



## Major Market Indicators

	20 Jul	19 Jul	18 Jul
Mkt. Turn.(mn)	89,300	84,000	116,100
Stock Advances	899	628	1,110
Stock Declines	663	901	509
HSI	20,890	20,661	20,846
Change	+229	-185	+548

## HSI Technical Indicators

10-days MA	20,958
50-days MA	21,032
250-days MA	23,447
14-days RSI	46.03
Primary resistance	21,000
Primary support	20,000

## HSCEI Technical Indicators

10-days MA	7,228
50-days MA	7,281
250-days MA	8,237
14-days RSI	44.36
Primary resistance	7,400
Primary support	7,000

## Stock Pick

### China Southern(1055)

**Target: \$5.20**

**Stop loss: \$4.30**

According to data from Ctrip, air ticket searches have reached the level of 2019, and the hotel tourism market has recovered to 70% last year. A number of airlines have announced new international flight plans. China Southern Airlines expects that on the basis of 21 international routes to resume 10 international routes. That will benefit airlines' revenue recovery.

### China Life (2628)

**Target: \$13.00**

**Stop loss: \$10.50**

First quarter 2022 new business value fell 14%, but already improved from 23% decline in full year of 2021. Besides, China Life premium revenue achieved a yoy increase in May and June, reverse previous declining trend. China Life current valuation is 0.6x P/B with dividend yield of 6.8%, which seems attractive.

### China Railway Group (0390)

**Target: \$5.7**

**Stop loss: \$4.2**

The Chinese government was reported to establish the 2023 special bond quota of Rmb1.5tr recently, and plan to start issuance in 2H22. This aims to boost economy and implement cross-cycle adjustments. We see infrastructure investments as a key approach to drive 2H22 GDP growth, boding well for infrastructure stocks and their newly contract gain. We thus suggest to accumulate CRG.

## Market Overview

Although US stock market performed well, Hong Kong blue chips retreated in the US ADR market last night. Premier Li Keqiang rules out a super large stimulus or excessive money printing to achieve a high growth target. Premier Li further pointed out that government priority is to stabilize employment and inflation, while is more flexible on economy growth. Together with continuous fund outflow, HK banking aggregate balance fell rapidly, Hong Kong stock is likely to suffer profit taking pressure today, Hang Seng Index major support is at 20,000.

Hong Kong Stock Connect net inflow narrowed to HK\$1bn, of which, CNOOC(0883) and China Mobile (0941) recorded more net buy, while more net outflow pressure on EV stocks such as Xiaopeng(9868) and BYD(1211). In fact, China telecom sector revenue achieved steady growth, thanks to strong performance of value add services such as data center and cloud service. Together with low valuation and high dividend yield, China telecom stock is a good defensive play. On the other hand, media news saying some contractors to China property developers refused to repay bank loans, because of unpaid bills from the developers. Provision concern might continue to impact China banking stock share price in the near term, investors could wait for better buying opportunities.

## Daily Focus

### China Railway(0390): Won 48 bidding projects

- On the 19th of this month, China Railway announced that it has won 48 projects, 2 of which are railway projects and 46 of which are “municipal and other projects”, with a total of approximately RMB 96.2 bn, accounting for approximately 8.99% of 2021 operating income of China Railway under the China Accounting Standards.
- As winning bids are not immediately credited to revenue, but will be included into the new contract value, therefore comparing winning bids to the past could use as a reference. Year to Date, China Railway has won a total of 147 projects with a total amount of 351.1 bn, 56% of the total amount won in 2021.
- In fact, the winning bid for the material projects amount in the first half of the year has increased by 25% year-on-year. As reference to the winning bids in 2021, 70% of the amount was concentrated in the second half of the year. With the support of the central government’s requesting to speed up the issuance of special bonds and the funds targeted to in place in August. We expect the winning amount will be further increased in the second half of this year, and achieve double-digit growth full year.
- However, Premier Li Keqiang stated at the special virtual dialogue with global business leaders that China will not introduce “super-large” stimulus measures for the purpose of excessive growth goals and China Railway July performance is relatively stronger than its peers (such as: China communications construction 1800), it may form a selling pressure in the short-run. As the theme of infrastructure investment has not change, we thus suggest investors to buy on share pullback, target price: HKD 5.7.

