

# 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.

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," David Chao, strategist at Invesco said in a note on Tuesday. 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, he added.

Besides the debt-ceiling drama, local investors continue to reel from China's weak recovery, according to Willer Chen, a senior analyst at Forsyth Barr Asia. "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," he said.

A gauge tracking Chinese companies listed in Hong Kong slipped as much as 1 percent 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)

Contracts	Chg	Sett	High	Low
H. SENG FUT JUN 23	-298	18200	18542	17966
H. SENG FUT JUL 23	-315	18099	19000	17846
H. SENG FUT SEP 23	-300	18107	18434	17886
H. SENG FUT DEC 23	-298	18200	18542	17966
MINI H. SENG FUT JUN 23	-298	18200	18541	17966
MINI H. SENG FUT JUL 23	#N/A	N/A	18099	18229
MINI H. SENG FUT SEP 23	-300	18107	18449	17888
MINI H. SENG FUT DEC 23	-298	18200	18541	17966
HSCEI FUT JUN 23	-106	6141	6261	6048
HSCEI FUT JUL 23	-104	6063	6085	5980
HSCEI FUT SEP 23	-103	6079	6165	6000
HSCEI FUT DEC 23	-106	6141	6261	6048
MINI HSCEI FUT JUN 23	-106	6141	6261	6048
MINI HSCEI FUT JUL 23	#N/A	N/A	6063	6091
MINI HSCEI FUT SEP 23	-103	6079	6190	5994
MINI HSCEI FUT DEC 23	-106	6141	6261	6048

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	75.1	-1.4	76.5	74.85
**Tencent Holdings Ltd	310.6	-5.6	314.6	306
*HSBC Holdings PLC	57.7	-1.15	58.45	57.15
**China Construction Bank Corp	5.01	-0.07	5.08	5
**Ping An Insurance Group	49.7	-0.95	50.3	48.9
**Meituan	110.2	-6.2	113.4	109.2
*Hong Kong Exchanges & Clearing Ltd	286.6	-2.2	286.8	282.2
*Alibaba Group Holdings Ltd	77.9	-0.9	77.95	75.8
**Xiaomi Corp	10.34	-0.16	10.44	10.14
**ICBC	4.19	-0.04	4.23	4.13

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	40.05	-1.65	41.45	39.3
**China Mobile Ltd	63.65	-0.7	63.9	62.55
**Bank of China Ltd	3.07	-0.05	3.13	3.05
*Techtronic Industries Co Ltd	72.65	0.05	74	72.4
*CK Hutchison Holdings Ltd	47.35	-0.75	48	47.35
*Link REIT	45.5	-1.8	47.65	44.35
*CLP Holding Ltd	57.05	-0.45	57.5	56.95
**Geely Automobile Holdings Ltd	9.11	-0.13	9.22	9.02
**CNOOC Ltd	11.78	-0.52	12.14	11.5
**ANTA Sports Products Ltd	79.95	-1.35	80.85	78.85

Global Equity Indices	Close	Change	High	Low
Hang Seng	18234.27	-361.51	18415	18044.86
HSCEI	6163.34	-120.37	6213.33	6084.02
Shanghai Comp Index	3204.56	-19.649	3216.36	3190.274
Nikkei 225	30887.9	-440.28	31142.8	30785.98
KOSPI	2577.12	-8.4	2596.31	2575.98
S&P/ASX200	7091.31	-117.967	7209.3	7091.3
DJIA	32917.4	-125.42	32952.6	32739.73
S&P 500	4181.58	-23.94	4195.44	4166.15
NASDAQ	12948.9	-68.5	13029.1	12889.37
DAX	15664	-244.89	15871.7	15629.12
CAC	7098.7	-1.54	7185.13	7083.6
FTSE100	7446.14	-75.93	7522.07	7446.14

## HONG KONG INDEX FUTURES DAILY PREVIEW

Date Prepared : 01/Jun/2023

### Mini Hang Seng Futures Daily Chart



### Mini Hang Seng China Enterprise Futures Daily Chart



### Technical Analysis

#### Mini Hang Seng

1st Resistance:	18473	2nd Resistance:	18746
1st Support:	17927	2nd Support:	17654
MACD:	-400.825		
MACD DIFF:	-132.382		
RSI:	27.9217		

