

Major Market Indicators

	8 Feb	7 Feb	6 Feb
Mkt. Turn.(mn)	77,700	103,600	128,000
Stock Advances	916	701	1,257
Stock Declines	614	822	421
HSI	15,878	16,082	16,167
Change	-204	-55	+627

HSI Technical Indicators

10-days MA	15,876
50-days MA	16,054
250-days MA	15,850
14-days RSI	40.73
Primary resistance	16,000
Primary support	15,600

HSCEI Technical Indicators

10-days MA	5,359
50-days MA	5,420
250-days MA	5,335
14-days RSI	41.72
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

The number of Americans filing initial claims for unemployment benefits fell by 9,000 to 218,000 in the week ended February 3, consistent with a series of recent data showing that the job market remains strong. Recent strength in the labor market could push up wages and inflation, clouding investor expectations for a sharp interest rate cut by the Federal Reserve this year. Richmond Fed president Tom Barkin acknowledged on Thursday that "robust" economic growth and a strong and tight job market have given the Fed time to delay the start of the "process of toggling rates down."

Hong Kong Stock Connect had a net outflow of HK\$4.59bn on Thursday, of which Meituan (3690) had the largest net inflow, reaching HK\$0.52bn; followed by China Mobile (941). ICBC (1398) recorded the largest net outflow at HK\$0.04bn, followed by Tencent (700).

Daily Focus

Trip.com (9961): outbound travel demand continues to grow

- Trip.com reported that the number of New Year's holiday travel bookings in Mainland China surged 168% year-on-year, while the number of outbound travel orders leapfrogged 388%. In terms of travel spending in high-end resort hotels and self-booked tours, the average per capita spending of tourists soared by varying degrees. As a recap of Trip.com's 3Q23 result, its quarter revenue was RMB13.75bn, up 99.4% yoy and 22.1% qoq. Adjusted net profit was RMB4.89bn, up 3.7 times yoy and 42.6% qoq. The third quarter spans the summer vacation period, which is the traditional peak tourism season, therefore recorded strong growth. Domestic tourism business continues to recover, with domestic hotel bookings increased by more than 70% compared to the pre-covid level for the same period in 2019. The outbound hotel and air reservations recovered to around 80% of the pre-COVID level for the same period in 2019, rising from the 60% in the previous quarter, and recorded a faster-than-peers recovery rate.
- As international flights gradually resume, Trip.com will continue to benefit from the industry recovery. Recent platform data shows that both domestic and foreign travel demand remains resilient. Trip.com's travel booking growth in the Asia-Pacific region is likely to be led by Singapore, Macau, Hong Kong and South Korea, as data shows the number of flights to these destinations is recovering faster than the overall average.

Trip.com (9961): Info	
Closed price	304.2
FY24 P/E (X)	16.65
FY24 Dividend yield (%)	14.31
52 week high	330.2
52 week low	240.6
14 RSI	60.97

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	507.79	504.57	783.78
Balance as % of Quota Amount	97.7	97.0	93.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	495,886,240	765,058,600	1,260,944,840
MEITUAN-W	3690	627,701,575	272,978,695	900,680,270
WUXI BIO	2269	304,424,860	111,053,390	415,478,250
CNOOC	883	290,823,440	70,740,380	361,563,820
PING AN	2318	288,455,575	39,815,275	328,270,850
CHINA MOBILE	941	209,143,875	82,438,200	291,582,075
SMIC	981	161,074,800	114,836,954	275,911,754
CHINA TELECOM	728	181,361,600	47,552,300	228,913,900
WUXI APPTec	2359	144,210,990	52,838,315	197,049,305
ICBC	1398	74,182,300	121,013,890	195,196,190

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	577,938,860	352,872,048	930,810,908
CHINA MOBILE	941	348,460,450	49,584,575	398,045,025
MEITUAN-W	3690	269,407,220	104,125,638	373,532,858
WUXI BIO	2269	174,617,350	165,253,650	339,871,000
XIAOMI-W	1810	151,121,956	51,886,432	203,008,388
LI AUTO-W	2015	142,383,220	59,578,790	201,962,010
CHINA TELECOM	728	149,770,100	45,412,720	195,182,820
SMIC	981	76,128,540	115,235,390	191,363,930
WUXI APPTec	2359	92,156,865	40,257,320	132,414,185
CNOOC	883	70,246,780	44,610,600	114,857,380

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
BABA-SW	9988	-6.14%	70.30	79.80
TENCENT	700	-1.71%	287.20	51.69
TRACKER FUND	2800	-1.24%	16.00	34.67
MEITUAN-W	3690	-0.15%	68.15	20.36
AIA	1299	-0.48%	62.90	15.32
PING AN	2318	-0.44%	33.80	12.46
WUXI BIO	2269	-7.61%	17.72	12.42
BYD COMPANY	1211	0.71%	184.10	12.42
CSOP HS TECH	3033	-0.58%	3.10	10.27
HSCEI ETF	2828	-1.06%	54.22	9884.16

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.46B	3.47B	42.20%
BABA-SW	09988.HK	1.29B	7.98B	16.20%
TENCENT	00700.HK	684.82M	5.17B	13.25%
HSCEI ETF	02828.HK	526.62M	988.42M	53.28%
CSOP HS TECH	03033.HK	399.03M	1.03B	38.85%
MEITUAN-W	03690.HK	361.84M	2.04B	17.77%
BYD COMPANY	01211.HK	313.36M	1.24B	25.24%
AIA	01299.HK	287.56M	1.53B	18.77%
XI2CSOPHSTECH	07552.HK	251.76M	661.80M	38.04%
PING AN	02318.HK	233.09M	1.25B	18.71%

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		
Tue	China	Jan. Caixin Servies 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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