



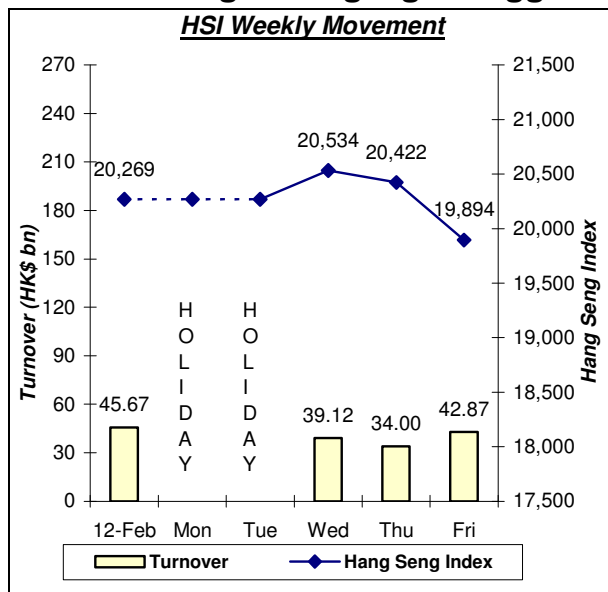
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Weekly Report

19<sup>th</sup> February 2010

### Tightening sign dragged the start for the Year of Tiger



Week ended	19/2/2010	12/2/2010	Change	%
Hang Seng Index	19,894	20,269	-375	-1.8%
HS Red Chip Index	3,917	4,005	-87	-2.2%
HS China Enterprises Index	11,264	11,536	-273	-2.4%
HS Composite Index	2,805	2,857	-53	-1.9%
HS HK Composite Index	2,045	2,066	-21	-1.0%
HS Mainland Composite Index	3,723	3,812	-88	-2.3%
Growth Enterprise Index	710	722	-12	-1.7%
Avg Daily Turnover (HK\$ bn)	38.7	55.9	-17	-30.8%
Sectoral Indices				
Finance	30,303	30,728	-425	-1.4%
Utilities	36,567	36,646	-79	-0.2%
Properties	24,807	25,596	-789	-3.1%
Comm & Ind	10,786	11,047	-261	-2.4%

### Review & Outlook of Market Performance

Hong Kong stocks began the Year of the Tiger on a robust note, opening 400 points higher as the sharp rally on Wall Street on Tuesday offset Beijing's surprise decision to increase bank reserve requirements right before the Lunar New Year Holidays. The central bank announced the deposit reserve ratio would be raised by 50 basis points to 16.5%, which was the second time Beijing took steps to tighten liquidity this year. Despite the Year of the Tiger started with a roar, the Hang Seng Index finished with a whimper as the stocks came under pressure after the US Federal Reserve unexpectedly raised its discount rate to 0.75% from 0.5% effective Friday, sparking fears of further monetary tightening. The Hang Seng Index closed the week at 19,894.02 points, down 1.8% w-o-w. Average daily mainboard turnover for the week shrank to HK\$38.7 billion, from HK\$55.9 billion in the previous week amid the week-long holiday in the Mainland.

On the IPO front, Ruinian International (02010), the health-related products manufacturer which was the first firm to have its debut in the Year of the Tiger, was only seven times subscribed by retail investors in Hong Kong and several times subscribed by institutional investors. The shares fell 7.7% to HK\$2.77 on its trading debut on Friday as the broad market slump weighed on its HK\$900 million initial public offering.

Hong Kong's jobless rate stood at 4.9% in the November- January period, while the number of unemployed people fell by 6,400 to 166,400. Economists expected the jobless rate could fall further amid signs that some businesses are taking on more staff as the economy recovers from the global financial crisis.

