



Major Market Indicators

	9 Nov	8 Nov	7 Nov
Mkt. Turn.(mn)	111,300	104,700	148,600
Stock Advances	653	586	1,193
Stock Declines	855	933	455
HSI	16,359	16,557	16,596
Change	-199	-39	+435

HSI Technical Indicators

10-days MA	15,727
50-days MA	17,397
250-days MA	21,162
14-days RSI	49.55
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,320
50-days MA	5,936
250-days MA	7,340
14-days RSI	48.94
Primary resistance	5,800
Primary support	5,400

Stock Pick

CTG Duty- Free (1880)

Target: \$235

Stop loss: \$170

Civil Aviation of China has already started to implement the flight plan for the 2022/23 winter and spring seasons. It is believed that the second step would be to relax the circuit-breaker measures. The third step is to gradually restore international flights to pre-pandemic levels. CTG Duty- Free is the largest travel retail operator in the world. If the mainland aviation industry normalizes, CTG Duty- Free will be the first to benefit.

Tencent (0700)

Target: \$310

Stop loss: \$220

The prospect of Tencent has been affected by the tightening of regulations and the weakening of the macro economy since 2021. Yet, it seems the worst has passed. Previously, Tencent was allowed to issue new games after 14-month freeze, the uncertainties of its mobile game business have been partially removed. Meanwhile, Tencent has been actively participated in its mobile game business overseas, which can contribute more to its income growth in the future.

China Telecom (728)

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

Stocks were lower on Wednesday as the results of the U.S. midterm elections did not provide a clear answer on who will control Congress. The midterm elections did not deliver a landslide victory for the Republican Party or the so-called red wave that many had recently predicted. Republicans are still expected to win the House of Representatives, splitting the government, but the Senate is tight after Democrats outperforming expectations in key races. Investors are also eyeing October CPI data to be released on Thursday. Economists expect the CPI to rise 7.9% from a year earlier, slightly slower than September's 8.2% increase. The Dow Jones Industrial Average fell 646.89 points, or about 1.95%, to 32,513.94. The S&P 500 lost 2.08% to 3,748.57 and the Nasdaq Composite lost 2.48% to 10,353.17.

Hong Kong Stock Connect had a net outflow of HK\$0.69bn on Wednesday, of which Tencent (700) had the largest net inflow, reaching HK\$0.38bn; followed by Longfor (960). HSCEI (2828) recorded the largest net outflow at HK\$1.2bn, followed by Tracker Fund (2800).

Daily Focus

Link (0823): Interim results continue to improve but total distributable declines; rate hike cycle damage its share price

- Link (0823) announced its interim results yesterday. The total distributable amount was HK\$3.28bn, down 1.8% YoY, and there was no discretionary distribution during the period, compared to last year's total discretionary distribution of HK\$146mn. Excluding discretionary distributions, interim fund distributions actually increased by 1.9%. Link's shares fell 4.2% on the day after selling pressure after the results were announced as distribution funds fell.
- Benefiting from the slowdown of the epidemic in Hong Kong, Link's operating figures continued to improve. Property income (rent and other miscellaneous expenses) increased by 4.6% YoY to HK\$6.04bn, and the rental adjustment rate for lease renewal was 8.5%, compared with 3.4% in the same period last year. The distribution of lease expiry also continued to improve. In terms of total GFA, leases expiring after 2024 to 25 accounted for 62.4% out of total, an increase of 17 percentage points year-on-year. In a volatile macroeconomic environment, locking in a longer cash flow can bring stable cash flow to Link.
- Another item that drove Link's P&L improvement was the increase in investment property valuations, which recorded HK\$10.85bn in the 1H22, compared with HK\$3.07bn in 1H21. However, increases in property valuations are not included in distributable income.
- Overall, Link's performance has improved significantly due to the normalization of Hong Kong. Its share price has dropped from HK\$62.9 per share in mid-September to the current HK\$49.7, but the TTM dividend yield is 6.06%. It reflects Link's share price is still on the high level. Referring to the past 10 years' data, shows that Link's share price has a negative correlation with the U.S. federal fund rate. In the period of global interest rate hikes, Link's share price is believed to have further under pressure due to the equity risk premium.

