



KGI

CHINA
DEVELOPMENT
FINANCIAL

Investment Daily

25 July 2022

Major Market Indicators

	22 Jul	21 Jul	20 Jul
Mkt. Turn.(mn)	85,100	101,600	89,300
Stock Advances	690	572	899
Stock Declines	831	941	663
HSI	20,609	20,575	20,890
Change	+35	-316	+229

HSI Technical Indicators

10-days MA	20,740
50-days MA	21,066
250-days MA	23,387
14-days RSI	42.77
Primary resistance	20,740
Primary support	20,400

HSCEI Technical Indicators

10-days MA	7,139
50-days MA	7,297
250-days MA	8,213
14-days RSI	42.24
Primary resistance	7,200
Primary support	6,800

Stock Pick

China Southern(1055)

Target: \$5.20

Stop loss: \$4.30

According to data from Ctrip, air ticket searches have reached the level of 2019, and the hotel tourism market has recovered to 70% last year. A number of airlines have announced new international flight plans. China Southern Airlines expects that on the basis of 21 international routes to resume 10 international routes. That will benefit airlines' revenue recovery.

China Life (2628)

Target: \$13.00

Stop loss: \$10.50

First quarter 2022 new business value fell 14%, but already improved from 23% decline in full year of 2021. Besides, China Life premium revenue achieved a yoy increase in May and June, reverse previous declining trend. China Life current valuation is 0.6x P/B with dividend yield of 6.8%, which seems attractive.

Haier SmartHome (6690)

Target: \$28.50

Stop loss: \$23.80

Ministry of Commerce launched supportive measures for home appliance sector including(1) Home appliance trade-in, (2) Promote smart appliance in rural areas, (3) improve post-sales services, (4) propel new infrastructure for the smart appliance support. Haier SmartHome (6690) could benefit from the policy.

Market Overview

US and Europe continued to aggressively hike rate, while latest PMI data showed business activities slowed down sharply at the same time, which is not favor to global stock market. On the other hand, China homebuyer refuse to repay mortgage payment for unfinished property projects, as well as the epidemic rebound will also impact China stock sentiment. Hong Kong stock will consolidate today, Hang Seng Index initial resistance is 10 Day SMA(20,740).

Hong Kong Stock Connect net inflow further narrowed to HK\$602mn last Friday, of which, Xtep(1368) and Tencent (0700) recorded most net inflow, while Wuxi Bio (2269) and China Mobile (0941) suffered most net sell. In fact, although southbound funds continue to net buy Tencent recently, but its share price just range trade, initial support at recent low of HK\$321. On the other hand, China will launch measures to support consumption of green home appliances, related stocks such as market leader Haier Smarthome (6690) will be benefit, could accumulate during weakness.

Daily Focus

The Ministry of Commerce encourages local governments to provide policy support for the purchase of green smart home appliances

- During the State Council's regular policy briefing, Vice Minister of Commerce Sheng Qiuping mentioned that the consumption of household appliances was under great pressure due to the impact of the pandemic, thus in order to support the sales volume central government will soon announce a policy, aims to provide support to increase the consumption of the above issue.
- During the briefing, few direction of the policy has been pre-announced, as follow, (1) Home appliance trade-in, (2) Promote smart appliance in rural areas, (3) improve post-sales services, (4) propel new infrastructure for the smart appliance support. Other than that, Sheng Qiuping encourage local government to provide support to the issue.
- In reference to the total retail sales of consumers goods released, the consumption of home appliance and audio-visual equipment in June, the growth was 3.6% Yoy (May: negative growth). With the policy support in the future, we expected the sales growth will continue to improve.
- Haier SmartHome (6690) and JS Global Life (1691) could benefit from the policy.

