

Weekly market commentary report

12 March 2018 Monday

Market outlook and news tracker

Hong Kong and China market outlook

US stocks closed higher on Friday led by financials, industrials, and technology sectors. US reported its non-farm payrolls to 313,000 for February, representing its biggest increase in 18 months. Better job data is showing increased potential for greater interest rate hikes. In China, Minister of Commerce announced that it does not wish to become involved in a trade war with the US after President Trump imposed tariffs on aluminum and steel.

Over the weekend, NPC abolished term limits – securing President Xi to extend his rein beyond two terms. In corporate news, Salesforce (CRM.US +0.83%) reports new section in earnings report namely "Social Activism", pledging that 1% of the company's time & profit will be dedicated to this section. Kroger (KR.US +4.79%) reports 12.4% YoY growth in revenue to US\$31bn for 4Q17. JC Penney (JCP.US -1.51%) reports US\$4.03bn in revenue while EPS of US\$0.57/shr. C&D International (1908.HK -0.26%) acquires a land parcel in Zhuhai for RMB1.25bn, while Longfor Properties (960.HK +2.18%) reports 6.8% YoY growth in contracted sales to HK\$29.27bn. Hebei Yichen (1596.HK -2.37%) issues profit warning announcing its NP will drop 40% YoY in FY17 and CC Land (1224.HK +1.11%) issues profit alert saying it will report net income of HK\$280m for FY17 compared to last year's HK\$357m.

This week's focus will be on core economic data from China and US in industrial production, retail sales, and fixed-asset investment to be reported on Wednesday, and retail sales & inflation, respectively. Further, HK equities will continue to absorb CCP's new terms and annual earnings reports from big name players.

Hong Kong market sector movers and news tracker

1) Steel & aluminum sector: The Commerce and Economic Development Bureau says it "regrets and disapproves" President Trump's new tariffs on steel and aluminum as a major port between the US and China.

• Related stocks: Angang Steel (347.HK -1.53%), Maanshan Iron (323.HK -1.86%), Chalco (2600.HK +0.22%), ZhongWang (1333.HK +0.00%)

2) Oil sector: US crude prices reach US\$60.25/barrel in New York while reaching US\$63.82/barrel in London.

• Related stocks: CNOOC (883.HK +1.99%), Petro China (857.HK -0.19%), Sinopec (386.HK +0.00%), China Oilfield (2883.HK +0.12%)

3) China insurance sector: New rules to be implemented beginning of April to ensure better transparency of ownership structures – including qualifications and conduct of shareholders and stock rights.

• Related stocks: PingAn (2318.HK +0.65%), China Life (2628.HK +1.09%), China Taiping (966.HK +2.22%), CPIC (2601.HK +1.17%)

4) China bank sector: BIS warns of banking crisis due to

high indebtedness as credit to GDP ratio and long-term trend gap fell to 16.7% in 3Q17, compared to 28.9% in March 2016.

• Related stocks: CCB (939.HK +1.23%), BOC (3988.HK +0.24%), ICBC (1398.HK +1.03%), CMB (3968.HK +1.02%)

Performance indices

Global Index	Performance chg. (%)			
	Closing	1D	1W	1M
HANG SENG INDEX	30996.21	1.1	3.3	5.7
HANG SENG CHINA ENT INDX	12431.2	0.8	3.4	6.0
SHANGHAI SE COMPOSITE	3307.166	0.6	0.9	4.2
SHENZHEN SE COMPOSITE IX	1885.384	1.6	2.8	10.0
CSI 300 INDEX	4108.86	0.77	1.1	4.5
DOW JONES INDUS. AVG	25335.74	1.77	1.2	2.2
S&P 500 INDEX	2786.57	1.7	2.3	4.5
NASDAQ COMPOSITE INDEX	7560.811	1.8	3.5	8.2
DAX INDEX	12346.68	-0.1	2.7	1.8
CAC 40 INDEX	5274.4	0.4	2.1	3.3
FTSE 100 INDEX	7224.51	0.3	1.4	0.7

Sources: Bloomberg as of 12 March 18

Commodities	Performance chg. (%)			
	Closing	1D	1W	1M
Brent Crude Oil	65.49	3.0	-1.5	3.8
Gold	1323.93	0.1	-1.0	-0.6
Steel (HRC China)	3738	-3.0	-6.0	-5.1
Aluminium	2120	0.7	-2.5	-1.6
Copper	6962	1.9	0.0	1.2

Sources: Bloomberg as of 12 March 18

Currencies to US\$	Performance chg. (%)			
	Closing	1D	1W	1M
CNY	6.3344	-0.12	-0.2	0.2
HKD	7.8364	-0.05	-0.1	-0.2
JPY	106.82	0.56	-0.4	1.2
EUR	1.2307	-0.04	-0.6	-0.1
GBP	1.385	0.28	0.1	0.0
AUD	0.7844	0.71	0.6	0.2
CAD	1.2812	-0.65	0.3	-1.9

