

February 23, 2024

## Hong Kong/China Finally Bottoming?

**Ross LaDuke, CMT**  
Global Strategist  
612-482-8442  
Ross@vermillioncap.com

**David Nicoski, CMT**  
Chief Investment Officer  
612-682-1900  
Dave@vermillioncap.com

**Joseph Jasper, CFA**  
President  
612-712-1300  
Joe@vermillioncap.com

**Eric Anderson**  
Research Sales  
612-482-6622  
Eric@vermillioncap.com

**Sean Cusick**  
Director of Quant Systems  
612-712-1400  
Sean@vermillioncap.com

Vermilion Research LLC  
920 2nd Ave S, Ste. 1225  
Minneapolis, MN 55402

Since early November 2023 we have been expecting global equities (MSCI ACWI) to stage a year-end rally that would continue into the early part of 2024. As we progress through the "early part" of 2024, more and more global indexes and Sectors are breaking out and starting to participate in the upside. This is classic bull market behavior. Our outlook remains bullish; continue to ride this trend higher, and treat pullbacks as buying opportunities.

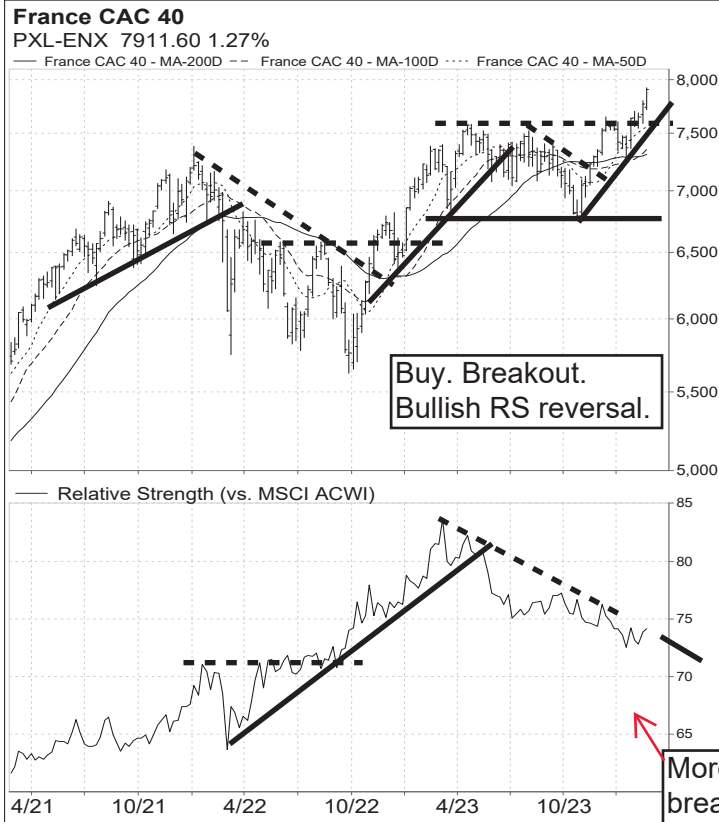
- **More Global Indexes Breaking Out or Bottoming.** Europe's **EURO STOXX 50** and all of our country overweights (Japan, India, Greece, Poland, and Brazil) remain unequivocally bullish, but more countries are starting to break out or bottom, something we view as classic bull market behavior. The **MSCI ACWI** (local currency), **MSCI EAFE** (local currency), France's **CAC 40**, and Ireland's **ISEQ All Share** are breaking out to decade+ or all-time highs. China's **Shanghai Composite** and **CSI 300**, and Hong Kong's **Hang Seng** are reversing 7-month downtrends, as both China and Hong Kong appear to be bottoming -- add exposure... *see charts below and page 2*. We highlight several individual names from China and Hong Kong that we recommend buying at current levels.
- **U.S. Dollar (DXY); 10-Year Treasury Yield.** The U.S. dollar (DXY) appears to be staging a false breakout at the important \$104.60-\$104.70 level that we discussed in our February 13, 2024 *Int'l Macro Vision*. Additionally, the 10-year Treasury yield is below critical resistance at 4.35% -- though this level is currently being tested. If these can top here, it would be a significant risk-on signal for global equities.
- **Actionable Themes: Consumer Discretionary and Industrials.** These two Sectors continue to emerge as leadership within Europe/UK (thanks to LVMH, Hermes, etc.), Japan, and India -- add exposure... *see pages 3-17*. It is worth noting there are countless names within these Sectors that we have previously recommended that remain bullish but are now extended -- hold. These are names such as Toyota Motor (**7203-JP**), Stellantis (**STLAM-IT**), Ferrari (**RACE-IT**), Bajaj Auto (**532977-IN**), InterContinental Hotels (**IHG-GB**), and Indian Hotels (**500850-IN**), among others.
- **Actionable Themes: Energy/Coal and Polish Banks.** Coal is leadership in China, while Polish banks are leading Poland higher. Names highlighted include: MOTOR OIL (HEL-LAS) (**MOH-GR**), Shaanxi Coal (**601225-CN**), China Shenhua Energy (**1088-HK**), China Coal (**1898-HK**), PKO Bank Polski (**PKO-PL**), mBank (**MBK-PL**), Santander Bank Polska (**SPL-PL**), and BANK POLSKA KASA OPIEKI (**PEO-PL**)... *see pages 18-19*.



