

Fundamentals:

Hong Kong stocks declined on Tuesday as investors awaited increased policy support from Beijing amid China's sluggish economic data and trade frictions with the European Union.

The Hang Seng Index dipped 0.1 per cent to close at 17,915.55, after surging as much as 0.6 per cent earlier in the day. The Hang Seng Tech Index fell 0.3 per cent but the Shanghai Composite Index advanced 0.5 per cent.

Despite the weak credit and property investment numbers, the People's Bank of China (PBOC) kept the one-year medium-term lending facility rate unchanged on Monday, triggering hopes Beijing will inject more support for the economy later in the year.

"The latest economic data released was worse than expected, with only retail sales showing a slight improvement," said Dickie Wong, executive director at Kingston Securities. "The Chinese real estate market continues to face downward pressure in the near term."

Analysts believe that these challenges will eventually push the Chinese government to act.

"PBOC will absolutely have to ramp up policy support in the second half of 2024," said Carlos Casanova, economist at UBP. "The support may or may not be in the form of rate cuts. They can still use RRR [reserve ratio requirement] cuts and there's a real need to expand the home purchasing programme."

To facilitate destocking, the PBOC may "increase the size of the relending facility and lower the interest rate", according to Wang Tao, chief China economist at UBS, and the timing for more policy support measures could be around or after the July Politburo meeting.

In a boost for trading liquidity, Hong Kong will see trading continue as normal during typhoons and torrential rains from September 23, scrapping the more than 70-year-old practice of halting trading during bad weather, according to the city's government on Tuesday.

Investors remained cautious after China announced an anti-dumping investigation into certain pork products imported from the EU on Monday, following the EU's decision last week to raise tariffs on Chinese EVs by up to 38 per cent from July 4.

Warren Buffett's Berkshire Hathaway cut its stake in Chinese EV maker BYD ahead of the tariffs, reducing its holding to 6.9 per cent from 7 per cent. Taking the stake reduction in its stride, BYD edged up 0.1 per cent to HK\$233.6.

Shares of Zijin Mining Group fell 1.5 per cent to HK\$16.08 after it announced a sale of convertible bonds and shares in a US\$2.5 billion offering. Analysts say the stock declined in anticipation of selling by convertible arbitrage hedge funds, who seek profits based on the pricing discrepancy between a company's convertible bonds and its underlying stock.

Zijin's convertible bonds offering follows a series of similar issuances from Chinese technology companies, who are taking advantage of the cheaper borrowing costs of such instruments compared with traditional bond sales at a time of elevated interest rates.

"More convertible issuance should come from Chinese firms," said S&P Global Ratings credit analyst Clifford Kurz in a note on Monday. "While we view the instruments as fully debt and thus as immediately credit negative, longer term they could be credit positive, if conversion kicks in."

Wuhan Youji Holdings, which makes toluene derivative products, ended its first trading day at HK\$7.02, up 27.6 per cent from its initial public offering price of HK\$5.50, after soaring by as much as 80 per cent.

Other major Asian markets were broadly higher. Japan's Nikkei 225 rose 1.0 per cent and South Korea's Kospi added 0.7 per cent, while Australia's S&P/ASX 200 advanced 1.0 per cent.

(Source: South China Morning Post)

Contracts	Chg	Sett	High	Low
H. SENG FUT JUN 24	-53	17895	18040	17841
H. SENG FUT JUL 24	-51	17780	17921	17730
H. SENG FUT SEP 24	-47	17768	17900	17725
H. SENG FUT DEC 24	-48	17925	18020	17880
MINI H. SENG FUT JUN 24	-53	17895	18041	17841
MINI H. SENG FUT JUL 24	-51	17780	17920	17726
MINI H. SENG FUT SEP 24	-47	17768	17910	17720
MINI H. SENG FUT DEC 24	-48	17925	18051	17880
HSCEI FUT JUN 24	-6	6365	6412	6343
HSCEI FUT JUL 24	-6	6293	6326	6272
HSCEI FUT SEP 24	-8	6290	6332	6279
HSCEI FUT DEC 24	-8	6350	6364	6330
MINI HSCEI FUT JUN 24	-6	6365	6412	6342
MINI HSCEI FUT JUL 24	-6	6293	6333	6270
MINI HSCEI FUT SEP 24	-8	6290	6330	6275
MINI HSCEI FUT DEC 24	-8	6350	6380	6334

