

Major Market Indicators

	23 Jul	22 Jul	19 Jul
Mkt. Turn.(mn)	85,800	93,400	102,000
Stock Advances	482	817	410
Stock Declines	1,052	709	1,158
HSI	17,469	17,636	17,418
Change	-167	+218	-361

HSI Technical Indicators

10-days MA	17,738
50-days MA	18,252
250-days MA	17,461
14-days RSI	41.18
Primary resistance	17,600
Primary support	17,200

HSCEI Technical Indicators

10-days MA	6,311
50-days MA	6,495
250-days MA	6,047
14-days RSI	41.21
Primary resistance	6,400
Primary support	6,000

Stock Pick
TTI (669)
Target: \$110
Stop loss: \$92

Techtronic Industries is mainly engaged in power tools and floor care business, and its core brands include MILWAUKEE and RYOBI. In terms of revenue in 2023, the North American market revenue will account for as high as 76.6%. Demand for housing in the United States remains strong at present. This is due to low levels of available housing inventory. The U.S. housing vacancy rate fell to 0.8% in the first quarter of 2024 (0.9% in the fourth quarter of 2023), which is only 0.1 ppts higher than the historical low. The market predicts that the Federal Reserve will start a rate cut cycle in the third quarter. When mortgage interest rates fall, it is expected that some capital flow will shift to the real estate industry.

CCB (939)
Target: \$6.3
Stop loss: \$5

Multiple departments have launched a "combination" of policies on finance, land, and existing commodity housing, and various localities have timely optimized and adjusted real estate policies based on local realities. The policies may help real estate market to rebuild confidence and move out from the adjustment period. The real estate-related policy support will also have a positive impact on domestic banks. CCB's non-performing loan ratio in the 1Q24 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: \$69

Most SOE share prices were soft recently, the price dips offer entry opportunities for investors. We continue to recommend this stock as we like its stable earnings growth, and clear dividend policy. Also, it can benefit from market cap management of state-owned enterprises. In June, the total number of mobile customers of China Mobile was 1000 million, with a net increase of 1.81 million customers in a month. Meanwhile, with a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Management expects CAPEX to decline over the next 2-3 years, which should help free cash flow of the Group to remain strong.

Market Overview

Nasdaq futures were lower after tech giants Alphabet and Tesla reported second-quarter results. Alphabet's second-quarter earnings were in line with analysts' revenue and earnings expectations, but YouTube's advertising revenue fell short of expectations. Tesla reported lower-than-expected second-quarter profit, weighed down by lower profit margins and lower electric vehicle sales. More companies are set to report results this week, with about a quarter of the companies in the S&P 500 set to report this week. Hong Kong Stock Connect had a net inflow of HK0.09bn on Tuesday of which Tencent (700) had the largest net inflow, reaching HK\$0.43bn; followed by ICBC (1398). Tracker Fund (2800) recorded the largest net outflow at HK\$1.66bn, followed by Zijin Mining (2899).

Daily Focus

CCB (939): there were rumors that China would lower deposit interest rates

- The People's Bank of China (PBOC) announced that it lowered the one- and five-year Loan Prime Rates (LPRs) by 10 bps to 3.35% and 3.85%, respectively. The lower of LPRs reflect the authorities' desire to promote economic growth. On the other hand, there were rumors on July 22 that China would lower deposit interest rates, and the market expected bank interest margins to stabilize. Taking the news into consideration, the decline in CN banking stocks has been stabilized.
- In terms of stabilizing the economy, since the introduction of the four stimulus policies to boost the property market, the mainland property market has seen a weak recovery. According to data, in June 2024, the top 100 real estate companies achieved a sales transaction amount of RMB438.93bn. Although the figure decreased by 16.7% year-on-year, it grew 36.3% month-on-month. As the impact of the high base effect will fade out, the sales area of new homes is expected to begin to show positive year-on-year growth in the second half of the year. Under the new policies, the decline of real estate prices and transaction volumes are expected to slow down, which is beneficial to the asset quality of domestic banks. Among the CN banks, China Construction Bank (939) is one of our top picks in the second half of 2024, meanwhile it also has the SOE concept.
- The recent Third Plenary Session adopted the Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization, and the report proposed that “each local government shall be fully empowered with autonomy in real estate market regulation, implement city-specific policies, and allow relevant cities to cancel or reduce housing purchase restriction policies.” Multiple departments have launched a "combination" of policies on finance, land, and existing commodity housing, and various localities have timely optimized and adjusted real estate policies based on local realities. The policies may help real estate market to rebuild confidence and move out from the adjustment period. The real estate-related policy support will also have a positive impact on domestic banks.
- CCB's non-performing loan ratio in the 1Q24 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.

