

Weekly market commentary report

19 March 2018 Monday

Market outlook and news tracker

Hong Kong and China market outlook

U.S. stocks closed slightly higher Friday, though major indexes posted sharp declines for the week. Worries over the potential for global trade tensions and turmoil surrounding the Trump administration were seen keeping a lid on the upside. On the economic front, housing stats fell 7% in Feb, a steeper drop than had been expected. Separately, industrial production rose 1.1% in Feb, its fastest pace in four months, while the University of Michigan's consumer sentiment index jumped to a 14-year high in March. On Chinese front, despite the reemergence of weakness in both the US and China onshore A-share markets last week, the offshore Chinese market showed its resilience and rebounded 2.3% measured by MSCI China index. The better-than-expected January-February China key macro data helped to alleviate concerns of softening growth momentum.

Key events to watch in this week including: 1) Implementation of reform measures and policies after the conclusion of the two sessions; 2) FY2017 companies' earnings; 3) The US Fed's March rate-setting meeting and forward guidance; & 4) US-China trade relations.

Hong Kong market sector movers and news tracker

1) FTSE Rebalance at market close on last Friday.

• FTSE China 50 Index Additions: CMOOC (3993.HK -2.21%), Sunny Optical (2382.HK -1.10%), and Longfor (960.HK +1.28%). Deletions: Cinda (1359.HK -0.68%), CGS (6881.HK -0.89%), and MCC (1618.HK -0.85%)

• FTSE All-World Index Additions: Landing (582.HK flat), CIFI (884.HK +4.31%), Genscript (1548.HK -2.15%), ZhongAn (6060.HK -1.85%). Deletions: Minsheng Fin (245.HK -5.88%), Texwinca (321.HK -0.95%), Global Brands (787.HK flat), Kingston Fin (1031.HK -6.2%), Renhe (1387.HK -0.57%), Golden Eagle (3308.HK -4.62%)

2) Oil Majors: Lower on Friday as crude oil price headed for a weekly loss as investors weighed surging as U.S. crude output jumped to 10.4 million barrels/day last week against a warning from the International Energy Agency of an impending shortfall in global supplies later this year. While Airlines are higher for the same reason.

• Related stocks: PetroChina (857.HK -0.93%), CNOOC (883.HK -0.53%), Sinopec (386.HK -0.15%), Air China (753.HK +0.51%), CEA (670.HK -0.5%), and CSA (1055.HK +0.40%)

3) PRC developers: Sector diverged although no specific sector news.

• Related stocks: Kaisa(1638.HK +8.5%), Shimao(813.HK +6.9%), KWG(1813.HK +7.6%), Country Garden (2007.HK +4.7%)

4) Coal sector: NDRC approves RMB3.8bn coal mine project in Xinjiang province, annual output to be around 6 million tones.

• Related stocks: Shougang (639.HK -1.3%), Yanzhou (1171.HK -3.5%), China Coal (1898.HK -2.0%)

Performance indices

Global Index	Performance chg. (%)			
	Closing	1D	1W	1M
HANG SENG INDEX	31501.97	-0.1	-0.9	1.5
HANG SENG CHINA ENT INDX	12673.07	-0.4	-1.6	1.2
SHANGHAI SE COMPOSITE	3269.882	-0.6	-1.2	2.2
SHENZHEN SE COMPOSITE IX	1863.026	-0.6	-2.0	6.8
CSI 300 INDEX	4056.42	-0.97	-0.9	2.2
DOW JONES INDUS. AVG	24946.51	0.29	-2.3	-1.4
S&P 500 INDEX	2752.01	0.2	-2.5	-0.1
NASDAQ COMPOSITE INDEX	7481.988	0.0	-3.2	1.5
DAX INDEX	12389.58	0.4	-1.6	-2.2
CAC 40 INDEX	5282.75	0.3	-1.0	-1.3
FTSE 100 INDEX	7164.14	0.3	-2.4	-2.8

Sources: Bloomberg as of 19 March 18

Commodities	Performance chg. (%)			
	Closing	1D	1W	1M
Brent Crude Oil	66.21	1.7	2.5	1.9
Gold	1314.24	-0.1	-0.8	-1.0
Steel (HRC China)	3737	-0.3	-2.4	-7.9
Aluminium	2085	0.0	-0.1	-5.7
Copper	6888	-0.5	-0.9	-3.7

Sources: Bloomberg as of 19 March 18

Currencies to US\$	Performance chg. (%)			
	Closing	1D	1W	1M
CNY	6.3348	0.20	-0.1	0.2
HKD	7.8423	0.01	0.0	-0.2
JPY	106.01	-0.31	0.3	1.0
EUR	1.229	-0.12	-0.4	0.1
GBP	1.3942	0.04	0.6	0.3
AUD	0.7713	-1.09	-1.9	-2.2
CAD	1.3096	0.34	-0.9	-3.3

