

**Major Market Indicators**

	12 Jul	11 Jul	10 Jul
Mkt. Turn.(mn)	119,400	100,400	102,300
Stock Advances	1,013	1,100	605
Stock Declines	615	489	930
HSI	18,293	17,832	17,472
Change	+461	+361	-52

**HSI Technical Indicators**

10-days MA	18,271
50-days MA	16,980
250-days MA	17,663
14-days RSI	75.79
Primary resistance	18,500
Primary support	18,000

**HSCEI Technical Indicators**

10-days MA	6,373
50-days MA	6,523
250-days MA	6,049
14-days RSI	56.48
Primary resistance	6,800
Primary support	6,400

**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.

**Zijin Mining (2899)**
**Target: \$20**
**Stop loss: \$16**

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**

Last Friday, China announced import and export data for June. Exports increased by 8.6% year-on-year, which was better than market expectations of 8%. Imports fell by -2.3% year-on-year, which was lower than market expectations of 2.8%. Due to the unexpected drop in imports and the continued rise in export performance, the trade surplus expanded to US\$99.05 billion in June, which was the third consecutive month that the surplus expanded and was better than the performance in the same period last year.

The net inflow of Hong Kong Stock Connect on Friday was HK\$171 million. Among them, Industrial and Commercial Bank of China (1398) had the largest inflow, reaching 490 million Hong Kong dollars; followed by Xiaomi (1810). Meituan (3690) recorded the largest net outflow of HK\$320 million, followed by China National Offshore Oil Corporation (883).

## Daily Focus

### SMIC (981): Strengthening downstream demand

- The upcoming Third Plenum will establish the future direction of national development, with a focus on continuing to strengthen key bottleneck areas such as advanced wafer fabrication, advanced packaging, and AI-related chips.
- Reviewing SMIC's Q1 2024 performance, global customer restocking demand has risen, with the company's sales revenue reaching \$1.75 billion, up 4.3% sequentially. Gross margin was 13.7%, better than guidance. Wafer output of 8-inch equivalents reached 1.79 million, up 7% sequentially, with capacity utilization at 80.8%, up 4 percentage points. In Q2, some customers' front-loading demand will continue, with the company guiding for 5-7% sequential revenue growth and a gross margin of 9-11%.
- By application, smartphones, computers and tablets, and consumer electronics accounted for 31.2%, 17.5%, and 30.9% respectively. In Q1 2024, strong demand recovery was seen in smartphones and consumer electronics, with yoy growth of 58.9% and 38.51%, and sequential growth of 7.74% and 41.33%.
- According to IDC, global PC shipments in Q2 2024 reached 64.9 million units, up 3% yoy, better than the forecasted -0.6%. Strengthening downstream demand could drive improved capacity utilization at SMIC.
- The company maintains its full-year capital expenditure plan of around \$7.5 billion (similar to 2023). As expansion plans are gradually implemented, increasing capital expenditure and depreciation may suppress profit margins in 2024 and 2025. Hence, a dollar cost averaging approach may be more suitable.

SMIC (981): Info	
Closed price	18.1
FY24 P/E (X)	45.4
FY24 Dividend yield (%)	0.0
52 week high	25.2
52 week low	13.88
14 RSI	55.9

Analyst: Cynthia Tam

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	56.37	54.51	81.27
<b>Balance as % of Quota Amount</b>	18.6	14.2	96.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,568,232,500	1,632,553,616	3,200,786,116
MEITUAN-W	3690	467,248,300	823,451,785	1,290,700,085
CNOOC	883	234,749,550	567,299,957	802,049,507
CHINA SHENHUA	1088	199,736,225	301,624,625	501,360,850
ICBC	1398	377,865,380	83,633,920	461,499,300
SUNNY OPTICAL	2382	228,389,840	214,537,815	442,927,655
CHINA MOBILE	941	154,694,225	279,606,100	434,300,325
COSCO SHIP HOLD	1919	158,086,610	273,349,982	431,436,592
XIAOMI-W	1810	277,542,064	135,250,232	412,792,296
SMIC	981	154,668,590	257,976,910	412,645,500

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	816,757,600	1,009,451,336	1,826,208,936
MEITUAN-W	3690	389,087,260	356,522,475	745,609,735
CNOOC	883	246,264,950	186,746,835	433,011,785
CHINAHONGQIAO	1378	99,246,390	330,339,430	429,585,820
COSCO SHIP HOLD	1919	76,760,380	211,791,551	288,551,931
XIAOMI-W	1810	174,041,416	108,370,780	282,412,196
ICBC	1398	225,990,380	25,339,330	251,329,710
CHINA MOBILE	941	91,941,400	153,905,675	245,847,075
CHINA RES POWER	836	84,164,700	161,090,500	245,255,200
CHINA UNICOM	762	105,321,800	106,481,300	211,803,100

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	3.17%	397.00	10.843
MEITUAN-W	3690	4.91%	121.80	5.156
BABA-SW	9988	3.91%	78.40	5.123
TRACKER FUND	2800	2.50%	18.86	4.214
CCB	939	2.35%	5.66	2.957
HSCEI ETF	2828	2.35%	67.12	2.281
ICBC	1398	2.75%	4.48	2.158
BYD COMPANY	1211	2.15%	246.60	2.066
AIA	1299	2.49%	55.60	1.927
HKEX	388	2.42%	254.20	1.904

## Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TENCENT	00700.HK	2.10B	10.84B	19.33%
MEITUAN-W	03690.HK	872.36M	5.16B	16.92%
CCB	00939.HK	606.82M	2.96B	20.52%
BABA-SW	09988.HK	567.74M	5.12B	11.08%
ICBC	01398.HK	560.14M	2.16B	25.95%
BYD COMPANY	01211.HK	512.24M	2.07B	24.79%
AIA	01299.HK	472.22M	1.93B	24.50%
CSOP HS TECH	03033.HK	457.11M	1.89B	24.13%
PING AN	02318.HK	390.40M	1.79B	21.84%
F12 CSOP HSI	07500.HK	385.27M	524.62M	73.44%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Goldman Sachs (GS) Result		
	China	2Q. GDP YTD (YoY)	5.2%	5.3%
		Jun. Fixed Asset Ex Rural YTD (YoY)	3.8%	4.0%
		Jun. Industrial Production (YoY)	4.8%	5.6%
		Jun. Retail Sales (YoY)	3.3%	3.7%
Tue	US	Jun. Retail Sales Ex Auto (MoM)	0.1%	-0.1%
		Bank of American (BAC), Morgan Stanley (MS) Results		
Wed	US	Jun. Housing Starts	1,300k	1,277k
	US	Jun. Building Permits	1,395k	1,399k
		ASML (ASML) Result		
Thu	Euro Zone	Jun. CPI (YoY) Final	2.5%	2.5%
		Jun. CPI (MoM) Final	0.2%	0.2%
	US	Initial Jobless Claims (Till Jul 13)		222k
		Continuing Jobless Claims (Till Jul 6)		1,852k
		U.S. Federal Reserve Releases Beige Book		
		Jul. Philadelphia Fed Business Outlook	2.9	1.3
Fri	US	ECB Monetary Policy Meeting		
		American Express (AXP), Netflix (NFLX) Results		

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