

Major Market Indicators

	1 Mar	29 Feb	28 Feb
Mkt. Turn.(mn)	121,800	130,400	107,000
Stock Advances	833	899	548
Stock Declines	789	746	1,127
HSI	16,589	16,511	16,537
Change	+78	-25	-254

HSI Technical Indicators

10-days MA	16,580
50-days MA	16,564
250-days MA	16,488
14-days RSI	51.95
Primary resistance	16,800
Primary support	16,400

HSCEI Technical Indicators

10-days MA	5,725
50-days MA	5,702
250-days MA	5,651
14-days RSI	54.27
Primary resistance	5,800
Primary support	5,400

Stock Pick

Weichai Power (2338)

Target: \$19

Stop loss: \$13.2

LNG prices have been falling since this year, and LNG prices are more likely to fall after winter, which can reduce the fuel costs paid by heavy truck drivers and improve the cost-effectiveness of LNG heavy trucks. Given that the LNG heavy-duty truck engine market has fewer competitors and higher barriers to entry, engine manufacturers are in a favorable position in the industry chain. Weichai has a 30% market share in traditional heavy truck engines and more than 60% in the LNG engine market, showing certain competitiveness.

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

Last Friday, the National Bureau of Statistics released February manufacturing PMI data, which recorded 49.1 in February, slightly better than market expectations of 49, but in fact it is still in the contraction range. In detail, production has entered the contraction zone again after staying at the expanding range in the past eight months, and new orders remained at the contraction range.

The net inflow of Hong Kong Stock Connect on Friday was HK\$ 3.33 billion, of which Meituan (3690) had the largest inflow, reaching HK\$1.01 billion; followed by China Mobile (941). Tencent Holdings (700) recorded the largest net outflow of HK\$250 million, followed by HSBC (5).

Daily Focus

Weichai Power (2338): seizing opportunities of structural growth in the heavy duty truck industry

- The group issued a profit alert earlier and expects net profit attributable to shareholders to range from RMB 8.584 billion to RMB 9.32 billion in 2023, a year-on-year increase of 75%-90%. Such increase in the net profit attributable to the shareholders of the parent was mainly due to the Group seizing opportunities of structural growth in the heavy duty truck industry, actively deepening structural adjustment, and vigorously breaking through strategic markets, resulting in the sales of relevant products of the Group showing a high growth trend and driving the performance to achieve a substantial year-on-year growth.

Weichai Power (2338): Info	
Closed price	14.9
FY24 P/E (X)	10.95
FY24 Dividend yield (%)	3.6
52 week high	16.08
52 week low	9.36
14 RSI	56.838

- The relevant person in charge of Weichai Power's marketing department said earlier that this trend is expected to continue in 2024, with sales growing by at least 10%.
- LNG prices have been falling since this year, and LNG prices are more likely to fall after winter, which can reduce the fuel costs paid by heavy truck drivers and improve the cost-effectiveness of LNG heavy trucks.
- Given that the LNG heavy-duty truck engine market has fewer competitors and higher barriers to entry, engine manufacturers are in a favorable position in the industry chain. Weichai has a 30% market share in traditional heavy truck engines and more than 60% in the LNG engine market, showing certain competitiveness..

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	52.39	54.13	78.34
Balance as % of Quota Amount	100.8	104.1	93.3

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
MEITUAN-W	3690	1,649,484,680	841,981,372	2,491,466,052
TENCENT	700	700,980,520	1,166,008,136	1,866,988,656
SMIC	981	355,726,390	277,904,660	633,631,050
CNOOC	883	438,945,660	101,497,180	540,442,840
CHINA MOBILE	941	330,048,500	160,913,875	490,962,375
LI AUTO-W	2015	207,194,370	234,989,840	442,184,210
XPENG-W	9868	154,932,020	156,667,240	311,599,260
ZTE	763	189,024,016	119,867,128	308,891,144
CHINA TELECOM	728	160,684,480	98,173,340	258,857,820
HSBC HOLDINGS	5	13,913,320	227,646,000	241,559,320

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
MEITUAN-W	3690	873,903,050	673,820,765	1,547,723,815
TENCENT	700	632,026,480	425,830,080	1,057,856,560
CNOOC	883	253,852,480	576,900,940	830,753,420
LI AUTO-W	2015	315,655,310	454,421,206	770,076,516
XPENG-W	9868	343,950,290	146,367,585	490,317,875
CHINA MOBILE	941	241,527,025	206,774,550	448,301,575
KUAISHOU-W	1024	114,715,430	242,561,219	357,276,649
SMIC	981	187,746,360	168,234,920	355,981,280
HKEX	388	83,551,860	247,389,060	330,940,920
CHINA SHENHUA	1088	80,486,750	232,607,200	313,093,950

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
MEITUAN-W	3690	10.78%	88.40	96.75
TENCENT	700	0.07%	277.40	77.13
TRACKER FUND	2800	0.54%	16.72	75.64
BABA-SW	9988	0.21%	73.05	43.86
HSCEI ETF	2828	0.98%	57.96	40.47
LI AUTO-W	2015	1.07%	179.20	37.73
HSBC HOLDINGS	5	1.58%	61.20	18.34
NTES-S	9999	-1.93%	172.80	17.35
AIA	1299	-1.65%	62.55	16.68
BIDU-SW	9888	1.66%	101.20	16.18

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.26B	7.56B	29.92%
MEITUAN-W	03690.HK	2.22B	9.68B	22.90%
TENCENT	00700.HK	1.70B	7.71B	22.02%
HSCEI ETF	02828.HK	1.56B	4.05B	38.60%
LI AUTO-W	02015.HK	915.00M	3.77B	24.25%
XL2CSOPHSTECH	07226.HK	492.50M	1.03B	48.01%
TRIP.COM-S	09961.HK	484.34M	1.49B	32.57%
BABA-SW	09988.HK	457.32M	4.39B	10.43%
CCB	00939.HK	399.20M	1.48B	27.06%
ICBC	01398.HK	370.00M	1.14B	32.46%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Feb. ISM Services Index	52.9	53.4
		NIO (NIO), Target (TGT) Results		
	China	Feb. Caixin Manufacturing PMI	52.9	52.7
Wed	US	Feb. ADP Employment Change	150k	107k
		Jan. JOLTS Job Openings		9,026k
	Hong Kong	JD Logistics (2618) Result		
Thu	US	Initial Jobless Claims (Till Mar 2)		215k
		Continuing Jobless Claims (Till Feb 24)		1,905k
		U.S. Federal Reserve Releases Beige Book		
		Jan. Trade Balance	-\$62.5b	\$62.2b
		4Q. Nonfarm Productivity (Final)	3.1%	3.2%
		Broadcom (AVGO), Costco (COST) Results		
	Euro Zone	ECB Monetary Policy Meeting		
	China	Feb. Exports YTD (YoY)	1.2%	
		Feb. Imports YTD (YoY)	1.7%	
		Feb. Trade Balance YTD		
Hong Kong	MTR (66), Prada (1913), Wharf (1997), Bilibili (9626) Results			
Fri	US	Feb. Change in Nonfarm Payrolls	190k	353k
		Feb. Unemployment Rate	3.7%	3.7%
		Feb. Average Hourly Earnings (MoM)	0.3%	0.6%
	Euro Zone	4Q. GDP SA (QoQ)	0.0%	0.0%
Sat	China	Feb. PPI (YoY)		-2.5%
	China	Feb. CPI (YoY)		-0.8%

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