

**Major Market Indicators**

	17 May	16 May	14 May
Mkt. Turn.(mn)	179,300	204,900	143,100
Stock Advances	1,100	992	777
Stock Declines	661	764	929
HSI	19,554	19,377	19,074
Change	+177	+303	-41

**HSI Technical Indicators**

10-days MA	18,847
50-days MA	17,194
250-days MA	17,651
14-days RSI	79.82
Primary resistance	19,800
Primary support	19,400

**HSCEI Technical Indicators**

10-days MA	6,669
50-days MA	6,040
250-days MA	6,056
14-days RSI	79.30
Primary resistance	7,200
Primary support	6,800

**Stock Pick**
**Tencent (700)**
**Target: \$410**
**Stop loss: \$360**

Tencent's 1Q24 revenue and profit both beat expectations. Revenue amounted to RMB159.5bn, an increase of 6% yoy, higher than the expected RMB158.8bn. Non-IFRS net profit was RMB50.26bn, an increase of 54% yoy, higher than the expected RMB43bn. By segment, value-added services revenue was RMB78.6bn, higher than the expected RMB77.9bn. Advertising revenue was RMB26.5bn, higher than the RMB24.8bn. During the period, Video Accounts' total user time spent increased over 80% yoy. Two flagship domestic games, Honour of Kings and Peacekeeper Elite, registered yoy growth in gross receipts in March 2024, as its new monetisation cadence and enhanced content design started to yield results.

**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: \$310**
**Stop loss: \$260**

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**

In China, the performance of industrial added value, fixed asset investment and social retail sales were announced last Friday. However, only industrial added value was better than market expectations. The announced value in April was 6.7%, and the market expected 5.5%; fixed investment was worse than expected, the announced value in the first four months was 4.2%, and the market expected 4.6%. Social retail sales were also lower than expected. The announced value in April was 2.3%, and the market expected 3.7%. Among them, retail sales and catering revenue both declined from the previous value, reaching 2% and 4.4% respectively.

Hong Kong Stock Connect saw a net inflow of HK\$5.95 billion on Friday, of which Bank of China (3988) had the largest inflow, reaching HK\$1.17 billion; followed by Tencent Holdings (700). Meituan (3690) recorded the largest net outflow of HK\$770 million, followed by CNOOC (883).

## Daily Focus

### SPDR GOLD TRUST (2840): the rate cut of this year will continue to provide support for gold price

- Gold ETF was our key recommendation in our 2024 market outlook report, and currently our view on gold remains positive.
- The Federal Reserve kept interest rates at a target range of 5.25%-5.50%, a move widely expected by the market. At a press conference following the monetary policy statement, Fed Chairman Jerome Powell ruled out the prospect of resuming rate hikes.
- Subsequently, CPI rose less than expected in April, suggesting that inflation resumed its downward trend at the beginning of the second quarter, boosting financial market expectations for an interest rate cut in September. CPI rose 0.3% last month, following a 0.4% rise in March and February. On an annual basis, CPI rose by 3.4% after rising by 3.5% in March. Economists had previously predicted that the CPI would rise 0.4% mom and 3.4% yoy. Core CPI, which excludes volatile food and energy prices, rose 0.3% from March, while on an annual basis it fell to 3.6% from 3.8% in March.
- Traders see more chance that the U.S. central bank will start cutting rates in September, according to the CME FedWatch Tool.
- Since gold prices and interest rates are negatively correlated, the upside of gold remains.
- Looking forward, the geopolitical unrest, together with the rate cut sooner or later, will continue to provide support for gold price.
- Investors bullish on gold may consider allocating to gold ETFs such as SPDR Gold Shares.