#### Mini Hang Seng China Enterprise

1st Resistance:	6233	2nd Resistance:	6325
1st Support:	6049	2nd Support:	5957
MACD:	-140.995		
MACD DIFF:	-52.424		
RSI:	29.649		

### Strategy:

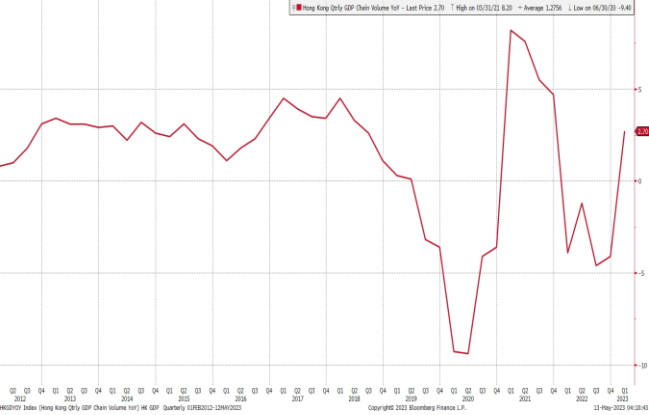
<b>Mini Hang Seng:</b>	Long: Profit target: 17927	Stop-loss: 18106	17837	Long: Profit target: 17654	Stop-loss: 17831	17566
	Short: Profit target: 18473	Stop-loss: 18288	18565	Short: Profit target: 18746	Stop-loss: 18559	18840

<b>Mini Hang Seng China Enterprise:</b>	Long: Profit target: 6049	Stop-loss: 6109	6019	Long: Profit target: 5957	Stop-loss: 6016	5927
	Short: Profit target: 6233	Stop-loss: 6171	6264	Short: Profit target: 6325	Stop-loss: 6262	6357

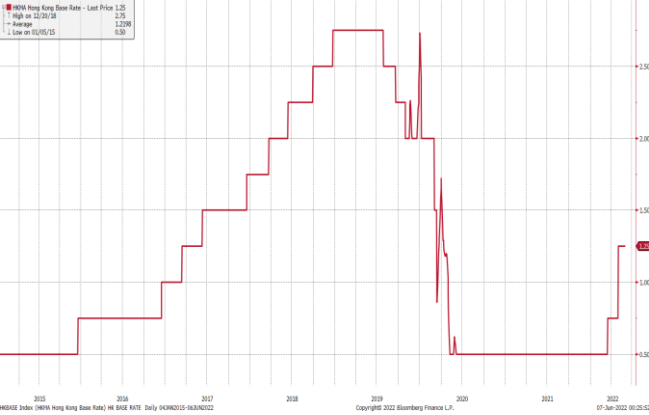
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
05/29/2023 16:30	Exports YoY	Apr	-0.093	-0.13	-1.50%	--
05/29/2023 16:30	Imports YoY	Apr	-0.099	-0.119	-0.60%	--
05/29/2023 16:30	Trade Balance HKD	Apr	-33.8b	-36.6b	-40.6b	--
05/31/2023	Money Supply M3 HKD YoY	Apr	--	0.009	0.90%	--
05/31/2023	Budget Balance HKD	Apr	--	-34.7b	-61.7b	--
05/31/2023	Money Supply M1 HKD YoY	Apr	--	-0.199	-20.40%	--
05/31/2023	Money Supply M2 HKD YoY	Apr	--	0.009	0.90%	--
06/01/2023 16:30	Retail Sales Value YoY	Apr	0.138	--	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	--
06/07/2023	Foreign Reserves	May	--	--	\$427.4b	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
05/31/2023 09:30	Composite PMI	May	--	52.9	54.4	--
05/31/2023 09:30	Manufacturing PMI	May	49.5	4880.00%	4920.00%	--
05/31/2023 09:30	Non-manufacturing PMI	May	55.2	54.5	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	55.2	--	56.4	--
06/07/2023	Foreign Reserves	May	--	--	\$3204.80b	--
06/07/2023	Exports YoY	May	--	--	0.085	--
06/07/2023	Imports YoY	May	--	--	-7.90%	--
06/07/2023	Trade Balance	May	--	--	\$90.21b	--
06/07/2023	Exports YoY CNY	May	--	--	16.80%	--
06/07/2023	Imports YoY CNY	May	--	--	-0.80%	--
06/07/2023	Trade Balance CNY	May	--	--	618.44b	--

