

Major Market Indicators

	26 Feb	23 Feb	22 Feb
Mkt. Turn.(mn)	83,500	96,100	100,100
Stock Advances	739	876	1,057
Stock Declines	875	755	606
HSI	16,635	16,726	16,743
Change	-91	-17	+240

HSI Technical Indicators

10-days MA	16,639
50-days MA	16,687
250-days MA	16,240
14-days RSI	46.28
Primary resistance	16,800
Primary support	16,400

HSCEI Technical Indicators

10-days MA	5,726
50-days MA	5,749
250-days MA	5,528
14-days RSI	44.82
Primary resistance	6,000
Primary support	5,600

Stock Pick

Trip.com (9961)

Target: \$390

Stop loss: \$275

Trip.com's fourth-quarter adjusted EBITDA was RMB2.85bn, better than the expected RMB2.02bn. Domestic and international businesses continued to show robust recovery. Domestic hotel reservations grew by over 130% yoy. Outbound hotel and air reservations both recovered to over 80% of the pre-COVID level for the same period in 2019, compared to a 60% industry recovery in terms of international air passenger volume for the same period. The company has a leading position in the mid-to-high-end and outbound travel market segments, therefore can benefit from the recovery trend of China's outbound travel.

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

The market is paying attention to vary US economic figures to be released this week. Durable goods orders and the ISM manufacturing index will reflect whether the U.S. economy can maintain moderate growth despite high interest rates. The core PCE released on Thursday. Referring to the January CPI YoY growth rate, is more likely to accelerate the monthly increase in core PCE% this time. The market estimates a monthly increase of 0.4%, which is higher than 0.2% in Dec. However, under the high base effect, the annual rate of core PCE is expected to maintain a downward trend, falling slightly to 2.8% in January from 2.9% last month.

The net inflow of Hong Kong Stock Connect on Monday was HK\$1.76bn, of which CNOOC (0883) had the largest inflow, reaching HK\$981mn; followed by Li Auto (2015). Tencent Holdings (0700) recorded the largest net outflow, at HK\$261mn; followed by Tracker Fund (2800).

Daily Focus

CLP(2): significant improvements in overseas operations

- CLP Holdings FY23 turnover declined 13.4% YoY to HKD87.169bn. Net profit amounted to HKD6.655 billion, up 620.2% YoY. EPS was \$2.63. A fourth interim dividend of \$1.21 per share was declared, same as the same period of 2022. Total dividend for 2023 was kept unchanged at \$3.1 per share.
- The group's profit increased mainly due to reliable contributions from its core businesses in Hong Kong and Mainland China, as well as significant improvements in overseas operations. As Hong Kong's economy gradually recovers and summer temperatures hit record highs, CLP Power's electricity sales increased by 1.6% compared with 2022. Operating profit of the local energy business before accounting for fair value changes increased by 1.3% yoy to HKD8,823mn.
- Meanwhile, the Australia segment also recorded improvement. EnergyAustralia's performance is set on a path of recovery. In 2023, the company recorded an operating loss of HKD182mn before changes in fair value, narrowing from a loss of HKD2,330mn in the previous year. With the normalisation of wholesale electricity prices, improved power station performance and higher realised prices, contribution from EnergyAustralia's generation business turned around. Also, the Group's fair value movements, predominately related to EnergyAustralia's forward energy contracts, turned around from a loss of HKD2,979mn in 2022 to a gain of HKD2,125mn in 2023 and brought Group operating earnings with a significant rebound.
- CLP announced its development plans for the next five years last year. The company will invest in power facilities in the northern metropolitan area. Under the profit control agreement, CLP's permitted profits will have room for upside as long as future capital expenditures increase. Coupled with the completion of this year's interest rate hike cycle, the attractiveness of dividend-earning stocks has increased.

