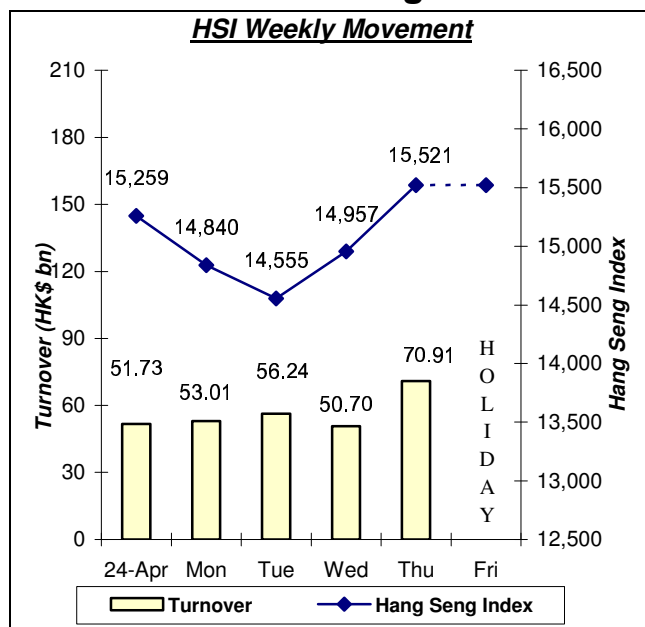


## HSI closed even higher after a volatile week due mainly to swine flu



<b>Weekly Market Statistics</b>				
Week ended	30/4/2009	24/4/2009	Change	%
Hang Seng Index	15,521	15,259	+262	+1.7%
HS Red Chip Index	3,264	3,288	-24	-0.7%
HS China Enterprises Index	9,085	8,979	+106	+1.2%
HS Composite Index	2,143	2,118	+25	+1.2%
HS HK Composite Index	1,517	1,487	+30	+2.0%
HS Mainland Composite Index	2,892	2,871	+22	+0.8%
Growth Enterprise Index	422	428	-6	-1.5%
Avg Daily Turnover (HK\$ bn)	57.7	57.4	+0	+0.6%
Sectoral Indices				
Finance	22,617	22,157	+461	+2.1%
Utilities	36,191	36,035	+156	+0.4%
Properties	20,618	20,202	+416	+2.1%
Comm & Ind	8,486	8,376	+110	+1.3%

## Review & Outlook of Market Performance

Following the outbreak of swine flu in Mexico over the past weekend, Hong Kong equities got sell-off in the first two days of a four-day trading week. However, market sentiment reversed ahead of the expiry of April Hang Seng Index Future contracts alongside better-than-expected US consumer confidence and first-quarter earnings from some of the mainland giants. Market also gained support from other positive news like Asian governments' stronger defences to counter the risk of swine flu, a rebound in A-share market in China as well as the Fed's optimistic comments on the outlook of its economy after its FOMC meetings. Over the week, the Hang Seng Index rose 262.14 points or 1.7% to 15,520.99, while the HSCEI rose 1.2% to 9,084.91. Mainboard turnover rose with daily average up slightly by 0.6% w-o-w to HK\$57.7 billion.

The outbreak of swine flu triggered board market sell-off with aviation and food related counters being hit pretty hard. Citic Pacific, Air China, China Eastern Airline and China Southern Airline tumbled by 6%-17% over the week. Meanwhile, China Yuran Food plunged by 7.9% at HK\$9.23. In contrast, there were speculative buying in pharmaceutical plays such as Long Far Pharmaceutical and Wuyi Pharmaceutical, which rallied 31.9% and 14.1% week on week respectively. Shares in ICBC ended 4.4% higher after a volatile week on news of stake disposals by Allianz and American Express following the expiry of their lock-up period and a better-than-expected 1Q earnings due to surging fees and commission income. BOCHK rallied sharply after its satisfactory results with improvements in both the bank's NPLs and loan impairment charge as well as BOC's decision to continue raising its stake in BOCHK. BOCHK finally closed the week with share prices up 0.5% only on profit taking.

Looking ahead, market sentiment should be highly depended on the scope of spread of swine flu out of the US and Mexico, and whether there will be more stake disposals by strategic investors in the Chinese banks upon expiry of their lock-up periods.

