

## Weekly market commentary report

23 April 2018 Monday

### Market outlook and news tracker

#### Hong Kong and China market outlook

US stocks closed lower last Friday due to drop in shares in technology hardware, household & personal products, and F&B. US Treasury yields moved higher amid nearing Fed's tightening cycle. The market continues to move as one third of S&P 500 companies will report its 1Q18 earnings in upcoming days. In corporate news, General Electric (GE.US +3.93%) report 7% YoY increase in revenue to US\$28.66bn, while Regions Financial (RF.US +4.08%) increased 1Q18 EPS of US\$0.35 and US\$398m in revenue. Qualcomm (QCOM.US -2.15%) to cut 1,500 jobs beginning of June to cut costs. In other news, trade wars continue as US bans its countries' companies to sell to ZTE (763.HK suspended), China Resources Cement (1313.HK -2.86%) reports 196% YoY increase in NP to HK\$1.79bn in 1Q18.

This week's focus may be on the proposed dual-class share regime by HKEA and China bank sector as the market absorbs better year end results from FY2017. Meanwhile, negative WeChat articles have been circulating on the platform about the possibility of US-China entering into an economic trade war. Over the weekend, an Internet Security meeting was chaired by President Xi and attendance included all politburo members and standing committee members.

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

**1) Oil sector:** Brent crude prices increased to US\$73.78/barrel while US crude dropped to US\$68.29/barrel amid US-China trade wars – most recently involve the ban of selling technology to ZTE (763.HK suspended) for 7 years.

• Related stocks: CNOOC (883.HK -2.42%), Petro China (857.HK -1.18%), Sinopec (386.HK -2.60%), China Oilfield (2883.HK -2.33%)

**2) HK property sector:** Potential homebuyers warned of rising interest rates, 3-month interbank rate hit highest since 2008 to 1.34%.

• Related stocks: Kerry Properties (683.HK -3.10%), SHKP (16.HK -1.36%), Henderson Land (12.HK -0.30%), Swire (1972.HK +0.00%)

**3) China bank sector:** Commercial banks report drop in net FOREX sales to US\$18.3bn due to stability in capital flow, representing a 55% YoY drop in 1Q18.

• Related stocks: CM Bank (3968.HK -2.56%), CCB (939.HK -1.47%), ICBC (1398.HK -1.74%), MinSheng (1988.HK -2.14%)

**4) China property sector:** New home prices rose for 35 consecutive months; average prices rose 4.9% YoY in March.

• Related stocks: Vanke (2202.HK -1.80%), Country Garden (2007.HK -1.76%), Sunac (1918.HK -1.97%), China Res (1109.HK -2.05%)

### Performance indices

Global Index	Closing	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	30418.33	-0.9	0.1	0.1
HANG SENG CHINA ENT INDX	12054.23	-1.5	0.3	-0.7
SHANGHAI SE COMPOSITE	3071.542	-1.5	-1.4	-2.7
SHENZHEN SE COMPOSITE IX	1778.339	-2.0	-3.3	-0.1
CSI 300 INDEX	3760.85	-1.34	-1.1	-3.5
DOW JONES INDUS. AVG	24462.94	-0.82	0.4	4.0
S&P 500 INDEX	2670.14	-0.9	0.5	3.2
NASDAQ COMPOSITE INDEX	7146.126	-1.3	0.6	2.2
DAX INDEX	12540.5	-0.2	1.1	5.4
CAC 40 INDEX	5412.83	0.4	1.7	6.1
FTSE 100 INDEX	7368.17	0.5	2.4	6.5

Sources: Bloomberg as of 23 April 18

Commodities	Closing	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	74.06	0.4	3.3	5.7
Gold	1336.36	-0.7	-1.0	-1.1
Steel (HRC China)	3748	-0.3	2.4	9.3
Aluminium	2469	-0.6	8.1	18.9
Copper	6992	0.1	2.4	3.5

Sources: Bloomberg as of 23 April 18

Currencies to US\$	Closing	Performance chg. (%)		
		1D	1W	1M
CNY	6.2964	0.28	-0.3	0.3
HKD	7.8437	-0.06	0.1	0.1
JPY	107.66	0.27	-0.7	-2.9
EUR	1.2288	-0.46	-0.9	-0.7
GBP	1.4	-0.62	-2.3	-0.9
AUD	0.7672	-0.75	-1.6	-0.6
CAD	1.2761	0.70	-1.6	1.0

Sources: Bloomberg as of 23 April 18

### Economic Calendar

Date	Event	Est.	Prior
26-Apr-18	HK exports YoY (Mar)	3.1%	1.7%
	HK imports YoY (Mar)	5.2%	-3.2%
	HK trade balance HKD (Mar)	-50.0bn	-42.7bn
27-Apr-18	CH industrial profits YoY (Mar)	n.a	10.8%
30-Apr-18	CH non-mfg PMI (Apr)	n.a	54.6
	CH mfg PMI (Apr)	n.a	51.5
	CH composite PMI (Apr)	n.a	54.0
	HK budget balance HKD (Mar)	n.a	7.2bn
	HK money supply M1 YoY (Mar)	n.a	15.2%
	HK money supply M2 YoY (Mar)	n.a	12.2%
	HK money supply M3 YoY (Mar)	n.a	12.2%

