

# Weekly market commentary report

09 July 2018 Monday

## Market outlook and news tracker

### Hong Kong and China market outlook

US stocks closed higher last Friday as shares in the pharmaceutical, biotechnology, software & services, and semiconductors sectors grew. On the US economic data front, nonfarm payrolls increased 213,000 in June compared to 244,000 in May. Unemployment rate climbed up to 4% for June compared to 3.8% in the previous month. Further, US trade balance narrowed to -US\$43.1bn in May from -US\$46.1bn in April. Regarding corporate news, Comcast (CMCSA.US +1.39%) subsidiary Universal Pictures records gross US\$700m and US\$305m from international territories and North America, respectively from its new movie "Jurassic World: Fallen Kingdom". Advanced Micro Devices (AMD.US +5.55%) claims good performance for unreleased chips namely Ryzen 5 2500X and Ryzen 3 2300X. China Reinsurance (1508.HK +0.00%) acquires 6.5% stake in Great Wall AM for RMB 5bn, and Beijing Capital Grand (1329.HK +0.00%) acquires land parcel in Nanning for RMB362m.

The HSI index dropped over 800 pts and SHCOMP drop to 28-month low as investors last week as the market await Trump announcements regarding tariffs on Chinese exports. On Friday, Trump imposed tariffs on US\$16bn worth of Chinese goods, which will take effect in two weeks, and is considering an additional US\$500bn. In return, China's State Council imposes tariffs on 545 items including vehicles, agricultural and aquatic products.

This week's focus may be on Xiaomi's debut as it trades lower than its IPO price. Further, 15 companies are set to be listed this week on HKEX. We also keep an eye on the US-China trade war as the market continue to absorb the imposed tariffs.

### Hong Kong market sector movers and news tracker

**1) Gold sector:** Prices rose to US\$1,258.8/oz amid market drops last week as investors flee to gold for a more stable investment.

-Related stocks: China Gold (2099.HK -0.31%), Hengxing Gold (2303.HK +1.13%), Zhaojin Mining (1818.HK +0.17%), Zijin Mining (2899.HK -3.11%)

**2) Oil sector:** President Rouhani of Iran warns about threats from the US regarding discontinuation of its oil exports.

-Related stocks: CNOOC (883.HK +0.16%), Petro China (857.HK -0.53%), Sinopec (386.HK +1.03%), China Oilfield (2883.HK -0.71%)

**3) Blue chip stocks:** HSI Index dropped over 800 pts last week amid US-China trade war.

-Related stocks: HSBC (5.HK +0.14%), Tencent (700.HK +0.26%), Ping An (2318.HK +0.36%), CCB (939.HK +0.42%)

## Performance indices

Global Index	Closing	Performance chg. (%)		
		1D	1W	1M
HANG SENG INDEX	28315.62	0.5	-0.5	-7.0
HANG SENG CHINA ENT INDX	10622.62	0.1	-2.0	-10.8
SHANGHAI SE COMPOSITE	2747.229	0.5	1.2	-8.4
SHENZHEN SE COMPOSITE IX	1535.983	0.5	-0.7	-10.3
CSI 300 INDEX	3365.12	0.68	1.4	-8.6
DOW JONES INDUS. AVG	24456.48	0.41	1.0	-3.4
S&P 500 INDEX	2759.82	0.8	1.6	-0.7
NASDAQ COMPOSITE INDEX	7688.387	1.3	2.5	0.6
DAX INDEX	12496.17	0.3	1.5	-2.1
CAC 40 INDEX	5375.77	0.2	1.0	-1.4
FTSE 100 INDEX	7617.7	0.2	-0.3	-0.8

Sources: Bloomberg as of 9 July 18

## Commodities

Commodities	Closing	Performance chg. (%)		
		1D	1W	1M
Brent Crude Oil	77.11	-0.4	0.4	1.9
Gold	1255.48	-0.2	1.5	-3.1
Steel (HRC China)	3770	-0.1	1.1	0.4
Aluminium	2080	0.0	-2.5	-11.3
Copper	6282	-1.0	-5.2	-13.0

