

**Fundamentals:**

Hong Kong stocks dropped for a second day as China struggles to manage an increase in Covid-19 cases as curbs are loosened, with authorities scrambling to ensure stability in food and drug supplies. Concerns about a global recession also damped risk appetite.

The Hang Seng Index fell 1.3 per cent to 19,094.80 at the closing of Tuesday trading, adding to a 0.4 per cent loss on Monday. The Tech Index tumbled 3.1 per cent while the Shanghai Composite Index declined 1.1 per cent.

Tencent Holdings fell 3.1 per cent to HK\$310.60 and Alibaba Group retreated 3.4 per cent to HK\$84.10. Developer Country Garden slumped 7.5 per cent to HK\$2.73 and industry peer Longfor Group slid 6.3 per cent to HK\$24. Xiaomi slipped 1.7 per cent to HK\$10.60 amid job cuts.

China's zero-Covid pivot since November has led to a rise in new infections across some mainland cities, prompting authorities to urge manufacturers to ensure a steady supply for food and medicines. The National Health Commission reported 2,656 new cases on Tuesday versus 1,918 on Monday.

Elsewhere, mainland lenders kept their key lending rates on hold at the monthly rate-setting decision. The one-year loan prime rate remained at 3.65 per cent while the five-year rate used as a benchmark for home mortgages held at 4.3 per cent, according to data published by the National Interbank Funding Centre.

Analysts at Saxo Markets said the lack of more forceful stimulus measures to rejuvenate economic growth during the Central Economic Work Conference in Beijing last week was "underwhelming."

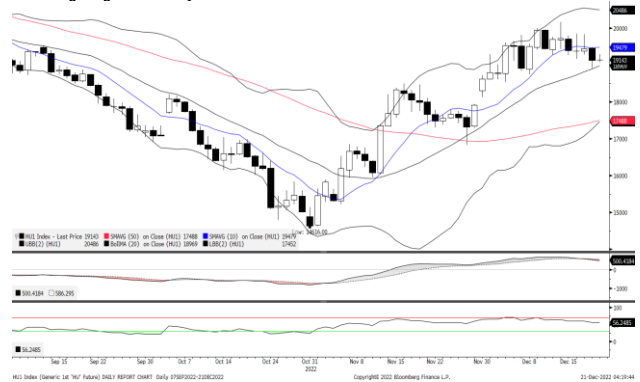
While China's economy is forecast to recover in 2023, the nation's exports are likely to contract because "we expect many developed market economies to fall into recession as high inflation and interest rates choke off demand," according to Schroders. The expected slump in exports puts the onus on domestic demand to drive any recovery in China, the UK money manager said.

The Federal Reserve has complicated the economic outlook despite downshifting this month after four successive jumbo hikes of 75 basis points, saying it was not done with policy tightening. The Bank of England and the European Central Bank also tightened this month, stoking recession concerns.

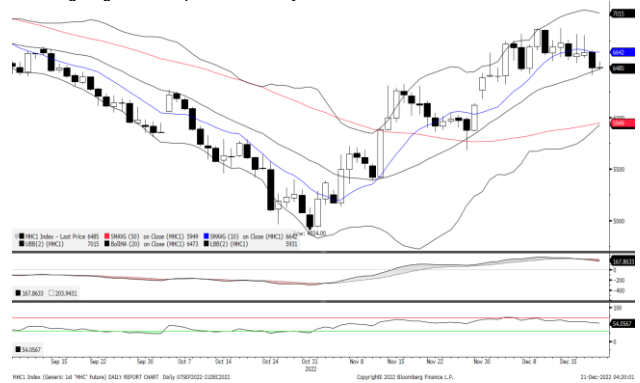
Markets in Asia-Pacific were mixed. The Nikkei 225 in Japan fell 2.5 per cent while the benchmarks in Australia and South Korea declined by 1.5 and 0.8 per cent respectively.

(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 DEC 22	-316	19124	19496	18917
H. SENG FUT JAN 23	-316	19217	19578	19005
H. SENG FUT MAR 23	-316	19279	19621	19070
H. SENG FUT JUN 23	-316	19216	19567	19033
MINI H. SENG FUT DEC 22	-316	19124	19493	18917
MINI H. SENG FUT JAN 23	-316	19217	19575	19007
MINI H. SENG FUT MAR 23	-316	19279	19622	19070
MINI H. SENG FUT JUN 23	-316	19216	19575	19028
HSCEI FUT DEC 22	-150	6487	6657	6414
HSCEI FUT JAN 23	-149	6525	6690	6449
HSCEI FUT MAR 23	-150	6578	6738	6512
HSCEI FUT JUN 23	-150	6567	6712	6500
MINI HSCEI FUT DEC 22	-150	6487	6658	6414
MINI HSCEI FUT JAN 23	-149	6525	6690	6448
MINI HSCEI FUT MAR 23	-150	6578	6735	6509
MINI HSCEI FUT JUN 23	-150	6567	6725	6495

