

MARKET OVERVIEW

Sonija Li, Head Retail Research
Sonija.Li@mib.com.hk

Hong Kong stocks declined as Chinese property developers' default risk remain elevated and tech names fell. L'Occitane (973 HK) slumped 17% after its chairman ended deliberations to take the company private. The Hang Seng Index was down 387pts to 18,456pts with a daily turnover of HKD101.4b. Market focus remains on the latest update on China property sector. Worth to note that Hong Kong recorded Southbound capital inflow for 11 consecutive trading days, yesterday's net inflow amounted to HKD12b.

SECTOR / COMPANY NEWS

Trip-S (9961 HK, R1: HKD332.00, R2: HKD360.00, Technical Accumulate)

In Aug, the Chinese government released a new list of destination countries for outbound group tourism. We believe this move should help drive the package tour business and lead to further recovery in outbound travel growth, which should be positive for Trip.com. Technically, despite some setbacks post our BUY on 20 Jun 2023, downside was capped within our support while the subsequent recovery lifted the stock beyond our 2nd target after it gained 18.7% to peak at HKD330.20 on 10 Aug. We opine the ongoing uptrend is intact and has more room for further upside. Reiterate BUY with a higher target with R1 and R2 of HKD332.00 and HKD360.00, respectively.

Macau Gaming - Aug GGR >70% of Pre-Covid Levels

According to DICJ, Macau's Aug gross gaming revenue (GGR) came in at MOP17.2b (+686.4% YoY), implying average daily revenue (ADR) of MOP554m, achieving c.71% of pre-Covid levels. This further improved July's 68% and May's 64%. By segment, market estimates mass GGR already exceed pre-Covid levels, while, VIP recovered to 30-35% of pre-Covid ones. We are excited for the improving traffic foot, in the first half of Aug, Macau had on average over 100k visitor arrivals (vs. July's 89k), backed by the new project launched. For the upcoming Golden Week, it is found that the hotel room booking have c.70-90% filled for some 5-star hotels. With two more hotel launch in Sept (Studio City W hotel and Galaxy Macau Andaz hotel), we remain confidence on the upcoming GGR numbers. Valuation-wise, the sector is now trading at 9.5x 2024E EV/EBITDA, which was 1.5 S.D. below its historical mean. In the near term, prefer Wynn Macau (1128 HK) for its laggard performance and Galaxy Ent. (27 HK) for its potential market share gainer after new projects launch.

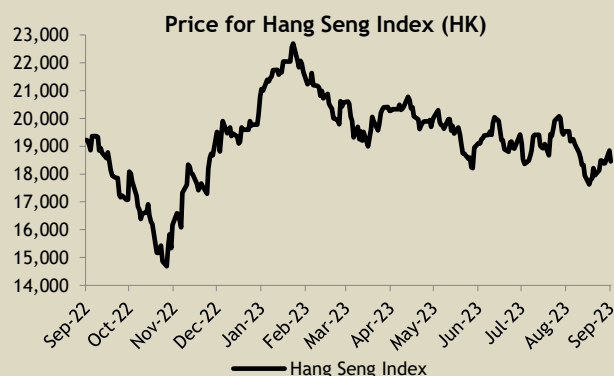
Related stocks:

- Galaxy Ent. (27 HK, TP: HKD64.75, Buys: 87.5%, Not Rated)
- Sands China (1928 HK, TP: HKD36.63, Buys: 95.8%, Not Rated)
- Wynn Macau (1128b HK, TP: HKD10.48, Buys: 82.4%, Not Rated)

Mengniu Dairy (2319 HK) R1: HKD30.0, R2: HKD35.0, Technical Accumulate

IDEAS OF THE DAY

Its management maintained its revenue guidance of achieving mid-to-high single digit YoY growth and is confident of continuous high-quality developments across all business segments. Technically, the recent decline was halted within the major support sub HKD23.00 regions of which remained intact since the 2019. Given the thicker presence of volume profile, fresh buying interest has again re-emerged within the support zone. Given yesterday's rebound, we opine the new upcycle has begun. We expect further recovery ahead. We set its R1 and R2 of HKD30.00 and HKD35.00, respectively.



Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	18,457	-0.15%	-6.70%	14,597	22,701
Dow Jones	34,642	-0.60%	4.5%	28,661	35,679
S&P500	4,497	-0.02%	17.1%	3,492	4,607
Nasdaq	14,021	0.6%	34.0%	10,089	14,447
Nikkei 225	33,037	2.5%	26.6%	25,622	33,773
KLCI	1,455	0.0%	-2.72%	1,373	1,502
SH Comp	3,154	0.6%	2.1%	2,885	3,419
Kospi	2,582	1.2%	15.5%	2,135	2,668
TWSE	16,792	1.0%	18.8%	12,629	17,464
STI	3,227	0.1%	-0.75%	2,969	3,408
JKSE	6,992	0.5%	2.1%	6,543	7,377
SET	1,548	-1.34%	-7.24%	1,462	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

UPCOMING CALENDAR

7 Sept: China Aug Caixin Services PMI, China Aug Caixin Composite PMI

9 Sept: China Aug Inflation CPI YoY, China Aug PPI YoY

1. (CHINA – HKEX) Trip.com Group (9961 HK) | STRATEGY: ACCUMULATE (TECHNICAL)



SUGGESTION BUY RANGE (HKD)

305.00 ~ 310.00

SUPPORT (HKD)

S1: 290.40, S2: 280.00

RESISTANCE (HKD)

R1: 332.00, R2: 360.00

ESTIMATED TIMEFRAME

4 - 8 weeks

2. (CHINA – HKEX) China Mengniu Dairy Co. (2319 HK) | STRATEGY: ACCUMULATE (TECHNICAL)



SUGGESTION BUY RANGE (HKD)

26.50 ~ 27.00

SUPPORT (HKD)

S1: 24.30, S2: 23.00

RESISTANCE (HKD)

R1: 30.00, R2: 35.00

ESTIMATED TIMEFRAME

3 - 6 weeks

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