

Major Market Indicators

| | 8 Jul | 5 Jul | 4 Jul |
|----------------|--------|--------|--------|
| Mkt. Turn.(mn) | 89,300 | 90,300 | 90,800 |
| Stock Advances | 436 | 599 | 681 |
| Stock Declines | 1,158 | 975 | 894 |
| HSI | 17,524 | 17,800 | 18,028 |
| Change | -276 | -229 | +50 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 17,873 |
| 50-days MA | 18,319 |
| 250-days MA | 17,515 |
| 14-days RSI | 44.42 |
| Primary resistance | 17,800 |
| Primary support | 17,400 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 6,401 |
| 50-days MA | 6,510 |
| 250-days MA | 6,052 |
| 14-days RSI | 40.79 |
| Primary resistance | 6,600 |
| Primary support | 6,200 |

Stock Pick
China Mobile (941)
Target: \$82
Stop loss: \$73

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. Management expects CAPEX to decline over the next 2-3 years, which should help free cash flow of the Group to remain strong.

Trip.com (9961)
Target: \$460
Stop loss: \$343

Trip.com's 1Q24 revenue and profit both exceeded expectations. Domestic hotel and air bookings grew by over 20% yoy; outbound hotel and air bookings increased by over 100% yoy; and total revenue from the company's global OTA platform, Trip.com, grew by approximately 80% yoy. Management remains confident in the travel momentum for the summer holiday and beyond, expecting significant growth in the outbound travel segment driven by the continued recovery of flight capacity and the resolution of visa backlogs.

SPDR Gold (2840)
Target: \$1800
Stop loss: \$-

U.S. non-farm payrolls increased by 206,000 in June. Although higher than market expectations, it was lower than the previous value. At the same time, non-farm employment data for May has revived downward sharply to 218,000 from the previously reported 272,000. The unemployment rate rose to 4.1% compared with market expectations and the previous value. The overall employment shows a cooling signal, increasing the possibility that the Federal Reserve will start cutting interest rates in the coming months.

Market Overview

Powell will testify before Congress on Tuesday and Wednesday, and much of his testimony is expected to focus on monetary policy. Powell signaled last week that while the Fed has made some progress in lowering inflation, policymakers are still not confident enough to begin cutting interest rates. Meanwhile, last week's weaker-than-expected employment data raised hopes that the job market is cooling, giving the Federal Reserve more incentive to start cutting interest rates. But inflation remains a key consideration for the central bank to cut interest rates.

Hong Kong Stock Connect had a net inflow of HK2.17bn on Monday, of which China Mobile (941) had the largest net inflow, reaching HK\$0.20bn; followed by CCB (939).HSBC (5) recorded the largest net outflow at HK\$0.22bn, followed by HKEX (388).

Daily Focus

SPDR Gold (2840): Benefit from the increase likelihood of Fed rate cut

- U.S. non-farm payrolls increased by 206,000 in June. Although higher than market expectations, it was lower than the previous value. At the same time, non-farm employment data for May has revived downward sharply to 218,000 from the previously reported 272,000. The unemployment rate rose to 4.1% compared with market expectations and the previous value. In terms of wage growth, it increased by 3.9% year-on-year and 0.3% month-on-month, both in line with market expectations and slightly lower than the previous value. The overall employment shows a cooling signal, increasing the possibility that the Federal Reserve will start cutting interest rates in the coming months.
- Gold does not provide income, so the risk-free rate becomes the opportunity cost of holding gold. The price of gold is negatively correlated with real interest rates; historically, when interest rates rise, gold prices fall. The Eurozone has already started cutting rates, and we expect the US to follow suit this year. Falling Treasury yields is likely to support gold prices. Additionally, ongoing global risk events and concerns about the US fiscal situation may enhance gold's role as a safe haven. Moreover, central banks worldwide increasing their gold reserves further boosts demand.
- 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 (2840): Info | |
|-------------------------|-------|
| Closed price | 1719 |
| FY24 P/E (X) | - |
| FY24 Dividend yield (%) | - |
| 52 week high | 1770 |
| 52 week low | 1318 |
| 14 RSI | 60.48 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 56.75 | 49.26 | 79.80 |
| Balance as % of Quota Amount | 21.0 | 15.8 | 95.0 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|-----------------|------------|------------------|-------------------|----------------|
| TENCENT | 700 | 414,055,580 | 444,141,180 | 858,196,760 |
| CNOOC | 883 | 283,462,650 | 487,532,650 | 770,995,300 |
| CHINA MOBILE | 941 | 283,965,950 | 294,422,313 | 578,388,263 |
| ICBC | 1398 | 274,214,470 | 262,769,960 | 536,984,430 |
| CCB | 939 | 316,803,450 | 149,623,710 | 466,427,160 |
| MEITUAN-W | 3690 | 127,618,570 | 314,633,839 | 442,252,409 |
| COSCO SHIP HOLD | 1919 | 315,954,030 | 97,992,465 | 413,946,495 |
| SENSETIME-W | 20 | 186,487,620 | 182,589,760 | 369,077,380 |
| HSBC HOLDINGS | 5 | 68,382,880 | 293,577,660 | 361,960,540 |
| KINGKEY FIN INT | 1468 | 154,729,760 | 150,145,390 | 304,875,150 |

