

Fundamentals:

Hong Kong stocks fell for a second day to a two-month low as the lack of progress on the US debt ceiling talks continued to weigh on sentiment. Lenovo, Xiaomi and Xpeng slipped before their results.

The Hang Seng Index declined 1.6 per cent to 19,115.93 at the close of trading on Wednesday, the biggest drop in a week, which took the benchmark to the lowest level since March 20. The Tech Index dropped 2 per cent, while the Shanghai Composite Index lost 1.3 per cent.

Alibaba Group Holding shed 2.3 per cent to HK\$81.05 after reports that its cloud division could lay-off 7 per cent of its staff. Search engine giant Baidu slipped 2.5 per cent to HK\$119.10 and Meituan lost 1.8 per cent to HK\$130.40. Developer Longfor Group crashed 7.9 per cent to HK\$16.14, while casino operator Sands China tumbled 5.4 per cent to HK\$24.75.

The White House and the Republicans ended another round of debt ceiling talks on Tuesday without signs of meaningful progress, leaving traders on edge as a deadline for potential default approaches. Treasury Secretary Janet Yellen said the US could find itself unable to pay its bills as soon as June 1.

Foreign investors dumped 7.9 billion yuan (US\$1.1 billion) worth of mainland stocks on Tuesday, the most so far this year, according to Stock Connect data. The outflow continued on Wednesday with another 4.4 billion yuan in net selling.

Tesla challenger Xpeng, Lenovo and Xiaomi slipped by 3.3 to 7.6 per cent ahead of their earnings cards later today. Alibaba Health lost 4.5 per cent to HK\$4.67 despite topping sales estimates for the first quarter.

Profit downgrades involving Chinese stocks have continued this month as sentiment surrounding China's reopening faded, strategists at Bank of America said in a report on Tuesday.

Two stocks debuted on Wednesday. State-owned Beijing Shenzhou Hangtian Soft soared 125 per cent in Shanghai, while Wuhu Sanlian Forging added 8 per cent in Shenzhen. Asian markets traded lower amid the US debt ceiling impasse. The Nikkei 225 in Japan dropped 0.9 per cent, the S&P/ASX 200 in Australia fell 0.6 per cent, while the Kospi in South Korea was unchanged.

(Source: South China Morning Post)

Contracts	Chg	Sett	High	Low
H. SENG FUT MAY 23	-365	19071	19437	19025
H. SENG FUT JUN 23	-364	19008	19369	18966
H. SENG FUT SEP 23	-369	18912	19265	18870
H. SENG FUT DEC 23	-365	19071	19437	19025
MINI H. SENG FUT MAY 23	-365	19071	19437	19026
MINI H. SENG FUT JUN 23	-364	19008	19370	18968
MINI H. SENG FUT SEP 23	-369	18912	19273	18868
MINI H. SENG FUT DEC 23	-365	19071	19437	19026
HSCEI FUT MAY 23	-147	6464	6611	6448
HSCEI FUT JUN 23	-152	6429	6577	6415
HSCEI FUT SEP 23	-151	6370	6510	6354
HSCEI FUT DEC 23	-147	6464	6611	6448
MINI HSCEI FUT MAY 23	-147	6464	6610	6449
MINI HSCEI FUT JUN 23	-152	6429	6577	6416
MINI HSCEI FUT SEP 23	-151	6370	6515	6360
MINI HSCEI FUT DEC 23	-147	6464	6610	6449

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	77.05	-1.25	78.85	76.85
**Tencent Holdings Ltd	332.4	-3.2	336.8	330.6
*HSBC Holdings PLC	59.25	-0.35	59.8	58.95
**China Construction Bank Corp	5.16	-0.14	5.27	5.15
**Ping An Insurance Group	51.6	-1.45	52.55	50.9
**Meituan	130.4	-2.4	131.9	129.6
*Hong Kong Exchanges & Clearing Ltd	301	-5.2	305.8	300.4
**Alibaba Group Holdings Ltd	81.05	-1.95	81.9	80.6
**Xiaomi Corp	10.4	-0.36	10.7	10.38
**ICBC	4.3	-0.09	4.39	4.27

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	44.35	-0.5	45.05	44.05
**China Mobile Ltd	64.9	-1.05	65.95	64.55
**Bank of China Ltd	3.17	-0.04	3.21	3.14
*Techtronic Industries Co Ltd	76.85	-0.75	77.55	74
*CK Hutchison Holdings Ltd	48.95	0.6	48.95	48.2
*Link REIT	49.2	-0.1	49.4	48.8
*CLP Holding Ltd	57.8	0.55	58.2	57.15
**Geely Automobile Holdings Ltd	9.59	-0.09	9.72	9.47
**CNOOC Ltd	12.7	-0.1	12.92	12.68
**ANTA Sports Products Ltd	84.55	-1	85.25	83.65

