

## What's Hot Today:

### ► Chow Tai Fook Jewelry (1929 HK, HK\$12.81, HK\$109.7bn) – FY3/26 fixed-price gold fuels record net profit

**Fixed-price jewelry segment leads to robust performance.** Chow Tai Fook (CTF), a leading jewelry brand in China, reported FY3/26 revenue of HK\$94.4bn (+5.3% YoY), driven primarily by the fixed-price jewelry segment. This segment contributed 31.5% of total revenue and grew 15.7% YoY, outperforming the weight-based gold jewelry segment (64.2% of revenue, +3.0% YoY) and the watches segment (4.3% of revenue, -6.1% YoY). Operating profit grew more strongly to HK\$18.9bn (+27.8% YoY), while net profit surged 52.2% YoY to HK\$9.0bn, reaching an all-time high. The strong profit growth was driven by a favorable sales mix of the higher-margin fixed-price jewelry and rising gold prices (London gold price at end-FY3/26 was up 48% YoY). As a result, GPM expanded 280bps to a historic high of 32.3%. The company declared a final dividend of 45 HK cents to bring full-year dividend to 67 HK cents, representing a payout ratio of 73.4% and a dividend yield of ~6%.

**SSSG turns positive, supported by higher ASP.** Although both Mainland self-operated stores and HK & Macau recorded SSS volume decline (-17.8% YoY and -13.7% YoY respectively), SSSG (same-store sales growth) regained momentum, reaching +6.9% YoY in Mainland China and +16.8% YoY in HK & Macau. This recovery was driven by higher same-store ASP. In Mainland China (80.5% of total revenue), ASP for fixed-price gold jewelry rose to HK\$7,700 (+42.6% YoY), ASP for gem-set jewelry increased to HK\$8,600 (+10.3% YoY), and ASP for weight-based gold jewelry rose to HK\$10,000 (+37.0% YoY). SSSG recovered steadily in the first three quarters, but gold price volatility in the final quarter led to mixed store performance. The Mgt expects FY3/27 Mainland SSS to see a HSD growth and LSD growth for HK/Macau, with overall revenue growth of mid-to-high single digits.

**Brand transformation remains on track.** CTF actively optimized its retail network, and the efforts have paid off. The company closed a net 969 stores in Mainland China, while eight new flagship stores achieved productivity 8–10 times the average. New stores (less than two years old) generated an average monthly retail value of HK\$1.6mn (+57% YoY). E-commerce grew 23%, contributing 7.1% of retail value. Given the effectiveness of these performance improvements, the company has set a target of 50 flagship stores by FY3/30.

China & HK Indices	CLOSE	1D	YTD
HSI	24,718	1.9%	-3.6%
HSCEI	8,374	1.9%	-6.0%
HSCCI	4,315	1.3%	7.5%
CSI300	4,777	1.2%	3.2%
Shanghai A	4,228	1.1%	5.4%
Shanghai B	267	1.7%	5.4%
Shenzhen A	2,822	1.0%	6.6%
Shenzhen B	1,133	1.1%	-10.4%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	51,202	0.7%	6.5%
S&P 500	7,431	0.5%	8.6%
Nasdaq	25,888	0.3%	11.4%
Nikkei Index	69,127	4.7%	37.3%
FTSE Index	10,471	1.6%	5.4%
CAC Index	8,350	1.8%	2.5%
DAX Index	24,635	1.8%	0.6%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	4,219	0.2%	-0.5%
STEEL (US\$/oz.)	3,472	6.3%	36.5%
SILVER (US\$/oz.)	68	1.1%	-1.9%
CRUDE OIL (US\$/bbl)	84	-3.2%	40.9%
COPPER (US\$/oz.)	13,698	1.4%	10.3%
ALUMINIUM (US\$/oz.)	3,535	2.0%	18.0%
PLATINUM (US\$/oz.)	1,720	-0.0%	-14.2%
ZINC (US\$/oz.)	3,584	2.7%	15.0%
WHEAT (US\$/bu)	584	-0.4%	14.1%
CORN (US\$/bu)	440	0.2%	-5.1%
SUGAR (US\$/lb)	117	-5.4%	
SOYBEAN (US\$/bu)	1,132	-0.2%	6.2%
PVC (US\$/t)	4,711	0.3%	49.2%
CRB	368	-1.2%	3.0%
BDI		-1.5%	45.4%

