

Fundamentals:

Hong Kong stocks slumped, tracking an overnight decline in US equities, on concerns higher borrowing costs will choke demand after the Federal Reserve lifted its target interest rate and suggested it wasn't done with policy tightening.

The Hang Seng Index dropped 3.1 per cent to 15,339.49 at the close of Thursday trading, snapping a two-day rebound. The Tech Index retreated 3.8 per cent and the Shanghai Composite Index declined 0.2 per cent.

Alibaba Group Holding slid 6.6 per cent to HK\$62.95, Tencent lost 3.7 per cent to HK\$222 and Chinese search engine operator Baidu crashed 6.6 per cent to HK\$75.70. HSBC slipped 2.8 per cent to HK\$40.25, while Macau casino operator Sands China fell 5.1 per cent to HK\$16.24.

The Hong Kong Monetary Authority raised its base rate by 75 basis points to 4.25 per cent immediately, taking the benchmark above the previous record during the 2008 global financial crisis. HSBC, the biggest lender in the city, will boost its prime rate and savings rate from Friday in response.

The local stock benchmark gauge has slumped 23 per cent since the March 16 "lift-off," when the Fed began its most aggressive policy tightening path since 1994. That parity contributed to a HK\$965 billion (US\$122.9 billion) wipeout in market value over a five-hike sequence before this week. Other factors, such as Beijing's zero-Covid-19 rules and the Communist Party's leadership reshuffle, also roiled markets.

Markets in the region also weakened. The S&P/ASX 200 Index fell over 1.8 per cent in Sydney while the Kospi in Seoul slipped by 0.3 per cent. The S&P 500 Index of American stocks tumbled 2.5 per cent overnight, the biggest drop on a Fed decision day since January 2021, according to Bloomberg data.

Local stocks have also weakened because of fund outflows favouring higher-yielding US dollar-based assets, as the Hong Kong dollar slumped to the weaker end of its HK\$7.75-HK\$7.85 trading band over the past few months. The local three-month interbank rate trailed the Libor-equivalent rate for much of the past 10 months, before closing the gap since last week amid HKMA's market intervention.

Hong Kong's gross domestic product shrank by more than expected at 4.5 per cent last quarter, following a revised 1.3 per cent contraction in the preceding quarter. The outcome prompted economists at Goldman Sachs, Citigroup and ING, among others, to downgrade their GDP forecasts for 2022.

Elsewhere, the Caixin PMI Services Index fell by more than expected to 48.4 from 49.3, a private report today showed, amid the protracted Covid-19 curbs. Both the Caixin and government indicators pointed to the deterioration in the sector, Goldman Sachs said.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance:	15552	2nd Resistance:	15782
1st Support:	15092	2nd Support:	14862
MACD:	-691.876		
MACD DIFF:	33.551		
RSI:	38.0178		

Mini Hang Seng China Enterprise

1st Resistance:	5249	2nd Resistance:	5326
1st Support:	5093	2nd Support:	5016
MACD:	-253.641		
MACD DIFF:	9.217		
RSI:	37.9645		

Strategy:

Mini Hang Seng:	Long: Profit target: 15092	Stop-loss: 15243	15017	Long: Profit target: 14862	Stop-loss: 15011	14788
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	Short: Profit target: 15552	Stop-loss: 15396	15630	Short: Profit target: 15782	Stop-loss: 15624	15861
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Mini Hang Seng China Enterprise:	Long: Profit target: 5093	Stop-loss: 5144	5068	Long: Profit target: 5016	Stop-loss: 5066	4991
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	Short: Profit target: 5249	Stop-loss: 5196	5275	Short: Profit target: 5326	Stop-loss: 5273	5353
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Contracts	Chg	Sett	High	Low
H. SENG FUT NOV 22	-508	15322	15633	15298
H. SENG FUT DEC 22	-521	15365	15663	15359
H. SENG FUT MAR 23	-516	15486	15777	15500
H. SENG FUT JUN 23	-511	15399	15473	15473
MINI H. SENG FUT NOV 22	-508	15322	15634	15298
MINI H. SENG FUT DEC 22	-521	15365	15660	15360
MINI H. SENG FUT MAR 23	-516	15486	15800	15480
MINI H. SENG FUT JUN 23	-511	15399	15700	15388
HSCEI FUT NOV 22	-196	5171	5297	5165
HSCEI FUT DEC 22	-195	5190	5304	5188
HSCEI FUT MAR 23	-199	5264	#N/A	#N/A
HSCEI FUT JUN 23	-197	5244	5321	5256
MINI HSCEI FUT NOV 22	-196	5171	5296	5165
MINI HSCEI FUT DEC 22	-195	5190	5315	5190
MINI HSCEI FUT MAR 23	-199	5264	5382	5262
MINI HSCEI FUT JUN 23	-197	5244	5356	5252

