

## Weekly market commentary report

16 April 2018 Monday

### Market outlook and news tracker

#### Hong Kong and China market outlook

US stock market closed lower on Friday due to decline in banks, diversified financials, and retailing sectors, while President Trump led air strikes to Syria. On the economic front, UMICH Sentiment index dropped to 97.8 in Apr preliminary estimates from 101.4 in Jan. HKMA spent HK\$9.96bn to boost up the HKD last week, and Paul Chan suggests higher rates to come. Regarding corporate news, PNC (PNC.US -4.61%) announced 1Q18 diluted EPS of US\$2.43/shr with NP up 15% YoY to US\$1.24bn, and Wells Fargo (WFC.US -3.43%) posted EPS of US\$1.12/shr with NP up 5% YoY to US\$5.94bn for the same period. China Railway Group (390.HK +0.53%) announced that its consortium has won a bid for railway construction project in China's Guangzhou city for RMB17.99bn. Ping An Insurance Group (2318.HK -0.36%) reported that premium income increased 19.9% YoY to RMB 252.96bn yuan during Jan-Mar while China Pacific Insurance (2601.HK -0.29%) premium income rose 19.2% YoY to RMB89.32bn.

Last week, the Shanghai Composites stock index continue to experience volatile price movements, amounting to 15 trading days where daily prices increased 1% at closing, and 60-day volatility reached close to two-year high according to Bloomberg.

This week's focus may be on oil & gold sectors amid political tensions and China will release main economic data on Tuesday including GDP, retail sales & industrial production.

#### Hong Kong market sector movers and news tracker

**1) Gold sector:** Investors turn to gold and prices rose to US\$1,340.79/oz amid political tensions and US-China trade wars.

• Related stocks: China Gold International (2099.HK -2.68%), Zijin Mining (2899.HK -1.34%), Hengxing Gold (2303.HK +2.63%), Zhaojin Mining (1818.HK -1.25%)

**2) Oil sector:** Brent & US crude prices increased 0.7% to US\$72.53/barrel and US\$67.53/barrel respectively end of Friday amid political controversy.

• Related stocks: CNOOC (883.HK -1.28%), Petro China (857.HK +0.18%), Sinopec (386.HK -0.40%), China Oilfield (2883.HK -1.88%)

**3) China bank sector:** PBOC states that new RMB loans grew to RMB1.12tr, and M2 grew 8.2% YoY in March.

• Related stocks: CM Bank (3968.HK -0.29%), CCB (939.HK +0.62%), ICBC (1398.HK -0.29%), MinSheng (1988.HK -0.79%)

**4) HK bank sector:** HKMA sold HK\$3.26bn of USD on Friday to support currency, reducing aggregate balance by 2%.

• Related stocks: Hang Seng Bank (11.HK +0.48%), Standard Chartered (2888.HK +1.05%), HSBC (5.HK +1.19%), BOCHK (2388.HK +1.48%)

### Performance indices

Global Index	Performance chg. (%)			
	Closing	1D	1W	1M
HANG SENG INDEX	30808.38	-0.1	0.1	-3.9
HANG SENG CHINA ENT INDX	12261.23	-0.2	-0.8	-5.5
SHANGHAI SE COMPOSITE	3159.052	-0.7	-1.0	-5.0
SHENZHEN SE COMPOSITE IX	1834.38	-0.3	-0.6	-2.3
CSI 300 INDEX	3871.14	-0.71	-1.2	-6.2
DOW JONES INDUS. AVG	24360.14	-0.50	1.8	-2.4
S&P 500 INDEX	2656.3	-0.3	2.0	-3.5
NASDAQ COMPOSITE INDEX	7106.65	-0.5	2.8	-5.0
DAX INDEX	12442.4	0.2	1.5	0.4
CAC 40 INDEX	5315.02	0.1	1.0	0.6
FTSE 100 INDEX	7264.56	0.1	1.0	1.4

Sources: Bloomberg as of 16 April 18

Commodities	Performance chg. (%)			
	Closing	1D	1W	1M
Brent Crude Oil	72.58	0.8	4.5	8.6
Gold	1346.2	0.8	0.5	2.2
Steel (HRC China)	3685	0.7	1.8	-1.3
Aluminium	2285	-1.7	11.9	8.7
Copper	6830	0.1	0.9	-1.7

Sources: Bloomberg as of 16 April 18

Currencies to US\$	Performance chg. (%)			
	Closing	1D	1W	1M
CNY	6.275	-0.26	0.3	0.8
HKD	7.8499	0.00	0.0	-0.1
JPY	107.35	0.02	-0.4	-1.1
EUR	1.2331	0.03	0.0	0.3
GBP	1.4238	0.07	0.8	2.1
AUD	0.7764	0.13	0.7	0.5
CAD	1.2608	0.17	0.6	3.8

