

Major Market Indicators

	2 Jan	29 Dec	28 Dec
Mkt. Turn.(mn)	76,600	75,200	109,900
Stock Advances	603	1,089	1,300
Stock Declines	983	577	434
HSI	16,788	17,047	17,044
Change	-258	+4	+419

HSI Technical Indicators

10-days MA	16,700
50-days MA	17,088
250-days MA	19,041
14-days RSI	49.4
Primary resistance	17,200
Primary support	16,400

HSCEI Technical Indicators

10-days MA	5,645
50-days MA	5,844
250-days MA	6,481
14-days RSI	47.3
Primary resistance	5,900
Primary support	5,400

Stock Pick

China Shenhua (1088)

Target: \$31

Stop loss: \$23

The company's earlier guidance of coal production was 309 million tons. Based on the production of 296 million tons in the first eleven months of 2023, it is believed that it will be able to achieve the full-year coal production target. When the weather gets colder in winter, the demand of coal will increase and provide a support for the coal price.

SPDR Gold ETF (2840)

Target: \$1660

Stop loss: \$1250

As U.S. inflation and the labor market cools, the market expects interest rate cuts to begin as early as 1H24. In addition, the U.S. fiscal and trade deficits has become increasingly serious after 2022, making the U.S. dollar prone to weakening relative to other major currencies around the world. When the United States begin to cut interest rates, and the interest rate spread get narrower, gold may have more upside.

CKI (1038)

Target: \$50

Stop loss: \$37

The Group has diversified investments in Energy Infrastructure, Transportation Infrastructure, Water Infrastructure, Waste Management, Waste-to-energy, Household Infrastructure and Infrastructure Related Businesses. Its investments and operations span Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States. Most of the profit of the Company comes from overseas, and therefore can benefit from the USD softness when the rate hike cycle ends. In addition, financial costs can also be reduced if interest rates are cut next year. The Group currently has HKD12bn cash and is therefore well positioned to look for new opportunities.

Market Overview

U.S. Treasury yields climbed on Tuesday as 2024 trading begins, with questions remaining about the outlook for interest rates and the state of the economy. No key data was released on Tuesday. However, investors will get new insights into the state of the job market this week with JOLTS job openings on Wednesday, the ADP private employment report on Thursday and the December employment report on Friday.

Hong Kong Stock Connect had a net inflow of HK\$3.8bn on Tuesday, of which Tracker Fund (2800) had the largest net inflow, reaching HK\$1.42bn; followed by CSOP HS TECH (3033). ICBC (1398) recorded the largest net outflow at HK\$0.12bn, followed by SMIC (981).

Daily Focus

China Shenhua (1088): Coal demand increase in cold weather

- Reviewing the result of China Shenhua in the first three quarters, it achieved revenue of RMB252.467bn, a slight increase of 0.8% yoy. Net profit was at RMB52.501bn, a decrease of 16.4% yoy, mainly affected by falling coal prices and rising production costs, which led to a fall in profits of the coal sales segment.
- The company's earlier guidance of coal production was 309 million tons. Based on the production of 296 million tons in the first eleven months of 2023, it is believed that it will be able to achieve the full-year coal production target.
- It is understood that as of December 18, CCTD Qinhuangdao thermal coal spot prices for three specifications of 5500K, 5000K, and 4500K closed at RMB 951, RMB 846, and RMB 732 /ton respectively, up 14, 24, and RMB 14/ton on a week-on-week basis. When the weather gets colder in winter, the demand of coal will increase and provide a support for the coal price. Coupled with a high proportion of long-term contract of coal sales, the Company is expected to have a more stable level of profitability compared to peers.
- Meanwhile, during the "14th Five-Year Plan" period, the company plans to develop new energy with a scale of 6 million kilowatts. When China is on its way to achieve carbon neutrality, China Shenhua continues to increase investment in new energy projects and is able to meet the changing needs of the country.

