



Major Market Indicators

	14 Sep	13 Sep	10 Sep
Mkt. Turn.(mn)	140,900	150,300	149,800
Stock Advances	521	665	1,069
Stock Declines	1,214	25,814	618
HSI	25,502	25,814	26,206
Change	-312	-392	+490
HSI Turn.(\$bn)	140.94	150.34	149.83
HSCEI	9,082	9,239	9,387
Change	-157	-148	+203
HSCEI Turn.(\$bn)	52.31	55.34	58.72

HSI Technical Indicators

10-days MA	26,010
50-days MA	26,366
250-days MA	27,336
14-days RSI	42.82
Primary resistance	25,800
Primary support	25,000

HSCEI Technical Indicators

10-days MA	9,308
50-days MA	9,418
250-days MA	10,470
14-days RSI	43.81
Primary resistance	9,308
Primary support	8,700

HSI Futures

	14 Sep	13 Sep	10 Sep
Sept	25,445	25,785	26,141
Volume	120,780	98,565	98,758
Open interests	119,473	113,658	113,106
Oct	25,444	25,790	26,143
Volume	388	363	663
Open interests	1,135	1,008	997

HSCEI Futures

	14 Sep	13 Sep	10 Sep
Sept	9,060	9,238	9,372
Volume	90,288	78,680	81,560
Open interests	247,018	235,507	240,954
Oct	9,066	9,240	9,369
Volume	959	1,802	1,178
Open interests	8,237	7,324	6,044

Market Overview

Negative Factors Continued to impact HK Stock; Major Support at 25,000

Investor sentiments turned conservative before Mid-Autumn Festival. Hang Seng index opened up 13 points, and slumped in the afternoon. The index fell as much as 435 points, and closed down 312 points at 25,502. H-shares index fell 1.7% to 9,082 and Hang Seng Tech index fell 1.4% to 6,502. Market turnover amounted at HK\$140.9bn. Stable oil price supports oil stock rebound, with PetroChina (0857) up 3.9%, being the best-performing blue-chip stock. Evergrande (3333) was down 11.9% on anticipated contract sales decline in September, and Evergrande property (6666) and Evergrande NEV down 12% and 25%.

US core consumer price index rose 4.0% yoy in August, but it is lower than 4.3% increase in July. US stock market opened higher on Tuesday. However, investors concerned on the slowdown of US economy growth as well as new tax hikes concerned by Democrats, US stock retreated afterward. Economy sensitive sectors such as material, financial and energy sector led the market decline.

The three major US stock index fell 0.4-0.8% respectively on Tuesday. In fact, S&P 500 index fell to 4,443, which is closed to major support at 50 Day SMA(4,429). On the other hand, owing to the lower than expected consumer price index, 10 Year US treasury yield fell 5 basis points to 1.28%. Together with weakness of US dollar index, gold price rose 0.7% to US\$1,807 per ounce.

US stock market turned weak. Besides, investors also concerned the debt problem of China Evergrande (3333) and its impact on the China property and banking sector. Moreover, regulatory control on internet platform continues. Given lots of negative factors, Hong Kong stock market is expected to remain weak in the short term. We expect Hang Seng Index major support at 25,000. Besides, China will announce major August economic data such as retail sales and fixed asset investment today, which will also be market focus.

Hong Kong Stock Connect recorded a net inflow of HK\$9mn on Tuesday, of which, HKEX(0388), Tencent(0700) and Meituan(3690) all recorded slightly higher than HK\$300mn net inflow each. On the other hand, Macau government kick off a 45-day public consultation to review the gaming industry. However, the consultation does not offer any details on number of licenses and concession period, while Macau gaming companies need to get government approval on dividend payment. Given increasing policy uncertainties, Macau gaming sector share price short term will remain weak, despite share price already at low level.