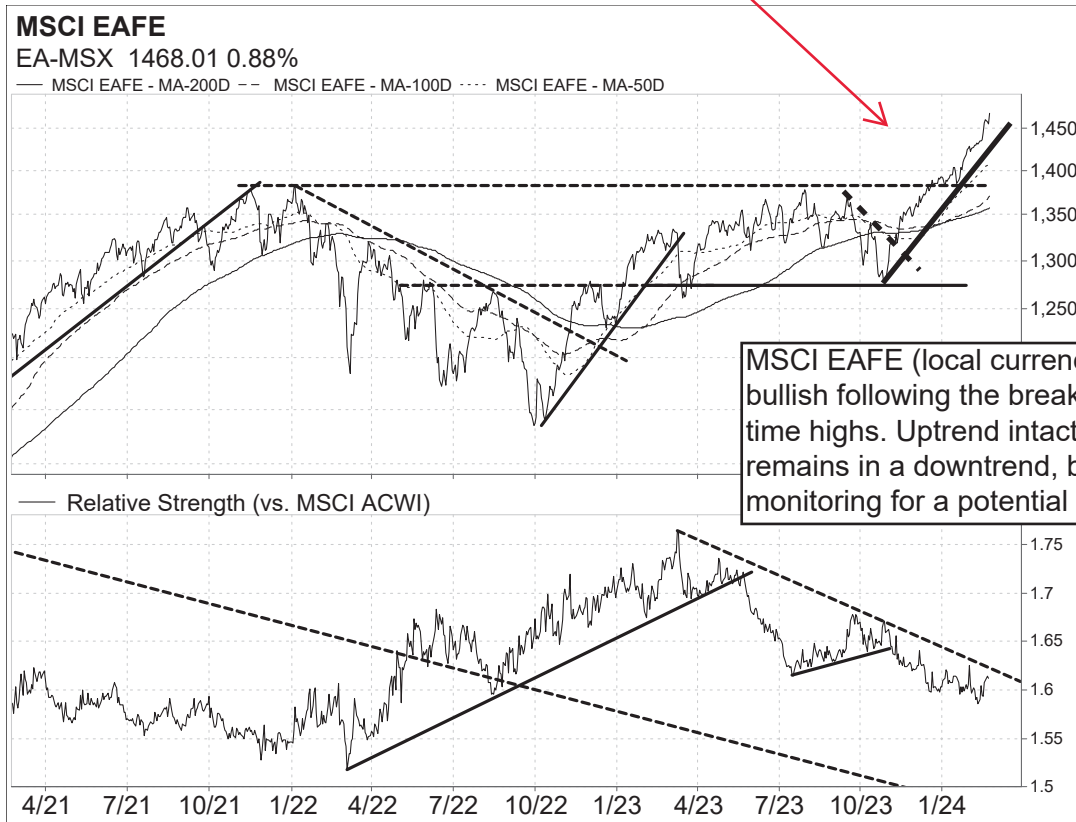
Add selective exposure to Hong Kong and China. Hang Seng and Shanghai Composite with bullish 7-month downtrend reversals. Both are likely in the **EARLY** stages of bottoming.



