

Major Market Indicators

	8 Mar	7 Mar	6 Mar
Mkt. Turn.(mn)	86,700	98,000	102,400
Stock Advances	1,058	590	1,009
Stock Declines	587	1,008	614
HSI	16,353	16,230	16,438
Change	+124	-20	+275

HSI Technical Indicators

10-days MA	16,430
50-days MA	16,376
250-days MA	16,524
14-days RSI	43.50
Primary resistance	16,600
Primary support	16,200

HSCEI Technical Indicators

10-days MA	5,688
50-days MA	5,667
250-days MA	5,698
14-days RSI	43.38
Primary resistance	5,800
Primary support	5,400

Stock Pick

CRRC (1766)

Target: \$5.3

Stop loss: \$3.8

The State Council executive previously considered and approved the Action Plan for the Promotion of the Large-Scale Equipment Renewal and Trade-in of Consumer Goods. Encouraged by policies, the pace of railway equipment renewal and replacement is expected to accelerate, which will benefit the company's long- Recently, CRRC disclosed a RMB14.78bn advanced refurbishment contract of MUs. Judging from the contract amount, the amount of the first advanced refurbishment contract announced this time exceeds that of the whole of last year term revenue growth in its railway equipment business. The newly added EMUs since 2010 are driving the EMU post-maintenance market to grow, and therefore companies like CRRC can be benefitted.

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

Data from the U.S. Department of Labor's Bureau of Labor Statistics showed that nonfarm payroll employment increased by 275,000 in February, up from a downwardly revised 229,000 in January. During the period, average hourly wages increased by 0.1% month-on-month, compared with expectations for an increase of 0.3%. However, the unemployment rate rose unexpectedly. The unemployment rate was 3.9%, compared with expectations of 3.7%. U.S. nonfarm payroll grew more than expected in February, but the unemployment rate rose to a two-year high, reinforcing market expectations that the Federal Reserve will cut interest rates in June, and both U.S. bond interest rates and the dollar fell.

Hong Kong Stock Connect had a net inflow of HK\$1.87bn on Friday, of which CNOOC (883) had the largest net inflow, reaching HK\$0.80bn; followed by BOC (3988). Tracker Fund (2800) recorded the largest net outflow at HK\$0.63bn, followed by CSOP HS TECH (3033).

Daily Focus

CRRC (1766): recovery in demand for rail transit equipment

- The Group is a leading rolling stock manufacturers and solutions providers in China.
- The fourth meeting of the Central Financial and Economic Commission mentioned reducing logistics costs for the whole society, optimizing and adjusting the transportation structure, and promoting the "road-to-rail" transportation of bulk goods such as coal and ore. In addition, it was mentioned to promote the application of new railway energy equipment. China currently has nearly 10,000 diesel locomotives undertaking transportation tasks. In particular, some industrial and mining enterprises are still using DC diesel locomotives from the 1950s and 1960s, which are highly polluting, energy-consuming and noisy. Therefore, there is a need of elimination and update. The National Railway Administration stated that it will improve and update the subsidy policy, accelerate the promotion and application of new energy locomotives, and strive to basically eliminate old diesel locomotives by 2027.
- According to the Ministry of Transport, the national railway passenger volume in 2023 was 3.85bn, a yoy increase of 130.4%. During the 2024 Spring Festival, the railway passenger volume was 484 million, an annual increase of 39%, and an increase of 18.8% over the same period in 2019, reflecting the gradual increase in railway demand. According to the National Railway Administration, the national railway fixed asset investment in 2023 amounted to RMB764.5bn, a yoy increase of 7.5%. With the passenger volume hitting record high, there is a recovery in demand for rail transit equipment.
- The State Council executive previously considered and approved the Action Plan for the Promotion of the Large-Scale Equipment Renewal and Trade-in of Consumer Goods. Encouraged by policies, the pace of railway equipment renewal and replacement is expected to accelerate, which will benefit the company's long-term revenue growth in its railway equipment business.
- Recently, CRRC disclosed a RMB14.78bn advanced refurbishment contract of MUs. Judging from the contract amount, the amount of the first advanced refurbishment contract announced this time exceeds that of the whole of last year (the amounts announced in January and October 2023 were RMB7.01bn and RMB7.27bn respectively). From 2010 to 2014, the average annual number of new MUs in China doubled compared with 2007-2009. According to the China railway EMU operation and maintenance regulations, EMUs are mainly inspected based on the mileage cycle and supplemented by the usage time period. The newly added EMUs since 2010 are driving the EMU post-maintenance market to grow, and therefore companies like CRRC can be benefitted.

