

**Fundamentals:**

Hong Kong stocks fell for a second day after the city unveiled smaller cash handouts and reduced some taxes to shorten the route to home ownership. Baidu jumped before a report that may show its earnings surged last quarter.

The Hang Seng Index fell 0.5 per cent to 20,423.84 at closing of trade on Wednesday. The Tech Index declined 1.4 per cent while the Shanghai Composite Index weakened 0.9 per cent. The drop brings the city's benchmark index to just under 10 per cent from the January 27 peak.

Carmaker BYD lost 1.3 per cent to HK\$224.40 while hotpot restaurant chain Haidilao slipped 0.6 per cent to HK\$19.08. Limiting losses, property developer Sun Hung Kai Properties surged 0.8 per cent to HK\$111.90 while Henderson Land climbed 1.6 per cent to HK\$27.90.

HSBC surged 5.3 per cent to HK\$60.65 as the lender signalled higher dividend payout, while its unit Hang Seng Bank added 2.7 per cent to HK\$131.60.

Financial Secretary Paul Chan Mo-po handed out HK\$5,000 of consumption vouchers to each resident, versus HK\$10,000 in the previous round, when he presented the city's 2023 budget on Wednesday. Other one-off measures included a smaller cut in salaries tax ceiling, and rate concessions for residential properties.

Most Hong Kong developers advanced. Chan proposed tweaks to the city's variable property tax regime to ease the financial burden on first-time homebuyers, a move that will cost the government HK\$1.9 billion annually.

Other tax sweeteners included a reduction of profits tax in 2022-23 for small-medium enterprises, benefiting 134,000 companies, a move that will cost the government HK\$720 million in income. The city is studying a proposal to keep the market running during extreme weather such as typhoons.

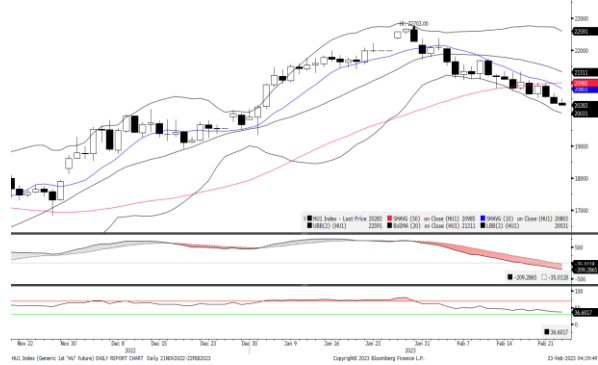
The local economy is forecast to expand by 3.5 per cent to 5.5 per cent this year after the border reopening with the mainland, Chan added.

Elsewhere, Baidu jumped 1.7 per cent to HK\$140.50. China's biggest internet search engine operator may say earnings increased more than 70 per cent in the December quarter from a year earlier, according to consensus estimates. The report is due later today.

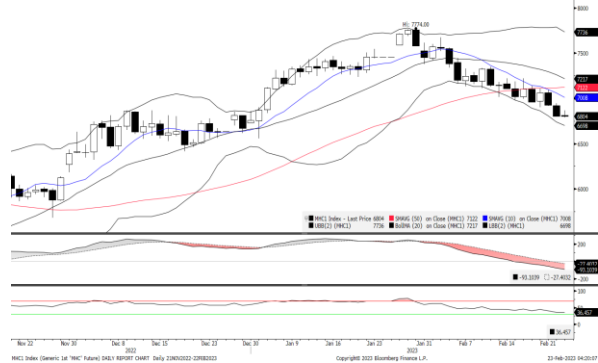
Most Asian markets also weakened in tandem. The Nikkei 225 in Japan lost 1.3 per cent, South Korea's Kospi slid 1.7 per cent and the S&P ASX 200 in Australia retreated 0.3 per cent.

