



# BEA securities

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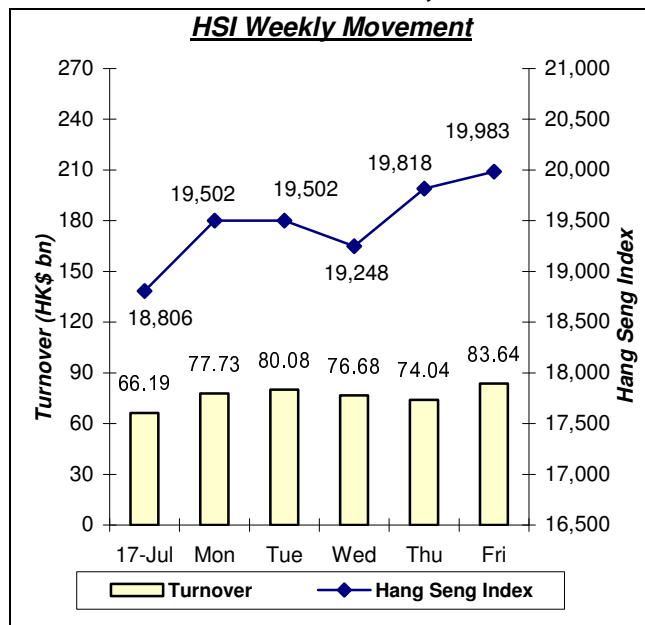
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Weekly Report

24<sup>th</sup> July 2009

### HSI broke 20,000 mark on hopes of mainland recovery



<u>Weekly Market Statistics</u>				
Week ended	24/7/2009	17/7/2009	Change	%
Hang Seng Index	19,983	18,806	+1,177	+6.3%
HS Red Chip Index	3,980	3,872	+108	+2.8%
HS China Enterprises Index	11,984	11,146	+838	+7.5%
HS Composite Index	2,795	2,646	+150	+5.7%
HS HK Composite Index	1,966	1,845	+121	+6.6%
HS Mainland Composite Index	3,786	3,600	+186	+5.2%
Growth Enterprise Index	622	596	+26	+4.4%
Avg Daily Turnover (HK\$ bn)	78.4	60.3	+18	+30.2%
Sectoral Indices				
Finance	30,432	28,337	+2,095	+7.4%
Utilities	36,808	36,731	+77	+0.2%
Properties	26,849	25,201	+1,648	+6.5%
Comm & Ind	10,615	10,059	+555	+5.5%

### Review & Outlook of Market Performance

Extending last week's bullish run, the HSI continued to climb higher on the back of strong US stock markets. After a brief profit taking on Wednesday, the HSI once broke its critical point of 20,000 mark on Friday, driven by further improvement in economic outlook in both the US and China as well as ample liquidity in the local bourse. Over the week, the Hang Seng Index jumped 1,177.13 points or 6.26% to 19,982.79, while the HSCEI gained 7.52% to 11,984.36. Average daily turnover shot up to HK\$78.4 billion, versus HK\$60.3 billion in the previous week, with institutional investors revisiting the Hong Kong stock market.

China Life, Ping An and PICC P&C surged more than 12% over the week, after China Insurance Regulatory Commission said profits of Chinese insurers jumped almost one fold in 1H 2009 on higher investment returns. Most local property plays outperformed on brokerage upgrades their respective target prices. Wharf and SHKP rose 7.12% and 6.64% week on week respectively. Cheung Kong also gained 6.98% to close the week at HK\$98.85 after a good market response to its new project launch, Le Prestige. Following the agreement for settlement of Leman Brother mini-bonds, BOCHK closed at HK\$16.18, up 10.52% week on week. China Mobile underperformed the benchmark index, after the company had reported a further drop in subscriber addition to 5.01 million in June from 5.11 million in May, the lowest pace of subscriber addition in two years. On IPO front, BBMG's retail offer was 770 times over-subscribed, the hottest IPO in 16 months, and will be listed on next Wednesday (29 July).

Looking ahead, it is believed that global central banks need to continue their moderately easing monetary policies in the second half of this year despite performance of some stock markets (Hong Kong and China in particular) has been significantly ahead of their respective fundamentals. In fact, there is still downside risk in the local economy, given its high unemployment rate amid the onset of a deflationary cycle. Next week, Hang Lung will kick off the earnings reporting season of blue chips in Hong Kong. This should help reveal more hints of business outlook in 2H2009. Given ample of liquidity in the market and the recent strong performance of the stock market, it is expected that the HSI will stay volatile and trade between a wider range of 17,200 and 21,000 mark in the near term.

