

**Major Market Indicators**

|                | 24 Jun | 21 Jun  | 20 Jun  |
|----------------|--------|---------|---------|
| Mkt. Turn.(mn) | 96,500 | 129,100 | 103,600 |
| Stock Advances | 533    | 536     | 562     |
| Stock Declines | 1,099  | 1,049   | 1,047   |
| HSI            | 18,028 | 18,029  | 18,335  |
| Change         | -1     | -307    | -95     |

**HSI Technical Indicators**

|                    |        |
|--------------------|--------|
| 10-days MA         | 18,084 |
| 50-days MA         | 18,082 |
| 250-days MA        | 17,567 |
| 14-days RSI        | 45.78  |
| Primary resistance | 18,200 |
| Primary support    | 17,800 |

**HSCEI Technical Indicators**

|                    |       |
|--------------------|-------|
| 10-days MA         | 6,437 |
| 50-days MA         | 6,410 |
| 250-days MA        | 6,057 |
| 14-days RSI        | 47.88 |
| Primary resistance | 6,600 |
| Primary support    | 6,200 |

**Stock Pick**
**CGN Power (1816)**
**Target: \$3.6**
**Stop loss: \$3**

According to historical data, the annual social electricity consumption peak is basically consistent with the occurrence of high temperature weather, both occurring in July-August. As industrial production improves this year, electricity consumption may further increase in hot weather. Driven by these two factors, the growth of electricity consumption this year may accelerate. President Xi Jinping hosted a meeting of business and industry experts in Shandong at the end of last month to discuss issues related to deepening the reform of the mainland's power industry. There may be further news at the Third Plenary Session of the CPC Central Committee.

**China Mobile (941)**
**Target: \$82**
**Stop loss: \$67.5**

Earlier, the market reported that the Central Government may abolish the 20% dividend tax payable by mainland investors to buy Hong Kong stocks through the "Hong Kong Stock Connect" on July 1, and the relevant shares performed well, including China Mobile. We have repeatedly recommended the stock for its stable earnings growth, clear dividend policy and benefit from market cap management of state-owned enterprises. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future.

**China Power (2380)**
**Target: \$4.3**
**Stop loss: \$3.6**

Recently, President Xi held a symposium with enterprises, experts and scholars, and mentioned deepening the reform of the electric power system, which reflects the high-level attention attached to the reform. The market generally expects that the Third Plenary Session in July will bring more details to the reform of the electric power system. Investors can pay more attention to new energy concepts, including China Power. At the end of 2023, the Group's total combined installed capacity was 45,018.8 MW, of which the clean energy accounting for 75.39% of the total combined installed capacity.

**Market Overview**

This week the market is mainly focused on the PCE inflation data to be released on Friday. The data is the Fed's preferred measure of inflation. The data is expected to show inflation cooled slightly in May but remained well above the Fed's 2% annual target. At the same time, a Bloomberg survey showed that as many as 52% of respondents believed that S&P was overvalued. Additionally, 49% of respondents said they expect the next S&P 500 10% correction to start sometimes in 2024.

Hong Kong Stock Connect had a net inflow of HK\$2.11bn on Monday, of which CCB (939) had the largest net inflow, reaching HK\$0.51bn; followed by ICBC (1398). Tracker Fund (2800) recorded the largest net outflow at HK\$1.59bn, followed by Meituan (3690).

## Daily Focus

### China Power (2380): Third Plenary Session in July may have more positive news for the industry

- In recent years, some provinces with a high proportion of new energy have consumed new energy through a combination of "guaranteed consumption + market-based transactions". The steady growth in transaction volume will help promote the participation of new energy in the power market and benefit the industry. Recently, President Xi held a symposium with enterprises, experts and scholars, and mentioned deepening the reform of the electric power system, which reflects the high-level attention attached to the reform. The market generally expects that the Third Plenary Session in July this year will bring more details to the reform of the electric power system. Investors can pay more attention to new energy concepts, including China Power. At the end of 2023, the Group's total combined installed capacity was 45,018.8 MW, of which the combined installed capacity of clean energy was 33,938.8 MW, accounting for 75.39% of the total combined installed capacity.
- In May this year, China Power's consolidated total electricity sales was 11.4 million MWh, a year-on-year increase of 28.11%; in the first five months, the total electricity sales amounted to 52.4 million MWh, a year-on-year increase of 32.7%. Among which, hydropower, wind power, and photovoltaic power generation increases 85.2%, 52.6%, and 92.8% respectively. In addition, China Power can also benefit from the limited rise in coal prices. Looking back on 2023, the Group's thermal power segment successfully turned losses into profits, with profits recording a significant year-on-year increase of approximately RMB2.71 bn. Supported by a number of positive factors, the upside potential of power stocks remains.

| China Power (2380): Info |       |
|--------------------------|-------|
| Closed price             | 3.95  |
| FY24 P/E (X)             | 9.39  |
| FY24 Dividend yield (%)  | 5.17  |
| 52 week high             | 4.01  |
| 52 week low              | 2.67  |
| 14 RSI                   | 64.33 |

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

|                                     | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| <b>Balance (RMB bn)</b>             | 64.82      | 55.77      | 83.65               |
| <b>Balance as % of Quota Amount</b> | 20.3       | 14.8       | 99.6                |

