

Fundamentals:

Hong Kong stocks dropped, extending a two-week slide, as traders dialled back risk appetite amid growing concerns about escalating US-China tensions and sanctions. Link Reit slumped by the most since October 2008 following an unexpected US\$2.4 billion cash call.

The Hang Seng Index fell 0.1 per cent to 21,164.42 at the close of trading after earlier losing as much as 1.8 per cent to the lowest level since early January. The Hang Seng Tech Index added 0.3 per cent, while the Shanghai Composite Index climbed 0.7 per cent.

Alibaba Group retreated 0.1 per cent to HK\$104 and e-commerce rival JD.com slumped 1.4 per cent to HK\$207.40 while HSBC lost 0.4 per cent to HK\$57.75. Limiting the loss, Macau casino operator Galaxy Entertainment gained 0.5 per cent to HK\$54.10.

The US shot down another flying object on Sunday, the fourth such suspected surveillance balloon detected in North America in a week, while also slapping new sanctions on more Chinese entities with alleged military ties. China separately said it was prepared to shoot down an unidentified flying object in the northern port city of Qingdao and over the Bohai Sea, according to local media reports.

The Hang Seng Index has lost about 7 per cent from its January peak as bets on China reopening cooled following a rapid rally from late October. Investors are facing an information vacuum as China will next report its January-February economic data only in mid-March. A red-hot US job market also fanned speculation the Federal Reserve will keep tightening its policy.

Link Reit, Hong Kong's biggest real estate investment trust, sank 13 per cent to HK\$4.75. It is seeking HK\$18.8 billion (US\$2.4 billion) via a fully underwritten 1-for-5 rights issue at HK\$44.20 each, at 30 per cent discount to its market price. HSBC is one of the three lead underwriters. Analysts at Citigroup and CLSA cut their stock recommendations, according to Bloomberg data.

The cash call infected other Hong Kong property stocks, with New World Development sliding 6.7 per cent to HK\$22.35 and Henderson Land losing 4.8 per cent to HK\$27.80. The Hang Seng Property Index tumbled 3 per cent, the most in a month.

Chinese developers and banks fell. China Overseas Land and Investment slid 0.7 per cent to HK\$20, while China Merchants Bank declined 2.1 per cent to HK\$45.40 and China Construction Bank declined 0.6 per cent to HK\$4.95. Mainland consumers are prepaying their mortgages, dimming the outlook for a rebound in consumption.

Other major Asian markets also weakened. Japan's Nikkei 225 slipped 0.9 per cent, while South Korea's Kospi retreated 0.7 per cent and Australia's S&P/ASX 200 lost 0.2 per cent.

(Source: South China Morning Post)

HONG KONG INDEX FUTURES DAILY PREVIEW

Date Prepared : 14/Feb/2023

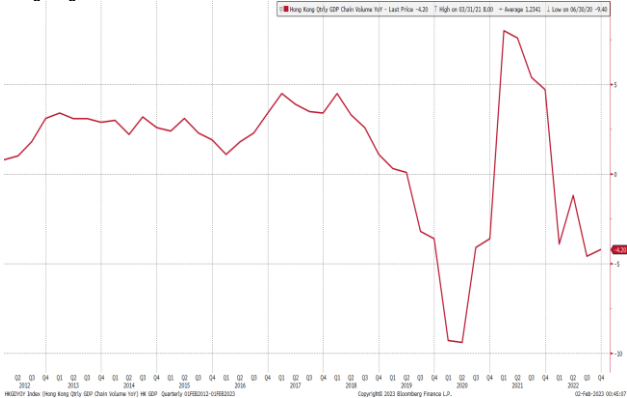
Mini Hang Seng Futures Daily Chart



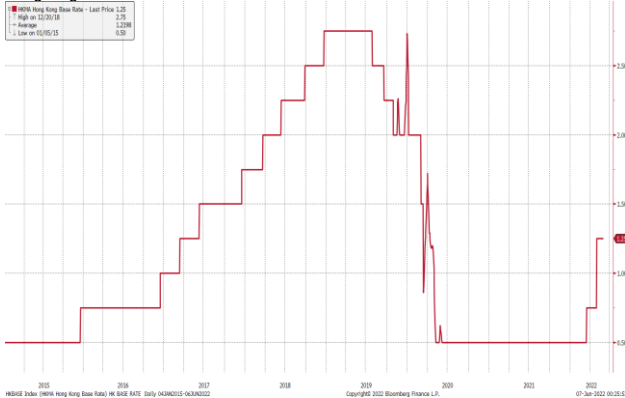
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised
02/16/2023 16:30	Unemployment Rate SA	Jan	3.40%	--	3.50%

