



Major Market Indicators

	23 Sep	22 Sep	21 Sep
Mkt. Turn.(mn)	80,800	85,200	81,300
Stock Advances	442	449	437
Stock Declines	1,119	1,155	1,154
HSI	17,933	18,148	18,445
Change	-215	-297	-337

HSI Technical Indicators

10-days MA	18,710
50-days MA	19,740
250-days MA	22,255
14-days RSI	28.60
Primary resistance	18,200
Primary support	17,800

HSCEI Technical Indicators

10-days MA	6,398
50-days MA	6,749
250-days MA	7,759
14-days RSI	29.55
Primary resistance	6,400
Primary support	6,000

Stock Pick

BOC Hong Kong (2388)

Target: \$35.0

Stop loss: \$25.5

BOCHK raise the prime rate from 5% to 5.125% on Monday (26th). With the U.S. interest rates hike, the Hong Kong bank interest rate spread is expected to continue to improve. BOCHK's customers are mainly engaged in the Guangdong-Hong Kong-Macao Greater Bay Area and first- and second-tier cities in mainland China, and most of them are state-owned enterprises, which accounts for 78% of the loans. And therefore the risk of having loan loss provision is lower when compared to its peers.

Budweiser (1876)

Target: \$28.0

Stop loss: \$21.0

China's total retail sales of consumer goods in August stood at RMB3.63tn, an increase of 5.4% yoy, 2.7 percentage points higher than that in July, indicating that mainland consumption is gradually improving. Although there are still uncertainties, the steady growth of beer as a mass consumer product is expected to be more certain in 2H22. Premiumization will remain the long-term growth driver for the Group. In addition, it is expected that the mainland market will gradually improve in the second half of the year, and the overseas market will continue to record volume growth and price hike.

Fortune REIT (778)

Target: \$8.0

Stop loss: \$5.4

Portfolio occupancy remained healthy at 93.9% as at 30 June 2022. A strong tenant retention of 81% was recorded for the Reporting Period despite the pandemic as Fortune Malls continue to be the preferred business venue for tenants. Fortune REIT's distribution policy is to distribute no less than 90% of its audited annual net income after tax. The Board has decided to resume a 100% distribution payout ratio for the Reporting Period (FY2021: 90%). The current dividend yield is around 7%, which make Fortune REIT a suitable choice for defensive pick.

Market Overview

The better-than-expected US PMI gave the Fed room to raise interest rates, but the euro zone manufacturing PMI fell from 49.6 to 48.5, which was lower than expected and hit a 27-month low, reflecting the continued sluggish European economy. Britain eased taxes and energy bailouts, and the market worried that inflation might hardly cool down. The benchmark VIX index rose 9.4%. Combining a variety of factors, the market is worrying recession come sooner than expected, and WTI oil futures fell below USD80 per barrel, closing down 4.8% to \$79.43 a barrel.

Hong Kong Stock Connect had a net inflow of HK\$2.815 billion on Friday, of which China Mobile (0941) had the largest net inflow of HK\$865 million, followed by Tencent (700). Yankuang Energy (1171) recorded the largest net outflow at HK\$172 million, followed by Meituan (3690).

Daily Focus

Cathay Pacific Airways (0293): The loosened quarantine restrictions of immigration benefits airline stocks, positive for Cathay Pacific in middle-term

- Hong Kong has eased travel quarantine restrictions, from the previous 4-day hotel quarantine to no hotel quarantine. It is believed that it will help drive the demand for business and tourism travel. The passenger load factor has been at a low level since the outbreak of covid-19. In 2020 and 2021, it was 58% and 31.1% respectively. Although it has rebounded to 59.2% in 1H22, there is still a significant gap compared with the level of over 80% before 2019. Meanwhile, the second phase of consumer voucher scheme will be issued on 1st October. More travel agencies have promoted special discounts consumer for using consumer voucher.

It is believed that the demand driven by the scheme will help Cathay Pacific's passenger load factor recover to 80% in 4Q22.

- Cathay Pacific's worst operating conditions actually occurred as early as 2019, when the number of inbound and outbound passengers fell sharply due to social events in Hong Kong. In 2020, due to the impact of corporate restructuring and impairment costs, Cathay Pacific recorded its largest loss ever. We expect Cathay Pacific to return to balance of payments in 2H22 at the earliest, driven by the rebound in passenger flow.
- Before the outbreak of the epidemic, Cathay Pacific's P/E ratio was 26x. Although the current share price has partially reflected the recovery, if the forecast P/E ratio in 2023 is used, the current price still has a certain degree of upside, which is suitable for middle term strategy. The target price is HK\$11, and the stop loss price is HK\$8.2 (100-day moving average).