China Railway(0390): Info	
Closed price	4.94
FY22 P/E(X)	3.39
FY22 Dividend yield (%)	5.16%
52 week high	5.65
52 week low	3.3
14 RSI	55.9

Analyst: Derek Yip

## China Telecom Industry: Latest Update

- China Mobile (0941) mobile subscribers rose 3.25mn in June, to 969.85mn. Of which, 5G subscribers rose 15.8mn to 510.9mn in June. Besides, for its fixed broadband users, it rose 2.5mn in June or 16.0mn in the first six months of 2022. Total fixed broadband users were 256.1mn.
- China Telecom (0728) also announced June subscriber data. Mobile subscribers rose 3.07mn to 384mn, while 5G subscribers rose 7.18mn to 232mn in June. Besides, China Telecom's fixed broadband users rose 0.72mn to 175mn in June.
- In fact, thanks to strong growth of fixed network revenue, especially from the high value added services such as data center and cloud services, China telecom industry revenue rose 8.5% in the first 5 months of 2022. However, the growth has slow down in April and May, as epidemic related quarantine measures impact mobile revenue growth.
- Looking ahead, as China epidemic related quarantine measures turned more flexible, its impact on mobile revenue subside. We expect China telecom sector revenue to continue its steady growth in the coming years. Since China telecom stocks valuation is just high single digit P/E and good dividend yield, valuation is attractive. Our top pick is China Mobile (0941), target price is HK\$58.00.

China Mobile (0941) : Info	
Closed price	50.50
FY22 P/E(X)	7.4
FY22 Dividend yield (%)	8.3%
52 week high	56.22
52 week low	42.95
14 RSI	45.0

Analyst: Samuel Chua

## Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
<b>Balance (RMB bn)</b>	49.12	49.09	81.94
<b>Balance as % of Quota Amount</b>	94.5	94.4	97.5

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	612,689,840	513,102,400	1,125,792,240
MEITUAN-W	3690	462,204,410	173,200,110	635,404,520
LI AUTO-W	2015	168,121,120	206,351,594	374,472,714
XPENG-W	9868	54,079,450	246,761,380	300,840,830
WUXIBIO	2269	149,288,025	144,260,578	293,548,603
BYD COMPANY	1211	83,078,300	204,524,400	287,602,700
CNOOC	883	92,855,640	151,580,750	244,436,390
HKEX	388	185,762,820	16,574,265	202,337,085
POP MART	9992	143,222,520	39,044,820	182,267,340
HUANENG POWER	902	127,701,780	46,478,800	174,180,580

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	202,719,820	273,201,780	475,921,600
KOOLEARN	1797	243,140,850	223,145,690	466,286,540
MEITUAN-W	3690	153,984,320	274,744,634	428,728,954
CNOOC	883	368,477,350	51,342,210	419,819,560
KUAISHOU-W	1024	152,069,995	246,112,480	398,182,475
LI AUTO-W	2015	199,659,400	169,956,770	369,616,170
TIANLI INT HLDG	1773	156,535,210	156,836,260	313,371,470
CHINA MOBILE	941	218,051,075	18,731,825	236,782,900
XPENG-W	9868	65,158,630	170,534,630	235,693,260
INNOVENT BIO	1801	42,962,075	176,633,075	219,595,150

Sources: HKEx

## Other Statistics

### Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover (Million)
TENCENT	700	1.62%	338.60	54.37
BABA-SW	9988	2.28%	103.20	41.85
MEITUAN-W	3690	2.96%	194.70	36.37
AIA	1299	-0.48%	83.15	15.25
HKEX	388	2.45%	360.00	14.99
KUAISHOU-W	1024	2.58%	81.40	14.95
JD-SW	9618	1.91%	245.60	14.85
WUXIBIO	2269	2.58%	79.55	14.15
BYD COMPANY	1211	-0.69%	288.00	13.95
LI AUTO-W	2015	-7.14%	141.70	12.24

## Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	1.57B	3.19B	49.11%
BABA-SW	09988.HK	993.47M	4.19B	23.74%
MEITUAN-W	03690.HK	871.47M	3.64B	23.96%
AIA	01299.HK	508.16M	1.52B	33.32%
TENCENT	00700.HK	435.77M	5.44B	8.01%
BYD COMPANY	01211.HK	367.20M	1.40B	26.32%
KUAISHOU-W	01024.HK	336.49M	1.50B	22.51%
LI AUTO-W	02015.HK	308.42M	1.22B	25.19%
JD-SW	09618.HK	279.88M	1.48B	18.85%
PING AN	02318.HK	278.28M	1.02B	27.30%

Source: AA Stocks

## Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Jun. Housing Starts	1,586k	1,549k
		Jun. Building Permits	1,690k	1,695k
	Euro Zone	Jun. CPI (YoY)	8.6%	8.6%
		Jun. Core CPI (YoY)	3.7%	3.7%
Wed	US	Jun. Existing Home Sales	5.40m	5.41m
	Hong Kong	ASM Pacific (522), Vinda (3331) Result		
Thu	US	Initial Jobless Claims (Till Jul 16)		244k
		Continuing Jobless Claims (Till Jul 9)		1,331k
		Jul. Philadelphia Fed Manufacturing Index	5.5	-3.3
	Euro Zone	ECB Monetary Policy Meeting		
	Japan	BOJ Monetary Policy Meeting		
Fri	US	Jul. S&P Global Manufacturing PMI		52.7
		Jul. S&P Global Services PMI	53.5	52.7
	Euro Zone	Jul. S&P Global Manufacturing PMI	51.0	52.1
		Jul. S&P Global Services PMI	52.2	53.0

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