# Breakouts Continue to Pile Up



More indexes breaking out to new highs is classic bull market behavior.



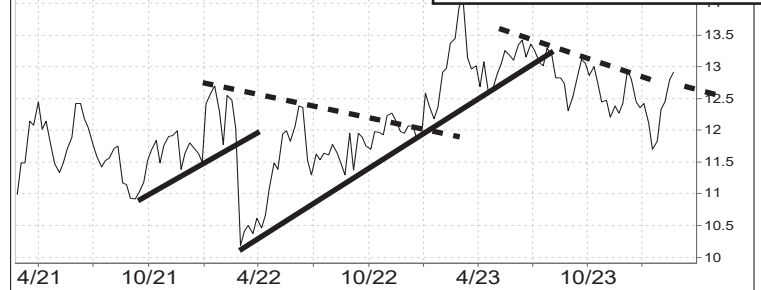
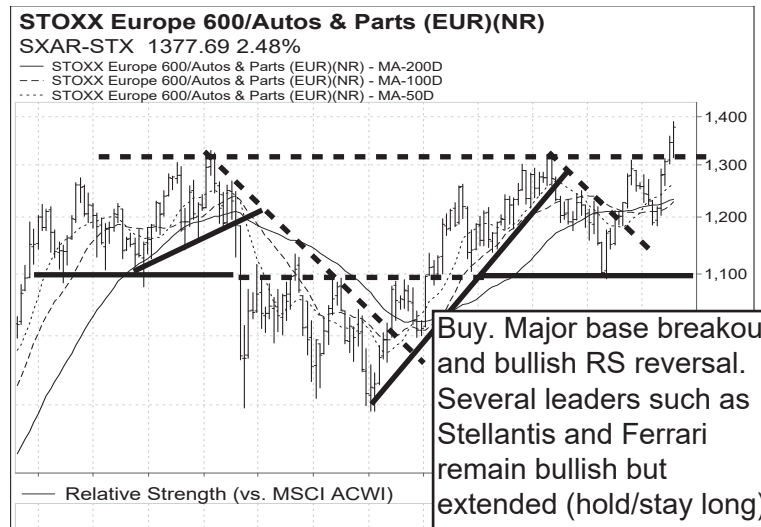
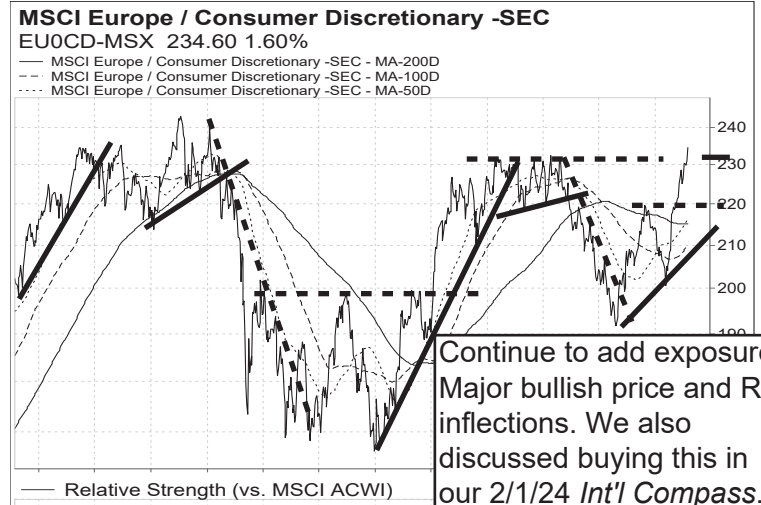
# Actionable Themes: Consumer Discretionary and Industrials

## Consumer Discretionary and Industrials

Consumer Discretionary and Industrials continue to emerge as leadership within Europe/UK (thanks to LVMH, Hermes, etc.), Japan, and India -- add exposure. This type of price action for these two cyclical Sectors is a very bullish sign for global equities, suggesting significant upside ahead.

