

## MARKET OVERVIEW

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Hong Kong stocks slightly fell despite Caixin PMI beat market expectation. The Caixin China General Manufacturing PMI ticked up to 50.9 (vs. April's of 49.5 and consensus forecast of 49.5). Macau recorded an in-line gross gaming revenue of MOP15.56b in May (+366% YoY), related players had divergent performance. The Hang Seng Index was down 17pts to 18,216pts with a daily turnover of HKD128.5b. According to ig.com, the Hang Seng Index is expected to open c.300pts higher this morning to c.18,500pts.

## SECTOR / COMPANY NEWS

### China Macro - Mixed Picture Between NBS and Caixin PMIs

Caixin PMI beat market expectation with China's factory activity unexpectedly swung to growth in May from decline. The Caixin/S&P Global manufacturing purchasing managers' index (PMI) rose to 50.9 in May from 49.5 in April and also surpassed expectation of 49.5, which is a stark contrast to a deeper contraction activity seen in the official PMI released on Wednesday (31 May). This mixed performance showed that China's recovery from its strict COVID curbs has been fragile and uneven, with economic indicators for April showing imports, factory gate prices and property investment all falling. Our economists reiterate their base case for a second 25bps RRR cut and 10bps cuts to the 1 and 5-year LPRs in the second half of 2023.

### MGM China (2282 HK, R1: HKD11.00, R2: HKD12.50, TECHNICAL ACCUMULATE)

QTD MGM mass revenue recovered to over 100% of pre-Covid level, while, it is now maintaining c.15% of market share. Currently, MGM has 600-650 gaming tables under operation, with total 750 tables are granted. Its management stated that they will open the remaining tables once more demand returns. Valuation-wise, the name is trading at 7.6x FY24E EV/EBITDA. After recent >20% pullback, we believe its valuation become more compelling. We have TECHNICAL ACCUMULATE on this name as we expect the stock to resume the prior uptrend ahead, backed by a bullish reading in both the RSI and MACD.

### Xiaomi-W (1810 HK, TP: HKD13.65, Buys: 68.3%, Not Rated)

According to Reuter, Xiaomi's Indian arm will start making wireless audio products in India through a partnership with electronics manufacturer Optimus in a push to further localise its operations. By then, Xiaomi India will make its first local audio gadget at Optimus Electronics' factory in the northern state of Uttar Pradesh. The company reiterates that it was targeting a 50% increase in the production of components locally sourced by 2025. Currently, it sells speakers, ear-buds, wired and wireless headphones in India.

## UPCOMING CALENDAR

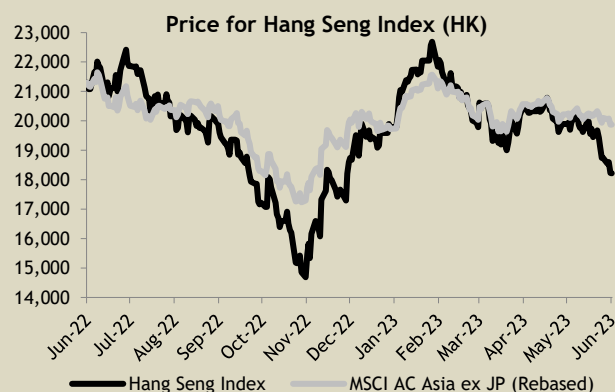
**5 June:** China May Caixin Services PMI, China May Caixin Composite PMI  
**7 June:** China May balance of trade, export YoY, imports YoY

### JD-SW (9618 HK)

(TP: HKD231.06, Buys: 90.5%, Not Rated)

## IDEAS OF THE DAY

JD officially kicked off this year's 618 Shopping Festival at 8pm on 31 May. Brands such as Midea, Haier, Xiaomi, Gree, and Apple broke through RMB100m in sales. The number of brands with sales exceeding RMB100m per minute increased by 23% YoY, over 60% of new merchants' 5-minute turnover exceeded the daily average in May. Among them, 3C and automobiles have become popular categories with outstanding sales. Technically, the major decline was halted with the support at around HKD120 since Oct 2022. Yesterday's gain signaled the emergence of fresh buying interest, while a bullish cross in the RSI and MACD readings indicate rising momentum which is set to kick start a new upcycle ahead.



Source: FactSet

Equity Indices	BBG Ticker	Last Price	Δ (abs)	Δ (%)
Dow Jones	INDU INDEX	33,062	153	0.5%
S&P500	SPX INDEX	4,221	41	1.0%
NASDAQ	CCMP INDEX	13,101	166	1.3%
Nikkei 225	NKY INDEX	31,148	260	0.8%
HSI	HSI INDEX	18,217	-17	-0.1%
Shanghai Comp	SHCOMP INDEX	3,205	0	0.0%
Kospi	KOSPI INDEX	2,569	-8	-0.3%
TWSE	TWSE INDEX	16,513	-66	-0.4%
STI	STI INDEX	3,166	8	0.2%
KLCI	FBMKLCI INDEX	1,383	-4	-0.3%
JKSE	JCI INDEX	6,633	0	0.0%
SET	SET INDEX	1,521	-12	-0.8%

Source: Bloomberg

Note: Bloomberg consensus target price as of last trading day

## 1. (CHINA – HKEX) JD.COM INC – CL A (9618 HK)



JD.com, Inc. is an online direct sales company in China. The Company offers a wide selection of products through its website and mobile applications. JD.com sells appliances, computers, digital products, communication products, garments, books, and household items to consumers and vendors.

52w H	52w L	Estimates
HKD275.20	HKD122.70	P/E 11.76

Source: Bloomberg

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