



Major Market Indicators

	27 May	24 May	23 May
Mkt. Turn.(mn)	118,900	126,700	129,900
Stock Advances	1,003	513	406
Stock Declines	626	1,103	1,264
HSI	18,827	18,609	18,869
Change	+218	-260	-327

HSI Technical Indicators

10-days MA	19,148
50-days MA	17,514
250-days MA	17,634
14-days RSI	58.92
Primary resistance	19,000
Primary support	18,600

HSCEI Technical Indicators

10-days MA	6,791
50-days MA	6,173
250-days MA	6,057
14-days RSI	51.26
Primary resistance	6,800
Primary support	6,400

Stock Pick

China Res Power (836)

Target: \$25

Stop loss: \$20

In the first four months, the electricity consumption of the whole country increased by 9% yoy; in terms of industries, the electricity consumption of primary industry, secondary industry, tertiary industry and residents' usage increased by 10.1%, 7.5%, 13.5% and 10.8% respectively. As a leader in traditional thermal power, China Resources Power has at the same time strengthened its deployment of renewable energy in recent years. Total net generation of subsidiary power plants in Jan-April 2024 increased by 5.5% yoy to 65,362,078 MWh, among which, subsidiary wind farms increased by 8% yoy to 15,691,145 MWh, subsidiary photovoltaic plants increased by 191.4% yoy to 1,830,610 MWh.

BOC (3988)

Target: \$4.2

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 above 6%, 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

Olli Rehn, a member of the Governing Council of the European Central Bank and Governor of the Bank of Finland, stressed in a speech on Monday that inflation in the euro zone is falling in a "sustained way." "Thanks to this disinflationary process, inflation is converging to our 2% target in a sustained way, and the time is thus ripe in June to ease the monetary policy stance and start cutting rates," Rehn said in a speech published on the website of the Finnish central bank.

Hong Kong Stock Connect had a net inflow of HK\$4.42bn on Monday, of which China Mobile (941) had the largest net inflow, reaching HK\$0.77bn; followed by Xiaomi (1810). Wuxi Bio (2269) recorded the largest net outflow at HK\$0.21bn, followed by ICBC (1398).

Daily Focus

China Shenhua (1088): potentially stronger demand in summer time

- The 2023 Coal Industry Development Annual Report released earlier by the China Coal Industry Association pointed out that the coal market supply and demand will maintain a basic balance in 2024. The medium and long-term contract system effectively plays the "ballast" and "stability" function for the coal market. According to China Shenhua's 2023 financial report, the company's annual long-term contracts and monthly long-term contracts account for 57.5% and 24.4% respectively. At the same time, China Shenhua has an integrated business, and therefore its performance is more stable than its peers. China Shenhua achieved revenue of RMB87.647 billion in the first quarter, a slight increase of 0.7% yoy. Profit attributable to shareholders was RMB17.76bn, a decrease of 14.1%. The coal sector's net profit has declined in the first quarter of this year, but investors are now focusing on the industry's profit prospects for the rest of the year. With expectations of improving demand in the summer time, the sector may continue to have choppy rally in short-term.

China Shenhua (1088): Info	
Closed price	36.85
FY24 P/E (X)	11.54
FY24 Dividend yield (%)	6.51
52 week high	37.70
52 week low	21.45
14 RSI	69.7

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	57.26	54.62	76.66
Balance as % of Quota Amount	16.6	12.7	91.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,862,275,500	2,109,266,320	3,971,541,820
CNOOC	883	759,860,990	482,722,380	1,242,583,370
CCB	939	469,983,650	436,901,730	906,885,380
ICBC	1398	300,810,820	464,466,500	765,277,320
XIAOMI-W	1810	468,791,404	254,405,608	723,197,012
CHINA MOBILE	941	525,713,575	158,866,350	684,579,925
WUXI BIO	2269	377,253,930	275,442,640	652,696,570
BANK OF CHINA	3988	427,458,340	202,030,040	629,488,380
SMIC	981	252,024,130	321,595,750	573,619,880
ABC	1288	250,801,000	261,504,070	512,305,070

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	1,520,111,160	1,316,639,408	2,836,750,568
CNOOC	883	719,092,190	540,886,100	1,259,978,290
MEITUAN-W	3690	512,848,680	206,749,963	719,598,643
WUXI BIO	2269	179,038,900	497,937,080	676,975,980
CHINA MOBILE	941	464,784,275	61,524,300	526,308,575
XIAOMI-W	1810	372,242,916	121,551,171	493,794,087
SMIC	981	232,667,210	215,086,500	447,753,710
KUAISHOU-W	1024	156,111,235	233,581,485	389,692,720
AKESO	9926	176,423,900	159,366,600	335,790,500
PETROCHINA	857	221,855,240	98,293,180	320,148,420

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.11%	377.40	11.928
HSCEI ETF	2828	1.26%	67.74	6.077
TRACKER FUND	2800	1.12%	19.00	4.047
BABA-SW	9988	1.41%	79.25	3.082
CNOOC	883	4.23%	20.45	2.606
MEITUAN-W	3690	2.06%	118.70	2.510
CSOP HS TECH	3033	1.72%	3.79	2.429
CCB	939	0.34%	5.83	2.064
XIAOMI-W	1810	0.77%	18.44	2.029
ICBC	1398	0.00%	4.66	1.646

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
CSOP HS TECH	03033.HK	414.85M	1.77B	23.43%
TRACKER FUND	02800.HK	414.47M	2.58B	16.09%
XL2CSOPHSTECH	07226.HK	359.15M	603.17M	59.54%
TENCENT	00700.HK	330.54M	7.87B	4.20%
BANK OF CHINA	03988.HK	244.94M	747.55M	32.77%
KUAISHOU-W	01024.HK	215.03M	754.46M	28.50%
ICBC	01398.HK	212.93M	806.60M	26.40%
CCB	00939.HK	189.43M	1.12B	16.91%
BABA-SW	09988.HK	181.68M	1.49B	12.20%
MEITUAN-W	03690.HK	180.15M	1.15B	15.72%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Memorial Day)		Mon
	China	Apr. Industrial Prodit YTD (YoY)		3.45%
	Hong Kong	CSPC Pharm(1093) Result		
Tue	US	May. Conference Board Consumer Confidence	96.0	Tue
	Hong Kong	Alibaba Health (241) Result		17.9b
Wed	Hong Kong	(823) Result		Wed
Thu	US	Initial Jobless Claims (Till May 25)		Thu
		Continuing Jobless Claims (Till May 18)		
		1Q. GDP Annualized (QoQ) (Semi)	1.2%	222k
		Apr. Pending Home Sales (MoM)	0.3%	1,794k
		U.S. Federal Reserve Releases Beige Book		50.0
Fri	US	Apr. Personal Income	0.3%	Fri
		Apr. Personal Spending	0.3%	
		Apr. PCE Core Deflator (MoM)	0.3%	
		Apr. PCE Core Deflator (YoY)	2.8%	
		Costco (COST) Result		
	Euro Zone	May. CPI Core (YoY)	2.8%	
	China	May. Manufacturing PMI		
		May. Non-manufacturing PMI		693k

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