



# KGI

CHINA  
DEVELOPMENT  
FINANCIAL

# Investment Daily

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## Major Market Indicators

	11 Jul	10 Jul	9 Jul
Mkt. Turn.(mn)	67,400	64,300	70,300
Stock Advances	936	902	600
Stock Declines	668	722	1,000
HSI	28,431	28,204	28,116
Change	+227	+88	-215
HSI Turn.(\$bn)	19.86	21.66	23.90
HSCEI	10,784	10,701	10,650
Change	+82	+51	-74
HSCEI Turn.(\$bn)	18.12	18.21	18.87

## HSI Technical Indicators

10-days MA	28,555
50-days MA	28,108
250-days MA	27,605
14-days RSI	53.98
Primary resistance	28,630
Primary support	28,108

## HSCEI Technical Indicators

10-days MA	10,835
50-days MA	10,757
250-days MA	10,798
14-days RSI	51.05
Primary resistance	10,798
Primary support	10,763

## HSI Futures

	11 Jul	10 Jul	9 Jul
Jul	28,454	28,202	28,103
Volume	148,098	144,002	170,001
Open interests	123,685	127,171	118,521
Aug	28,427	28,180	28,080
Volume	633	518	420
Open interests	1,565	1,472	1,068

## HSCEI Futures

	11 Jul	10 Jul	9 Jul
Jul	10,789	10,695	10,642
Volume	62,117	40,873	65,429
Open interests	200,235	198,389	194,923
Aug	10,796	10,705	10,654
Volume	2,348	1,330	719
Open interests	6,038	4,325	3,779

## Market Overview

### The Hang Seng Index is expected to trade at 28,200-28,600 today

Due to the feeble economic data and uncertain trade condition, US Fed Chairman Jerome Powell foretold rate cuts, the investment sentiment was strengthened, however Hang Seng Index cannot regain the 10 days SMA. It up 227 points to 28,432 points at close, while H-Share Index rose 82 points to 10,784 points. The market turnover was 67.4billion. Local developers performed well on the market assumption of rate cut. Furthermore, CH OVS(0081) half year profit increased by 75% to 85% YoY, it up 15.13%, while Johnson Elec(0179)half year profit may lower than that of last year for the same period, it dropped 13.4%. Sunny Optical(2382)up 3.2% and was the best performing blue chip.

Chairman Powell explained why preemptive rate cut could be necessary, even if economic and job growth remained strong, which further affirmed expectations the Fed will move to cut interest rates during July FOMC meeting. US stock market continued to perform well on Thursday. The Dow and S&P index closed at an all-time highs, the Dow rose 228 points (to 27,088). On the other hand, technology and bio-tech sector declined, the Nasdaq closed 6 points lower (at 8,196). Besides, US core inflation rose 0.3% in June, higher than expectation. 10 Year US treasury yield rose 6 basis points to 2.13%.

Although US stock market remained strong, Hong Kong blue chips slightly retreated in the US ADR market last night. In fact, local market turnover remained weak, together with the recent retreat of the China A share market, Hong Kong market is likely to remain narrow range trading today. Hang Seng Index support is at 50 Day SMA (28,108).

### Technical Analysis

The Hang Seng Index opened higher on Thursday, once further rose to test 100 Day SMA (28,630) but was capped. It finally erased some of the gain, closing below 10 Day SMA (28,555) but still closed with a white candlestick. On the other hand, its MACD dipped into the negative territory while its negative trend further intensified. Hang Seng Index first support is at 50 Day SMA (28,108) while second support is 28,000. On the other hand, first resistance is 100 Day SMA (28,630).while second resistance is at 29,000.

### HSI Chart



Sources : Google