

Weekly market commentary report

09 April 2018 Monday

Market outlook and news tracker

Hong Kong and China market outlook

US stocks closed lower last Friday given lower draws in the semiconductor & equipment, capital goods, and diversified financials sector. President Trump proposed an additional round of tariffs on China worth US\$100bn, and President Xi is expected to respond at the Boao Forum this week. On the economic front, US posted initial jobless claims to 242k week ended March 31st, higher than estimated 225k, compared to 218k in the previous week. Further continuing claims reached 1.81m week ended March 24th compared to 1.87m from a week earlier. Trade deficit widened to US\$57.6bn in February, up 1.5% MoM. China and HK also posted Feb forex reserves accounting to US\$3.14tr & US\$1.12tr respectively.

Regarding corporate news, Macy's (M.US -3.65%) CFO Karen Hoguet will retire next year Feb, Facebook's (FB.US -1.34%) Mark Zuckerberg testifies before US Congress amid privacy protection controversies. Further, Monsanto (MON.US -0.16%) reported 2Q18 EPS of US\$3.22 with net sales of US\$5.02bn, lower than expected while Biogen (BIIB.US -2.77%) and partner Samsung Bioepis enter agreement with AbbVie (ABBV.US -2.64%). BOC (3988.HK +0.24%) announced US\$40bn medium term note program, while CCB (939.HK +1.54%) is set to focus on the residential leasing sector after its launch in January. Chinese properties continue to post month ended in March sales – China Sce Property (1966.HK +2.03%) reported 22.6% YoY increase to RMB3.61bn while Vanke (2202.HK +2.17%) posted 42.4% YoY increase to RMB50.68bn.

This week's focus may be on HK's tech companies as many are set to release their earnings this week. Further the market awaits President Xi's speech regarding China's economic movements for its country at Boao and response to Trump's additional tariffs proposal.

Hong Kong market sector movers and news tracker

1)Oil sector: US crude prices settled at US\$63.33/barrel while contract increased to US\$63.51/barrel last Tuesday. Brent crude on the other hand fell to US\$67.91/barrel.

• Related stocks: CNOOC (883.HK +2.19%), Petro China (857.HK +1.13%), Sinopec (386.HK +2.56%), China Oilfield (2883.HK +1.02%)

2)Gold sector: Prices increased to US\$1,343.6/oz amid US-China trade tensions, President Xi is expected to respond this week to Trump's latest proposal of additional tariffs worth US\$100bn on Chinese Goods.

• Related stocks: China Gold International (2099.HK -0.12%), Zijin Mining (2899.HK +1.45%), Hengxing Gold (2303.HK +0.36%), Zhaojin Mining (1818.HK +0.32%)

3)HK property sector: Four transactions in March amounted to over HK\$3.3bn by mainland property developers despite high prices in HK.

• Related stocks: Fullsun Int'l (627.HK +0.00%), Aoyuan Property (3883.HK -0.42%), CSI Properties (497.HK +3.92%), Agile Group (3383.HK +4.63%)

4)China property sector: Property companies posted their contracted sales for month ended March with most recording a growth but slower sales, while giants continue to flock to land purchases.

• Related stocks: Modern Land China (1107.HK -1.34%), Yuexiu Property (123.HK +1.66%), Shui On Land (272.HK +0.96%), Vanke (2202.HK +2.17%)

Performance indices

Global Index	Closing	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	29844.94	1.1	2.1	-0.9
HANG SENG CHINA ENT INDX	11967.66	0.9	2.7	-0.9
SHANGHAI SE COMPOSITE	3131.111	-0.2	0.7	-3.5
SHENZHEN SE COMPOSITE IX	1831.704	-0.6	-0.7	-2.3
CSI 300 INDEX	3854.86	-0.20	0.7	-4.4
DOW JONES INDUS. AVG	23932.76	-2.34	1.4	-5.4
S&P 500 INDEX	2604.47	-2.2	1.2	-6.2
NASDAQ COMPOSITE INDEX	6915.111	-2.3	1.2	-8.1
DAX INDEX	12241.27	-0.5	3.3	0.4
CAC 40 INDEX	5258.24	-0.3	2.8	0.5
FTSE 100 INDEX	7183.64	-0.2	2.9	0.1

Sources: Bloomberg as of 9 April 18

Commodities	Closing	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	67.11	-1.8	2.0	6.5
Gold	1333.03	0.5	0.2	0.9
Steel (HRC China)	3600	-0.7	3.8	-2.3
Aluminium	2042	1.6	6.7	0.9
Copper	6769	-0.7	1.7	-1.9

Sources: Bloomberg as of 9 April 18

Currencies to US\$	Closing	Performance chg. (%)		
		1D	1W	1M
CNY	6.3033	0.21	-0.1	0.6
HKD	7.8484	-0.01	0.0	-0.1
JPY	106.93	-0.43	-0.4	-0.6
EUR	1.2281	0.33	0.4	-0.1
GBP	1.4092	0.64	0.8	1.9
AUD	0.7684	0.00	0.6	-1.8
CAD	1.2782	0.25	1.0	1.3