(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 FEB 23      | -197 | 20349 | 20662 | 20339 |
| H. SENG FUT MAR 23      | -188 | 20355 | 20655 | 20345 |
| H. SENG FUT JUN 23      | -184 | 20269 | 20541 | 20295 |
| H. SENG FUT SEP 23      | -197 | 20349 | 20662 | 20339 |
| MINI H. SENG FUT FEB 23 | -197 | 20349 | 20663 | 20340 |
| MINI H. SENG FUT MAR 23 | -188 | 20355 | 20655 | 20346 |
| MINI H. SENG FUT JUN 23 | -184 | 20269 | 20568 | 20268 |
| MINI H. SENG FUT SEP 23 | -197 | 20349 | 20663 | 20340 |
| HSCEI FUT FEB 23        | -123 | 6803  | 6943  | 6800  |
| HSCEI FUT MAR 23        | -119 | 6833  | 6972  | 6829  |
| HSCEI FUT JUN 23        | -120 | 6806  | 6943  | 6811  |
| HSCEI FUT SEP 23        | -123 | 6803  | 6943  | 6800  |
| MINI HSCEI FUT FEB 23   | -123 | 6803  | 6945  | 6800  |
| MINI HSCEI FUT MAR 23   | -119 | 6833  | 6970  | 6831  |
| MINI HSCEI FUT JUN 23   | -120 | 6806  | 6944  | 6812  |
| MINI HSCEI FUT SEP 23   | -123 | 6803  | 6945  | 6800  |

| Major HSI Constituent Stocks        | Close | Change | High  | Low   |
|-------------------------------------|-------|--------|-------|-------|
| *AIA Group Ltd                      | 82.4  | -0.1   | 83.55 | 82.05 |
| **Tencent Holdings Ltd              | 356   | -5.8   | 363   | 347.6 |
| *HSBC Holdings PLC                  | 60.65 | 3.05   | 60.85 | 59.9  |
| **China Construction Bank Corp      | 4.93  | -0.06  | 5.03  | 4.92  |
| **Ping An Insurance Group           | 55.6  | -1.75  | 57.25 | 55.3  |
| **Meituan                           | 140   | 0.2    | 143.4 | 137.1 |
| *Hong Kong Exchanges & Clearing Ltd | 327.4 | -2     | 329.6 | 320.2 |
| **Alibaba Group Holdings Ltd        | 92.95 | -2.25  | 94.8  | 92.1  |
| **Xiaomi Corp                       | 12.24 | -0.32  | 12.66 | 12.08 |
| **ICBC                              | 4.01  | -0.02  | 4.07  | 4     |

| Major HSCEI Constituent Stocks  | Close | Change | High  | Low   |
|---------------------------------|-------|--------|-------|-------|
| *Wuxi Biologics Cayman Inc      | 54.9  | -1.15  | 56.2  | 54.55 |
| **China Mobile Ltd              | 58.35 | -0.55  | 59.15 | 58.35 |
| **Bank of China Ltd             | 2.93  | -0.02  | 2.96  | 2.93  |
| *Techtronic Industries Co Ltd   | 92.5  | -6.9   | 97.5  | 91.7  |
| *CK Hutchison Holdings Ltd      | 47.75 | -0.4   | 48.35 | 47.7  |
| *Link REIT                      | 53.2  | 0.45   | 53.65 | 52.55 |
| *CLP Holding Ltd                | 56.5  | -0.5   | 57.3  | 56.5  |
| **Geely Automobile Holdings Ltd | 11.38 | -0.16  | 11.48 | 11.24 |
| **CNOOC Ltd                     | 11.52 | -0.1   | 11.74 | 11.5  |
| **ANTA Sports Products Ltd      | 104.3 | 0      | 106.3 | 102.8 |

| Global Equity Indices | Close    | Change  | High    | Low      |
|-----------------------|----------|---------|---------|----------|
| Hang Seng             | 20423.84 | -105.65 | 20621   | 20344.86 |
| HSCEI                 | 6832.76  | -92.31  | 6923.07 | 6822.28  |
| Shanghai Comp Index   | 3291.15  | -15.376 | 3307.03 | 3286.721 |
| Nikkei 225            | 27104.3  | -368.78 | 27300.5 | 27046.08 |
| KOSPI                 | 2417.68  | -41.28  | 2435.98 | 2416.16  |
| S&P/ASX200            | 7314.5   | -21.795 | 7338.6  | 7267.8   |
| DJIA                  | 33045.1  | -84.5   | 33246   | 32948.27 |
| S&P 500               | 3991.05  | -6.29   | 4017.37 | 3976.9   |
| NASDAQ                | 11507.1  | 14.77   | 11582.5 | 11445.17 |
| DAX                   | 15399.9  | 2.27    | 15408.6 | 15247.5  |
| CAC                   | 7299.26  | -0.13   | 7307.82 | 7231.63  |
| FTSE100               | 7930.63  | -47.12  | 7977.75 | 7879.03  |

