

China Stocks Fall as Better Data Dim Prospects of More Stimulus 2019-04-15 08:58:02.847 GMT

By Bloomberg News

(Bloomberg) -- Chinese stocks fell, with traders betting that additional stimulus is unlikely after last week's data showed the economy is improving. Sovereign bonds trimmed their declines.

The Shanghai Composite Index fell 0.3 percent at the close, erasing an earlier gain of as much as 2.1 percent. Utilities and information technology stocks were among the worst performers on the mainland. The Hang Seng China Enterprises Index lost 0.2 percent in Hong Kong after earlier reaching its highest level since June. The Hang Seng Index dropped 0.3 percent.

Investors took profits last week from the best-performing stocks in the world in 2019. After trading ended Friday, the People's Bank of China released credit data that suggested growth exceeded all estimates in March. Risk sentiment was boosted by signs the U.S. and China are nearing a trade deal after Treasury Secretary Steven Mnuchin said the U.S. is open to facing "repercussions" if it doesn't live up to its commitments. "The credit data lifted expectations on market liquidity and economic fundamentals," said Wang Jianhui, a Beijing-based analyst with Capital Securities Co. "It provided an excuse for investors who wanted to bottom fish stocks after last week's correction. But it's more likely a technical rebound as there hasn't been any substantial change in fundamentals." Read more about the increasing pressure on China's sovereign bonds

The decline in mainland shares came after some companies issued profit warnings. In Shenzhen, Jiangling Motors Corp. sank by the 10 percent daily limit after it predicted an 84 percent decline in first-quarter net income from a year earlier. Shandong Chenming Paper Holdings Ltd. slid 8.9 percent after saying its first-quarter profit may plunge 94 percent to 96 percent.

"While the macro numbers suggest a recovering trend, things are still looking weak in the micro segments including corporate profits," said Shen Zhangyang, a Shanghai-based strategist with Northeast Securities Co.

The yield on China's 10-year government bonds rose 2 basis points to 3.38 percent, after earlier reaching the highest level this year. The yield has climbed 10 basis points in the past two

sessions.

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