



### Major Market Indicators

	5 Jun	4 Jun	3 Jun
Mkt. Turn.(mn)	115,600	116,200	132,300
Stock Advances	583	947	904
Stock Declines	1,049	673	756
HSI	18,425	18,444	18,403
Change	-19	+41	+323

### HSI Technical Indicators

10-days MA	18,519
50-days MA	17,738
250-days MA	17,616
14-days RSI	58.98
Primary resistance	18,600
Primary support	18,200

### HSCEI Technical Indicators

10-days MA	6,572
50-days MA	6,267
250-days MA	6,059
14-days RSI	50.54
Primary resistance	6,800
Primary support	6,400

## Stock Pick

### Trip.com (9961)

**Target: \$480**

**Stop loss: \$394**

At the beginning of the year, a survey was conducted to gather data on when Chinese residents plan to travel this year. The results showed that the majority of residents chose the summer vacation as their preferred travel period. To recap, Trip.com's 1Q24 revenue and profit both beat expectations. Net revenue was RMB 11.9bn, a yoy increase of 29%. Adjusted EBITDA was RMB4bn, compared with RMB2.8bn in 1Q23, and compared with RMB2.9bn in 4Q23. Adjusted EBITDA margin was 33%, compared with 31% in 1Q23, and compared with 28% in 4Q23. As the summer vacation is approaching, tourism sector may outperform the market.

### 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

On the premise that the ADP data were lower than expected and lower than the previous value, it conformed to the recent cooling trend of the labor market and opened up space for the market to cut interest rates this year. According to FedWatch Tool data, markets are betting that the Federal Reserve will cut interest rates by about 50 basis points before the end of this year. As for the chance of a 25-bp rate cut in September, it has risen to 58% from 42.1% a week ago, reflecting that the market is gradually strengthening the expectations of the interest rate cut.

The net inflow of Southbound Trading on Wednesday was HK\$7.74 billion, of which Tencent (700) had the largest inflow, reaching HK\$1.1 billion; followed by China Mobile (941). PetroChina (857) recorded the largest net outflow of HK\$347 million; followed by Industrial and Commercial Bank of China (1398).

## Daily Focus

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

- Gold ETFs were our key recommendation at the end of last year, and we continue to maintain a positive outlook on gold. Previously, the Federal Reserve kept interest rates within the target range of 5.25%-5.50%, in line with market expectations.
- During the press conference, Fed Chairman Jerome Powell ruled out the possibility of resuming rate hikes. Subsequently, the core Personal Consumption Expenditures (Core PCE) price index, a key inflation indicator favored by the Fed, showed that its month-on-month increase slowed from 0.3% in March to 0.2% in April, marking the slowest pace this year. The Fed's stance was less hawkish than anticipated, and with the inflation data meeting expectations, the market now sees more than a 50% chance of a rate cut in September.
- Given the inverse relationship between interest rates and gold prices, gold can be accumulated gradually.
- According to the World gold council's report, the world's total gold demand of 1Q24 increased 3% yoy to 1,238t – the strongest first quarter since 2016. 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 Shares is an ETF that tracks LBMA Gold Prices. As a physically gold-backed ETF, the price changes in SPDR Gold Shares mirror the trend of gold prices. The advantages of the ETF also include liquidity and flexibility.

SPDR GOLD TRUST (2840): Info	
Closed price	1,686
FY24 P/E (X)	-
FY24 Dividend yield (%)	-
52 week high	1,770
52 week low	1,318
14 RSI	47.9

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	52.81	52.90	74.35
<b>Balance as % of Quota Amount</b>	17.6	13.6	88.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,384,702,480	773,766,300	2,158,468,780
CNOOC	883	993,765,900	822,785,550	1,816,551,450
CHINA MOBILE	941	849,622,900	369,186,635	1,218,809,535
ICBC	1398	535,768,270	645,713,610	1,181,481,880
CCB	939	490,780,940	558,015,420	1,048,796,360
BANK OF CHINA	3988	692,963,650	130,815,520	823,779,170
MEITUAN-W	3690	437,032,900	193,224,342	630,257,242
SMIC	981	313,188,860	236,648,950	549,837,810
CHINAHONGQIAO	1378	377,607,100	124,388,690	501,995,790
XIAOMI-W	1810	312,783,648	153,145,900	465,929,548

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CHINA MOBILE	941	952,393,400	495,750,881	1,448,144,281
TENCENT	700	978,338,340	453,184,060	1,431,522,400
CNOOC	883	364,970,050	576,799,850	941,769,900
MEITUAN-W	3690	225,594,860	349,650,487	575,245,347
PETROCHINA	857	62,424,940	409,881,980	472,306,920
YANKUANG ENERGY	1171	305,152,160	134,989,400	440,141,560
TRACKER FUND	2800	417,799,845	1,835,155	419,635,000
XIAOMI-W	1810	188,073,204	178,187,420	366,260,624
CHINA SHENHUA	1088	315,556,000	41,086,100	356,642,100
SMIC	981	183,523,500	137,823,800	321,347,300

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.90%	380.80	7.735
TRACKER FUND	2800	0.00%	18.66	7.496
HSCEI ETF	2828	-0.48%	66.34	3.818
CHINA MOBILE	941	-0.72%	75.70	3.306
MEITUAN-W	3690	-0.79%	112.60	3.248
BABA-SW	9988	0.72%	76.95	3.201
CCB	939	-0.18%	5.60	2.618
CNOOC	883	-1.70%	20.30	2.599
CSOP HS TECH	3033	0.21%	3.74	2.373
ICBC	1398	-0.45%	4.41	2.236

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.65B	7.50B	21.96%
TENCENT	00700.HK	1.58B	7.73B	20.49%
HSCEI ETF	02828.HK	1.19B	3.82B	31.05%
CCB	00939.HK	761.20M	2.62B	29.07%
ICBC	01398.HK	717.19M	2.24B	32.07%
BANK OF CHINA	03988.HK	595.58M	1.83B	32.49%
MEITUAN-W	03690.HK	563.89M	3.25B	17.36%
CSOP HS TECH	03033.HK	433.10M	2.37B	18.25%
CHINA MOBILE	00941.HK	427.42M	3.31B	12.93%
YANKUANG ENERGY	01171.HK	410.03M	937.40M	43.74%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	May. ISM Manufacturing	49.7	49.2
	China	May. Caixin Manufacturing PMI	51.6	51.4
Tue	US	Apr. JOLTS Job Openings	8,300k	8,488k
		Apr. Factory Orders	0.7%	0.8%
		Apr. Durable Goods Orders	0.7%	0.7%
Wed	US	May. ADP Employment Change	175k	192k
		May. ISM Services Index	51.0	49.4
Thu	China	May. Caixin Services PMI	52.6	52.5
	US	Initial Jobless Claims (Till Jun 1)		219k
		Continuing Jobless Claims (Till May 25)		1,791k
		Apr. Trade Balance	-\$69.8b	-\$69.4b
	Euro Zone	ECB Monetary Policy Meeting		
	Hong Kong	Meituan (3690), NIO Inc (9866) Results		
Fri	US	May. Change in Nonfarm Payrolls	180k	175k
		May. Unemployment Rate	3.9%	3.9%
		May. Average Hourly Earnings (MoM)	0.3%	0.2%
	Euro Zone	1Q. GDP SA (YoY) Final	0.4%	0.4%
China		May. Trade Balance		\$72.35b
		May. Exports (YoY)		1.5%
		May. Imports (YoY)		8.4%

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