

Major Market Indicators

	8 May	7 May	6 May
Mkt. Turn.(mn)	128,700	113,400	144,500
Stock Advances	578	812	912
Stock Declines	1,063	809	778
HSI	18,314	18,479	18,578
Change	-166	-99	+102

HSI Technical Indicators

10-days MA	17,970
50-days MA	16,897
250-days MA	17,671
14-days RSI	69.16
Primary resistance	18,600
Primary support	18,200

HSCEI Technical Indicators

10-days MA	6,359
50-days MA	5,916
250-days MA	6,055
14-days RSI	68.30
Primary resistance	6,600
Primary support	6,200

Stock Pick
BOC (3988)
Target: \$4
Stop loss: \$3.3

The group's fundamentals are superior to those of its peers. Net interest income in 2023 was Rmb466.5bn, a YoY increase of 1.58%. The group's net interest margin was 1.59%, a YoY decrease of 16bps, but the decline in interest margin was smaller than that of its peers; PPOP reached Rmb401.2bn, an annual increase of 3.7%; net profit was Rmb231.9bn, exceeding market expectations and higher than the same period last year. Growth of 2.4% was higher than the 1.8% average annual growth for large banks in 2023. Overall, Bank of China's fundamentals are better than those of its peers. In 2023, its revenue growth rank first among the six major state-owned banks. In addition, the dividend rate is 8%, which is attractive for long term investment.

HKEX (388)
Target: \$290
Stop loss: \$225

Recent initiatives announced by the China Securities Regulatory Commission, such as the expansion of eligible ETFs and the inclusion of Real Estate Investment Trusts in Stock Connect, the addition of RMB-denominated stocks in Southbound Stock Connect, as well as supporting leading Mainland companies to list in Hong Kong. Although these measures may not have a great impact in the short term, there maybe stimulating effect on the average daily trading volume when the market sentiment further improves.

Haier (6690)
Target: \$31
Stop loss: \$24

The market currently has a positive view on the prospects of Haier Smart Home, as the group maintains its leading position in the country, with the domestic market share of refrigerators and washing machines exceeding 40%. In addition, overseas markets have improved in terms of profits, benefiting from the upgrade of product mix. Secondly, the dividend policy is attractive, and management aims to increase the dividend payout ratio to no less than 50% in 2026. The group currently declares a dividend of RMB0.804, with a dividend payout ratio of 45%.

Market Overview

Collins, speaking at an event at the Massachusetts Institute of Technology (MIT), said that "A slowdown in activity will be needed to ensure that demand is better aligned with supply for inflation to return durably" to the official target. For now, when it comes to monetary policy, "the recent upward surprises to activity and inflation suggest the likely need to keep policy at its current level until we have greater confidence that inflation is moving sustainably toward 2%," she said, with Collins noting "there is no pre-set path for policy – it requires decisions based on a methodical, holistic assessment of wide-ranging information."

Hong Kong Stock Connect had a net inflow of HK\$1.79bn on Wednesday, of which Li Auto (2015) had the largest net inflow, reaching HK\$0.59bn; followed by China Mobile (941). HSBC (5) recorded the largest net outflow at HK\$0.83bn, followed by Tencent (700).

Daily Focus

China Shenhua (1088): improving demand in the summer time

- The 2023 Coal Industry Development Annual Report released earlier by the China Coal Industry Association pointed out that the coal market supply and demand will maintain a basic balance in 2024. The medium and long-term contract system effectively plays the "ballast" and "stability" function for the coal market. According to China Shenhua's 2023 financial report, the company's annual long-term contracts and monthly long-term contracts account for 57.5% and 24.4% respectively. At the same time, China Shenhua has an integrated business, and therefore its performance is more stable than its peers.
- China Shenhua achieved revenue of RMB87.647 billion in the first quarter, a slight increase of 0.7% yoy; gross profit was RMB27.184bn, a decrease of 7.2%. During the quarter, operating costs were RMB60.463bn, an increase of 4.7%, mainly due to the increase in coal purchase costs caused by the increase in sales volume of purchased coal, and the increase in cost of fire coal purchase resulting from the increase in power generation. Profit attributable to shareholders was RMB17.76bn, a decrease of 14.1%.
- The coal sector's net profit has declined in the first quarter of this year, but investors are now focusing on the industry's profit prospects for the rest of the year. With expectations of improved demand in the summer time, the sector may continue to have choppy rally in short-term.

