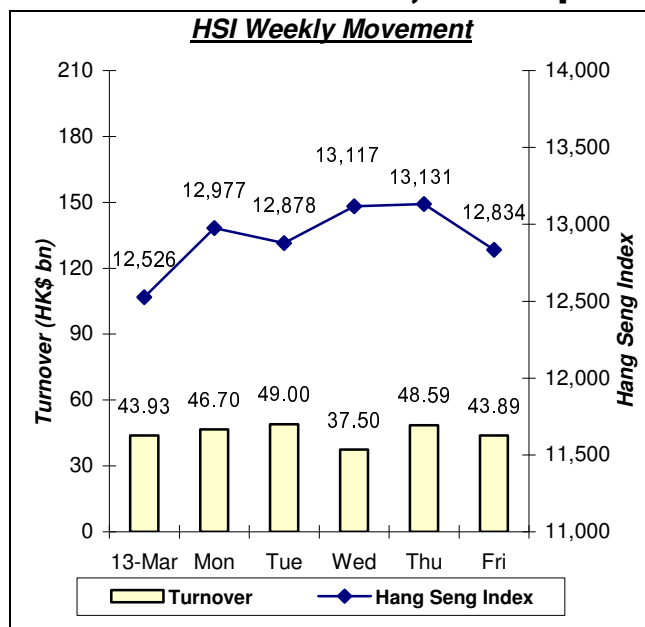


## HSI ended below 13,000 despite Wall Street's strength on rescue plan



<b>Weekly Market Statistics</b>				
Week ended	20/3/2009	13/3/2009	Change	%
Hang Seng Index	12,834	12,526	+308	+2.5%
HS Red Chip Index	2,932	2,984	-51	-1.7%
HS China Enterprises Index	7,496	7,283	+213	+2.9%
HS Composite Index	1,798	1,768	+30	+1.7%
HS HK Composite Index	1,220	1,173	+46	+4.0%
HS Mainland Composite Index	2,483	2,468	+15	+0.6%
Growth Enterprise Index	370	359	+11	+3.2%
Avg Daily Turnover (HK\$ bn)	45.1	37.3	+8	+21.0%
Sectoral Indices				
Finance	18,115	17,454	+661	+3.8%
Utilities	34,617	34,794	-177	-0.5%
Properties	16,231	15,905	+325	+2.0%
Comm & Ind	7,257	7,162	+95	+1.3%

### Review & Outlook of Market Performance

After rebounding from the recent trough of 11,345 points last week, the Hong Kong stock market extended its rallies to a fifth day on Monday. Nevertheless, Hong Kong shares hovered between 12,800 to 13,200 levels subsequently without major breakthroughs. The HSI eventually landed at 12,833.51, up 2.46% w-o-w while the HSCEI rose 2.93% w-o-w to 7,495.96. Average daily turnover expanded to HK\$45.1 billion from HK\$37.3 billion last week.

After touching the 14-yr low of HK\$33 last Monday, index mover HSBC extended its price strength this week, rising 8.37% to HK\$41.45 after Goldman Sachs upgraded HSBC from sell to neutral, citing its relative strength compared to most of its peers in Europe. But another index heavyweight, China Mobile, counteracted HSBC's move, down 6.79% w-o-w to HK\$63.1 as the mobile-telephone operator posted a weaker-than-expected growth in 4Q08, the slowest in 4 years. Besides, property developers such as Sino Land, New World Development and Henderson Land delivered their report cards, with their 1H09 net profits down 58.1%, 117.6% and 87.3% y-o-y respectively, largely due to the revaluation losses on investment properties.

Over the week, the US Federal Reserve announced that it would purchase US\$300 billion in Treasury securities and an additional US\$750 billion of mortgage-backed securities. Such decision sparked a rally in government bonds but weakened the US dollar against other major currencies. Commodities and precious metals stocks surged accordingly on possible subsequent inflation.

In economic news, Hong Kong's unemployment rate hit its highest level since April 2006, climbing as high as 5% during the December to February period. The job losses have mainly hit the construction, transport, trading, manufacturing and restaurant sectors. Economists are now expecting unemployment rate will reach above 6% by mid-2009.

Investors should be busy next week, seeing major blue-chip and H-share companies, like Cheung Kong and Hutchison Whampoa, BOC (Hong Kong), Bank of China, ICBC, China Telecom, PetroChina, releasing their earnings results. We see the HSI head south after the recent rebound of 13% for the last 2 weeks.

