



# KGI

CHINA  
DEVELOPMENT  
FINANCIAL

# Investment Daily

4 July 2019

## Major Market Indicators

	3 Jul	2 Jul	28 Jun
Mkt. Turn.(mn)	80,400	112,380	71,800
Stock Advances	714	1,150	773
Stock Declines	1,004	661	821
HSI	28,855	28,876	28,542
Change	-20	+334	-78
HSI Turn.(\$bn)	24.46	44.77	26.72
HSCEI	10,922	10,981	10,881
Change	-58	+100	-15
HSCEI Turn.(\$bn)	20.74	36.05	22.37

## HSI Technical Indicators

10-days MA	28,504
50-days MA	28,275
250-days MA	27,609
14-days RSI	63.49
Primary resistance	29,000
Primary support	28,604

## HSCEI Technical Indicators

10-days MA	10,875
50-days MA	10,864
250-days MA	10,802
14-days RSI	57.77
Primary resistance	11,140
Primary support	10,875

## HSI Futures

	3 Jul	2 Jul	28 Jun
Jul	28,926	28,932	28,505
Volume	149,724	165,791	127,902
Open interests	121,205	125,813	119,104
Aug	28,899	28,903	28,478
Volume	467	419	277
Open interests	539	486	281

## HSCEI Futures

	3 Jul	2 Jul	28 Jun
Jul	10,930	10,991	10,835
Volume	57,772	91,426	58,123
Open interests	196,553	197,890	192,098
Aug	10,941	10,998	10,845
Volume	812	472	1,684
Open interests	2,465	1,857	1,608

## Market Overview

### The Hang Seng Index is expected to trade at 28,600-28,900 today

After the Hong Kong market went higher on Tuesday, the market fell back on Wednesday and there was support at 100DMA (28,604). Hong Kong stocks closed at 28,855 points, down 20 points. The H-Share Index fell 58 points to 10,922 points. The market turnover was HK\$80.4 billion. The dairy sector was improving. Mengniu Dairy (2319) sold its subsidiary. The market is expected to benefit the company's development and stock price rose 2.4%. Mobile phone parts stocks fell, and Sunny Optical (2382) fell 3.0%, the worst blue chip.

The disappointing US economic data released on Wednesday, including private payroll job growth as well as manufacturing activities, strengthens the Fed's case for lowering rates at its monetary policy meeting at the end of July. Besides, Lagarde has been nominated to be the next Europe Central Bank governor, investors expected that ECB will continue the dovish policy. US stock market continued its rally on the half day trading, the Dow and the Nasdaq rose 179 points (to 26,966) and 61 points (to 8,170) respectively. On the other hand, fund continued flowing into treasury market, 10 Year US Treasury Yield fell 2 basis points to 1.96%.

Local blue chips did not change much in the US ADR market last night. Despite the anticipated US interest rate cut in the near term, Hong Kong interbank rate remained high. Together with sizable initial public offer will divert some of the fund flow, it might limit the upward momentum for the Hong Kong stock market. We expect Hang Seng Index to continue trading at current range, short term resistance is 29,000.

### Technical Analysis

The Hang Seng Index opened lower on Wednesday, but rebounded with a white candlestick, recovering most of the loss. Although MACD remained in the positive territory, its positive trend showed sign of deceleration. Together with market daily turnover fell to HK\$80bn again, the Hang Seng Index is pending for change. Hang Seng Index first support is at 100 Day SMA (28,604) while second support is 10 Day SMA(28,504). On the other hand, first resistance is 29,000 while second resistance is at 29,252.

### HSI Chart



Sources : Google