

What's Hot Today:

► **Luk Fook (590 HK, HK\$19.94, HK\$11.7bn) missed profit but improvement likely in FY26**

Luk Fook, a leading jewelry company in Hong Kong and China, announced a profit warning for FY3/25, expecting its net profit to decline by about 40% YoY from HK\$1.8bn in FY24, missing the expectation of a 32% YoY drop. Excluding the one-off gains from the acquisition of 3DG Holdings recorded in the previous year, the earnings decline would be ~30% YoY, mainly due to the larger gold hedging losses driven by the hike in gold prices.

Improvement in SSS on track. From April to May 2025, the Group's SSS showed continuous improvement, as SSS in the Mainland market saw a double-digit growth, while the HK and Macau market remained flat. The retail sales of gold, silver and jewelry in China is showing signs of recovery. According to the National Bureau of Statistics, the total retail sales was up by 5% YoY in 5M25, while gold, silver and jewelry increased by 12% YoY. Notably, in April-May, the increase in gold, silver and jewelry accelerated to ~20% vs LSD in Jun- Feb.

Our view: The share price have corrected by over 9% in the past two days from a recent high. Looking ahead, the low-base effect is expected to mitigate the SSS decline. In addition, with ongoing expansion of fixed price jewelry products, which accounts for about 20% of total revenue, and improving Mainland market, Luk Fook's performance may improve in the near term. The counter is trading at 6.6x FY25 P/E with a consensus yield of 5.2%. (Ensley LIU)

China & HK Indices	CLOSE	1D	YTD
HSI	23,710	-1.1%	18.2%
HSCEI	8,594	-1.2%	17.9%
HSCCI	4,091	-0.9%	8.2%
CSI300	3,874	0.1%	-1.5%
Shanghai A	3,552	0.0%	-5.3%
Shanghai B	253	-1.0%	-5.3%
Shenzhen A	2,103	0.0%	2.8%
Shenzhen B	1,164	0.1%	-4.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	42,171	-0.1%	-0.9%
S&P 500	5,980	-0.0%	1.7%
Nasdaq	19,546	0.1%	1.2%
NIKKEI Index	38,579	-0.8%	-3.3%
FTSE Index	8,843	0.1%	8.2%
CAC Index	7,656	-0.4%	3.7%
DAX Index	23,317	-0.5%	17.1%

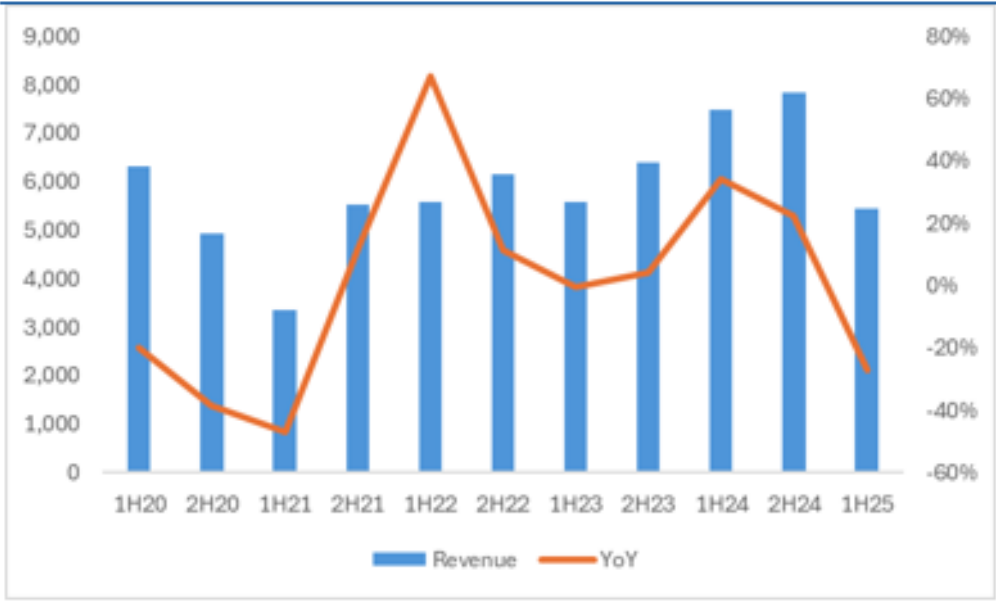
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,369	-0.6%	28.7%
STEEL (US\$/oz.)	1,951	-0.9%	9.3%
SILVER (US\$/oz.)	36	-1.0%	27.2%
CRUDE OIL (US\$/bbl)	75	0.4%	4.6%
COPPER (US\$/oz.)	9,655	-0.5%	10.1%
ALUMINIUM (US\$/oz.)	2,547	1.3%	-0.2%
PLATINUM (US\$/oz)	1,321	4.6%	47.4%
ZINC (US\$/oz.)	2,636	-0.8%	-11.5%
WHEAT (US\$/bu)	574	7.0%	4.1%
CORN (US\$/bu)	444	2.1%	0.1%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,068	0.7%	4.2%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	314	1.4%	3.0%
BDI			95.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.871	145.130	0.819	7.189
HKD	0.127		0.111	18.489	10.429	0.916
EUR	1.148	9.012		166.620	1.064	8.252
JPY	0.007	5.409	0.600		0.564	0.050
CHF	1.222	9.590	1.064	177.242		8.772
RMB	0.139	1.092	0.121	20.174	0.114	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	20	16.7%

