

Major Market Indicators

	19 Feb	16 Feb	15 Feb
Mkt. Turn.(mn)	82,100	70,700	47,000
Stock Advances	651	1,288	717
Stock Declines	973	441	760
HSI	16,156	16,340	15,945
Change	-184	+395	+65

HSI Technical Indicators

10-days MA	16,189
50-days MA	16,188
250-days MA	15,856
14-days RSI	45.67
Primary resistance	16,500
Primary support	16,000

HSCEI Technical Indicators

10-days MA	5,499
50-days MA	5,498
250-days MA	5,354
14-days RSI	43.16
Primary resistance	5,600
Primary support	5,200

Stock Pick

HSBC (5)

Target: \$67

Stop loss: \$57.8

HSBC will announce its quarter results tomorrow. The market consensus for profit before provision (PPOP) in 4Q23 is USD8.4bn, an increase of 2% yoy and a decrease of 8% qoq. Dividends and repurchases policy attract the most attention from the market. The market estimates dividend to be at USD0.83 per share for the full year, including a special dividend of USD0.2 from the sale of the Canadian business. Based on the current stock price of about HKD62, the dividend yield is approx. 10.5%. Even after deducting this special dividend, the dividend payout ratio is at around 43%, which is not far from the group's 50% target. HSBC is likely to continue its USD2bn share repurchase, which is expected to provide support to the stock price.

China Telecom (728)

Target: \$5

Stop loss: \$3.6

The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. China Telecom, as well as other SOEs, responded in affirmation. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future. We see this as a catalyst for China Telecom.

China Mobile (941):

Target: \$74

Stop loss: \$61

With a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Having a moderate growth in capital expenditure, its net profit margin is expected to rise steadily.

Market Overview

Earlier, the CIH announced new residential sales figures during the Lunar New Year period. The transaction volume of second-hand properties increased significantly. However, the 25 tracking cities were still sluggish during the New year holiday. The average daily transaction area of new properties fell by 27% compared with the same period last year. As the real estate downtrend has yet to bottom out, some provinces and cities have stepped up measures to rescue the market. For example, Hainan Province announced that it has once again lowered the minimum down payment ratio for first-time housing from 25% to 20%. It only took less than four months for it to lower the down payment again.

The net inflow of Hong Kong Stock Connect on Monday was HK\$4.27bn, of which CNOOC (08830) had the largest inflow, reaching HK\$616mn; followed by China Mobile (0941). HSBC Holdings (0005) recorded the largest net outflow of HK\$114mn; followed by Tencent (0700).

Daily Focus

China Mobile (941): a pick with high growth visibility and attractive dividends

- With a continuously rising share of revenue contribution from digital transformation, the revenue structure of China Mobile has become more balanced and robust, and the momentum of sustainable growth has been enhanced. Having a moderate growth in capital expenditure, its net profit margin is expected to rise steadily.
- The State Council previously announced that it will further study the inclusion of market value management in the performance assessment of the persons in charge of central SOEs. SOEs responded in affirmation. They vowed to actively carry out value management and value dissemination activities, and will adopt market capitalization management tools on a regular basis to safeguard company value and enhance shareholders' returns. By incorporating market value management into the KPI of state-owned enterprise management, it may promote Chinese telecommunications stocks to continue to increase their dividend payout ratios in the future.
- China Mobile is a pick with high growth visibility and attractive dividends.

