



# BEA securities

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HONG KONG RESEARCH

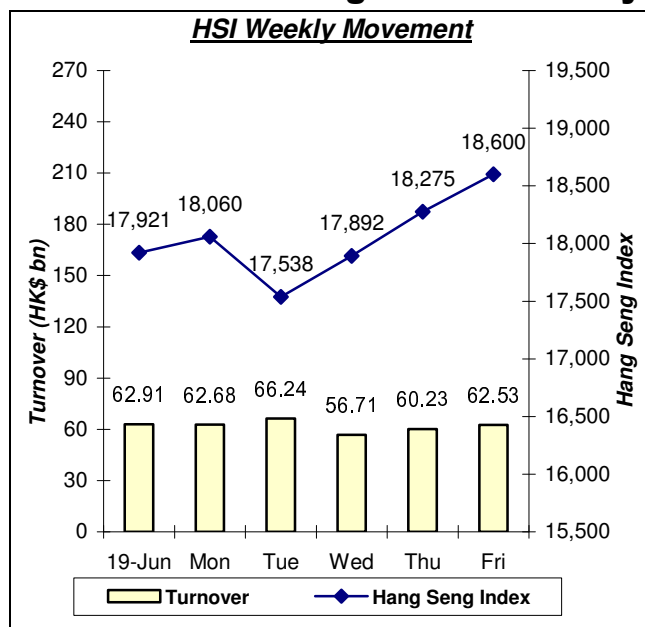
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Weekly Report

26<sup>th</sup> June 2009

## HSI ended higher on recovery hope and renewed capital inflow



<b>Weekly Market Statistics</b>				
Week ended	26/6/2009	19/6/2009	Change	%
Hang Seng Index	18,600	17,921	+679	+3.8%
HS Red Chip Index	3,897	3,755	+142	+3.8%
HS China Enterprises Index	11,037	10,510	+527	+5.0%
HS Composite Index	2,628	2,526	+102	+4.0%
HS HK Composite Index	1,809	1,759	+49	+2.8%
HS Mainland Composite Index	3,601	3,439	+162	+4.7%
Growth Enterprise Index	587	576	+11	+1.9%
Avg Daily Turnover (HK\$ bn)	61.7	68.6	-7	-10.1%
Sectoral Indices				
Finance	27,908	27,156	+752	+2.8%
Utilities	36,798	36,266	+532	+1.5%
Properties	25,378	22,960	+2,419	+10.5%
Comm & Ind	9,937	9,582	+355	+3.7%

## Review & Outlook of Market Performance

Hong Kong stocks experienced a bumpy ride during the week, with the blue-chip index swinging up and down near the 18,000 mark. Premier Wen's positive comments over the Mainland economic recovery and a fresh sign of capital inflow triggered a market rally on Monday. However, investors turned to the sideline before the FOMC meeting leading to a slump on Tuesday. The stock market regained steam towards the end of the week, after the Federal Reserve held rates intact and dropped the warning over deflationary risk in its policy statement, which helped lessen market fear for a deepening recession in the US. Over the week, the Hang Seng Index gained 679 points or 3.8% to 18,600.26, while the HSCEI surged more than 5% to 11,037.14. Mainboard turnover slipped to a daily average of HK\$62 billion from HK\$69 billion a week earlier, partly due to the IPO of BaWang locking up more than HK\$70 billion in retail orders.

Assessment of recovery in the Mainland economy remained the key focus among investors. Positive comments by Premier Wen on economic recovery, a GDP forecast of reaching 8% in Q2 by official economists and rumours of new bank lending of more than RMB1 trillion in June triggered strong buying interests in China related shares, especially those PRC banking counters. Bank of Communications was the biggest gainer in the H-share index with a 13.2% jump during the week, while bigger rivals ICBC, China Construction Bank and Bank of China gained about 5% w-o-w. Local property developers also drew enormous buying spree, as investors hoped continuous capital inflow would support home prices in the territory. SHK Properties jumped 11.0% w-o-w, while Cheung Kong (Holdings) rallied 8.4%. Meanwhile, IPOs recaptured market spotlight, thanks to strong performances of the newly listed China Metal Recycling and Hing Lee, which gained about 20% and 40% on trading debut.

The HK stock market will take a short break next Wednesday for the HKSAR Establishment Day holiday. Window dressing is expected to support the HK stock market before the end of 1H 2009, which is poised for recording the fourth straight monthly gain in June if the blue-chip index could hold the 18,200 level.