Sources: Bloomberg as of 9 July 18

## Currencies to US\$

Currencies to US\$	Closing	Performance chg. (%)		
		1D	1W	1M
CNY	6.6427	0.09	0.7	-3.4
HKD	7.8479	0.01	-0.1	0.0
JPY	110.47	-0.15	0.4	-0.4
EUR	1.1746	0.47	1.1	-0.2
GBP	1.3283	0.46	1.3	-0.5
AUD	0.743	0.58	1.7	-1.9
CAD	1.3084	-0.37	0.8	-0.8

Sources: Bloomberg as of 9 July 18

## Economic Calendar

Date	Event	Est.	Prior
10-Jul-18	CH PPI YoY (Jun)	4.5%	4.1%
	CH CPI YoY (Jun)	1.9%	1.8%
13-Jul-18	CH trade balance CNY (Jun)	187bn	156.5bn
	CH exports YoY CNY (Jun)	4.0%	3.2%
	CH imports YoY CNY (Jun)	12.6%	15.6%
	CH trade balance (Jun)	\$27.72bn	\$24.92bn
	CH exports YoY (Jun)	4.0%	3.2%
	CH imports YoY (Jun)	12.6%	15.6%
15-Jul-18	CH money supply M1 HKD YoY (Jun)	5.9%	6.0%
	CH money supply M2 HKD YoY (Jun)	8.4%	8.3%
	CH money supply M0 HKD YoY (Jun)	3.5%	3.6%
	CH aggregate financing CNY (Jun)	1425.0bn	760.8bn
	CH new Yuan loans CNY (Jun)	1520.0bn	1150.0bn
16-Jul-18	CH GDP YoY (2Q)	6.7%	6.8%
	CH GDP SA QoQ (2Q)	1.6%	1.4%
	CH GDP YTD YoY (2Q)	6.7%	6.8%
	CH retail sales YoY (Jun)	8.9%	8.5%
	CH retail sales YTD YoY (Jun)	9.4%	9.5%
	CH industrial production YoY (Jun)	6.5%	6.8%
	CH industrial production YTD YoY (Jun)	6.9%	6.9%
	CH fixed assets ex rural YTD YoY (Jun)	6.0%	6.1%

Sources: Bloomberg as of 9 July 18

## Market commentary

### Hong Kong notable market movers and news tracker

- 1) Evergrande (3333.HK -0.72%) repurchases 10m shares for HK\$20.65/shr totaling to HK\$206.5m.
- 2) SHKP (16.HK +0.67%) launches pre-sale for Victoria Harbor project, ranging from HK\$40,000-HK\$51,000/ft2 from flat sizes 286 ft2 to 524 ft2.
- 3) Wuzhou International (1369.HK -1.72%) stock plunge defaults on principal repayment and is demanded RMB1bn in early repayment.
- 4) Daging Dairy (1007.HK -89.71%) resumes trading after six years, and is renamed Longhui International.
- 5) Shui On Land (272.HK -2.19%) led consortium wins bid for land use rights for RMB13.61bn in Huangpu District, Shanghai.
- 6) HKTN (1137.HK -1.14%) average daily customers' orders dropped from 10,800 in May to 10,100 in June.
- 7) ZTE (763.HK +3.93%) given permission to conduct business with US companies till August 1 according to US Bureau of Industry & Security.
- 8) CKH (1.HK +0.36%) will become sole owner of Wind Tre for HK\$22.65bn.
- 9) US government blocks China Mobile (941.HK +0.65%) services to the telecommunications market in the country because of "national security risks".
- 10) Link REIT (823.HK +2.21%) accused for making homeowners pay HK\$10m more in repair project.

## 5-day High/Low Records

Week highs	% index			
Company	Ticker	End Price	move	Industry
CLP	2	88.1	3.38%	Utilities
Link REIT	823	74	2.50%	Property
Power Assets	6	56.65	1.24%	Utilities
CHK	1	84.1	1.20%	Conglomerate
CKI	1038	61	0.93%	Utilities

Week lows	% index			
Company	Ticker	Price	move	Industry
CNOOC	883	12.58	-8.49%	Oil
Tencent	700	286.60	-8.45%	Technology
Ping An	2318	69.70	-6.45%	Insurance
HSBC	5	72.60	-6.06%	Banks
AIA	1299	67.65	-5.68%	Insurance

