

Fundamentals:

Hong Kong stocks edged higher in volatile trade as sentiment remained cautious while traders looked for signs of confidence in China's economy and awaited the fate of the US debt-ceiling deal in Congress this week. A gauge tracking Chinese shares briefly entered bear market.

The Hang Seng Index climbed 0.2 per cent to 18,595.78 at the close of Tuesday trading, after sliding as much as 1.1 per cent earlier in the day and hitting a six-month low. The Tech Index added 1.5 per cent while the Shanghai Composite Index gained 0.1 per cent.

Tencent gained 1 per cent to HK\$316.20. JD.com climbed 1.6 per cent to HK\$130 and Alibaba strengthened 1.3 per cent to HK\$78.80. Baidu surged 3.1 per cent to HK\$123.40 after Beijing rolled out a new policy supporting the artificial-intelligence industry. EV maker BYD jumped 2.2 per cent to HK\$234.40 after the company announced it will build another plant in Southeast Asia to tap the region's market.

Limiting gains, gaming giant NetEase lost 0.3 per cent to HK\$139.50 and WuXi Biologics declined 0.7 per cent to HK\$41.70. Semiconductor Manufacturing International Corporation lost 0.4 per cent to HK\$19.92. The tentative debt-ceiling agreement, which US President Joe Biden and House Speaker Kevin McCarthy reached on Sunday, is now set to move to the Congress. The pair expressed their confidence on Monday that a deal to suspend the debt ceiling will pass both houses in coming days, while traders remained cautiously optimistic about the market outlook after the deal.

Investors can breathe a sigh of relief that the US government is not going to default on its debt. But the deal will place on growth due to government spending cuts over the next couple of years, and the issuance of new treasury bills will likely drain market liquidity.

Besides the debt-ceiling drama, local investors continue to reel from China's weak recovery. Confidence on China economy is still low after it was shocked by the wake-up call of April macro data. The market probably needs more time for confidence across the private sector and households to recover.

A gauge tracking Chinese companies listed in Hong Kong slipped as much as 1 per cent on Tuesday, taking its decline from a January 27 high to 20.4 per cent to briefly enter bear-market territory. The Hang Seng Index slumped 18 per cent during the period as the market fretted over China's sluggish recovery, erasing over US\$600 billion from the city's broader market.

Major Asian markets were mixed. The Kospi in South Korea jumped 1 per cent while the Nikkei 225 in Japan added 0.3 per cent. The S&P/ASX 200 in Australia gained 0.1 per cent.

(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: 18763, 2nd Resistance: 19041
 1st Support: 18209, 2nd Support: 17931
 MACD: -355.803, MACD DIFF: -120.455, RSI: 31.0118

Mini Hang Seng China Enterprise

1st Resistance: 6332, 2nd Resistance: 6425
 1st Support: 6144, 2nd Support: 6051
 MACD: -123.797, MACD DIFF: -48.333, RSI: 32.4328

Strategy:

Mini Hang Seng: Long: Profit target: 18391, Stop-loss: 18118; Short: Profit target: 18763, Stop-loss: 18576

Mini Hang Seng China Enterprise: Long: Profit target: 6114, Stop-loss: 6114; Short: Profit target: 6332, Stop-loss: 6268

Contracts	Chg	Sett	High	Low
H. SENG FUT MAY 23	-36	18486	18646	18413
H. SENG FUT JUN 23	48	18498	18610	18315
H. SENG FUT SEP 23	48	18407	18501	18235
H. SENG FUT DEC 23	-36	18486	18646	18413
MINI H. SENG FUT MAY 23	-36	18486	18645	18412
MINI H. SENG FUT JUN 23	48	18498	18610	18316
MINI H. SENG FUT SEP 23	48	18407	18509	18230
MINI H. SENG FUT DEC 23	-36	18486	18645	18412
HSCEI FUT MAY 23	-6	6238	6297	6206
HSCEI FUT JUN 23	33	6247	6277	6166
HSCEI FUT SEP 23	29	6182	6205	6113
HSCEI FUT DEC 23	-6	6238	6297	6206
MINI HSCEI FUT MAY 23	-6	6238	6297	6206
MINI HSCEI FUT JUN 23	33	6247	6277	6167
MINI HSCEI FUT SEP 23	29	6182	6204	6110
MINI HSCEI FUT DEC 23	-6	6238	6297	6206

