendar

Date	Event	Est.	Prior
4-Jan-18	China Caixin PMI composite (Dec)	N/A	51.6
	China Caixin PMI services (Dec)	51.8	51.9
5-Jan-18	HK foreign reserves (Dec)	N/A	\$422.1bn
7-Jan-18	China foreign reserves (Dec)	\$3123.2bn	\$3119.3bn
10-Jan-18	China PPI YoY (Dec)	4.9%	5.8%
	China CPI YoY (Dec)	1.9%	1.7%
15-Jan-18	China money supply M0 YoY (Dec)	N/A	5.7%
	China money supply M1 YoY (Dec)	12.50%	12.70%
	China money supply M2 YoY (Dec)	9.30%	9.10%
	China aggregate financing CNY (Dec)	1550.0bn	1600.0bn
	China New Yuan Loans CNY (Dec)	1000.0bn	1120.0bn
18-Jan-18	China foreign direct investments YoY CNY (Dec)	N/A	90.7%

Sources: Bloomberg as of 3 January 18

Market commentary

Hong Kong and China market outlook

US stocks slipped amid thin trading on the final market day of 2017. Healthcare, financials and technology stocks were the bigger decliners. For the year, the S&P increased 19%, the Nasdaq rose 27%, and the Dow added 25%.

In corporate news, Apple (AAPL.US +1.79%) apologized for iPhone speed cuts to prevent crashing. Netflix (NFLX.US +4.75%) CEO Reed Hastings will receive nearly \$30m in stock options this year. Goldman Sachs (GS.US +0.36%) expects a \$5bn hit from tax overhaul for 4Q17. Citigroup (C.US -0.07%) will pay \$11.5m fines, compensation over errant stock ratings. On the Chinese front, China December manufacturing PMI was 51.6, in line with market expectation but worse than prior figures. Meanwhile, there will be RMB545bn worth of restricted A-shares to be unlocked this month.

This week's focus may come from blue chips that are potentially supported by SSF and insurers and Chinese bank stocks as PBOC increases liquidity and plans to launch trial program for H shares circulation.

Meanwhile, mainland media reports that some China 2nd tier cities will relax the housing purchase limit policy given population control in 1st tier cities. The government may encourage people to migrate to 2nd tier cities, triggering housing demand. Thus, China's property sector will also be a focus this week.

Hong Kong market sector movers and news tracker

1) HK property sector: Total supply of new flats will reach 35,000 units this year with increased prices and mortgage rates according to market watchers.

• Related stocks: Wharf (4.HK +2.22%), SHK (16.HK +0.92%), Henderson Land (12.HK +1.36%), New World Development (17.HK +1.02%)

2) Macau gaming sector: Gaming revenue increased 19% YoY to HK\$257.9bn in 2017, whereas monthly revenue increased 15% YoY to HK\$22.04bn for December.

• Related stocks: Sands China (1928.HK -2.11%), Wynn (1128.HK -2.83%), Galaxy (27.HK -3.99%), Melco (200.HK -0.22%)

3) China bank sector: According to Xinhua, Chinese government strengthens the central parity rate of the RMB 70bps to 6.53 against the USD.

• Related stocks: BOC (3988.HK +2.08%), ICBC (1398.HK +3.02%), CCB (939.HK +3.06%), CM Bank (3968.HK +4.02%)

4) China semiconductor sector: According to NDRC, sharp increase in mobile phone chip prices may cause regulator to introduce price fixing.

• Related stocks: Unisplendour Technology (365.HK -8.17%), Legend (3396.HK -18.25%), Semiconductor Manufacturing International (981.HK -6.66%), China Soft Power (139.HK -0.77%)

5) Oil sector: Trading activity limited as a result of holidays, but prices of Brent crude futures were unchanged nearing US\$65.83/barrel.

• Related stocks: CNOOC (883.HK +2.67%), Petro China (857.HK +2.39%), Sinopec (386.HK +3.14%), China Oilfield (2883.HK +1.58%)

Shanghai-Hong Kong Stock Connect

Northbound Daily (RMB bn)	Quota	Balance	Percent	# of buy trades (k)	# of sell trades (k)
25/12/2017	N/A	N/A	N/A	N/A	N/A
26/12/2017	N/A	N/A	N/A	N/A	N/A
27/12/2017	13.0	12.2	94%	175.9	156.9
28/12/2017	13.0	11.4	88%	140.8	105.9
29/12/2017	13.0	12.1	93%	111.8	85.3

Sources: HKEX

Southbound Daily (RMB bn)	Quota	Balance	Percent	# of buy trades (k)	# of sell trades (k)
25/12/2017	N/A	N/A	N/A	N/A	N/A
26/12/2017	N/A	N/A	N/A	N/A	N/A
27/12/2017	10.5	9.5	91%	58.0	62.0
28/12/2017	10.5	9.0	86%	68.6	51.5
29/12/2017	10.5	8.2	78%	76.3	42.3

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)	Quota	Balance	Percent	# of buy trades (k)	# of sell trades (k)
25/12/2017	N/A	N/A	N/A	N/A	N/A
26/12/2017	N/A	N/A	N/A	N/A	N/A
27/12/2017	13.0	12.9	99%	159.8	143.0
28/12/2017	13.0	11.5	89%	157.9	110.4
29/12/2017	13.0	12.2	94%	114.4	94.5