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 | 330,805,640 | 292,969,535 | 623,775,175 |
| CHINA MOBILE | 941 | 292,183,475 | 78,660,275 | 370,843,750 |
| CNOOC | 883 | 229,833,500 | 101,619,813 | 331,453,313 |
| COSCO SHIP HOLD | 1919 | 98,397,580 | 170,653,340 | 269,050,920 |
| HKEX | 388 | 20,627,780 | 237,986,180 | 258,613,960 |
| MEITUAN-W | 3690 | 124,322,850 | 95,944,000 | 220,266,850 |
| ICBC | 1398 | 161,768,240 | 40,526,810 | 202,295,050 |
| CHINA LONGYUAN | 916 | 87,075,180 | 114,873,230 | 201,948,410 |
| SENSETIME-W | 20 | 95,971,760 | 93,751,860 | 189,723,620 |
| TIMES ELECTRIC | 3898 | 89,905,000 | 61,752,045 | 151,657,045 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Billion) |
|---------------|------|--------|--------------|-------------------|
| TENCENT | 700 | -0.32% | 378.60 | 4.404 |
| TRACKER FUND | 2800 | -0.99% | 18.08 | 3.549 |
| BABA-SW | 9988 | -1.51% | 71.80 | 2.951 |
| HSCEI ETF | 2828 | -0.83% | 64.62 | 2.944 |
| AIA | 1299 | -1.55% | 50.95 | 2.064 |
| MEITUAN-W | 3690 | -1.76% | 117.00 | 2.045 |
| HSBC HOLDINGS | 5 | -1.03% | 67.10 | 2.037 |
| HKEX | 388 | -2.04% | 239.80 | 1.907 |
| PING AN | 2318 | -2.36% | 35.25 | 1.808 |
| CCB | 939 | 0.19% | 5.37 | 1.769 |

Ten Short Sell Stocks

| Stock Name | Code | Short Sell Amount | Turnover | Short Sell Ratio |
|---------------|----------|-------------------|----------|------------------|
| TENCENT | 00700.HK | 1.01B | 4.40B | 22.94% |
| TRACKER FUND | 02800.HK | 900.76M | 3.55B | 25.38% |
| CCB | 00939.HK | 542.92M | 1.77B | 30.70% |
| BABA-SW | 09988.HK | 537.73M | 2.95B | 18.22% |
| MEITUAN-W | 03690.HK | 519.48M | 2.04B | 25.41% |
| NONGFU SPRING | 09633.HK | 491.59M | 952.46M | 51.61% |
| BYD COMPANY | 01211.HK | 408.12M | 1.13B | 36.12% |
| PING AN | 02318.HK | 392.02M | 1.81B | 21.68% |
| HSBC HOLDINGS | 00005.HK | 364.31M | 2.04B | 17.89% |
| HKEX | 00388.HK | 318.90M | 1.91B | 16.72% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior |
|------|---------|---|----------|----------|
| Wed | China | Jun. PPI (YoY) | -0.8% | -1.4% |
| | | Jun. CPI (YoY) | 0.4% | 0.3% |
| Thu | US | Initial Jobless Claims (Till Jul 6) | | 238k |
| | | Continuing Jobless Claims (Till Jun 29) | | 1,858k |
| | | Jun. CPI (MoM) | 0.1% | 0.0% |
| | | Jun. CPI (YoY) | 3.1% | 3.3% |
| | | Jun. CPI Ex Food and Energy (MoM) | 0.2% | 0.2% |
| | | Jun. CPI Ex Food and Energy (YoY) | 3.4% | 3.4% |
| Fri | US | Jul. University of Michigan Sentiment | 67.0 | 68.2 |
| | | Jun. PPI (MoM) | 0.1% | -0.2% |
| | | Citigroup (C), JP Morgan (JPM) Results | | |
| | China | Jun. Exports (YoY) | 8.0% | 7.6% |
| | | Jun. Imports (YoY) | 2.9% | 1.8% |
| | | Jun. Trade Balance (USD) | \$83.70b | \$82.62b |

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