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	76.5	-0.1	77.25	75.8
**Tencent Holdings Ltd	316.2	3	318.2	307.6
*HSBC Holdings PLC	58.85	0.1	59.1	58.5
**China Construction Bank Corp	5.08	-0.04	5.13	5.04
**Ping An Insurance Group	50.65	0.15	50.9	50.05
**Meituan	116.4	0.6	117.6	113
*Hong Kong Exchanges & Clearing Ltd	288.8	-0.2	290.4	283.8
**Alibaba Group Holdings Ltd	78.8	1	79.35	77.55
**Xiaomi Corp	10.5	0.02	10.6	10.36
**ICBC	4.23	-0.02	4.26	4.2

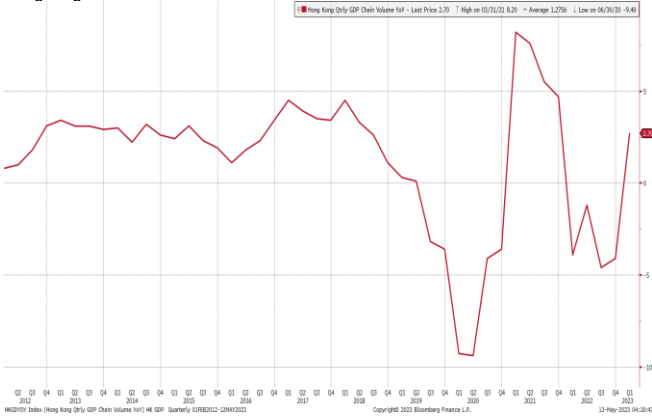
Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	41.7	-0.3	42.85	41.05
**China Mobile Ltd	64.35	0.35	64.5	62.95
**Bank of China Ltd	3.12	-0.02	3.16	3.1
*Techtronic Industries Co Ltd	72.6	-0.6	74.2	71.1
*CK Hutchison Holdings Ltd	48.1	0	48.25	47.55
*Link REIT	47.3	-0.4	48	46.8
*CLP Holding Ltd	57.5	0.15	57.8	56.8
**Geely Automobile Holdings Ltd	9.24	0.06	9.48	9.13
**CNOOC Ltd	12.3	-0.1	12.48	12.22
**ANTA Sports Products Ltd	81.3	0.15	81.65	79.75

Global Equity Indices	Close	Change	High	Low
Hang Seng	18595.78	44.67	18666.7	18369.93
HSCEI	6283.71	32.67	6306.66	6189.38
Shanghai Comp Index	3224.21	2.765	3230.63	3186.625
Nikkei 225	31328.2	94.62	31374.8	31064.19
KOSPI	2585.52	26.71	2586.22	2574.82
S&P/ASX200	7209.28	-8.092	7227.2	7204.6
DJIA	33028.6	-64.77	33132.7	32893.97
S&P 500	4204.46	-0.99	4231.1	4192.18
NASDAQ	13037.6	61.91	13154.3	12968.12
DAX	15908.9	-43.82	16058.4	15889.46
CAC	7209.75	-1.29	7296.38	7195.38
FTSE100	7522.07	-105.13	7628.12	7516.52

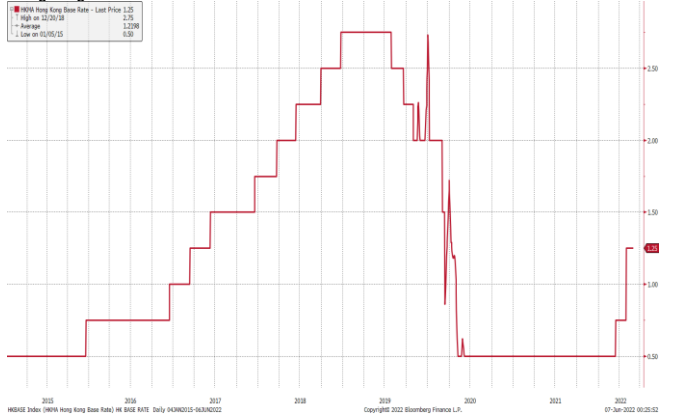
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised	
05/29/2023 16:30	Exports YoY	Apr	-0.093	-0.13	-1.50%	--
05/29/2023 16:30	Imports YoY	Apr	-0.099	-0.119	-0.60%	--
05/29/2023 16:30	Trade Balance HKD	Apr	-33.8b	-36.6b	-40.6b	--
05/31/2023	Money Supply M3 HKD YoY	Apr	--	--	0.90%	--
05/31/2023	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	0.221	--	40.90%	--
06/01/2023 16:30	Retail Sales Volume YoY	Apr	0.095	--	39.40%	--
06/05/2023 08:30	S&P Global Hong Kong PMI	May	--	--	52.4	--