Sources: Bloomberg as of 19 March 18

Economic Calendar

Date	Event	Est.	Prior
20-Mar-18	HK CPI composite YoY (Feb)	2.2%	1.7%
22-Mar-18	HK BoP account balance (4Q)	n.a	\$57.98bn
	HK BoP overall (4Q)	n.a	\$55.60bn
	HK exports YoY (Feb)	n.a	18.1%
	HK imports YoY (Feb)	n.a	23.8%
	HK trade balance HKD (Feb)	n.a	-31.9bn

Sources: Bloomberg as of 19 March 18

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Market commentary

Hong Kong notable market movers and news tracker

- 1) Skyworth (751.HK +5.3%), Baidu to Invest In Skyworth Digital Subsidiary Coocaa, where Skyworth Digital's stake in subsidiary Coocaa will be diluted to 64.32% from 71.89% after Baidu unit injects 1.01b yuan into Coocaa.
- 2) Unicom (762.HK +1.5%), expects net income to have a compound annual growth rate of 68.7% over the next three years.
- 3) PowerAsset (6.HK +3.3%), FY net income HK\$8.32 bn vs. estimate HK\$7.56 bn, declares special interim dividend/share at HK\$6.
- 4) Baiyuanshan (2017.HK -2.8%), reported FY17 full year net to be RMB2.06bn vs. RMB15.1bn a year ago.
- 5) CK Asset (1113.HK +0.1%), Company's executive director Justin Chiu says developers are all interested in purchasing HNA's site in Kai Taka area.
- 6) GCL Poly (3800.HK -3.4%), reported net income for the full year that missed the lowest analyst estimate; FY net at RMB1.97bn, low end estimate at RMB2.12bn.
- 7) Yixin (2858.HK -6.7%), reported loss for the full year of RMB18.3bn, FY revenues RMB3.91bn.
- 8) ZTE (763.HK -3.6%), reported FY net of RMB4.57bn, consensus RMB4.66bn; FY EPS RMB1.08.

5-day High/Low Records

Company	Ticker	End Price	% index move	Industry
Tencent	700	465.20	25.25%	IT hardware
CCB	939	8.50	18.31%	Banks
PingAn	2318	89.65	16.87%	Insurance
AIA	1299	67.15	8.81%	Insurance
Bank of China	3988	4.40	8.07%	Banks

Company	Ticker	Price	% index move	Industry
AAC Tech	2018	154.30	-2.37%	IT hardware
Mengniu Dairy	2319	25.05	-2.09%	F&B
HKEX	388	282.00	-1.64%	Other financials
Sands China	1928	44.55	-1.08%	Gambling
CITIC	267	11.28	-0.89%	Conglomerate

Source: HKEX, Bloomberg

IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
Amasse Capital	8168 HK	22/3/2018	0.20-0.32	Other financials
SIIIC Entertainment	807 HK	23/3/2018	N.A	Environmental goods
China Xinhua Education	2779 HK	26/3/2018	2.83-3.69	Support services
Telecom Service One	3997 HK	27/3/2018	N.A	Telecomm
Jiangsu Innovative Ecological New	2116.HK	28/3/2018	1.00-1.25	Environmental goods
Most Kwai Chung	1716 HK	28/3/2018	1.00-1.20	Multi-media
Universe Printshop	8448 HK	28/3/2018	0.20-0.24	Publishing
Stream Ideas Group	8401 HK	28/3/2018	1.00-1.30	Advertising
Wang Yang Holdings	1735 HK	29/3/2018	1.5	Construction
Grand Brilliance Group	8372 HK	29/3/2018	0.30-0.35	Medical Equipment

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)
12/3/2018	13.0	11.0	85%	210.6	160.3
13/3/2018	13.0	11.6	89%	172.9	164.9
14/3/2018	13.0	12.6	97%	146.7	178.5
15/3/2018	13.0	12.0	92%	160.0	157.5
16/3/2018	13.0	14.0	108%	160.8	214.4

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/3/2018	10.5	10.9	104%	67.3	60.9
13/3/2018	10.5	10.5	100%	58.2	47.9
14/3/2018	10.5	10.3	98%	46.2	44.8
15/3/2018	10.5	10.0	96%	51.5	47.0
16/3/2018	10.5	10.1	96%	61.3	48.0

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/3/2018	13.0	12.4	96%	196.9	151.9
13/3/2018	13.0	12.9	99%	167.1	166.8
14/3/2018	13.0	12.7	98%	144.6	161.0
15/3/2018	13.0	12.5	96%	162.5	153.1
16/3/2018	13.0	13.9	107%	158.2	185.1

Sources: HKEX, SSE

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
12/3/2018	10.5	9.1	87%	52.1	32.6
13/3/2018	10.5	10.3	98%	40.6	37.1
14/3/2018	10.5	9.5	91%	58.2	33.8
15/3/2018	10.5	9.0	86%	54.3	34.5
16/3/2018	10.5	9.4	89%	49.2	26.1

Sources: HKEX, SSE

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