



# BEA securities

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HONG KONG RESEARCH

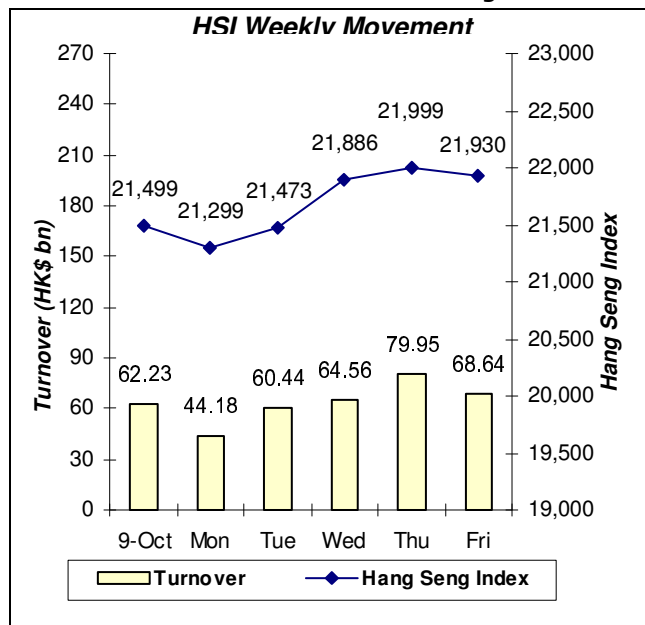
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Weekly Report

16<sup>th</sup> October 2009

## HSI rebounded mainly on healthy September data from the PRC



<u>Weekly Market Statistics</u>				
Week ended	16/10/2009	09/10/2009	Change	%
Hang Seng Index	21,930	21,499	+430	+2.0%
HS Red Chip Index	4,131	4,037	+93	+2.3%
HS China Enterprises Index	12,751	12,496	+255	+2.0%
HS Composite Index	3,011	2,961	+50	+1.7%
HS HK Composite Index	2,180	2,160	+20	+0.9%
HS Mainland Composite Index	4,014	3,930	+84	+2.1%
Growth Enterprise Index	675	658	+17	+2.6%
Avg Daily Turnover (HK\$ bn)	63.6	57.6	+6	+10.4%
Sectoral Indices				
Finance	34,194	33,567	+627	+1.9%
Utilities	38,352	38,160	+192	+0.5%
Properties	27,980	27,881	+99	+0.4%
Comm & Ind	11,515	11,195	+320	+2.9%

## Review & Outlook of Market Performance

Hong Kong shares fell at the beginning of the week on profit-taking following their bull run in the previous week. The local bourse was then trending upward on continuous capital inflow, stronger US stock markets, healthy September economic figures from the Mainland and a stellar trading debut of Shenguan. However, profit taking kicked in on Friday. Over the week, the Hang Seng Index jumped 430.46 points or 2.00% to 21,929.90, while the HSCEI gained 2.04% to 12,751.46. Average daily turnover was up to HK\$63.6 billion, versus HK\$57.6 billion in the previous week.

Market sentiment was underpinned by a 29.3% year-on-year increase in money supply in China to RMB 58.54 trillion in September, reflecting Beijing's effort to keep its economy growing at a fast pace. Mainland bank names were under spotlight as China reported a RMB516.7 billion new local-currency loans in September, up from RMB410.4 billion in August, beating market expectation of a month-on-month drop. Other stronger September economic data released over the week in China, such as a recovering foreign direct investment, record cars sales and improving trade data, pushed up the HSI to test 22,000 level. On the IPO front, this week's two debutants, Shengguan and Powerlong, were up 40% and 2% respectively in their respective trading debuts. After news reported that Henderson Land Development on Wednesday had set a world record for split-floor residences to HK\$71,280 per square feet in the sale of its project 39 Conduit Road, a Mid-Levels apartment, profit taking was seen in local developers. Meanwhile, Chief Executive Donald Tsang said in his policy address that the government would hold discussions with two main land suppliers, the Urban Renewal Authority and MTRC, to quicken the pace of bringing readily available residential sites to the market.