CCB (939): Info	
Closed price	5.48
FY24 P/E (X)	3.86
FY24 Dividend yield (%)	7.83
52 week high	5.95
52 week low	4.01
14 RSI	47.02

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	58.11	48.68	81.99
Balance as % of Quota Amount	18.9	13.7	97.6

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	636,911,850	535,870,350	1,172,782,200
TRACKER FUND	2800	39,280,240	1,085,936,285	1,125,216,525
TENCENT	700	661,821,480	403,941,900	1,065,763,380
CHINA MOBILE	941	283,238,750	483,949,950	767,188,700
MEITUAN-W	3690	260,664,300	228,573,772	489,238,072
CCB	939	270,659,470	164,754,020	435,413,490
SMIC	981	160,591,890	135,169,960	295,761,850
XIAOMI-W	1810	168,460,844	125,175,708	293,636,552
CHINA UNICOM	762	190,150,740	101,572,720	291,723,460
ICBC	1398	147,145,370	129,591,280	276,736,650

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	511,586,180	339,242,080	850,828,260
CNOOC	883	344,741,050	308,400,580	653,141,630
TRACKER FUND	2800	17,853,725	631,088,315	648,942,040
CHINA MOBILE	941	319,498,100	81,301,075	400,799,175
MEITUAN-W	3690	123,628,690	227,719,251	351,347,941
XIAOMI-W	1810	240,517,688	86,759,920	327,277,608
WUXI BIO	2269	154,941,800	107,906,480	262,848,280
ICBC	1398	229,386,970	13,166,620	242,553,590
ZIJIN MINING	2899	71,755,920	167,092,577	238,848,497
HKEX	388	97,392,340	126,375,620	223,767,960

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-1.10%	18.02	6.235
TENCENT	700	-1.88%	366.20	4.469
HSCEI ETF	2828	-1.03%	63.66	3.863
MEITUAN-W	3690	-2.64%	118.10	3.415
BABA-SW	9988	-0.87%	74.10	2.187
CNOOC	883	-0.49%	20.35	2.103
CCB	939	1.11%	5.48	1.917
AIA	1299	-0.19%	53.70	1.815
BYD COMPANY	1211	-3.09%	238.40	1.661
ICBC	1398	1.40%	4.34	1.552

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.24B	6.23B	35.95%
MEITUAN-W	03690.HK	990.94M	3.41B	29.02%
TENCENT	00700.HK	633.07M	4.47B	14.17%
ICBC	01398.HK	607.44M	1.55B	39.15%
CCB	00939.HK	598.49M	1.92B	31.23%
BYD COMPANY	01211.HK	435.29M	1.66B	26.20%
CNOOC	00883.HK	431.58M	2.10B	20.52%
BABA-SW	09988.HK	359.02M	2.19B	16.42%
AIA	01299.HK	324.29M	1.81B	17.87%
HSBC HOLDINGS	00005.HK	271.87M	742.92M	36.60%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	5-Year Loan Prime Rate	39.5%	39.5%
		1-Year Loan Prime Rate	3.45%	3.45%
Tue	US	Jun. Existing Home Sales	4.00m	4.11m
		Alphabet A (GOOGL), Coca-Cola (KO), General Electric (GE), Tesla (TSLA), Visa (V) Results		
Wed	US	Jul. S&P Global Manufacturing PMI		51.6
		Jul. S&P Global Services PMI		55.3
		Jun. New Home Sales	640k	619k
		AT&T (T), IBM (IBM) Results		
	Euro Zone	Jul. HCOB Manufacturing PMI	46.3	45.8
		Jul. HCOB Services PMI	53.0	52.8
		Thu	US	Initial Jobless Claims (Till Jul 20)
Continuing Jobless Claims (Till Jul 13)		1,867k		
Fri	US	2Q. GDP Annualized (QoQ)	1.8%	1.4%
		Jun. Durable Goods Orders	0.5%	0.1%
		Jun. Personal Income	0.4%	0.5%
		Jun. Personal Spending	0.2%	0.2%
		Jul. University of Michigan Sentiment (Final)		66.0
		Jun. PCE Price Index (MoM)	0.1%	0.0%
		Jun. PCE Price Index (YoY)	2.5%	2.6%
		Jun. Core PCE Price Index (MoM)	0.2%	0.1%
		Jun. Core PCE Price Index (MoM)	2.6%	2.6%
		3M (MMM) Result		

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