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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
26th June	8,472.40*	1,829.54*	9,877.39	2,317.95	1,075.77	595.80	6,463.56
19th June	8,539.73	1,827.47	9,786.26	2,273.18	1,383.34	588.98	6,231.15
Change	-67.33	+2.07	+91.13	+44.77	-307.57	+6.82	+232.41
%	-0.8%	+0.1%	+0.9%	+2.0%	-22.2%	+1.2%	+3.7%

Remarks: (\*) closing as of 25<sup>th</sup> June 2009

### Major Changes in Index Constituent Stocks (Week ended 26<sup>th</sup> June 2009)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @26/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino Land	00083	HK\$13.38	+HK\$1.16	+9.49%	The Urban Renewal Authority announced that a consortium between Sino Land and Hopewell (00054) had won the bid for the Lee Tung Street project. The project will provide a maximum gross floor area of 835,000 sq ft, comprising more than 1,000 residential flats and a shopping mall. The consortium paid an upfront fee of HK\$6.2 billion, while construction cost is seen at about HK\$3.5 billion.

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

Stock	Stock Code	Closing Price @26/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Bank of Communications	03328	HK\$8.42	+HK\$0.98	+13.17%	BoCom was the biggest gainer in the H-share index, after investment upgrade by Goldman Sachs citing a better outlook for its net interest margin in the third quarter. Meanwhile, the Mainland's fifth largest bank said it won approval to issue RMB25 billion subordinated bonds to strengthen its capital.

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

Stock	Stock Code	Closing Price @26/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino-Ocean Land	03377	HK\$8.94	+HK\$0.99	+12.45%	The PRC property developers were among the winners, as investors turned more positive on the Mainland's property market on reviving housing prices. Meanwhile, market analysts also issued positive research reports on the sector, citing that higher property prices would boost net asset values (NAVs) of the developers.
China Overseas Land	00688	HK\$18.48	+HK\$2.54	+15.93%	



## Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales – May 2009	+2.4%	Existing home sales rose 2.4% m-o-m to annual rate of 4.77 million units in May, but it was lower than market expectations of 4.82 million units.
Durable goods orders – May 2009	+1.8%	Durable goods orders rose 1.8% m-o-m in May after a 1.8% gain in Apr. It was better than market expectation of a 0.6% drop.
New home sales – May 2009	-0.6%	New home sales slipped 0.6% in May to an annual rate of 342,000 from 344,000 in Apr, weaker than consensus forecast of 360,000.
Initial jobless claims – week ended 20 <sup>th</sup> June 2009	+15,000	Initial jobless claims surged 15,000 w-o-w to 627,000 last week, higher than expectation of 600,000.
Gross Domestic Product (final) – Q1 2009	-5.5%	GDP fell an annual rate of 5.5% in Q1, lower than the preliminary estimate of a 5.7% drop and a 6.1% fall in the first quarter.

## Forthcoming Important Announcements / Events

29 <sup>th</sup> June 2009 (Monday)	HK	:	Berjaya Holdings (00288) – final results Vitasoy International (00345) – final results Hong Kong Catering Management (00668) – final results Pico Far East Holdings (00752) – interim results Prosperity International (00803) – final results Rontex International (01142) – final results
	US	:	No important announcement/event
30 <sup>th</sup> June 2009 (Tuesday)	HK	:	KTP Holdings (00645) – final results Golden Meditech (00801) – final results Hong Kong Resources Holdings (02882) – final results 361 Degrees (01361) – trading debut
	US	:	Consumer confidence – June 2009
1 <sup>st</sup> July 2009 (Wednesday)	HK	:	HKSAR Establishment Day holiday
	US	:	Construction spending – May 2009 ISM manufacturing index – June 2009
2 <sup>nd</sup> July 2009 (Thursday)	HK	:	Retail sales – May 2009 Pioneer Global Group (00224) – final results Yip's Chemical (00408) – final results G-Vision International (00657) – final results Eagle Nice (International) (02368) – final results
	US	:	Initial jobless claims – week ended 27 <sup>th</sup> June 2009 Non-farm payrolls and unemployment rate – June 2009 Factory orders – May 2009
3 <sup>rd</sup> July 2009 (Friday)	HK	:	Mexan (00022) – final results China Jin Mui Mining (00462) – final results United Energy (00467) – final results Pyxis Group (00516) – final results China Qinfa Group (00866) – trading debut BaWang (01338) – trading debut
	US	:	Market holiday (in the observance of Independence Day)



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