

China's Property Stocks May Rebound; July Futures Advance

Written by Bloomberg
Tuesday, 29 June 2010 10:33

June 29 (Bloomberg) -- China's property stocks, led by China Vanke Co., may rebound after a property consultant agency said Shanghai's new home sales increased last week. China's stock-index futures rose, signaling gains for equity benchmarks.

Futures on the CSI 300 Index expiring in July, the most active contract, added 0.1 percent to 2,742 as of 9:16 a.m. local time. TCL Corp., China's biggest publicly traded consumer-electronics maker, may rise after saying it will receive as much as 210 million yuan in subsidies from the Shenzhen government. PetroChina Co. and Jiangxi Copper Co. may decline among commodity producers as oil and copper prices dropped.

"Valuations of property stocks are attractive now and home sales have shown signs of sustaining a rebound," said Wei Wei, an analyst at West China Securities Co. in Shanghai. "Given the two factors, property stocks deserve to rise."

The Shanghai Composite Index, which tracks the bigger of China's stock exchanges, dropped 17.54, or 0.7 percent, to 2,535.28 yesterday. The CSI 300 Index fell 0.7 percent to 2,716.78. The Shanghai gauge has dropped 18 percent in the second quarter, adding to a 23 percent decline this year, on concern government measures to rein in housing prices and the European debt crisis will damp economic growth.

Shanghai's new home sales gained 65 percent in the week ended June 27 from the previous week to 107,000 square meters as some property developers cut prices to promote sales, consultant Shanghai UWin Real Estate Information Services Co. said in an e-mailed statement.

Range Bound

Chinese stocks will probably stay "range-bound" pending clarity on policies and the economy, Shen Minggao, head of China research at Citigroup Inc., said in a report obtained today.

China's exports face "strong headwinds" in the second half of the year from policy tightening measures and the European debt crisis, reducing prospects of a rebound in the stock market, Citigroup said.

"While low valuations are attractive in the near term, risks lurk in terms of earnings downgrades or policy reversal," Shen said. "Macro policies remain directionless."

Loan growth will slow to 18 percent by the end of the year from 21.5 percent in May, Shen said. This will be a drag on money supply growth and "weigh" on the stock market, he said.

Yunnan Yuntianhua Co. may rise after the company said it expects to report net income for the first half compared with a year earlier loss after sales and the prices for fiberglass increased during the period and production stabilized.

China's Property Stocks May Rebound; July Futures Advance

Written by Bloomberg

Tuesday, 29 June 2010 10:33
