

MARKET OVERVIEW

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Hong Kong stocks declined to a new 13-month low as market raises concerns on more disappointed Chinese economic data will emerge this week. Wuxi Bio (2269 HK) slumped 24% before trading was suspended. The company has released a business update and expected to see a challenging macroeconomic condition ahead. The Hang Seng Index fell 184pts to 16,646pts with a daily turnover of HKD106.3b. Today, eyes on China Nov Caixin Services PMI and China Nov Caixin Composite PMI.

SECTOR / COMPANY NEWS

Hong Kong Retail - Weaker-than-expected Retail Sales

According to Hong Kong's Census and Statistics Department, Hong Kong recorded retail sales growth of 5.6% YoY in Oct (vs. consensus forecast of 9.7% and Sept's 13%). By category, jewellery, watches, clocks and valuable gift recorded the highest growth with 27% YoY, followed by clothing, footwear. Looking ahead, market expects Hong Kong retail sales remain sluggish caused by economic slowdown, growing popularity of Hong Kong people going weekend shopping in Shenzhen and lower spending from Chinese visitors. Given we witness more Hong Kong residents went to Shenzhen for shopping and sightseeing, the ones with business in Shenzhen may benefit.

Related stocks:

- CR Mixc (1209 HK, TP: HKD48.3, Buys: 96.7%, Not Rated)
- MTR (66 HK, TP: HKD38.75, Buys: 72.7%, Not Rated)

China Property - Dec May Receive YoY growth

Market channel check suggests that the top 100 developers' Nov aggregate sales dropped 31% YoY (vs. Oct of -28% YoY). On a MoM comparison, Nov sales was 5% MoM, which was worse than the average 2% MoM growth in 2019-2021. The weak sales figures show that a series of demand side easing and financing support since late Aug had limited impact on restoring homebuyers' confidence towards property outlook. Market expects to see a positive MoM growth in Dec, due to seasonality, yet, remains cautious to overall physical market recovery. Prefer SOEs and non-distressed POE.

Related stocks:

- COLI (688 HK, TP: HKD22.5, Buys: 97.1%, Not Rated)
- CR Land (1109 HK, TP: HKD44.88, Buys: 100%, Not Rated)
- Longfor (960 HK, TP: HKD23.96, Buys: 96.7%, Not Rated)

Bilibili-W (9626 HK, TP: HKD140.07, Buys: 77.1%, Not Rated)

Bilibili reported in-line 3Q23 results with total net revenue, gross profit and adjusted net loss of RMB5.8b (+0.2% YoY), RMB1.5b (+38% YoY) and RMB863.5m (vs. 3Q22 adjusted net loss of RMB1.76b), respectively. Its average daily active users (DAUs) were 102.8m (+14% YoY). Market expects Bilibili's game outlook to remain sluggish, yet, expects it will start to turnaround in 2H24. Future growth engines include video commerce and livestreaming e-commerce and interactive livestreaming.

UPCOMING CALENDAR

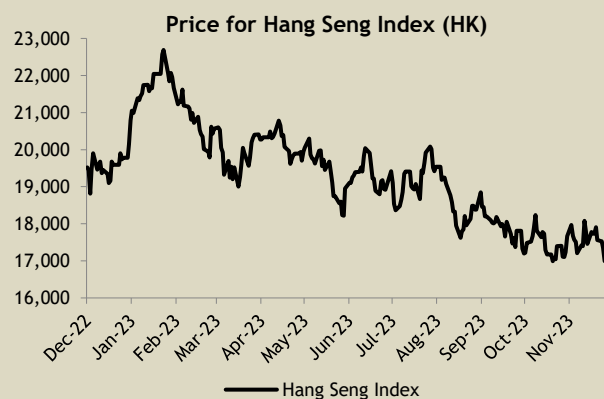
- 5 Dec:** China Nov Caixin Services PMI, China Nov Caixin Composite PMI
7 Dec: China Nov Balance of Trade, Exports YoY, Imports YoY

Trip.com-S (9961 HK)

TP: HKD385.45, Buys:
 93.5%, Not Rated

IDEAS OF THE DAY

Its management stated although domestic travel industry data retreated post the Golden Week holidays in recent weeks, there will be a reflection of typical seasonality and some early signs of bottoming out. For 4Q23, Trip.com managements expect domestic business momentum to be tracking similar to that in 2Q23 with hotel/air ticket booking volume 60%/40% higher than that of 2019 levels), and outbound recovery momentum to be tracking similar to that in 3Q23 with hotel/air ticket booking volume both 20% lower than 2019 levels. For 2024, they expect to see mid-teen % revenue growth backed by further normalization of outbound travel and stronger growth from Trip.com platform, esp. further growth upside from hotel segment in the long term.



Equity Indices	Last Close	Weekly Δ (%)	YTD Δ (%)	52-wk Low	52-wk High
HSI	16,646	-5.02%	-15.85%	16,617	22,701
Dow Jones	36,246	2.6%	9.3%	31,430	36,265
S&P500	4,570	0.4%	19.0%	3,764	4,607
Nasdaq	14,185	-0.39%	35.5%	10,207	14,447
Nikkei 225	33,231	-0.65%	27.3%	25,662	33,853
KLCI	1,451	0.2%	-2.97%	1,375	1,500
SH Comp	3,023	-0.29%	-2.15%	2,924	3,419
Kospi	2,515	0.8%	12.5%	2,181	2,668
TWSE	17,421	1.7%	23.2%	13,982	17,517
STI	3,084	-0.08%	-5.14%	3,042	3,408
JKSE	7,094	1.1%	3.5%	6,543	7,149
SET	1,384	-0.71%	-17.09%	1,366	1,696

Source: FactSet

Note: Bloomberg consensus target price as of last trading day

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