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	--	-20.60%	-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	55.2	--	56.4	--
06/01/2023 09:45	Caixin China PMI Mfg	May	49.5	--	49.5	--
06/05/2023 09:45	Caixin China PMI Composite	May	--	--	53.6	--
06/05/2023 09:45	Caixin China PMI Services	May	55.1	--	56.4	--

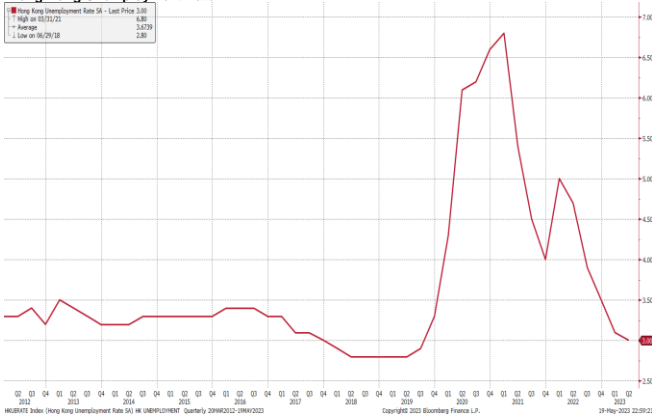
Hong Kong GDP Q on Q



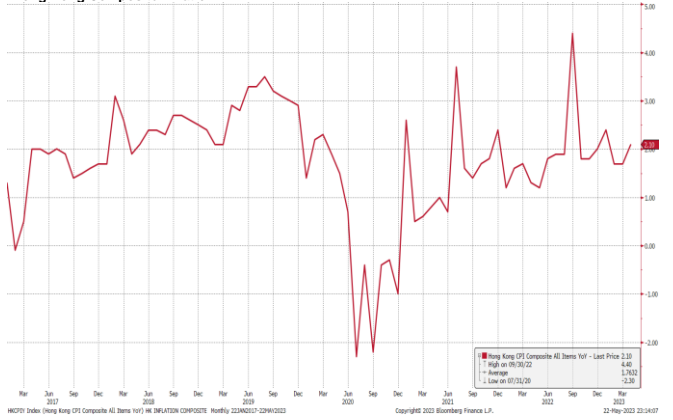
Hong Kong Base Interest Rate



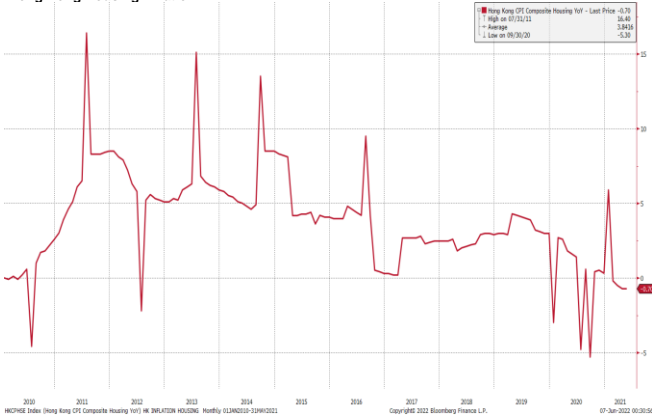
Hong Kong Unemployment Rate



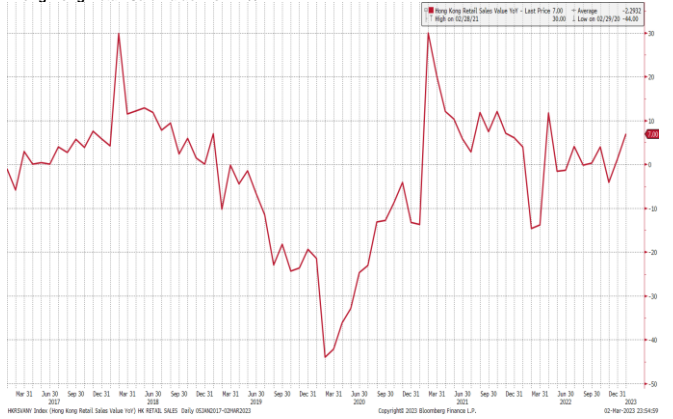
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sales Value Y on Y %



(Source: Bloomberg)

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