

Fundamentals:

Hong Kong stocks tumbled to more than a three-month low amid concerns about widening global financial crisis following losses imposed on investors in the forced merger between UBS and Credit Suisse. China Huarong Asset Management slumped after a profit warning.

The Hang Seng Index lost 2.7 per cent to 19,000.71 at the closing of Monday trading, the lowest since December 7. The Tech Index slipped 2.8 per cent, while the Shanghai Composite Index dropped 0.5 per cent.

HSBC sank 6.1 per cent to HK\$50.50 and Bank of China (Hong Kong) fell 2.8 per cent to HK\$24.65 while AIA Group slid 4.2 per cent to HK\$75.65. Alibaba Group weakened 2.8 per cent to HK\$79.20 while Tencent declined 1.4 per cent to HK\$334.60.

Sunny Optical dropped 3.4 per cent to HK\$86.95 and WuXi Biologic crashed 5.9 per cent to HK\$45.15 as both prepare to release their earnings this week.

Credit Suisse slumped 63 per cent in Zurich after the deal was unveiled. UBS Group agreed to buy its rival for US\$3.25 billion with liquidity backstop from the central bank, valuing the target at less than half of its market value. The merger, brokered by the Swiss government, will wipe out investors holding one of Credit Suisse's riskiest debts known as Additional Tier-1 capital.

Under post-crisis Basel III rules, all AT1 and Tier-2 capital instruments are capable of being converted into common equity or written off at the point of non-viability to protect depositors. The trigger can be a decision of the relevant authority, or a decision to inject public funds to prevent a collapse, whichever is earlier.

Today's slump added to a 4 per cent retreat in the Hang Seng Index this month, spooked by a leadership reshuffle in Beijing, the Credit Suisse turmoil and US bank failures including Silicon Valley Bank. The index's 76 members have lost US\$433 billion of capitalisation from its peak on January 27, as the China reopening euphoria unravelled.

Elsewhere, regional banks in the US are also facing a bleak outlook following the collapse of Silicon Valley Bank and Signature, as depositors have been fleeing amid a crisis of confidence despite concerted efforts to shore up liquidity at First Republic Bank.

Meanwhile, bad-debt management company China Huarong fell 3.5 per cent to HK\$0.42 after the company said it expected a net loss of 27.6 billion yuan (US\$4 billion) in 2022, citing erosion in asset values and smaller income from acquisition-and-restructuring of distressed assets.

China's central bank cut the reserve requirement ratio for banks by 25 basis points, effective March 27, to help fuel lending and shore up economic growth. The cut, first since December, will unleash US\$72.6 billion liquidity just when the market turned cold on Beijing's conservative growth targets for 2023.

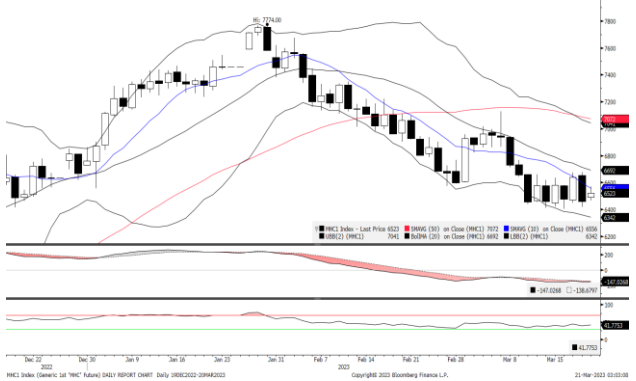
Two stocks debuted in Shenzhen on Monday. Hubei Hongyuan Pharmaceutical Technology tumbled 16 per cent to 41.95 yuan, while software developer Nanjing TDH Technology jumped 17.4 per cent to 111.53 yuan.

(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: 19208 2nd Resistance: 19492
 1st Support: 18640 2nd Support: 18356
 MACD: -450.008
 MACD DIFF: -77.8132
 RSI: 35.797

Mini Hang Seng China Enterprise

1st Resistance: 6556 2nd Resistance: 6653
 1st Support: 6362 2nd Support: 6265
 MACD: -150.025
 MACD DIFF: -13.352
 RSI: 39.3207

Strategy:

Mini Hang Seng: Long: Profit target: 18640 Stop-loss: 18827 18547 Long: Profit target: 18356 Stop-loss: 18540 18264

Short: Profit target: 19208 Stop-loss: 19016 19304 Short: Profit target: 19492 Stop-loss: 19297 19589

Mini Hang Seng China Enterprise: Long: Profit target: 6362 Stop-loss: 6426 6330 Long: Profit target: 6265 Stop-loss: 6328 6234