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	84.65	1.1	85	82.8
**Tencent Holdings Ltd	309.4	-11	318.8	306.4
*HSBC Holdings PLC	46.75	-0.2	47	46.4
**China Construction Bank Corp	4.61	-0.03	4.64	4.59
**Ping An Insurance Group	49.1	-0.8	49.65	48.1
**Meituan	175.5	-3.3	178.9	171.8
*Hong Kong Exchanges & Clearing Ltd	325	-4.6	329.8	318
**Alibaba Group Holdings Ltd	84.05	-3	85.55	82.5
**Xiaomi Corp	10.56	-0.22	10.7	10.42
**ICBC	3.79	-0.01	3.81	3.75

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	50	-0.2	50.7	49.3
**China Mobile Ltd	50.9	-0.3	51.35	50.85
**Bank of China Ltd	2.75	-0.01	2.76	2.73
*Techtronic Industries Co Ltd	89.5	1.4	90.35	87.85
*CK Hutchison Holdings Ltd	45.8	0.55	46.45	45
*Link REIT	55	-0.35	55.2	54.25
*CLP Holding Ltd	55.65	-0.25	56.1	55.1
**Geely Automobile Holdings Ltd	11.62	-0.5	12	11.4
**CNOOC Ltd	9.87	-0.08	9.97	9.82
**ANTA Sports Products Ltd	97.75	-0.7	99	95.65

Global Equity Indices	Close	Change	High	Low
Hang Seng	19094.80	-258.01	19283.1	18885.2
HSCEI	6472.29	-132.33	6546.89	6393.35
Shanghai Comp Index	3073.77	-33.349	3100.75	3061.51
Nikkei 225	26568	-669.61	27339.5	26416.91
KOSPI	2333.29	-18.88	2353.86	2324.66
S&P/ASX200	7024.27	-109.599	7133.9	7019.5
DJIA	32849.7	92.2	32992.2	32649.45
S&P 500	3821.62	3.96	3838.24	3795.62
NASDAQ	10547.1	1.08	10609.5	10446.82
DAX	13884.7	-58.21	13931.3	13791.52
CAC	6450.43	-0.35	6468.94	6388.23
FTSE100	7370.62	9.31	7389.92	7302.82

**Technical Analysis**

*Mini Hang Seng*

1st Resistance:	19411	2nd Resistance:	19698
1st Support:	18837	2nd Support:	18550
MACD:	548.649		
MACD DIFF:	-59.1935		
RSI:	56.0365		

*Mini Hang Seng China Enterprise*

1st Resistance:	6584	2nd Resistance:	6682
1st Support:	6390	2nd Support:	6292
MACD:	187.811		
MACD DIFF:	-25.185		
RSI:	54.1307		