CRRC (1766): Info	
Closed price	4.44
FY24 P/E (X)	8.93
FY24 Dividend yield (%)	5.54
52 week high	5.26
52 week low	3.10
14 RSI	69.24

Analyst: Cynthia Tam

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	46.67	47.95	46.67
Balance as % of Quota Amount	89.7	92.2	89.7

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CNOOC	883	901,549,520	634,843,780	1,536,393,300
CHINA MOBILE	941	403,137,500	494,176,550	897,314,050
TENCENT	700	587,492,220	291,590,155	879,082,375
BANK OF CHINA	3988	749,693,250	89,966,430	839,659,680
ICBC	1398	351,207,990	232,216,980	583,424,970
CCB	939	185,731,390	317,168,340	502,899,730
MEITUAN-W	3690	156,409,945	255,510,756	411,920,701
CHINA TELECOM	728	230,894,540	176,518,660	407,413,200
ANTA SPORTS	2020	21,379,960	270,822,530	292,202,490
CHINA SHENHUA	1088	117,824,750	169,016,925	286,841,675

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	777,097,240	242,435,545	1,019,532,785
TRACKER FUND	2800	157,880	633,566,000	633,723,880
TENCENT	700	246,374,160	251,952,040	498,326,200
CHINA MOBILE	941	327,120,825	126,190,368	453,311,193
YANKUANG ENERGY	1171	271,759,580	102,263,080	374,022,660
CHINA SHENHUA	1088	171,458,925	180,942,750	352,401,675
PETROCHINA	857	25,880,400	301,063,840	326,944,240
LI AUTO-W	2015	244,509,060	78,044,720	322,553,780
CSOP HS TECH	3033	1,981,067	305,994,498	307,975,565
MEITUAN-W	3690	152,095,715	128,563,563	280,659,278

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Billion)
TRACKER FUND	2800	0.85%	16.56	45.34
TENCENT	700	-0.37%	270.00	33.81
CNOOC	883	4.42%	17.96	26.84
BABA-SW	9988	0.78%	71.25	23.65
MEITUAN-W	3690	-0.82%	84.70	22.02
HSCEI ETF	2828	0.88%	57.24	19.06
BANK OF CHINA	3988	1.93%	3.17	16.99
CSOP HS TECH	3033	0.67%	3.31	14.46
CCB	939	0.83%	4.86	13.84
CHINA MOBILE	941	0.37%	67.70	13.64

Ten Short Sell Stocks

Stock Name	Code	Short Sell Amount	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	2.60B	4.53B	57.34%
BANK OF CHINA	03988.HK	362.27M	1.70B	21.32%
CCB	00939.HK	357.01M	1.38B	25.80%
CNOOC	00883.HK	330.14M	2.68B	12.30%
ICBC	01398.HK	327.14M	1.19B	27.50%
MEITUAN-W	03690.HK	324.28M	2.20B	14.73%
LI AUTO-W	02015.HK	299.09M	956.43M	31.27%
BABA-SW	09988.HK	292.51M	2.36B	12.37%
TENCENT	00700.HK	254.34M	3.38B	7.52%
CSOP HS TECH	03033.HK	239.79M	1.45B	16.58%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Oracle (ORCL) Result		
Tue	US	Feb. CPI (MoM)	0.4%	0.3%
		Feb. CPI Ex Food and Energy (MoM)	0.3%	0.4%
		Feb. CPI (YoY)	3.1%	3.1%
	Hong Kong	Wharf (4) Result		
Wed	Euro Zone	Jan. Industrial Production SA (MoM)	-2.0%	2.6%
	Hong Kong	Cathay Pacific (293), Samsonite (1910) Results		
Thu	US	Initial Jobless Claims (Till Mar 9)		
		Continuing Jobless Claims (Till Mar 2)		
		Feb. Retail Sales Ex Auto (MoM)	0.5%	-0.6%
		Feb. PPI Final Demand (MoM)	0.3%	0.3%
		Feb. PPI Ex Food and Energy (MoM)	0.2%	0.5%
		Jan. Business Inventories	0.3%	0.4%
		Adobe (ADBE) Result		
	Hong Kong	AIA (1299) Result		
Fri	US	Feb. Industrial Production (MoM)	0.0%	-0.1%
		Mar. University of Michigan Sentiment	77.0	76.9

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