



# KGI

CHINA  
DEVELOPMENT  
FINANCIAL

# Investment Daily

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## Major Market Indicators

	5 Jul	4 Jul	3 Jul
Mkt. Turn.(mn)	56,200	69,000	80,400
Stock Advances	780	721	714
Stock Declines	840	918	1,004
HSI	28,774	28,810	28,855
Change	-20	-44	-20
HSI Turn.(\$bn)	15.49	18.85	24.46
HSCEI	10,895	10,919	10,922
Change	-18	-2	-58
HSCEI Turn.(\$bn)	12.58	16.95	20.74

## HSI Technical Indicators

10-days MA	28,586
50-days MA	28,225
250-days MA	27,610
14-days RSI	61.65
Primary resistance	29,000
Primary support	28,621

## HSCEI Technical Indicators

10-days MA	10,887
50-days MA	10,828
250-days MA	10,801
14-days RSI	56.23
Primary resistance	11,137
Primary support	10,887

## HSI Futures

	5 Jul	4 Jul	3 Jul
Jul		28,849	28,926
Volume		154,093	149,724
Open interests		114,828	121,205
Aug		28,822	28,899
Volume		418	467
Open interests		719	539

## HSCEI Futures

	5 Jul	4 Jul	3 Jul
Jul		10,922	10,930
Volume		49,906	57,772
Open interests		192,934	196,553
Aug		10,933	10,941
Volume		933	812
Open interests		3,188	2,465

## Market Overview

### The Hang Seng Index is expected to trade at 28,600-29,000 today

Investors wait for the non-farm payroll data to be released tonight, together with the A share weakness, Hong Kong stock continued its recent range trading. Hang Seng Index fell 21 points to 28,775 on Friday while H share index fell 18 points to 10,895. Budwiser(1876) started IPO today which expected to draw away excessive market liquidity, market turnover was HK\$56.2bn. Individual US brokerage downgraded Geely (0175) rating to sell, share price plunged 6.4% to HK\$12.68. Nissin (1475) announced to hike some of its products in HK, share price rose 0.7% to HK\$6.06.

Although latest US non farm payroll report showed that US unemployment rate rose from 3.6% to 3.7%, but the new jobs created increased to 224,000, which is much better than expectation. The strong employment data cooled down investor expectation of US rate cut, 10 Year Treasury Yield rose 8 basis points to 2.04% last Friday. The Dow once fell 230 points. However, US stock market narrowed most of its early loss, the Dow and the Nasdaq closed 44 points (to 26,922) and 8 points (to 8,162) lower respectively. Looking ahead this week, investor focus will eye on Fed Chairman Powell testimony, as well as FOMC meeting minutes.

US interest rate cut expectation cooled down, it might have impact on Hong Kong stock market sentiment. On the other hand, large cap Budwiser IPO will also absorb lots of market liquidity. Hong Kong stock is expected to stay at current range, initial support is at 100 Day SMA. Looking ahead, investor focus will eye on Fed Chairman Powell testimony, as well as FOMC meeting minutes, to look for US interest rate downward adjustment pace. Besides, China will announce a series of economic data, which will be market focus.

### Technical Analysis

The Hang Seng Index trade within narrow range last Friday and closed with a cross star pattern. Although MACD remained in the positive territory, its positive trend showed sign of deceleration. Together with market daily turnover further fell to very low level of HK\$56bn, the Hang Seng Index is pending for change. Hang Seng Index first support is at 100 Day SMA (28,621) while second support is 50 Day SMA(28,225). On the other hand, first resistance is 29,000 while second resistance is at 29,252.

### HSI Chart



Sources : Google