Sources: HKEX

Southbound Daily (RMB bn)	Quota	Balance	Percent	# of buy trades (k)	# of sell trades (k)
25/12/2017	N/A	N/A	N/A	N/A	N/A
26/12/2017	N/A	N/A	N/A	N/A	N/A
27/12/2017	10.5	9.8	94%	34.9	28.5
28/12/2017	10.5	9.7	92%	33.7	23.8
29/12/2017	10.5	9.2	87%	40.2	26.5

Sources: HKEX, SSE

IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Business
Vobile Group	3738.HK	4/1/2018	2.50-3.70	E-commerce
Sanbase Corporation	8501.HK	4/1/2018	1.56-2.04	Construction
China Futex Holdings	8506.HK	4/1/2018	0.18-0.28	Machinery & equipment
Ruifeng Power Group	2025.HK	5/1/2018	1.60-1.68	Automobiles
Excalibur Global Financial	8350.HK	12/1/2018	0.375-0.425	Securities
Wine's Link International	8509.HK	12/1/2018	0.55-0.75	Alcoholic drinks
C-MER Eye Care Holdings	3309.HK	15/1/2018	2.35-2.90	Medical equipment
Taste.Gourmet Group	8371.HK	15/1/2018	0.86-1.09	Restaurants & fast food
Everbright Grand China Assets	3699.HK	16/1/2018	1.30-1.49	Property investment
Zhenro Properties Group	6158.HK	16/1/2018	3.40-4.08	Property development
Thing On Enterprise	2292.HK	16/1/2018	1.00-1.24	Property management
Space Group Holdings	2448.HK	16/1/2018	1.00-1.40	Construction
ISP Global	8487.HK	16/1/2018	0.30-0.40	IT hardware
Dragon King Group	8493.HK	16/1/2018	0.18-0.26	Restaurants
Sling Group Holdings	8285.HK	16/1/2018	0.43	IT hardware
ZACD Group	8313.HK	16/1/2018	0.26-0.33	Property investment
Twintek Investment	6182.HK	17/1/2018	0.52-0.68	Construction materials
JTF International	8479.HK	17/1/2018	0.50	Petro & gas
Bank of Gansu	2139.HK	18/1/2018	2.61-2.77	Banks
Zioncom Holdings	8287.HK	18/1/2018	0.28-0.52	IT hardware
Pentamaster International	1665.HK	19/1/2018	0.90-1.10	Semiconductors
Atlinks Group	8043.HK	19/1/2018	0.50-0.90	Telecomm
IAG Holdings	8513.HK	19/1/2018	0.60-0.70	Medical equipment
Xinghua Port	1990.HK	12/2/2018	N/A	Marine & harbor

Sources: HKEX, Bloomberg

Market commentary

Hong Kong notable market movers and news tracker

- Guangzhou R&F (2777.HK +9.76%) sold HK\$81.8bn in 2017, representing a 35% YoY increase and contracted area of 6.3m m2.
- Homebuyer forfeits HK\$170,000 deposit in Henderson Land (12.HK +1.36%) project with sale & purchase transaction worth HK\$3.45m.
- Chinese Estates (127.HK +2.38%) holds HK\$9.9bn worth of valued shares of Evergrande (3333.HK +4.64%).
- Postal Savings BOC (1658.HK +1.72%) receives administrative penalty of HK\$6bn issued by CBRC.
- SHK (16.HK +0.92%) reports sales of HK\$76.75m as of Dec 31 2017, representing a 10% YoY increase.
- Weiqiao Textile (2698.HK -1.35%) requested to pay special dividend of HK\$4bn, and to cease lending to parent company.
- Easyknit International (1218.HK +2.90%) to sell stakes in HKEX (388.HK +4.34%) at an estimated of HK\$174/shr.
- BOC (3988.HK +2.08%) executive VP Gao Yingxin to take over BOC HK's (2388.HK +0.76%) CE Yue Yi.
- Digital China (861.HK -5.46%) to focus on GD-HK-Macau Greater Bay Area as GZ City Construction Investment Group holds 22% stake in the company.
- Geely (175.HK +0.92%) buys 8.2% stake in AB Volvo (VOLV-B.SE +1.38%) for HK\$25.6bn.
- Convoy (1019.HK suspended) and subsidiaries grant share options to 800+ individuals.
- Hopewell (54.HK +10.05%) has agreed to sell 66.69% stake of Hopewell Infra (737.HK -2.41%) to Shenzhen Investment Intl Capital Hldgs Infrastructure for HK\$9.87bn, or HK\$4.80 apiece.
- Legend (3396.HK -18.25%) ends nine day rising streak.
- CK Asset (1113.HK +0.88%) sold over 3,200 new homes or HK\$52.8bn worth of property in 2017.
- Ali Health (241.HK +0.76%) says Mr Tsai Chung, Josepha and Ms Huang Aizhu have resigned as non-executive directors, effective as pf Dec 29, 2017; no disagreements with Board.

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