Global Equity Indices	Close	Change	High	Low
Hang Seng	19115.93	-315.32	19304.2	19046.8
HSCEI	6478.08	-125.49	6557.63	6448.94
Shanghai Comp Index	3204.75	-41.488	3237.71	3204.381
Nikkei 225	30682.7	-275.09	30856.9	30566.83
KOSPI	2567.45	-0.1	2572.21	2555.04
S&P/ASX200	7213.8	-46.09	7259.9	7208.6
DJIA	32799.9	-255.59	33031.8	32752.44
S&P 500	4115.24	-30.34	4132.96	4103.98
NASDAQ	12484.2	-76.09	12529.6	12415.85
DAX	15842.1	-310.73	16013.3	15802.86
CAC	7253.46	-1.7	7308.59	7223.58
FTSE100	7627.1	-135.85	7762.95	7590.24

HONG KONG INDEX FUTURES DAILY PREVIEW
Date Prepared : 25/May/2023**Mini Hang Seng Futures Daily Chart****Mini Hang Seng China Enterprise Futures Daily Chart****Technical Analysis****Mini Hang Seng**

1st Resistance:	19357	2nd Resistance:	19643
1st Support:	18785	2nd Support:	18499
MACD:	-178.642		
MACD DIFF:	-49.7424		
RSI:	37.7652		

Mini Hang Seng China Enterprise

1st Resistance:	6561	2nd Resistance:	6658
1st Support:	6367	2nd Support:	6270
MACD:	-51.345		
MACD DIFF:	-17.545		
RSI:	39.2134		

Strategy:

Mini Hang Seng:	Long: Profit target: 18785	Stop-loss: 18973	Long: Profit target: 18499	Stop-loss: 18684
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	Short: Profit target: 19357	Stop-loss: 19163	Short: Profit target: 19643	Stop-loss: 19447
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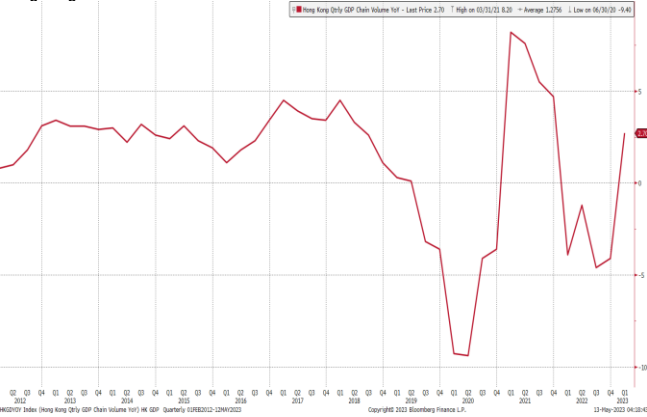
Mini Hang Seng China Enterprise:	Long: Profit target: 6367	Stop-loss: 6431	Long: Profit target: 6270	Stop-loss: 6333
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	Short: Profit target: 6561	Stop-loss: 6495	Short: Profit target: 6658	Stop-loss: 6591
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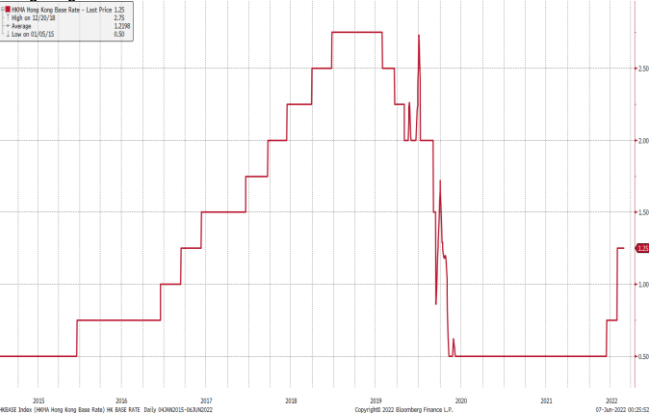
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
05/29/2023 16:30	Exports YoY	Apr	--	--	-1.50%	--
05/29/2023 16:30	Imports YoY	Apr	--	--	-0.60%	--
05/29/2023 16:30	Trade Balance HKD	Apr	--	--	-40.6b	--
05/31/2023	Money Supply M3 HKD YoY	Apr	--	--	0.90%	--
05/31/2023	Budget Balance HKD	Apr	--	--	-61.7b	--
05/31/2023	Money Supply M1 HKD YoY	Apr	--	--	-20.40%	--
05/31/2023	Money Supply M2 HKD YoY	Apr	--	--	0.90%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
05/25/2023 10:00	Bloomberg May China Economic Survey					
05/27/2023 09:30	Industrial Profits YTD YoY	Apr	--	--	-21.40%	--
05/31/2023 09:30	Composite PMI	May	--	--	54.4	--
05/31/2023 09:30	Manufacturing PMI	May	--	--	4920.00%	--
05/31/2023 09:30	Non-manufacturing PMI	May	--	--	5640.00%	--