On pages 5-11 we highlight the following actionable Consumer Discretionary stocks:

- Tata Motors Limited (500570-IN)
- TVS Motor Company Limited (532343-IN)
- Pirelli & C. S.p.A. (PIRC-IT)
- Yokohama Rubber Co., Ltd. (5101-JP)
- Toyo Tire Corporation (5105-JP)
- Taylor Wimpey plc (TW-GB)
- Bellway p.l.c. (BWY-GB)
- Vistry Group PLC (VTY-GB)
- Redrow plc (RDW-GB)
- Compagnie Financiere Richemont SA (CFR-CH)
- LVMH Moet Hennessy Louis Vuitton SE (MC-FR)
- Hermes International SCA (RMS-FR)
- Brunello Cucinelli S.p.A. (BC-IT)
- Asics Corporation (7936-JP)
- Bosideng International Holdings Limited (3998-HK)
- HLA Group Corp. Ltd. Class A (600398-CN)
- Christian Dior SE (CDI-FR)
- Industria de Diseno Textil, S.A. (ITX-ES)
- FAST RETAILING CO., LTD. (9983-JP)
- LPP S.A. (LPP-PL)
- Vibra Energia SA (VBBR3-BR)
- Beiersdorf AG (BEI-DE)
- MGM China Holdings Limited (2282-HK)
- Kangwon Land, Inc. (035250-KR)
- Evolution AB (EVO-SE)
- Trip.com Group Ltd. (9961-HK)
- Zomato Ltd. (543320-IN)