Source: Bloomberg

Fig 3: Revenue of Luk Fook (HK\$'mn) and YoY



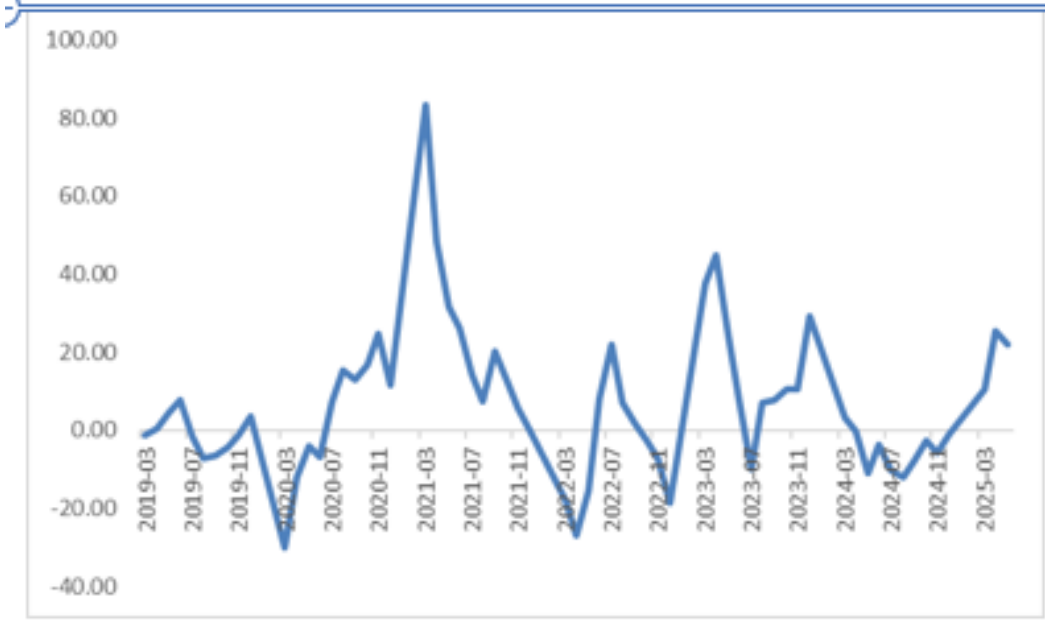
Source: Company Data, Sunwah Kingsway Research