Sources: HKEX, Bloomberg

## IPO Calendar

Company	Ticker	Listing date	IPO px (HK\$)	Industry
Bank of Jiujiang	6190.HK	10/7/2018	10.48-10.96	Banks
Ocean Line Port	8502.HK	10/7/2018	0.38-0.42	Marine services
Fusen Pharmaceutical	1652.HK	11/7/2018	2.00-3.00	Medicine
Man Shun Group	1746.HK	11/7/2018	0.50-0.60	Construction & décor
Redsun Properties	1996.HK	12/7/2018	2.18-3.18	Property
Qeeka Home	1739.HK	12/7/2018	4.85	Construction & décor
Infron Technology	1760.HK	12/7/2018	2.90-3.33	Automobiles
Inke Limited	3700.HK	12/7/2018	3.85-5.00	Leisure & recreation
Hanvey Group	8219.HK	12/7/2018	0.23-0.27	Watch & jewelry
BOSA Technology	8140.HK	12/7/2018	0.30-0.40	Construction & décor
FingerTango	6860.HK	12/7/2018	2.07-3.27	E-commerce
Zhejiang Cangnan	1743.HK	13/7/2018	37.10-51.90	Industrial goods
Prosperous Industrial	1731.HK	13/7/2018	0.89-1.25	Accessories
51 Credit Card	2051.HK	13/7/2018	8.50-11.5	Other financials
Bexcellent Group	1775.HK	13/7/2018	0.90-1.10	Other support services
FSM Holdings	1721.HK	16/7/2018	0.52-0.60	Industrial goods
Miji International	1715.HK	16/7/2018	0.30-0.36	Furniture & household
Hingtex Holdings	1968.HK	16/7/2018	1.10-1.40	Textile & apparels
Kinetix Systems	8606.HK	16/7/2018	0.23-0.30	System applications
Victory Securities	8540.HK	16/7/2018	1.06-1.44	Securities
Kinergy Corporation	3302.HK	18/7/2018	1.02-1.26	Semiconductors
7Road Holdings	797.HK	18/7/2018	1.50-2.22	E-commerce
eBroker Group	8036.HK	18/7/2018	4.09-4.55	System applications
Pacific Legend Group	8547.HK	18/7/2018	0.30-0.40	Construction & décor
Byleasing Holdings	8525.HK	18/7/2018	1.20-1.42	Other financials
Qilu Expressway	1576.HK	19/7/2018	2.50-3.10	Road & railway
Hylufusin Group	8512.HK	19/7/2018	0.28-0.36	Furniture & household

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)
2/7/2018	52.0	n.a	n.a	n.a	n.a
3/7/2018	52.0	50.3	97%	450.4	411.8
4/7/2018	52.0	52.3	100%	269.8	320.9
5/7/2018	52.0	50.2	97%	300.1	262.3
6/7/2018	52.0	49.2	95%	373.5	286.0

Sources: HKEX

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/7/2018	42.0	n.a	n.a	n.a	n.a
3/7/2018	42.0	43.6	104%	53.6	90.4
4/7/2018	42.0	42.5	101%	32.9	48.6
5/7/2018	42.0	43.2	103%	31.9	58.9
6/7/2018	42.0	42.3	101%	40.6	50.0

Sources: HKEX, SSE

## Shenzhen-Hong Kong Stock Connect

### Northbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/7/2018	52.0	n.a	n.a	n.a	n.a
3/7/2018	52.0	53.2	102%	343.7	430.2
4/7/2018	52.0	53.0	102%	278.2	362.5
5/7/2018	52.0	51.5	99%	257.8	269.1
6/7/2018	52.0	50.2	97%	350.6	288.8

Sources: HKEX

### Southbound Daily (RMB bn)

Date	Quota	Balance	Percent	Buy trades (k)	Sell trades (k)
2/7/2018	42.0	n.a	n.a	n.a	n.a
3/7/2018	42.0	41.9	100%	56.9	58.4
4/7/2018	42.0	41.9	100%	36.9	33.9
5/7/2018	42.0	43.5	103%	37.3	73.5
6/7/2018	42.0	41.6	99%	36.4	34.4

Sources: HKEX, SSE

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