

Major Market Indicators

	3 Jul	2 Jul	28 Jun
Mkt. Turn.(mn)	113,600	118,400	98,900
Stock Advances	955	702	890
Stock Declines	617	910	709
HSI	17,979	17,769	17,718
Change	+209	+51	+2

HSI Technical Indicators

10-days MA	18,017
50-days MA	18,243
250-days MA	17,531
14-days RSI	46.78
Primary resistance	18,200
Primary support	17,800

HSCEI Technical Indicators

10-days MA	6,445
50-days MA	6,478
250-days MA	6,053
14-days RSI	50.33
Primary resistance	6,600
Primary support	6,200

Stock Pick
CCB (939)
Target: \$6.3
Stop loss: \$5.4

Data shows that the decline in PPoP of china banks has slowed down (-4.9% in the first quarter of 2024 vs. -5.3% in the second half of 2023). CCB's revenue in the 1Q24 was RMB195.28 billion, a yoy decrease of 2.8%. Net interest income was RMB149.73bn, a yoy decrease of 2%, which was better than expected. The net interest margin was 1.57%, which was 1.52% better than expected. CCB's non-performing loan ratio in the 1Q 24 was 1.36%, a decrease of 0.01ppts from the end of last year. The company's financial situation is stable and it will distribute interim dividends in the future. With a dividend yield of over 7%, the share is defensive.

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

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

Minutes of the meeting released on Wednesday showed that "participants affirmed that additional favorable data were required to give them greater confidence that inflation was moving sustainably toward 2 percent. " At the same time, before the non-farm payrolls report was released, the ADP employment report showed, private employment increased by 150k in June, lower than the revised 157k in May, consistent with the slowdown in the labor market momentum.

Hong Kong Stock Connect had a net inflow of HK\$3.6bn on Wednesday, of which CCB (939) had the largest net inflow, reaching HK\$0.83bn; followed by ICBC (1398). Tencent (700) recorded the largest net outflow at HK\$0.43bn, followed by Sensetime (20).

Daily Focus

H World (1179): tourism sector may outperform during summer time

- 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. Currently, the travel boom in the market shows no signs of cooling down, and it is expected that the demand may further increase during the summer time.
- As of March 31, 2024, H World's worldwide hotel network in operation totaled 9,817 hotels and 955,657 rooms, including 9,684 hotels from Legacy-Huazhu and 133 hotels from DH. H World's brands include Economy hotel brand HanTing Hotel, Midscale hotel brand JI Hotel, and upscale hotel brand Joya Hotel etc. In addition, H World also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in the pan-China region.
- Revenue increased 17.8% yoy to RMB5.3bn in the 1Q24, surpassing the revenue guidance previously announced of a 12% to 16% increase. Revenue from the Legacy-Huazhu segment in 1Q24 was RMB4.2bn, which increased 18.1% yoy, exceeding the revenue guidance previously announced of an 11% to 15% increase. Revenue from the Legacy-DH segment in 1Q24 was RMB1.0bn, which increased 16.6% yoy. Operating margin was 19.0% in 1Q24, compared with 14.8% in 1Q23 and 13.6% in 4Q22. The margin improvement was mainly due to higher revenue contribution from manachised and franchised business. This was in line with the Group's asset-light expansion strategy. Operating margin from the Legacy-Huazhu segment in 1Q24 was 26.6%, compared with 22.9% in the 1Q23 and 18.7% in the 4Q23.
- Adjusted EBITDA of the Group was RMB1.4bn in 1Q24, compared with RMB1.0bn in 1Q23 and RMB1.1bn in the previous quarter.
- During summer holiday, tourism sector may outperform the market.

