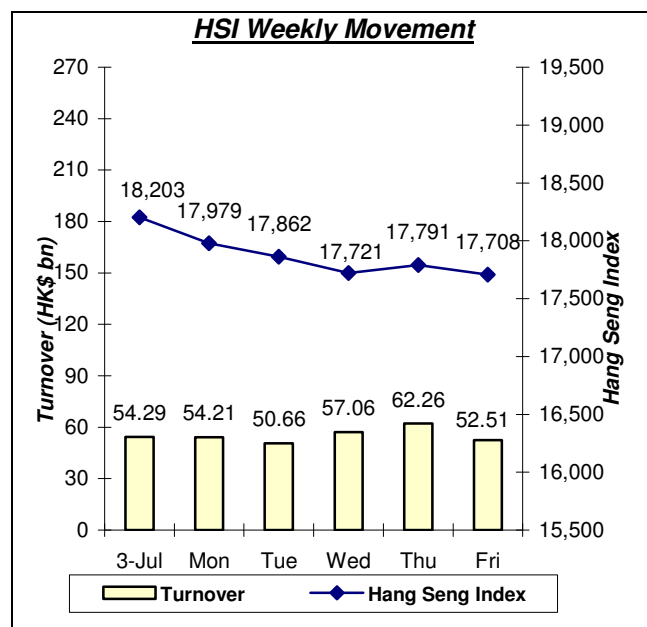


HSI failed to trim more losses after better China data



Weekly Market Statistics				
Week ended	10/7/2009	03/7/2009	Change	%
Hang Seng Index	17,708	18,203	-495	-2.7%
HS Red Chip Index	3,680	3,781	-101	-2.7%
HS China Enterprises Index	10,574	10,984	-409	-3.7%
HS Composite Index	2,504	2,575	-71	-2.8%
HS HK Composite Index	1,724	1,757	-33	-1.9%
HS Mainland Composite Index	3,430	3,545	-115	-3.2%
Growth Enterprise Index	573	581	-8	-1.3%
Avg Daily Turnover (HK\$ bn)	55.3	54.5	+1	+1.5%
Sectoral Indices				
Finance	26,787	27,612	-825	-3.0%
Utilities	35,963	35,736	+227	+0.6%
Properties	23,227	24,078	-850	-3.5%
Comm & Ind	9,426	9,678	-253	-2.6%

Review & Outlook of Market Performance

Hong Kong shares trended down from the beginning of the week, dragging by weak overseas markets, falling Baltic Dry Bulk Index as well as lower energy and commodity prices. Market did stabilize amid good auto sales data from China and continuous increase in China's new loans in June. Over the week, the Hang Seng Index fell 494.98 points or 2.72% to 17,708.42, while the HSCEI dropped 3.73% to 10,574.42. Mainboard turnover rose with daily average up by 1.5% w-o-w to HK\$55.3 billion.

Shipping shares in Hong Kong were underperformed on a weakening Baltic Dry Bulk Index, with China COSCO posting the worst performance among its peers week on week, losing 7% at HK\$8.52. Oil counters continued their weaknesses on the falling crude oil prices. CNOOC dropped 3% at HK\$9.06, while PetroChina fell 7% at HK\$7.94. Mainland property developers were underperformed on concerns about tightening home mortgage policy in China. Sino-Ocean Land, Agile Property, Soho China, R&F Properties and KWG Property lost over 11%-14% over the week. Chinese bank stocks retreated as market concerned about a reverse of China's easy monetary policies following a warning on loan quality by a Chinese officer. ICBC, CCB, BOC, China Merchant Bank and Bank of Communications all closed down by 5%-9%. Performance in auto sector was mixed following a 36.5% surge in mainland vehicle sales in June, which was driven by government subsidies to auto purchases by rural residents. Geely Auto jumped the most by 13% at HK\$1.55. On the IPO front, Amber Energy posted the most decent performance among other IPO counters year to date, surging over 63% upon its IPO trading debut on Friday, closing at \$2.71 vs its IPO price of HK\$1.66. Meanwhile, Chigo will be listed on next Monday while cement producer BBMG will have its IPO in Hong Kong to raise some HK\$5 billion on 17th July.

Looking ahead, market sentiment should depend on the second-quarter US company earnings result announcements (such as Goldman Sachs, JPMorgan Chase, Bank of America, Citigroup, Google, Intl. Business Machines, Intel and General Electric) and key economic data from China (such as CPI, PPI, trade balance, real GDP and retail sales). Market is expected to consolidate in the third quarter, and the HSI is likely to see a near term support at around 17,000 level, the second peak of its surprise rally during the past few months.

