

Fundamentals:

Hong Kong stocks fell as the yuan's seven-month-lows and China's decision to hold lending rates added to concerns of investors already jittery about policy support from Beijing.

The Hang Seng Index dipped 0.5 per cent to 18,335.32 at close on Thursday, taking a breather after it posted its biggest daily gain in three months on Wednesday when it rose 2.9 per cent. The Tech Index tumbled 1.7 per cent while the Shanghai Composite Index edged down 0.4 per cent.

Losses on stocks intensified as the yuan weakened below 7.12 per US dollar, a level not seen since November, after the People's Bank of China lowered the daily reference rate on Thursday. The currency pressure also left the benchmark lending rates unchanged, according the central bank announcement on the same day.

"The renminbi has been under considerable pressure recently and rate cuts would be a further drag on the currency," said Leah Fahy, assistant economist of Capital Economics.

The one-year loan prime rate (LPR), which most new and outstanding loans in China use, was kept at 3.45 per cent, while the five-year LPR, a benchmark for mortgages, stayed at 3.95 per cent. These are widely expected after the country's central bank held its one-year medium-term lending facility earlier in the week.

"While a potential move to lower the LPR's today were only an outside chance, the market lost some of its buying enthusiasm on news that the key lending rates are staying put for the time being," said Tim Waterer, chief market analyst at KCM Trade.

Chip maker Semiconductor Manufacturing advanced 1.5 per cent to HK\$19.14 amid speculation about its ability to create 5nm chips using older deep ultraviolet lithography machines.

Chinese state-owned enterprise (SOE) stocks traded higher. CNOOC gained 3.5 per cent to HK\$23.50, PetroChina advanced 2.4 per cent to HK\$7.80, and China Petroleum and Chemical surged 1.9 per cent to HK\$4.94 after Wednesday's inflows from state-run funds, including China Reform Holding.

China Reform's unit Guoxin Investment subscribed to the first batch of CSI Guoxin Hong Kong Stock Connect SOE Dividend ETFs, issued by GF Fund Management, China Southern Asset Management and Invesco Great Wall, according to the state-owned firm's announcement on Wednesday. It said the move shows the responsibility of state-owned capital in "enhancing the pricing power of Hong Kong-listed SOEs".

Retail stocks eased with Chinese hotpot restaurant operator Haidilao down 5.9 per cent to HK\$15.36 and apparel maker Shenzhen International dipped 2.9 per cent to HK\$81.05. Budweiser Brewing declined 3.5 per cent to HK\$8.80.

News of growing China-EU trade tensions and mainland stock market falls added to the selling pressure after China's commerce ministry said the information requested by EU electric vehicle probe was "unprecedented" and that it may impose provisional anti-dumping measures on pork imports from the EU.

"Overall I am not too pessimistic mainly because of the policy expectations," said Kenny Wen, head of investment strategy, adding that investors are awaiting policy support for Hong Kong's economy and stock market around July 1 – on the city's China handover anniversary and ahead of next month's third plenum of the Central Committee of China's Communist Party.

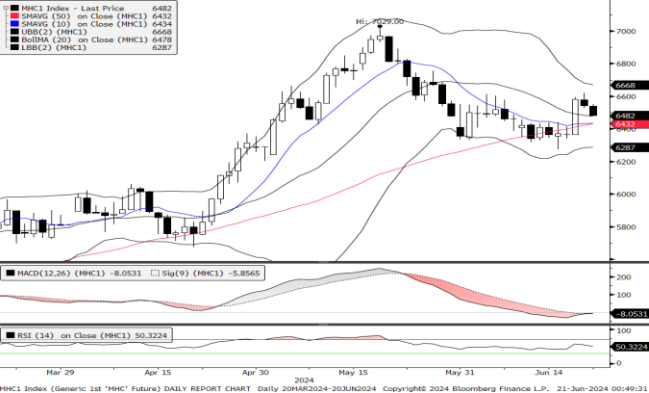
Other key Asian markets were broadly lower. Japan's Nikkei 225 declined 0.2 per cent and Australia's S&P/ASX 200 stayed flat, but South Korea's Kospi rose 0.4 per cent.