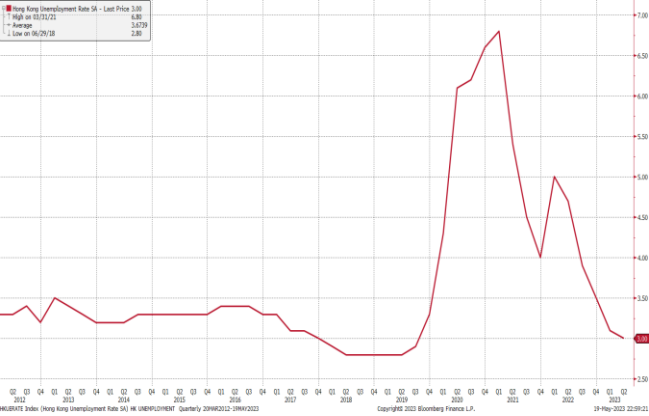
Hong Kong GDP Q on Q



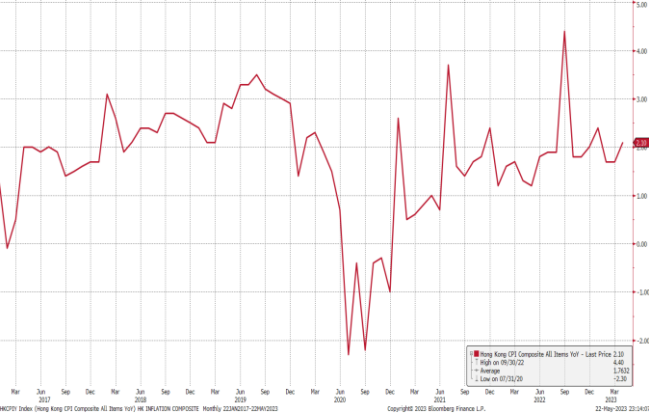
Hong Kong Base Interest Rate



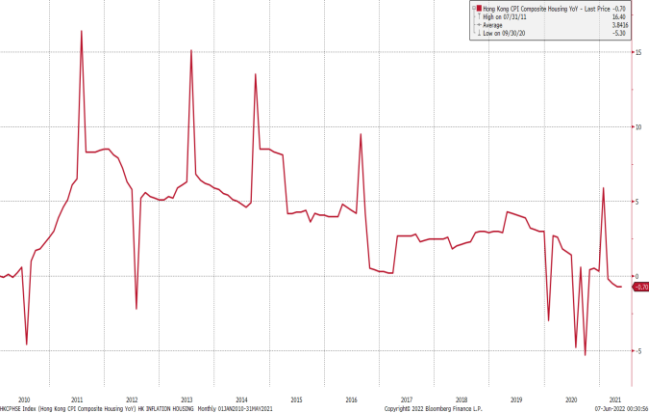
Hong Kong Unemployment Rate



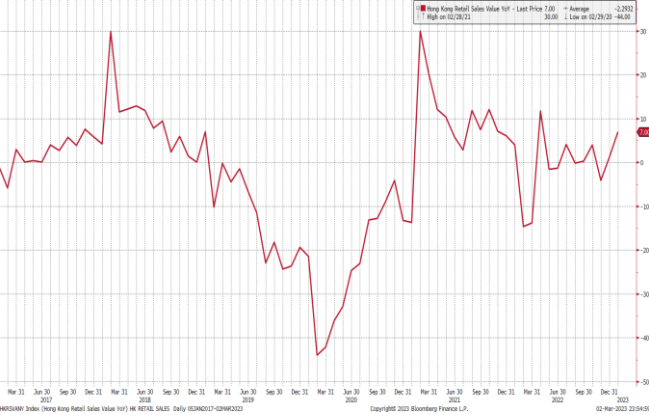
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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