

Fundamentals:

Hong Kong stocks slipped as money managers called for a pullback following the best start to a year in Chinese equities since 1996. Trading slowed before the Lunar New Year holiday next week.

The Hang Seng Index fell as much as 1.4 per cent, the most in more than four weeks, before paring the loss to 0.1 per cent at 21,650.98 at the close. The Tech Index declined 1.7 per cent and the Shanghai Composite Index added 0.5 per cent.

Some of the benchmark index's biggest members led losses. Alibaba Group slid 1.7 per cent to HK\$112.20 and JD.com lost 1.5 per cent to HK\$231.80. Meituan retreated 2.1 per cent to HK\$160.20. Kuaishou Technology tumbled 6 per cent to HK\$68.15 after a co-founder cut his stake in the short-video platform operator.

Hong Kong-based fund managers were banking on a 5 to 10 per cent retreat in Chinese equities before the Lunar New Year holiday that starts from January 22, according to a survey this month by Bank of America. They expect to buy the dips, the survey showed.

Transactions in Hong Kong stocks amounted to about 10 per cent below the 30-day average at this time of the day, according to Bloomberg data. The city's market will be shut for three days next week, while those in mainland China will be closed for the whole week.

Even so, sentiment has turned cautious after the Hang Seng Index chalked up almost 50 per cent gain from end-October, sending the gauge and key members into technically overbought levels, and suggesting a reversal is imminent.

The MSCI China Index, which tracks Chinese stocks listed at home and abroad, has surged 11.4 per cent this year through January 17, the best start to a year since 1996, according to Bloomberg data, stoking concerns the market has overstretched. The index rose 35 per cent over November and December.

Foreign investors have spent 103.3 billion yuan (US\$15.2 billion) buying Chinese onshore stocks so far in January, according to Stock Connect data. If sustained, it would represent the biggest monthly purchase on record.

Four companies advanced on their first day of trading. YH Entertainment Group, an artist and talent management firm, jumped 48 per cent to HK\$6.03 in Hong Kong.

Shanghai Information Software surged 177 per cent to 107 yuan in Shanghai. Xinlei Compressor gained 33 per cent to 27.45 yuan in Shenzhen, while Zhejiang Tianhong Lithium rallied 21 per cent to 7.24 yuan in Beijing.

Other major Asian markets were mixed. Japan's Nikkei 225 slid 1.4 per cent, while South Korea's Kospi rose 0.5 per cent and Australia's S&P/ASX 200 added 0.6 per cent.

(Source: South China Morning Post)

| Contracts | Chg | Sett | High | Low |
|-------------------------|-----|-------|-------|-------|
| H. SENG FUT JAN 23 | -55 | 21655 | 21833 | 21393 |
| H. SENG FUT FEB 23 | -58 | 21722 | 21895 | 21470 |
| H. SENG FUT MAR 23 | -60 | 21726 | 21900 | 21490 |
| H. SENG FUT JUN 23 | -66 | 21644 | 21828 | 21408 |
| MINI H. SENG FUT JAN 23 | -55 | 21655 | 21833 | 21394 |
| MINI H. SENG FUT FEB 23 | -58 | 21722 | 21891 | 21464 |
| MINI H. SENG FUT MAR 23 | -60 | 21726 | 21900 | 21470 |
| MINI H. SENG FUT JUN 23 | -66 | 21644 | 21788 | 21388 |
| HSCEI FUT JAN 23 | -33 | 7322 | 7397 | 7237 |
| HSCEI FUT FEB 23 | -35 | 7351 | 7412 | 7268 |
| HSCEI FUT MAR 23 | -39 | 7376 | 7405 | 7295 |
| HSCEI FUT JUN 23 | -41 | 7349 | 7358 | 7278 |
| MINI HSCEI FUT JAN 23 | -33 | 7322 | 7397 | 7236 |
| MINI HSCEI FUT FEB 23 | -35 | 7351 | 7420 | 7266 |
| MINI HSCEI FUT MAR 23 | -39 | 7376 | 7425 | 7301 |
| MINI HSCEI FUT JUN 23 | -41 | 7349 | 7410 | 7270 |

| Major HSI Constituent Stocks | Close | Change | High | Low |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd | 87.45 | 0.7 | 87.85 | 85.95 |
| **Tencent Holdings Ltd | 382.8 | 2.8 | 385 | 374.6 |
| *HSBC Holdings PLC | 56.65 | -0.15 | 56.85 | 56.3 |
| **China Construction Bank Corp | 5.08 | -0.01 | 5.09 | 5.02 |
| **Ping An Insurance Group | 60.45 | 0.25 | 60.65 | 59.8 |
| **Meituan | 160.2 | -3.4 | 162 | 159 |
| *Hong Kong Exchanges & Clearing Ltd | 361.4 | 2.8 | 362.4 | 353.4 |
| **Alibaba Group Holdings Ltd | 112.2 | -1.9 | 113.6 | 110.3 |
| **Xiaomi Corp | 11.58 | -0.32 | 11.8 | 11.52 |
| **ICBC | 4.18 | -0.08 | 4.26 | 4.14 |