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

| Stock Name   | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|--------------|------------|------------------|-------------------|----------------|
| CNOOC        | 883        | 668,365,900      | 625,331,309       | 1,293,697,209  |
| TENCENT      | 700        | 454,747,380      | 742,462,786       | 1,197,210,166  |
| TRACKER FUND | 2800       | 4,850,075        | 1,003,008,915     | 1,007,858,990  |
| ICBC         | 1398       | 625,491,450      | 265,009,280       | 890,500,730    |
| CCB          | 939        | 512,495,760      | 253,493,270       | 765,989,030    |
| SMIC         | 981        | 345,189,300      | 343,171,554       | 688,360,854    |
| CHINA MOBILE | 941        | 209,073,250      | 470,140,175       | 679,213,425    |
| MEITUAN-W    | 3690       | 152,886,400      | 411,220,116       | 564,106,516    |
| KUAISHOU-W   | 1024       | 119,402,325      | 272,233,658       | 391,635,983    |
| SINOPEC CORP | 386        | 273,759,740      | 87,106,440        | 360,866,180    |

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        | 437,891,400      | 679,574,900       | 1,117,466,300  |
| TENCENT      | 700        | 542,243,300      | 449,782,252       | 992,025,552    |
| ICBC         | 1398       | 479,102,340      | 414,834,020       | 893,936,360    |
| MEITUAN-W    | 3690       | 300,936,160      | 435,425,708       | 736,361,868    |
| TRACKER FUND | 2800       | 911,750          | 592,737,810       | 593,649,560    |
| CHINA MOBILE | 941        | 316,812,650      | 164,736,225       | 481,548,875    |
| SMIC         | 981        | 217,654,290      | 263,173,140       | 480,827,430    |
| CCB          | 939        | 367,359,670      | 111,002,200       | 478,361,870    |
| XIAOMI-W     | 1810       | 257,758,440      | 106,519,019       | 364,277,459    |
| KUAISHOU-W   | 1024       | 127,575,200      | 214,067,091       | 341,642,291    |

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

| Stock Name   | Code | Change | Closed Price | Turnover(Billion) |
|--------------|------|--------|--------------|-------------------|
| TRACKER FUND | 2800 | 0.00%  | 18.40        | 7.216             |
| TENCENT      | 700  | -0.26% | 380.40       | 4.877             |
| MEITUAN-W    | 3690 | -0.69% | 115.40       | 2.969             |
| ICBC         | 1398 | 0.89%  | 4.56         | 2.489             |
| BABA-SW      | 9988 | 0.07%  | 72.05        | 2.301             |
| CCB          | 939  | 1.23%  | 5.78         | 2.258             |
| CNOOC        | 883  | -0.88% | 22.55        | 2.225             |
| KUAISHOU-W   | 1024 | -4.05% | 47.35        | 1.783             |
| CSOP HS TECH | 3033 | -0.50% | 3.62         | 1.661             |
| HSCEI ETF    | 2828 | -0.03% | 65.88        | 1.617             |

## Ten Short Sell Stocks

| Stock Name    | Code     | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| ICBC          | 01398.HK | 788.83M           | 2.49B    | 31.69%           |
| TENCENT       | 00700.HK | 682.56M           | 4.88B    | 14.00%           |
| CCB           | 00939.HK | 531.33M           | 2.26B    | 23.53%           |
| TRACKER FUND  | 02800.HK | 497.92M           | 7.22B    | 6.90%            |
| XL2CSOPHSTECH | 07226.HK | 470.29M           | 770.73M  | 61.02%           |
| MEITUAN-W     | 03690.HK | 442.81M           | 2.97B    | 14.92%           |
| BANK OF CHINA | 03988.HK | 441.38M           | 1.02B    | 43.12%           |
| CSOP HS TECH  | 03033.HK | 355.46M           | 1.66B    | 21.41%           |
| CNOOC         | 00883.HK | 290.32M           | 2.22B    | 13.05%           |
| BYD COMPANY   | 01211.HK | 287.79M           | 1.11B    | 25.97%           |

Source: AA Stocks

## Economic Calendars

| Date | Country   | Event  | Survey | Prior  |
|------|-----------|--|--------|--------|
| Mon  | Hong Kong | China Gas Holdings (384), L'Occitane (973) Results |        |        |
| Tue  | US        | Jun. Conference Board Consumer Confidence          | 100.0  | 102.0  |
|      | Hong Kong | Want Want (151) Result                             |        |        |
| Wed  | US        | May. New Home Sales                                | 650k   | 634k   |
|      |           | FedEx (FDX) Result                                 |        |        |
| Thu  | US        | Initial Jobless Claims (Till Jun 22)               |        | 238k   |
|      |           | Continuing Jobless Claims (Till Jun 15)            |        | 1,828k |
|      |           | 1Q.GDP Annualized (QoQ) (Final)                    | 1.5%   | 1.3%   |
|      |           | May. Pending Home Sales (MoM)                      |        | -7.7%  |
|      |           | May Durable Goods Orders                           | 0.0%   | 0.6%   |
|      | China     | May. Industrial Profits YTD (YoY)                  |        | 4.3%   |
| Fri  | US        | May. Personal Income                               | 0.4%   | 0.3%   |
|      |           | May. Personal Spending                             | 0.3%   | 0.2%   |
|      |           | May. PCE Core Deflator (MoM)                       | 0.1%   | 0.2%   |
|      |           | May. PCE Core Deflator (YoY)                       | 2.6%   | 2.8%   |
|      |           | Jun. University of Michigan Sentiment (Final)      |        | 65.6   |
|      |           | Nike (NKE) Result                                  |        |        |
|      | Hong Kong | Geely Automobile (175) Result                      |        |        |

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