

Major Market Indicators

	16 Feb	15 Feb	14 Feb
Mkt. Turn.(mn)	70,700	47,000	57,100
Stock Advances	1,288	717	712
Stock Declines	441	760	774
HSI	16,340	15,945	15,879
Change	+395	+65	+133

HSI Technical Indicators

10-days MA	16,349
50-days MA	16,064
250-days MA	15,816
14-days RSI	68.38
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,564
50-days MA	5,453
250-days MA	5,336
14-days RSI	67.81
Primary resistance	5,800
Primary support	5,400

Stock Pick

HSBC (5)

Target: \$67

Stop loss: \$57.8

HSBC will announce its quarter results tomorrow. The market consensus for profit before provision (PPOP) in 4Q23 is USD8.4bn, an increase of 2% yoy and a decrease of 8% qoq. Dividends and repurchases policy attract the most attention from the market. The market estimates dividend to be at USD0.83 per share for the full year, including a special dividend of USD0.2 from the sale of the Canadian business. Based on the current stock price of about HKD62, the dividend yield is approx. 10.5%. Even after deducting this special dividend, the dividend payout ratio is at around 43%, which is not far from the group's 50% target. HSBC is likely to continue its USD2bn share repurchase, which is expected to provide support to the stock price.

China Telecom (728)

Target: \$5

Stop loss: \$3.6

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.

China Mobile (941):

Target: \$74

Stop loss: \$61

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.

Market Overview

The performance of the US PPI index made the market worried that inflation may not cool down to the Federal Reserve's 2% target as quickly as earlier expected. After the data was released, U.S. Treasury bond yields also rose, with the 10-year Treasury bond yield rising 6 points to 4.293%. Currently, according to the Fed Watch tool, interest rates may only be cut by 1% this year, and the first interest rate cut this year may occur in June. The Hong Kong Stock Connect was closed last week for Chinese New Year holiday and the market will be reopen today.

Daily Focus

HSBC (5): likely to continue its share repurchase, providing support to the stock price

- HSBC will announce its quarter results tomorrow. The market consensus was that the net interest margin in the fourth quarter would be at 1.68%, down 2 bps quarter-on-quarter. The net interest margin for the full year of 2024 is expected to be at 1.62%, which mainly reflects the beginning of interest rate cuts in the second half of the year.
- In terms of operating costs, the market estimates that operating costs in the 4Q23 will be USD8.15bn, an increase of 2.7% yoy and an increase of 2.3% qoq. Operating costs are expected to be USD32.22bn in 2024, a yoy increase of 1.4%, and the cost to revenue is expected to be at 47.2%, at a similar level of 2023.
- The market expects that credit provisions will increase quarter-on-quarter in the 4Q23, which is mainly affected by the increase in commercial real estate provisions in China. However, the market expects that the company's full-year target of 40 basis points can be achieved.
- The market consensus for profit before provision (PPOP) in 4Q23 is USD8.4bn, an increase of 2% yoy and a decrease of 8% qoq. The market consensus is that the full-year PPOP in 2024 will be USD39.01bn, an increase of 3.4% yoy, which is higher than the 2.5% annual revenue growth.
- Dividends and repurchases policy attract the most attention from the market. The market estimates dividend to be at USD0.83 per share for the full year, including a special dividend of USD0.2 from the sale of the Canadian business. Based on the current stock price of about HKD62, the dividend yield is approx. 10.5%. Even after deducting this special dividend, the dividend payout ratio is at around 43%, which is not far from the group's 50% target. HSBC is likely to continue its USD2bn share repurchase, which is expected to provide support to the stock price.

HSBC (5): Info	
Closed price	61.95
FY24 P/E (X)	5.94
FY24 Dividend yield (%)	9.91
52 week high	66.70
52 week low	49.70
14 RSI	60.6

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	-	-	-
Balance as % of Quota Amount	-	-	-

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
Market Closed				

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
Market Closed				

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	2.61%	16.50	55.56
TENCENT	700	2.24%	291.80	49.49
BABA-SW	9988	2.38%	73.00	38.00
MEITUAN-W	3690	4.63%	74.65	22.92
AIA	1299	1.58%	64.30	16.18
BYD COMPANY	1211	3.88%	190.00	13.65
HKEX	388	1.94%	251.80	11.59
PING AN	2318	4.02%	34.90	11.54
XIAOMI-W	1810	5.50%	13.42	11.05
ANTA SPORTS	2020	6.23%	78.40	10.67

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.22B	5.56B	21.95%
ANTA SPORTS	02020.HK	444.68M	1.07B	41.69%
BABA-SW	09988.HK	421.76M	3.80B	11.10%
TENCENT	00700.HK	415.10M	4.95B	8.39%
MEITUAN-W	03690.HK	414.30M	2.29B	18.08%
BYD COMPANY	01211.HK	407.55M	1.37B	29.85%
XI2CSOPHSTECH	07552.HK	385.03M	684.56M	56.25%
FI2 CSOP HSI	07500.HK	296.59M	457.63M	64.81%
LI AUTO-W	02015.HK	291.09M	820.86M	35.46%
HKEX	00388.HK	283.09M	1.16B	24.42%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Presidents' Day)		
Tue	US	Jan. Leading Index	-0.3%	-0.1%
		Home Depot (HD), Walmart (WMT) Results		
	China	5-Year Loan Prime Rate	4.15%	4.20%
		1-Year Loan Prime Rate	3.43%	3.45%
Wed	US	NVIDIA (NVDA) Result		
	Hong Kong	HSBC (5), Hang Seng (11), Trip.com (9961) Results		
Thu	US	Initial Jobless Claims (Till Feb 17)		212k
		Continuing Jobless Claims (Till Feb 10)		1,895k
		FOMC Meeting Minutes (Jan 31) (Announce in early morning on Feb 23 in HKT)		
		Feb. S&P Global Manufacturing PMI	50.1	50.7
		Feb. S&P Global Services PMI	52.0	52.5
		Jan. Existing Home Sales	3.97m	3.78m
	Euro Zone	Feb. HCOB Manufacturing PMI	47.0	46.6
		Feb. HCOB Services PMI	48.7	48.4
		Jan. CPI (YoY)	2.8%	2.9%
		Jan. CPI (MoM)	-0.4%	-0.4%
	Hong Kong	Sino Land (83), Lenovo (992), HKT Trust & HKT (6823) Results		
Fri	Hong Kong	Standard Chartered (2888) Result		

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