China Shenhua (1088): Info

Closed price	27.50
FY24 P/E (X)	8.11
FY24 Dividend yield (%)	8.84
52 week high	28.70
52 week low	21.45
14 RSI	73.58

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	38.8	40.1	78.9
Balance as % of Quota Amount	92.4	95.4	93.9

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	794,541,120	767,355,020	1,561,896,140
TRACKER FUND	2800	1,188,219,365	2,936,595	1,191,155,960
CNOOC	883	638,435,500	100,489,680	738,925,180
CHINA MOBILE	941	295,288,025	153,433,925	448,721,950
MEITUAN-W	3690	217,402,005	191,093,294	408,495,299
CSOP HS TECH	3033	286,950,941	2,277,178	289,228,119
LI AUTO-W	2015	130,306,750	158,742,030	289,048,780
CCB	939	130,761,300	143,056,110	273,817,410
ICBC	1398	61,766,390	190,669,320	252,435,710
SMIC	981	94,429,630	152,879,180	247,308,810

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	1,002,757,820	996,745,415	1,999,503,235
CNOOC	883	261,222,380	235,781,700	497,004,080
MEITUAN-W	3690	138,222,240	231,757,051	369,979,291
CSOP HS TECH	3033	356,832,211	4,996,624	361,828,835
LI AUTO-W	2015	148,555,260	152,313,560	300,868,820
KUAISHOU-W	1024	120,301,435	152,168,600	272,470,035
CHINA MOBILE	941	176,429,300	90,649,100	267,078,400
SMIC	981	106,151,910	156,050,220	262,202,130
CHINA SHENHUA	1088	229,286,850	19,476,025	248,762,875
TRACKER FUND	2800	239,543,870	777,630	240,321,500

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	1.02%	296.60	6.962
TRACKER FUND	2800	-1.45%	16.94	3.586
BABA-SW	9988	-1.19%	74.70	2.133
NTES-S	9999	3.91%	146.10	2.017
MEITUAN-W	3690	-3.05%	79.40	1.828
BYD COMPANY	1211	-2.33%	209.40	1.663
CSOP HS TECH	3033	-1.03%	3.66	1.511
CCB	939	-2.37%	4.54	1.372
LI AUTO-W	2015	-5.24%	139.40	1.288
CNOOC	883	1.54%	13.20	1.280

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.48B	3.59B	41.14%
BYD COMPANY	01211.HK	912.65M	1.66B	54.88%
CSOP HS TECH	03033.HK	348.11M	1.51B	23.04%
TENCENT	00700.HK	325.80M	6.96B	4.68%
XL2CSOPHSTECH	07226.HK	277.74M	723.17M	38.41%
XIAOMI-W	01810.HK	246.03M	935.23M	26.31%
SUNNY OPTICAL	02382.HK	231.82M	583.61M	39.72%
XPENG-W	09868.HK	224.02M	771.99M	29.02%
BABA-SW	09988.HK	218.86M	2.13B	10.26%
NTES-S	09999.HK	216.62M	2.02B	10.74%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (New Year's Day)		
	China	Market will close (New Year's Day)		
	Hong Kong	Market will close (New Year's Day)		
		HK Stock Connect closed		
Tue	China	Dec. Caixin Manufacturing PMI	50.3	50.7
Wed	US	Dec. ISM Manufacturing	47.2	46.7
		Nov. JOLTS Job Openings	8,850k	8,733k
Thu	US	FOMC Meeting Minutes (Dec 13) (Announce in early morning on Jan 4 in HKT)		
		Initial Jobless Claims (Till Dec 30)		218k
		Continuing Jobless Claims (Till Dec 23)		1,875k
		Dec. ADP Employment Change	113k	103k
	China	Dec. Caixin Services PMI	51.6	51.5
Fri	US	Dec. Change in Nonfarm Payrolls	168k	199k
		Dec. Underemployment Rate	3.8%	3.7%
		Dec. Average Hourly Earnings (MoM)	0.3%	0.4%
	Euro Zone	Dec. CPI (YoY)	3.0%	2.4%

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