Haier SmartHome(6690): Info	
Closed price	25.8
FY22 P/E(X)	13.5
FY22 Dividend yield (%)	2.8%
52 week high	33.3
52 week low	21.3
14 RSI	42.5

Analyst: Derek Yip

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	47.71	52.16	82.37
Balance as % of Quota Amount	91.8	100.3	98.1

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	342,747,740	252,565,600	595,313,340
MEITUAN-W	3690	171,541,460	162,833,440	334,374,900
BYD COMPANY	1211	109,649,300	214,173,800	323,823,100
KUAISHOU-W	1024	119,511,105	159,473,555	278,984,660
HUABAO INTL	336	117,681,750	152,763,350	270,445,100
CHINA MOBILE	941	9,724,400	253,596,797	263,321,197
XTEP INT'L	1368	253,367,700	3,391,380	256,759,080
WUXI BIO	2269	46,514,525	179,215,575	225,730,100
CNOOC	883	93,684,260	123,809,490	217,493,750
CHINA OVERSEAS	688	130,641,400	68,231,208	198,872,608

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	346,225,200	87,765,720	433,990,920
XTEP INT'L	1368	292,509,780	111,449,601	403,959,381
MEITUAN-W	3690	254,793,240	145,976,267	400,769,507
WUXI BIO	2269	89,530,725	266,664,300	356,195,025
KUAISHOU-W	1024	202,789,065	80,860,851	283,649,916
KOOLEARN	1797	130,117,760	134,036,510	264,154,270
CNOOC	883	198,019,160	64,540,040	262,559,200
TIANLI INT HLDG	1773	124,646,770	124,617,280	249,264,050
YANKUANG ENERGY	1171	68,702,000	159,687,100	228,389,100
LI AUTO-W	2015	61,826,520	164,141,450	225,967,970

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover (Million)
TENCENT	700	-0.60%	332.00	50.31
MEITUAN-W	3690	0.68%	191.70	28.86
BABA-SW	9988	0.10%	102.10	25.93
XTEP INT'L	1368	-4.76%	13.22	20.77
KUAISHOU-W	1024	3.28%	85.10	17.76
BYD COMPANY	1211	0.35%	285.40	16.83
WUXI BIO	2269	1.74%	81.85	15.46
AIA	1299	0.38%	79.50	13.26
NTES-S	9999	-1.11%	151.10	12.25
JD-SW	9618	-0.16%	247.00	8.95

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	2.23B	3.20B	69.64%
HSCEI ETF	02828.HK	1.41B	3.56B	39.67%
CSOP HS TECH	03033.HK	644.44M	1.51B	42.69%
BABA-SW	09988.HK	597.73M	2.59B	23.05%
KUAISHOU-W	01024.HK	539.09M	1.78B	30.35%
BYD COMPANY	01211.HK	422.53M	1.68B	25.10%
MEITUAN-W	03690.HK	405.89M	2.89B	14.07%
WUXIBIO	02269.HK	361.06M	1.55B	23.35%
TECHTRONIC IND	00669.HK	305.33M	553.07M	55.21%
AIA	01299.HK	271.60M	1.33B	20.48%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Jun. New Home Sales	675k	696k
		Jul. Conference Board Consumer Confidence	98.5	98.7
		Alphabet A (GOOGL), Amazon (AMZN), Coca-Cola (KO), McDonald (MCD), Microsoft (MSFT), Visa (V) Results		
	Hong Kong	Huaneng Power (902), WuXi AppTec (2359) Results		
Wed	US	Jun. Retail Inventories (MoM)		0.8%
		Jun. Durable Goods Orders	0.4%	0.7%
		Jun. Pending Home Sales (MoM)	-3.7%	0.7%
		FOMC Monetary Meeting (Announce in early morning on 28 Jul in HKT)		
		Boeing (BA), Facebook (META), Qualcomm (QCOM) Results		
	China	Jul. Industrial Profits (YoY)		-6.5%
	Hong Kong	Budweiser Brewing (1876), New Oriental (9901) Results		
Thu	US	Initial Jobless Claims (Till Jul 23)		251k
		Continuing Jobless Claims (Till Jul 16)		1,384k
		Q2. GDP (QoQ)	0.9%	-1.6%
		Apple (AAPL), Comcast (CMCSA), Mastercard (MA) Results		
	Hong Kong	Hang Lung Properties (101) Result		
Fri	US	Jun. Personal Income	0.5%	0.5%
		Jun. Personal Spending	0.9%	0.2%
		Jun. PCE Deflator (MoM)		0.6%
		Jun. Core PCE Deflator (MoM)	0.5%	0.3%
		Jul. University of Michigan Sentiment	51.1	51.1
	Euro Zone	Jul. CPI (YoY)	8.8%	8.6%
	Hong Kong	Standard Chartered (2888) Result		

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