Next week, investors should keep track on the release of some important US economic figures such as CPI, consumer confidence and new-home sales. Blue-chip companies such as CLP Holdings and Sino Land will deliver their earnings results, which would be closely watched by investors. The land auction for a plot of land in Tseung Kwan O on Monday and Hong Kong's 2010-11 budget brought down next Wednesday should also be worth to look at as they may lend some support to the local stock market. We see the index to hover around 20,000 level next 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
19th February	10,392.90*	2,241.71*	10,123.58	2,757.14	1,257.67	700.44	7441.84^
12th February	10,099.14	2,183.53	10,092.19	2,758.90	1,253.39	698.03	7441.84^
Change	+293.76	+58.18	+31.39	-1.76	+4.28	+2.41	+0.00
%	+2.9%	+2.7%	+0.3%	-0.1%	+0.3%	+0.3%	+0.0%

Remarks: (\*) closing as of 18<sup>th</sup> February 2010; (^) closing as of 10<sup>th</sup> February 2010

## Major Changes in Index Constituent Stocks (Week ended 19<sup>th</sup> February 2010)

### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @19/2/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit Holdings	00330	HK\$54.3	-HK\$3.35	-5.81%	Exporters slid after the US Federal Reserve raised its discount rate, heightening concern that stimulus programs were winding down.
Li & Fung	00494	HK\$35.1	-HK\$0.3	-0.85%	

### Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @19/2/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
CITIC Bank	00998	HK\$5.21	-HK\$0.25	-4.58%	The Mainland banking counters closed lower as the People's Bank of China unexpectedly announced to raise reserve requirement ratio by 0.5 percentage point, the second time this year it took such a step to cool the fast-growing economy.
China Construction Bank	00939	HK\$5.77	-HK\$0.19	-3.19%	
Bank of Communications	03328	HK\$7.69	-HK\$0.24	-3.03%	

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

Stock	Stock Code	Closing Price @19/2/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Unicom	00762	HK\$8.53	-HK\$0.37	-4.16%	China Unicom, the country's second-biggest mobile-phone carrier, slid after it denied the news in relation to its acquisition of 75% in Nigerian Telecommunications at US\$2.5 billion.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Housing Starts – January 2010	+2.8%	Housing starts in January rebounded 2.8% after dipping 0.7% in December. By region, the January boost was led by a 10.0% rebound in the Northeast with gains also being seen in the West (+8.9%) and the South (+1.0%). Meanwhile, Midwest slipped 3.2%.
Industrial Production – January 2010	+0.9%	Industrial production in January advanced 0.9%, following a 0.7% jump in December. The January figure was marginally better than the market projection for a 0.8% gain.
Producer Price Index – January 2010	+1.4%	Higher energy costs pushed the overall PPI to jump 1.4% in January after rising 0.4% in December. The January surge came in much higher than the market forecast for a spike of 0.8%.
Leading Indicators – January 2010	+0.3%	The index of leading economic indicators pointed to a deceleration in growth, up 0.3% in January versus gains of just over 1% in the prior two months.
Initial jobless claims – week ended 13 <sup>th</sup> February 2010	+33,000	Initial jobless claims came in at a much higher-than-expected level of 473,000 versus expectations for 440,000.

**Forthcoming Important Announcements / Events**

22 <sup>nd</sup> February 2010 (Monday)	HK	:	Poly (Hong Kong) Investments (00119) – final results CVM Minerals (00705) – final results China Vanadium Titano-Magnetite Mining (00893) – final results 361 Degrees (01361) – interim results Parkson Retail Group (03368) – final results
	US	:	Campbell Soup – Q2 2010 results
23 <sup>rd</sup> February 2010 (Tuesday)	HK	:	Consumer Price Index – January 2010
	US	:	Consumer Confidence – February 2010 Home Depot – Q4 2009 results
24 <sup>th</sup> February 2010 (Wednesday)	HK	:	Great Eagle (00041) – final results ANTA Sports (02020) – final results GDP – 4Q09 and FY09
	US	:	New Homes Sales – January 2010
25 <sup>th</sup> February 2010 (Thursday)	HK	:	CLP Holdings (00002) – final results Sino Land (00083) – interim results New Media Group (00708) – interim results
	US	:	Initial jobless claims – the week ended 20 <sup>th</sup> February 2010 Durable Goods Orders – January 2010 Wynn Resorts – Q4 2009 results
26 <sup>th</sup> February 2010 (Friday)	HK	:	Dalian Port (02880) – final results
	US	:	GDP – 4Q09 Existing Home Sales – January 2010



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