



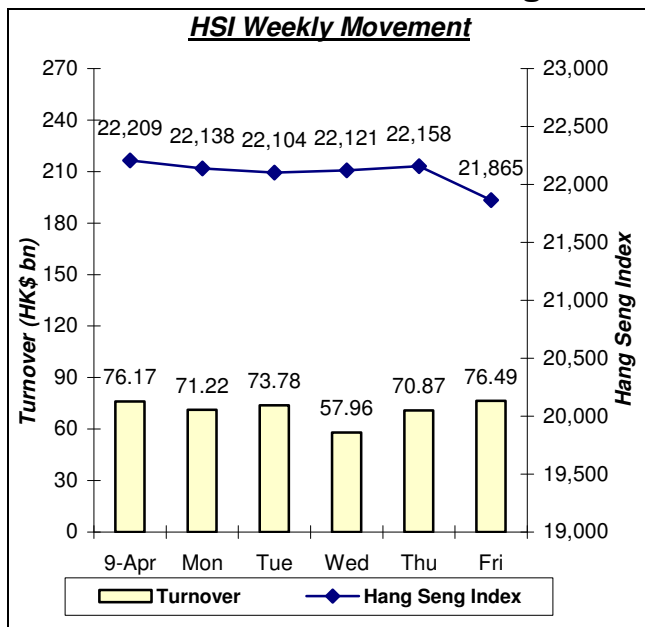
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Weekly Report

16th April 2010

HSI down on rising fear for rate hike in the Mainland



Weekly Market Statistics				
Week ended	16/4/2010	09/4/2010	Change	%
Hang Seng Index	21,865	22,209	-343	-1.5%
HS Red Chip Index	4,083	4,238	-155	-3.7%
HS China Enterprises Index	12,557	13,047	-489	-3.8%
HS Hong Kong 35 Index	2,262	2,293	-30	-1.3%
HS Mainland 100 Index	6,975	7,207	-232	-3.2%
Growth Enterprise Index	876	856	+19	+2.3%
Avg Daily Turnover (HK\$ bn)	70.1	78.5	-8	-10.7%
Sectoral Indices				
Finance	32,998	33,480	-481	-1.4%
Utilities	40,226	40,562	-336	-0.8%
Properties	28,043	28,881	-838	-2.9%
Comm & Ind	11,919	12,086	-167	-1.4%

Review & Outlook of Market Performance

Hong Kong equities mainly moved sideway before ending the week down on Friday's sell-off, as investors worried that the Chinese government would tighten monetary policies after a strong set of economic data released during the week. The Hang Seng Index fell 343 points or 1.55% w-o-w to 21,865.26, while the HSCEI tumbled 3.75% to 12,557.40. The daily average turnover amounted to HK\$70.1 billion, down from that of HK\$78.5 billion in the previous week.

The HK stock market was depressed by worries over imminent rate hike in the Mainland as well as profit taking on the recent market rally driven by RMB revaluation expectation. Figures from the National Bureau of Statistics showed that the Chinese economy grew at a strong 11.9% y-o-y in the first quarter, higher than an expected 11.5% rise and 10.7% in Q4 2009, while the March consumer price index surged 2.4%, below consensus forecast of 2.6%. A sell-off was triggered on Friday on worries that Beijing would hike interest rates soon in order to cool down the red-hot economy. Besides, the introduction of new measures to cool down speculation in the Mainland property market, like higher down-payment (revised from 40% to 50%) for the second home purchase, also dampened market sentiment. The PRC property developers were among the big losers during the week on new tightening measures and rate-hike fear, with China Resources Land down a sharp 10.97% and China Overseas Land down 10.40% w-o-w. The PRC banking plays were also under pressure, as investors worried that restrictive monetary policies would hurt their loan growth in 2010. Bank of China lost 7.53%, while ICBC ended down 4.13% over the week.

