

Major Market Indicators

	25 Jul	24 Jul	23 Jul
Mkt. Turn.(mn)	105,700	86,900	85,800
Stock Advances	437	516	482
Stock Declines	1,114	956	1,052
HSI	17,005	17,311	17,469
Change	-306	-15	-167

HSI Technical Indicators

10-days MA	17,639
50-days MA	18,177
250-days MA	17,447
14-days RSI	34.97
Primary resistance	17,200
Primary support	16,800

HSCEI Technical Indicators

10-days MA	6,265
50-days MA	6,469
250-days MA	6,044
14-days RSI	34.26
Primary resistance	6,200
Primary support	5,800

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

U.S. gross domestic product (GDP) grew by 2.8% in the second quarter, above expectations of 2% and an improvement from the 1.4% growth in the first quarter of this year. At the same time, the core personal consumption expenditures deflator (Core PCE), which the Fed focuses on, rose 2.9%, down from 3.7% in the first quarter. Further signs of slowing inflation have boosted hopes that the Federal Reserve may cut interest rates more than once this year, starting in September.

Hong Kong Stock Connect had a net inflow of HK\$4.66bn on Thursday of which Tencent (700) had the largest net inflow, reaching HK\$0.55bn; followed by CCB (939). Tracker Fund (2800) recorded the largest net outflow at HK\$2.12bn, followed by CSOP HS TECH (3033).

Daily Focus

FI CSOP HSI (7300): Investors may consider deploying inverse ETFs to hedge their risk exposure

- The Hang Seng Index fell by over 300 points yesterday, briefly dropping below the 17,000-point level and breaching all its key moving averages. The China SOE stocks that have been supporting the market have also faced significant pullbacks recently.
- The clear weakening of the index is mainly due to global capital being in a risk-off mode, as evidenced by the Nikkei 225 dropping over 10% from its recent high on July 11th. Weaker-than-expected policy measures from the central government and weak economic data have also accelerated the downtrend in the Hong Kong stock market.
- From a technical perspective, the next short-term support level for the Hang Seng Index is the previous upward gap at 16,800 points, and a break below that could see it test the April low of 16,200 points. If the Hang Seng Index is unable to break above the downward trend that formed since May, the bearish sentiment is likely to persist.
- Investors may consider deploying inverse ETFs (such as 7300) to hedge their risk exposure.

FI CSOP HSI (7300)	
Closed price	5.75
FY24 P/E (X)	-
FY24 Dividend yield (%)	-
52 week high	6.84
52 week low	5.025
14 RSI	63.27

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	57.66	49.44	86.00
Balance as % of Quota Amount	21.1	15.7	102.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,549,061,200	1,596,776,511	3,145,837,711
TRACKER FUND	2800	66,201,220	1,736,543,045	1,802,744,265
CNOOC	883	634,296,420	871,102,771	1,505,399,191
MEITUAN-W	3690	496,081,240	805,464,431	1,301,545,671
CHINA MOBILE	941	444,859,000	468,122,259	912,981,259
CCB	939	420,964,540	305,011,330	725,975,870
HSCEI ETF	2828	968,136	429,322,180	430,290,316
XIAOMI-W	1810	199,046,460	192,250,592	391,297,052
CSOP HS TECH	3033	15,330,834	346,847,895	362,178,729
ZIJIN MINING	2899	171,253,920	185,696,111	356,950,031

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	1,232,151,280	632,929,897	1,865,081,177
MEITUAN-W	3690	495,388,470	905,321,836	1,400,710,306
CSOP HS TECH	3033	46,375,662	714,604,952	760,980,614
CNOOC	883	235,749,050	449,090,610	684,839,660
TRACKER FUND	2800	12,568,190	459,465,270	472,033,460
CHINA MOBILE	941	202,750,275	228,036,125	430,786,400
XIAOMI-W	1810	163,779,376	207,201,264	370,980,640
HSCEI ETF	2828	7,958,308	324,430,716	332,389,024
ZIJIN MINING	2899	41,138,560	266,461,440	307,600,000
PETROCHINA	857	54,095,940	221,514,620	275,610,560

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-3.30%	351.20	9.109
TRACKER FUND	2800	-1.73%	17.57	6.521
MEITUAN-W	3690	-5.47%	107.10	5.648
HSCEI ETF	2828	-2.06%	61.88	4.584
CNOOC	883	-3.88%	19.80	2.635
CSOP HS TECH	3033	-1.92%	3.37	2.126
BABA-SW	9988	-1.21%	73.30	2.112
CCB	939	-1.46%	5.42	2.056
AIA	1299	-1.45%	50.85	2.000
CHINA MOBILE	941	-0.99%	74.75	1.663

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.38B	2.56B	53.89%
MEITUAN-W	03690.HK	585.15M	3.34B	17.53%
TENCENT	00700.HK	486.25M	4.84B	10.04%
CSOP HS TECH	03033.HK	414.35M	940.89M	44.04%
CCB	00939.HK	298.04M	1.02B	29.16%
XL2CSOPHSTECH	07226.HK	274.23M	416.31M	65.87%
ICBC	01398.HK	271.65M	593.44M	45.78%
BANK OF CHINA	03988.HK	206.22M	444.45M	46.40%
CNOOC	00883.HK	185.43M	1.41B	13.17%
CM BANK	03968.HK	180.79M	835.37M	21.64%

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)		243k
		Continuing Jobless Claims (Till Jul 13)		1,867k
		2Q. GDP Annualized (QoQ)	1.8%	1.4%
		Jun. Durable Goods Orders	0.5%	0.1%
Fri	US	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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