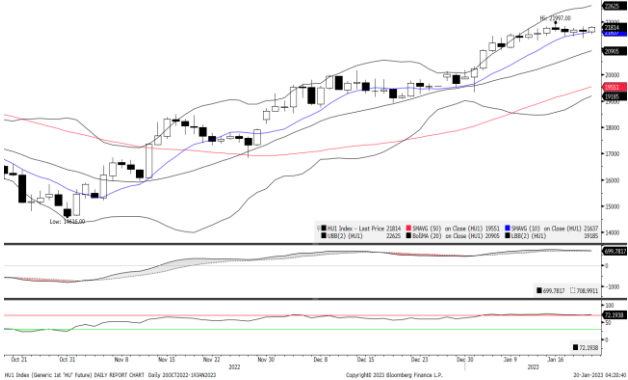
| Major HSCEI Constituent Stocks | Close | Change | High | Low |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc | 70.4 | 1.05 | 71.5 | 67.7 |
| **China Mobile Ltd | 55.1 | -0.05 | 55.25 | 54.75 |
| *Bank of China Ltd | 2.96 | 0 | 2.96 | 2.93 |
| *Techtronic Industries Co Ltd | 98.7 | -5.6 | 104 | 98 |
| *CK Hutchison Holdings Ltd | 49.4 | -0.1 | 49.5 | 48.75 |
| *Link REIT | 63.4 | 0.85 | 63.55 | 62.25 |
| *CLP Holding Ltd | 57.65 | 0.15 | 57.8 | 57.2 |
| **Geely Automobile Holdings Ltd | 11.86 | 0.18 | 11.92 | 11.56 |
| **CNOOC Ltd | 10.8 | -0.04 | 10.88 | 10.7 |
| **ANTA Sports Products Ltd | 116.5 | -0.2 | 117.4 | 114.3 |

| Global Equity Indices | Close | Change | High | Low |
|-----------------------|----------|---------|---------|----------|
| Hang Seng | 21650.98 | -27.02 | 21754.1 | 21383.03 |
| HSCEI | 7312.76 | -27.97 | 7353.26 | 7229.03 |
| Shanghai Comp Index | 3240.28 | 15.873 | 3240.28 | 3210.383 |
| Nikkei 225 | 26405.2 | -385.89 | 26592.9 | 26368.97 |
| KOSPI | 2380.34 | 12.02 | 2380.34 | 2354.56 |
| S&P/ASX200 | 7435.31 | 41.952 | 7439.7 | 7380.1 |
| DJIA | 33044.6 | -252.4 | 33227.5 | 32982.05 |
| S&P 500 | 3898.85 | -30.01 | 3922.94 | 3885.54 |
| NASDAQ | 10852.3 | -104.74 | 10932.5 | 10804.57 |
| DAX | 14920.4 | -261.44 | 15134.1 | 14906.27 |
| CAC | 6951.87 | -1.86 | 7056.14 | 6946.74 |
| FTSE100 | 7747.29 | -83.41 | 7830.8 | 7726.23 |

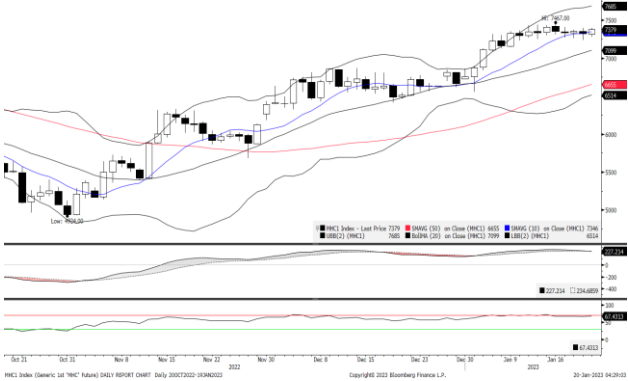
HONG KONG INDEX FUTURES DAILY PREVIEW

Date Prepared : 20/Jan/2023

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

| | | | |
|-----------------|---------|-----------------|-------|
| 1st Resistance: | 21980 | 2nd Resistance: | 22305 |
| 1st Support: | 21330 | 2nd Support: | 21005 |
| MACD: | 714.170 | | |
| MACD DIFF: | 2.96441 | | |
| RSI: | 70.5169 | | |

