

Fundamentals:

Chinese stocks in Hong Kong plunged as a weakening currency, disappointing earnings and worries over the US debt-ceiling deadlock saw traders trim positions ahead of a long weekend.

The Hang Seng China Enterprises Index closed 2.2% lower on Thursday, capping its worst seek since March before markets close Friday for a holiday. XPeng Inc. fell the most following an earnings miss. The gauge has fallen more than 18% since this year's high and has erased about half of its gains seen during the strong China reopening rally between November and January.

The intensifying selloff in Chinese stocks suggests investors are losing hopes of a rebound. Evidence is building that the economy's recovery is sputtering, the property market remains in a dire state, and few believe the US-China tensions will have an easy way out. The yuan's weakness has dealt another blow with foreign outflows from mainland stocks accelerating.

Overseas funds were net sellers of onshore stocks for a third straight day on Thursday, offloading more than \$3 billion during the period. The CSI 300 benchmark of mainland shares fell 0.2% after erasing all its gains for the year on Wednesday. Hong Kong's benchmark Hang Seng Index slid 1.9%, while a Bloomberg Intelligence gauge of builders' shares was down for a 12th day in its longest run of losses since 2016.

An investor favorite until just a few months back, Chinese shares are now among the year's worst performers in Asia. Key gauges for Hong Kong and mainland stocks are in the red compared to double digit gains in South Korea, Taiwan and Japan.

Sentiment also worsened as the US debt-ceiling negotiations hit a fresh impasse. Negotiators were far apart on key issues, especially the spending cuts demanded by Republicans, spurring risk-off sentiment.

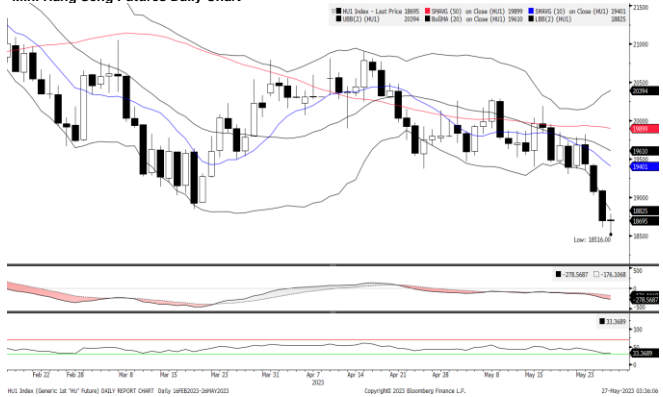
(Source: Bloomberg)

Contracts	Chg	Sett	High	Low
H. SENG FUT MAY 23	0	18695	18780	18516
H. SENG FUT JUN 23	0	18624	18707	18450
H. SENG FUT SEP 23	0	18528	18609	18350
H. SENG FUT DEC 23	0	18695	18780	18516
MINI H. SENG FUT MAY 23	0	18695	18780	18516
MINI H. SENG FUT JUN 23	0	18624	18708	18452
MINI H. SENG FUT SEP 23	0	18528	18600	18360
MINI H. SENG FUT DEC 23	0	18695	18780	18516
HSCEI FUT MAY 23	0	6324	6355	6246
HSCEI FUT JUN 23	0	6292	6320	6213
HSCEI FUT SEP 23	0	6227	6248	6248
HSCEI FUT DEC 23	0	6324	6355	6246
MINI HSCEI FUT MAY 23	0	6324	6356	6248
MINI HSCEI FUT JUN 23	0	6292	6318	6217
MINI HSCEI FUT SEP 23	0	6227	6251	6156
MINI HSCEI FUT DEC 23	0	6324	6356	6248

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	76.5	-0.55	77	75.65
**Tencent Holdings Ltd	322.4	-10	330.6	318.4
*HSBC Holdings PLC	58.35	-0.9	58.4	57.85
**China Construction Bank Corp	5.09	-0.07	5.14	5.06
**Ping An Insurance Group	51.15	-0.45	51.4	50.6
**Meituan	126	-4.4	129.6	123.3
*Hong Kong Exchanges & Clearing Ltd	294	-7	300.6	290.6
**Alibaba Group Holdings Ltd	78.65	-2.4	80.3	77.6
**Xiaomi Corp	10.5	0.1	10.94	10.32
**ICBC	4.23	-0.07	4.29	4.22

