

Major Market Indicators

	12 Jun	11 Jun	7 Jun
Mkt. Turn.(mn)	115,100	139,800	133,100
Stock Advances	600	496	842
Stock Declines	991	1,161	767
HSI	17,938	18,176	18,367
Change	-239	-191	-110

HSI Technical Indicators

10-days MA	18,302
50-days MA	17,868
250-days MA	17,609
14-days RSI	58.98
Primary resistance	18,200
Primary support	17,800

HSCEI Technical Indicators

10-days MA	6,492
50-days MA	6,319
250-days MA	6,062
14-days RSI	47.4
Primary resistance	6,600
Primary support	6,200

Stock Pick
China Coal (1898)
Target: \$10.8
Stop loss: \$8.6

China Coal has proposed a special dividend of RMB 0.113 per share. The market has reacted positively, as the company's dividend payout ratio has ranged between 20% to 35% since 2016. In comparison, its peer Shenhua had a 70% payout ratio last year. This proposed dividend by China Coal may indicate the possibility of increased dividends in the future. The State Council further study incorporating market value management into the performance evaluations of central enterprise leaders. State-owned enterprises have previously responded positively, stating that they will actively engage in value management and value delivery activities. They will regularly use market value management tools to maintain company value and enhance shareholder returns.

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

The Federal Reserve kept interest rates steady on Wednesday but now expects to cut rates only once this year as inflation is expected to be higher than previously expected. However, the Fed also said progress had been made on the inflation front, noting that "In recent months, there has been modest further progress toward the Committee's 2 percent inflation objective." Consumer prices rose by 3.3% in May, down slightly from 3.4% in April. The month-on-month data fell from 0.3% to 0.0%.

Hong Kong Stock Connect had a net inflow of HK6.87bn on Wednesday, of which BOC (3988) had the largest net inflow, reaching HK\$0.41bn; followed by CCB (939). China Hongqiao (1378) recorded the largest net outflow at HK\$0.06bn, followed by Wuxi Aptec (2359).

Daily Focus

China Coal (1898): market reacted positively to the special dividend

- China Coal has proposed a special dividend of RMB 0.113 per share. The market has reacted positively, as the company's dividend payout ratio has ranged between 20% to 35% since 2016. In comparison, its peer Shenhua had a 70% payout ratio last year. This proposed dividend by China Coal may indicate the possibility of increased dividends in the future.
- The State Council will further study incorporating market value management into the performance evaluations of central enterprise leaders. State-owned enterprises have previously responded positively, stating that they will actively engage in value management and value delivery activities. They will regularly use market value management tools to maintain company value and enhance shareholder returns.
- The consideration of incorporating market value management into the performance evaluation indicators of state-owned enterprises is expected to drive these enterprises to continually increase their dividend payout ratios.

China Coal (1898): Info	
Closed price	9.80
FY24 P/E (X)	6.36
FY24 Dividend yield (%)	4.65
52 week high	10.00
52 week low	5.31
14 RSI	61.47

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	56.04	53.39	74.99
Balance as % of Quota Amount	18.0	14.1	89.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,236,879,450	892,034,381	2,128,913,831
WUXI BIO	2269	766,963,450	751,275,028	1,518,238,478
CHINA MOBILE	941	414,208,600	750,881,175	1,165,089,775
TENCENT	700	433,745,300	654,651,240	1,088,396,540
CCB	939	583,241,080	246,114,059	829,355,139
SMIC	981	477,583,730	345,174,610	822,758,340
KINGKEY FIN INT	1468	291,432,980	250,797,950	542,230,930
COSCO SHIP HOLD	1919	273,391,990	216,652,900	490,044,890
WUXI APPTEC	2359	247,034,040	242,186,620	489,220,660
BANK OF CHINA	3988	438,658,020	26,000,640	464,658,660

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	517,514,800	521,657,176	1,039,171,976
CHINA MOBILE	941	608,130,850	201,637,175	809,768,025
TENCENT	700	594,254,240	209,776,500	804,030,740
WUXI BIO	2269	385,248,660	275,338,120	660,586,780
MEITUAN-W	3690	432,020,560	94,009,730	526,030,290
SMIC	981	242,116,680	190,326,671	432,443,351
XIAOMI-W	1810	215,193,284	118,636,892	333,830,176
CCB	939	152,479,470	145,427,520	297,906,990
CHINAHONGQIAO	1378	100,422,560	165,208,515	265,631,075
COSCO SHIP HOLD	1919	128,123,800	134,924,150	263,047,950

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.14%	18.29	7.779
TENCENT	700	-0.80%	370.80	5.568
MEITUAN-W	3690	-2.34%	112.60	3.795
CNOOC	883	2.35%	21.80	2.981
WUXI BIO	2269	14.21%	12.54	2.749
HSCEI ETF	2828	-1.25%	64.90	2.715
BABA-SW	9988	-0.91%	74.15	2.564
CCB	939	-0.90%	5.49	2.471
CSOP HS TECH	3033	-1.36%	3.64	2.334
BYD COMPANY	1211	-3.68%	220.00	2.256

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
CCB	00939.HK	414.34M	1.27B	32.73%
TRACKER FUND	02800.HK	375.74M	4.85B	7.75%
CSOP HS TECH	03033.HK	353.31M	1.43B	24.79%
MEITUAN-W	03690.HK	321.49M	2.04B	15.73%
TENCENT	00700.HK	313.50M	2.65B	11.83%
BANK OF CHINA	03988.HK	280.61M	612.14M	45.84%
CNOOC	00883.HK	280.50M	1.28B	21.95%
BYD COMPANY	01211.HK	252.78M	1.05B	24.04%
AIA	01299.HK	246.33M	1.12B	21.92%
ICBC	01398.HK	221.89M	597.44M	37.14%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior	
Mon	China	Market will close (Dragon Boat Festival)			
	Hong Kong	HK Stock Connect Closed			
Wed	US	Market will close (Dragon Boat Festival)			
		May. CPI (MoM)	0.1%	0.3%	
		May. CPI (YoY)	3.4%	3.4%	
		May. CPI Ex Food and Energy (MoM)	0.3%	0.3%	
	China	May. CPI Ex Food and Energy (YoY)	3.5%	3.6%	
		May. PPI (YoY)	-1.5%	-2.5%	
		May. CPI (YoY)	0.4%	0.3%	
Thu	US	FOMC Monetary Meeting (Announce in early morning on 13 Jun in HKT)			
		Initial Jobless Claims (Till Jun 8)		229k	
		Continuing Jobless Claims (Till Jun 1)		1,792k	
		May. PPI Ex Food and Energy (MoM)	0.3%	0.5%	
		May. PPI Ex Food and Energy (YoY)		2.4%	
		Broadcom (AVGO) Result			
		Euro Zone	Apr. Industrial Production SA (MoM)		0.6%
		Hong Kong	Chow Tai Fook (1929) Result		
Fri	US	Jun. University of Michigan Sentiment	73.0	69.1	
		Adobe (ADBE) Result			
	Japan	BOJ Monetary Policy Meeting			
Euro Zone	Apr. Trade Balance SA		17.3b		

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