



CASH Financial Services Group Research Report CFSG Daily Comment

Analyst: Tony Cheung
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HK and Regional Markets

	Close (last trading day)	Up(down)%
HSI	27,788	(0.57)
HSCEI	10,633	(0.52)
SH Comp Index	2,871	(0.41)
SZ Comp index	8,916	(0.93)
DJIA	25,680	(0.33)
Nasdaq	7,702	(1.46)
S&P 500 Index	2,840	(0.67)
Nikkei 225	21,243	(0.28)
UK FTSE 100	7,311	(0.51)
Germany DAX	12,041	(1.61)
USD Index	98	0.03

HSI Futures

	Active contract
Close (last trading day)	27,450
Up (down)	(172)
Day High	27,620
Day Low	27,333
Settled volume	230,005

Commodities

	Price	Up(down)%
Gold (Comex)	1,275.70	(0.13)
Silver (Comex)	14.41	(0.03)
LME Copper 3M	6,029.00	(0.45)
LME Aluminum 3M	1,797.50	(2.15)
WTI Crude Oil	63.22	0.19
Brent Crude	72.00	0.04
Natural Gas	2.66	(0.52)
Heating Oil	201.28	0.14
Wheat (CBOT)	484.25	1.25
Corn (CBOT)	393.75	1.22

Foreign Exchange

	Price	Up(down)%
USD/CNY	6.93	0.11
USD/JPY	110.17	(0.10)
EUR/USD	1.12	0.00
GBP/USD	1.27	0.02
AUD/USD	0.69	0.22
USD/CAD	1.34	0.02
USD/SWF	1.01	(0.07)

Fix Income

	Price	Up(down)
3M HIBOR	2.02	0.01
3M CNH HIBOR	3.50	0.06
3M USD LIBOR	2.52	0.00
US30Y Treasury	2.84	0.00
US10Y Treasury	2.42	0.01
US2Y Treasury	2.23	0.01

Market Outlook

HSI is expected to test lower to around 27,500 today.

Concerns about US corporate bonds: Powell pointed out that corporate lending reached a record level of about 35% of the company's assets, clearly reaching the level that companies and investors should think about. If the debts increase again, or significantly increase the vulnerability of enterprises. The ultimate source of financing sources and corporate debt is not transparent, and if the lender begins to default, it may lead to an economic downturn.

Pay attention to Huawei's industrial chain: The US Department of Commerce issued a temporary license to enable Huawei to maintain its existing network service capabilities and provide software update services for Huawei mobile phones. The temporary license is valid until Aug 19, allowing Huawei customers to have time to switch equipment. However, the US still intends to block Huawei in the long run, and US tech stocks are under pressure.

Today's Focus Stock

HK Stocks	Rating	Target	Price
Mengniu (02319.HK)	Buy	33.00	29.45
(1) Profit margin continues to increase with product mix optimization			
(2) Raw milk resources integration underpins fresh milk business			
(3) Defensive business given limited impact by Sino-US trade war			
Galaxy (00027.HK)	Buy	60 down from 63	47.95
(1) 1Q2019 VIP business drop 25% YoY, market share loss			
(2) Promising mass business in May with 37% YoY growth of Golden Wk visitors			
(3) Phases 3 & 4 and overseas projects to drive long-term growth			

A-share	Rating	Target	Price
Inspur Electronic (000977.SZ)	Buy	36.00	24.30
(1) Satisfactory 1Q2019 results			
(2) Decent development of server business			
(3) Benefited by the development of AI and Cloud computing			

Sector and Company News

VTECH Holdings (00303) announced annual results ended March 2019. Net profit amounted to USD171 mn, down 17% YoY. Final DPS was US50 cents. Full-year DPS totaled US67 cents.

China Unicom (00762) announced that the aggregate number of mobile billing subscribers in April reached 324 mn, representing net addition of 1.136 mn. During the month, the aggregate number of 4G subscribers reached 233 mn, representing net addition of 2.608 mn.

China Telecom (00728) announced that mobile subscribers reached 319 mn in April, representing a net increase of 3.51 mn subscribers. Among which, 4G users amounted to 260 mn with a net increase of 4.07 mn subscribers, decelerating from a net addition of 5.51 mn subscribers in March.

Xiaomi (01810) announced its results for 1Q2019. Its revenue grew 27.2% YoY to RMB43.757 bn; its gross profit increased 21.3% YoY to RMB5.216 bn; its net profit was RMB3.126 bn.