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	42.95	-1.4	43.95	42.55
**China Mobile Ltd	64.4	-0.5	64.85	63.6
**Bank of China Ltd	3.11	-0.06	3.15	3.11
*Techtronic Industries Co Ltd	76.85	0	77.1	75.3
*CK Hutchison Holdings Ltd	48.45	-0.5	48.55	48.05
*Link REIT	48.55	-0.65	48.95	48.25
*CLP Holding Ltd	57.75	-0.05	57.75	57.15
**Geely Automobile Holdings Ltd	9.28	-0.31	9.48	9.15
**CNOOC Ltd	12.48	-0.22	12.72	12.26
**ANTA Sports Products Ltd	83.25	-1.3	84	81.8

Global Equity Indices	Close	Change	High	Low
Hang Seng	0.00	0	0	0
HSCEI	0	0	0	0
Shanghai Comp Index	3212.5	11.244	3220.77	3179.822
Nikkei 225	30916.3	115.18	31101.6	30864.49
KOSPI	2558.81	4.12	2567.5	2553.79
S&P/ASX200	7154.76	16.596	7156	7129
DJIA	33093.3	328.69	33162.1	32795.5
S&P 500	4205.45	54.17	4212.87	4156.16
NASDAQ	12975.7	277.6	13001.9	12729.74
DAX	15984	190.17	16008.6	15726.74
CAC	7319.18	1.24	7334.31	7208.44
FTSE100	7627.2	56.33	7643.56	7556.92

Mini Hang Seng Futures Daily Chart**Mini Hang Seng China Enterprise Futures Daily Chart****Technical Analysis****Mini Hang Seng**

1st Resistance:	18975	2nd Resistance:	19256
1st Support:	18415	2nd Support:	18134
MACD:	-278.477		
MACD DIFF:	-102.505		
RSI:	33.3695		

Mini Hang Seng China Enterprise

1st Resistance:	6419	2nd Resistance:	6514
1st Support:	6229	2nd Support:	6134
MACD:	-91.226		
MACD DIFF:	-39.480		
RSI:	34.9553		

Strategy:

Mini Hang Seng:	Long: Profit target:	Stop-loss:	Long: Profit target:	Stop-loss:
	18415	18599	18323	18134
	18315	18043		

Short: Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:
18975	18786	19070	19256
19063	19352		

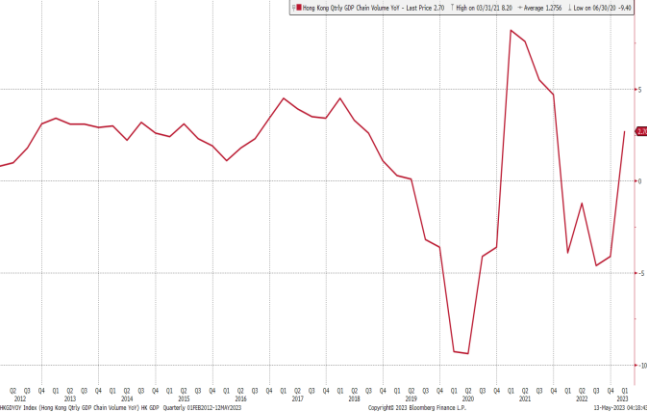
Mini Hang Seng China Enterprise:	Long: Profit target:	Stop-loss:	Long: Profit target:	Stop-loss:
	6229	6291	6198	6134
	6196	6104		

Short: Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:
6419	6355	6451	6514
6449	6546		

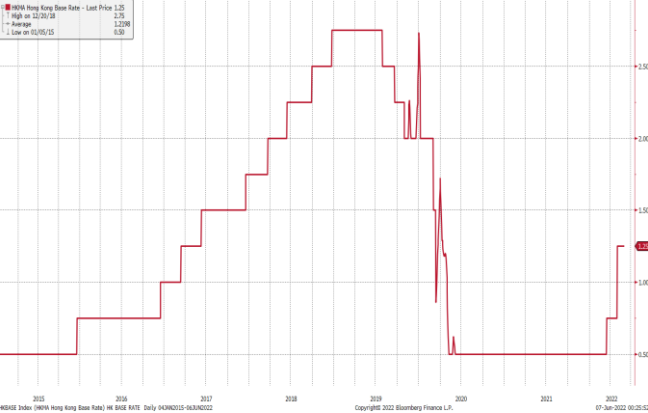
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
05/29/2023 16:30	Exports YoY	Apr	--	--	-1.50%	--
05/29/2023 16:30	Imports YoY	Apr	--	--	-0.60%	--
05/29/2023 16:30	Trade Balance HKD	Apr	--	--	-40.6b	--
05/31/2023	Money Supply M3 HKD YoY	Apr	--	--	0.90%	--
05/31/2023	Budget Balance HKD	Apr	--	--	-61.7b	--
05/31/2023	Money Supply M1 HKD YoY	Apr	--	--	-20.40%	--
05/31/2023	Money Supply M2 HKD YoY	Apr	--	--	0.90%	--
06/01/2023 16:30	Retail Sales Value YoY	Apr	--	--	40.90%	--
06/01/2023 16:30	Retail Sales Volume YoY	Apr	--	--	39.40%	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
05/26/2023 05:00	Bloomberg May China Economic Survey					
05/27/2023 09:30	Industrial Profits YTD YoY	Apr	--	--	-21.40%	--
05/31/2023 09:30	Composite PMI	May	--	--	54.4	--
05/31/2023 09:30	Manufacturing PMI	May	49.5	--	49.2	--
05/31/2023 09:30	Non-manufacturing PMI	May	55	--	56.4	--
06/01/2023 09:45	Caixin China PMI Mfg	May	49.5	--	49.5	--