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	55.2	-0.3	55.75	54.7
**Tencent Holdings Ltd	377	-4.2	383.8	377
*HSBC Holdings PLC	67.95	0.35	68.3	67.45
**China Construction Bank Corp	5.61	0.08	5.62	5.5
**Ping An Insurance Group	36.1	-0.2	36.7	35.85
**Meituan	115	-1.8	118.9	114.5
*Hong Kong Exchanges & Clearing Ltd	258.2	-1.2	261.8	257
**Alibaba Group Holdings Ltd	72.1	-0.4	73.4	71.85
**Xiaomi Corp	17.38	0.06	17.56	17.26
**ICBC	4.39	0.06	4.41	4.31

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	11.68	-0.22	11.94	11.32
**China Mobile Ltd	73.1	0.5	73.4	72.5
**Bank of China Ltd	3.8	0.02	3.82	3.77
*Techtronic Industries Co Ltd	96	-0.35	97.3	95.65
*CK Hutchison Holdings Ltd	37	0.4	37.2	36.65
*Link REIT	32.2	-0.25	32.6	32.15
*CLP Holding Ltd	64.45	0.55	64.75	63.55
**Geely Automobile Holdings Ltd	8.88	0.01	9.03	8.82
**CNOOC Ltd	21.45	0.35	21.6	21.15
**ANTA Sports Products Ltd	80.4	-0.65	81.2	79.6

Global Equity Indices	Close	Change	High	Low
Hang Seng	17915.55	-20.57	18043.5	17854.79
HSCEI	6368.1	-5.38	6416	6348.26
Shanghai Comp Index	3030.25	14.355	3031.98	3012.523
Nikkei 225	38482.1	379.67	38519	38332.89
KOSPI	2763.92	19.82	2772.35	2759.03
S&P/ASX200	7778.08	77.816	7780.4	7700.3
DJIA	38771.7	-6.38	38936.9	38727.67
S&P 500	5479.04	5.81	5490.38	5471.32
NASDAQ	17865	7.94	17890.5	17796.88
DAX	18132	63.76	18214.2	18073.24
CAC	7628.8	0.76	7641.12	7564.02
FTSE100	8191.29	49.14	8199.95	8142.15

HONG KONG INDEX FUTURES DAILY PREVIEW  
Date Prepared : 19/Jun/2024

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance:	18163	2nd Resistance:	18432
1st Support:	17627	2nd Support:	17358
MACD:	-100.706		
MACD DIFF:	-93.7843		
RSI:	41.4112		

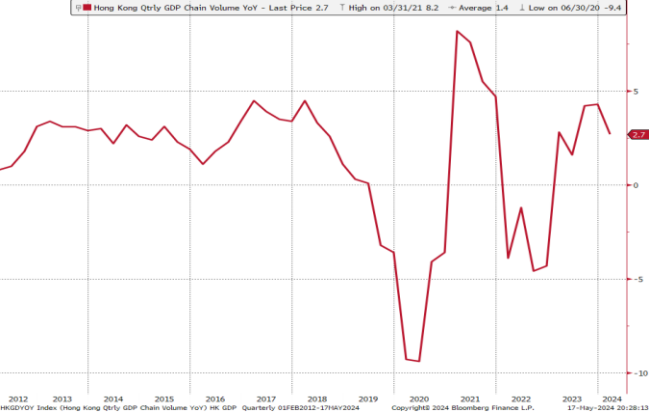
Mini Hang Seng China Enterprise

1st Resistance:	6460	2nd Resistance:	6556
1st Support:	6270	2nd Support:	6174
MACD:	-32.609		
MACD DIFF:	-31.902		
RSI:	42.9755		