SPDR GOLD TRUST (2840): Info	
Closed price	1721
FY24 P/E (X)	/
FY24 Dividend yield (%)	/
52 week high	1752
52 week low	1318
14 RSI	61.05

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## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	67.93	65.12	74.58
<b>Balance as % of Quota Amount</b>	17.4	13.1	88.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,492,929,780	1,150,892,966	2,643,822,746
CHINA VANKE	2202	983,447,910	958,436,606	1,941,884,516
CNOOC	883	838,889,140	737,355,440	1,576,244,580
SUNAC	1918	795,808,650	767,229,480	1,563,038,130
BANK OF CHINA	3988	1,338,710,310	167,809,346	1,506,519,656
MEITUAN-W	3690	288,276,990	958,522,443	1,246,799,433
CHINA MOBILE	941	455,270,400	500,553,550	955,823,950
PING AN	2318	568,969,150	366,311,650	935,280,800
CCB	939	502,720,600	368,863,800	871,584,400
PETROCHINA	857	695,558,600	109,160,040	804,718,640

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	1,374,192,180	851,443,125	2,225,635,305
CNOOC	883	677,324,760	1,037,804,543	1,715,129,303
MEITUAN-W	3690	455,165,000	554,531,905	1,009,696,905
CHINA VANKE	2202	505,496,957	441,104,810	946,601,767
SUNAC	1918	445,831,380	400,726,640	846,558,020
CCB	939	591,013,570	81,503,090	672,516,660
CHINA RES LAND	1109	531,625,900	137,861,275	669,487,175
CHINA MOBILE	941	374,359,800	228,521,018	602,880,818
KUAISHOU-W	1024	194,694,335	401,968,092	596,662,427
PETROCHINA	857	96,814,900	419,303,447	516,118,347

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	2,927,701,520	1,899,041,741	4,826,743,261
CCB	939	978,056,960	857,151,120	1,835,208,080
TRACKER FUND	2800	139,653,270	905,215,750	1,044,869,020
CNOOC	883	513,617,380	392,907,063	906,524,443
MEITUAN-W	3690	293,779,420	532,693,254	826,472,674
LI AUTO-W	2015	211,264,885	489,766,233	701,031,118
XIAOMI-W	1810	203,723,314	475,217,705	678,941,019
CHINA SHENHUA	1088	218,082,250	350,993,975	569,076,225
HSCEI ETF	2828	1,293,104	534,631,476	535,924,580
ICBC	1398	435,282,130	65,002,400	500,284,530

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	5.30B	9.06B	58.48%
PING AN	02318.HK	1.13B	5.23B	21.51%
TENCENT	00700.HK	1.07B	11.08B	9.65%
BABA-SW	09988.HK	1.05B	9.50B	11.08%
HKEX	00388.HK	573.84M	2.65B	21.63%
LONGFOR GROUP	00960.HK	570.46M	1.56B	36.65%
ICBC	01398.HK	547.17M	1.90B	28.74%
BIDU-SW	09888.HK	463.68M	1.88B	24.69%
XI2CSOPHSTECH	07552.HK	451.07M	972.20M	46.40%
MEITUAN-W	03690.HK	446.65M	3.99B	11.19%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	5-Year Loan Prime Rate	3.95%	3.95%
		1-Year Loan Prime Rate	3.45%	3.45%
Tue	Hong Kong	Li Auto (2015) Result		
	US	Macy's (M) Result		
	Euro Zone	Mar. Trade Balance SA		17.9b
Wed	Hong Kong	Tongcheng Travel (780), XPeng Inc (9868), Trip.com (9961) Results		
	US	Apr. Existing Home Sales	4.16m	4.19m
Thu	Hong Kong	Kuaishou Tech (1024) Result		
	US	Initial Jobless Claims (Till May 18)		222k
		Continuing Jobless Claims (Till May 11)		1,794k
		May. S&P Global Manufacturing PMI	50.2	50.0
		May. S&P Global Services PMI	51.6	51.3
		Apr. New Home Sales	680k	693k
		NVIDIA (NVDA) Result		
		Euro Zone	May. HCOB Manufacturing PMI	
Fri		May. HCOB Services PMI		53.3
	Hong Kong	Lenovo (992), Xiaomi Corp (1810), KE Holdings (2423), NetEase Inc (9999) Results		
	US	FOMC Meeting Minutes (May 1) (Announce in early morning on 24 May in HKT)		
		Apr. Durable Good Orders (Ex Transportation)	0.2%	0.0%
		May. University of Michigan Sentiment	67.4	67.4

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