

**Major Market Indicators**

	10 May	9 May	8 May
Mkt. Turn.(mn)	171,000	123,700	128,700
Stock Advances	1,161	1,165	578
Stock Declines	580	492	1,063
HSI	18,964	18,538	18,314
Change	+426	+224	-166

**HSI Technical Indicators**

10-days MA	18,272
50-days MA	16,980
250-days MA	17,663
14-days RSI	75.79
Primary resistance	19,200
Primary support	18,800

**HSCEI Technical Indicators**

10-days MA	6,465
50-days MA	5,952
250-days MA	6,055
14-days RSI	75.52
Primary resistance	6,800
Primary support	6,400

**Stock Pick**
**Meituan (3690)**
**Target: \$143**
**Stop loss: \$105**

The market expects 1Q24 revenue to increase by 18.7% yoy to RMB69.6bn, and adjusted net profit to increase by 9.3% yoy to RMB6bn. The market expects local core business revenue to be RMB50.74bn, an increase of 18.3% yoy, and operating profit is expected to be RMB8.44bn, an increase of 10.6% yoy. The market expects new business to increase by 15.8% yoy to RMB18.22bn, with an estimated operating loss of RMB3.23bn. Market will eye on management's guidance for 2Q24, the latest market demand of business segments, the competitive landscape, the impact of severe weather, the progress of loss reduction in new businesses, and its overseas expansion plans, etc.

**BOC (3988)**
**Target: \$4**
**Stop loss: \$3.3**

The group's fundamentals are superior to those of its peers. Net interest income in 2023 was Rmb466.5bn, a YoY increase of 1.58%. The group's net interest margin was 1.59%, a YoY decrease of 16bps, but the decline in interest margin was smaller than that of its peers; PPOP reached Rmb401.2bn, an annual increase of 3.7%; net profit was Rmb231.9bn, exceeding market expectations and higher than the same period last year. Growth of 2.4% was higher than the 1.8% average annual growth for large banks in 2023. Overall, Bank of China's fundamentals are better than those of its peers. In 2023, its revenue growth rank first among the six major state-owned banks. In addition, the dividend rate is 8%, which is attractive for long term investment.

**HKEX (388)**
**Target: \$290**
**Stop loss: \$225**

Recent initiatives announced by the China Securities Regulatory Commission, such as the expansion of eligible ETFs and the inclusion of Real Estate Investment Trusts in Stock Connect, the addition of RMB-denominated stocks in Southbound Stock Connect, as well as supporting leading Mainland companies to list in Hong Kong. Although these measures may not have a great impact in the short term, there maybe stimulating effect on the average daily trading volume when the market sentiment further improves.

**Market Overview**

The National Bureau of Statistics of China released CPI data for April, which rose 0.3% year-on-year, higher than market expectations of 0.1%: core CPI rose 0.1 percentage points from the previous value to 0.7% year-on-year. The prices of consumer goods such as clothing, daily necessities and services have seen relatively good growth. Only housing and transportation and communications have experienced a lower growth rate than core inflation, which is the main suppression item. In terms of social financing for April was announced to be a monthly decrease of approximately Rmb 200 billion, a decrease of Rmb 1.4 trillion year-on-year. Judging from the main issues, the government bonds net issuance has stagnated, with a decrease of nearly Rmb 100 bn, MoM, a year-on-year decrease of nearly Rmb 550 billion, which was the main drag. On the other hand, RMB loans issued to the real economy amounted to Rmb 330 billion, a decrease of Rmb112.5 billion year-on-year, which also reflects the insufficient market demand for loans. In terms of loan sources, the performance of residents was slightly weaker, while the performance of corporate loans was solid.

Hong Kong Stock Connect saw a net inflow of HK\$6.5 billion on Friday, of which Bank of China (3988) had the largest inflow, reaching HK\$900 million; followed by China Mobile (941). Kuaishou (1024) recorded the largest net outflow of HK\$460 million, followed by China National Offshore Oil Corporation (883).

## Daily Focus

### Meituan (3690): expects 1Q24 revenue to grow by 18.7%

- The market expects total revenue in the first quarter to increase by 18.7% yoy to RMB69.6bn, and adjusted net profit to increase by 9.3% yoy to RMB6bn.
- The market expects local core business revenue to be RMB50.74bn, an increase of 18.3% yoy, and operating profit is expected to be RMB8.44bn, an increase of 10.6% yoy. The market expects new business to increase by 15.8% yoy to RMB18.22bn, with an estimated operating loss of RMB3.23bn.
- Meituan stated that it will make strategic adjustments to new businesses this year, improve its business model, and aim to significantly reduce operating losses. It plans to increase product mark-up ratio, reduce subsidies, and focus on the long-term growth of natural retention rate.
- For the coming result announcement, the market will keep an eye on management's guidance for 2Q24, customer demand for core local services, competitive landscape, new business loss reduction progress, and its overseas expansion plans, etc.

