

Fundamentals:

Bank stocks tumbled by the most in seven weeks in Hong Kong, after Goldman Sachs downgraded several top Chinese lenders. Tech stocks slipped amid concerns the US-China rivalry will spill into the cloud-computing business.

The Hang Seng Index fell 1.6 per cent to 19,110.38 at the closing of Wednesday trading. The Tech index retreated 1.7 per cent, while the Shanghai Composite Index weakened 0.7 per cent.

Industrial and Commercial Bank of China slumped 1.9 per cent to HK\$4.11, while the Agricultural Bank of China lost 2.9 per cent to HK\$3.01. Industrial Bank slipped 0.5 per cent to 15.60 yuan in Shanghai. Goldman cut its rating to a sell on the three lenders on Wednesday, saying dividend payouts are at risk as banks strengthen their capital adequacy ratios.

All 11 banks in the Hang Seng financial sub-index fell, dragging the gauge down by 1.8 per cent, the most since May 17, according to Bloomberg data. Other major losers included China Construction Bank, which slumped 1.8 per cent to HK\$5 and HSBC which declined 1 per cent to HK\$61.65.

Elsewhere, chip maker SMIC slid 2.6 per cent to HK\$20.25 and JD.com sank 2.5 per cent to HK\$138.70 while Tencent dropped 1.1 per cent to HK\$335.40. Sportswear maker Li Ning tumbled 4.9 per cent to HK\$41.85 and peer Anta dropped 1.2 per cent to HK\$83. Developer Longfor fell 2.4 per cent to HK\$18.78 and Country Garden lost 4.9 per cent to HK\$1.56.

China's reluctance to dig deeper into its stimulus toolbox to recharge the recovery has underwhelmed investors, putting the onus of jump-starting the economy on the nation's lenders through faster lending, according to BCA Research. A central bank survey of last quarter showed Chinese bankers expected loan demand to falter amid weak business outlook.

Meanwhile, the Biden administration is mulling new rules to limit Chinese companies' access to US cloud-computing services, the Wall Street Journal reported on Tuesday, citing sources. The move comes after China imposed export controls on some metals widely used in the semiconductor industry in retaliation to a ban on shipments of advanced chip-making equipment to China.

Elsewhere, China's services activity expanded at the slowest pace in five months in June, a private-sector survey showed on Wednesday, as weakening demand weighed on post-pandemic recovery momentum.

One stock debuted on Wednesday. Suzhou Longway Electronic Machinery surged 66 per cent to 42.93 yuan in Shenzhen.

Major Asian markets retreated. The Nikkei 225 in Japan declined 0.3 per cent, the Kospi in South Korea lost 0.6 per cent and the S&P/ASX 200 in Australia declined 0.4 per cent.

(Source: South China Morning Post)

Contracts	Chg	Sett	High	Low
H. SENG FUT JUL 23	-323	19020	19339	18979
H. SENG FUT AUG 23	-320	19068	19384	19032
H. SENG FUT SEP 23	-323	19054	19342	19031
H. SENG FUT DEC 23	-323	19020	19339	18979
MINI H. SENG FUT JUL 23	-323	19020	19350	18979
MINI H. SENG FUT AUG 23	-320	19068	19385	19029
MINI H. SENG FUT SEP 23	-323	19054	19364	19020
MINI H. SENG FUT DEC 23	-323	19020	19350	18979
HSCEI FUT JUL 23	-128	6423	6551	6415
HSCEI FUT AUG 23	-128	6453	6559	6472
HSCEI FUT SEP 23	-126	6454	6524	6463
HSCEI FUT DEC 23	-128	6423	6551	6415
MINI HSCEI FUT JUL 23	-128	6423	6551	6414
MINI HSCEI FUT AUG 23	-128	6453	6570	6448
MINI HSCEI FUT SEP 23	-126	6454	6572	6445
MINI HSCEI FUT DEC 23	-128	6423	6551	6414

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	80.4	-1.15	81.65	80.35
**Tencent Holdings Ltd	335.4	-3.8	341	333.2
*HSBC Holdings PLC	61.65	-0.6	62.05	61.5
**China Construction Bank Corp	5	-0.09	5.08	5
**Ping An Insurance Group	50.95	-0.65	51.6	50.75
**Meituan	124.5	-3.1	127.9	123.6
*Hong Kong Exchanges & Clearing Ltd	297.4	-6.2	304.8	295.8
**Alibaba Group Holdings Ltd	82.65	-1.35	84.45	82.2
**Xiaomi Corp	11.12	0	11.18	11.02
**ICBC	4.11	-0.08	4.18	4.1

Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	39.05	-0.35	39.5	38.55
**China Mobile Ltd	64.5	-0.4	65.1	64.15
**Bank of China Ltd	3.1	-0.06	3.16	3.1
*Techtronic Industries Co Ltd	86	-1.4	87.3	85.95
*CK Hutchison Holdings Ltd	47.6	-0.35	48	47.55
*Link REIT	43.65	-0.7	44.35	43.65
*CLP Holding Ltd	60.3	-0.8	61.3	60.25
**Geely Automobile Holdings Ltd	9.9	-0.24	10.16	9.81
**CNOOC Ltd	11.66	0.06	11.76	11.6
**ANTA Sports Products Ltd	83	-1	83.7	82.1

Global Equity Indices	Close	Change	High	Low
Hang Seng	19110.38	-305.3	19378.9	19095.6
HSCEI	6489.94	-123.46	6596.71	6479.56
Shanghai Comp Index	3222.95	-22.402	3241.84	3218.602
Nikkei 225	33338.7	-83.82	33389.2	33041.14
KOSPI	2579	-14.31	2601.99	2578.66
S&P/ASX200	7253.17	-25.867	7281.8	7247.6
DJIA	34288.6	-129.83	34376.1	34226.98
S&P 500	4446.82	-8.77	4454.06	4436.61
NASDAQ	13791.7	-25.12	13844.5	13764.25
DAX	15937.6	-101.59	15983	15901.39
CAC	7310.81	-0.8	7352.12	7294.6
FTSE100	7442.1	-77.62	7519.72	7434.66

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance: 19305 2nd Resistance: 19591
 1st Support: 18735 2nd Support: 18449
 MACD: -73.734
 MACD DIFF: -8.83119
 RSI: 46.216

Mini Hang Seng China Enterprise

1st Resistance: 6519 2nd Resistance: 6616
 1st Support: 6327 2nd Support: 6230
 MACD: -27.397
 MACD DIFF: -6.136
 RSI: 45.4254

Strategy:

Mini Hang Seng:

Long: Profit target: 18735	Stop-loss: 18922	18641	Long: Profit target: 18449	Stop-loss: 18634	18357
Short: Profit target: 19305	Stop-loss: 19112	19402	Short: Profit target: 19591	Stop-loss: 19395	19689

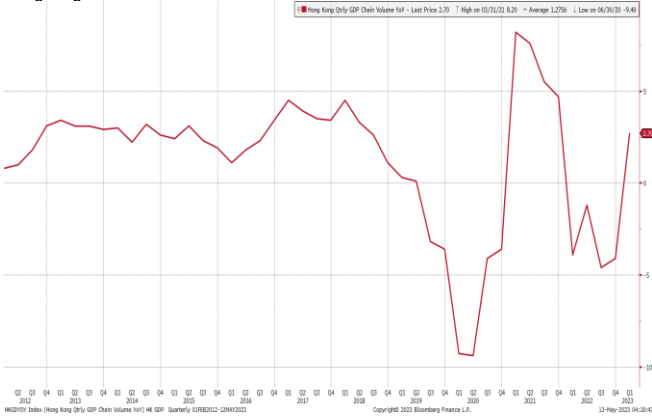
Mini Hang Seng China Enterprise:

Long: Profit target: 6327	Stop-loss: 6390	6295	Long: Profit target: 6230	Stop-loss: 6293	6199
Short: Profit target: 6519	Stop-loss: 6454	6552	Short: Profit target: 6616	Stop-loss: 6550	6649

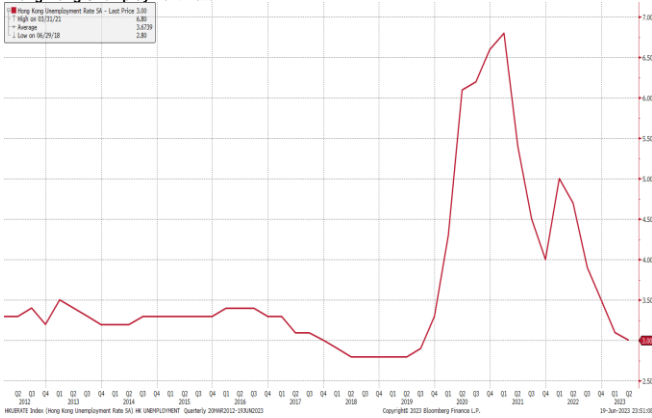
Hong Kong Economic Releases		Period	Survey	Actual	Prior	Revised
07/05/2023 08:30	S&P Global Hong Kong PMI	Jun	--	50.3	50.6	--
07/07/2023	Foreign Reserves	Jun	--	--	\$421.0b	--