HSI Chart



Sources : Google

Daily Focus

Macau gaming sector: 45 Day public consultation for upcoming gaming licenses

- Macau Government is reviewing the gaming law, with the draft revisions to undergo a 45 Day public consultation process from 15 September to 29 October 2021. In fact, all the existing 6 Macau gaming operators license will be expired in mid-2022.
- Macau Government reiterated healthy and sustainable development of the gambling industry through improvements to the regulatory system of casinos in the next five years. Besides, a public-policy aim to increase the competitiveness of the city's casino industry.
- The consultation includes number of gaming licensing granted. the duration of any new concession term; what new regulatory requirements should be applied to concessionaires; steps to protect local employment; Besides, it also includes minimum shareholding by Macau permanent residents, the appointment of government representative into the gaming companies, as well as seek government approval on dividends.
- In fact, Macau currently has six gaming operators. Of which, three of them have concessions while another three (Sands (1928), MGM China (2282) and Melco) is through sub-concession relationships. Besides, the current concession duration is 25 years. However, Macau government does not reveal much details on the future arrangement at this stage.
- Moreover, investors concerned that the requirement of government approval on dividends payout will limit dividend payout especially on Sands and Wynn(1128) which used to have very generous dividend policy. Given policy uncertainties, although Macau gaming stocks share price already at low level, it might remain weak in the short term. Relatively speaking, Galaxy(0027) non-foreign major shareholder background, strong net cash policy, stable dividend payout policy, will be less suffered from the new law. Galaxy is our sector top pick. Suggest to Accumulate if share price has further obvious correction.

Galaxy (0027) Info	
Closed price	48.95
Expected P/E(X)	105
Expected Dividend yield (%)	--
52 week high	80.30
52 week low	43.20
14RSI	42.8

Analyst: Samuel Chua, CFA

Netease (9999): Strong Harry Potter debut performance; policy headwinds offer entry point

- Harry Potter: Magic Awakened, a self-developed licensed game of Netease, has launched on September 6, with pre-registered player over 1mn. According to App Annie, the RPG game reached No. 2 on download list and No.1 grossing list in China since its debut.
- Harry Potter: Magic Awakened combines RPG story-telling and card-based combat. Its download and grossing performance is in line and even beat market expectation, offering a new growth momentum to Netease's revenue in 2H21. With regard to slowdown of game approval process in China, this may affect long-term revenue growth but has limited impact near-term. We see game developers with fewer game approvals and game pipelines to suffer more. As Netease has already obtained approvals for over half of its new games to be launched in the upcoming 6-9 months, we see limited near-term impact on financials.
- Game approval suspension happened two years ago, by which game developers focused on content adjustment. Nonetheless, we see the suspension time to be much shorter this time, given the establishment of a content review system in 2018. The current game approval suspension came in line with the gameplay ban on minors policy, and game approval process is likely just slowing down. After resolving game leasing account issue and improving the gameplay system, approval process is expected to normalize. After all, revenue contribution from 16-below players only accounts for low single-digit percentage.
- Netease will launch another anticipated title, The Lord of the Rings: Rise to War, in Europe, America and Southeast Asia on September 23. The game is a strategy game, based on the renowned novel with the same title. We believe its launch will provide momentum to overseas revenue of Netease. Diablo Immortal, another famous PC title, has already begun beta testing from August 21, and we expect to launch in 4Q21.
- Share price may underperform amid regulatory headwinds, but the rich game pipelines will drive revenue growth acceleration. We therefore believe shares correction offers entry opportunities for investors, with overseas revenue ramp-up being the key long-term valuation catalyst. We suggest investors to accumulate gradually with a target price at HK\$160.