China Mobile (941): Info	
Closed price	67.4
FY24 P/E (X)	9.18
FY24 Dividend yield (%)	7.10
52 week high	70.2
52 week low	57.1
14 RSI	60.28

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.61	57.59	78.30
Balance as % of Quota Amount	97.3	110.7	93.2

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	465,621,480	581,005,420	1,046,626,900
CNOOC	883	630,376,740	188,604,389	818,981,129
MEITUAN-W	3690	389,809,085	378,672,737	768,481,822
CHINA MOBILE	941	409,724,825	114,398,449	524,123,274
CHINA TELECOM	728	329,906,260	41,301,552	371,207,812
HSBC HOLDINGS	5	126,481,760	240,792,060	367,273,820
SMIC	981	275,733,190	89,713,630	365,446,820
CHINA SHENHUA	1088	264,871,850	95,551,700	360,423,550
XIAOMI-W	1810	163,176,396	132,014,304	295,190,700
BANK OF CHINA	3988	218,137,110	68,532,250	286,669,360

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	485,311,880	449,079,492	934,391,372
MEITUAN-W	3690	492,320,050	244,881,668	737,201,718
CNOOC	883	339,874,780	165,254,460	505,129,240
SMIC	981	151,127,200	349,982,410	501,109,610
LI AUTO-W	2015	224,421,660	46,955,319	271,376,979
CHINA TELECOM	728	112,637,480	153,498,120	266,135,600
CHINA MOBILE	941	146,129,275	65,906,250	212,035,525
YANKUANG ENERGY	1171	108,768,080	101,137,960	209,906,040
WUXI BIO	2269	76,538,770	119,625,330	196,164,100
UNITEDENERGY GP	467	76,497,380	112,011,680	188,509,060

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-2.40%	284.80	44.15
TRACKER FUND	2800	-1.27%	16.29	41.62
HSCEI ETF	2828	-1.49%	55.46	35.27
MEITUAN-W	3690	-2.55%	72.75	28.75
BABA-SW	9988	-2.06%	71.50	21.07
CNOOC	883	3.15%	15.08	17.71
HSBC HOLDINGS	5	0.73%	62.40	15.96
AIA	1299	-0.16%	64.20	13.81
BYD COMPANY	1211	-1.90%	186.40	11.95
PING AN	2318	-2.72%	33.95	11.92

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
HSCEI ETF	02828.HK	2.22B	3.53B	62.94%
MEITUAN-W	03690.HK	515.51M	2.87B	17.93%
TRACKER FUND	02800.HK	355.13M	4.16B	8.53%
CSOP HS TECH	03033.HK	337.07M	541.33M	62.27%
BYD COMPANY	01211.HK	312.99M	1.19B	26.19%
TENCENT	00700.HK	308.66M	4.42B	6.99%
HSBC HOLDINGS	00005.HK	307.73M	1.60B	19.28%
JD-SW	09618.HK	298.28M	847.05M	35.21%
PING AN	02318.HK	267.71M	1.19B	22.45%
BANK OF CHINA	03988.HK	262.34M	948.39M	27.66%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Presidents' Day)		
Tue	US	Jan. Leading Index	-0.3%	-0.1%
		Home Depot (HD), Walmart (WMT) Results		
	China	5-Year Loan Prime Rate	4.15%	4.20%
		1-Year Loan Prime Rate	3.43%	3.45%
Wed	US	NVIDIA (NVDA) Result		
	Hong Kong	HSBC (5), Hang Seng (11), Trip.com (9961) Results		
Thu	US	Initial Jobless Claims (Till Feb 17)		212k
		Continuing Jobless Claims (Till Feb 10)		1,895k
		FOMC Meeting Minutes (Jan 31) (Announce in early morning on Feb 23 in HKT)		
		Feb. S&P Global Manufacturing PMI	50.1	50.7
		Feb. S&P Global Services PMI	52.0	52.5
		Jan. Existing Home Sales	3.97m	3.78m
	Euro Zone	Feb. HCOB Manufacturing PMI	47.0	46.6
		Feb. HCOB Services PMI	48.7	48.4
		Jan. CPI (YoY)	2.8%	2.9%
		Jan. CPI (MoM)	-0.4%	-0.4%
	Hong Kong	Sino Land (83), Lenovo (992), HKT Trust & HKT (6823) Results		
Fri	Hong Kong	Standard Chartered (2888) Result		

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