The blue-chip index is seen consolidating near 21,500 – 21,900 next week, as investors would stay cautious ahead of a possible rate hike in the Mainland. Nonetheless, any market consolidation may provide investors with a good entry point to ride on the solid Mainland economy and corporate earnings, before the release of Q1 results of major H-share companies starting from 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
16th April	11,144.57*	2,515.69*	11,102.18	3,007.19	1,332.77	736.16	8,111.57
9th April	10,997.35	2,454.05	11,204.34	2,971.97	1,333.98	789.66	8,092.03
Change	+147.22	+61.64	-102.16	+35.22	-1.21	-53.50	+19.54
%	+1.3%	+2.5%	-0.9%	+1.2%	-0.1%	-6.8%	+0.2%

Remarks: (*) closing as of 15th April 2010**Major Changes in Index Constituent Stocks (Week ended 16th April 2010)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @16/4/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas Land	00688	HK\$15.50	-HK\$1.80	-10.40%	The PRC property developers were among the losers during the week, after Beijing imposed stricter measures to cool down the red-hot domestic property market. Beijing ordered that buyers for the second home now have to make a 50% down-payment, up from 40%. Besides, banks have to charge a minimum 1.1 times of the benchmark lending rates for the second home purchase. Down-payment and mortgage rates will be even higher for the third purchase or so on.
China Resources Land	01109	HK\$15.26	-HK\$1.88	-10.97%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @16/4/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Communications Construction	01800	HK\$7.64	+HK\$0.22	+2.96%	China Communication Construction was the top gainer in the H-share index, after the integrated infrastructure builder reported decent 2009 results and laid out a solid business outlook guidance for 2010.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @16/4/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo	00992	HK\$5.70	+HK\$0.01	+0.18%	PC maker Lenovo bucked market weakness and ended higher for the week, after industry researcher said global PC shipments rose more than 24% y-o-y in the first quarter on robust commercial demand. Meanwhile, strong company guidance from Intel also helped lift Lenovo's share prices.



Summary of US Economic News

Indicator	Change/Index	Comments
Trade balance – February 2010	US\$39.7 billion deficit	The US recorded a trade deficit of US\$39.7 billion in Feb, higher than a deficit of US\$37.0 billion in Jan and consensus forecast of US\$38.5 billion. It was mainly driven by a 1.7% rise in imports, compared with a 0.2% increase in exports during the month.
Consumer price index – March 2010	+0.1%	CPI inched up 0.1% in Mar, in line with market expectation.
Retail sales – March 2010	+1.6%	Retail sales rose 1.6% in Mar, beating consensus forecast of 1.2% and marking the third monthly rise in a row.
Initial jobless claims – week ended 10 th Apr 2010	+24,000	Initial jobless claims surged 24,000 w-o-w to 484,000 last week, worse than consensus forecast of a drop to 440,000.
Industrial production – March 2010	+0.1%	Industrial output rose an unexciting 0.1% in Mar, much lower than market expectation of a 0.7% increase.

Forthcoming Important Announcements / Events

19 th April 2010 (Monday)	HK	:	Angang Steel (00347) – final results Datang International Power (00991) – final results China Minsheng Banking Corp (01988) – final results China Aoyuan Property (03883) – final results Greentown China (03900) – final results
	US	:	Index of leading economic indicators – March 2010 Citigroup Inc. – Q1 2010 results IBM – Q1 2010 results
20 th April 2010 (Tuesday)	HK	:	Unemployment – Jan-Mar 2010 China Zhongwang Holdings (01333) – final results
	US	:	Apple Inc. – Q2 FY2009/10 results Goldman Sachs – Q1 2010 results Johnson & Johnson – Q1 2010 results The Coca-Cola Company – Q1 2010 results Yahoo, Inc. – Q1 2010 results
21 st April 2010 (Wednesday)	HK	:	Shun Tak (00242) – final results China Shipping Container Lines (02866) – final results
	US	:	Morgan Stanley – Q1 2010 results Starbucks – Q2 FY2009/10 results Wells Fargo & Company – Q1 2010 results
22 nd April 2010 (Thursday)	HK	:	Consumer price index – March 2010 Guangshen Railway (00525) – final results Air China (00753) – final results China South Locomotive & Rolling Stock (01766) – final results China Coal Energy (01898) – final results China COSCO Holdings (01919) – final results
	US	:	Initial jobless claims – the week ended 17 th April 2010 Producer price index – March 2010 Existing home sales – March 2010 American Express Company – Q1 2010 results Microsoft – Q3 FY2009/10 results
23 rd April 2010 (Friday)	HK	:	Yanzhou Coal Mining (01171) – final results
	US	:	Durable goods orders – March 2010 New home sales – March 2010



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