

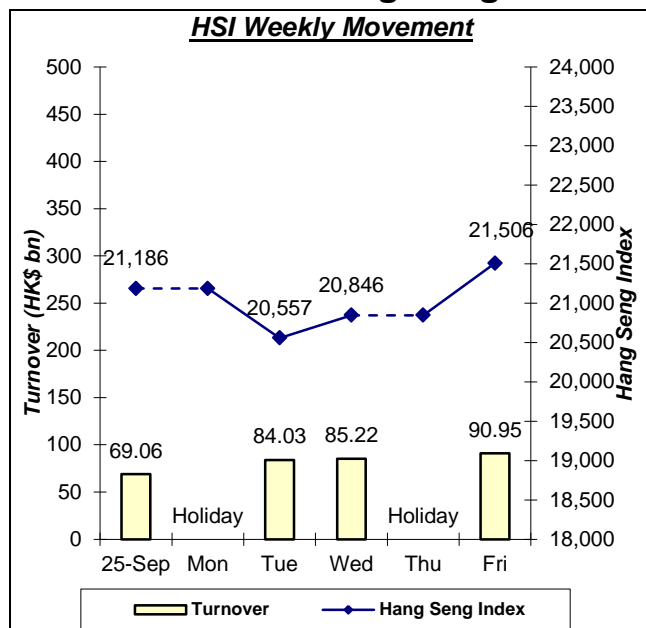
Restricted circulation

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Weekly Report

 2nd October 2015

Hong Kong stocks rebounded on stimulus



Weekly Market Statistics

Week ended	02/10/2015	25/9/2015	Change	%
Hang Seng Index	21,506	21,186	+320	+1.5%
HS Red Chip Index	4,042	3,920	+122	+3.1%
HS China Enterprises Index	9,687	9,512	+174	+1.8%
HS Hong Kong 35 Index	2,490	2,469	+21	+0.8%
HS Mainland 100 Index	6,439	6,311	+129	+2.0%
Growth Enterprise Index	468	464	+4	+0.8%
Avg Daily Turnover (HK\$ bn)	86.7	75.4	+11	+15.1%
Sectoral Indices				
Finance	29,486	29,000	+487	+1.7%
Utilities	51,978	51,643	+335	+0.6%
Properties	30,010	29,782	+228	+0.8%
Comm & Ind	12,406	12,206	+201	+1.6%

Review & Outlook of Market Performance

Hong Kong shares joined a global sell-off and plunged to two-year low earlier this week, as an 8.8% y-o-y drop in Chinese industrial firms' profits and a nearly 30% plunge in Glencore's share price in London Stock Exchange triggered the latest round of jitters. Despite China's PMI hit a six-year low of 47.2 in September, down from 47.3 in August, a strong rebound was seen on both Wednesday and Friday, as investors were cheered by Beijing's move to prop up its sluggish property market and stumbling economy. Chinese officials said it would halve sales tax on small-engine cars on Wednesday. Meanwhile, government cut the minimum downpayment level for first-time home buyers in many cities, raising hopes that China will unveil similar stimulus in other sectors. Over the week, The Hang Seng Index advanced 1.51% week-on-week to 21,506.09, while the HSCEI rose 1.83% over the week. The daily average of Mainboard turnover amounted to HK\$86.7 billion, compared with HK\$75.4 billion in the previous week.

Commodity market experienced turmoil during the week. Copper futures tumbled to the lowest level in more than six years on Tuesday, as concerns over the health of China's economy dampened appetite for the red metal. The slumping copper market also hit shares of raw material producers hard. Stocks in mining bellwether Glencore (00805) sank nearly 30% and closed at a record low in London on Monday, igniting worry that the collapse of Glencore may trigger another round of financial crisis following the meltdown in Lehman Brothers in 2008.

The volatile trading in secondary market also affected confidence in IPO market. Online transaction service provider, NNK Group, become the first IPO candidate to postpone its listing plan since the market slump in June. Nevertheless, three mainland small caps, including Lanzhou Zhuangyuan Pasture (01533), Hengtou Securities (01476) and China Partytime Culture (01532), continued their IPO plans, expecting to be listed in mid-October.

Looking ahead, market focus will turn to the key US jobs report due tonight (2nd October), which could boost bets on the Federal Reserve's rate raise later this year. The Hang Seng Index is expected to be capped at its nearest resistant level of 22,000 in the coming week.

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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
2nd October	16,272.01*	4,627.08*	17,725.13	2,793.15*	1,628.80	1,346.35	8,305.03
25th September	16,314.67	4,686.50	17,880.51	2,832.64	1,615.01	1,376.83	8,132.35
Change	-42.66	-59.42	-155.38	-39.49	+13.79	-30.48	+172.68
%	-0.3%	-1.3%	-0.9%	-1.4%	+0.9%	-2.2%	+2.1%

Remark: (*) closing as of 1st October 2015

Major Changes in Index Constituent Stocks (Week ended 2nd October 2015)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @2/10/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
Sands China	01928	HK\$27.75	-HK\$1.95	-7.3%	Macau casino stocks slumped after one of the biggest junkets in the region, the Neptune Group, said it may wind up operations if the number of VIP gamblers continues to decline. Sentiment turned even sour as the Chinese government restricted the use of UnionPay credit cards on the casino floors.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @2/10/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
Great Wall Motor	02333	+HK\$9.68	+HK\$2.66	+38.0%	Chinese car makers surged after China's State Council slashed the purchase tax on small cars by half from 10% to 5% starting from 4Q15. The decision, which affects cars with a capacity of less than 1.6 liters, is part of the government's efforts to boost consumption and help the economy.
Dongfeng	00489	HK\$10.04	+HK\$1.36	+15.7%	
GAC Group	02238	HK\$6.56	+HK\$0.69	+11.8%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @2/10/2015	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Land	01109	HK\$19.74	+HK\$1.22	+6.6%	Mainland Chinese property stocks soared after the People's Bank of China lowered the minimum down payment required for first-home buyers to 25 per cent from 30 per cent, in a move designed to stimulate the housing market.
China Overseas	00688	HK\$25.00	+HK\$1.5	+6.4%	

**Summary of US Economic News**

Indicator	Change/Index	Comments
ISM Mfg Index – September 2015	50.2	The pace of growth in the US manufacturing sector slowed in September, with the ISM Manufacturing Index falling to 50.2, the lowest since May 2013. The poor-than-expected reading raised hope that the Federal Reserve could further delay raising interest rate.
Initial jobless claims – week ended 26 th September 2015	+10,000 w-o-w	Initial jobless claims rose 10,000 to 277,000 for the week ended 26 th September. Nevertheless, the four-week moving average of initial jobless claims dropped 1,000 to 270,750, pointing to a firming labor market.

Forthcoming Important Announcements / Events

5 th October 2015 (Monday)	HK	:	No important announcement/event
	US	:	ISM Non-Mfg Index – September 2015
6 th October 2015 (Tuesday)	HK	:	No important announcement/event
	US	:	International Trade – August 2015
7 th October 2015 (Wednesday)	HK	:	No important announcement/event
	US	:	No important announcement/event
8 th October 2015 (Thursday)	HK	:	Regina Miracle International (Holdings) Limited (02199) – Trading debut IMAX China Holdings, Inc. (01970) – Trading debut Fast Retail (06288) – final results
	US	:	Initial jobless claims – week ended 3 rd October 2015 FMOC Minutes
9 th October 2015 (Friday)	HK	:	Yueshou Environmental (01191) – final results
	US	:	Import and Export Prices – September 2015



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