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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
20th March	7,400.80*	1,483.48*	7,945.96	1,596.92	856.82	429.64	4,961.62
13th March	7,223.98	1,431.50	7,569.28	1,577.52	843.45	424.79	4,897.39
Change	+176.82	+51.98	+376.68	+19.40	+13.37	+4.85	+64.23
%	+2.4%	+3.6%	+5.0%	+1.2%	+1.6%	+1.1%	+1.3%

Remarks: (\*) closing as of 19<sup>th</sup> March 2009

### Major Changes in Index Constituent Stocks (Week ended 20<sup>th</sup> March 2009)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @20/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit Holdings	00330	HK\$46.00	+HK\$6.90	+17.65%	Europe-focused fashion brand Esprit Holdings tracked a stronger euro, following news that the US Fed would pump more than US\$1 trillion into the banking system over the coming months.
China Mobile	00941	HK\$63.10	-HK\$4.60	-6.79%	China Mobile retreated as it missed forecasts with its slowest quarterly profit growth since 2005 and warned a deepening financial crisis will pressure subscriber growth as local competition gets tougher.

#### Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @20/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Jiangxi Copper	00358	HK\$7.84	+HK\$1.48	+23.27%	Commodities and precious metals stocks surged on concerns that inflation will be re-ignited by the US Fed's surprise plan to buy government bonds and mortgage-backed securities to cut borrowing costs and revive the economy.
China Coal	01898	HK\$5.83	+HK\$0.78	+15.45%	
Zijin Mining	02899	HK\$5.88	HK\$1.29	+28.10%	

#### Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @20/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Insurance International	00966	HK\$11.86	+HK\$2.50	+26.71%	Hit by investment losses and soaring claims for natural disasters, the insurer reported a net loss of HK\$299.7m last year but the insurer's shares still rallied as industry watchers said the loss had already been factored into the price after the firm issued a profit warning last month.



## Summary of US Economic News

Indicator	Change/Index	Comments
Housing starts – February 2009	+22.2%	Housing starts in February made a significant comeback after January's very low number, rising 22.2%, following a 14.5% drop in January.
Consumer price index – February 2009	+0.4%	The CPI rose 0.4% in February, following a 0.3% boost the month before. Consumer price inflation accelerated on a spike in energy costs, coming in higher than expectations of 0.3% gains. The latest report showed widespread and moderate gains on inflation, basically putting aside fears over deflation at least for now.
FOMC policy statement	Unchanged	The FOMC held its target rate unchanged at 0%-0.25% but explicitly decided to expand its balance sheet substantially to buy long-term Treasuries. The US Fed plans to purchase up to US\$300 billion of long-term Treasuries over the next six months, double its agency debt purchases to US\$200 billion, and increase purchases of agency mortgage-backed securities by US\$750 billion to US\$1.25 trillion.
Initial jobless claims – week ended 14 <sup>th</sup> March 2009	-12,000	Initial claims for the week ended 14 <sup>th</sup> March 2009 did fall back to 12,000 but remain at a severely high 646,000 for a four-week average of 654,750.

## Forthcoming Important Announcements / Events

23 <sup>rd</sup> March 2009 (Monday)	HK	:	Great Eagle Holdings (00041) – final results China Overseas Land & Investment (00688) – final results SJM Holdings Limited (00880) – final results China Yurun Food Group (01068) – final results Dah Chong Hong Holdings (01828) – final results Asia Cassava Resources Holdings (00841) – trading debut
	US	:	Existing home sales – February 2009 Tiffany & Co. – Q4 2008 results
24 <sup>th</sup> March 2009 (Tuesday)	HK	:	ICBC (Asia) Limited (00349) – final results Sinotrans Limited (00598) – final results China Telecom Corporation (00728) – final results PetroChina Company (00857) – final results BOC (Hong Kong) (02388) – final results Bank of China (03988) – final results
	US	:	State Street Investor Confidence Index – March 2009
25 <sup>th</sup> March 2009 (Wednesday)	HK	:	Dah Sing Financial (00440) – final results Television Broadcasts (00511) – final results ICBC (01398) – final results Dah Sing Banking (02356) – final results TOM Group (02383) – final results China Shipping Container Lines (02866) – final results
	US	:	Durable goods orders – February 2009 New home sales – February 2009
26 <sup>th</sup> March 2009 (Thursday)	HK	:	Trade balance – February 2009 Cheung Kong (00001) – final results Hutchison Whampoa (00013) – final results
	US	:	GDP – Q4 2008 Initial jobless claims – week ended 21 <sup>st</sup> March 2009 Best Buy – Q4 2008
27 <sup>th</sup> March 2009 (Friday)	HK	:	Jiangsu Expressway (00177) – final results Sinopec Shanghai Petrochemical (00338) – final results COSCO International (00517) – final results Aluminum Corporation of China (02600) – final results
	US	:	Personal income and outlays – February 2009 Consumer sentiment – March 2009

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