Mini Hang Seng China Enterprise

| | | | |
|-----------------|---------|-----------------|------|
| 1st Resistance: | 7432 | 2nd Resistance: | 7542 |
| 1st Support: | 7212 | 2nd Support: | 7102 |
| MACD: | 233.417 | | |
| MACD DIFF: | -3.094 | | |
| RSI: | 65.6673 | | |

Strategy:

| | | | | | | |
|-----------------|----------------------------|------------------|-------|----------------------------|------------------|-------|
| Mini Hang Seng: | Long: Profit target: 21330 | Stop-loss: 21543 | 21224 | Long: Profit target: 21005 | Stop-loss: 21215 | 20900 |
|-----------------|----------------------------|------------------|-------|----------------------------|------------------|-------|

| | | | | | |
|-----------------------------|------------------|-------|-----------------------------|------------------|-------|
| Short: Profit target: 21980 | Stop-loss: 21760 | 22090 | Short: Profit target: 22305 | Stop-loss: 22082 | 22416 |
|-----------------------------|------------------|-------|-----------------------------|------------------|-------|

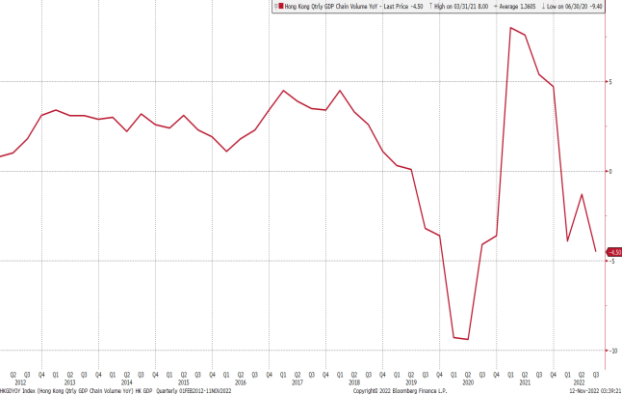
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|----------------------------------|---------------------------|-----------------|------|---------------------------|-----------------|------|
| Mini Hang Seng China Enterprise: | Long: Profit target: 7212 | Stop-loss: 7284 | 7176 | Long: Profit target: 7102 | Stop-loss: 7173 | 7067 |
|----------------------------------|---------------------------|-----------------|------|---------------------------|-----------------|------|

| | | | | | |
|----------------------------|-----------------|------|----------------------------|-----------------|------|
| Short: Profit target: 7432 | Stop-loss: 7358 | 7469 | Short: Profit target: 7542 | Stop-loss: 7466 | 7579 |
|----------------------------|-----------------|------|----------------------------|-----------------|------|

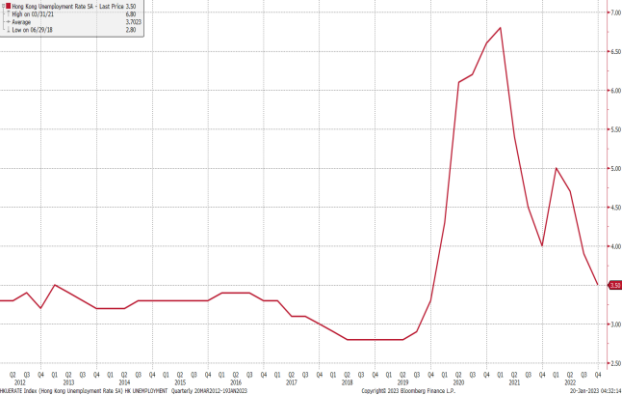
| Hong Kong Economic Releases | | Period | Survey | Actual | Prior | Revised |
|-----------------------------|----------------------|--------|--------|--------|---------|---------|
| 01/19/2023 16:30 | Unemployment Rate SA | Dec | 3.60% | 3.50% | 3.70% | -- |
| 01/20/2023 16:30 | CPI Composite YoY | Dec | 1.90% | -- | 1.80% | -- |
| 01/26/2023 16:30 | Imports YoY | Dec | -- | -- | -20.30% | -- |
| 01/26/2023 16:30 | Trade Balance HKD | Dec | -- | -- | -27.1b | -- |
| 01/26/2023 16:30 | Exports YoY | Dec | -- | -- | -24.10% | -- |

