



KGI

CHINA
DEVELOPMENT
FINANCIAL

Investment Daily

25 June 2019

Major Market Indicators

	24 Jun	21 Jun	20 Jun
Mkt. Turn.(mn)	69,782	118,600	97,800
Stock Advances	855	773	1,129
Stock Declines	791	916	569
HSI	28,513	28,473	28,550
Change	+39	-76	+384
HSI Turn.(\$bn)	24.38	44.47	37.21
HSCEI	10,952	10,921	10,922
Change	+31	0	+157
HSCEI Turn.(\$bn)	20.70	38.08	32.80

HSI Technical Indicators

10-days MA	27,798
50-days MA	28,448
250-days MA	27,632
14-days RSI	61.48
Primary resistance	28,800
Primary support	28,000

HSCEI Technical Indicators

10-days MA	10,650
50-days MA	10,967
250-days MA	10,816
14-days RSI	62.72
Primary resistance	11,000
Primary support	10,816

HSI Futures

	24 Jun	21 Jun	20 Jun
Jun	28,423	28,422	28,515
Volume	186,686	179,438	182,239
Open interests	111,774	137,509	149,690
Jul	28,372	28,377	28,464
Volume	43,142	5,592	3,750
Open interests	39,112	13,047	8,804

HSCEI Futures

	24 Jun	21 Jun	20 Jun
Jun	10,877	10,868	10,873
Volume	138,091	101,911	112,216
Open interests	193,644	213,843	228,394
Jul	10,826	10,824	10,830
Volume	75,833	7,210	4,559
Open interests	81,323	25,054	20,608

Market Overview

The Hang Seng Index is expected to trade at 28,300-28,700 today

The geopolitical risks between the US and Iran have intensified, and US stocks fell slightly last Friday. Hong Kong stocks opened lower on Monday, and traded in a narrow range. The Hang Seng Index rose 39 points to close at 28,513 points. The H-Share Index rose 31 points to 10,952 points. The market turnover was HK\$ 69.8 billion. The real estate stocks were good, and Hang Lung PPT(101) rose 2.9%, making it the best blue chip. Before the G20 Summit, Sino-US trade-related shares were soft, WH Group(288) fell 2.6%, being the worst blue chip. Bosideng (3998) was attacked by a short-selling agency and trading has temporarily halted on the HKEx. The decline was once 28% before the halt.

Investors focus remained on President Xi and President Trump meeting later this week at a Group of 20, US stock market traded within narrow range on Monday, the Dow once rose near 90 points. However, U.S.-Iranian tensions escalated, as President Trump signed an executive order targeting financial sanctions against Iran's leaders, US stock market closed at near the day low. The Dow still rose 8 points (to 26,728) while the Nasdaq fell 26 points (to 8,006). On the other hand, thanks to major Central Bank monetary policy turned loosen, gold price rose 0.7% to US\$1,428 per ounce.

Local blue chips fell slightly in the US ADR market last night. Besides, investors are expected to stay sideline ahead of G20 meeting, Hong Kong stock market is expected to remain range trading today. Besides, several Fed members including Chairman Powell will deliver speech this week, which will be market focus.

Technical Analysis

The Hang Seng Index continued to oscillated at 50 Day SMA (28,448) and 100 Day SMA(28,536), finally closed with a white candlestick, above 50 Day SMA. On the other hand, MACD remained in the positive territory, its positive trend continued to accelerate. Hang Seng Index technical trend remained firmed. Hang Seng Index first support is at 28,000 while second support is 250 Day SMA (27,632). On the other hand, first resistance is 28,800, while second resistance is at 29,000.

HSI Chart



Sources : Google

Daily Focus

Mainland brokerage: Market situation and policy turned favorable

- The People's Bank of China has recently raised the short-term fund raising limit for a number of brokerage firms. A total of more than Rmb170 billion of liquidity quota has been added to nine brokerage firms. The total short-term fund raising limit amount of the nine brokerages has increased to more than RMB 300 billion.
- Market insiders pointed out that after the takeover of Baoshang Bank, there has been a certain degree of credit contraction among banks recently, especially for the small and medium-sized. According to media reports, the PBOC and the China Securities Regulatory Commission called a meeting for the six major banks in the Mainland and some large brokers in the industry, to require banks to provide liquidity to non-bank financial institutions such as brokerages and funds. At the same time, the leading brokerage funds are required to provide liquidity support to small and medium-sized brokerages and funds.
- The latest actions of regulators not only improve the liquidity of brokerages, but also reflect the important role of major brokerages in the capital market. In fact, China monetary policy shift loosened, funds flow into A share market again, average daily turnover rose to Rmb500-600bn in recent trading days, which also lifts brokerage turnover and profit.
- China Sci-Tech innovation board started its IPO activities, which will provide a major new sources of investment banking income to major brokerages. Besides, it is expected that regulatory authority will launch favorable policies in order to achieve good response for the new board. Hence, overall market sentiment will remain warm.
- Most of the major mainland brokerage valuation are 0.7-1.0x prospective price to book ratio, valuation is not demanding. We suggest investors to accumulate market leaders such as Citic Securities(6030) and Huatai (6886). On the other hand, although CICC(3908)P/B is relatively higher at 1.29x, but its strong investment banking business will benefit from China Sci-Tech innovation board, which will trigger speculative interest.