Link (0823): Info	
Closed price	49.7
FY23 P/E (X)	16.0
FY23 Dividend yield (%)	6.2
52 week high	70.5
52 week low	46.3
14 RSI	43.7

Analyst: Tommy Kung

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	52.21	50.98	82.81
Balance as % of Quota Amount	100.4	98.0	95.2

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	1,005,276,320	1,203,802,779	2,209,079,099
MEITUAN-W	3690	538,841,100	759,888,366	1,298,729,466
HSCEI ETF	2828	1,436,936	777,138,852	778,575,788
COUNTRY GARDEN	2007	378,401,060	297,485,520	675,886,580
WUXI BIO	2269	257,937,425	338,847,065	596,784,490
CNOOC	883	248,358,200	302,835,820	551,194,020
LONGFOR GROUP	960	374,712,000	103,640,580	478,352,580
CG SERVICES	6098	258,338,920	192,356,520	450,695,440
CCB	939	292,475,450	121,997,460	414,472,910
CIFI HOLD GP	884	189,116,840	176,158,004	365,274,844

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	930,935,020	352,629,640	1,283,564,660
MEITUAN-W	3690	379,676,610	854,727,686	1,234,404,296
TRACKER FUND	2800	24,823,185	966,448,115	991,271,300
KOOLEARN	1797	421,530,925	474,369,675	895,900,600
WUXI BIO	2269	363,182,775	350,961,100	714,143,875
HSCEI ETF	2828	2,147,372	457,095,668	459,243,040
COUNTRY GARDEN	2007	188,778,580	167,645,330	356,423,910
ZHAOJIN MINING	1818	198,758,775	155,746,270	354,505,045
KUAISHOU-W	1024	197,021,065	153,339,115	350,360,180
CLOVER BIO-B	2197	196,522,225	136,117,730	332,639,955

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-3.66%	236.80	75.51
TRACKER FUND	2800	-1.26%	16.46	60.45
HSCEI ETF	2828	-1.86%	55.94	48.07
MEITUAN-W	3690	-3.02%	144.30	43.88
BABA-SW	9988	-1.64%	66.00	41.73
COUNTRY GARDEN	2007	13.89%	1.64	19.94
WUXI BIO	2269	-4.70%	44.60	19.56
BYD COMPANY	1211	-4.64%	187.00	18.82
CSOP HS TECH	3033	-2.30%	3.23	16.82
KUAISHOU-W	1024	-2.73%	44.50	15.55

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	2.70B	6.05B	44.73%
HSCEI ETF	02828.HK	1.27B	4.81B	26.40%
TENCENT	00700.HK	995.51M	7.55B	13.18%
CSOP HS TECH	03033.HK	868.88M	1.68B	51.65%
MEITUAN-W	03690.HK	566.53M	4.39B	12.91%
AIA	01299.HK	467.61M	1.19B	39.41%
KUAISHOU-W	01024.HK	453.38M	1.55B	29.16%
BABA-SW	09988.HK	437.97M	4.17B	10.50%
COUNTRY GARDEN	02007.HK	437.76M	1.99B	21.95%
JD-SW	09618.HK	433.12M	1.39B	31.16%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	China	Oct. Trade Balance	\$96.00b	\$84.74b
Tue	US	Walt Disney (DIS) Result		
	Euro Zone	Sep. Retail Sales (MoM)		-0.3%
Wed	China	Oct. PPI (YoY)	-1.6%	0.9%
		Oct. CPI (YoY)	2.4%	2.8%
	Hong Kong	Link (823), BeiGene (6160), Zai Lab (9688) Results		
Thu	US	Oct. CPI (MoM)	0.7%	0.4%
		Oct. CPI Ex Food and Energy (MoM)	0.5%	0.6%
		Oct. CPI (YoY)	8.0%	8.2%
		Initial Jobless Claims (Till Nov 5)		217k
		Continuing Jobless Claims (Till Oct 29)		1,485k
	Hong Kong	Manulife Financial (945), SMIC (981), NIO (9866) Results		
Fri	US	Nov. University of Michigan Sentiment	59.6	59.9
	Hong Kong	Samsonite (1910) Result		

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