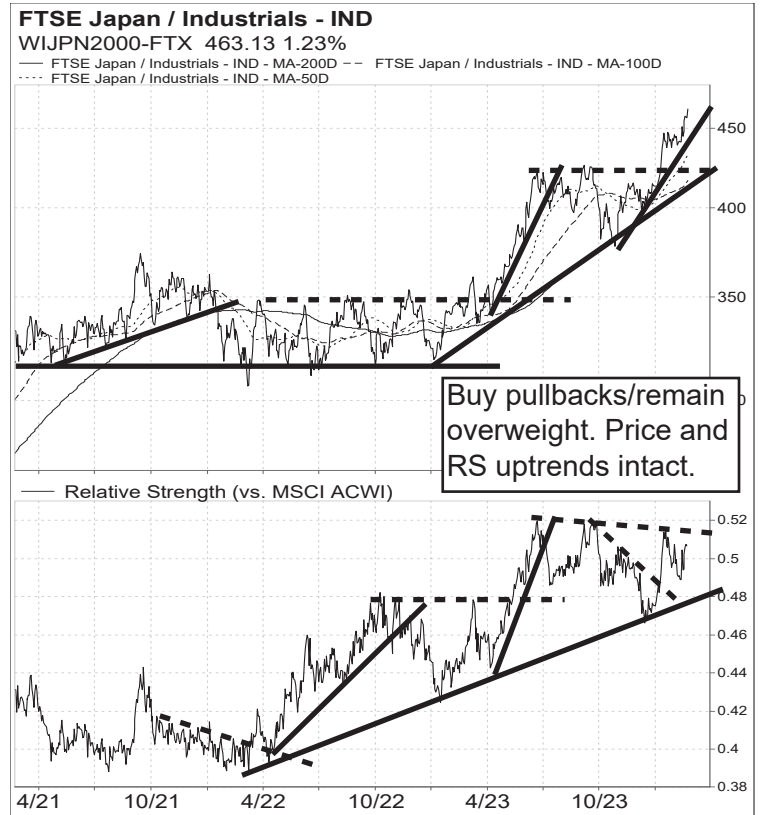


# Actionable Theme: Industrials (cont.)

## Industrials (cont.)

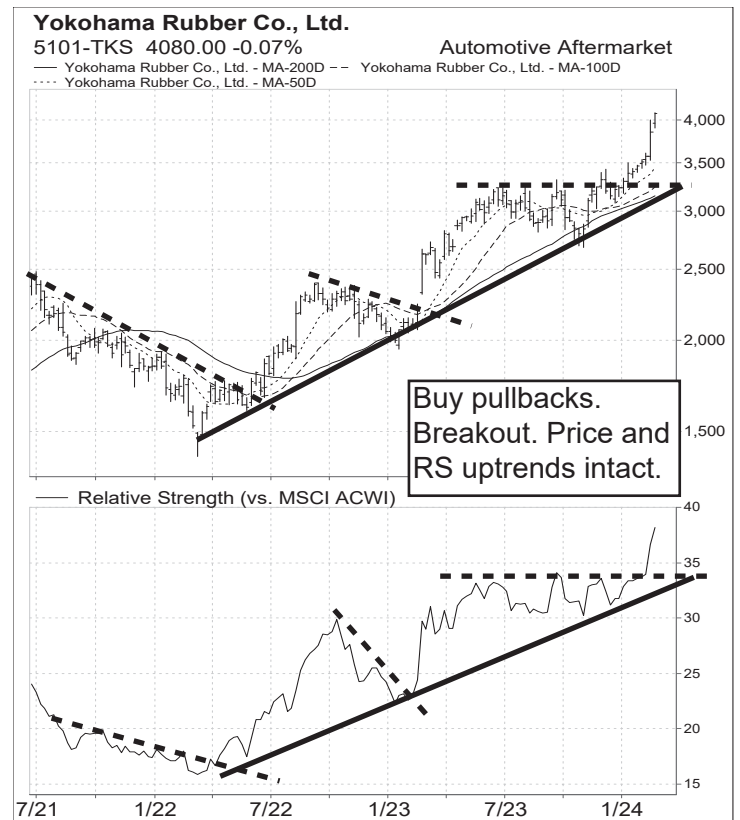
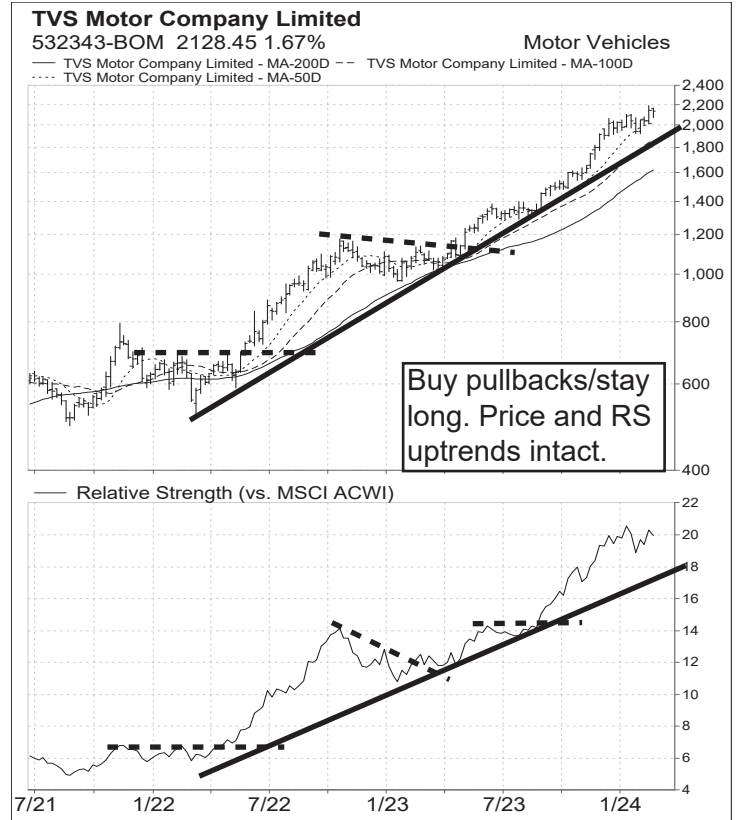
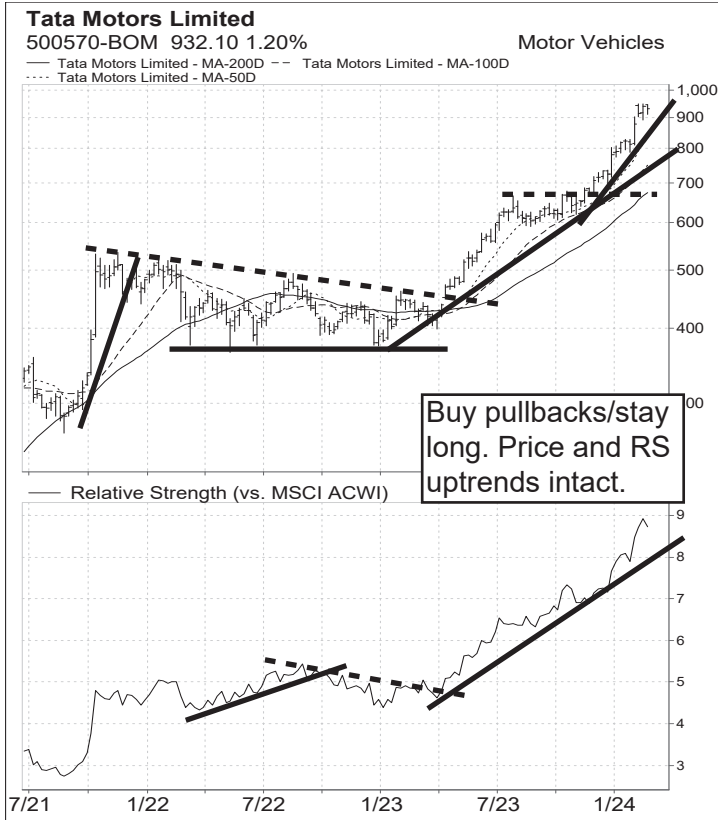
On pages 11-17 we highlight the following actionable Industrial stocks:

