

Hong Kong Stocks Rise, Paring Weekly Drop; Banks, Airlines Rise

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July 18 (Bloomberg) -- Hong Kong [stocks](#) rose, paring this week's decline, after JPMorgan Chase & Co. reported earnings that exceeded analysts' estimates and crude oil prices tumbled yesterday.

Bank of East Asia Ltd. led gains among financial shares. Cathay Pacific Airways Ltd., Hong Kong's No. 1 airline, advanced after crude oil prices plunged 11 percent in the past three days.

"We are a bit close" to a bottom in the markets, said [Sean Darby](#), head of regional strategy of Nomura Holdings Inc.'s Asia research division. "A lot of the pain is now being absorbed in Asia. Oil prices have reversed sharply and the operating environment here will change dramatically."

Limiting gains, Merrill Lynch & Co. reported a \$4.65 billion quarterly loss after the close of U.S. markets.

The [Hang Seng Index](#) added 94.03, or 0.4 percent, to 21,828.75 at 11:44 a.m. Hong Kong time. The measure is poised for a 1.6 percent drop this week, the third in four weeks.

The [Hang Seng China Enterprises Index](#), which tracks the so-called H shares of Chinese companies, gained 0.2 percent to 12,081.40.

The Hang Seng Index has declined 22 percent this year on concern credit-market losses will slow global economic growth and Chinese government measures to control inflation will hurt corporate earnings.

Bank of East Asia rose 1.8 percent to HK\$36.70. The Hong Kong-based bank said in February it booked a \$140 million loss on \$700 million of collateralized debt obligations in the second half of 2007. HSBC Holdings Plc, Europe's biggest bank, climbed 1.2 percent to HK\$118.40.

JPMorgan's Earnings

JPMorgan, the largest U.S. bank by market value, reported yesterday second-quarter net income of 54 cents a share, higher than analyst estimates of 44 cents.

[Cathay Pacific](#) added 3 percent to HK\$15.12, extending its gains in the past three sessions to 9.6 percent. The company said on July 2 that earnings this year will be "disappointing" as the price of fuel trades near a record high.

Air China Ltd., the nation's largest international carrier, advanced 2.2 percent to HK\$4.27.

Crude oil futures dropped 4 percent to \$129.29 a barrel in New York yesterday, the lowest close since June 5. The contract was recently at \$130.13 in after-hours trading.

The price of jet fuel, a product of crude oil, dropped 2.8 percent yesterday.

[China Life Insurance Co.](#), the nation's biggest insurer, added 1.4 percent to HK\$28.45. CLSA Ltd. initiated coverage on the stock with a ``buy" recommendation, according to a research note today.

Source: Bloomberg