



Major Market Indicators

| | 1 Nov | 31 Oct | 28 Oct |
|----------------|---------|---------|---------|
| Mkt. Turn.(mn) | 153,800 | 131,000 | 124,600 |
| Stock Advances | 1,183 | 524 | 313 |
| Stock Declines | 420 | 1,071 | 1,328 |
| HSI | 15,455 | 14,687 | 14,863 |
| Change | +768 | -176 | -565 |

HSI Technical Indicators

| | |
|--------------------|--------|
| 10-days MA | 15,510 |
| 50-days MA | 17,832 |
| 250-days MA | 21,377 |
| 14-days RSI | 36.78 |
| Primary resistance | 15,600 |
| Primary support | 15,200 |

HSCEI Technical Indicators

| | |
|--------------------|-------|
| 10-days MA | 5,256 |
| 50-days MA | 6,092 |
| 250-days MA | 7,423 |
| 14-days RSI | 36.55 |
| Primary resistance | 5,600 |
| Primary support | 5,200 |

Stock Pick

Swire A(0019)

Target: \$75.0

Stop loss: \$50.0

Swire's business is mainly divided into rental business, beverage and aviation, and we believe that these three core businesses are gradually improving. With the loosing quarantine requirement, the retail market is expected to recover, which support to the revaluation of shopping malls. The sales of Coca-Cola is expected to bottom out considering lower covid-19 cases in China. Easing travel quarantine restrictions will help boost demand for business and tourism travel. Cathay Pacific can return to balance of payments as soon as the 2H22.

Power Assets (0006)

Target: \$48

Stop loss: \$36

Shares of Power Assets fell sharply in September, dragged down by the plunges of British pound and the impact of higher U.S. interest rates. But the downtrend of sterling has been under controlled since UK abolished its tax cuts plan. Moreover, the Power Assets's utility business has an inflation-linked adjustment mechanism, and therefore makes it defensive in a high- inflation environment. The Group recorded 1H22 profit attributable to shareholders of HKD2,871mn, representing a yoy increase of 14%. Funds from operations amounted to HKD2.9bn, increased by 16%yoy. Having a diversified business, Power Asset is defensive in the current volatile market.

China Telecom (0728)

Target: \$3.4

Stop loss: \$2.4

China Telecom's 3Q operating income was RMB 360.9bn, an increase of 9.6% yoy, outperforming the industry growth rate. Net Profit (excluding one-off factor) was RMB24.543bn, an increase of 12.0% yoy. The number of 5G package subscribers reached approximately 251mn with a net addition of 63.2mn, while the penetration rate reached 64.4%. The mobile ARPU amounted to RMB45.5. In terms of dividend distribution, the company promised to increase the dividend payout ratio to 70% in 23FY. The Company distributes an interim dividend of RMB0.12 per share for the first time. Together with the final dividend of last year, the TTM dividend yield reaches 12%.

Market Overview

Job openings, which measure labor demand, rose by 437,000 through the last day of September, bringing the total number of job openings to 10.7 million, the Labor Department said in its monthly Job Openings and Labor Turnover Survey (JOLTS). Job openings in August were revised up to 10.3 million from an earlier report of 10.1 million. Meanwhile, the US manufacturing PMI was 50.2% in October, down 0.7 percentage points from 50.9% in September. The figure represents the 29th month in a row after contraction in April and May 2020, but the figure is the lowest since May 2020, when it contracted 43.5%. The new orders index remained in contractionary territory at 49.2%, up 2.1 percentage points from 47.1% in September. The production index was 52.3 percent, up 1.7 percentage points from 50.6 percent in September.

Chinese and Hong Kong stock markets rebounded sharply on Tuesday. The stock market rallied after an unconfirmed news circulating on social media that China was planning to reopen from strict COVID curbs. But a Chinese foreign ministry spokesman later said he was unaware of the situation.

Hong Kong Stock Connect had a net inflow of HK\$7.44bn on Tuesday, of which Tencent (700) had the largest net inflow, reaching HK\$2.14bn; followed by Meituan (3690). HSCEI ETF (2828) recorded the largest net outflow at HK\$876mn, followed by Koolearn (1797).