China Economic Releases	Period	Survey	Actual	Prior	Revised
02/13/2023 02:18	FDI YTD YoY CNY	Jan	--	--	6.30%
02/15/2023 09:20	1-Yr Medium-Term Lending Facility Ra	Feb-15	2.75%	--	2.75%
02/15/2023 09:20	1-Yr Medium-Term Lending Facilities v	Feb-15	500.0b	--	779.0b
02/15/2023	FX Net Settlement - Clients CNY	Jan	--	--	33.8b
02/16/2023 09:00	Swift Global Payments CNY	Jan	--	--	2.15%
02/16/2023 09:30	New Home Prices MoM	Jan	--	--	-0.25%
02/20/2023 09:15	5-Year Loan Prime Rate	Feb-20	4.30%	--	4.30%
02/20/2023 09:15	1-Year Loan Prime Rate	Feb-20	3.65%	--	3.65%

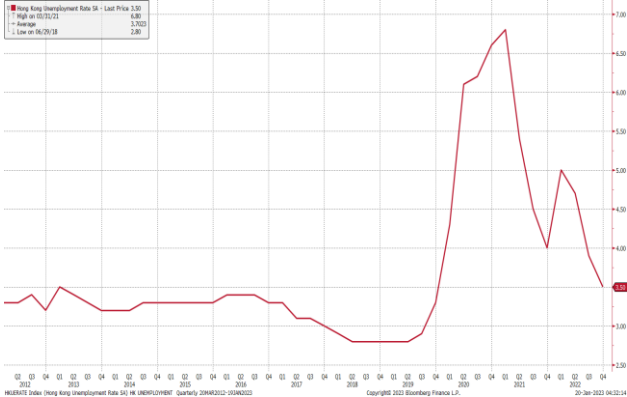
Hong Kong GDP Q on Q



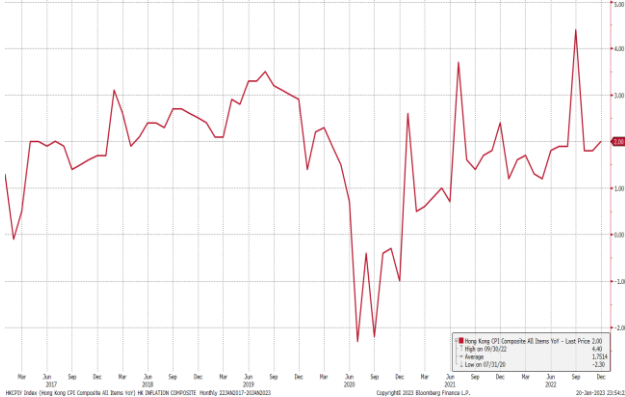
Hong Kong Base Interest Rate



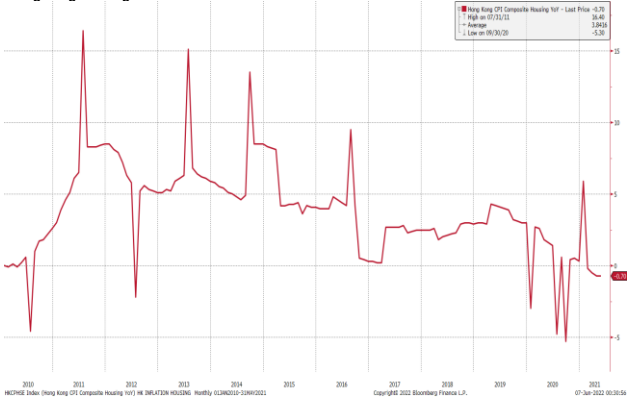
Hong Kong Unemployment Rate



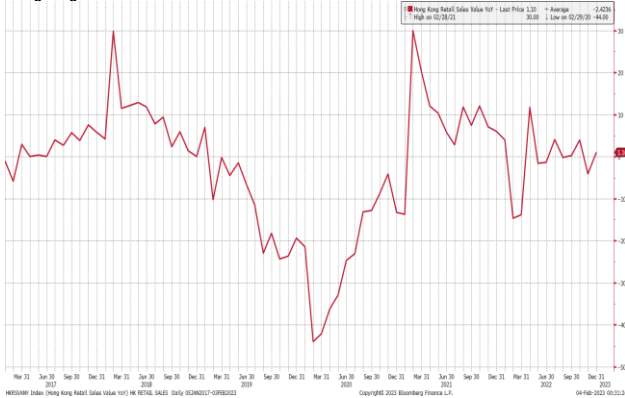
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sales Value Y on Y %



(Source: Bloomberg)

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