Cathay Pacific Airways (0293):Info	
Closed price	8.97
FY22 P/E(X)	16.1
FY22 Dividend yield (%)	1.8
52 week high	9.2
52 week low	6.1
14 RSI	66.2

Analyst: Tommy Kung

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.43	52.16	80.41
Balance as % of Quota Amount	97.0	100.3	95.7

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	705,775,920	330,923,660	1,036,699,580
CHINA MOBILE	941	519,915,800	99,709,450	619,625,250
CNOOC	883	132,882,620	272,317,380	405,200,000
MEITUAN-W	3690	121,146,780	206,449,209	327,595,989
LI AUTO-W	2015	134,127,775	54,497,610	188,625,385
XIAOMI-W	1810	112,051,052	71,007,438	183,058,490
COSCO SHIP HOLD	1919	59,336,315	122,827,265	182,163,580
CHINA SHENHUA	1088	122,925,375	59,182,950	182,108,325
CHINA COAL	1898	81,848,030	51,799,580	133,647,610
SINOPEC CORP	386	78,910,220	52,872,560	131,782,780

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CHINA MOBILE	941	663,467,425	218,477,100	881,944,525
KOOLEARN	1797	462,188,450	301,004,500	763,192,950
TENCENT	700	399,700,000	256,887,470	656,587,470
CNOOC	883	527,311,180	61,067,360	588,378,540
MEITUAN-W	3690	123,466,220	219,944,670	343,410,890
YANKUANG ENERGY	1171	37,577,700	220,424,400	258,002,100
WUXI BIO	2269	207,976,175	43,773,075	251,749,250
CHINA SHENHUA	1088	59,679,550	135,565,275	195,244,825
SUNNY OPTICAL	2382	30,461,770	163,925,445	194,387,215
CHINA TELECOM	728	128,302,620	57,811,460	186,114,080

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover (Million)
TENCENT	700	-2.83%	275.00	54.58
BABA-SW	9988	-3.03%	78.40	35.85
CHINA MOBILE	941	1.37%	51.80	22.82
MEITUAN-W	3690	-2.79%	160.30	20.52
TRACKER FUND	2800	-1.22%	18.58	19.99
AIA	1299	-0.79%	69.05	15.05
HSCEI ETF	2828	-0.89%	62.20	13.16
CNOOC	883	0.00%	10.22	12.15
JD-SW	9618	-3.39%	205.00	10.29
PING AN	2318	0.00%	42.00	9739.47

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TENCENT	00700.HK	610.13M	2.66B	22.93%
TRACKER FUND	02800.HK	591.37M	1.08B	54.91%
HSCEI ETF	02828.HK	462.91M	579.02M	79.95%
MEITUAN-W	03690.HK	269.13M	932.41M	28.86%
XL2CSOPHSTECH	07226.HK	259.44M	408.89M	63.45%
CSOP HS TECH	03033.HK	253.75M	540.70M	46.93%
BABA-SW	09988.HK	245.29M	1.71B	14.33%
FL2 CSOP HSI	07200.HK	188.51M	253.42M	74.39%
JD-SW	09618.HK	157.35M	439.70M	35.79%
PING AN	02318.HK	143.48M	408.61M	35.11%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Aug. Durable Goods Orders	0.3%	0.2%
		Sep. Conference Board Consumer Confidence	104.5	103.2
		Aug. New Home Sales	500k	511k
	Hong Kong	Nine Dragons Paper (2689) Result		
Wed	US	Aug. Retail Inventories (MoM)		1.1%
		Aug. Pending Home Sales (MoM)	-0.5%	-1.0%
Thu	US	Initial Jobless Claims (Till Sep 24)		213k
		Continuing Jobless Claims (Till Sep 17)		1,379k
		2Q. GDP (QoQ)	-0.6%	-0.6%
		Nike (NKE) Result		
	Hong Kong	HK Stock Connect (Southbound) Closed		
Fri	US	Aug. Personal Income	0.3%	0.2%
		Aug. Personal Spending	0.2%	0.1%
		Aug. PCE Deflator (MoM)	0.1%	-1.0%
		Sep. University of Michigan Sentiment	59.5	59.5
			Euro Zone	Aug. Unemployment Rate
		Sep. CPI (YoY)	9.7%	9.1%
	China	Sep. Composite PMI		51.7
		Sep. Manufacturing PMI	49.2	49.4
		Sep. Caixin Manufacturing PMI		49.5
	Hong Kong	HK Stock Connect (Southbound) Closed		
		New World Development (17) Result		

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