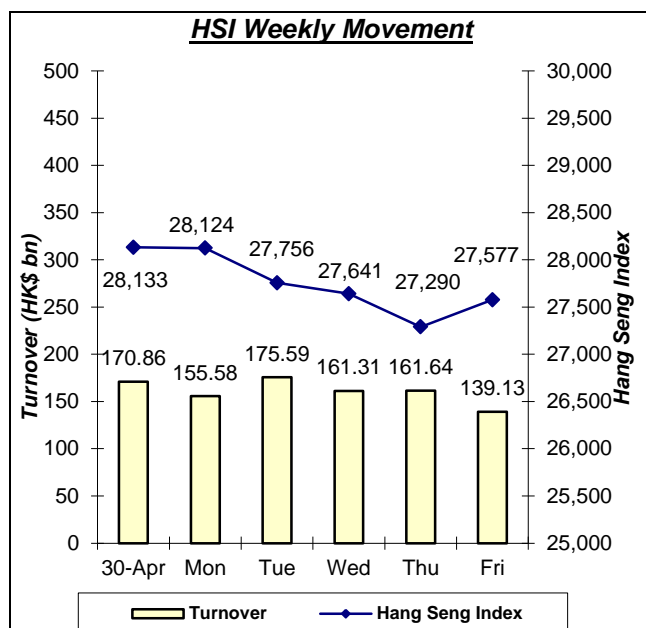


HK & China stocks retreated on tighter margin rules, IPOs



Weekly Market Statistics				
Week ended	08/5/2015	30/4/2015	Change	%
Hang Seng Index	27,577	28,133	-556	-2.0%
HS Red Chip Index	5,377	5,555	-178	-3.2%
HS China Enterprises Index	14,050	14,431	-381	-2.6%
HS Hong Kong 35 Index	3,017	3,044	-27	-0.9%
HS Mainland 100 Index	8,712	8,945	-233	-2.6%
Growth Enterprise Index	702	690	+12	+1.7%
Avg Daily Turnover (HK\$ bn)	158.7	173.8	-15	-8.7%
Sectoral Indices				
Finance	39,662	40,333	-670	-1.7%
Utilities	57,000	56,993	+7	+0.0%
Properties	35,140	35,936	-796	-2.2%
Comm & Ind	15,695	16,104	-408	-2.5%

Review & Outlook of Market Performance

The "Sell in May" mantra worked at the beginning of May as Mainland and Hong Kong stocks finally saw pullback following the strong rally in April. A-share markets suffered their biggest loss in nearly four months on Tuesday, with the Shanghai Composite Index shedding 4.1%, due to a combination of concerns over tougher margin trading rules, a fresh wave of IPOs and speculation of a hike in stamp duty on stock trades. Despite a chorus of upbeat official media commentaries that declared the bull market was not over, the Hang Seng Index extended Tuesday's downtrend and fell another 114 points and 350 points on Wednesday and Thursday respectively. Sentiment turned more soured after Morgan Stanley downgraded the MSCI China Index from overweight to equal-weight, the first downgrade of the index since November 2008. Nevertheless, Hong Kong stocks staged a meaningful rebound on Friday, helped by reports the Chinese government had approved the Shenzhen-Hong Kong stock link. Investors also bottom-fished stocks on anticipation of more stimulus measures after the release of worse-than-expected Chinese trade figures (exports down 6.4% y-o-y and imports down 16.2% y-o-y). Over the week, the Hang Seng Index fell 555.66 points or 1.98% w-o-w to 27,577.34, while the HSCEI dropped 2.64% w-o-w to 14,049.66. Daily average Mainboard turnover was HK\$158.7 billion, down from HK\$173.8 billion in the previous week.

On the local economic development front, Hong Kong retail sales declined 2.9% by value in March from a year earlier, underscoring the impact of a drop in mainland tourists following protests over parallel traders. Meanwhile, the two flagship malls of Wharf Holdings (0004), Harbour City and Times Square, saw their their respective sales in April falling 17% and 12% respectively in March, due to fewer mainland visitors. Nevertheless, the worst is not yet over as Beijing tightened visa rules for Shenzhen residents in April. The real impact of the policy is expected to emerge in the coming months.