Sources: Bloomberg as of 16 April 18

### Economic Calendar

Date	Event	Est.	Prior
17-Apr-18	CH GDP YoY (1Q18)	6.8%	6.8%
	CH GDP SA QoQ (1Q18)	1.5%	1.6%
	CH GDP YTD YoY (1Q18)	6.8%	6.9%
	CH retail sales YoY (Mar)	9.7%	9.4%
	CH retail sales YTDYoY (Mar)	9.7%	9.7%
	CH industrial production YoY (Mar)	6.4%	6.2%
	CH industrial pdtn YTD YoY (Mar)	6.9%	7.2%
19-Apr-18	CH fixed assets YTD YoY (Mar)	7.7%	7.9%
	CH new home prices MoM (Mar)	n.a	0.3%
	HK unemployment rate (Mar)	2.9%	2.9%
23-Apr-18	HK composite interest rate (Mar)	n.a	0.4%
	HK CPI composite YoY (Mar)	n.a	3.1%

Sources: Bloomberg as of 16 April 18

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## Market commentary

### Hong Kong notable market movers and news tracker

- 1) Fast Retailing (6288.HK +0.44%) said NP grew 7.1% YoY and revenue totaled to 1.18tr yen in 1H18.
- 2) AIA (1299.HK -0.14%) and NWD (17.HK +0.70%) invests in online healthcare services WeDoctor Group backed by Tencent (700.HK -1.26%) ahead of IPO.
- 3) Galaxy (27.HK +0.07%) nominates new board of director Michael Mecca and COO Ted Chan for Japan team.
- 4) Pacific Basin Shipping (2343.HK +5.34%) generated an average net handysize and supramix time charter earnings of US\$9,360/day & US\$11,250/day up 25%/40% YoY respectively in 1Q18.
- 5) BYD (1211.HK -0.63%) VP Zhang Jin-tao applies for retirement.
- 6) HKBN (1310.HK +0.51%) and TVB (511.HK +0.00%) introduces new data service plan "Global Phone Service Plan" for low as HK\$198/month in 60+ countries & regions.
- 7) SaSa (178.HK +7.39%) retail and wholesale revenue increase 14.4% YoY in fourth quarter.
- 8) CNBM (3323.HK -0.11%) cement producer expects NP to "increase substantially" for first three months ended Mar 31.
- 9) HNA Infrastructure (357.HK -1.34%) operator of Haikou Meilan International Airport is in discussion to rename company to avoid confusion with HNA Infrastructure Investment (600515.CH suspended).
- 10) Wang On Properties (1243.HK -0.81%) submits winning bid for site in Tsing Yi for HK\$867.3m.
- 11) SJM (880.HK +3.74%) chairman Stanley Ho will retire on June 12.
- 12) Sunny Optical (2382.HK +0.39%) handset lens shipment volume increase 50.6% YoY in March.
- 13) HSBC (5.HK +1.19%) John Flint says it will keep buyback strategy & wishes to remain dividend payout ratio.

## 5-day High/Low Records

Week highs Company	Ticker	End Price	% index move	Industry
HSBC	5	76.30	13.23%	Banks
AIA	1299	70.50	11.87%	Insurance
Ping An	2318	83.95	7.73%	Insurance
CCB	939	8.17	7.69%	Banks
CNOOC	883	12.30	6.66%	Oil & gas

Week lows Company	Ticker	Price	% index move	Industry
Power Assets	6	7.93	-0.79%	Utilities
Swire Pacific	19	73.05	-0.10%	Conglomerate
CKI	1038	405.80	-0.02%	Utilities
China Res Power	836	6.63	0.01%	Utilities
Lenovo	992	11.18	0.02%	IT hardware

Source: HKEK, Bloomberg

## O Calendar

Company	Ticker	Listing	IPO px	Industry
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
TianjinTianbao Energy	1671.HK	27/4/2018	1.74-1.90	Energy

Sources: HKEK, 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)
9/4/2018	13.0	10.6	82%	255.3	208.1
10/4/2018	13.0	10.4	80%	262.8	168.0
11/4/2018	13.0	12.8	98%	205.7	176.2
12/4/2018	13.0	11.5	88%	199.5	158.1
13/4/2018	13.0	12.0	92%	183.0	175.3

Sources: HKEK

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
9/4/2018	10.5	11.5	110%	74.6	113.0
10/4/2018	10.5	10.3	98%	71.6	81.8
11/4/2018	10.5	9.9	94%	75.9	72.5
12/4/2018	10.5	11.9	113%	46.4	73.9
13/4/2018	10.5	11.0	105%	43.5	51.7

Sources: HKEK, SSE

## Shenzhen-Hong Kong Stock Connect

### Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
9/4/2018	13.0	12.0	92%	193.6	175.6
10/4/2018	13.0	12.2	93%	205.4	165.5
11/4/2018	13.0	12.2	94%	223.5	167.4
12/4/2018	13.0	11.6	89%	193.2	142.9
13/4/2018	13.0	11.6	89%	194.8	148.0

Sources: HKEK

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
9/4/2018	10.5	9.5	77%	72.1	70.3
10/4/2018	10.5	8.1	77%	73.8	53.2
11/4/2018	10.5	8.6	82%	67.2	51.5
12/4/2018	10.5	9.8	93%	49.7	37.4
13/4/2018	10.5	10.2	97%	42.3	34.4

Sources: HKEK, SSE

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