

Weekly market commentary report

11 Mar19 Monday

Global Market Outlook

Global Market Review and Outlook

The picture of global assets reversal is ominous. Central banks cautious outlook ended up confirming market fears on a deeper slowdown started to add some tempo to the turn from the first two months rally of 2019.

China trade data showed the biggest drop in exports in three years. The ECB downgraded its eurozone outlook and announced new lending stimulus. Major asset markets were pushed further down last Friday with the U.S. added just 20,000 jobs in February, far below any estimates. The Nasdaq composite fell 2.4% for the week, ending a 10-week winning streak. HSI was down almost 2% while the China's stock market also had its worst days in five months last Friday with Shanghai composite stock index shedding 4.4%.

Crude futures fell in large part on global economic fears, added with the report from EIA crude oil stockpiles soared by 7.1 million barrels while gasoline supplies fell by 4.2 million barrels. WTI dropped at the end of the week to as low as \$54.52 before bouncing back at above \$56.

Jolt of volatility happened in currency market. The US dollar built higher last week, buoyed by haven-seeking capital flows. With the ECB announced a new series of TLTRO-III triggered the dollar strongest daily upward push in two months. Dollar may extend advance as market sentiment deteriorates. On the other hand, EUR tumbled and dropped below 1.12 last week represents the 61.8 percent Fibonacci retracement of the 2016 to 2018 range. The currency bounced a bit from the low and settled at 1.124 with weak US NFPs data. JPY was also benefited with risk aversion through last week, up 0.67%.

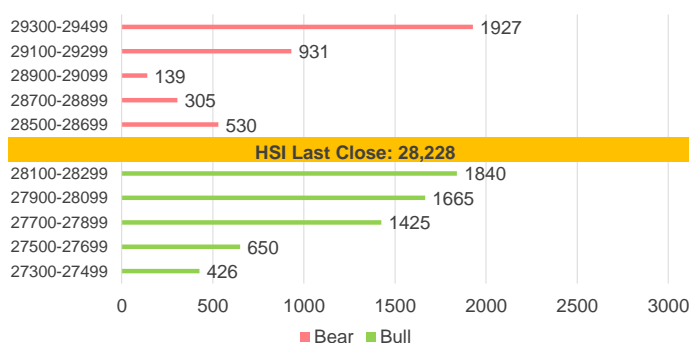
Gold bounced off strongly from \$1280 with the dovish stance of global central banks, RBA, BOC, ECB, showed normalization is not happening in the near term. Powell also signaled his contentment with low interest rate and "particularly given muted inflation pressures". We expect the yellow metal will continue rally amid big resistance at \$1300.

HSI Past 30 Days Performance



Source: HKEX

HSI CBBC Distribution



Source: HKEX as of 08 Mar19

Indices

	Closing	Performance Chg. (%)			Valuation Ratio (X)	
		WTD	MTD	YTD	PE	PB
HSI	28228.4	-2.0	-1.4	9.2	10.9	1.2
HSCEI	11156.8	-3.0	-1.9	10.2	8.2	1.0
SHCOMP	2969.9	-0.8	1.0	19.1	11.1	1.3
SHSZ300	3657.6	-2.5	-0.3	21.5	11.6	1.5
NIKKEI 225	21003.1	-2.7	-1.7	5.1	15.3	1.6
S&P 500	2743.1	-2.2	-1.5	9.4	16.4	3.0
DJIA	25450.2	-2.2	-1.8	9.1	15.4	3.7
NASDAQ COM	7408.1	-2.5	-1.7	11.6	21.3	4.1
CAC 40	5231.2	-0.6	-0.2	10.6	13.4	1.5
DAX	11457.8	-1.2	-0.5	8.5	12.6	1.4
FTSE 100	7104.3	0.0	0.4	5.6	12.6	1.7

Source: Bloomberg as of 09 Mar19

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News Tracker

Hong Kong Industries Movers and News Tracker

1) Software service industry: In 13th National People Congress, Ministry of Industry and IT and national standardization administration announced Guidance for the Construction and Promotion of Industrial Internet Platforms. It mentioned developing industrial internet by 2020. It's expected that more than 1 million China enterprises takes part in the net, bringing investment opportunity to related stocks.

Related Stocks: Kingdee Int'l (0268.HK), Chinasoft Int'l (0354.HK)

2) Educational Service industry: On February 22-23, the China Ministry of Education (MOE) and State Council published three documents, namely MOE's Key Priorities in 2019, Implementation Plan of Accelerating Education Modernization (2018-2022) and China Education Modernization 2035. The government continued emphasis on vocational education and China international schools. We convince that some investment opportunities appears on related stocks.

