

Weekly market commentary report

05 March 2018 Monday

Market outlook and news tracker

Hong Kong and China market outlook

US stocks closed mixed last Friday due to loss in the consumer services, real estate, and materials sectors while semiconductors & equipment, pharmaceuticals, and biotechnology sectors rose. Last week, President Trump proposes to invoke tariffs on imported steel & aluminum, 25% and 10% respectively. Further, Trump also tweeted to threaten a "retaliatory tax" on EU car exports. Regarding corporate news, retailers reported earnings such as Gap (GPS.US +7.82%) posted a growth of 19.6% YoY increase in 4Q adjusted EPS to US\$0.61. Foot Locker (FL.US -12.73%) EPS dropped 8% YoY to US\$1.26, missing estimates on sales of US\$2.21bn while Nordstrom (JWN.US +5.07%) revenue grew 8.8% YoY to US\$4.7bn. Sunac (1918.HK +0.18%) and Nova Property Investment start RMB20bn commercial property fund. Several property companies reported their February contracted sales including Shimao Property (813.HK -2.11%) – reporting a RMB7.1bn sales representing a 35.9% YoY increase, and Vanke (2202.HK -0.57%) – reporting a RMB35.6bn sales representing a 7.6% YoY decrease.

Today, China's NPC starts its annual meetings and discuss upcoming projects and prospects for the country, some of which include "new thought" and "new anti-corruption model". So far, Premier Li has said it will keep China's economic growth target at 6.5%, while defense budget will increase to RMB1.044tr, a 7% increase.

This week's focus will continue to be on new ideas shared by the NPC, and on year end and interim results as players from various industries will report earnings.

Hong Kong market sector movers and news tracker

1)China bank sector: PBOC strengthened the RMB 18 bps to 6.3334 against USD.

• Related stocks: BOC (3988.HK -0.94%), ICBC (1398.HK -2.06%), CCB (939.HK -2.68%), CM Bank (3968.HK -2.41%)

2)Oil sector: Price of US crude dropped to US\$61.64/barrel while Brent crude fell to US\$65.78/barrel last Wednesday.

• Related stocks: CNOOC (883.HK -1.42%), Petro China (857.HK -2.01%), Sinopec (386.HK -1.43%), China Oilfield (2883.HK -2.06%)

3)China insurance sector: CIRC continue crackdown relating to foreign investment rules amid Anbang Insurance Group investigations.

• Related stocks: PingAn (2318.HK -2.36%), China Life (2628.HK -1.50%), China Re (1508.HK -1.15%)

4)HK property sector: Over the weekend, transactions showed 140% higher than the previous week in major estates according to Ricacorp Properties.

• Related stocks: SHK (16.HK -0.97%), Kerry (683.HK -0.27%), Henderson (12.HK -0.55%), NWD (17.HK -0.80%)

5)Steel & aluminum sector: Trump says US will impose tariffs on steel & aluminum imports to protect producers from "unfair competition", China's Ministry of Commerce expresses discontent saying that the moves violate rules of the WTO.

• Related stocks: Angang Steel (347.HK -2.35%), Maanshan Iron (323.HK -4.76%), Chalco (2600.HK -2.55%), ZhongWang (1333.HK +0.24%)

Performance indices

Global Index	Closing	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	30583.45	-1.5	-4.2	-6.5
HANG SENG CHINA ENT INDX	12203.91	-1.8	-5.9	-10.4
SHANGHAI SE COMPOSITE	3254.528	-0.6	-2.2	-6.6
SHENZHEN SE COMPOSITE I	1822.215	-0.6	0.8	1.3
CSI 300 INDEX	4016.46	-0.81	-2.5	-6.0
DOW JONES INDUS. AVG	24538.06	-0.29	-3.0	0.8
S&P 500 INDEX	2691.25	0.5	-2.0	1.6
NASDAQ COMPOSITE INDEX	7257.867	1.1	-1.1	4.2
DAX INDEX	11913.71	-2.3	-4.6	-6.1
CAC 40 INDEX	5136.58	-2.4	-3.4	-2.8
FTSE 100 INDEX	7069.9	-1.5	-2.4	-3.6

Sources: Bloomberg as of 5 March 18

Performance chg. (%)

Commodities	Closing	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	64.37	0.8	-4.1	-4.0
Gold	1322.75	0.4	-0.5	-1.0
Steel (HRC China)	4009	-0.7	-1.1	0.3
Aluminium	2149	0.1	0.4	-2.8
Copper	6898	-0.3	-2.8	-2.1

Sources: Bloomberg as of 5 March 18

Performance chg. (%)

Currencies to US\$	Closing	Performance chg. (%)		
		1D	1W	1M
CNY	6.3454	-0.20	-0.3	-0.6
HKD	7.8308	0.04	-0.1	-0.1
JPY	105.75	-0.46	1.4	3.5
EUR	1.2317	0.41	-0.2	-0.6
GBP	1.3802	0.19	-1.3	-1.2
AUD	0.776	0.05	-1.4	-1.7
CAD	1.2882	0.35	-1.7	-2.8

Sources: Bloomberg as of 5 March 18

Economic Calendar

Date	Event	Est.	Prior
7-Mar-18	CH foreign reserves (Feb)	\$3150.0bn	\$3161.46bn
	HK foreign reserves (Feb)	n.a	\$441.5bn
8-Mar-18	CH trade balance (Feb)	-\$8.45bn	\$20.34bn
	CH imports YoY (Feb)	6.5%	36.9%
	CH trade balance CNY (Feb)	-70.45bn	135.80bn
	CH exports YoY CNY (Feb)	6.9%	6.0%
9-Mar-18	CH imports YoY CNY (Feb)	5.6%	30.2%
	CH PPI YoY (Feb)	3.8%	4.3%
15-Mar-18	CH CPI YoY (Feb)	2.4%	1.5%
	CH money supply M2 YoY (Feb)	8.8%	8.6%
	CH money supply M1 YoY (Feb)	10.8%	15.0%
	CH money supply M0 YoY (Feb)	n.a	-13.8%
	CH aggregate financing CNY (Feb)	1000.bn	3060.0bn
	CH New Yuan Loans CNY (Feb)	900.0bn	2900.0bn
18-Mar-18	CH FDI YoY CNY (Feb)	n.a	0.3%

