

Major Market Indicators

	25 Jun	24 Jun	21 Jun
Mkt. Turn.(mn)	93,700	96,500	129,100
Stock Advances	821	533	536
Stock Declines	787	1,099	1,049
HSI	18,073	18,028	18,029
Change	+45	-1	-307

HSI Technical Indicators

10-days MA	18,074
50-days MA	18,102
250-days MA	17,560
14-days RSI	46.20
Primary resistance	18,200
Primary support	17,800

HSCEI Technical Indicators

10-days MA	6,439
50-days MA	6,419
250-days MA	6,056
14-days RSI	38.43
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

Fed's Bowman warns there are upside risks to inflation. Fed Governor Bowman said she sees many upside risks to the inflation outlook and reiterated the need to keep borrowing costs high for some time. She said that given the risks and uncertainties in the economic outlook, she would remain cautious when considering future changes in policy stance. She does not expect any interest rate cuts this year. 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.

Hon Kong Stock Connect had a net inflow of HK0.32bn on Tuesday, of which CCB (939) had the largest net inflow, reaching HK\$0.38bn; followed by ICBC (1398). Tracker Fund (2800) recorded the largest net outflow at HK\$0.58bn, followed by CNOOC (883).

Daily Focus

Huaneng Power (902): increase in coal prices in the mainland is limited

- Market statistics show that high temperatures during the year generally occur from July to August. Many regions in the mainland previously have successively issued high temperature warnings. This summer may usher in another "heat" wave. Along with the hot weather, investors can pay attention to the performance of power sector. 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.
- The total electricity consumption of the whole society in China amounted to 775.1 billion kWh in May, up 7.2% YoY.
- To recap, Huaneng's 1Q24 net profit amount to RMB4.596bn, up 104% yoy, higher than market expectations. The strong performance is mainly due to the significant improvement in the coal fired business, benefiting from the decline in coal prices.
- The recent increase in coal prices in the mainland is limited, which is beneficial to the group's coal fired division. Positive factors remain, investors can continue to hold..

Huaneng Power (902): Info	
Closed price	5.77
FY24 P/E (X)	6.86
FY24 Dividend yield (%)	6.43
52 week high	5.83
52 week low	3.22
14 RSI	63.45

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	60.39	52.79	81.61
Balance as % of Quota Amount	20.4	15.0	97.2

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	344,653,750	821,787,020	1,166,440,770
TENCENT	700	541,195,620	438,799,940	979,995,560
ICBC	1398	510,591,320	131,611,180	642,202,500
SMIC	981	304,364,590	311,594,040	615,958,630
CHINA MOBILE	941	201,806,700	345,301,675	547,108,375
CCB	939	460,232,160	72,220,490	532,452,650
MEITUAN-W	3690	281,094,620	226,250,671	507,345,291
CHINA SHENHUA	1088	167,890,300	330,829,750	498,720,050
HUA HONG SEMI	1347	145,626,350	192,948,350	338,574,700
KINGKEY FIN INT	1468	143,915,620	150,037,120	293,952,740

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	306,478,740	365,312,444	671,791,184
TRACKER FUND	2800	2,981,510	585,271,100	588,252,610
MEITUAN-W	3690	288,191,980	171,894,056	460,086,036
CHINA MOBILE	941	269,713,000	157,831,475	427,544,475
SMIC	981	137,543,920	289,546,694	427,090,614
CNOOC	883	202,070,400	199,977,303	402,047,703
ICBC	1398	151,847,440	237,624,430	389,471,870
KUAISHOU-W	1024	96,640,225	179,049,108	275,689,333
BILIBILI-W	9626	84,829,990	190,231,662	275,061,652
XIAOMI-W	1810	133,104,956	134,790,352	267,895,308

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	0.42%	382.00	4.887
TRACKER FUND	2800	0.16%	18.43	4.629
MEITUAN-W	3690	1.21%	116.80	2.885
BYD COMPANY	1211	0.84%	239.60	2.492
HSCEI ETF	2828	0.21%	66.02	2.128
BABA-SW	9988	0.83%	72.65	1.993
CCB	939	0.35%	5.80	1.821
CNOOC	883	0.67%	22.70	1.766
AIA	1299	-0.81%	55.00	1.715
ICBC	1398	0.44%	4.58	1.704

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.27B	4.63B	27.43%
TENCENT	00700.HK	961.82M	4.89B	19.68%
CSOP HS TECH	03033.HK	745.55M	1.66B	44.91%
BYD COMPANY	01211.HK	562.75M	2.49B	22.58%
ICBC	01398.HK	539.34M	1.70B	31.66%
MEITUAN-W	03690.HK	513.27M	2.89B	17.79%
PING AN	02318.HK	406.58M	1.34B	30.28%
CCB	00939.HK	385.33M	1.82B	21.16%
BABA-SW	09988.HK	383.43M	1.99B	19.24%
XL2CSOPHSTECH	07226.HK	337.98M	616.30M	54.84%

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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