

Major Market Indicators

	2 Feb	1 Feb	31 Jan
Mkt. Turn.(mn)	103,200	94,900	98,800
Stock Advances	582	826	459
Stock Declines	990	698	1,072
HSI	15,534	15,566	15,485
Change	-33	+81	-218

HSI Technical Indicators

10-days MA	15,563
50-days MA	15,619
250-days MA	15,642
14-days RSI	41.51
Primary resistance	15,600
Primary support	15,200

HSCEI Technical Indicators

10-days MA	5,231
50-days MA	5,245
250-days MA	5,252
14-days RSI	42.00
Primary resistance	5,600
Primary support	5,200

Stock Pick

Tencent (700)

Target: \$400	Tencent achieved notable margin expansion, favored by the relatively new services such as Video Accounts and Mini Games which contributed high margin revenue streams. Meanwhile, the AI development of the Company is creating new growth opportunities and enriching its ecosystem.
Stop loss: \$258	

China Telecom (728)

Target: \$5	The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. China Telecom, as well as other SOEs, responded in affirmation. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future. We see this as a catalyst for China Telecom.
Stop loss: \$3.6	

China Mobile (941):

Target: \$74	With a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Having a moderate growth in capital expenditure, its net profit margin is expected to rise steadily.
Stop loss: \$61	

Market Overview

After the release of non-farm payrolls data that far exceeded market expectations, Federal Reserve Governor Michelle Bowman said she expected U.S. inflation continue to fall, but she also expressed concern about the upward pressure on prices brought about by rising wages, and warned against cutting interest rates too early. Bowman pointed out that lowering the policy rate too early could lead to the need for further interest rate hikes in the future, which would make it longer for inflation to fall back to 2%.

Hong Kong Stock Connect saw a net outflow of HK\$3.98 billion on Friday, of which WuXi AppTec (2359) had the largest inflow, reaching HK\$218 million; followed by WuXi Biologics (2269). Tencent Holdings (700) recorded the largest net outflow, at HK\$1.18 billion; followed by Tracker Fund (2800).

Daily Focus

China Mobile (941): a pick with high growth visibility and attractive dividends

- With a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Having a moderate growth in capital expenditure, its net profit margin is expected to rise steadily.
- The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. SOEs responded in affirmation. They vowed to actively carry out value management and value dissemination activities, and will adopt market capitalization management tools on a regular basis to safeguard company value and enhance shareholders' returns. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future.
- China Mobile is a pick with high growth visibility and attractive dividends.

China Mobile (941): Info	
Closed price	66.5
FY24 P/E (X)	9.04
FY24 Dividend yield (%)	7.86
52 week high	70.2
52 week low	56.0
14 RSI	56.8

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.17	50.47	86.22
Balance as % of Quota Amount	96.5	97.1	102.6

Top 10 Most Actively Traded Stocks(SH-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	554,649,880	1,250,690,820	1,805,340,700
WUXI BIO	2269	623,489,660	583,769,309	1,207,258,969
MEITUAN-W	3690	346,511,170	324,539,141	671,050,311
WUXI APPTec	2359	389,565,375	227,042,077	616,607,452
TRACKER FUND	2800	9,363,875	423,870,735	433,234,610
CNOOC	883	158,758,660	214,809,140	373,567,800
CHINA MOBILE	941	152,827,350	181,136,075	333,963,425
CCB	939	78,844,960	198,458,500	277,303,460
CHINA SHENHUA	1088	91,801,575	134,245,650	226,047,225
PING AN	2318	85,007,675	133,460,225	218,467,900

Sources: HKEx

Top 10 Most Actively Traded Stocks(SZ-HK Connect Southbound)

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	551,812,660	1,036,206,306	1,588,018,966
WUXI BIO	2269	431,749,225	278,417,008	710,166,233
TRACKER FUND	2800	889,305	661,046,355	661,935,660
HSCEI ETF	2828	96,000	495,448,756	495,544,756
WUXI APPTec	2359	227,511,195	172,008,364	399,519,559
CNOOC	883	186,268,200	187,235,520	373,503,720
MEITUAN-W	3690	151,873,440	167,598,344	319,471,784
CHINA MOBILE	941	173,281,000	110,367,675	283,648,675
LI AUTO-W	2015	73,559,720	203,522,210	277,081,930
CCB	939	43,387,520	211,689,700	255,077,220

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	2.87%	279.40	87.41
TRACKER FUND	2800	-0.51%	15.66	76.10
WUXI BIO	2269	-20.66%	16.78	43.61
HSCEI ETF	2828	-0.08%	52.82	31.95
BABA-SW	9988	-0.49%	70.70	24.65
MEITUAN-W	3690	-1.33%	63.25	22.92
WUXI APPTec	2359	-21.19%	43.70	21.66
AIA	1299	-2.29%	59.75	20.98
BYD COMPANY	1211	-1.43%	172.80	18.06
CCB	939	-0.22%	4.61	14.18

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.60B	7.61B	34.14%
TENCENT	00700.HK	1.31B	8.74B	14.94%
HSCEI ETF	02828.HK	1.17B	3.20B	36.76%
CSOP HS TECH	03033.HK	616.05M	1.05B	58.60%
BABA-SW	09988.HK	508.73M	2.47B	20.64%
MEITUAN-W	03690.HK	452.58M	2.29B	19.75%
XI2CSOPHSTECH	07552.HK	407.80M	853.66M	47.77%
BYD COMPANY	01211.HK	341.86M	1.81B	18.93%
WUXI BIO	02269.HK	317.28M	4.36B	7.28%
KUAISHOU-W	01024.HK	296.48M	821.18M	36.10%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Jan. ISM Services Index	52.1	50.5
		Caterpillar (CAT), McDonald (MCD) Results		
Tue	China	Jan. Caixin Services PMI	53.0	52.9
	US	Spotify (SPOT) Result		
Wed	US	Dec. Trade Balance	-\$62.3b	-\$63.2b
		PayPal (PYPL), Uber (UBER), Walt Disney (DIS) Results		
	Hong Kong	Yum China Holdings (9987), Alibaba (9988) Results		
Thu	US	Initial Jobless Claims (Till Feb 3)		224k
		Continuing Jobless Claims (Till Jan 27)		1,898k
	China	Kellogg (K) Result		
		Jan. PPI (YoY)	-2.6%	-2.7%
Fri	US	Jan. CPI (YoY)	-0.5%	-0.3%
		PepsiCo (PEP) Result		
	Hong Kong	HK Stock Connect Closed		
		Half Day Market (Lunar New Year's Eve)		

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