Fig 4: Net profit of LukFook (HK\$ mn) and YoY



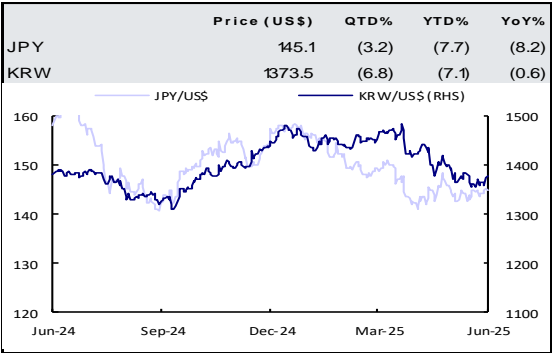
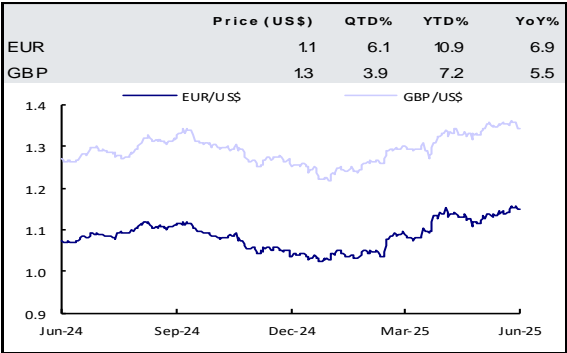
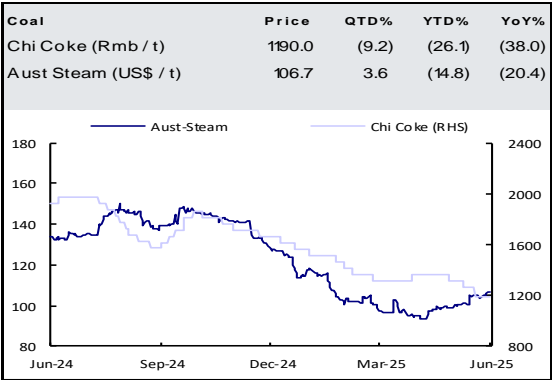
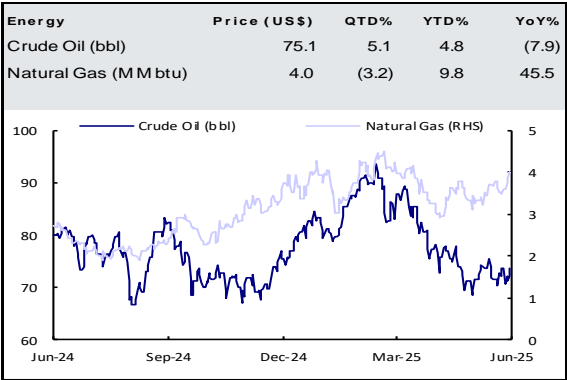
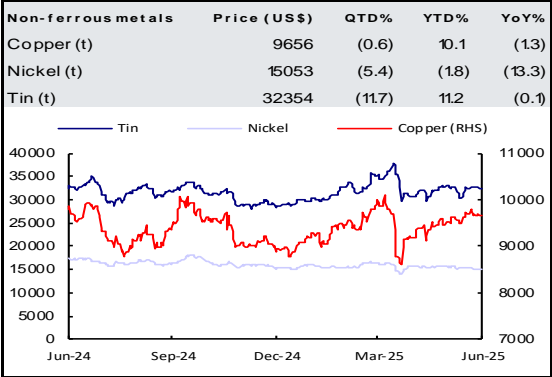
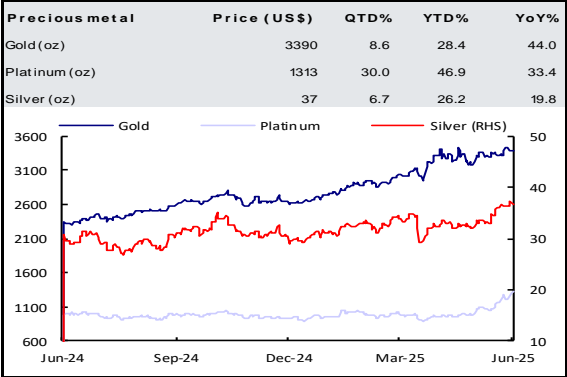
Source: Company Data, Sunwah Kingsway Research

Fig 5: YoY of retail sales of gold, silver and jewelry in China



Source: National Bureau of Statistics, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		18-Jun-25
Housing Starts / Building Permits	MoM		18-Jun-25
Existing Home Sales	MoM		23-Jun-25
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		20-Jun-25
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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