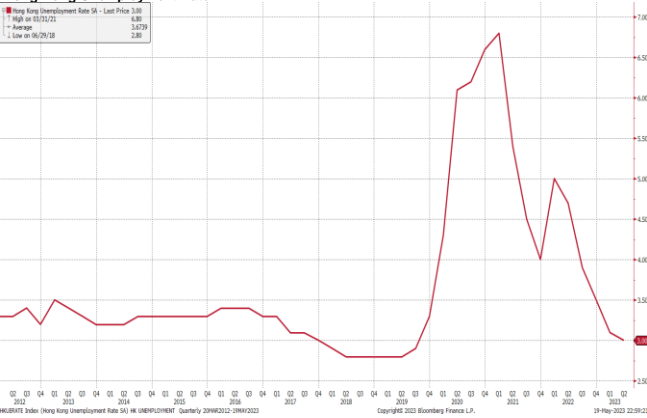
Hong Kong GDP Q on Q



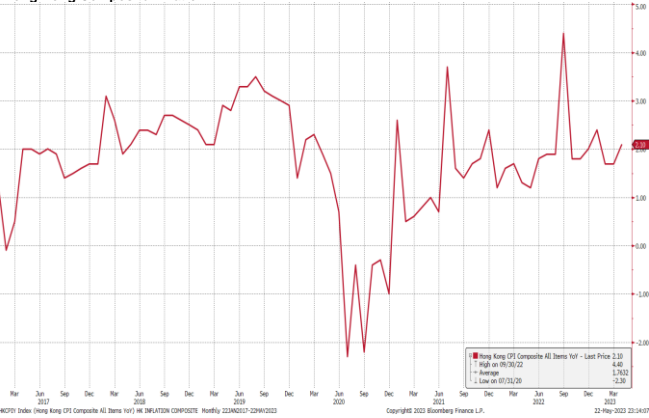
Hong Kong Base Interest Rate



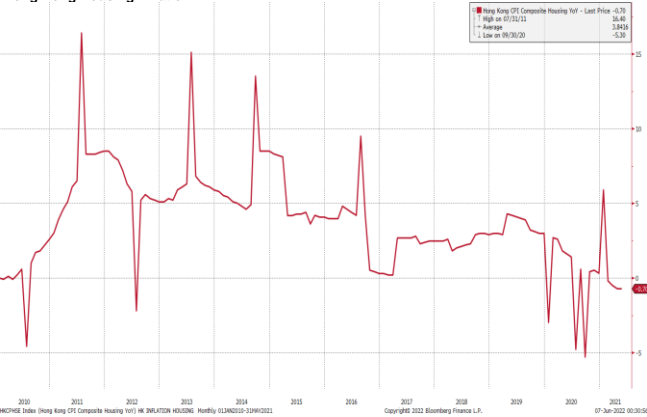
Hong Kong Unemployment Rate



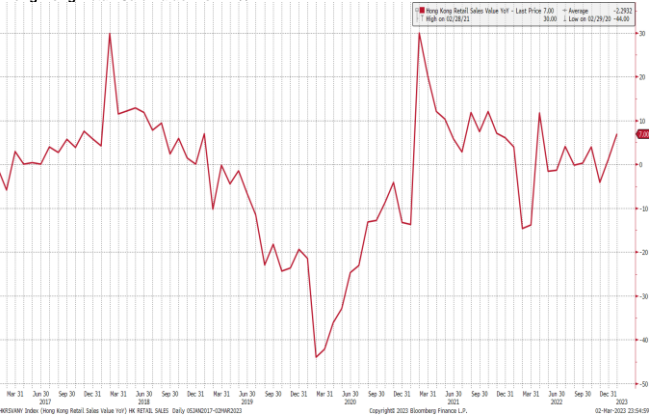
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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