**Technical Analysis**

*Mini Hang Seng*

|                 |          |                 |       |
|-----------------|----------|-----------------|-------|
| 1st Resistance: | 20654    | 2nd Resistance: | 20959 |
| 1st Support:    | 20044    | 2nd Support:    | 19739 |
| MACD:           | -167.909 |                 |       |
| MACD DIFF:      | -176.411 |                 |       |
| RSI:            | 37.3965  |                 |       |

*Mini Hang Seng China Enterprise*

|                 |         |                 |      |
|-----------------|---------|-----------------|------|
| 1st Resistance: | 6905    | 2nd Resistance: | 7007 |
| 1st Support:    | 6701    | 2nd Support:    | 6599 |
| MACD:           | -77.345 |                 |      |
| MACD DIFF:      | -66.348 |                 |      |
| RSI:            | 36.4113 |                 |      |

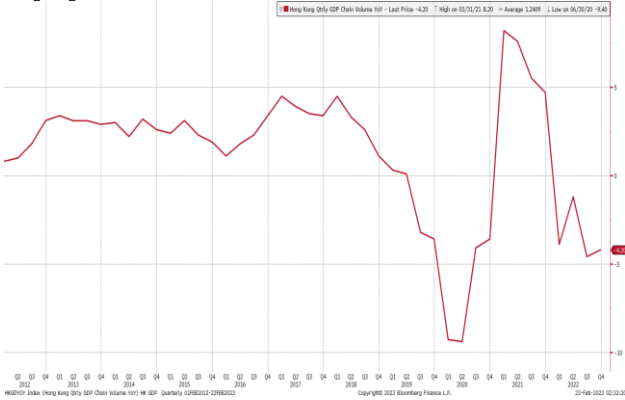
**Strategy:**

|   |                             |                  |       |                             |                  |       |
|---|-----------------------------|------------------|-------|-----------------------------|------------------|-------|
| <i>Mini Hang Seng:</i>                  | Long: Profit target: 20044  | Stop-loss: 20244 | 19944 | Long: Profit target: 19739  | Stop-loss: 19936 | 19640 |
|   | Short: Profit target: 20654 | Stop-loss: 20448 | 20758 | Short: Profit target: 20959 | Stop-loss: 20750 | 21064 |
| <i>Mini Hang Seng China Enterprise:</i> | Long: Profit target: 6701   | Stop-loss: 6768  | 6667  | Long: Profit target: 6599   | Stop-loss: 6665  | 6566  |
|   | Short: Profit target: 6905  | Stop-loss: 6836  | 6940  | Short: Profit target: 7007  | Stop-loss: 6937  | 7042  |

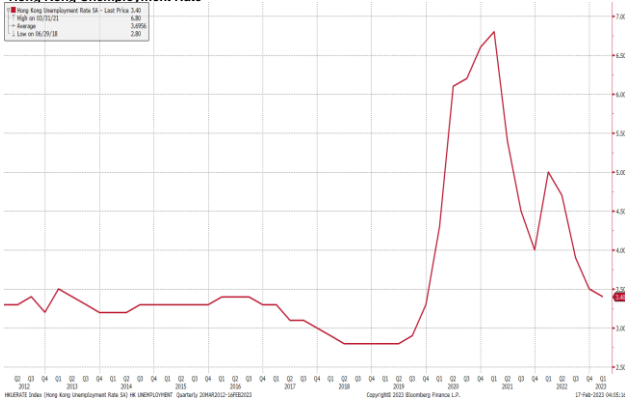
| Hong Kong Economic Releases |                         | Period | Survey | Actual  | Prior   | Revised |
|-----------------------------|-------------------------|--------|--------|---------|---------|---------|
| 02/22/2023 11:00            | GDP Annual YoY          | 2022   | --     | -3.50%  | -3.50%  | --      |
| 02/22/2023 11:35            | GDP YoY                 | 4Q F   | --     | -4.20%  | -4.20%  | --      |
| 02/22/2023 11:35            | GDP SA QoQ              | 4Q F   | --     | 0.00%   | 0.00%   | --      |
| 02/23/2023 16:30            | CPI Composite YoY       | Jan    | 2.10%  | --      | 2.00%   | --      |
| 02/27/2023 16:30            | Exports YoY             | Jan    | --     | -28.90% | -23.50% | --      |
| 02/27/2023 16:30            | Imports YoY             | Jan    | --     | -23.50% | --      | --      |
| 02/27/2023 16:30            | Trade Balance HKD       | Jan    | --     | --      | -51.6b  | --      |
| 02/28/2023 16:30            | Budget Balance HKD      | Jan    | --     | --      | 87.1b   | --      |
| 02/28/2023                  | Money Supply M3 HKD YoY | Jan    | --     | --      | 0.60%   | --      |
| 02/28/2023                  | Money Supply M2 HKD YoY | Jan    | --     | --      | 0.60%   | --      |
| 02/28/2023                  | Money Supply M1 HKD YoY | Jan    | --     | --      | -17.80% | --      |
| 03/02/2023 16:30            | Retail Sales Value YoY  | Jan    | --     | --      | 1.10%   | --      |
| 03/02/2023 16:30            | Retail Sales Volume YoY | Jan    | --     | --      | -0.70%  | --      |