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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
10th July	8,183.17 [^]	1,752.55 [^]	9,287.28	2,307.98	1,067.76	566.03	6,769.86
3rd July	8,280.74 [*]	1,765.52 [*]	9,816.07	2,299.75	1,072.69	583.48	6,665.40
Change	-97.57	-12.97	-528.79	+8.23	-4.93	-17.45	+104.46
%	-1.2%	-0.7%	-5.4%	+0.4%	-0.5%	-3.0%	+1.6%

Remarks: (*) closing as of 2nd July 2009 and (^) closing as of 9th July 2009

Major Changes in Index Constituent Stocks (Week ended 10th July 2009)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @10/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
ICBC	01398	HK\$5.06	-HK\$0.28	-5.24%	It was reported that ICBC was in talks with the Thai government to buy a controlling stake in ACL Bank. Thai government's most important criterion in the negotiation was how ICBC's purchase could benefit ACL in the long term instead of the offer price.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @10/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
R&F Properties	02277	HK\$15.90	-HK\$1.94	-10.87%	The counter was one of the hard hit property developers over the week on concerns about tightening home mortgage policy in China.
Dongfeng	00489	HK\$7.10	HK\$0.42	6.29%	The counter rose after a 36.5% surge in mainland vehicle sales in June. Performance of its peers varied with Geely Auto shot up by 13% at HK\$1.55, while Greatwall Motor tumbled 7% at HK\$6.34 and Qingling Motors stayed flat over the week.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @10s/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino-Ocean Land	03377	HK\$7.94	-HK\$1.27	-13.79%	The counter was one of the hard hit property developers over the week on concerns about tightening home mortgage policy in China.



Summary of US Economic News

Indicator	Change/Index	Comments
ISM Non-Mfg Index – Jun 2009	47.0	ISM's non-manufacturing index edged up 3 points to 47.0 in June, the best reading since October 2008.
Consumer credit – May 2009	-\$3.2 billion	Consumer credit contracted \$3.2 billion in May (vs a contraction of \$16.5 billion in April) which was less than expected. The contraction was because consumers were saving instead of spending, and banks were pulling back available credit on credit cards.
Initial jobless claims – week ended 4th July 2009	-52,000	Initial jobless claims fell further by 52,000 to 565,000. This was the lowest level since the beginning of the year.
Wholesale trade – May 2009	-0.8%	The pace of month-to-month contraction slowed to 0.8% from a revised figure of 1.4% on inventory liquidation.

Forthcoming Important Announcements / Events

13 th July 2009 (Monday)	HK	:	Computime (00320) – final results Tack Hsin (00611) – final results
	US	:	No important announcement/event
14 th July 2009 (Tuesday)	HK	:	Chen Hsong (00057) –final results Cosmopolitan International (00120) – final results Public Financial (00626) – interim results
	US	:	Producer price index – June 2009 Retail sales – June 2009 Business inventories – May 2009 Goldman Sachs – Q2 2009 Intel – Q2 2009 Johnson & Johnson – Q2 2009 Yum! Brands – Q2 2009
15 th July 2009 (Wednesday)	HK	:	Chevalier International (00025) – final results Hung Hing Print (00450) – final results Golden Resources Development (00677) – final results
	US	:	Consumer price index – June 2009 Empire State Manufacturing – July 2009 Industrial production – June 2009 FOMC minutes – for the meeting hold on 24 th June 2009
16 th July 2009 (Thursday)	HK	:	Hon Kwok Land (00160) – final results Chinney Investments (00216) – final results Noble Jewelry (00475) – final results
	US	:	Initial jobless claims – week ended 11th July 2009 Philadelphia Fed Survey– July 2009 Housing market index – July 2009 Google – Q2 2009 IBM – Q2 2009 JPMorgan Chase & Co. – Q2 2009 Marriott Intl. – Q2 2009
17 th July 2009 (Friday)	HK	:	Artini (00789) – final results Silver Base (00886) – final results BEP International (02326) – final results Long Far Pharmaceutical (02898) – final results
	US	:	Housing starts – June 2009 Bank of America – Q2 2009 Citigroup – Q2 2009 General Electric – Q2 2009 Mattel – Q2 2009



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