Sources: Bloomberg as of 23 April 18

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### Market commentary

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

- 1) US bans its country's companies from selling to ZTE (763.HK suspended) for seven years.
- 2) R&F Properties (2777.HK -1.60%) subsidiary Hainan R&F and HNA Real Estate agree to develop project for RMB5.7bn for GFA of 670,000m<sup>2</sup>.
- 3) China Mobile (941.HK +0.41%) report 4.1% YoY increase in NP to RMB25.8bn for 1Q18.
- 4) China Unicom (762.HK -0.95%) report 248.7% YoY increase in NP to RMB3bn for 1Q18.
- 5) Legend (3396.HK -3.86%) to be first company to engage in H-share convertibility pilot scheme for non-tradeable equity to free-floating shares.
- 6) China Life Insurance (2628.HK -0.68%) forecast 110-130% YoY increase in NP for 1Q18.
- 7) HKBN (1310.HK +5.18%) report 423.4% YoY increase in NP to HK\$241m and dividend of HK\$0.26/shr for 1H18.
- 8) Cathay (293.HK -0.16%) passengers/capacity rose 3%/3.8% YoY in 1Q18.
- 9) Kerry Properties (683.HK -3.10%) launch pre-sale of 143 apartments in Ho Man Tin, prices fall between HK\$26,000-HK\$51,000/ft<sup>2</sup>.
- 10) Swire (1972.HK +0.00%) waives 2-month rent for 3 start-ups through "Maker House" program, and also introduced 10 new shops in Cityplaza.
- 11) New Leshi Zhijia backed by LeEco receives funding from companies including Sunac (1918.HK -1.97%) and Tencent (700.HK -1.38%).
- 12) Li Ka-shing raises his stake in CK Asset (1113.HK -0.15%) to 31.72% at average HK\$66.63/shr worth HK\$130m.
- 13) Founder of Goldlion (533.HK -0.62%) steps down as younger son Ricky Tsang Chi-ming takes over.

### 5-day High/Low Records

Week highs				% index	
Company	Ticker	End Price	move	Industry	
CNOOC	883	12.92	9.11%	Oil & gas	
HSBC	5	76.80	5.03%	Banks	
BOCHK	2388	38.95	3.96%	Banks	
Petro China	857	5.87	2.95%	Oil & gas	
Hang Seng	11	194.30	2.83%	Banks	

Week lows				% index	
Company	Ticker	Price	move	Industry	
Alia	1299	68.10	-23.85%	Insurance	
Tencent	700	400.20	-14.03%	Technology	
AAC Tech	2018	121.30	-13.39%	Technology	
Ping An	2318	81.50	-10.51%	Insurance	
CCB	939	8.06	-8.71%	Banks	

Sources: HKEX, Bloomberg

### O Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
TianjinTianbao Energy	1671.HK	27/4/2018	1.74-1.90	Environmental
Ping An Healthcare	1833.HK	4/5/2018	50.8-54.8	Medical equipment
Jlogo Holdings	8527.HK	9/5/2018	0.50-0.60	Restaurant/fast food

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)
16/4/2018	13.0	11.6	89%	203.0	202.8
17/4/2018	13.0	11.8	91%	212.3	214.2
18/4/2018	13.0	9.0	69%	310.3	210.0
19/4/2018	13.0	9.5	73%	259.7	148.8
20/4/2018	13.0	13.8	106%	185.6	223.4

Sources: HKEX

#### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
16/4/2018	10.5	12.1	115%	44.7	80.1
17/4/2018	10.5	11.2	107%	67.9	63.8
18/4/2018	10.5	11.2	106%	56.4	63.3
19/4/2018	10.5	10.1	96%	58.7	51.3
20/4/2018	10.5	11.8	113%	40.6	55.5

Sources: HKEX, SSE

### Shenzhen-Hong Kong Stock Connect

#### Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
16/4/2018	13.0	11.7	90%	205.5	174.5
17/4/2018	13.0	13.4	103%	191.6	249.1
18/4/2018	13.0	9.7	75%	277.4	200.9
19/4/2018	13.0	11.1	86%	247.9	178.7
20/4/2018	13.0	13.3	102%	182.6	218.3

Sources: HKEX

#### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
16/4/2018	10.5	10.5	100%	43.8	45.9
17/4/2018	10.5	10.5	100%	35.7	40.9
18/4/2018	10.5	10.3	98%	40.4	44.5
19/4/2018	10.5	9.5	91%	43.5	30.7
20/4/2018	10.5	10.6	101%	37.7	36.3

Sources: HKEX, SSE

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