Next week, market sentiment will depend on another batch of China's economic data (including the third quarter real GDP data and September data such as, wholesale prices, producer price index, consumer price index, retail sale, industrial production), and the results announcements of US companies (Microsoft, Apple and Pfizer). We see the HSI to trade between a wider range of 21,500 mark and 22,300 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
16th October	10,015.86*	2,172.23*	10,257.56	2,708.12	1,256.77	717.20	7,715.10
9th October	9,864.94	2,173.29	10,016.39	2,652.51	1,233.82	746.87	7,571.96
Change	+150.92	-1.06	+241.17	+55.61	+22.95	-29.67	+143.14
%	+1.5%	-0.0%	+2.4%	+2.1%	+1.9%	-4.0%	+1.9%

Remarks: (\*) closing as of 15<sup>th</sup> October 2009**Major Changes in Index Constituent Stocks (Week ended 16<sup>th</sup> October 2009)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @16/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas	00688	HK\$16.98	-HK\$0.74	-4.18%	The developer reported on Monday that the average selling price achieved in September reached RMB10,000 per square meters, up 19% month-on-month, while its contracted sales in September reached RMB3.9 billion, up 26% month-on-month. Nevertheless, the latest contracted sales figure was still 26.4% below the record month of RMB5.3 billion in June 2009.
FIH	02038	HK\$6.09	+HK\$0.68	+12.57%	News reported that Hon Hai Group, the parent company of Hon Hai and Foxconn would invest more than US\$1 billion to build a production facility in the southwestern Chinese city of Chengdu. Besides, the company plans to develop real estate in Chengdu for its staff.

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

Stock	Stock Code	Closing Price @16/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Company	01211	HK\$78.75	+HK\$8.40	+11.94%	The counter was the best performed shares in HSCEI on record car sales in China. According to <i>China Automotive Industry Newsletter</i> , mainland auto sales posted a better-than-expected performance in September, rising 77.9% year-on-year and 17.0% month-on-month to 1,331,809 units.

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

Stock	Stock Code	Closing Price @16/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CNPC (Hong Kong)	00135	HK\$7.66	+HK\$1.16	+17.85%	The counter was the best performed shares in the HSCCI, tracking the rising oil prices over the week.



## Summary of US Economic News

Indicator	Change/Index	Comments
Retail sales – September 2009	-1.5%	The overall retail sales in September dropped 1.5% after a 2.2% gain in August, due to a plunge in auto sales. Excluding motor vehicles, retail sale was in fact increased by 0.5%, after a 1% jump in August.
Business inventories – August 2009	-1.5%	Business inventories dropped more than expected in August, down 1.5% month-on-month versus a 1% drop in July.
FOMC minutes – September 2009	-	The minutes showed that the Fed boosted its outlook for the US economy while its outlook for inflation was still soft although oil prices bumped up their numbers for headline inflation. US monetary policy is likely to remain loose for some time given its soft resource utilization.
Consumer price index – September 2009	+0.2%, m-o-m	The headline CPI rate eased to a 0.2% gain after jumping 0.4% in August, due to a dip in food prices and a dramatically slower gain in energy costs. Core CPI inflation firmed slightly, rising 0.2% after a 0.1% increase in August.
Initial jobless claims – week ended 10 <sup>th</sup> October 2009	-7,000 claims	Initial jobless claims fell unexpectedly, down 7,000 to a 514,000 level, compared with a revised figure of 521,000 last week.

## Forthcoming Important Announcements / Events

19 <sup>th</sup> October 2009 (Monday)	HK	:	Unemployment – September 2009
	US	:	Housing market index – October 2009 Apple Inc – Q4 FY2009 results
20 <sup>th</sup> October 2009 (Tuesday)	HK	:	Huaneng Power (00902) – Q3 FY2009 results
	US	:	Housing starts – September 2009 Producer price index – September 2009 Pfizer – Q3 FY2009 results State Street Corporation – Q3 FY2009 results The Coca-Cola Co. – Q3 FY2009 results Yahoo, Inc. – Q3 FY2009 results
21 <sup>st</sup> October 2009 (Wednesday)	HK	:	Jiangxi Copper (00358) – Q3 FY2009 results China Overseas (00688) – Q3 FY2009 results China State Construction (03311) – Q3 FY2009 results
	US	:	Beige Book eBay – Q3 FY2009 results The Boeing Co. – Q3 FY2009 results
22 <sup>nd</sup> October 2009 (Thursday)	HK	:	CPI – September 2009
	US	:	Initial jobless claims – week ended 17 <sup>th</sup> October 2009 McDonald's Corporation – Q3 FY2009 results Merck & Co. – Q3 FY2009 results Philip Morris International – Q3 FY2009 results The New York Times Co. – Q3 FY2009 results Xerox Corporation – Q3 FY2009 results
23 <sup>rd</sup> October 2009 (Friday)	HK	:	China Construction Bank (00939) – Q3 FY2009 results Huadian Power (01071) - Q3 FY2009 results
	US	:	Federal Reserve Chairman Ben Bernanke Speech Existing home sales – September 2009 Microsoft – Q1 FY2009 results Whirlpool Corporation – Q3 FY2009 results



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