

Latest Market Focus – Hong Kong Equity Market Update View on recent weakness

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#Hong Kong Equities #Value and Growth

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CIO Office and Investment Advisory

- **Multiple factors weighs on HK equities.** Rising US rate hike expectations have lifted US dollar recently. Meanwhile, price cuts across China AI models have pressured tech stocks
- **HSI's technical support is around 21,500.** Technical trend has weakened; 21,500 marks the 50% Fibonacci retracement of the uptrend since 2024
- **Supportive measures are gradually taking effect.** Consumer goods trade-in programmes continues to boost domestic demand. Strong exports and stabilising home prices in top cities may help underpin growth
- **Low valuations.** HSI's forward P/E is at relatively low level, while HSI earnings growth is expected to accelerate in 2027
- **AI hardware, mainland banks and HK property are in focus.** Market volatility may persist in 2H. China banks and selective HK property are defensive

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