

Major Market Indicators

	20 Feb	19 Feb	16 Feb
Mkt. Turn.(mn)	77,000	82,100	70,700
Stock Advances	885	651	1,288
Stock Declines	719	973	441
HSI	16,248	16,156	16,340
Change	+92	-184	+395

HSI Technical Indicators

10-days MA	16,184
50-days MA	16,188
250-days MA	15,913
14-days RSI	61.41
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,496
50-days MA	5,496
250-days MA	5,379
14-days RSI	61.55
Primary resistance	5,600
Primary support	5,200

Stock Pick

China Resources Power (836)

Target: \$19

Stop loss: \$15

Most areas in the mainland are experiencing a sharp drop in temperature and rain and snow. In addition, from the 20th to the 22nd, there was freezing rain in some areas of Henan, Hubei, Hunan, Guizhou and other places. As cold weather hits, power stocks fare well. In 2023, the power usage in China reached 9.22 trillion kilowatt-hours last year, up 6.7 pct yoy. As factories need to resume operations after the holidays, and the central government intends to take measures to rescue the economy, the nationwide electricity consumption may gradually resume.

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

Consumer and producer price data released last week raised concerns that the Federal Reserve will keep interest rates at current levels longer than expected at the beginning of the year. The minutes of the Federal Reserve's January meeting will be released on Wednesday, which may provide more insight into the Fed's thinking. The market currently expects that starting in June this year, the Federal Reserve will cut interest rates four times, each time by 25 basis points. A series of Fed official speeches this week could provide further potential clues on monetary policy.

Hong Kong Stock Connect had a net outflow of HK\$3.47bn on Tuesday, of which CNOOC (883) had the largest net inflow, reaching HK\$0.91bn; followed by China Mobile (941). Tencent (700) recorded the largest net outflow at HK\$0.20bn, followed by SMIC (981).

Daily Focus

China Resources Power (836): power stocks fare well due to cold weather

- Most areas in the mainland are experiencing a sharp drop in temperature and rain and snow. In addition, from the 20th to the 22nd, there was freezing rain in some areas of Henan, Hubei, Hunan, Guizhou and other places. Power stocks fare well due to cold weather.
- In 2023, the power usage in China reached 9.22 trillion kilowatt-hours last year, up 6.7 pct yoy. As factories need to resume operations after the holidays, and the central government intends to take measures to rescue the economy, the nationwide electricity consumption may gradually resume.
- With the amount of electricity traded in the market continued to rise, the market mechanism has played a more decisive role in resource allocation. Last year, China's electricity market traded 5.7 trillion kilowatt-hours of electricity nationwide, a year-on-year increment of 7.9%, accounting for 61.4% of the total social electricity consumption, an increase of 0.6 ppts over the previous year. Industry reform is a positive factor for China Resources Power.
- As a leader in traditional thermal power, China Resources Power has at the same time strengthened its deployment of renewable energy in recent years. Total net generation of subsidiary power plants for 2023 increased by 4.7% yoy to 193,264,687 MWh, among which, subsidiary wind farms increased by 12.4% year on year to 39,612,160 MWh, subsidiary photovoltaic plants increased by 111.8% year on year to 2,863,263 MWh. The group will continue to develop renewable energy in the future, and therefore is expected to have upsides for both profit and valuation.

China Resources Power (836): Info	
Closed price	16.66
FY24 P/E (X)	5.43
FY24 Dividend yield (%)	7.15
52 week high	18.558
52 week low	13.546
14 RSI	63.48

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	49.57	52.70	78.78
Balance as % of Quota Amount	95.3	101.4	93.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,073,522,200	293,504,520	1,367,026,720
TENCENT	700	423,398,380	594,872,372	1,018,270,752
CHINA MOBILE	941	517,889,900	179,899,325	697,789,225
CCB	939	359,258,580	68,323,540	427,582,120
MEITUAN-W	3690	182,670,510	210,964,603	393,635,113
CHINA TELECOM	728	323,017,160	68,710,580	391,727,740
SMIC	981	206,831,830	176,060,534	382,892,364
CHINA SHENHUA	1088	198,635,075	122,865,550	321,500,625
BANK OF CHINA	3988	221,632,260	26,062,720	247,694,980
SINOPEC CORP	386	82,431,820	163,153,920	245,585,740

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	426,976,980	291,084,055	718,061,035
TENCENT	700	251,783,680	285,204,520	536,988,200
SMIC	981	196,708,710	308,568,356	505,277,066
CHINA MOBILE	941	262,445,325	77,110,566	339,555,891
MEITUAN-W	3690	166,566,050	108,021,504	274,587,554
YANKUANG ENERGY	1171	175,538,400	85,287,720	260,826,120
CCB	939	109,331,030	118,554,073	227,885,103
LI AUTO-W	2015	153,045,060	69,488,890	222,533,950
XPENG-W	9868	96,921,125	101,996,230	198,917,355
CHINA SHENHUA	1088	56,586,775	106,892,770	163,479,545

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TENCENT	700	-0.21%	284.20	44.59
TRACKER FUND	2800	0.55%	16.38	30.13
BABA-SW	9988	0.91%	72.15	23.12
CNOOC	883	3.32%	15.58	20.51
BYD COMPANY	1211	-2.25%	182.20	17.09
MEITUAN-W	3690	0.89%	73.40	15.45
AIA	1299	-0.70%	63.75	14.24
CHINA MOBILE	941	0.45%	67.70	14.18
CCB	939	1.48%	4.80	13.99
PING AN	2318	-0.59%	33.75	11.79

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	1.60B	3.01B	53.17%
TENCENT	00700.HK	942.50M	4.46B	21.14%
BYD COMPANY	01211.HK	802.13M	1.71B	46.94%
HSCEI ETF	02828.HK	429.03M	687.29M	62.42%
JD-SW	09618.HK	396.67M	992.94M	39.95%
BABA-SW	09988.HK	358.11M	2.31B	15.49%
CSOP HS TECH	03033.HK	347.29M	833.22M	41.68%
CCB	00939.HK	340.44M	1.40B	24.33%
PING AN	02318.HK	314.32M	1.18B	26.66%
CM BANK	03968.HK	283.97M	992.76M	28.60%

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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