Meituan (3690): Info	
Closed price	118.6
FY24 P/E (X)	21.33
FY24 Dividend yield (%)	0.00
52 week high	150
52 week low	61.1
14 RSI	63.73

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	52.83	55.11	73.75
<b>Balance as % of Quota Amount</b>	101.8	106.0	87.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,492,553,600	2,409,543,150	3,902,096,750
CCB	939	1,786,759,040	1,127,957,390	2,914,716,430
CHINA MOBILE	941	894,636,675	824,801,350	1,719,438,025
BANK OF CHINA	3988	1,393,498,540	68,628,780	1,462,127,320
TENCENT	700	773,357,900	572,616,630	1,345,974,530
SENSETIME-W	20	593,632,150	570,251,710	1,163,883,860
ICBC	1398	867,280,220	232,331,280	1,099,611,500
HKEX	388	397,622,480	433,857,520	831,480,000
ABC	1288	726,004,810	93,875,400	819,880,210
SUNAC	1918	410,989,090	393,350,030	804,339,120

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CCB	939	563,668,480	998,919,380	1,562,587,860
CNOOC	883	916,398,500	391,537,300	1,307,935,800
CHINA MOBILE	941	995,995,450	224,813,375	1,220,808,825
ICBC	1398	362,904,140	841,759,390	1,204,663,530
KUAISHOU-W	1024	324,835,820	784,754,660	1,109,590,480
TENCENT	700	655,415,020	398,703,645	1,054,118,665
MEITUAN-W	3690	378,634,120	354,569,496	733,203,616
BANK OF CHINA	3988	148,203,070	569,483,000	717,686,070
CHINA SHENHUA	1088	569,301,475	120,431,164	689,732,639
HKEX	388	432,205,880	241,361,148	673,567,028

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
CCB	939	6.82%	5.64	10.481
TRACKER FUND	2800	2.41%	19.12	8.592
HKEX	388	7.61%	285.80	6.013
TENCENT	700	0.32%	371.00	5.809
CHINA MOBILE	941	4.82%	74.00	4.606
CNOOC	883	2.91%	20.50	4.340
ICBC	1398	4.14%	4.53	3.891
BANK OF CHINA	3988	3.32%	3.74	3.864
BABA-SW	9988	1.50%	77.95	3.681
PING AN	2318	5.77%	41.25	3.522

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.86B	8.59B	21.67%
HSCEI ETF	02828.HK	792.58M	1.96B	40.52%
AIA	01299.HK	792.39M	3.35B	23.63%
CCB	00939.HK	757.07M	10.48B	7.22%
ICBC	01398.HK	748.94M	3.89B	19.25%
TENCENT	00700.HK	723.76M	5.81B	12.46%
BANK OF CHINA	03988.HK	714.22M	3.86B	18.48%
MEITUAN-W	03690.HK	645.11M	3.23B	19.96%
HKEX	00388.HK	592.51M	6.01B	9.86%
KUAISHOU-W	01024.HK	511.31M	2.60B	19.67%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior	
Tue	US	Apr. PPI (MoM)	0.3%	0.2%	
		Home Depot (HD) Result			
Wed	Hong Kong	Tencent (700), MINISO (9896), Alibaba (9988) Results			
	US	Apr. CPI (MoM)	0.4%	0.4%	
		Apr. CPI Ex Food and Energy (MoM)	0.3%	0.4%	
		Apr. CPI (YoY)	3.4%	3.5%	
		Apr. Retail Sales Advance (MoM)	0.4%	0.7%	
		Cisco (CSCO) Result			
	Euro Zone	1Q. GDP SA (YoY)		0.4%	
		Mar. Industrial Production WDA (YoY)		-6.4%	
	Thu	US	Market will close (The Birthday of the Buddha)		
			Initial Jobless Claims (Till May 11)		231k
Continuing Jobless Claims (Till May 4)				1,785k	
Apr. Building Permits			1,488k	1,467k	
Apr. Housing Starts			1,435k	1,321k	
Fri	US	Apr. Philadelphia Fed Business Outlook	8.0	15.5	
		Apr. Industrial Production (MoM)	0.2%	0.4%	
		Walmart (WMT) Result			
	Hong Kong	JD Logistics (2618), JD.com (9618), Baidu (9888) Results			
	Euro Zone	Apr. CPI (YoY) (Final)	2.4%	2.4%	
		China	Apr. Industrial Production (YoY)	5.5%	4.5%
			Apr. Fixed Assets Ex Rural YTD (YoY)	4.6%	4.5%
			Apr. Retail Sales (YoY)	3.9%	3.1%

**All the above named KGI analyst(s) is SFC licensed person accredited to KGI Asia Ltd to carry on the relevant regulated activities. Each of them and/or his/her associate(s) does not have any financial interest in the respectively covered stock, issuer and/or new listing applicant.**

**Disclaimer** Some of KGI Asia Ltd. equity research and earnings estimates are available electronically on [www.kgi.com.hk](http://www.kgi.com.hk). Please contact your KGI representative for information. The information and opinions in this report are those of KGI Asia Ltd. internal research activity. KGI Asia Ltd. does not make any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. The information and opinions contained in this report are subject to change without any notice. No person accepts any liability whatsoever for any loss however arising from any use of this report or its contents. This report is not to be construed as an invitation or offer to buy or sell securities and/or to participate in any investment activity. This report is being supplied solely for informational purposes and may not be reproduced or published (in whole or in part) for any purpose without the prior written consent of KGI Asia Ltd.. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers and employees may from time to time have a position in any securities mentioned herein.

