

Fundamentals:

Hong Kong stocks fell to their lowest this month as bets on early interest-rate cuts by the US Federal Reserve receded and investors turned cautious in a data-packed week.

The Hang Seng Index slid 1 per cent to 18,176.34 at the close. The Hang Seng Tech Index dropped 0.5 per cent and the Shanghai Composite Index retreated 0.8 per cent.

Both mainland China and Hong Kong markets were playing catch-up with the global markets sell-offs following last Friday's robust US non-farm payroll report that rolled back rate-cut expectations, as they reopened after Monday's public holiday. The probability of a 25 basis-point cut in the benchmark borrowing costs by the Fed in September has now dropped to 46.7 per cent from 51.3 per cent a week ago, according to CME data.

"Investors should take a more conservative approach to trade Hong Kong stocks now, given there's a change of liquidity landscape globally," said Wang Xueheng, an analyst at Gousen Securities in Beijing. "Utilities stocks are recommended in the base-scenario case."

Chinese gold producer Zijin Mining Group tumbled 4.9 per cent to HK\$16.64 after China's central bank halted the streak of 18-month gold purchases last month and bullion prices slumped. Jewel retailer Chow Tai Fook Jewellery Group sank 3.6 per cent to HK\$9.41. Among other leading decliners, China Resources Beer lost 4.2 per cent to HK\$30 and electric-vehicle maker Li Auto shed 2.9 per cent to HK\$75.85 ahead of an expected ruling this week on the proposal to slap import tariffs on Chinese EVs.

The Hang Seng Index has dropped about 7 per cent from this year's high in May, as investors awaited further clues about a recovery in the world's second largest economy. China's early May economic data showed a mixed picture, with a private purchasing managers' index indicating an expansion of the services industry and imports figures suggesting sluggish domestic demand.

Caution has also set in ahead of the release of both China and US inflation data as they will offer more clarity about monetary policy in the world's two largest economies. Both reports are due Wednesday and hours after the US report, the Fed's interest rate decision will follow. The Fed is widely expected to keep its benchmark interest rate steady and markets are waiting for Fed Chair Jerome Powell's comments for hints about policy direction.

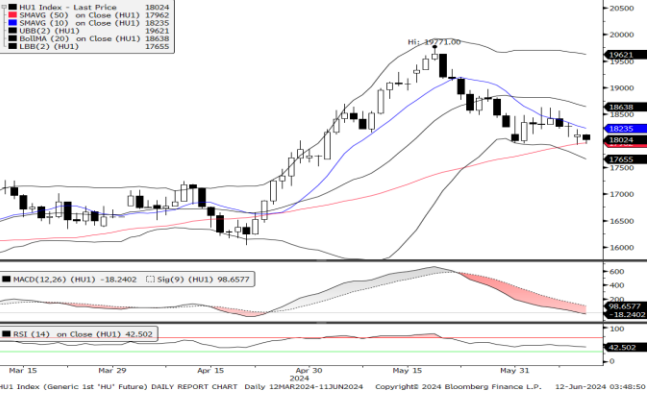
China's consumer prices probably increased 0.4 per cent from a year earlier in May, accelerating from a 0.3 per cent gain for the previous month, while US inflation may have been at 3.4 per cent, remaining unchanged from a month earlier, according to the consensus estimate by the economists tracked by Bloomberg.

Elsewhere, Apple's suppliers sank after the launch of new products featuring artificial intelligence failed to impress consumers. Luxshare Precision Industry, which makes connectors for consumer electronic products and gets 73 per cent of its sales from Apple, lost 1.3 per cent to 31.78 yuan in Shenzhen.