Sources: Bloomberg as of 9 April 18

Economic Calendar

Date	Event	Est.	Prior
11-Apr-18	CH PPI YoY (Mar)	3.3%	3.7%
	CH CPI YoY (Mar)	2.6%	2.9%
13-Apr-18	CH trade balance CNY (Mar)	170.5bn	224.88bn
	CH exports YoY CNY (Mar)	8.0%	36.2%
	CH imports YoY CNY (Mar)	8.5%	-0.2%
	CH trade balance (Mar)	\$27.37bn	\$33.74bn
	CH exports YoY (Mar)	8.0%	36.2%
15-Apr-18	CH imports YoY (Mar)	8.5%	-0.2%
	CH money supply M0 YoY (Mar)	7.9%	13.5%
	CH money supply M1 YoY (Mar)	9.5%	8.5%
	CH money supply M2 YoY (Mar)	8.9%	8.8%
	CH aggregate financing CNY (Mar)	1850.0bn	1170bn
18-Apr-18	CH new Yuan loans CNY (Mar)	1151.0bn	839.3bn
	CH FDI YoY CNY (Mar)	n.a	0.8%

Sources: Bloomberg as of 9 April 18

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Market commentary

Hong Kong notable market movers and news tracker

- 1) Geely (175.HK +0.68%) recorded sales volume of 386,296 units in 1Q18, representing a 39% YoY growth and 24% of the company's 2018 target.
- 2) Five board of directors including Andrew Chow, Paul Tsui, and Elizabeth Law from Wharf (4.HK -4.03%) will retire from their position.
- 3) CE and Chairman of HSBC (5.HK +0.90%) is considering to shrink global imprint further in the bank's new strategy – ideas including exits from Bermuda, Malta, and Uruguay.
- 4) Investor of The Center of CK Asset (1113.HK +1.08%) (75% acquisition) reportedly offering 9-10% high-yield bonds, financing up to 30% of the acquisition.
- 5) Far East (35.HK +3.00%) acquired a residential project in Singapore for HK\$1.34bn.
- 6) China Huiyuan Juice (1886.HK suspended) has repaid Beijing Huiyuan Beverage in full.
- 7) Evergrande (3333.HK +7.56%) announces it will invest US\$15.9bn over 10 years into the tech sector and team up with CAS.
- 8) MTR (66.HK +1.55%) received 36 letters of intent to take on a Yau Tong developmental project, and company projects 500 apartments to be provided by 2025.
- 9) SHKP (16.HK +1.71%) to release Mount Regency in Tuen Mun this week, which include 5232 flats.
- 10) HKEX (388.HK +0.64%) Li Xiaojia says HK continue to be mainland's top choice when seeking listing abroad.
- 11) COSCO (1919.HK +0.26%) to completed acquisition of Orient Overseas Container Line by June.

5-day High/Low Records

Week highs Company	Ticker	End Price	% index move	Industry
AIA	1299	67.55	17.94%	Insurance
Sinopec	386	7.20	10.22%	Oil & gas
Wharf REIT	1997	52.95	4.31%	Property
Hengan Int'l	1044	76.85	3.88%	Household products
Hang Seng	11	184.00	2.37%	Property

Week lows Company	Ticker	Price	% index move	Industry
CCB	939	7.93	-16.15%	Banks
HSBC	5	73.05	-14.99%	Banks
Tencent	700	405.80	-10.73%	Software services
ICBC	1398	6.63	-9.53%	Banks
CNOOC	883	11.18	-8.77%	Oil & gas

Source: HKEX, Bloomberg

O Calendar

Company	Ticker	Listing	IPO px	Industry
MS Concept	8447.HK	16/4/2018	0.23-0.27	Restaurants & food
Ying Kee Tea House	8241.HK	16/4/2018	0.48-0.54	Retailers & trade
i.century Holding	8507.HK	16/4/2018	0.50-0.60	Apparel
Sunlight Holdings	8451.HK	16/4/2018	0.25-0.30	Retailers & trade
HKE Holdings	1726.HK	18/4/2018	0.45-0.55	Construction & décor
Zhicheng Technology	8511.HK	20/4/2018	0.55-0.85	IT hardware
Bao Shen Holdings	8151.HK	23/4/2018	0.48-0.52	Household appliance

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)
2/4/2018	n.a	n.a	n.a	n.a	n.a
3/4/2018	13.0	10.5	81%	303.7	235.3
4/4/2018	13.0	12.2	94%	218.1	192.5
5/4/2018	n.a	n.a	n.a	n.a	n.a
6/4/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/4/2018	n.a	n.a	n.a	n.a	n.a
3/4/2018	n.a	n.a	n.a	n.a	n.a
4/4/2018	n.a	n.a	n.a	n.a	n.a
5/4/2018	n.a	n.a	n.a	n.a	n.a
6/4/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/4/2018	n.a	n.a	n.a	n.a	n.a
3/4/2018	13.0	12.4	96%	225.3	231.9
4/4/2018	13.0	12.3	95%	193.6	175.2
5/4/2018	n.a	n.a	n.a	n.a	n.a
6/4/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX

Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/4/2018	n.a	n.a	n.a	n.a	n.a
3/4/2018	n.a	n.a	n.a	n.a	n.a
4/4/2018	n.a	n.a	n.a	n.a	n.a
5/4/2018	n.a	n.a	n.a	n.a	n.a
6/4/2018	n.a	n.a	n.a	n.a	n.a

Sources: HKEX, SSE

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