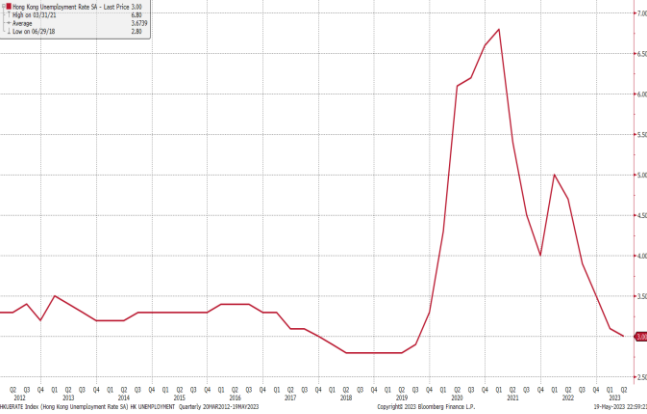
Hong Kong GDP Q on Q



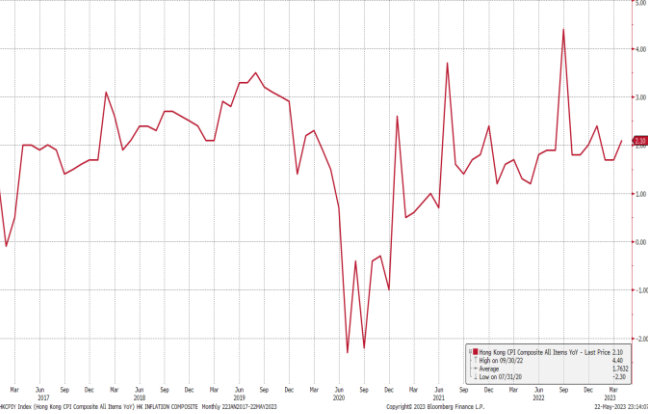
Hong Kong Base Interest Rate



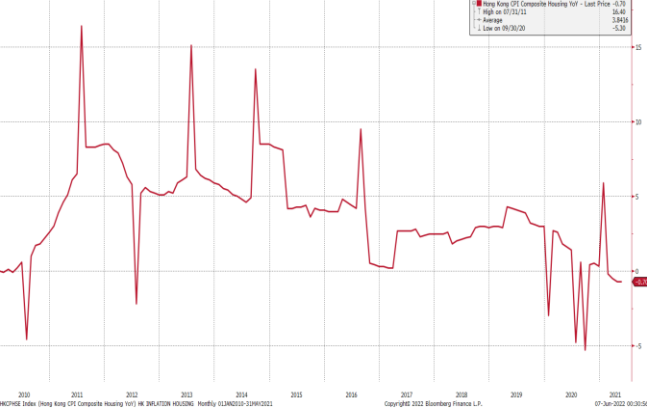
Hong Kong Unemployment Rate



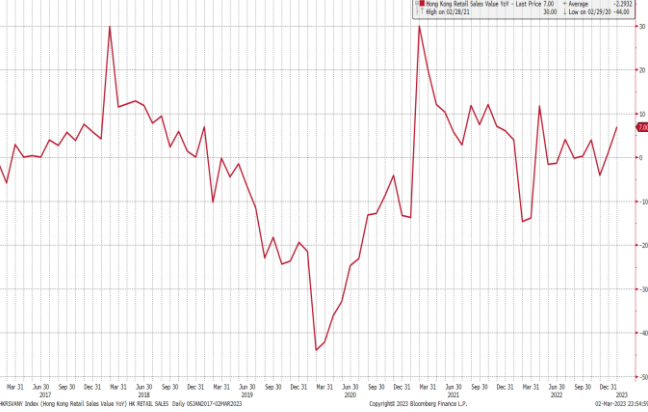
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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