- Schindler Holding AG Pref (SCHP-CH)
- RATIONAL AG (RAA-DE)
- Daifuku Co., Ltd. (6383-JP)
- ANDRITZ AG (ANDR-AT)
- Thermax Limited. (500411-IN)
- Voltas Limited (500575-IN)
- Sandvik AB (SAND-SE)
- Wartsila Oyj Abp (WRT1V-FI)
- Konecranes Oyj (KCR-FI)
- Babcock International Group PLC (BAB-GB)
- JBM Auto Limited (532605-IN)
- Schneider Electric SE (SU-FR)
- ABB Ltd. (ABBN-CH)
- Mitsubishi Electric Corp. (6503-JP)
- Siemens Limited (500550-IN)
- Prysmian S.p.A. (PRY-IT)
- Nexans SA (NEX-FR)
- NKT A/S (NKT-DK)
- Daimler Truck Holding AG (DTG-DE)
- Ford Otomotiv Sanayi A.S. (FROTO.E-TR)
- Yutong Bus Co., Ltd. Class A (600066-CN)
- Cie Generale des Etablissements Michelin (ML-FR)
- Sumitomo Corporation (8053-JP)
- Sojitz Corp. (2768-JP)
- Compania de Distribucion Integral Logista Holdings S.A. (LOG-ES)