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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
24th July	9,069.29*	1,973.60*	9,944.55	2,525.81	1,155.88	614.24	6,973.28
17th July	8,743.94	1,886.61	9,395.32	2,430.96	1,120.90	596.11	6,850.99
Change	+325.35	+86.99	+549.23	+94.85	+34.98	+18.13	+122.29
%	+3.7%	+4.6%	+5.8%	+3.9%	+3.1%	+3.0%	+1.8%

Remarks: (\*) closing as of 23<sup>rd</sup> July 2009

### Major Changes in Index Constituent Stocks (Week ended 24<sup>th</sup> July 2009)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @24/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Citic Pacific	00267	HK\$19.04	+HK\$2.90	+17.97%	Goldman Sachs ("GS") issued a bullish outlook on the counter, saying that it has attractive valuation compared with its Chinese peers. GS also projected CITIC's special steel manufacturing business to be benefited from China's strong vehicle production and sales growth.
BOC HK	02388	HK\$16.18	+HK\$1.54	+10.52%	BOCHK reached an agreement with the SFC, the HKMA and 15 other distributors of Lehman Brothers mini-bonds in Hong Kong, to make a repurchase offer for Lehman mini-bonds. It is estimated that BOCHK's aggregate cost of the repurchase offer would amount to HK\$3.6 billion, and a provision of HK\$675 million was already made in FY08.

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

Stock	Stock Code	Closing Price @24/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Life	02628	HK\$34.85	+HK\$4.05	+13.15%	China Insurance Regulatory Commission said profits of Chinese insurers jumped almost one fold in the first half of 2009 on higher investment returns.
PICC P&C	02328	HK\$6.07	+HK\$0.68	+12.62%	
Ping An	02318	HK\$68.00	+HK\$8.60	+14.48%	

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

Stock	Stock Code	Closing Price @24/7/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Franshion Properties	00817	HK\$2.52	-HK\$0.21	-7.69%	Franshion Properties was the worst performed share in the HSCCI following its share placement of US\$100 million.



## Summary of US Economic News

Indicator	Change/Index	Comments
Index of leading economic indicators – June 2009	0.7%	Leading indicators rose 0.7% m-o-m in June, slightly ahead of market expectation due to gains in building permits and a stronger rebound in stock markets.
Initial jobless claims – week ended 18 <sup>th</sup> July 2009	+30,000	Initial jobless claims rose 30,000 to 554,000, slightly lower-than-expected. Its four-week moving average moved down to 566,000 from 584,500. However, it was anticipated to rise again on an earlier-than-usual summer layoffs in the manufacturing sector.
Existing home sales – June 2009	+3.6%	Existing home sales rose 3.6% m-o-m in June to 4.89 million. However, the drop in prices remained severe, at minus 15.4 y-o-y on heavy supply.

## Forthcoming Important Announcements / Events

27 <sup>th</sup> July 2009 (Monday)	HK	:	Four Seas Food (00060) – final results Four Seas Mercantile (00374) – final results Pacific Andes International (01174) – final results Trade balance – June 2009
	US	:	New home sales – June 2009
28 <sup>th</sup> July 2009 (Tuesday)	HK	:	Mei Ah Entertainment Group (00391) – final results
	US	:	Consumer confidence – July 2009 State Street Investor Confidence Index – July 2009
29 <sup>th</sup> July 2009 (Wednesday)	HK	:	Changan Minsheng APLL Logistics (08217) – interim results
	US	:	Durable goods orders – June 2009 Beige Book CB Richard Ellis Group – Q2 2009 results Coca-Cola Enterprises – Q2 2009 results Moody's Corporation – Q2 2009 results
30 <sup>th</sup> July 2009 (Thursday)	HK	:	No important announcement/event
	US	:	Initial jobless claims – week ended 25 <sup>th</sup> July 2009 Colgate – Palmolive – Q2 2009 results Exxon Mobile Corporation – Q2 2009 results Motorola – Q2 2009 results
31 <sup>st</sup> July 2009 (Friday)	HK	:	Hang Lung Properties (00101) – final results Hang Lung Group (00010) – final results
	US	:	GDP – Q2 2009 Employment cost index – July 2009



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