Netease (9999) Info	
Closed price	133.8
Expected P/E(X)	23
Dividend yield (%)	0.9
52 week high	206.8
52 week low	116.8
14RSI	42

Analyst: Christopher Ho, CFA

Shanghai/Shenzhen-Hong Kong Stock Connect Statistics

	SH Connect	SZ Connect	Combined Southbound
Balance (RMB bn)	54.12	50.18	82.68
Balance as % of Quota Amount	104.1	96.5	98.4

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

Stock Name	Stock code	Buy Trades (HKD)	Sell Trades (HKD)	Turnover (HKD)
TENCENT	700	778,592,640	707,501,860	1,486,094,500
MEITUAN-W	3690	492,227,960	188,527,360	680,755,320
SUNAC	1918	136,453,160	350,512,640	486,965,800
CNOOC	883	236,017,850	233,172,490	469,190,340
XIAOMI-W	1810	144,269,440	177,307,530	321,576,970
LI NING	2331	40,126,900	245,709,756	285,836,656
CHALCO	2600	235,821,720	49,616,420	285,438,140
SMIC	981	105,144,050	132,544,495	237,688,545
INNOVENT BIO	1801	210,072,950	26,803,200	236,876,150
CHINA MOBILE	941	35,399,300	199,742,325	235,141,625

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	650,434,240	389,185,965	1,039,620,205
DONGYUE GROUP	189	466,601,400	155,494,850	622,096,250
XIAOMI-W	1810	201,212,010	384,311,730	585,523,740
HKEX	388	420,393,950	59,626,400	480,020,350
CNOOC	883	375,177,000	93,369,130	468,546,130
SMOORE INTL	6969	201,176,300	247,780,600	448,956,900
MEITUAN-W	3690	221,157,660	190,654,660	411,812,320
GREATWALL MOTOR	2333	196,063,625	156,824,725	352,888,350
CHINA MOBILE	941	227,339,625	119,608,350	346,947,975
WUXI BIO	2269	99,414,550	236,021,800	335,436,350

Sources: HKEx

Other Statistics

Ten Most Actively Traded Stocks

Stock Name	Code	Change	Closed Price	Turnover(Million)
TENCENT	700	-1.09%	472.80	94.53
MEITUAN-W	3690	-1.13%	245.00	45.94
BABA-SW	9988	-1.56%	158.30	35.47
BYD COMPANY	1211	2.73%	263.00	28.58
SINOMINE RESOURCE GROUP	2738	6.00%	74.34	26.68
PING AN	2318	-2.62%	57.60	24.33
HKEX	388	-0.69%	504.50	20.72
XIAOMI-W	1810	-0.64%	23.25	18.27
KUAISHOU-W	1024	-2.40%	97.70	17.96
JD-SW	9618	0.13%	313.60	17.39

Ten Short Sell Stocks

Stock Name	Code	Short Selling Turnover	Turnover	Short Selling Ratio
TRACKER FUND	02800.HK	2.07B	4.87B	42.57%
MEITUAN-W	03690.HK	986.48M	4.59B	21.47%
BABA-SW	09988.HK	726.03M	3.55B	20.47%
JD-SW	09618.HK	693.56M	1.74B	39.89%
BYD COMPANY	01211.HK	638.32M	2.86B	22.33%
TENCENT	00700.HK	600.32M	9.45B	6.35%
HKEX	00388.HK	559.16M	2.07B	26.99%
XIAOMI-W	01810.HK	512.52M	1.83B	28.06%
AIA	01299.HK	505.11M	1.44B	35.08%
CCB	00939.HK	480.80M	1.69B	28.50%

Source: AA Stocks

Economic Calendars

Date	Country	Event	Survey	Prior
Tue	US	Aug. CPI YoY	5.3%	5.4%
		Aug. CPI Ex Food and Energy YoY	4.3%	4.3%
Wed	China	Aug. Retail Sales YoY	7.0%	8.5%
		Aug. Industrial Production YoY	5.8%	6.4%
		Aug. Fixed Assets Ex Rural YTD YoY	9.1%	10.3%
Thu	US	Initial Jobless Claims (Till Sep 11)		310k
		Continuing Jobless Claims (Till Sep 4)		2,783k
		Aug. Retail Sales Advance MoM	-0.8%	-1.1%
Fri	Hong Kong	HK Stock Connect (Southbound) Closed		
	US	Sep. University of Michigan Sentiment	72.0	70.3
	Euro Zone	Aug. CPI YoY	3.0%	2.2%
	Hong Kong	HK Stock Connect Closed		

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