

Fundamentals:

Hong Kong stocks declined on Friday as investors were rattled by uncertainties brought on by a weakened yuan, which hit fresh seven-month lows, and geopolitical tensions as China's commerce ministry spokesman said trade frictions with Europe may trigger a "trade war".

The Hang Seng Index dropped 1.7 per cent to close at 18,028.52, still finishing the week with a gain of 0.5 per cent. The Hang Seng Tech Index tumbled 1.8 per cent, while the Shanghai Composite Index eased 0.2 per cent, ending the day below 3,000 for the first time since March 27.

The yuan continued to weaken against the US dollar after the People's Bank of China set the fixing at 7.1196 per US dollar on Friday following the currency's fall overnight to its lowest since November. The fixing was marginally weaker than Thursday's 7.1192 per US dollar.

"Depreciation pressure on the yuan will likely remain in the near-term, until there are stronger signals of a broader dollar weakening trend emerging," said Lynn Song, ING's chief economist for Greater China.

Along with the yuan pressure, the stock market temporarily "lacked further momentum" after the Lujiazui Forum, which led to an easing of the gains seen on Wednesday, said Kenny Ng, a strategist at Everbright Securities International. At the two-day forum, which ended on Thursday, Beijing officials unveiled some supportive policy measures to reform the capital market and promised to short up the economy.

Traders are also tracking heightened global trade tensions after reports that Canada planned additional tariffs on Chinese-made electric vehicles on the heels of similar action taken by the US and the European Union. A Chinese commerce ministry statement said if the EU continues to escalate trade frictions it may trigger a "trade war".

Geely Automobile Holdings, the nation's largest EV exporter, dipped 2.6 per cent to HK\$8.91, and Li Auto declined 2.9 per cent to HK\$69.15. BYD also eased 0.6 per cent to HK\$236.20.

Technology giants' shares dragged the market as Meituan dropped 3.1 per cent to HK\$116.20 and Tencent slid 1.6 per cent to HK\$381.40.

Chinese artificial intelligence company SenseTime advanced 3 per cent to HK\$1.36 after falling as much as 6.8 per cent in the morning. The firm launched a stock placement at a discount to the market price to help finance growth on Friday.

State-owned enterprise stocks also retreated from their highs struck on Thursday, and CNOOC led the decline, falling 3.2 per cent to HK\$22.75.

Some analysts are cautiously optimistic about Hong Kong equities in the second half of this year, as they expect stocks to build on a rally that has been driven by Beijing's ongoing capital market reforms.

"While the benchmark index recently fell back to the short-term channel amid market pullbacks, it appears to have found support at the lower trendline, indicating that the market uptrend will continue in the short term," Patrick Pan, strategist at Daiwa Capital Markets, said in a note. China equities will remain investible due to a more resolute macro policy shift by China's policymakers, a slightly more positive economic outlook, the Federal Reserve's policy pivot and the declining relative strength of external stock markets, he said.

Other key Asian markets were broadly lower. Japan's Nikkei 225 dipped 0.1 per cent, and South Korea's Kospi declined 0.8 per cent. Australia's S&P/ASX 200 edged up 0.2 per cent.

(Source: South China Morning Post)

HONG KONG INDEX FUTURES DAILY PREVIEW

Date Prepared : 24/Jun/2024

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Contracts	Chg	Sett	High	Low
H. SENG FUT JUN 24	-279	18018	18319	17955
H. SENG FUT JUL 24	-281	17901	18198	17838
H. SENG FUT SEP 24	-275	17891	18173	17833
H. SENG FUT DEC 24	-280	18052	18299	18000
MINI H. SENG FUT JUN 24	-279	18018	18319	17955
MINI H. SENG FUT JUL 24	-281	17901	18203	17838
MINI H. SENG FUT SEP 24	-275	17891	18185	17830
MINI H. SENG FUT DEC 24	-280	18052	18351	17989
HSCEI FUT JUN 24	-107	6435	6551	6399
HSCEI FUT JUL 24	-109	6362	6478	6325
HSCEI FUT SEP 24	-111	6357	6468	6325
HSCEI FUT DEC 24	-113	6420	6480	6411
MINI HSCEI FUT JUN 24	-107	6435	6551	6399
MINI HSCEI FUT JUL 24	-109	6362	6477	6326
MINI HSCEI FUT SEP 24	-111	6357	6474	6335
MINI HSCEI FUT DEC 24	-113	6420	6508	6388