CLP (2): Info	
Closed price	63.85
FY24 P/E (X)	13.27
FY24 Dividend yield (%)	5.07
52 week high	67.35
52 week low	54.80
14 RSI	50.90

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	50.29	53.16	80.47
Balance as % of Quota Amount	96.7	102.2	95.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	1,160,260,660	416,344,546	1,576,605,206
TENCENT	700	339,235,280	655,392,745	994,628,025
CCB	939	267,164,370	401,027,340	668,191,710
CHINA MOBILE	941	259,557,075	286,169,140	545,726,215
ICBC	1398	126,596,570	276,328,050	402,924,620
MEITUAN-W	3690	213,114,085	170,287,192	383,401,277
TRACKER FUND	2800	339,645,505	9,269,975	348,915,480
YANKUANG ENERGY	1171	132,535,800	177,810,560	310,346,360
SMIC	981	130,821,220	164,095,690	294,916,910
LI AUTO-W	2015	200,086,470	49,329,200	249,415,670

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	509,903,300	272,373,048	782,276,348
TRACKER FUND	2800	631,625	578,322,840	578,954,465
TENCENT	700	270,595,720	215,577,230	486,172,950
MEITUAN-W	3690	254,474,275	192,383,376	446,857,651
CHINA MOBILE	941	175,186,325	151,980,350	327,166,675
YANKUANG ENERGY	1171	83,698,800	148,462,320	232,161,120
LI AUTO-W	2015	157,837,180	60,394,463	218,231,643
ABC	1288	71,793,420	111,953,970	183,747,390
SMIC	981	93,933,350	88,621,010	182,554,360
CHINA SHENHUA	1088	47,456,350	112,029,050	159,485,400

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	-0.65%	16.77	64.03
TENCENT	700	-1.24%	287.20	35.59
MEITUAN-W	3690	-0.43%	81.15	25.09
CNOOC	883	2.69%	16.80	22.25
BYD COMPANY	1211	1.46%	187.90	21.51
CCB	939	-1.81%	4.89	16.48
BABA-SW	9988	-0.54%	74.15	16.48
HSBC HOLDINGS	5	0.76%	59.70	14.56
PING AN	2318	-2.14%	36.60	14.25
HSCEI ETF	2828	-1.20%	57.90	12.62

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.56B	3.33B	76.76%
CSOP HS TECH	03033.HK	527.06M	653.59M	80.64%
BYD COMPANY	01211.HK	386.64M	1.22B	31.67%
HSBC HOLDINGS	00005.HK	367.53M	716.14M	51.32%
MEITUAN-W	03690.HK	335.30M	1.55B	21.66%
TENCENT	00700.HK	242.05M	1.91B	12.71%
CCB	00939.HK	210.90M	853.32M	24.72%
CNOOC	00883.HK	199.51M	1.10B	18.14%
PING AN	02318.HK	197.84M	766.66M	25.81%
LI AUTO-W	02015.HK	178.11M	527.93M	33.74%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Jan. New Home Sales	684k	664k
	Hong Kong	CLP (2), Li Auto (2015) Results		
Tue	US	Jan. Durable Goods Order (Ex Transportation)	0.3%	0.5%
		Feb. Conference Board Consumer Confidence	114.8	114.8
		eBay (EBAY) Result		
Wed	US	4Q. GDP (QoQ)	3.3%	3.3%
		Jan. Retail Inventories (MoM)		0.8%
	Hong Kong	2024-25 Budget		
		Sun Hung Kai (16), Galaxy Ent (27), Budweiser Brewing (1876), Baidu (9888) Results		
Thu	US	Initial Jobless Claims (Till Feb 24)		
		Continuing Jobless Claims (Till Feb 17)		
		Jan. Personal Income	0.5%	0.3%
		Jan. Personal Spending	0.2%	0.7%
		Jan. PCE Deflator (MoM)	0.3%	0.2%
		Jan. PCE Deflator (YoY)	2.4%	2.6%
		Jan. Core PCE Deflator (MoM)	0.4%	0.2%
		Jan. Core PCE Deflator (YoY)	2.8%	2.9%
		Jan. Pending Home Sales	1.0%	8.3%
		Dell (DELL) Results		
	Hong Kong	HKEx (388), NetEase (9999) Results		
Fri	US	Feb. ISM Manufacturing	49.2	49.1
	Euro Zone	Feb. CPI (YoY)		
		Feb. Unemployment Rate	6.4%	6.4%
	China	Feb. Manufacturing PMI	49.4	49.2
		Feb. Non-manufacturing PMI		
		Feb. Caixin Manufacturing PMI	50.7	50.8

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