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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
30th April	8,185.73*	1,711.94*	8,828.26	1,920.28	990.74	491.69	5,992.57
24th April	8,076.29	1,694.29	8,707.99	1,852.85	992.68	474.07	5,880.77
Change	+109.44	+17.65	+120.27	+67.43	-1.94	+17.62	+111.80
%	+1.4%	+1.0%	+1.4%	+3.6%	-0.2%	+3.7%	+1.9%

Remarks: (\*) closing as of 29<sup>th</sup> April 2009**Major Changes in Index Constituent Stocks (Week ended 30<sup>th</sup> April 2009)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @30/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Li & Fung	00494	HK\$22	+HK\$2.00	+10.00%	Shares recorded a sharp rebound in the past two days after news reported that US consumer confidence rose more than expected and the Fed gave optimistic comments regarding the outlook of the US economy.
Citic Pacific	00267	HK\$11.42	-HK\$0.72	-5.93%	The counter was the top loser within the HSI. Firstly, investors took profit after its recent rally as a result of the latest management reshuffle and the company's disposal of its entire 20% equity interest in North United Power. Secondly, Citic Pacific holds 17.5% shareholding in Cathay Pacific, which was one of the aviation counters being hit hard after the outbreak of swine flu during the past weekend.

**Hang Seng China Enterprises Index (HSCCI)**

Stock	Stock Code	Closing Price @30/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchant Bank	03968	HK\$14.02	-HK\$1.18	-7.76%	The counter tumbled after a disappointing first quarter earnings results with net profit fell 33.4% to RMB4.21 billion.

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

Stock	Stock Code	Closing Price @30/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Travel HK	00308	HK\$1.37	-HK\$0.2	-12.74%	The share was the top loser in the HSCCI after the outbreak of swine flu in Mexico during the past weekend. However, the losses were trimmed after Asian governments announced to have stronger defences to counter the risk of the flu.



## Summary of US Economic News

Indicator	Change/Index	Comments
Consumer confidence – April 2009	39.2	Consumer confidence improved more than forecast to 39.2 in April from 26.0 in March, which was the biggest one-month jump in four years, driven mainly by the recent stock rally in the United States and low loan rates despite there was still a mixed outlook for employment.
GDP (advanced) – Q1 2009	-6.1%	The first quarter GDP contracted by 6.1%, followed by a 6.3% drop in 4Q08, led by cutback in inventories even though there was a stronger than expected increase in consumer spendings.
FOMC meeting announcement	No change in Federal Funds Rate	The FOMC again kept its target rate unchanged at zero percent to a quarter percent and maintained its quantitative easing plan. Meanwhile, the Fed said the economic outlook for the US had improved moderately since its previous meeting in March, indicating that the US economy continued to contract, although the pace of contraction appeared to be slower.

## Forthcoming Important Announcements / Events

4 <sup>th</sup> May 2009 (Monday)	HK	:	Zhejiang Expressway (00576) – Q1 2009 results M Dream Inworld (08100) – Q1 2009 results Purchasing managers index – April 2009 Retail sales – March 2009
	US	:	Construction spending – March 2009 Pending home sales index – March 2009
5 <sup>th</sup> May 2009 (Tuesday)	HK	:	No important announcement/event
	US	:	ISM non-mfg index – April 2009 Duke Energy – Q1 2009 results Kraft Foods – Q1 2009 results Walt Disney – Q2 2009 results
6 <sup>th</sup> May 2009 (Wednesday)	HK	:	Alibaba.com (01688) – Q1 results Shanghai Fudan-Zhangjiang Bio-Pharmaceutical (08231) – Q1 2009 results
	US	:	Devon Energy – Q1 2009 results Prudential Financial – Q1 2009 results Cisco Systems – Q3 2009 results News Corporation – Q3 2009 results
7 <sup>th</sup> May 2009 (Thursday)	HK	:	No important announcement/event
	US	:	Initial jobless claims – week ended 2 <sup>nd</sup> May 2009 Productivity and costs – Q1 2009
8 <sup>th</sup> May 2009 (Friday)	HK	:	Zhejiang Glass (00739) – final results Beijing Jingkelong (00814) – Q1 2009 results
	US	:	Employment situation – April 2009 Wholesale trade – March 2009



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