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	55.8	-0.15	56.1	55
**Tencent Holdings Ltd	381.4	-6.2	385.2	378
*HSBC Holdings PLC	68.15	-0.35	68.65	67.9
**China Construction Bank Corp	5.71	-0.08	5.8	5.67
**Ping An Insurance Group	36.8	-0.6	37.35	36.45
**Meituan	116.2	-3.7	121	114
*Hong Kong Exchanges & Clearing Ltd	257.4	-5.8	261.4	256
**Alibaba Group Holdings Ltd	72	-1.4	72.65	71.5
**Xiaomi Corp	18.18	-0.34	18.4	17.84
**ICBC	4.52	-0.06	4.59	4.5

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	11.6	-0.12	11.8	11.52
**China Mobile Ltd	74.3	0	74.4	73.4
**Bank of China Ltd	3.8	-0.09	3.87	3.78
*Techtronic Industries Co Ltd	92.1	-1.85	93.5	90.65
*CK Hutchison Holdings Ltd	36.55	-0.7	37.25	36.5
*Link REIT	31.85	-0.5	32.35	31.85
*CLP Holding Ltd	63.35	-1.45	64.75	63.2
**Geely Automobile Holdings Ltd	8.91	-0.232	9.15	8.86
**CNOOC Ltd	22.75	-0.75	23.35	22.4
**ANTA Sports Products Ltd	78.1	-1.65	79.75	77.6

Global Equity Indices	Close	Change	High	Low
Hang Seng	18028.52	-306.8	18240.1	17968.37
HSCEI	6439.82	-116.28	6522.05	6408.8
Shanghai Comp Index	2998.14	-7.299	3011.91	2985.929
Nikkei 225	38596.5	-36.55	38795.7	38532.13
KOSPI	2784.26	-23.37	2797	2777.33
S&P/ASX200	7795.97	26.537	7796.9	7753.9
DJIA	39148.6	13.85	39257.2	39061.67
S&P 500	5467.02	-6.15	5478.31	5452.03
NASDAQ	17695.6	-25.98	17787.3	17620.57
DAX	18163.5	-90.66	18257.9	18090.04
CAC	7628.57	-0.56	7673.73	7601.82
FTSE100	8237.72	-34.74	8282.66	8188.12

Technical Analysis

Mini Hang Seng

1st Resistance:	18288	2nd Resistance:	18559
1st Support:	17748	2nd Support:	17477
MACD:	-65.527		
MACD DIFF:	-31.0932		
RSI:	45.4641		

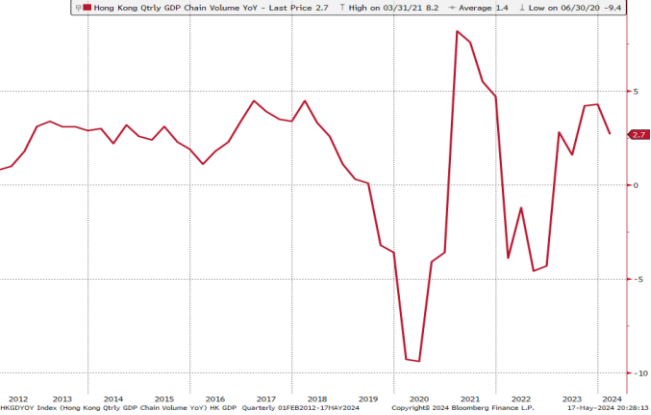
Mini Hang Seng China Enterprise

1st Resistance:	6532	2nd Resistance:	6628
1st Support:	6338	2nd Support:	6242
MACD:	-11.827		
MACD DIFF:	-5.184		
RSI:	47.7822		