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	62.7	-1.2	64.1	62.15
**Tencent Holdings Ltd	221.4	-9.2	230.2	220.2
*HSBC Holdings PLC	40.3	-1.1	40.95	40.05
**China Construction Bank Corp	4.15	-0.1	4.26	4.13
**Ping An Insurance Group	31.9	-1.4	33	31.7
**Meituan	141.5	-5.2	146	138.2
*Hong Kong Exchanges & Clearing Ltd	229.8	-6.4	234	227
**Alibaba Group Holdings Ltd	63	-4.4	65	62.85
**Xiaomi Corp	9.12	-0.24	9.27	8.96
**ICBC	3.39	-0.1	3.49	3.37

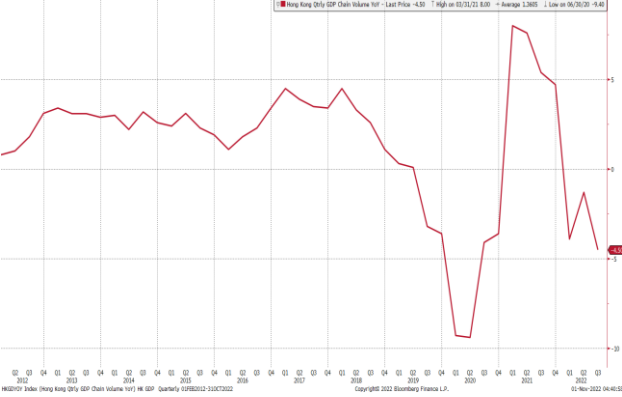
Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	39.25	-0.65	40.15	37.8
**China Mobile Ltd	47.65	-0.45	48.3	47.65
**Bank of China Ltd	2.52	-0.03	2.56	2.51
*Techtronic Industries Co Ltd	75.05	-2.65	77.7	74.8
*CK Hutchison Holdings Ltd	39.9	-0.3	40.2	39.5
*Link REIT	48.8	-0.5	49.3	48.45
*CLP Holding Ltd	53.3	-2.25	55	53.15
**Geely Automobile Holdings Ltd	9.1	-0.39	9.37	9.06
**CNOOC Ltd	9.72	-0.16	9.86	9.7
**ANTA Sports Products Ltd	72	-4.8	75.7	71.75

Global Equity Indices	Close	Change	High	Low
Hang Seng	15339.49	-487.68	15623.2	15301.67
HSCEI	5170.51	-184.52	5288.47	5165.16
Shanghai Comp Index	2997.81	-5.564	3003.72	2977.716
Nikkei 225	0	0	0	0
KOSPI	2329.17	-7.7	2342.86	2296.44
S&P/ASX200	6857.88	-128.778	6986.7	6823
DJIA	32001.3	-146.51	32185.7	31727.05
S&P 500	3719.89	-39.8	3750.59	3698.15
NASDAQ	10342.9	-181.86	10486	10319.54
DAX	13130.2	-126.55	13194.3	13022.64
CAC	6243.28	-0.54	6245.69	6191.73
FTSE100	7188.63	44.49	7188.63	7076.47

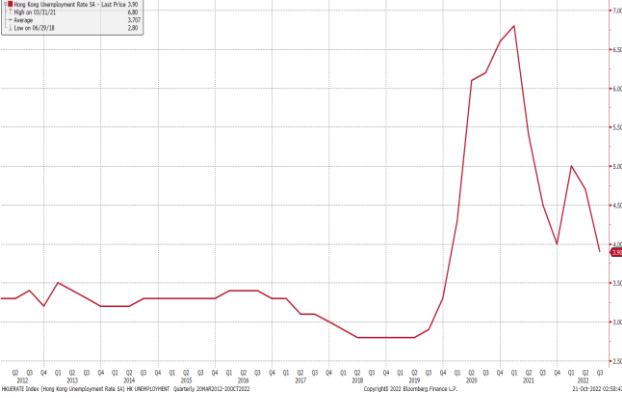
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
11/03/2022 08:30	S&P Global Hong Kong PMI	Oct	--	49.3	48	--
11/07/2022	Foreign Reserves	Oct	--	--	\$419.2b	--
11/11/2022 16:30	GDP YoY	3Q F	--	--	-4.50%	--
11/11/2022 16:30	GDP SA QoQ	3Q F	--	--	-2.60%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
11/03/2022 09:45	Caixin China PMI Composite	Oct	--	48.3	48.5	--
11/03/2022 09:45	Caixin China PMI Services	Oct	49	48.4	49.3	--
11/04/2022	BoP Current Account Balance	3Q P	--	--	\$77.5b	--
11/07/2022	Foreign Reserves	Oct	\$3029.50b	--	\$3028.96b	--
11/07/2022	Exports YoY	Oct	4.30%	--	5.70%	--
11/07/2022	Imports YoY	Oct	0.00%	--	0.30%	--
11/07/2022	Trade Balance	Oct	\$95.97b	--	\$84.74b	--
11/07/2022	Exports YoY CNY	Oct	12.70%	--	10.70%	--
11/07/2022	Imports YoY CNY	Oct	10.00%	--	5.20%	--
11/07/2022	Trade Balance CNY	Oct	702.90b	--	573.57b	--