Sources: Bloomberg as of 12 March 18

Economic Calendar

Date	Event	Est.	Prior
13-Mar-18	HK industrial production YoY (4Q)	n.a	0.3%
	HK PPI YoY (4Q)	n.a	3.7%
14-Mar-18	CH retail sales YTD YoY (Feb)	9.8%	10.2%
	CH industrial production YTD YoY (Feb)	6.2%	6.6%
	CH fixed assets ex rural YTD YoY (Feb)	7.0%	7.2%
18-Mar-18	CH FDI YoY CNY (Feb)	n.a	0.3%
19-Mar-18	HK unemployment rate SA (Feb)	n.a	2.9%
	HK composite interest rate (Feb)	n.a	0.4%
	CH FX net settlement CNY (Feb)	n.a	14.9bn

Sources: Bloomberg as of 12 March 18

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Hong Kong notable market movers and news tracker

- 1) Orient Overseas (316.HK +0.55%) report a 15.3% YoY growth in revenue to US\$6.1bn for FY17.
- 2) Wheelock (20.HK +1.19%) sells 70 flats at Malibu project in Tseung Kwan O.
- 3) Bright Smart (1428.HK +1.51%) chairman Yip Mow-lum states his positivity on HKEX (388.HK +0.42%) - he holds -HK\$284m worth of shares.
- 4) MTRC (66.HK +4.15%) reports 64% YoY growth in NP to HK\$16.8bn and recommends dividend of HK\$1.12/shr for FY17.
- 5) Giordano (709.HK +3.91%) report 15.2% YoY increase in full year profit to HK\$500m and basic EPS to HK\$0.318/shr for FY17.
- 6) Wharf (4.HK -5.81%) report sale of 14 apartments and 5 houses at Mount Nicholas - averaging at HK\$91,600/ft2 in FY17.
- 7) Link REIT (823.HK -0.81%) is reportedly to have raised their shopping malls rent by 20-30% in 2017
- 8) Convenience Asia (831.HK -2.06%) reports 7.7% YoY growth in NP to HK\$150.31m for FY17.
- 9) Henderson Land (12.HK +0.98%) H Queen's 24 story gallery & lifestyle building is 80% occupied.
- 10) China Lilang (1234.HK +1.55%) report 13.2% YoY growth in NP to RMB611m in FY17.
- 11) SHKP (16.HK +1.72%) names new project in Tuen Mun as "Mount Regency", providing 522 units.
- 12) Geely (175.HK +4.66%) sold 110,243 automobile units, representing a 24% YoY in February.
- 13) Wharf REIC (1997.HK +2.71%) reports 12% YoY growth in core profit to HK\$9.5bn for FY17.
- 14) Lifestyle International (1212.HK -1.29%) reports 107.5% YoY growth in NP to HK\$3.3bn in FY17.

5-day High/Low Records

Week highs		% index		
Company	Ticker	End Price	move	Industry
Tencent	700.HK	447.00	18.70%	IT hardware
AIA	1299.HK	66.00	15.02%	Insurance
CCB	939.HK	8.20	14.96%	Banks
ICBC	1398.HK	6.88	12.05%	Banks
Sunny Optical	2382.HK	143.80	8.37%	IT hardware

Week lows		% index		
Company	Ticker	Price	move	Industry
HSBC	5.HK	76.60	-5.70%	Bank
Hang Seng	11.HK	185.20	-3.92%	Bank
Link REIT	823.HK	67.45	-2.28%	Properties
China Mobile	941.HK	72.20	-1.91%	Telecommunications
HKEX	388.HK	284.20	-8.47%	Other financials

Source: HKEX, Bloomberg

IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
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
Amasse Capital	8168.HK	22/3/2018	0.20-0.32	Other financials
SIIC Entertainment	807.HK	23/3/2018	N.A	Environmental goods

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)
5/3/2018	13.0	14.2	109%	131.4	243.1
6/3/2018	13.0	12.3	94%	183.5	211.4
7/3/2018	13.0	14.7	113%	137.8	238.1
8/3/2018	13.0	10.9	84%	158.9	151.7
9/3/2018	13.0	11.9	92%	140.2	123.7

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
5/3/2018	10.5	10.6	101%	66.4	60.0
6/3/2018	10.5	9.6	92%	77.5	69.1
7/3/2018	10.5	9.9	94%	68.2	68.3
8/3/2018	10.5	9.5	90%	71.0	53.2
9/3/2018	10.5	9.8	94%	60.1	43.6

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
5/3/2018	13.0	13.1	100%	134.7	202.4
6/3/2018	13.0	12.6	97%	167.9	208.0
7/3/2018	13.0	13.9	107%	137.6	210.8
8/3/2018	13.0	12.2	94%	152.6	169.1
9/3/2018	13.0	12.6	97%	169.1	137.0

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
5/3/2018	10.5	9.5	90%	48.2	28.6
6/3/2018	10.5	8.6	82%	56.5	29.8
7/3/2018	10.5	10.0	95%	46.3	30.7
8/3/2018	10.5	8.4	80%	54.6	31.0
9/3/2018	10.5	8.9	84%	53.1	29.4

Sources: HKEX, SSE

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