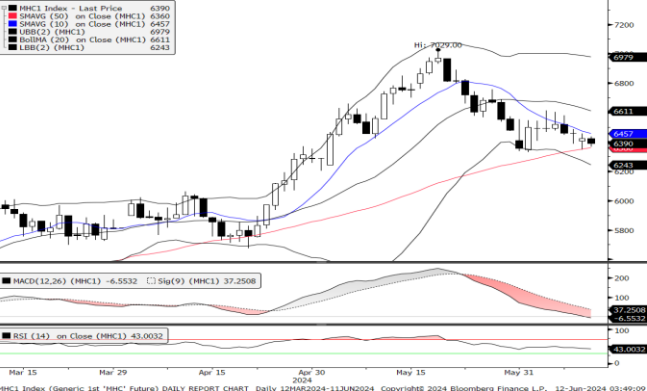
Other major Asian markets were mixed. Japan's Nikkei 225 climbed 0.3 per cent and South Korea's KOSPI rose 0.2 per cent, while Australia's S&P/ASX 200 lost 1.3 per cent.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Contracts	Chg	Sett	High	Low
H. SENG FUT JUN 24	-156	18117	18215	17920
H. SENG FUT JUL 24	-165	18010	18100	17822
H. SENG FUT SEP 24	-167	18000	18069	17820
H. SENG FUT DEC 24	-162	18165	18162	18006
MINI H. SENG FUT JUN 24	-156	18117	18215	17922
MINI H. SENG FUT JUL 24	-165	18010	18100	17820
MINI H. SENG FUT SEP 24	-167	18000	18092	17815
MINI H. SENG FUT DEC 24	-162	18165	18262	17975
HSCEI FUT JUN 24	-37	6423	6458	6347
HSCEI FUT JUL 24	-40	6356	6387	6280
HSCEI FUT SEP 24	-40	6354	6373	6284
HSCEI FUT DEC 24	-39	6419	6442	6345
MINI HSCEI FUT JUN 24	-37	6423	6457	6347
MINI HSCEI FUT JUL 24	-40	6356	6388	6283
MINI HSCEI FUT SEP 24	-40	6354	6384	6280
MINI HSCEI FUT DEC 24	-39	6419	6442	6364

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	57.2	-1.15	57.85	55.6
**Tencent Holdings Ltd	373.8	-1	377.8	367.4
*HSBC Holdings PLC	68.5	-0.25	68.85	68.05
**China Construction Bank Corp	5.54	-0.12	5.65	5.5
**Ping An Insurance Group	37.45	-0.65	38.1	36.95
**Meituan	115.3	4.9	116.6	107
*Hong Kong Exchanges & Clearing Ltd	266.2	-4.6	270.2	261.6
**Alibaba Group Holdings Ltd	76.45	-0.65	77.05	75.75
**Xiaomi Corp	17.32	-0.3	17.34	17.02
**ICBC	4.36	-0.06	4.41	4.32

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	10.98	-0.4	11.32	10.88
**China Mobile Ltd	73.9	-1.05	75	73.5
**Bank of China Ltd	3.72	-0.07	3.78	3.7
*Techtronic Industries Co Ltd	95.3	-1.75	96.5	94.2
*CK Hutchison Holdings Ltd	37.95	-0.7	38.3	37.55
*Link REIT	32.4	-1.5	33.25	32.1
*CLP Holding Ltd	65.9	0.3	66.25	64.95
**Geely Automobile Holdings Ltd	9.35	-0.18	9.44	9.11
**CNOOC Ltd	21.3	0.05	21.6	20.85
**ANTA Sports Products Ltd	84.95	-2.3	86.45	84.1

Global Equity Indices	Close	Change	High	Low
Hang Seng	18176.34	-190.61	18267.7	17994.1
HSCEI	6452.06	-58.31	6483.6	6381.53
Shanghai Comp Index	3028.05	-23.234	3043.2	3013.861
Nikkei 225	39134.8	96.63	39336.7	39074.88
KOSPI	2705.32	4.15	2718.88	2702.17
S&P/ASX200	7755.38	-104.648	7860	7735.1
DJIA	38716.2	-151.86	38795.7	38446.24
S&P 500	5365.24	4.45	5372.45	5327.25
NASDAQ	17306.8	114.22	17320.6	17107.99
DAX	18369.9	-124.95	18543	18281.56
CAC	7789.21	-1.33	7931.72	7759.84
FTSE100	8147.81	-80.67	8261.74	8114.84