China Economic Releases		Period	Survey	Actual	Prior	Revised
07/05/2023 09:45	Caixin China PMI Composite	Jun	--	52.5	55.6	--
07/05/2023 09:45	Caixin China PMI Services	Jun	56.2	53.9	57.1	--
07/07/2023	Foreign Reserves	Jun	\$3189.00b	--	\$3176.51b	--
07/09/2023 07:15	Aggregate Financing CNY	Jun	2820.0b	--	1560.0b	1555.6b
07/09/2023 07:15	Money Supply M2 YoY	Jun	11.20%	--	11.60%	--
07/09/2023 07:15	Money Supply M0 YoY	Jun	--	--	9.60%	--
07/09/2023 07:15	New Yuan Loans CNY	Jun	2000.0b	--	1360.0b	1362.8b
07/09/2023 07:15	Money Supply M1 YoY	Jun	--	--	4.70%	--
07/10/2023 09:30	CPI YoY	Jun	--	--	0.20%	--
07/10/2023 09:30	PPI YoY	Jun	--	--	-4.60%	--

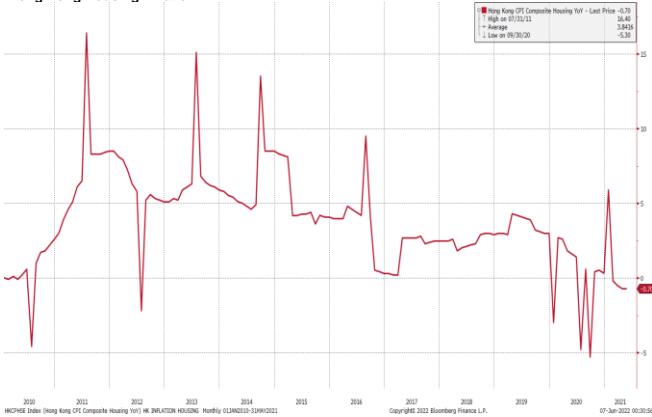
Hong Kong GDP Q on Q



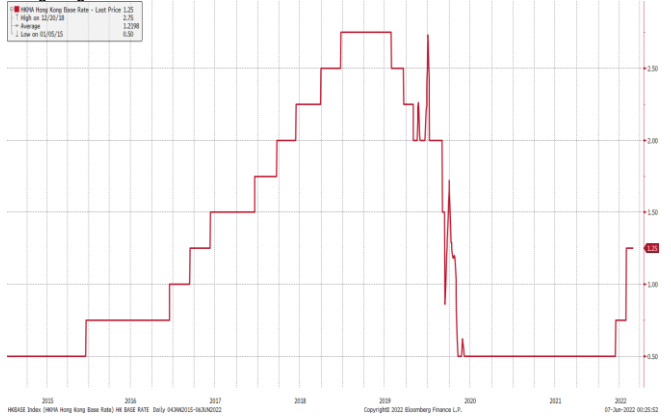
Hong Kong Unemployment Rate



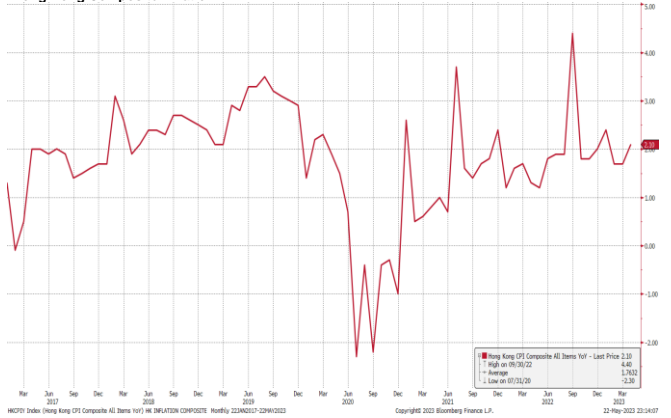
Hong Kong Housing Inflation



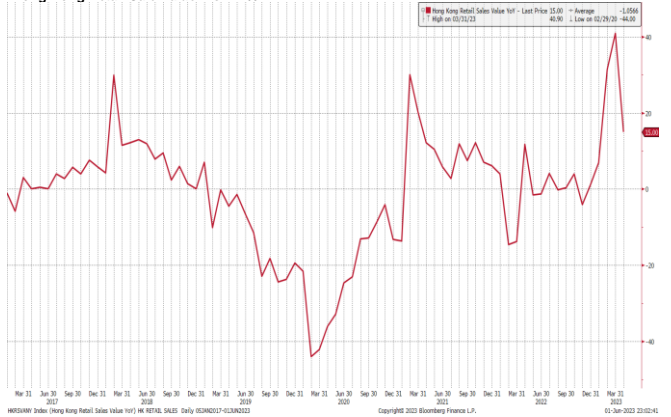
Hong Kong Base Interest Rate



Hong Kong Composite Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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