| China Economic Releases |                                      | Period | Survey | Actual | Prior | Revised |
|-------------------------|--------------------------------------|--------|--------|--------|-------|---------|
| 02/24/2023 10:00        | Bloomberg Feb. China Economic Survey |        |        |        |       |         |
| 03/01/2023 09:00        | Composite PMI                        | Feb    | --     | --     | 52.9  | --      |
| 03/01/2023 09:00        | Manufacturing PMI                    | Feb    | --     | --     | 50.1  | --      |
| 03/01/2023 09:00        | Non-manufacturing PMI                | Feb    | --     | --     | 54.4  | --      |
| 03/01/2023 09:45        | Caixin China PMI Mfg                 | Feb    | --     | --     | 49.2  | --      |

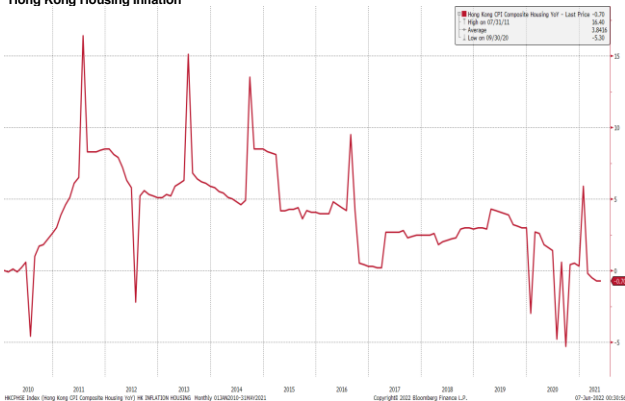
### Hong Kong GDP Q on Q



### Hong Kong Unemployment Rate

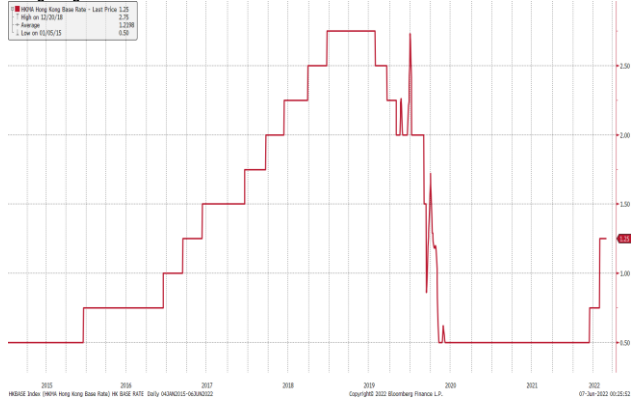


### Hong Kong Housing Inflation

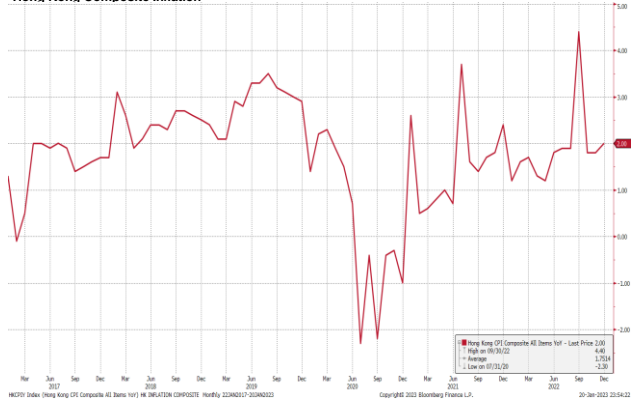


(Source: Bloomberg)

### Hong Kong Base Interest Rate



### Hong Kong Composite Inflation



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



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