Short: Profit target: 6556 Stop-loss: 6490 6589 Short: Profit target: 6653 Stop-loss: 6586 6686

Contracts	Chg	Sett	High	Low
H. SENG FUT MAR 23	-648	18924	19639	18846
H. SENG FUT APR 23	-652	18969	19675	18895
H. SENG FUT JUN 23	-655	18816	19498	18740
H. SENG FUT SEP 23	-648	18924	19639	18846
MINI H. SENG FUT MAR 23	-648	18924	19639	18845
MINI H. SENG FUT APR 23	-652	18969	19678	18895
MINI H. SENG FUT JUN 23	-655	18816	19530	18743
MINI H. SENG FUT SEP 23	-648	18924	19639	18845
HSCEI FUT MAR 23	-182	6459	6678	6416
HSCEI FUT APR 23	-185	6478	6677	6436
HSCEI FUT JUN 23	-189	6427	6578	6388
HSCEI FUT SEP 23	-182	6459	6678	6416
MINI HSCEI FUT MAR 23	-182	6459	6677	6417
MINI HSCEI FUT APR 23	-185	6478	6690	6435
MINI HSCEI FUT JUN 23	-189	6427	6687	6388
MINI HSCEI FUT SEP 23	-182	6459	6677	6417

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	75.65	-3.3	78.4	74.9
**Tencent Holdings Ltd	334.8	-4.6	339.4	331
*HSBC Holdings PLC	50.45	-3.35	52.8	49.7
**China Construction Bank Corp	5.05	-0.07	5.14	5.02
**Ping An Insurance Group	50.05	-1.55	51.65	49.75
**Meituan	128.9	-1.5	130.8	126.4
*Hong Kong Exchanges & Clearing Ltd	327.4	-5.6	333	323.6
**Alibaba Group Holdings Ltd	79.2	-2.3	81.15	78.1
**Xiaomi Corp	11.02	-0.32	11.32	10.86
**ICBC	4.21	-0.04	4.27	4.17

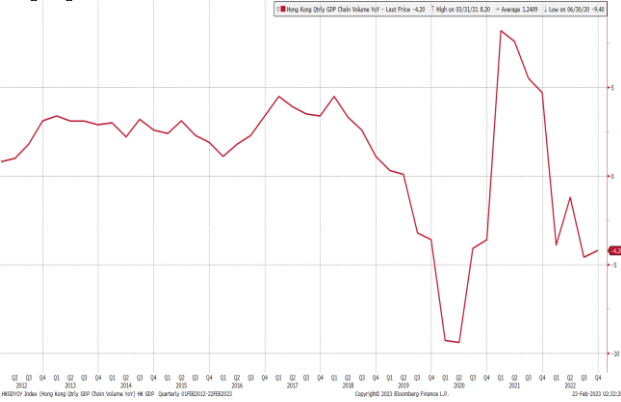
Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	45.15	-2.85	47.55	44.2
**China Mobile Ltd	63.6	-2.35	66.1	61.65
**Bank of China Ltd	3.01	0	3.04	2.98
*Techtronic Industries Co Ltd	84.6	-1.4	87.15	84.35
*CK Hutchison Holdings Ltd	48.75	-0.05	49.2	48.25
*Link REIT	49.65	-0.45	50.7	49.35
*CLP Holding Ltd	57.25	-0.15	57.55	56.75
**Geely Automobile Holdings Ltd	9.15	-0.15	9.29	9.08
**CNOOC Ltd	11.3	-0.3	11.72	11.18
**ANTA Sports Products Ltd	99.7	-2.5	100.8	96.75

Global Equity Indices	Close	Change	High	Low
Hang Seng	19000.71	-517.88	19383	18829.11
HSCEI	6469.65	-146.06	6590.81	6408.79
Shanghai Comp Index	3234.91	-15.636	3267.99	3231.646
Nikkei 225	26945.7	-388.12	27367.2	26945.67
KOSPI	2379.2	-16.49	2405.99	2378.7
S&P/ASX200	6898.51	-96.289	6994.3	6895
DJIA	32244.6	382.6	32280.1	31872.33
S&P 500	3951.57	34.93	3956.62	3916.89
NASDAQ	11675.5	45.03	11695.6	11550.69
DAX	14933.4	165.18	14980.4	14458.39
CAC	7013.14	1.27	7049.76	6796.21
FTSE100	7403.85	68.45	7426.24	7206.82

