



Major Market Indicators

	10 Jan	9 Jan	8 Jan
Mkt. Turn.(mn)	74,500	81,900	84,400
Stock Advances	662	815	426
Stock Declines	926	744	1,216
HSI	16,097	16,190	16,224
Change	-93	-34	-311

HSI Technical Indicators

10-days MA	16,072
50-days MA	16,193
250-days MA	16,570
14-days RSI	43.99
Primary resistance	16,200
Primary support	15,800

HSCEI Technical Indicators

10-days MA	5,412
50-days MA	5,457
250-days MA	5,599
14-days RSI	43.83
Primary resistance	5,600
Primary support	5,200

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

Geopolitical unease continues to grow. On top of that, 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

The market expects the consumer price index (CPI) to rise 0.2% in the last month of 2023 and 3.2% for the full year. Minutes of the meeting released last week did not show any discussion on the timetable for a rate cut. The current core task of the Federal Reserve is to adjust policy. It can neither be too loose and let inflation return, nor keep the policy too tight to avoid triggering a recession. Federal Reserve Bank of New York President John Williams said on Wednesday it was too early to call for a rate cut because the Fed still has some distance to go on getting inflation back to its 2% target. Market participants have lowered expectations for a rate cut of at least 25 basis points in March to 65%, according to the CME Group's FedWatch Tool.

Hong Kong Stock Connect had a net inflow of HK\$2.56bn on Wednesday, of which Tracker Fund (2800) had the largest net inflow, reaching HK\$0.81bn; followed by CSOP HS TECH (3033). Tencent (700) recorded the largest net outflow at HK\$0.80bn, followed by SMIC (981).

Daily Focus

Shenzhou International (2313): current price already reflected the recent negative factors

- To recap, Shenzhou International's revenue was RMB11.56 billion in 1H23, down 15% yoy. Net profit fell 10.1% yoy to RMB2.13bn. GPM and NPM maintained at around 22% and 18%. Among all segments, the sales of sportswear products fell by 20% yoy, mainly due to the decline in demand in Europe and the United States, and in the first half of the year, clients mainly Nike and Adidas were still in the destocking period, and they accounted for nearly 50% of Shenzhou's sales. Meanwhile, sales of casual wear products (Uniqlo, accounting for 21% of Shenzhou's revenue) increased by 10% yoy, mainly due to rising market demand in Japan and China.
- At present, Shenzhou's new factories in Cambodia and Vietnam are still in the expansion stage, and there is still room for further improvement in production efficiency.
- The share price of Shenzhou fell earlier due to customer Nike lowering its management guidance, but it is believed that the current price has generally responded to the negative factors.
- The market expects Shenzhou International's revenue to resume growth in 2024, with an average growth rate of approximately 15% in three years, while profits will continue to exceed 20%. The FY25PE is currently at 15X, which is a reasonable valuation.

Shenzhou International (2313): Info	
Closed price	75.7
FY24 P/E (X)	18.18
FY24 Dividend yield (%)	3.12
52 week high	109.7
52 week low	60.8
14 RSI	43.09

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.78	50.64	80.12
Balance as % of Quota Amount	97.7	97.4	95.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	606,897,000	709,661,614	1,316,558,614
MEITUAN-W	3690	545,343,715	322,478,430	867,822,145
CCB	939	438,535,670	53,129,670	491,665,340
CHINA MOBILE	941	351,236,450	134,222,600	485,459,050
CNOOC	883	237,253,020	199,192,960	436,445,980
CHINA SHENHUA	1088	167,290,000	143,878,875	311,168,875
EAST BUY	1797	125,041,775	128,866,161	253,907,936
LI AUTO-W	2015	111,802,180	135,013,600	246,815,780
XIAOMI-W	1810	102,210,660	110,248,540	212,459,200
HSCEI ETF	2828	201,736,884	889,428	202,626,312

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	383,449,040	1,090,572,580	1,474,021,620
TRACKER FUND	2800	815,843,710	48,720	815,892,430
CSOP HS TECH	3033	688,184,460	1,031,913	689,216,373
MEITUAN-W	3690	261,524,660	251,725,316	513,249,976
CHINA MOBILE	941	133,724,700	262,303,575	396,028,275
HSCEI ETF	2828	272,300,980	165,616	272,466,596
SMIC	981	59,399,060	198,659,470	258,058,530
LI AUTO-W	2015	108,050,570	134,216,326	242,266,896
CHINA SHENHUA	1088	188,071,850	30,990,300	219,062,150
EAST BUY	1797	68,790,975	147,718,355	216,509,330

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-1.20%	280.20	5.367
BABA-SW	9988	-0.65%	69.30	3.659
MEITUAN-W	3690	1.70%	71.75	3.247
TRACKER FUND	2800	-0.55%	16.25	2.786
AIA	1299	-1.81%	62.45	1.880
CSOP HS TECH	3033	-0.94%	3.36	1.379
HSCEI ETF	2828	-0.65%	54.88	1.317
WUXI BIO	2269	6.26%	28.00	1.226
CCB	939	0.00%	4.52	1.181
LI AUTO-W	2015	-4.43%	125.20	1.175

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.86B	2.79B	66.84%
CSOP HS TECH	03033.HK	909.78M	1.38B	65.97%
TENCENT	00700.HK	509.08M	5.37B	9.49%
BYD COMPANY	01211.HK	325.83M	1.02B	31.81%
BABA-SW	09988.HK	315.31M	3.66B	8.62%
CCB	00939.HK	295.38M	1.18B	25.01%
XIAOMI-W	01810.HK	292.46M	1.05B	27.73%
LI AUTO-W	02015.HK	289.01M	1.18B	24.59%
MEITUAN-W	03690.HK	280.05M	3.25B	8.62%
HSCEI ETF	02828.HK	267.22M	1.32B	20.30%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	Euro Zone	Nov. Retail Sales (YoY)		-1.2%
		Dec. Consumer Confidence		-15.1
Tue	US	Nov. Trade Balance	-\$64.8b	-\$64.3b
		EIA Short-Term Energy Outlook		
		API Weekly Crude Oil Stock		-7.418m
Wed	US	Nov. Wholesale Inventories (MoM)	-0.2%	-0.2%
		10-Year Note Auction		
Thu	US	Dec. CPI (YoY)	3.3%	3.1%
		Dec. Core CPI (YoY)	3.8%	4.0%
		Initial Jobless Claims (Till Jan 6)		
		Continuing Jobless Claims (Till Dec 30)		
Fri	US	Dec. PPI (YoY)	1.4%	0.9%
		Dec. CPI (YoY)	-0.3%	-0.5%
	China	Dec. PPI (YoY)	-2.7%	-3.0%
		Dec. Exports (YoY)	1.5%	0.5%
		Dec. Import (YoY)	0.0%	-0.6%

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