



Major Market Indicators

	31 May	30 May	27 May
Mkt. Turn.(mn)	245,600	128,800	120,100
Stock Advances	1,112	1,045	945
Stock Declines	534	568	630
HSI	21,415	21,124	20,697
Change	+291	+427	+581

HSI Technical Indicators

10-days MA	20,559
50-days MA	20,945
250-days MA	24,431
14-days RSI	59.24
Primary resistance	21,600
Primary support	21,200

HSCEI Technical Indicators

10-days MA	7,055
50-days MA	7,165
250-days MA	8,664
14-days RSI	59.91
Primary resistance	7,600
Primary support	7,200

Stock Pick

CHINA RAILWAY (0390)

Target: \$6.10

Stop loss: \$5.00

With the Chinese government support, issuing RMB 300bn of railway bonds, which will be beneficial to the railway infrastructure projects. Moreover, the special bond scheduled has speed up, aim to make full issuance of 3.65 trillion by the end of June. It is expected the growth of newly signed contracted project and revenue to speed up, which will benefit the valuation.

Xinyi Solar(968)

Target: \$14.70

Stop loss: \$12.00

Thanks to sharp increase of new installed capacity, solar power component including solar glass price performed well recently. Moreover, China recently launched a new renewable power installation target for 2030, in order to accelerate the pace of renewable energy.

CHINA RES POWER (00836)

Target: \$17.00

Stop loss: \$13.50

China government plans to increase coal production and set coal price at reasonable level, which will help to improve China Resources coal power business profitability. Besides, the Group aggressively expand renewable energy, and its power generated increased 15% in the first 4 months of 2022.

Market Overview

China manufacturing PMI rebounded to 49.6 in May, although it is still in contraction territory but beat market expectation. Besides, China launched a new round of fiscal stimulus to stabilize economy growth, which will also lift investors confidence. However, since US treasury yield and US dollar index rebounded, it might limit HK stock further upward momentum. Hang Seng Index might consolidate at current level today.

Hong Kong Stock Connect recorded net inflow of HK\$2.1bn again on Tuesday, of which, most net buy on Kuaishou(1024), Tsingtao Brewery(0168) and CNOOC(0883). In fact, CNOOC share price has already accumulated significant gain recently due to oil price rally. However, oil price retreated last night, profit taking might see on CNOOC today. Besides, China stabilize economy measures will focus on boost infrastructure investment and auto sector, related stocks will benefit obviously. Of which, although auto stock has already rose obviously, new tax exemption policy will boost sales volume, investors could still accumulate quality stocks such as BYD(1211) and GAC (2238) during weakness.

Daily Focus

China Launched New Round of Stimulus Measures

- China State Council announced a package of 33 measures covering fiscal, financial, investment and industrial policies to revive its pandemic-ravaged economy. It would include increase subsidy and tax rebate, as well as increase support to small and medium sized enterprise.
- Of which, local government could not expand curbs on auto purchases and said those which already have curbs in place should gradually increase their quotas on car ownership. The Ministry of Finance also announced that it would halve the purchase tax for small-engined cars.
- Besides, it will accelerate the issuance of local government special bond as well as the utilization of the fund on infrastructure project. Moreover, it will also accelerate the development of solar and wind renewable energy power. In addition, the Central government will provide financial support to the aviation sector.
- Given the challenging macro environment, China will boost domestic consumption to support economy growth. Of which, the latest measures more focus on boost infrastructure investment and auto sector, related stocks will benefit obviously. Of which, although auto stock has already rose obviously, new tax exemption policy will boost sales volume, investors could still accumulate quality stocks such as BYD(1211) and GAC (2238) during weakness.

