

Major Market Indicators

	29 May	28 May	27 May
Mkt. Turn.(mn)	123,200	97,800	118,900
Stock Advances	503	711	1,003
Stock Declines	1,110	926	626
HSI	18,477	18,821	18,827
Change	-344	-6	+218

HSI Technical Indicators

10-days MA	19,059
50-days MA	17,576
250-days MA	17,627
14-days RSI	64.57
Primary resistance	18,600
Primary support	18,200

HSCEI Technical Indicators

10-days MA	6,765
50-days MA	6,200
250-days MA	6,057
14-days RSI	57.59
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

U.S. Treasury yields continued to climb after a series of lower-than-expected auction results that showed weak demand for government debt, including Wednesday's auction of \$44 billion in seven-year notes. The move higher in U.S. Treasury yields comes ahead of key inflation data this week. PCE price index data will be released this Friday, and the data may influence the Federal Reserve's decision on interest rates. Signs of sticky inflation have led several officials in recent days to suggest they want to see more evidence of cooling before starting to cut interest rates.

Hong Kong Stock Connect had a net inflow of HK\$6.77bn on Wednesday, of which ABC (1288) had the largest net inflow, reaching HK\$0.78bn; followed by CNOOC (883). Tracker Fund (2800) recorded the largest net outflow at HK\$0.50bn, followed by China Mobile (941).

Daily Focus

COSCO Shipping (1919): freight rates continue the uptrend

- A spokesperson for Yemen's Houthi forces recently announced that the Houthis launched a drone attack on a U.S. Navy destroyer deployed in the Red Sea. They also claimed to have attacked cargo ships sailing in the Indian Ocean and the Red Sea with missiles, stating that the Houthi forces will not cease attacks on American and British warships and certain maritime routes until Israel halts its military operations in the Gaza Strip.
- Currently, to avoid attacks by Houthi forces in the Red Sea, many shipping companies have rerouted a significant number of cargo ships and oil tankers around Africa via the Cape of Good Hope, leading to continuously increasing shipping costs. COSCO Shipping Holdings Co., Ltd. primarily engages in container and bulk cargo terminal operations through COSCO Shipping Ports. The terminal network spans China's five major coastal port clusters, the middle and lower reaches of the Yangtze River, as well as regions in Europe, the Mediterranean, the Middle East, Southeast Asia, South America, and Africa.
- On the investor relations platform, COSCO Shipping's Secretary of the Board stated that from January to mid-May this year, the China containerized freight index increased by an average of 22% year-on-year. He noted that since the beginning of this year, the global economy has been gradually recovering, with steady demand growth in the European and American markets. The demand for freight in the container market is showing an upward trend. Concurrently, due to the situation in the Red Sea, routes between Asia and Europe detouring via the Cape of Good Hope have reduced effective market capacity, resulting in a noticeable increase in spot market freight rates.
- To recap, COSCO Shipping's 1Q24 net profit of RMB 6.75 billion, there was a significant improvement compared to RMB 1.79 billion in 4Q23. Given the increase in spot freight rates, COSCO Shipping's short-term profitability has been boosted.

COSCO Shipping (1919): Info	
Closed price	13.68
FY24 P/E (X)	8.3
FY24 Dividend yield (%)	6.7
52 week high	13.88
52 week low	6.76
14 RSI	79.8

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	51.02	53.44	75.25
Balance as % of Quota Amount	17.2	13.0	89.6

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	689,425,500	811,242,420	1,500,667,920
ABC	1288	934,536,030	148,974,460	1,083,510,490
MEITUAN-W	3690	556,555,070	460,366,785	1,016,921,855
CCB	939	499,952,670	238,764,980	738,717,650
CNOOC	883	361,080,400	364,127,750	725,208,150
SENSETIME-W	20	386,140,650	327,328,430	713,469,080
CHINA MOBILE	941	180,360,975	470,875,325	651,236,300
AKESO	9926	326,078,450	287,147,430	613,225,880
XIAOMI-W	1810	266,736,640	262,322,440	529,059,080
ICBC	1398	394,699,640	58,304,360	453,004,000

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	762,668,560	328,247,860	1,090,916,420
CNOOC	883	601,975,050	159,470,778	761,445,828
TRACKER FUND	2800	25,587,795	528,873,900	554,461,695
XIAOMI-W	1810	296,894,340	226,688,832	523,583,172
MEITUAN-W	3690	314,827,290	195,623,765	510,451,055
AKESO	9926	277,239,450	179,218,650	456,458,100
BYD COMPANY	1211	238,455,400	111,459,500	349,914,900
SENSETIME-W	20	171,751,250	163,129,440	334,880,690
CHINA MOBILE	941	252,201,350	34,162,675	286,364,025
CHINA SHENHUA	1088	234,077,075	34,002,000	268,079,075

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-2.42%	371.00	10.233
TRACKER FUND	2800	-1.63%	18.71	7.195
BABA-SW	9988	-3.46%	76.80	5.202
MEITUAN-W	3690	-5.29%	112.70	4.735
CCB	939	-2.57%	5.69	3.406
HSCEI ETF	2828	-1.71%	66.52	3.340
BYD COMPANY	1211	5.32%	217.60	3.128
CNOOC	883	1.70%	20.95	1.886
ICBC	1398	-1.94%	4.55	1.825
AIA	1299	-0.10%	60.40	1.822

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	4.47B	7.20B	62.07%
TENCENT	00700.HK	1.08B	10.23B	10.57%
BYD COMPANY	01211.HK	768.02M	3.13B	24.55%
CCB	00939.HK	695.91M	3.41B	20.43%
ABC	01288.HK	590.74M	1.65B	35.86%
HSCEI ETF	02828.HK	536.50M	3.34B	16.06%
MEITUAN-W	03690.HK	513.90M	4.73B	10.85%
KUAISHOU-W	01024.HK	503.88M	1.66B	30.28%
XL2CSOPHSTECH	07226.HK	408.66M	788.92M	51.80%
ICBC	01398.HK	386.06M	1.82B	21.16%

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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