H World (1179): Info	
Closed price	26.2
FY24 P/E (X)	17.65
FY24 Dividend yield (%)	1.82
52 week high	37.9
52 week low	23.2
14 RSI	39.6

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	46.08	42.98	77.95
Balance as % of Quota Amount	17.9	13.3	92.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	636,263,640	968,417,610	1,604,681,250
CCB	939	1,018,310,170	374,810,810	1,393,120,980
CNOOC	883	480,132,300	590,824,499	1,070,956,799
CHINA MOBILE	941	815,006,650	229,773,825	1,044,780,475
SENSETIME-W	20	515,684,440	519,465,840	1,035,150,280
ICBC	1398	596,006,580	195,504,290	791,510,870
CONCH VENTURE	586	390,751,720	249,168,180	639,919,900
MEITUAN-W	3690	128,341,110	310,502,245	438,843,355
CHINA UNICOM	762	187,791,540	231,659,660	419,451,200
SINOPEC CORP	386	278,048,580	96,898,220	374,946,800

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CCB	939	549,732,070	356,040,920	905,772,990
TENCENT	700	399,025,200	500,723,096	899,748,296
ICBC	1398	493,476,050	195,511,570	688,987,620
SENSETIME-W	20	268,860,360	363,392,240	632,252,600
CNOOC	883	458,780,400	150,556,150	609,336,550
CHINA MOBILE	941	309,128,650	296,873,350	606,002,000
MEITUAN-W	3690	378,239,750	159,285,093	537,524,843
CHINA UNICOM	762	378,817,920	147,806,760	526,624,680
SINOPEC CORP	386	233,791,980	28,712,220	262,504,200
PETROCHINA	857	239,509,220	16,343,760	255,852,980

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	2.76%	379.40	8.345
HSCEI ETF	2828	1.64%	65.64	6.822
CCB	939	-1.02%	5.80	3.979
MEITUAN-W	3690	4.37%	117.10	3.606
SENSETIME-W	20	17.39%	1.62	3.571
TRACKER FUND	2800	1.15%	18.40	3.102
BOSIDENG	3998	-15.93%	4.01	2.814
BABA-SW	9988	2.48%	72.20	2.801
AIA	1299	1.34%	53.15	2.511
CSOP HS TECH	3033	2.77%	3.57	2.494

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
CCB	00939.HK	537.90M	1.87B	28.78%
TRACKER FUND	02800.HK	501.16M	1.67B	29.99%
TENCENT	00700.HK	434.73M	3.42B	12.71%
CSOP HS TECH	03033.HK	401.41M	1.53B	26.20%
ICBC	01398.HK	324.91M	1.16B	27.96%
BABA-SW	09988.HK	238.35M	1.50B	15.89%
PETROCHINA	00857.HK	235.10M	686.16M	34.26%
MEITUAN-W	03690.HK	230.52M	1.81B	12.77%
CHINA MOBILE	00941.HK	199.54M	1.06B	18.78%
BRILLIANCE CHI	01114.HK	188.19M	673.19M	27.96%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Jun. S&P Global Manufacturing PMI (Final)	51.7	51.7
		Jun. ISM Manufacturing	49.2	48.7
	Euro Zone	Jun. HCOB Manufacturing PMI (Final)	45.6	45.6
	China	Jun. Caixin Manufacturing PMI	51.5	51.7
	Hong Kong	HK Stock Connect Closed		
		Market will close (HKSAR Establishment Day)		
Tue	US	May. JOLTs Job Openings		8,059k
	Euro Zone	Jun. CPI (YoY)	2.5%	2.6%
		Jun. CPI (MoM)	0.3%	0.2%
Wed	US	Initial Jobless Claims (Till Jun 29)		233k
		Continuing Jobless Claims (Till Jun 22)		1,839k
		Jun. ADP Employment Change	163k	152k
		May. Trade Balance	-\$72.2b	\$74.6b
		Jun. S&P Global Services PMI (Final)		55.1
	Euro Zone	Jun. HCOB Services PMI (Final)	52.6	52.6
	China	Jun. Caixin Services PMI		54.0
Thu	US	FOMC Meeting Minutes (Jun 12) (Announce in early morning on 4 Jul in HKT)		
		Market will close (Independence Day)		
Fri	US	Jun. Change in Nonfarm Payrolls	188k	272k
		Jun. Unemployment Rate	4.0%	4.0%
		Jun. Average Hourly Earnings (MoM)	0.3%	0.4%

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