(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 | -131 | 18297 | 18513 | 18261 |
| H. SENG FUT JUL 24 | -139 | 18182 | 18401 | 18147 |
| H. SENG FUT SEP 24 | -138 | 18166 | 18355 | 18140 |
| H. SENG FUT DEC 24 | -139 | 18332 | 18527 | 18300 |
| MINI H. SENG FUT JUN 24 | -131 | 18297 | 18513 | 18261 |
| MINI H. SENG FUT JUL 24 | -139 | 18182 | 18404 | 18148 |
| MINI H. SENG FUT SEP 24 | -138 | 18166 | 18382 | 18133 |
| MINI H. SENG FUT DEC 24 | -139 | 18332 | 18553 | 18300 |
| HSCEI FUT JUN 24 | -40 | 6542 | 6621 | 6527 |
| HSCEI FUT JUL 24 | -41 | 6471 | 6549 | 6457 |
| HSCEI FUT SEP 24 | -43 | 6468 | 6531 | 6462 |
| HSCEI FUT DEC 24 | -42 | 6533 | 6522 | 6522 |
| MINI HSCEI FUT JUN 24 | -40 | 6542 | 6621 | 6528 |
| MINI HSCEI FUT JUL 24 | -41 | 6471 | 6545 | 6456 |
| MINI HSCEI FUT SEP 24 | -43 | 6468 | 6535 | 6465 |
| MINI HSCEI FUT DEC 24 | -42 | 6533 | 6600 | 6520 |

| Major HSI Constituent Stocks | Close | Change | High | Low |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd | 55.95 | -0.35 | 56.95 | 55.75 |
| **Tencent Holdings Ltd | 387.6 | -1.4 | 392 | 385.6 |
| **HSBC Holdings PLC | 68.5 | -0.05 | 68.9 | 68.2 |
| **China Construction Bank Corp | 5.79 | -0.02 | 5.88 | 5.76 |
| **Ping An Insurance Group | 37.4 | -0.1 | 37.95 | 37.15 |
| **Meituan | 119.9 | -1.5 | 122.4 | 118.9 |
| *Hong Kong Exchanges & Clearing Ltd | 263.2 | -2.2 | 266.2 | 262 |
| **Alibaba Group Holdings Ltd | 73.4 | -0.8 | 74.45 | 73.3 |
| **Xiaomi Corp | 18.52 | 0.04 | 18.72 | 18.3 |
| **ICBC | 4.58 | 0.03 | 4.62 | 4.54 |

| Major HSCEI Constituent Stocks | Close | Change | High | Low |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc | 11.72 | -0.22 | 12.16 | 11.68 |
| **China Mobile Ltd | 74.3 | 0.55 | 74.85 | 73.75 |
| **Bank of China Ltd | 3.89 | -0.03 | 3.97 | 3.85 |
| *Techtronic Industries Co Ltd | 93.95 | -2.7 | 96.15 | 92.65 |
| *CK Hutchison Holdings Ltd | 37.25 | -0.45 | 37.95 | 37.1 |
| *Link REIT | 32.35 | -0.35 | 32.85 | 32.3 |
| *CLP Holding Ltd | 64.8 | -0.4 | 65.5 | 64.6 |
| **Geely Automobile Holdings Ltd | 9.15 | -0.08 | 9.22 | 9.1 |
| **CNOOC Ltd | 23.5 | 0.8 | 23.6 | 22.65 |
| **ANTA Sports Products Ltd | 79.75 | -2.6 | 82.85 | 79 |

| Global Equity Indices | Close | Change | High | Low |
|-----------------------|----------|---------|---------|----------|
| Hang Seng | 18335.32 | -95.07 | 18520.4 | 18274.2 |
| HSCEI | 6556.1 | -31.67 | 6624.42 | 6531.44 |
| Shanghai Comp Index | 3005.44 | -12.612 | 3028.51 | 3001.768 |
| Nikkei 225 | 38633 | 62.26 | 38637.6 | 38263.08 |
| KOSPI | 2807.63 | 10.3 | 2812.62 | 2796.37 |
| S&P/ASX200 | 7769.44 | -0.285 | 7772 | 7753.4 |
| DJIA | 39136 | 301.1 | 39232.5 | 38778.46 |
| S&P 500 | 5475.84 | -11.19 | 5505.53 | 5455.56 |
| NASDAQ | 17688.2 | -174.07 | 17936.8 | 17650.7 |
| DAX | 18254.2 | 186.27 | 18254.2 | 18068.58 |
| CAC | 7671.34 | 1.34 | 7682.64 | 7577.92 |
| FTSE100 | 8272.46 | 67.35 | 8272.46 | 8203.62 |

Technical Analysis

Mini Hang Seng

| | | | |
|-----------------|----------|-----------------|-------|
| 1st Resistance: | 18571 | 2nd Resistance: | 18846 |
| 1st Support: | 18023 | 2nd Support: | 17748 |
| MACD: | -55.291 | | |
| MACD DIFF: | -28.6301 | | |
| RSI: | 51.0495 | | |