Related Stocks: Hope Education (1765.HK), China Edu Group (0839.HK), MinSheng Edu (1569.HK), New Higher Edu. (2001.HK)

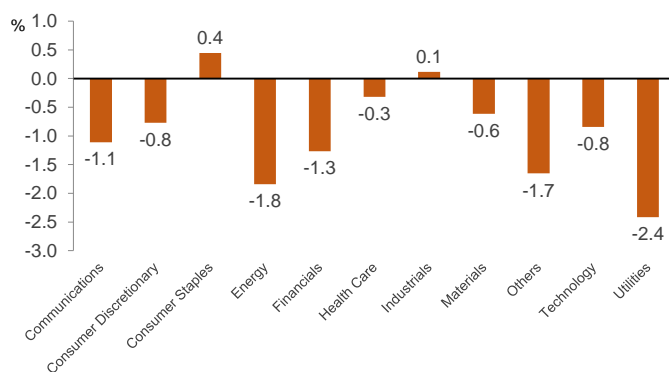
Market Movers

Hong Kong Notable Market Movers

1) Future Land (1030.HK) announced its annual result ended Dec 31 2018. It recorded contracted sales RMB 221 billions with contracted sales area 18,121,000 sq.m, representing 74.8% and 95.2% increase YoY respectively. Meanwhile, its' net profit increased 100.3% to RMB 12 billions.

2) YueXiu Property (0123.HK) announced its February operating results. It's contracted sales increased 36% YoY to RMB 2246 million. Its' gross floor area amounted to 101,400 sq.m, representing a 15% increase YoY.

Hong Kong Weekly BICS Industrial Performance



Source: Bloomberg as of 09 Mar19

Hong Kong IPO Calendar

Company	Ticker	Listing Date	PX (HK\$)	Industry
Zhejiang New Century Hotel Mgmt.	1158	11/3/2019	13.37-20.05	Lodging
Doumob	1917	14/3/2019	0.4-0.5	Advertisement
Tasty Concept Holdings Limited	8096	15/3/2019	0.4-0.7	Food and Beverage
Heng Hup Holdings Limited	1891	15/3/2019	0.5-0.62	Metal and Steel
Aoyuan Healthy Life Group Co., Ltd	3662	15/3/2019	3.48-4.3	Property Management
China Risun Group Limited	1907	15/3/2019	2.76-3.18	Coal
Alliance Financial Leasing Co., Ltd.	1563	15/3/2019	0.84-1.67	Financial Service

Source: HKEX, Bloomberg

Commodities

Futures	Closing(\$)	Performance Chg. (%)		
		WTD	MTD	YTD
Brent Crude Oil (Apr 19)	65.9	1.0	-0.9	21.3
WTI Crude Oil (Mar 19)	56.2	0.5	-2.0	21.9
Gold (Apr 19)	1297.9	0.0	-1.3	0.8
Natural Gas (Mar 19)	2.8	0.2	1.9	5.2
Copper (Mar 19)	289.5	-1.3	-1.8	9.8
Silver (Mar 19)	15.3	0.6	-1.8	-1.8

Source: Bloomberg as of 09 Mar19

Currencies in US\$	Closing	Performance Chg. (%)		
		WTD	MTD	YTD
HKD	7.8	0.0	0.0	0.2
CNY	6.7	0.2	0.4	-2.3
JPY	110.9	-0.6	-0.2	1.3
EUR	1.1	-1.1	-1.2	-2.1
GBP	1.3	-1.4	-1.9	1.6
AUD	0.7	-0.5	-0.7	-0.3
CAD	1.3	0.9	1.9	-1.5

Source: Bloomberg as of 09 Mar19

Economic Calendar

Date	Country	Event	Est.	Prior
11-Mar-19	DE	Balance of Trade Jan	€14.4B	€13.9B
	US	Retail Sales MoM Jan	0.3%	-1.2%
12-Mar-18	US	Core Inflation rate YoY Feb	2.2%	2.2%
	UK	Industrial Production YoY	-0.8%	-0.9%
	DE	Markit Manufacturing PMI Final Feb	55.1	53.0
	UK	BoE FPC Minutes		
	AU	RBA Debelle Speech		
13-Mar-18	US	Fed Powell Speech		
	JP	Machinery Order YoY Jan	-2.0%	0.9%
14-Mar-18	UK	Spring Budget 2019		
	UK	Parliament Vote on Brexit Deal		
	US	Durable goods orders MoM	-0.9%	1.2%
	SA	OPEC Monthly Report		
15-Mar-18	DE	Inflation rate YoY Final Feb	1.6%	1.4%
	JP	BoJ Interest Rate Decision	-0.1%	-0.1%
	US	Michigan Consumer Sentiment Prel Mar	93.0	93.8

Source: Bloomberg as of 09 Mar19

Government Bond Yield (%)

	Closing	WTD	MTD	YTD
US				
2Y Interest	2.4569	-0.0917	-0.0286	-0.0310
10Y Interest	2.6213	-0.1246	-0.0323	-0.0629
30Y Interest	3.0063	-0.1107	0.0142	-0.0082
10-2Y Spread	0.1644	-0.0329	-0.0037	-0.0319
30-10Y Spread	0.5494	-0.0190	0.0428	0.0228
UK				
UK Gilt (Mar 19)	1.1240	1.3200	-0.0510	
Eurozone				
German Bund (Mar 19)	-0.7699	1.7100	-0.5399	
France OTA (Mar 19)	-1.4439	0.8600	-1.5139	
Asia				
Japan 10Y (Mar 19)	0.4710	0.1400	-0.0070	
China 10Y (Mar 19)	3.0822	1.0000	-0.1668	

Source: Bloomberg as of 09 Mar19



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