Daily Focus

Air China (753): Defensive nature being attractive in current market

- In the third quarter of 2022, the number of international air trips and volume of mail and cargo continued to maintain a recovery momentum in China. During the period, international passenger traffic surged 73.3% from the second quarter to 537,000 passengers, and increase 36.3% on a year- on- year basis.
- The Civil Aviation Administration of China (CAAC) started its flight schedule for the 2022/23 winter and spring seasons on Sunday. A total of 127 domestic and foreign airlines plan to arrange 104,573 passenger and freight flights per week in the season, which will last until March 25 next year.
- Chinese airlines have indicated they will soon increase the number of scheduled international flights. The new season increased international flights to 840 inbound and outbound flights per week, a year-on-year increase of 105.9%. However, it still accounts for only low single digits of weekly international flights in 2019. The average number of international flights per week was 18,750 before the pandemic. The aviation industry, which has been severely affected by COVID-19, is expected to perform better in 2023.
- For international routes of Air China on Sep22, passenger capacity increased by 79.6% yoy and increased by 43.0% mom, and passenger traffic increased by 69.0% yoy and increased by 50.1% mom.
- Among the passenger flights, international passenger flights are a significant source of revenue for airlines, particularly larger ones including Air China. Before the pandemic, roughly 10% of air travelers were international and they generated about 30% of the aviation industry's income.
- With the international flights continues to increase, the earning of Air China is expected to improve in 2023.

| Air China (753): Info | |
|-------------------------|-------|
| Closed price | 5.83 |
| FY23 P/E (X) | 49.59 |
| FY23 Dividend yield (%) | 0.65 |
| 52 week high | 7.15 |
| 52 week low | 4.68 |
| 14 RSI | 48.86 |

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

| | SH Connect | SZ Connect | Combined Southbound |
|-------------------------------------|------------|------------|---------------------|
| Balance (RMB bn) | 47.83 | 48.49 | 74.93 |
| Balance as % of Quota Amount | 92.0 | 93.3 | 89.2 |

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

| Stock Name | Stock code | Buy Trades (HKD) | Sell Trades (HKD) | Turnover (HKD) |
|--------------|------------|------------------|-------------------|----------------|
| TENCENT | 700 | 3,142,086,880 | 2,116,246,220 | 5,258,333,100 |
| MEITUAN-W | 3690 | 1,376,643,970 | 882,319,054 | 2,258,963,024 |
| WUXI BIO | 2269 | 584,929,500 | 295,448,375 | 880,377,875 |
| HSCEI ETF | 2828 | 71,164,172 | 628,445,676 | 699,609,848 |
| KUAISHOU-W | 1024 | 274,837,650 | 266,501,940 | 541,339,590 |
| CNOOC | 883 | 400,313,260 | 130,061,776 | 530,375,036 |
| CHINA MOBILE | 941 | 257,519,700 | 132,596,225 | 390,115,925 |
| XIAOMI-W | 1810 | 132,527,716 | 195,073,150 | 327,600,866 |
| LI NING | 2331 | 276,398,700 | 38,734,450 | 315,133,150 |
| HKEX | 388 | 261,836,500 | 34,320,060 | 296,156,560 |

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 | 2,468,236,760 | 1,349,997,640 | 3,818,234,400 |
| MEITUAN-W | 3690 | 1,293,002,180 | 488,661,595 | 1,781,663,775 |
| BYD COMPANY | 1211 | 755,325,650 | 112,598,600 | 867,924,250 |
| KOOLEARN | 1797 | 267,916,725 | 343,310,822 | 611,227,547 |
| KUAISHOU-W | 1024 | 378,626,840 | 148,288,140 | 526,914,980 |
| WUXI BIO | 2269 | 412,084,675 | 88,626,875 | 500,711,550 |
| HSCEI ETF | 2828 | 36,308,640 | 355,177,112 | 391,485,752 |
| KINTOR PHARMA-B | 9939 | 169,716,380 | 188,372,420 | 358,088,800 |
| HKEX | 388 | 293,424,600 | 52,324,000 | 345,748,600 |
| LI NING | 2331 | 312,323,300 | 19,927,950 | 332,251,250 |