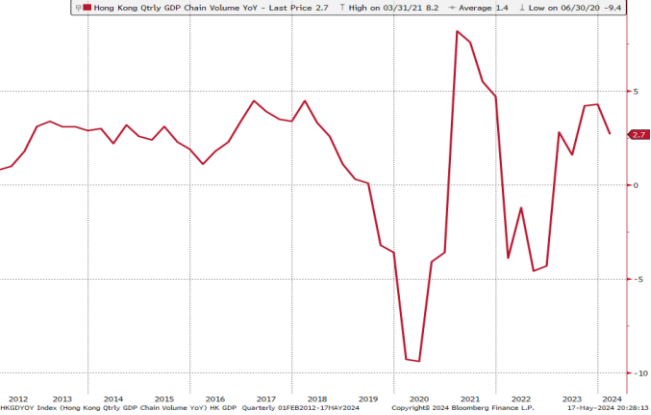
Mini Hang Seng China Enterprise

| | | | |
|-----------------|---------|-----------------|------|
| 1st Resistance: | 6640 | 2nd Resistance: | 6738 |
| 1st Support: | 6444 | 2nd Support: | 6346 |
| MACD: | -9.907 | | |
| MACD DIFF: | -4.560 | | |
| RSI: | 53.9868 | | |

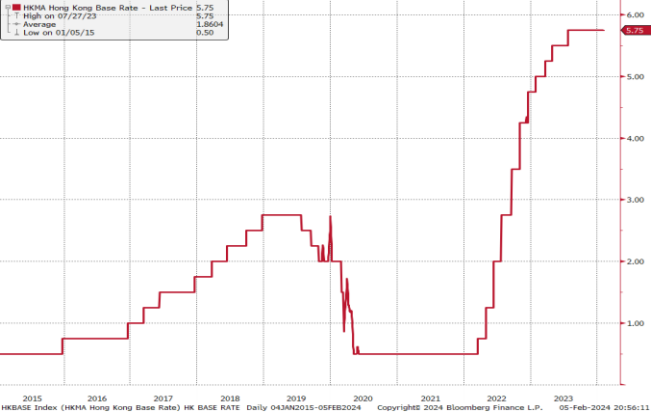
| Hong Kong Economic Releases | | Period | Survey | Actual | Prior | Revised |
|-----------------------------|-----------------------------|--------|--------|--------|----------|----------|
| 06/20/2024 16:30 | Unemployment Rate SA | May | 3.00% | 3.00% | 3.00% | -- |
| 06/21/2024 16:30 | BoP Current 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



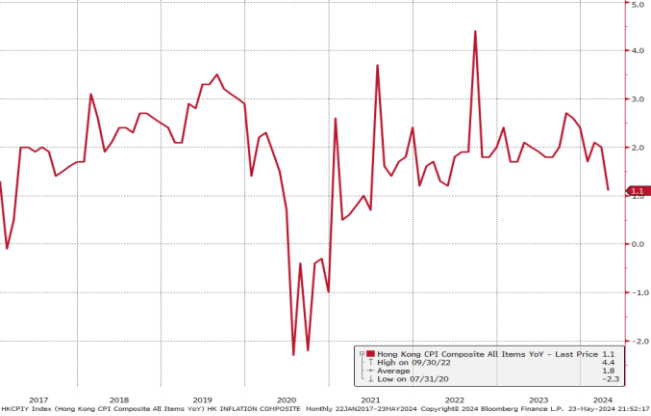
Hong Kong Base Interest Rate



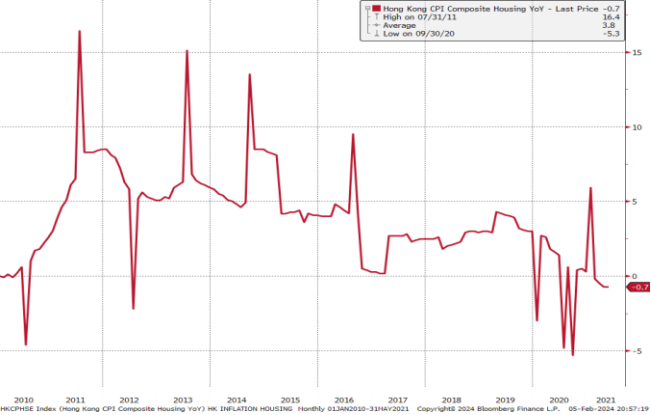
Hong Kong Unemployment Rate



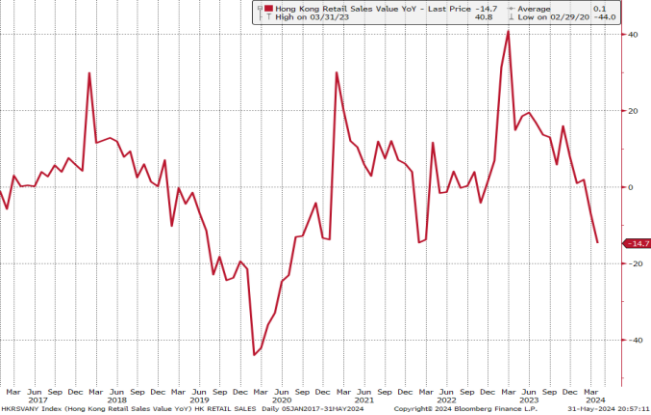
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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