**Strategy:**

<i>Mini Hang Seng:</i>	Long: Profit target: 18837	Stop-loss: 19026	18743	Long: Profit target: 18550	Stop-loss: 18736	18458
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	Short: Profit target: 19411	Stop-loss: 19217	19508	Short: Profit target: 19698	Stop-loss: 19501	19796
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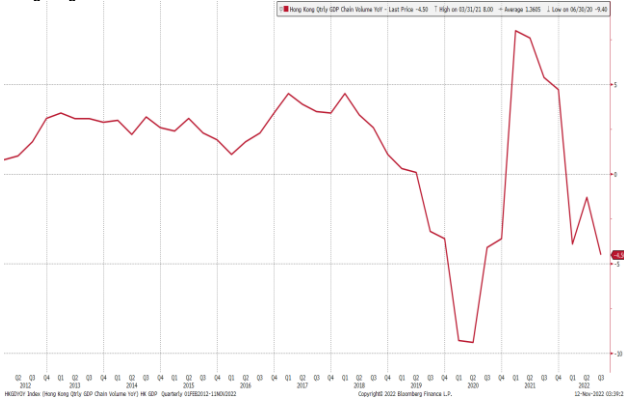
<i>Mini Hang Seng China Enterprise:</i>	Long: Profit target: 6390	Stop-loss: 6454	6358	Long: Profit target: 6292	Stop-loss: 6355	6261
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	Short: Profit target: 6584	Stop-loss: 6518	6617	Short: Profit target: 6682	Stop-loss: 6615	6715
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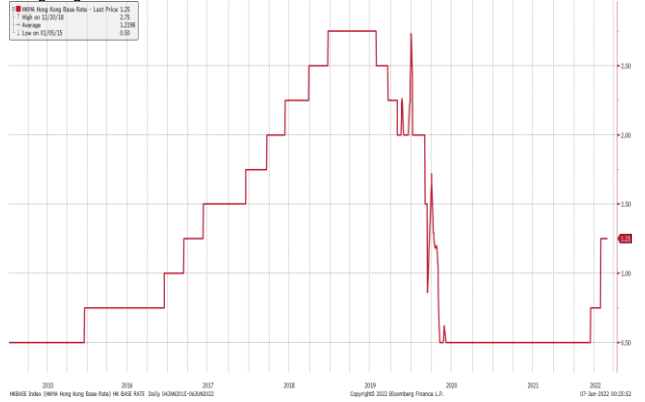
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
12/20/2022 16:30	CPI Composite YoY	Nov	1.90%	1.80%	1.80%	--
12/21/2022 16:30	BoP Current Account Balance	3Q	--	--	\$30.90b	\$30.04b
12/21/2022 16:30	BoP Overall	3Q	--	--	-\$159.81b	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
12/20/2022 09:15	1-Year Loan Prime Rate	Dec-20	3.65%	3.65%	3.65%	--
12/20/2022 09:15	5-Year Loan Prime Rate	Dec-20	4.30%	4.30%	4.30%	--
12/20/2022 12:23	FDI YTD YoY CNY	Nov	--	--	14.40%	--
12/22/2022 09:00	Swift Global Payments CNY	Nov	--	--	2.13%	--
12/23/2022 10:35	China Plans to Sell CNY 182-Day Bills					
12/27/2022 09:30	Industrial Profits YTD YoY	Nov	--	--	-3.00%	--
12/27/2022 09:30	Industrial Profits YoY	Nov	--	--	--	--

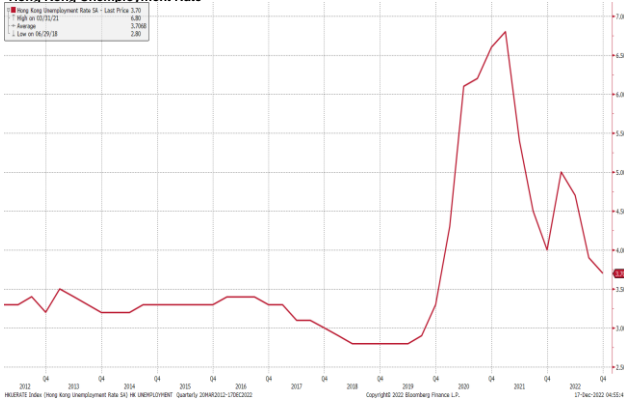
### Hong Kong GDP Q on Q



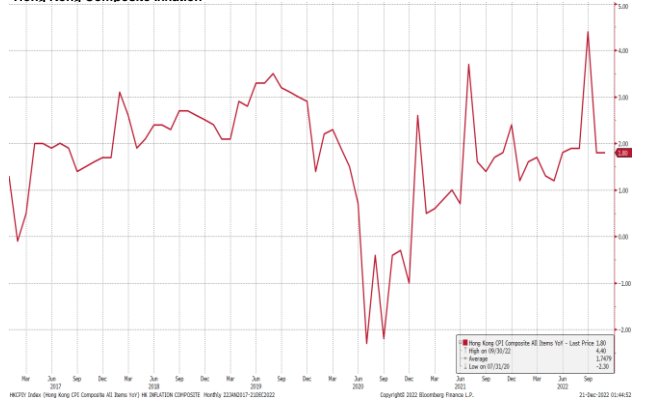
### Hong Kong Base Interest Rate



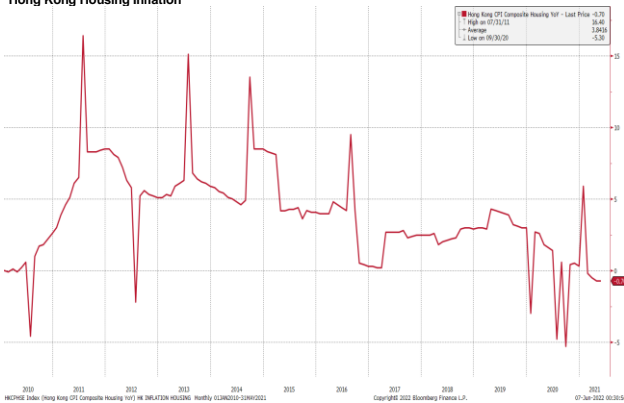
### Hong Kong Unemployment Rate



### Hong Kong Composite Inflation



### Hong Kong Housing Inflation



### Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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