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

| Stock Name | Code | Change | Closed Price | Turnover(Million) |
|--------------|------|--------|--------------|-------------------|
| TENCENT | 700 | 10.60% | 227.40 | 172.78 |
| MEITUAN-W | 3690 | 11.86% | 139.60 | 87.14 |
| HSCEI ETF | 2828 | 5.60% | 52.80 | 84.22 |
| BABA-SW | 9988 | 7.57% | 66.10 | 73.93 |
| HKEX | 388 | 8.33% | 226.40 | 34.24 |
| TRACKER FUND | 2800 | 4.93% | 15.55 | 33.26 |
| BYD COMPANY | 1211 | 4.50% | 183.60 | 31.43 |
| CSOP HS TECH | 3033 | 8.47% | 3.05 | 28.94 |
| WUXI BIO | 2269 | 6.90% | 37.95 | 28.81 |
| AIA | 1299 | 6.64% | 63.40 | 24.72 |

| Stock Name | Code | Short Selling Turnover | Turnover | Short Selling Ratio |
|---------------|----------|------------------------|----------|---------------------|
| HSCEI ETF | 02828.HK | 4.88B | 8.42B | 57.91% |
| CSOP HS TECH | 03033.HK | 1.76B | 2.89B | 60.78% |
| TENCENT | 00700.HK | 1.20B | 17.28B | 6.94% |
| MEITUAN-W | 03690.HK | 1.19B | 8.71B | 13.61% |
| XI2CSOPHSTECH | 07552.HK | 979.89M | 1.73B | 56.77% |
| FI2 CSOP HSI | 07500.HK | 686.68M | 1.02B | 67.61% |
| AIA | 01299.HK | 596.22M | 2.47B | 24.12% |
| BYD COMPANY | 01211.HK | 521.93M | 3.14B | 16.61% |
| TRACKER FUND | 02800.HK | 438.30M | 3.33B | 13.18% |
| XIAOMI-W | 01810.HK | 425.73M | 1.50B | 28.29% |

Source: AA Stocks

Economic Calendars

| Date | Country | Event | Survey | Prior | |
|-----------|------------------------------|---|--------------------------|----------|----------|
| Mon | Euro Zone | Oct. CPI (YoY) | 9.4% | 10.0% | |
| | China | Oct. Manufacturing PMI | 49.7 | 50.1 | |
| Tue | US | Oct. S&P Global Manufacturing PMI | 49.9 | 49.9 | |
| | | Sep. JOLTS Job Openings | 9,750k | 10,053k | |
| | | Oct. ISM Manufacturing | 50.0 | 50.9 | |
| | | Pfizer (PFE), Uber (UBER) Results | | | |
| Wed | China | Oct. Caixin Manufacturing PMI | 48.5 | 48.1 | |
| | US | Oct. ADP Employment Change | 200k | 208k | |
| | | FOMC Monetary Meeting (Announce in early morning on 3 Nov in HKT) | | | |
| | Euro Zone | Oct. S&P Global Manufacturing PMI | 46.6 | 46.6 | |
| | Thu | US | Sep. Trade Balance | -\$70.2b | -\$67.4b |
| | | | 3Q. Nonfarm Productivity | -0.1% | -4.1% |
| | | Initial Jobless Claims (Till Oct 29) | | 217k | |
| | | Continuing Jobless Claims (Till Oct 22) | | 1,438k | |
| | | Oct. S&P Global Services PMI | 46.6 | 46.6 | |
| Fri | US | Sep. Factory Orders | 0.4% | 0.0% | |
| | | Sep. Durable Goods Orders | | 0.4% | |
| | | Oct. ISM Services Index | 55.5 | 56.7 | |
| | | PayPal (PYPL), Starbucks (SBUX) Result | | | |
| | UK | BOE Monetary Policy Meeting | | | |
| | China | Oct. Caixin Services PMI | 48.2 | 49.3 | |
| Fri | US | Lenovo (992) Result | | | |
| | | Oct. Change in Nonfarm Payrolls | 200k | 263k | |
| | | Oct. Unemployment Rate | 3.6% | 3.5% | |
| | | Oct. Average Hourly Earning (MoM) | 0.3% | 0.3% | |
| Euro Zone | Oct. S&P Global Services PMI | 48.9 | 48.2 | | |

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