Sources: Bloomberg as of 5 March 18

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Hong Kong notable market movers and news tracker

- 1) CLP (2.HK +0.13%) to introduce technology Smart Meters in HK to track household power consumption.
- 2) China Unicom (762.HK -1.29%) issues positive profit alert – increasing 193% YoY to RMB 1.83bn for FY17 due to faster mobile service development.
- 3) Harbor Centre Development (51.HK -0.26%) core profit increase 69% YoY to HK\$1.32bn for FY17.
- 4) Wheelock (20.HK -1.11%) offers 320 units in Malibu project at avg HK\$14,347/ft².
- 5) Esprit (330.HK -1.63%) reports net loss of HK\$954m for 2H17 due to weaker offline sales.
- 6) Sino Land (83.HK -1.39%) reports 200% YoY increase in NP to HK\$10.37bn for 2H17.
- 7) Hysan (14.HK -0.80%) reports 5.1% YoY rise in underlying profit to HK\$2,491m for FY17 due to retail sales improvements.
- 8) Galaxy (27.HK -0.37%) reports 67% YoY increase in NP to HK\$10.5bn for FY17 due to market recovery and rise in VIP gaming revenue.
- 9) SJM (880.HK -3.08%) reports 15.6% YoY decrease in NP to HK\$1.96bn and 0.2% YoY increase in revenue to HK\$41.9bn for FY17.
- 10) HKEX (388.HK -1.99%) to set up market promotions team and reported 28% YoY increase in NP to HK\$7.4bn in FY17.
- 11) ANTA Sports (2020.HK -0.25%) reported 29.4% YoY increase in NP to RMB3.09bn, with final dividend of HK\$0.41 and special dividend of HK\$0.16 for FY17.
- 12) HK Electric (2638.HK -0.14%) appoints CK Asset (1113.HK -1.45%) as project manager in hotel development.
- 13) NWD (17.HK -1.32%) commercial project Victoria Dockside, is due to open in 2019.
- 14) MTR (66.HK -0.96%) CEO Lincoln Leong Kowk-kuen reappointed until 2020.
- 15) Come (493.HK -2.20%) issues profit warning, expecting a net loss of RMB300-500m due to impairment and rising financial costs.

5-day High/Low Records

Week highs			% index	
Company	Ticker	End Price	move	Industry
AIA	1299.HK	64.40	4.20%	Insurance
Link REIT	823.HK	68.80	3.62%	Property
Geely	175.HK	24.85	2.37%	Automobile
SHKP	16.HK	131.00	1.81%	Property
Power Assets	6.HK	68.35	1.70%	Utilities

Week lows			% index	
Company	Ticker	Price	move	Industry
CCB	939.HK	8.00	-22.08%	Bank
Tencent	700.HK	436.00	-18.04%	IT hardware
HSBC	5.HK	77.20	-13.56%	Bank
ICBC	1398.HK	6.67	-12.32%	Bank
BOC	3988.HK	4.20	-8.47%	Bank

Source: HKEX, Bloomberg

IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
Tian Chang Group	2182.HK	8/3/2018	0.65-0.75	Industrial goods
CS Mall Group	1815.HK	13/3/2018	2.28-3.28	Watch & jewelry
B&S Int'l	1705.HK	14/3/2018	0.80-1.00	Packaged foods
A&S Group	1737.HK	14/3/2018	0.30-0.50	Logistics
Tongda Hong Tai	2363.HK	16/3/2018	2.30	IT hardware
China Boqi Environmer	2377.HK	16/3/2018	2.40-3.60	Environmental goods
Apex Ace Holding	6036.HK	16/3/2018	0.40-0.58	Semiconductors

Sources: HKEX, Bloomberg

Hang Seng Index weekly performance



Shanghai-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/2/2018	13.0	10.9	84%	193.4	130.6
27/2/2018	13.0	11.3	87%	194.5	191.9
28/2/2018	13.0	13.6	105%	149.0	203.2
1/3/2018	13.0	12.4	96%	181.7	202.5
2/3/2018	13.0	13.8	106%	128.2	207.5

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/2/2018	10.5	9.5	91%	76.6	62.7
27/2/2018	10.5	13.4	128%	58.9	86.7
28/2/2018	10.5	11.7	112%	53.0	73.3
1/3/2018	10.5	8.6	82%	55.3	38.6
2/3/2018	10.5	10.2	97%	62.0	65.0

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/2/2018	13.0	11.7	90%	162.2	120.2
27/2/2018	13.0	12.0	92%	190.6	184.9
28/2/2018	13.0	12.8	98%	176.1	182.6
1/3/2018	13.0	12.2	94%	179.6	193.3
2/3/2018	13.0	13.1	101%	142.4	206.9

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
26/2/2018	10.5	8.9	84%	63.5	34.2
27/2/2018	10.5	10.7	102%	49.1	42.0
28/2/2018	10.5	9.6	92%	41.2	30.5
1/3/2018	10.5	9.2	87%	47.7	27.2
2/3/2018	10.5	9.6	91%	48.0	24.5

Sources: HKEX, SSE

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