GAC(2238): Info	
Closed price	7.43
FY22 P/E (X)	7.0
FY22 Dividend yield (%)	3.6%
52 week high	9.19
52 week low	5.50
14 RSI	66.8

Analyst: Samuel Chua, CFA

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	41.40	42.92	80.51
Balance as % of Quota Amount	79.6	82.5	95.8

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	903,476,760	1,216,688,900	2,120,165,660
MEITUAN-W	3690	867,394,690	886,482,600	1,753,877,290
KUAISHOU-W	1024	1,141,543,635	420,978,385	1,562,522,020
CNOOC	883	490,800,200	238,289,740	729,089,940
TSINGTAO BREW	168	623,816,500	26,890,579	650,707,079
GEELY AUTO	175	156,517,720	241,520,460	398,038,180
GREATWALL MOTOR	2333	167,852,600	207,301,890	375,154,490
CHINA OVERSEAS	688	74,193,200	233,791,326	307,984,526
LI NING	2331	200,193,450	67,575,750	267,769,200
CHINA MOBILE	941	128,123,675	136,223,425	264,347,100

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	1,079,963,600	626,643,780	1,706,607,380
MEITUAN-W	3690	842,274,030	490,317,200	1,332,591,230
KUAISHOU-W	1024	858,860,515	183,639,175	1,042,499,690
LI NING	2331	418,291,650	168,716,900	587,008,550
WUXI BIO	2269	362,982,225	64,407,275	427,389,500
CHINA MOBILE	941	96,315,650	279,122,050	375,437,700
CNOOC	883	275,896,400	79,483,060	355,379,460
TSINGTAO BREW	168	268,786,900	44,244,100	313,031,000
SMIC	981	67,458,940	216,727,540	284,186,480
GANFENGLITHIUM	1772	27,848,190	245,520,610	273,368,800

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	3.54%	362.40	233.16
KUAISHOU-W	1024	7.19%	76.00	127.48
MEITUAN-W	3690	6.80%	187.00	96.21
BABA-SW	9988	1.42%	96.25	84.13
TSINGTAO BREW	168	4.23%	67.80	65.96
PING AN	2318	1.62%	50.30	60.30
JD-SW	9618	1.44%	226.00	56.85
AIA	1299	0.37%	80.90	53.64
HKEX	388	0.36%	339.20	43.21
JD HEALTH	6618	0.40%	49.95	39.79

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	1.47B	4.07B	36.02%
HSCEI ETF	02828.HK	1.33B	5.15B	25.83%
MEITUAN-W	03690.HK	581.48M	9.62B	6.04%
TENCENT	00700.HK	438.36M	23.32B	1.88%
XI2CSOPHSTECH	07552.HK	279.08M	925.27M	30.16%
BABA-SW	09988.HK	277.65M	8.41B	3.30%
KUAISHOU-W	01024.HK	256.10M	12.75B	2.01%
JD-SW	09618.HK	242.87M	5.69B	4.27%
CM BANK	03968.HK	193.15M	1.92B	10.08%
AIA	01299.HK	184.72M	5.36B	3.44%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Mon	US	Market will close (Memorial Day)		
	Hong Kong	Huazhu Group (1179), Topsports Int'l (6110), Weibo (9898) Results		
Tue	US	May. Conference Board Consumer Confidence	103.9	107.3
	Euro Zone	May. CPI (YoY)		7.5%
		May. Core CPI (YoY)		3.5%
	China	May. Manufacturing PMI	48.9	47.4
Wed	Hong Kong	May. Non-manufacturing PMI	45.0	41.9
		KE Holdings (2423) Result		
	US	May. Manufacturing PMI	57.5	57.5
	Euro Zone	Apr. Construction Spending (MoM)	0.7%	0.1%
		May. ISM Manufacturing	55.0	55.4
May. Manufacturing PMI			54.4	
China	May. Caixin Manufacturing PMI	49.0	46.0	
Thu	US	Hong Kong	Link REIT (823) Result	
		U.S. Federal Reserve Releases Beige Book		
		May. ADP Employment Change	295k	247k
		1Q. Nonfarm Productivity	-7.5%	-7.5%
		Initial Jobless Claims (Till May 28)		210k
		Continuing Jobless Claims (Till May 21)		1,346k
		Apr. Factory Orders	1.1%	1.8%
		Apr. Durable Goods Orders		
Fri	US	May. Change in Nonfarm Payrolls	329k	428k
		May. Unemployment Rate	3.5%	3.6%
		May. Average Hourly Earnings (MoM)	0.4%	0.3%
		May. Services PMI		
		May. ISM Services Index	56.9	57.1
		Euro Zone	May. Services PMI	
China	Market will close (Tuen Ng Festival)			
Hong Kong	HK Stock Connect Closed			
		Market will close (Tuen Ng Festival)		

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