Technical Analysis

Mini Hang Seng

1st Resistance:	18389	2nd Resistance:	18661
1st Support:	17845	2nd Support:	17573
MACD:	10.968		
MACD DIFF:	-116.93		
RSI:	44.3606		

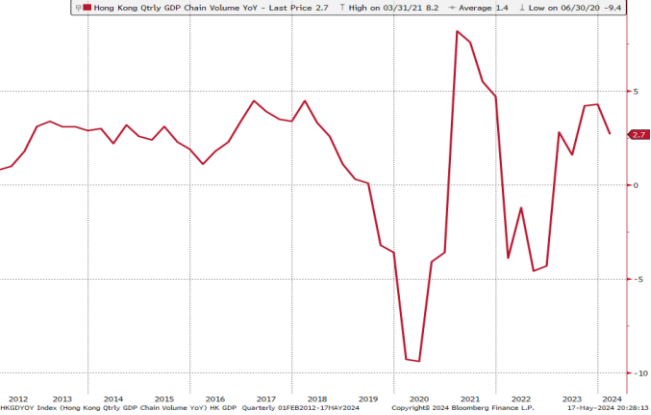
Mini Hang Seng China Enterprise

1st Resistance:	6519	2nd Resistance:	6616
1st Support:	6327	2nd Support:	6230
MACD:	3.420		
MACD DIFF:	-44.782		
RSI:	44.8219		

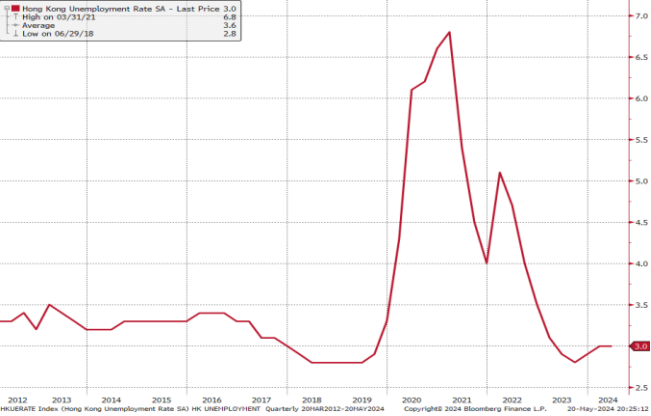
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
05/31/2024 16:30	Retail Sales Volume YoY	Apr	-9.10%	-16.50%	-8.60%	-8.70%
05/31/2024 16:30	Retail Sales Value YoY	Apr	-6.30%	-14.70%	-7.00%	--
05/31/2024 16:30	Money Supply M1 HKD YoY	Apr	--	-9.90%	-11.40%	--
05/31/2024 16:30	Money Supply M2 HKD YoY	Apr	--	0.50%	-0.40%	--
05/31/2024 16:30	Money Supply M3 HKD YoY	Apr	--	0.50%	-0.40%	--
06/05/2024 08:30	S&P Global Hong Kong PMI	May	--	49.2	50.6	--
06/14/2024 16:30	PPI YoY	1Q	--	--	2.70%	--
06/14/2024 16:30	Industrial Production YoY	1Q	--	--	4.10%	--
06/20/2024 16:30	Unemployment Rate SA	May	--	--	3.00%	--
06/21/2024 16:30	BoP Current Account Balance	1Q	--	--	\$71.20b	\$70.72b
06/21/2024 16:30	BoP Overall	1Q	--	--	-\$9.11b	--
06/21/2024 16:30	CPI Composite YoY	May	--	--	1.10%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
05/31/2024 09:30	Composite PMI	May	--	51	51.7	--
05/31/2024 09:30	Manufacturing PMI	May	50.5	49.5	50.4	--
05/31/2024 09:30	Non-manufacturing PMI	May	51.5	51.1	51.2	--
06/09/2024 06/15	Money Supply M2 YoY	May	--	--	7.20%	--
06/09/2024 06/15	Money Supply M1 YoY	May	--	--	-1.40%	--
06/09/2024 06/15	Money Supply M0 YoY	May	--	--	10.80%	--
06/11/2024 06/18	FDI YTD YoY CNY	May	--	--	-27.90%	--
06/12/2024 09:30	PPI YoY	May	--	--	-2.50%	--
06/12/2024 09:30	CPI YoY	May	--	--	0.30%	--
06/17/2024 10:00	Industrial Production YoY	May	--	--	6.70%	--
06/17/2024 10:00	Industrial Production YTD YoY	May	--	--	6.30%	--
06/17/2024 10:00	Retail Sales YoY	May	--	--	2.30%	--
06/17/2024 10:00	Retail Sales YTD YoY	May	--	--	4.10%	--

