

Major Market Indicators

	28 May	27 May	24 May
Mkt. Turn.(mn)	97,800	118,900	126,700
Stock Advances	711	1,003	513
Stock Declines	926	626	1,103
HSI	18,821	18,827	18,609
Change	-6	+218	-260

HSI Technical Indicators

10-days MA	19,118
50-days MA	17,548
250-days MA	17,632
14-days RSI	44.02
Primary resistance	19,000
Primary support	18,600

HSCEI Technical Indicators

10-days MA	6,783
50-days MA	6,188
250-days MA	6,058
14-days RSI	36.77
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

"I don't think there's any rush to cut rates," Kashkari said.

On Tuesday, Minneapolis Federal Reserve President Neel Kashkari said he would like to see "many more months" of data showing that inflation has eased before cutting interest rates. He also said he would not rule out further interest rate hikes if price pressures rise again. At the same time, survey results released by the Conference Board on Tuesday showed that consumer confidence unexpectedly rose in May, showing that consumer confidence, the main force driving U.S. economic growth, is strong. Traders continue to price out expectations for a rate cut in September. CME Fedwatch tools show traders expect a 50.7% chance of the Fed keeping interest rates unchanged and a 43.6% chance of a 25 basis point rate cut.

Hong Kong Stock Connect had a net inflow of HK\$4.16bn on Tuesday, of which Tencent (700) had the largest net inflow, reaching HK\$0.58bn; followed by CNOOC (883). Tracker Fund (2800) recorded the largest net outflow at HK\$1.0bn, followed by ICBC (1398).

Daily Focus

PetroChina (857): Attractive dividend yield

- Oil price gains support in the current high level.
- Meanwhile, the oil sector of HK market can continue to be benefited from the market value management of SOEs. 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. SOEs responded in affirmation. They vowed to actively carry out value management and value dissemination activities, and will adopt market capitalization management tools on a regular basis to safeguard company value and enhance shareholders' returns. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese oil stocks to continue to increase their dividend payout ratios in the future.
- PetroChina has an attractive dividend yield, showing the investment value of the stock.

PetroChina (857): Info	
Closed price	8.11
FY24 P/E (X)	8.12
FY24 Dividend yield (%)	5.6
52 week high	8.21
52 week low	4.73
14 RSI	71.2

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	52.77	51.33	77.64
Balance as % of Quota Amount	16.4	12.2	92.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	973,452,580	561,070,981	1,534,523,561
CNOOC	883	448,169,250	350,339,450	798,508,700
CHINA MOBILE	941	290,939,300	382,647,800	673,587,100
TRACKER FUND	2800	13,346,565	624,178,340	637,524,905
XIAOMI-W	1810	318,338,348	182,680,984	501,019,332
ICBC	1398	160,155,320	339,495,330	499,650,650
ABC	1288	222,203,170	259,088,110	481,291,280
SMIC	981	236,280,830	239,160,220	475,441,050
CHINA SHENHUA	1088	376,169,050	96,282,025	472,451,075
CHINA VANKE	2202	195,237,960	218,579,975	413,817,935

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	570,607,440	395,386,840	965,994,280
CNOOC	883	599,353,100	125,592,600	724,945,700
MEITUAN-W	3690	284,922,550	154,613,608	439,536,158
TRACKER FUND	2800	334,645	416,639,570	416,974,215
SMIC	981	153,783,150	218,163,661	371,946,811
PETROCHINA	857	329,606,220	5,532,640	335,138,860
XIAOMI-W	1810	215,172,340	110,887,140	326,059,480
SINOPEC CORP	386	93,833,600	224,502,900	318,336,500
CHINA VANKE	2202	119,966,791	161,284,159	281,250,950
CHINA SHENHUA	1088	196,694,500	82,825,025	279,519,525

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	0.11%	19.02	6.939
TENCENT	700	0.74%	380.20	6.330
BABA-SW	9988	0.38%	79.55	2.567
HSCEI ETF	2828	-0.09%	67.68	2.281
MEITUAN-W	3690	0.25%	119.00	1.888
CNOOC	883	0.73%	20.60	1.716
XIAOMI-W	1810	-1.63%	18.14	1.492
CCB	939	0.17%	5.84	1.426
PETROCHINA	857	2.14%	8.11	1.400
CSOP HS TECH	3033	-0.37%	3.78	1.220

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.57B	6.94B	36.98%
HSCEI ETF	02828.HK	872.53M	2.28B	38.26%
TENCENT	00700.HK	838.40M	6.33B	13.25%
CSOP HS TECH	03033.HK	583.31M	1.22B	47.80%
CCB	00939.HK	396.45M	1.43B	27.81%
PETROCHINA	00857.HK	328.70M	1.40B	23.48%
XL2CSOPHSTECH	07226.HK	323.31M	870.60M	37.14%
BANK OF CHINA	03988.HK	309.69M	930.62M	33.28%
BABA-SW	09988.HK	293.84M	2.57B	11.45%
MEITUAN-W	03690.HK	293.15M	1.89B	15.53%

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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