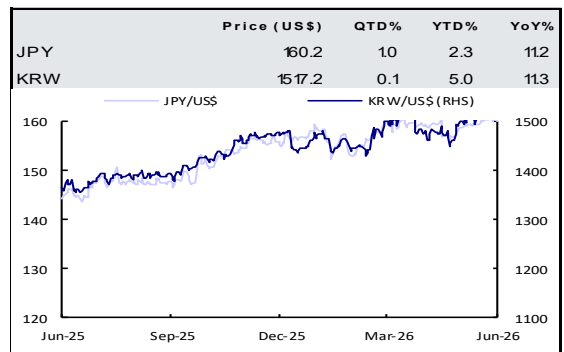
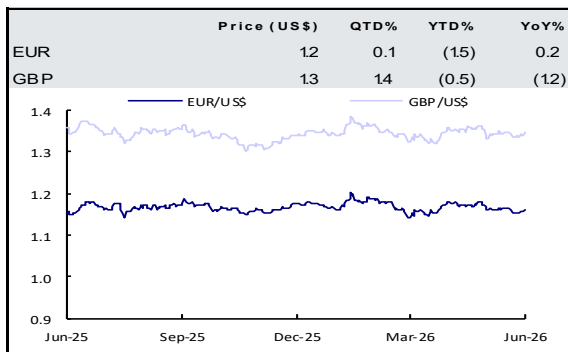
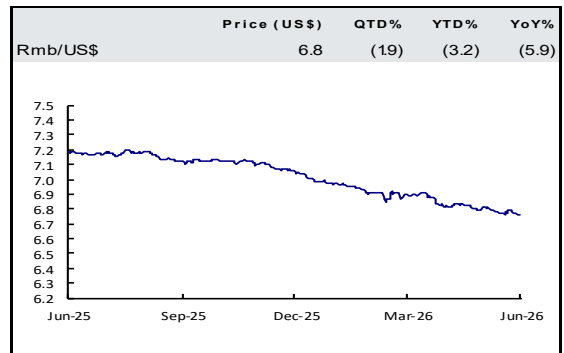
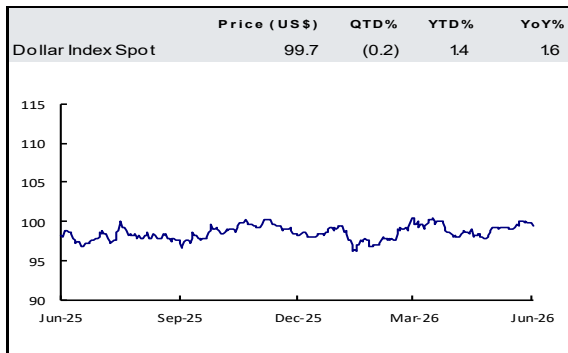
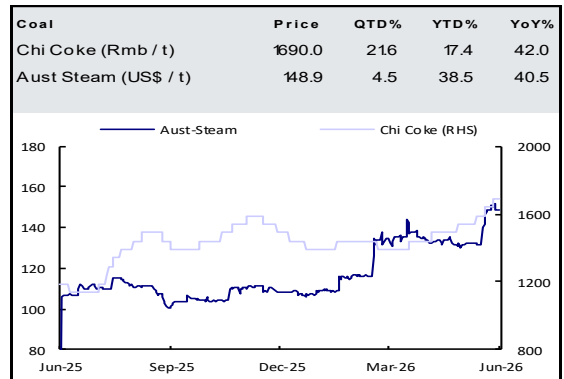
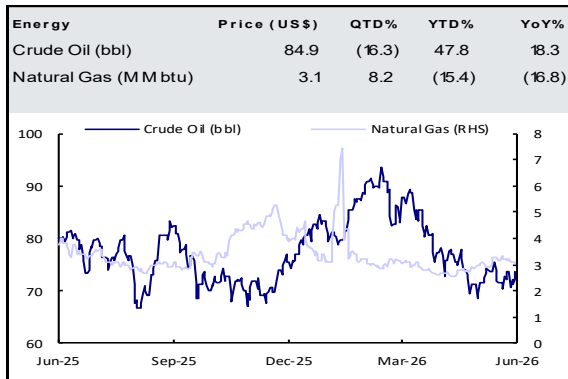
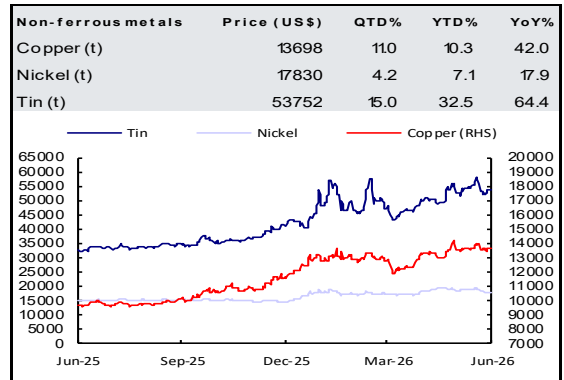
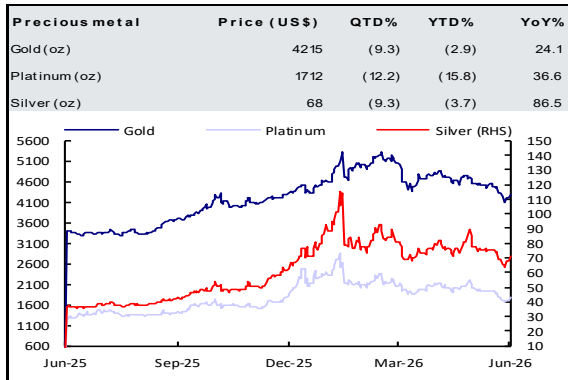
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.836	0.864	160.240	0.797	6.763
HKD	0.128		0.110	20.450	10.173	0.863
EUR	1.157	9.064		185.360	1.085	7.829
JPY	0.006	4.890	0.540		0.498	0.042
CHF	1.255	9.831	1.085	201.028		8.490
RMB	0.148	1.159	0.128	23.695	0.118	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece		N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	-17.8%