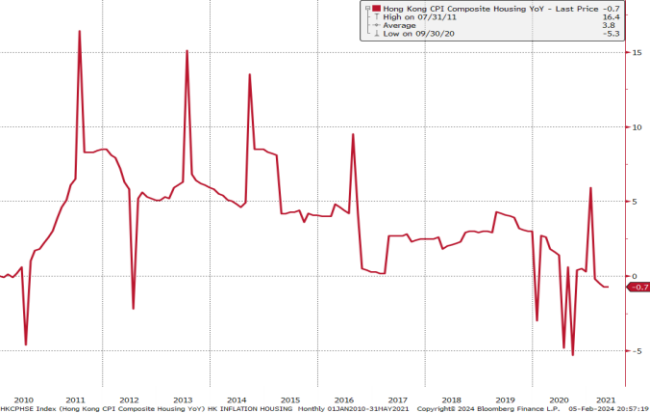
Hong Kong GDP Y on Y



Hong Kong Unemployment Rate



Hong Kong Housing Inflation



(Source: Bloomberg)

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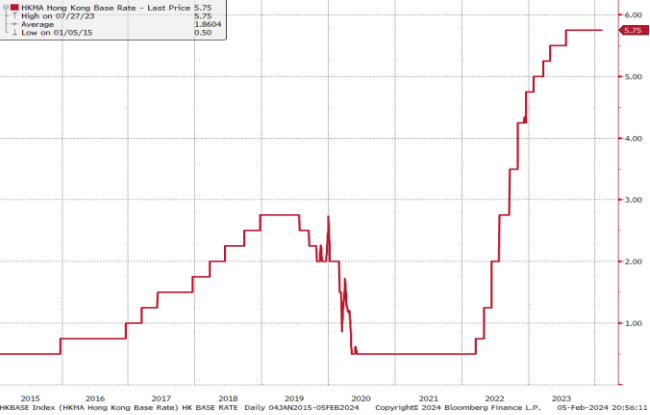
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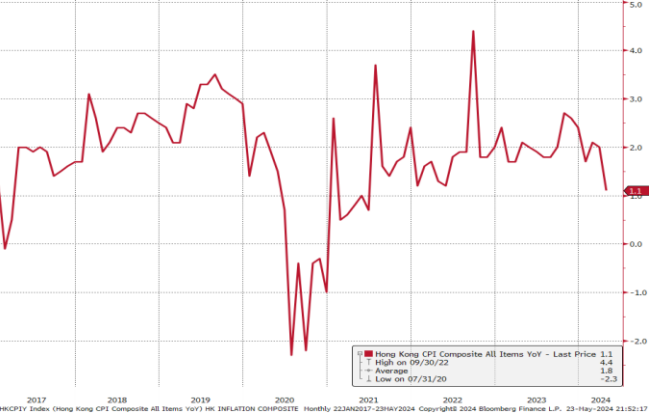
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Hong Kong Base Interest Rate



Hong Kong Composite Inflation



Hong Kong Retail Sale Value Y on Y