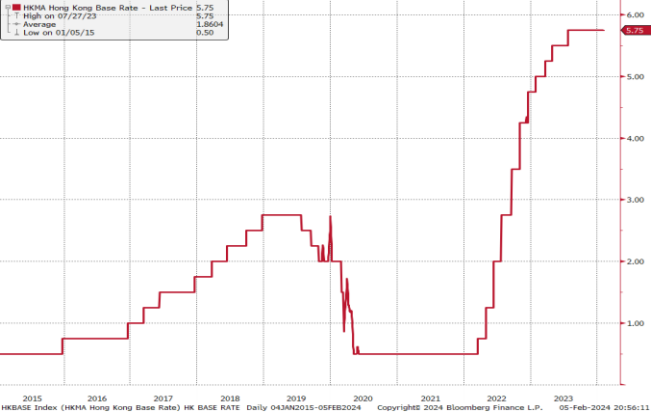
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
06/20/2024 16:30	Unemployment Rate SA	May	3.00%	3.00%	3.00%	--
06/21/2024 16:30	BoP Current Account Balance	1Q	--	\$100.96b	\$71.20b	\$70.72b
06/21/2024 16:30	BoP Overall	1Q	--	-\$35.51b	-\$9.11b	--
06/21/2024 16:30	CPI Composite YoY	May	1.30%	1.20%	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



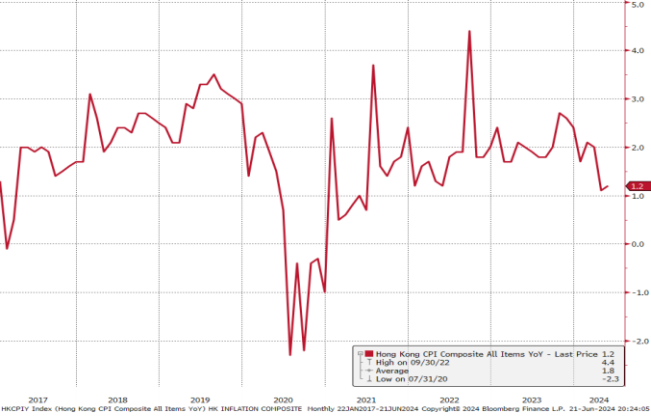
Hong Kong Base Interest Rate



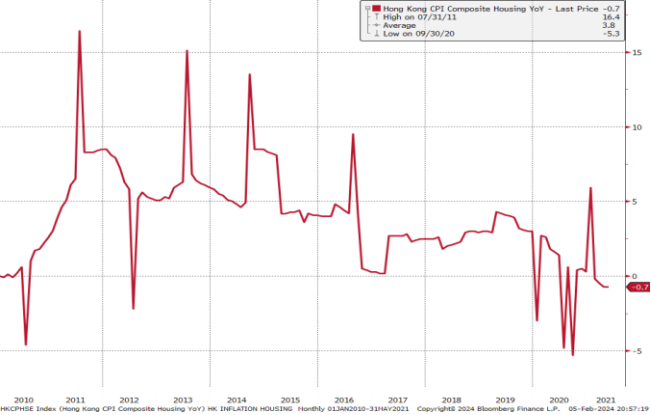
Hong Kong Unemployment Rate



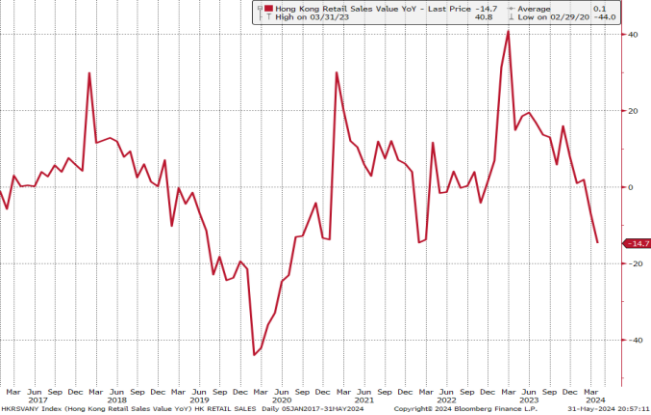
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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