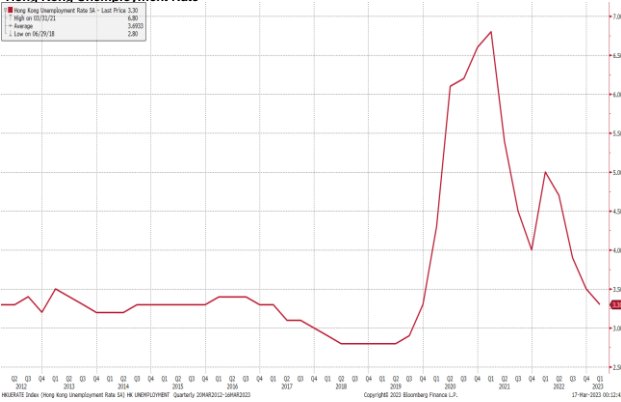
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
03/21/2023 16:30	BoP Overall	4Q	--	--	-\$138.39b	--
03/21/2023 16:30	BoP Current Account Balance	4Q	--	--	\$115.84b	--
03/23/2023 16:30	CPI Composite YoY	Feb	2.40%	--	2.40%	--
03/27/2023 16:30	Exports YoY	Feb	--	--	-36.70%	--
03/27/2023 16:30	Imports YoY	Feb	--	--	-30.20%	--
03/27/2023 16:30	Trade Balance HKD	Feb	--	--	-25.4b	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
03/20/2023 09:15	5-Year Loan Prime Rate	Mar-20	4.30%	4.30%	4.30%	--
03/20/2023 09:15	1-Year Loan Prime Rate	Mar-20	3.65%	3.65%	3.65%	--
03/23/2023 09:00	Swift Global Payments CNY	Feb	--	--	1.91%	--
03/24/2023 10:00	Bloomberg March China Economic Survey					
03/27/2023 09:30	Industrial Profits YTD YoY	Feb	--	--	-4.00%	--
03/27/2023 09:30	Industrial Profits YoY	Feb	--	--	--	--

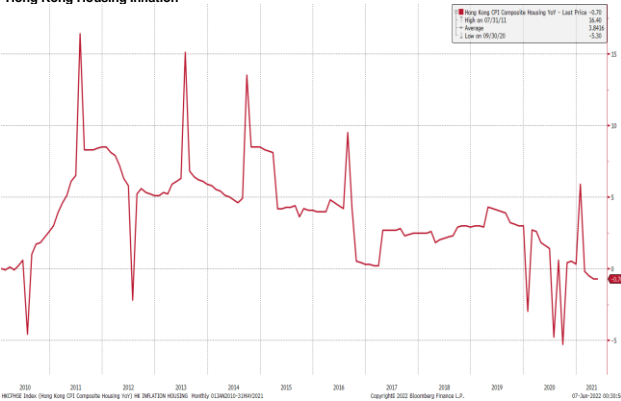
Hong Kong GDP Q on Q



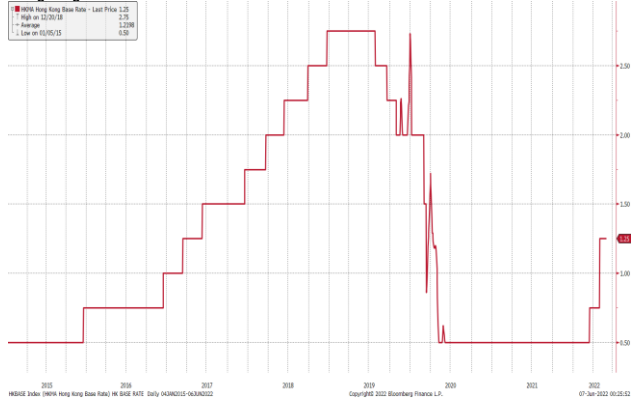
Hong Kong Unemployment Rate



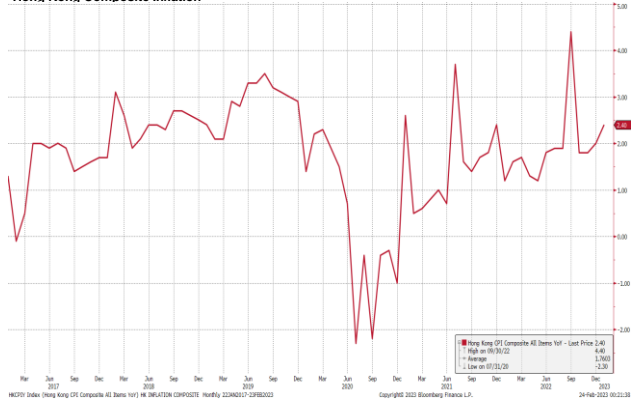
Hong Kong Housing Inflation



Hong Kong Base Interest Rate



Hong Kong Composite Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

Kenanga Futures Sdn Bhd (353603-X)

Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my

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