HTSC (6886) Info	
Closed price	13.68
Expected P/E (X)	12.1
Dividend yield (%)	4.1
52 week high	18.54
52 week low	9.70
14RSI	61.3

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Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	52.62	53.03	83.22
Balance as % of Quota Amount	101.2	102.0	99.1

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
ICBC	1398	142,668,570	178,045,350	320,713,920
PING AN	2318	130,370,650	95,556,700	225,927,350
CCB	939	93,528,150	78,274,860	171,803,010
CHINA SHENHUA	1088	148,072,300	15,519,510	163,591,810
WH GROUP	288	44,866,745	109,497,775	154,364,520
GEELY AUTO	175	14,865,280	139,249,520	154,114,800
TENCENT	700	22,282,560	97,572,300	119,854,860
ANTA SPORTS	2020	8,749,250	103,782,000	112,531,250
SUNAC	1918	28,180,400	80,302,200	108,482,600
SINO BIOPHARM	1177	51,946,450	30,446,210	82,392,660

Sources: HKEx

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
CCB	939	259,334,010	10,668,040	270,002,050
BOC HONG KONG	2388	91,950	128,548,675	128,640,625
BOSIDENG	3998	64,861,720	44,158,260	109,019,980
CHINA VANKE	2202	64,456,735	40,868,195	105,324,930
ICBC	1398	95,397,150	799,310	96,196,460
ZTE	763	61,586,720	33,264,240	94,850,960
CHINA RES LAND	1109	75,498,600	2,946,800	78,445,400
GF SEC	1776	49,096,634	24,521,392	73,618,026
SINO BIOPHARM	1177	53,201,630	20,025,430	73,227,060
TENCENT	700	41,785,540	29,676,280	71,461,820

Sources: HKEx

Other Statistics**Ten Most Actively Traded Stocks**

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	0.40%	355.80	3780.7
PING AN	2318	-0.05%	93.90	1840.5
CCB	939	0.30%	6.59	1531.3
AIA	1299	0.18%	82.85	1488.2
ICBC	1398	0.68%	5.97	1352.8
MEITUAN-W	3690	-0.86%	63.75	1300.2
CHINA TOWER	788	-0.95%	2.08	1194.7
HKEX	388	-0.15%	276.40	846.9
HSBC HOLDINGS	5	-0.46%	64.35	737.1
XIAOMI-W	1810	1.53%	9.95	724.5

Ten Short Sell Stocks

Stock Name	Code	Short Sell	Turnover	Short Sell Ratio
TRACKER FUND	02800.HK	640.09M	1.14B	55.96%
CSOP A50 ETF	02822.HK	428.56M	858.48M	49.92%
PING AN	02318.HK	384.37M	1.84B	20.88%
CAM CSI300	03188.HK	352.93M	433.45M	81.42%
ICBC	01398.HK	343.59M	1.35B	25.40%
TENCENT	00700.HK	342.70M	3.78B	9.06%
ISHARES A50	02823.HK	338.40M	573.16M	59.04%
CCB	00939.HK	264.13M	1.53B	17.25%
AIA	01299.HK	195.55M	1.49B	13.14%
BANK OF CHINA	03988.HK	176.35M	670.61M	26.30%

Source: AASocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	May. New Home Sales	685k	673k
Wed	US	May. Durable Goods Orders	0.0%	-2.1%
		May. Retail Inventories MoM		0.5%
		May. Wholesale Inventories MoM		0.8%
	Hong Kong	BOSIDENG (3998) Result		
Thur	US	May. Pending Home Sales MoM	1.0%	-1.5%
		Initial Jobless Claim (Till Jun 22)		
		Continuing Jobless Claim (Till Jun 15)		
	China	May. Industrial Profits YoY		-3.7%
	Hong Kong	LUK FOOK HOLD(590), CHINA WATER(855) Result		
		G20 Summit		
Fri	Japan	(28-29 June, US President Trump and China President Xi will have a meeting)		
	US	May. Real Personal Spending		0.0%
		May. PCE Core DeflatorYoY	1.6%	1.6%
	Euro Zone	Jun. CPI Core YoY	0.8%	0.8%

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