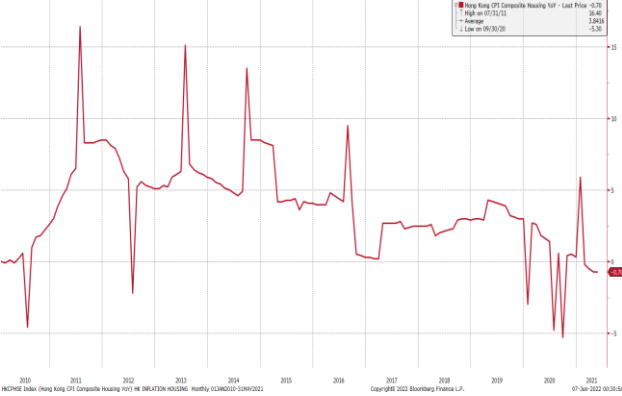
Hong Kong GDP Q on Q



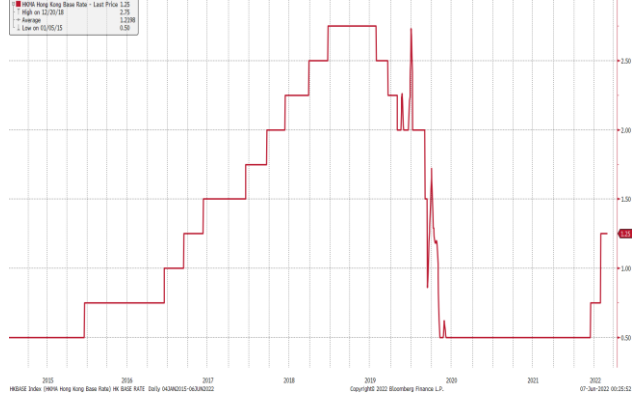
Hong Kong Unemployment Rate



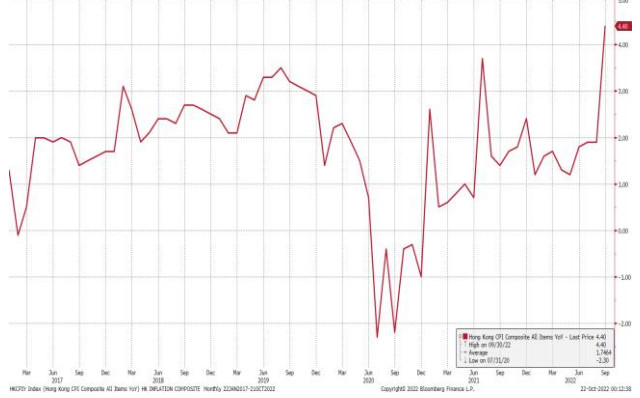
Hong Kong Housing Inflation



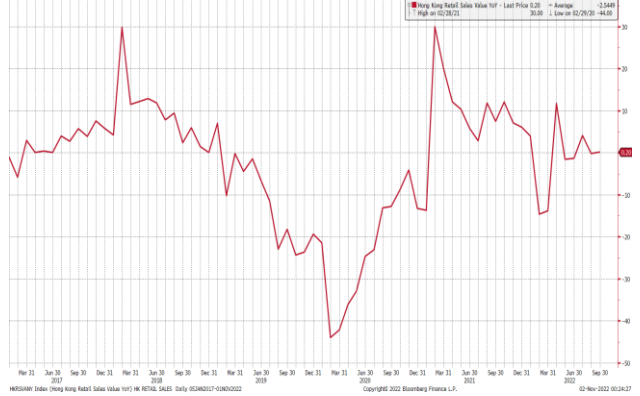
Hong Kong Base Interest Rate



Hong Kong Composite Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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