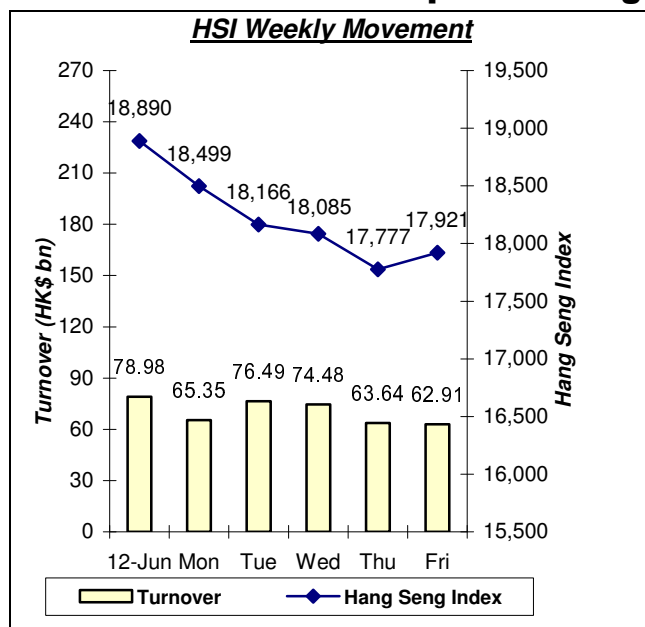


## HSI consolidated on profit takings despite better news flow from PRC



<b>Weekly Market Statistics</b>				
Week ended	22/6/2009	12/6/2009	Change	%
Hang Seng Index	17,921	18,890	-969	-5.1%
HS Red Chip Index	3,755	4,061	-306	-7.5%
HS China Enterprises Index	10,510	11,089	-579	-5.2%
HS Composite Index	2,526	2,655	-129	-4.9%
HS HK Composite Index	1,759	1,843	-84	-4.5%
HS Mainland Composite Index	3,439	3,622	-183	-5.0%
Growth Enterprise Index	576	598	-22	-3.6%
Avg Daily Turnover (HK\$ bn)	68.6	77.3	-9	-11.3%
<b>Sectoral Indices</b>				
Finance	27,156	28,214	-1,058	-3.7%
Utilities	36,266	35,854	+412	+1.1%
Properties	22,960	24,711	-1,752	-7.1%
Comm & Ind	9,582	10,331	-748	-7.2%

## Review & Outlook of Market Performance

Hong Kong shares trended down from the beginning of the week until Thursday, dragged by lack of fresh evidence of a global economic recovery and lower energy prices as well as the mass outbreak of H1N1 influenza in Hong Kong. In contrast, Chinese stock markets rose on optimism about China's economic recovery, as well as World Bank's upgrade of GDP growth forecast on the mainland this year from 6.5% to 7.2% following soaring PRC government-directed investment with steady domestic consumption. Eventually, Hong Kong shares snapped the four straight days of losses on Friday, tracking the Wall Street performance after better economic data announced in the US. Over the week, the Hang Seng Index tumbled 968.75 points or 5.13% to 17,920.93, while the HSCEI fell 5.22% to 10,509.85. Mainboard turnover fell with daily average dropped by 11.3% w-o-w to HK\$68.6 billion.

Unemployment in Hong Kong held steady at 5.3% for the three months ended in May, roughly in line with expectations, suggesting that government's economic stimulus measures may have been having an effect. Over the week, energy and other resources-linked stocks fell following the drop in commodity prices amid a firmer U.S. dollar and weaker stock market in general. Shares like Chalco, CNOOC, PetroChina and Jiangxi Copper fell more than 10% on average. Ping An resumed its trading on Monday after details of its acquisition for Shenzhen Development Bank was released. The shares finally closed the week at HK\$52, down by 11.94% from its closing price before its suspension of trading a week ago as market concerned over its valuation and the need for fund-raising to finance the deal. Lumena Resources closed the week at HK\$2.46, after defying the slump in the broader markets and rose 19% from its listing price of HK\$2.00.

Looking ahead, it is suggested that investors should stay sidelined and wait for more fresh evidence of a global economic recovery, in particular the FOMC meeting announcement on Wednesday, economic data from Hong Kong (CPI, balance of payment and trade balance) and the United States (GDP, durable goods and home sales).