China Shenhua (1088): Info	
Closed price	34.45
FY24 P/E (X)	10.46
FY24 Dividend yield (%)	7.13
52 week high	34.80
52 week low	21.45
14 RSI	71.99

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	52.79	52.76	79.64
Balance as % of Quota Amount	101.5	101.5	94.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
SENSETIME-W	20	970,330,610	1,042,900,070	2,013,230,680
TENCENT	700	596,330,540	1,139,265,245	1,735,595,785
XIAOMI-W	1810	538,401,028	906,887,423	1,445,288,451
CNOOC	883	459,136,460	695,476,150	1,154,612,610
HSBC HOLDINGS	5	98,503,600	934,738,000	1,033,241,600
MEITUAN-W	3690	275,911,380	474,921,765	750,833,145
CCB	939	296,980,130	344,918,890	641,899,020
KUAISHOU-W	1024	262,122,410	273,962,207	536,084,617
LI AUTO-W	2015	415,111,040	118,284,212	533,395,252
CHINA MOBILE	941	342,558,550	146,129,225	488,687,775

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
XIAOMI-W	1810	703,233,720	537,240,460	1,240,474,180
TENCENT	700	485,177,160	750,886,396	1,236,063,556
SENSETIME-W	20	586,317,490	588,559,050	1,174,876,540
MEITUAN-W	3690	252,787,620	480,829,195	733,616,815
KUAISHOU-W	1024	285,511,430	370,470,102	655,981,532
CNOOC	883	295,708,750	279,003,270	574,712,020
LI AUTO-W	2015	255,083,070	208,963,783	464,046,853
PING AN	2318	118,420,000	194,305,275	312,725,275
CHINA SHENHUA	1088	185,967,675	97,944,100	283,911,775
CHINA COAL	1898	148,974,220	87,489,160	236,463,380

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-0.81%	18.41	8.701
TENCENT	700	-1.20%	361.40	7.308
XIAOMI-W	1810	6.47%	19.10	5.629
SENSETIME-W	20	-14.55%	1.41	4.302
BABA-SW	9988	-2.43%	76.15	4.144
MEITUAN-W	3690	-1.73%	113.50	3.518
HSBC HOLDINGS	5	0.93%	70.35	3.481
CSOP HS TECH	3033	-1.51%	3.79	3.365
AIA	1299	0.00%	61.25	3.125
HSCEI ETF	2828	-0.88%	65.40	2.964

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	4.83B	8.70B	55.52%
HSCEI ETF	02828.HK	1.45B	2.96B	48.86%
KUAISHOU-W	01024.HK	965.54M	2.73B	35.37%
XIAOMI-W	01810.HK	601.85M	5.63B	10.69%
CSOP HS TECH	03033.HK	477.30M	3.36B	14.19%
BANK OF CHINA	03988.HK	425.11M	1.16B	36.69%
TENCENT	00700.HK	416.05M	7.31B	5.69%
MEITUAN-W	03690.HK	406.08M	3.52B	11.54%
HSBC HOLDINGS	00005.HK	359.07M	3.48B	10.32%
CCB	00939.HK	358.87M	2.00B	17.92%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	Apr. Caixin Services PMI	52.5	52.7
Tue	US	Walt Disney (DIS) Result		
	Hong Kong	Budweiser Brewing (1876) Result		
Wed	US	Shopify (SHOP) Result		
Thu	US	Initial Jobless Claims (Till May 4)		208k
		Continuing Jobless Claims (Till Apr 27)		1,774k
	UK	BOE Monetary Policy Meeting		
	China	Apr. Exports (YoY)		-7.5%
		Apr. Imports (YoY)		-1.9%
		Apr. Trade Balance		\$58.55b
	Hong Kong	Manulife Financial (945), SMIC (981) Results		
Fri	US	May. University of Michigan Sentiment	77.0	77.2
Sat	China	Apr. PPI (YoY)		-2.8%
		Apr. CPI (YoY)		0.1%

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