Market sentiment is likely to revive following the strong rebound on Friday. The Hang Seng Index may test 28,000 level next week as the benchmark index is trading at an undemanding 11.7x P/E following recent corrections. Investors should keep eyes on the US April payrolls report due tonight (8th May), which may provide some hints on the US rate hike schedule.

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US & Regional Markets Weekly Update

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
8th May	17,924.06*	4,945.54*	19,379.19	3454.93	1807.65	1,509.38^	9,692.00
1st May	18,024.06	5,005.39	19,531.63	3,487.39	1,818.27	1,526.74	9,820.05
Change	-100.00	-59.85	-152.44	-32.46	-10.62	-17.36	-128.05
%	-0.6%	-1.2%	-0.8%	-0.9%	-0.6%	-1.1%	-1.3%

Remark: (*) closing as of 7th May 2015; (^) closing as at 17:00 of 8th May 2015

Major Changes in Index Constituent Stocks (Week ended 8th May 2015)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @8/5/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
Mengniu Dairy	02319	HK\$41.15	+HK\$1.8	+4.6%	The average price for whole milk powder fell to US\$2,386 a metric ton from US\$2,446 at previous auction. The low raw milk prices is expected to help expand Mengniu's margin in 2015.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @8/5/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
New China Life	01336	HK\$51.80	+HK\$3.6	+7.5%	China will give individuals a RMB2,400 tax break on health-insurance premiums. The move may boost health insurance premiums, which totaled RMB159bn nationwide last year. It may also spur insurers' margins as health insurance is more lucrative than savings products.
PICC Group	01339	HK\$5.65	+HK\$0.25	+4.6%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @8/5/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
China Taiping	00966	HK\$31.0	+HK\$1.95	+6.7%	China Taping sold 486 million shares at HK\$27.74 apiece to raise US\$1.7bn on Thursday. it was reported funds backed by Alibaba Group founder Jack Ma and Tencent Holdings chairman Ma Huateng bought shares in the insurer's private placement.



Summary of US Economic News

Indicator	Change/Index	Comments
International Trade – March 2015	-US\$51.4bn	The US trade deficit reached a whopping US\$51.4 billion in March 2015, the largest gap since October 2008. Given the nation's trade deficit reached a six-year high, those numbers pointed to a slumping first quarter GDP for the US economy.
ISM Non-Manufacturing Index – April 2015	57.8	The ISM non-Manufacturing index accelerated in April 2015 to 57.8 from 56.5 in March. The pickup in April was in contrast to market expectations for a slight decline in the measure to 56.2. The report boosted optimism that the US economy might be stabilizing after a series of weak industry data was reported recently.
Initial jobless claims – week ended 2 nd May 2015	+3,000 w-o-w	Initial jobless claims for the week ended 2 nd May went up 3,000 w-o-w to a much lower-than-expected 265,000. The 4-week average was at a 15-year low, down 4,250 w-o-w to 279,500. Continuing claims data, reported with a week's lag, was also down 28,000 w-o-w to a 15-year low of 2.228 million.

Forthcoming Important Announcements / Events

11 th May 2015 (Monday)	HK	:	AAC Tech (02018) – 1Q results Southgobi (01878) – 1Q results
	US	:	No important announcements/ events
12 th May 2015 (Tuesday)	HK	:	Tic Tac International (01470) – trading debut Giordano (00709) – 1Q results Rusal (00486) – 1Q results Sino Biopharm (01177) – 1Q results
	US	:	No important announcements/ events
13 th May 2015 (Wednesday)	HK	:	Boyaa (00434) – 1Q results HKEx (00388) – 1Q results Johnson Electric (00179) – final results Sunart Retail (06808) – 1Q results Tencent (00700) – 1Q results
	US	:	Retail Sales – April 2015 Import and Export Prices – April 2015
14 th May 2015 (Thursday)	HK	:	Pou Sheng (03813) – 1Q results Yue Yuen (00551) – 1Q results Volume and Price Statistics of External Merchandise Trade – March 2015
	US	:	Initial Jobless Claims – week ended 9 th May 2015 Producer Price Index – April 2015
15 th May 2015 (Friday)	HK	:	C.P. Pokphand (00043) – 1Q results Gross Domestic Product – 1Q 2015
	US	:	Industrial Production – April 2015 Consumer Sentiment – May 2015

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