Focus stocks									
Stock No.	Stock Name	Price	TP (HKD)	Chg%	Stock No.	Stock Name	Price	TP (RMB)	Chg%
HK Stocks					A-share				
5.HK	HSBC HOLDINGS PL	65.20	72.60	11.3%	000333.CH	MIDEA GROUP CO-A	50.75	63.00	24.1%
6.HK	POWER ASSETS	54.05	60.00	11.0%	000858.CH	WULIANGYE YIBI-A	104.00	105.00	1.0%
16.HK	SHK PPT	135.00	154.00	14.1%	000977.CH	INSPUR ELECTRO-A	24.30	36.00	48.1%
27.HK	GALAXY ENTERTAIN	47.95	60.00	25.1%	001979.CH	CHINA MERCHANT-A	21.57	24.00	11.3%
268.HK	KINGDEE INTL SFT	7.89	10.00	26.7%	002013.CH	AVIC ELECTROME-A	7.13	9.80	37.4%
288.HK	WH GROUP LTD	7.14	9.00	26.1%	002120.CH	YUNDA HOLDING -A	37.94	48.00	26.5%
388.HK	HKEX	242.20	300.00	23.9%	002405.CH	NAVINFO CO LTD-A	21.75	30.00	37.9%
552.HK	CHINA COMM SER-H	5.86	7.60	29.7%	002415.CH	HANGZHOU HIKVI-A	26.99	46.00	70.4%
700.HK	TENCENT	342.00	440.00	28.7%	002456.CH	OFILM GROUP CO-A	7.72	16.00	107.3%
763.HK	ZTE-H	19.62	28.00	42.7%	002460.CH	GANFENG LITHI-A	23.95	36.00	50.3%
778.HK	FORTUNE REIT	10.76	11.00	2.2%	300750.CH	CONTEMPORARY A-A	69.69	95.00	36.3%
788.HK	CHINA TOWER CO-H	1.76	2.40	36.4%	600004.CH	GUANGZHOU BAIY-A	15.87	16.00	0.8%
823.HK	LINK REIT	97.50	98.00	0.5%	600009.CH	SHANG INTL AIR-A	69.06	70.00	1.4%
883.HK	CNOOC	13.66	16.00	17.1%	600011.CH	HUANENG POWER-A	6.17	8.50	37.8%
941.HK	CHINA MOBILE	73.10	92.00	25.9%	600019.CH	BAOSHAN IRON &-A	6.75	8.20	21.5%
992.HK	LENOVO GROUP	5.97	8.00	34.0%	600048.CH	POLY DEVELOPME-A	12.57	20.00	59.1%
1038.HK	CKI HOLDINGS	61.80	76.00	23.0%	600271.CH	AISINO CORP-A	22.90	32.00	39.7%
1088.HK	CHINA SHENHUA-H	16.48	20.00	21.4%	600276.CH	JIANGSU HENGRU-A	60.25	80.00	32.8%
1093.HK	CSPC PHARMACEUTI	13.86	16.00	15.4%	600323.CH	GRANDBLUE ENV-A	15.02	19.30	28.5%
1109.HK	CHINA RES LAND	32.10	40.00	24.6%	600426.CH	SHANDONG HUALU-A	14.56	18.50	27.1%
1113.HK	CK ASSET HOLDING	61.25	76.00	24.1%	600487.CH	HENGTONG OPTIC-A	15.79	27.00	71.0%
1211.HK	BYD CO LTD-H	46.50	60.00	29.0%	600491.CH	LONG YUAN CONS-A	6.66	8.60	29.1%
1299.HK	AIA	76.75	91.00	18.6%	600516.CH	FANGDA CARBON-A	17.77	30.00	68.8%
1810.HK	XIAOMI CORP-B	9.89	12.00	21.3%	600588.CH	YONYOU NETWORK-A	23.55	38.50	63.5%
2313.HK	SHENZHOU INTL GP	100.10	110.00	9.9%	600600.CH	TSINGTAO BREW-A	51.99	47.00	-9.6%
2319.HK	MENGNU DAIRY	29.45	33.00	12.1%	600803.CH	ENN ECOLOGICAL-A	10.42	15.00	44.0%
2382.HK	SUNNY OPTICAL	72.40	100.00	38.1%	601318.CH	PING AN INSURA-A	77.87	97.00	24.6%
6823.HK	HKT-SS	11.98	13.10	9.3%	601688.CH	HUATAI SECURIT-A	17.99	25.00	39.0%
6869.HK	YOFC-H	16.94	21.00	24.0%	601888.CH	CHINA INTERNAT-A	76.01	80.00	5.2%
2020.HK	ANTA SPORTS PROD	50.25	58.00	15.4%	603019.CH	DAWNING INFORM-A	41.23	53.60	30.0%
US Stocks									
GOOGL.US	ALPHABET INC-A	1144.66	1347.37	17.7%					
FB.US	FACEBOOK INC-A	182.72	185.83	1.7%					
MSFT.US	MICROSOFT CORP	126.22	125.14	-0.9%					
AMZN.US	AMAZON.COM INC	1858.97	2147.95	15.5%					
NFLX.US	NETFLIX INC	348.11	396.7	14.0%					
BABA.US	ALIBABA GRP-ADR	160.65	201.62	25.5%					
TSLA.US	TESLA INC	205.36	328.4	59.9%					



Source

Bloomberg, Company data, annual report, News

Contact Us

Headquarters:	21/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central	(852) 2287 8788
HK Services Centre:	6/F, May May Building, 683-685 Nathan Road, Mongkok, Kowloon	(852) 2748 0110
China Services Centre:	Room 4809(48/F), Block A, United Plaza, 5022 Binhe Road, Shenzhen 2501, Tower A, China Overseas International Centre, 838 South Huangpi Road, Huangpu District, Shanghai	(86-755) 2216 5888 (86-21) 3227 9888

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