

HK50 Market, fluctuation continues and positive trend is expected.

Affected by the sudden weakening of the RMB exchange rate and external disturbances, the overseas Chinese stock market has once again fluctuated and weakened this week after an unexpected significant rebound in the previous week. From a fundamental perspective, in the absence of further large-scale fiscal stimulus to drive PPI to become positive, the re-inflation trading led by the pro-cyclical sector in the market last week lacked fundamental support. Therefore, we remind the market that it may turn into volatility again after fully incorporating positive catalysts, which was also confirmed this week.



The significant inflow of northbound funds last week and the significant outperformance of the Hong Kong stock market were also due to investors' avoidance of uncertainty before major overseas central bank decisions and a balance between optimistic expectations of domestic policies. Now both the Bank of Japan and the Federal Reserve have expressed a clear "dovish" stance, dispelling market concerns, while domestic data shows that the economy is still relatively weak, so the balance between the two is beginning to show a marginal tilt.

High frequency data in March showed that the economy was relatively weak. In this environment, further policy support remains crucial. The fiscal expenditure (general public budget+government funds) from January to February this year increased by 116 billion yuan year-on-year, slowing down from 672 billion yuan in December last year. Therefore, we believe that the high-frequency data and fiscal expenditures released in the coming months will become key factors in evaluating the progress of fiscal policy.

Also China indices affects HK50 trend.



Looking ahead, we believe that the short-term market may continue to experience range fluctuations. Before the pace of fiscal expenditure accelerates and data improves, we continue to recommend the three main lines of the "dumbbell" strategy (high dividends, technological growth, partial overseas expansion, and upstream).