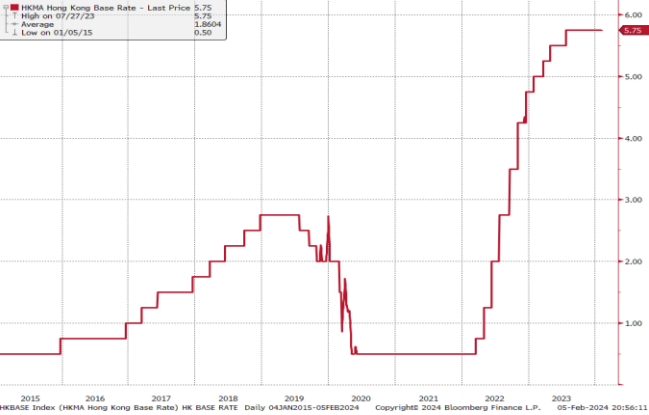
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
06/20/2024 16:30	Unemployment Rate SA	May	3.00%	--	3.00%	--
06/21/2024 16:30	BoP Current Account Balance	1Q	--	--	\$71.20b	\$70.72b
06/21/2024 16:30	BoP Overall	1Q	--	--	-\$9.11b	--
06/21/2024 16:30	CPI Composite YoY	May	1.30%	--	1.10%	--
06/25/2024 16:30	Exports YoY	May	--	--	11.90%	--
06/25/2024 16:30	Imports YoY	May	--	--	3.70%	--
06/25/2024 16:30	Trade Balance HKD	May	--	--	-10.2b	--
06/28/2024 16:30	Money Supply M1 HKD YoY	May	--	--	-9.90%	--
06/28/2024 16:30	Money Supply M2 HKD YoY	May	--	--	0.50%	--
06/28/2024 16:30	Money Supply M3 HKD YoY	May	--	--	0.50%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
06/27/2024 09:30	Industrial Profits YTD YoY	May	--	--	4.30%	--
06/27/2024 09:30	Industrial Profits YoY	May	--	--	4.00%	--
06/30/2024 09:30	Composite PMI	Jun	--	--	51	--
06/30/2024 09:30	Manufacturing PMI	Jun	--	--	49.5	--
06/30/2024 09:30	Non-manufacturing PMI	Jun	--	--	51.1	--

Hong Kong GDP Y on Y



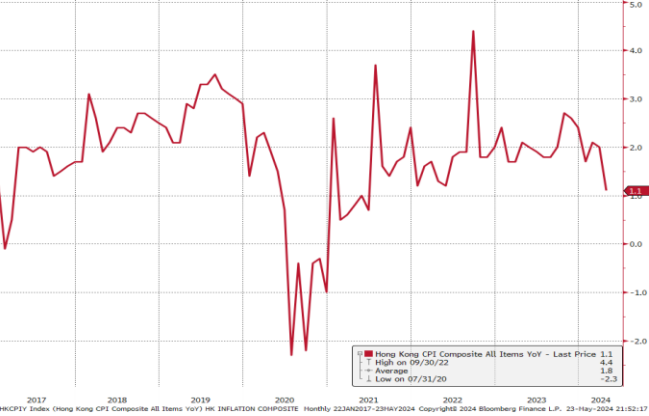
Hong Kong Base Interest Rate



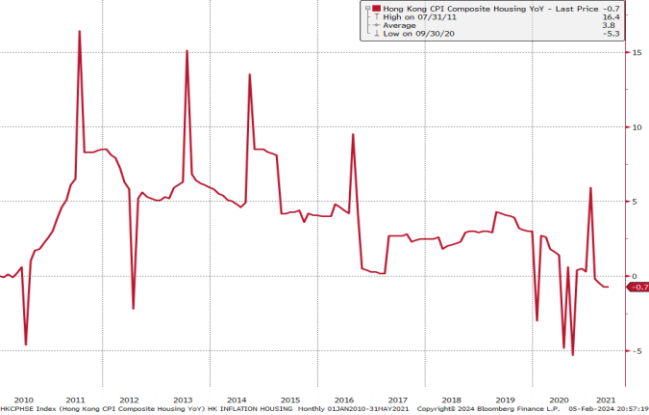
Hong Kong Unemployment Rate



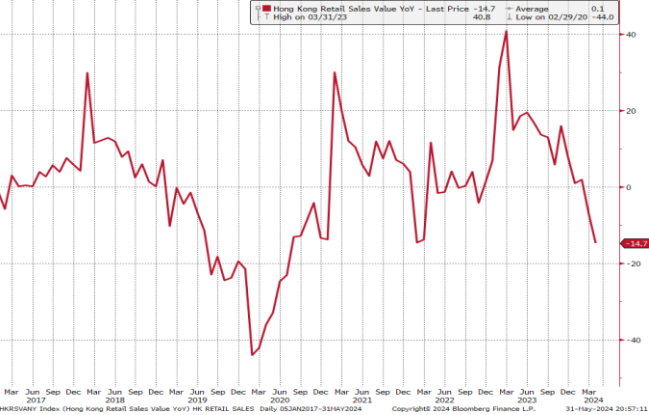
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

Kenanga Futures Sdn Bhd (353603-X)  
Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my  
Disclaimer: This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness.  
Any recommendation contained in this document does not have regard to the specific investment objectives, financial background and the particular needs of any person who may read this document.  
This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement and assessment by addressees in relation to any investment decision.  
Kenanga Futures Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities/underlying securities.  
Kenanga Futures Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities/underlying securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.