

Major Market Indicators

	6 Feb	5 Feb	2 Feb
Mkt. Turn.(mn)	128,000	94,700	103,200
Stock Advances	1,257	530	582
Stock Declines	421	1,062	990
HSI	16,167	15,510	15,534
Change	+627	24	-33

HSI Technical Indicators

10-days MA	16,114
50-days MA	15,719
250-days MA	15,725
14-days RSI	73.21
Primary resistance	16,200
Primary support	15,800

HSCEI Technical Indicators

10-days MA	5,461
50-days MA	5,303
250-days MA	5,286
14-days RSI	72.54
Primary resistance	5,600
Primary support	5,200

Stock Pick

Tencent (700)

Target: \$400	China's National Press and Publication Administration, on February 2, released information on the approval of imported online games for 2024, with a total of 32 games approved. The overall number and pace of game license issuance has increased, alleviate the market's earlier concerns about regulatory tightening.
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

U.S. Treasury Secretary Janet Yellen said that although losses in commercial real estate are concerning, U.S. regulators are working to ensure that the financial system's loan-loss reserves and liquidity levels are sufficient to cope. Yellen told lawmakers Tuesday in the first of two days of congressional testimony this week, that a number of factors "is going to put a lot of stress on the owners of these properties." She cited rising interest rates, rising vacancies due to shifts in work patterns caused by the pandemic, and a wave of commercial real estate loans coming due this year. She said in response to a question from Missouri Democrat Emanuel Cleaver. "I believe it's manageable, although there may be some institutions that are quite stressed by this problem."

Hong Kong Stock Connect had a net outflow of HK\$6.8bn on Tuesday, of which China Telecom (728) had the largest net inflow, reaching HK\$0.13bn; followed by Innovent Bio (1801). Tracker Fund (2800) recorded the largest net outflow at HK\$6.3bn, followed by HSCEI ETF (2828).

Daily Focus

PetroChina (857): Forecasted dividend yield at approx. 8% in 2024

- Geopolitical tensions remain a key issue in 2024. The Israel-Hamas war shows no signs of abating. The United States recently warned it could launch more attacks against the Houthis after they threatened to continue attacking ships in the Red Sea.
- Meanwhile, media reports said Ukraine carried out a drone attack on one of Russia's largest refineries, expected to cripple the country's oil product exports.
- The prospect of tighter supplies could go some way to helping offset ongoing concerns about a slowdown in oil demand this year, especially given the China's sluggish economic recovery and the lagged impact of high U.S. interest rates.
- At the same time, the oil sector can be benefited from the market value management of SOEs.
- 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 oil stocks to continue to increase their dividend payout ratios in the future.
- The group has a vertical business structure and has certain defensive capabilities when oil prices fluctuate. The company emphasizes the improvement of return on equity (ROE). In the first three quarters of 2023, net cash and free cash flow generated from operating activities increased by 8.8% and 7.2% respectively compared with the same period last year. The financial situation is healthy and good, and there are conditions for improvement in the future shareholder returns. Bloomberg predicts PetroChina to have a dividend yield of approx. 8% in 2024, showing the investment value of the stock.

PetroChina (857): Info	
Closed price	5.72
FY24 P/E (X)	5.95
FY24 Dividend yield (%)	8.07
52 week high	6.05
52 week low	4.02
14 RSI	64.9

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	44.78	44.31	88.27
Balance as % of Quota Amount	86.1	85.2	105.1

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TRACKER FUND	2800	48,162,625	2,977,890,620	3,026,053,245
TENCENT	700	740,777,220	1,031,081,120	1,771,858,340
MEITUAN-W	3690	336,275,425	593,282,497	929,557,922
HSCEI ETF	2828	1,819,104	532,541,916	534,361,020
WUXI BIO	2269	268,448,500	234,759,250	503,207,750
CNOOC	883	189,805,380	145,226,280	335,031,660
CHINA SHENHUA	1088	138,998,200	192,427,025	331,425,225
CHINA TELECOM	728	214,745,100	83,988,660	298,733,760
SMIC	981	160,077,370	132,181,550	292,258,920
CHINA MOBILE	941	122,740,100	137,503,302	260,243,402

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TRACKER FUND	2800	9,292,585	3,419,978,365	3,429,270,950
TENCENT	700	757,806,460	486,227,258	1,244,033,718
MEITUAN-W	3690	458,919,475	181,988,051	640,907,526
CHINA MOBILE	941	176,751,450	294,450,700	471,202,150
HSCEI ETF	2828	27,725,952	389,389,720	417,115,672
WUXI BIO	2269	137,566,660	210,465,396	348,032,056
CNOOC	883	140,715,880	177,382,760	318,098,640
CCB	939	77,523,040	177,503,900	255,026,940
INNOVENT BIO	1801	170,325,475	76,961,785	247,287,260
SMIC	981	134,261,070	98,014,641	232,275,711

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	4.16%	16.28	130.23
TENCENT	700	4.01%	290.80	83.08
BABA-SW	9988	7.57%	76.00	82.46
MEITUAN-W	3690	6.46%	69.25	39.45
HSCEI ETF	2828	5.08%	55.44	38.92
AIA	1299	3.40%	62.30	26.94
BYD COMPANY	1211	5.36%	180.90	24.57
CCB	939	3.25%	4.76	24.55
PING AN	2318	6.74%	34.05	21.33
WUXI BIO	2269	4.97%	18.16	16.57

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
HSCEI ETF	02828.HK	1.82B	3.89B	46.71%
TRACKER FUND	02800.HK	1.63B	13.02B	12.49%
BABA-SW	09988.HK	1.24B	8.25B	15.01%
TENCENT	00700.HK	996.79M	8.31B	12.00%
XI2CSOPHSTECH	07552.HK	934.66M	1.38B	67.71%
MEITUAN-W	03690.HK	527.90M	3.94B	13.38%
BYD COMPANY	01211.HK	449.79M	2.46B	18.31%
AIA	01299.HK	438.47M	2.69B	16.28%
NTES-S	09999.HK	337.82M	1.46B	23.15%
CSOP HS TECH	03033.HK	332.72M	1.38B	24.07%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Jan. ISM Servies Index	52.1	50.5
		Caterpillar (CAT), McDonald (MCD) Results		
	China	Jan. Caixin Servies PMI	53.0	52.9
Tue	US	Spotify (SPOT) Result		
	Hong Kong	SMIC (981) 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
		Kellogg (K) Result		
	China	Jan. PPI (YoY)	-2.6%	-2.7%
		Jan. CPI (YoY)	-0.5%	-0.3%
Fri	US	PepsiCo (PEP) Result		
	Hong Kong	HK Stock Connect Closed		
		Half Day Market (Lunar New Year's Eve)		

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