| China Economic Releases | | Period | Survey | Actual | Prior | Revised |
|-------------------------|--|--------|--------|--------|-------|---------|
| 01/19/2023 09:00 | Swift Global Payments CNY | Dec | -- | 2.15% | 2.37% | -- |
| 01/19/2023 10:00 | Bloomberg Jan. China Economic Survey (Table) | | | | | |
| 01/20/2023 09:30 | 5-Year Loan Prime Rate | Jan-20 | 4.30% | -- | 4.30% | -- |
| 01/20/2023 09:30 | 1-Year Loan Prime Rate | Jan-20 | 3.65% | -- | 3.65% | -- |

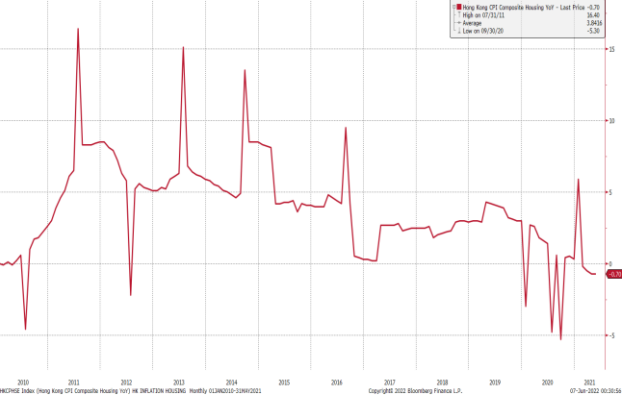
Hong Kong GDP Q on Q



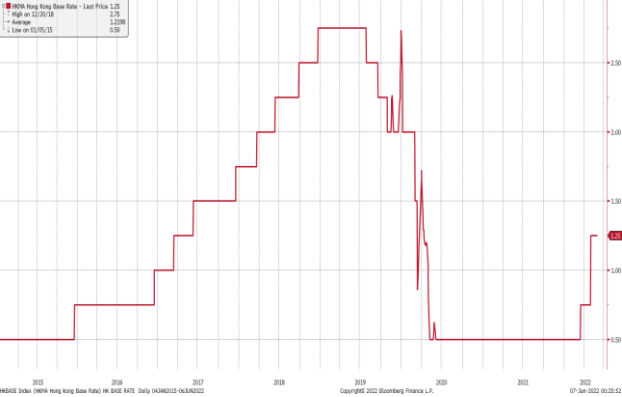
Hong Kong Unemployment Rate



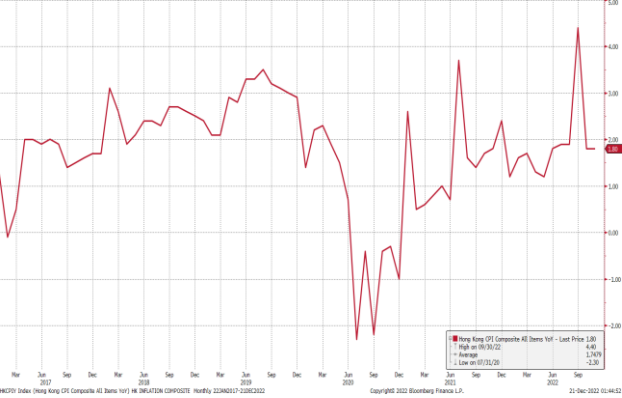
Hong Kong Housing Inflation



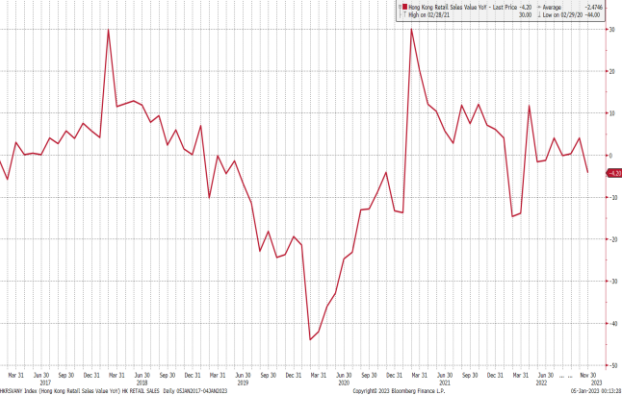
Hong Kong Base Interest Rate



Hong Kong Composite Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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