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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
19th June	8,555.60*	1,807.72*	9,786.26	2,273.18	1,383.34	588.98	6,231.15
12th June	8,799.26	1,858.80	10,135.82	2,377.07	1,090.15	628.55	6,448.23
Change	-243.66	-51.08	-349.56	-103.89	+293.19	-39.57	-217.08
%	-2.8%	-2.7%	-3.4%	-4.4%	+26.9%	-6.3%	-3.4%

Remarks: (\*) closing as of 18<sup>th</sup> June 2009**Major Changes in Index Constituent Stocks (Week ended 19<sup>th</sup> June 2009)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @19/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Ping An	02318	HK\$52.00	-HK\$7.05	-11.94%	Ping An resumed its trading on Monday after details of its acquisition for Shenzhen Development Bank was released. The shares finally closed the week at HK\$52, after its one-week suspension as market concerned over its valuation and the need for fund-raising to finance the deal.

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

Stock	Stock Code	Closing Price @19/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Jiangxi Copper	00358	HK\$12.32	-HK\$2.06	-14.33%	The counters were among the oil and resources related shares that tumbled the most in the HSCEI following the drop in commodity prices amid a firmer U.S. dollar and weaker stock market.
China Oilfield	02883	HK\$8.62	-HK\$1.27	-12.84%	
CHALCO	02600	HK\$7.59	-HK\$1.10	-12.66%	

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

Stock	Stock Code	Closing Price @19/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinotruk	03808	HK\$6.67	-HK\$1.19	-15.14%	The company said on Thursday it expected a substantial drop in unaudited consolidated net profit for the six months to June due to reduced demand for heavy duty trucks amid the financial crisis and narrower profit margins as market competition increased.



## Summary of US Economic News

Indicator	Change/Index	Comments
Housing market index – June 2009	15	Housing market index was down by 1 point to 15 in June 2009 on concerns of rising mortgage rates and foreclosures.
Housing starts – May 2009	0.532 million	Housing starts rebounded surprisingly to 0.532 million from 0.458 million in April, led by the multi-family component, while single-family component also gained unexpectedly.
Producer price index – May 2009	+0.2%	PPI rose 0.2% m-o-m in May down slightly from 0.3% in April, while CPI rose slightly to 0.1% m-o-m in May, following no change data in April, despite higher energy costs.
Consumer price index – May 2009	+0.1%	
Industrial production – May 2009	-1.1%	Industrial production dropped 1.1% in May, following a 0.7% fall in April, in line with expectations.
Current account – Q1 2009	-USD101.5 billion	Current account gap narrowed dramatically in Q1 2009, to USD101.5 billion vs. a revised USD154.9 billion in 4Q 2008 owing to falling domestic demand for foreign products.
Initial jobless claims – week ended 13 <sup>th</sup> June 2009	+3,000	Initial jobless claims rose to 608,000 from a revised figure of 605,000 in the previous week, in line with most expectations. But the four-week average fell 7,000 to 615,750, its lowest level since the beginning of the year.
Leading indicators – May 2009	+1.2%	Leading indicators jumped 1.2% month on month in May from a revised 1.1% in April, suggesting the US economy may have a slow recovery in the months ahead.

## Forthcoming Important Announcements / Events

22 <sup>nd</sup> June 2009 (Monday)	HK	:	Dickson concept (00113) - final results Hong Kong Economic Times (00423)- final results Hing Lee (HK) (00396) – Trading debut China Metal Recycling (00773) – Trading debut CPI – May 2009
	US	:	FOMC meeting begins Existing home sales – May 2009 State Street Investor Confidence Index – June 2009
23 <sup>rd</sup> June 2009 (Tuesday)	HK	:	Balance of payments – 1Q 2009
	US	:	No important announcement/event
24 <sup>th</sup> June 2009 (Wednesday)	HK	:	Emperor International (00163)- final results Emperor Entertainment Hotel (00296)- final results
	US	:	Durable goods orders – May 2009 New home sales – May 2009 FOMC meeting announcement Nike – Q4 2009 results
25 <sup>th</sup> June 2009 (Thursday)	HK	:	Tai Cheung (00088)-final results Sa Sa International (00178)- final results CCT Resources (08163)- final results Trade balance – May 2009
	US	:	GDP – Q1 2009 Initial jobless claims – week ended 20 <sup>th</sup> June 2009
26 <sup>th</sup> June 2009 (Friday)	HK	:	No important announcement/event
	US	:	Personal income and outlays – May 2009 Consumer sentiment – June 2009



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