



Major Market Indicators

	4 Jan	3 Jan	2 Jan
Mkt. Turn.(mn)	79,269	79,269	76,600
Stock Advances	686	603	603
Stock Declines	882	983	983
HSI	16,646	16,646	16,788
Change	0	-142	-258

HSI Technical Indicators

10-days MA	16,687
50-days MA	17,064
250-days MA	19,019
14-days RSI	46.7
Primary resistance	17,200
Primary support	16,400

HSCEI Technical Indicators

10-days MA	5,640
50-days MA	5,834
250-days MA	6,474
14-days RSI	46.4
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

According to data from employment data processing agency ADP, private employment was 164,000 last month, higher than the downwardly revised 101,000 in November and the expected 115,000. At the same time, wage growth fell to 5.4% from 5.6% a month ago, continuing a deceleration that began in September 2022. "We're returning to a labor market that's very much aligned with pre-pandemic hiring," said ADP Chief Economist Nela Richardson in a statement. "While wages didn't drive the recent bout of inflation, now that pay growth has retreated, any risk of a wage-price spiral has all but disappeared."

Hong Kong Stock Connect had a net inflow of HK\$2.15bn on Thursday, of which Tracker Fund (2800) had the largest net inflow, reaching HK\$0.98bn; followed by CNOOC (883). Tencent (700) recorded the largest net outflow at HK\$0.42bn, followed by CCB (939).

Daily Focus

CNOOC (883): Short term upside potential remains

- In 2023, with further independent production cuts by Saudi Arabia and Russia, crude oil supply and demand has returned to balance and encouraged oil prices to rise. It is expected that OPEC+ may further reduce production slightly in 2024, but the increase in production from non-OPEC countries can eliminate OPEC+ production cuts, especially the increase in U.S. crude oil production, causing a slight oversupply in the overall crude oil market.
- As the emerging market sentiment has recovered slightly, the market's demand estimates maybe too conservative. The current inventory of crude oil or other petroleum products is low, so a small oversupply of crude oil will not cause a sharp drop in oil prices. The downside risk to oil prices is that high interest rates in Europe and the United States lead to a decline in the economy. The spillover of the Israeli-Palestinian conflict to surrounding oil-producing countries, resulting in production reductions in Middle Eastern oil-producing countries, is the upside risk to oil prices.
- Recently, oil prices have risen, driven by protests at Libya's largest oil field and tensions in the Red Sea. CNOOC's stock price is highly correlated with oil prices, and therefore upside potential remains.

CNOOC (883): Info	
Closed price	13.36
FY24 P/E (X)	4.26
FY24 Dividend yield (%)	9.96
52 week high	14.28
52 week low	9.86
14 RSI	65.18

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	39.5	41.0	80.5
Balance as % of Quota Amount	94.2	97.6	95.9

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	686,269,860	165,924,340	852,194,200
TENCENT	700	303,118,600	498,090,840	801,209,440
MEITUAN-W	3690	256,949,900	251,138,228	508,088,128
CHINA MOBILE	941	350,134,900	117,642,300	467,777,200
TRACKER FUND	2800	433,124,055	2,215,930	435,339,985
ANTA SPORTS	2020	268,379,100	52,511,139	320,890,239
CCB	939	192,369,090	39,864,040	232,233,130
ICBC	1398	166,077,800	28,638,800	194,716,600
CHINA SHENHUA	1088	96,769,725	90,686,225	187,455,950
YANKUANG ENERGY	1171	112,565,480	73,375,152	185,940,632

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	213,820,760	439,109,928	652,930,688
TRACKER FUND	2800	560,913,980	3,436,690	564,350,670
CNOOC	883	242,587,700	150,862,460	393,450,160
CCB	939	33,755,640	307,632,380	341,388,020
CHINA MOBILE	941	122,736,350	156,939,875	279,676,225
ICBC	1398	28,051,450	201,201,390	229,252,840
ANTA SPORTS	2020	84,351,410	136,063,280	220,414,690
EAST BUY	1797	115,508,600	103,927,222	219,435,822
MEITUAN-W	3690	104,084,505	111,614,788	215,699,293
LI AUTO-W	2015	67,360,400	104,972,790	172,333,190

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-0.60%	298.80	6.061
BABA-SW	9988	1.02%	74.05	2.771
TRACKER FUND	2800	0.12%	16.81	2.607
MEITUAN-W	3690	-0.64%	77.50	1.894
BYD COMPANY	1211	-0.48%	209.60	1.464
CNOOC	883	2.77%	13.36	1.349
CCB	939	0.66%	4.60	1.150
AIA	1299	-0.93%	64.25	1.076
ANTA SPORTS	2020	-2.63%	70.30	1.041
CSOP HS TECH	3033	0.06%	3.58	1.005

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.88B	2.61B	71.98%
BABA-SW	09988.HK	789.53M	2.77B	28.50%
CSOP HS TECH	03033.HK	728.50M	1.01B	72.48%
HSCEI ETF	02828.HK	668.46M	967.70M	69.08%
BYD COMPANY	01211.HK	627.36M	1.46B	42.84%
TENCENT	00700.HK	577.62M	6.06B	9.53%
ANTA SPORTS	02020.HK	405.05M	1.04B	38.89%
XIAOMI-W	01810.HK	263.30M	808.32M	32.57%
CCB	00939.HK	242.36M	1.15B	21.08%
PETROCHINA	00857.HK	211.02M	644.27M	32.75%

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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