Source: Bloomberg

**Our view:** New drivers including stronger SSS from new stores, accelerated openings of newly designed stores, and a continued brand premiumization strategy, lead us to take a positive view on CTF's revenue and SSSG growth over the next 3–5 years, which should relieve retail network pressure. The continued shift toward fixed-price jewelry (targeting 45%–50% of retail value by FY3/30) is expected to further lift margins structurally. The key concern is the trend of gold price, which will directly affect customers' purchase sentiment. The counter currently trades at ~12.4x FY27 P/E. (Amelia Deng)

**Market Watch – Major Commodities and Currencies**



Source: Bloomberg

**US Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		16-Jun-26
PPI	MoM		15-Jul-26
Consumer Confidence	MoM		30-Jun-26
Initial Jobless Claims	WoW		18-Jun-26
GDP	QoQ		25-Jun-26
New home Sales	MoM		24-Jun-26
Wholesale Inventories	MoM		26-Jun-26
Factory Orders	MoM		2-Jul-26
Existing Home Sales	MoM		9-Jul-26
CPI	MoM		14-Jul-26
Industrial Production	MoM		15-Jun-26
Business Inventories	MoM		17-Jun-26
ISM Manufacturing PMI	MoM		1-Jul-26
Personal Income & Spending	MoM		25-Jun-26
Durable Goods Orders	MoM		25-Jun-26
Trade Balance	MoM		7-Jul-26
Employment Report	MoM		2-Jul-26
Retail Sales	MoM		17-Jun-26
Auto Sales	MoM		

**China Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		16-Jun-26
Industrial Production	MoM		16-Jun-26
PMI Manufacturing	MoM		30-Jun-26
Foreign Exchange Reserves	QoQ		7-Jul-26
Money Supply - M2	MoM		9-Jul-26
PPI	MoM		9-Jul-26
CPI	MoM		9-Jul-26
Trade Balance	MoM		14-Jul-26
GDP	YoY		15-Jul-26

**Hong Kong Economic Calendar**

Indicators	Freq	Obs Date	Expected Release Date
Unemployment Rate	MoM		16-Jun-26
CPI	MoM		23-Jun-26
Trade Balance	MoM		25-Jun-26
Money Supply - M2	MoM		30-Jun-26
Retail Sales	MoM		2-Jul-26
PMI	MoM		6-Jul-26
Foreign Currency Reserve	MoM		7-Jul-26
GDP	QoQ		31-Jul-26
Producer Prices Index	QoQ		14-Sep-26
Industrial Production	QoQ		14-Sep-26
Composite Interest Rate	MoM		

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