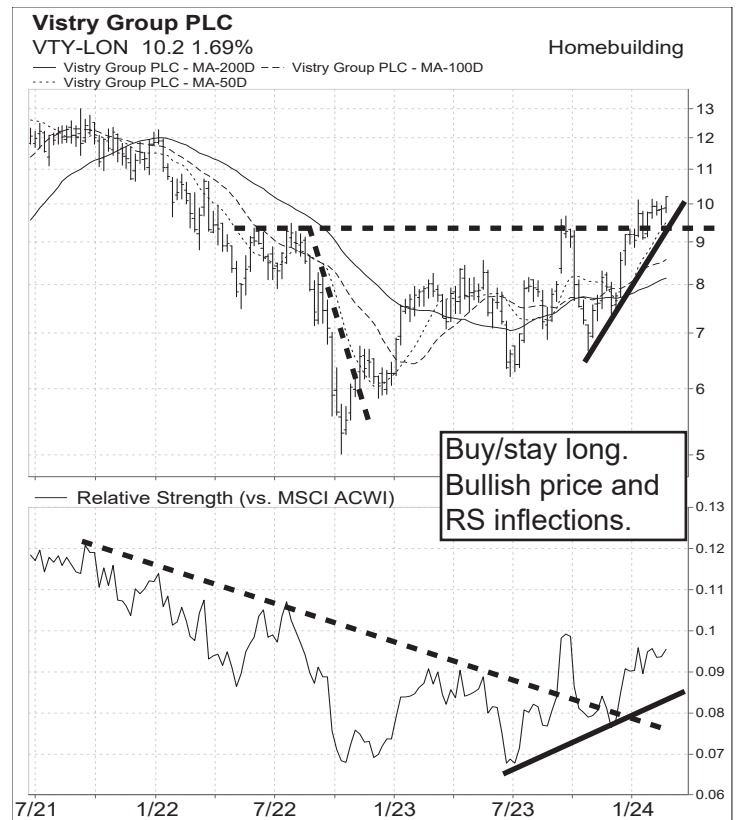
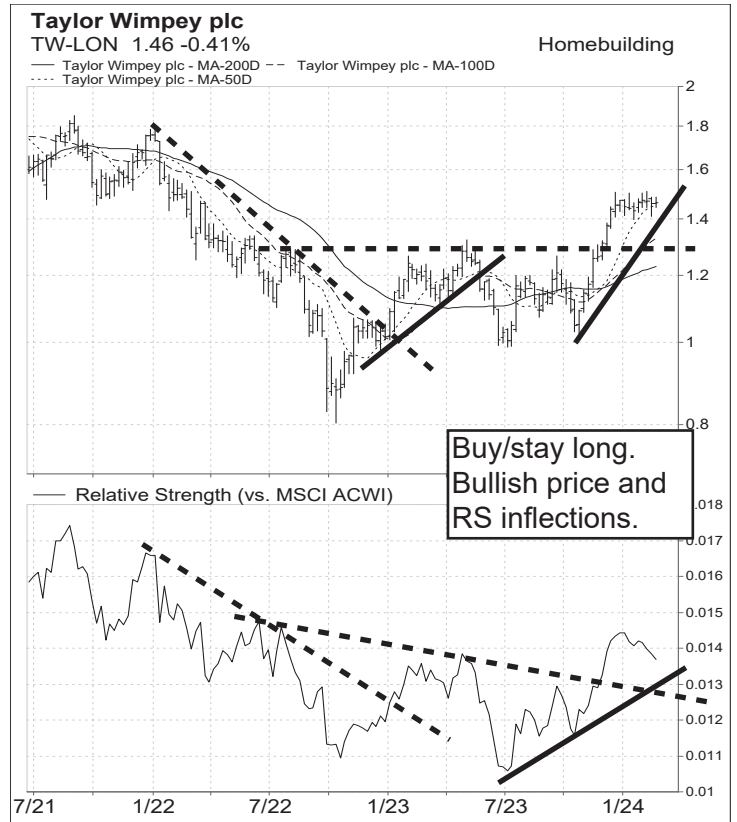
# ACTIONABLE STOCKS

## Consumer Discretionary



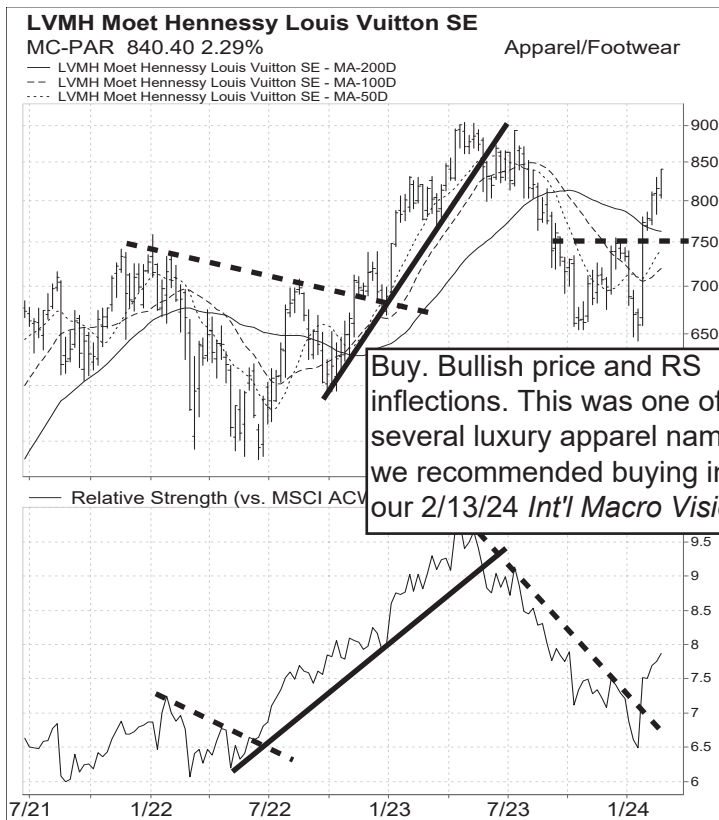
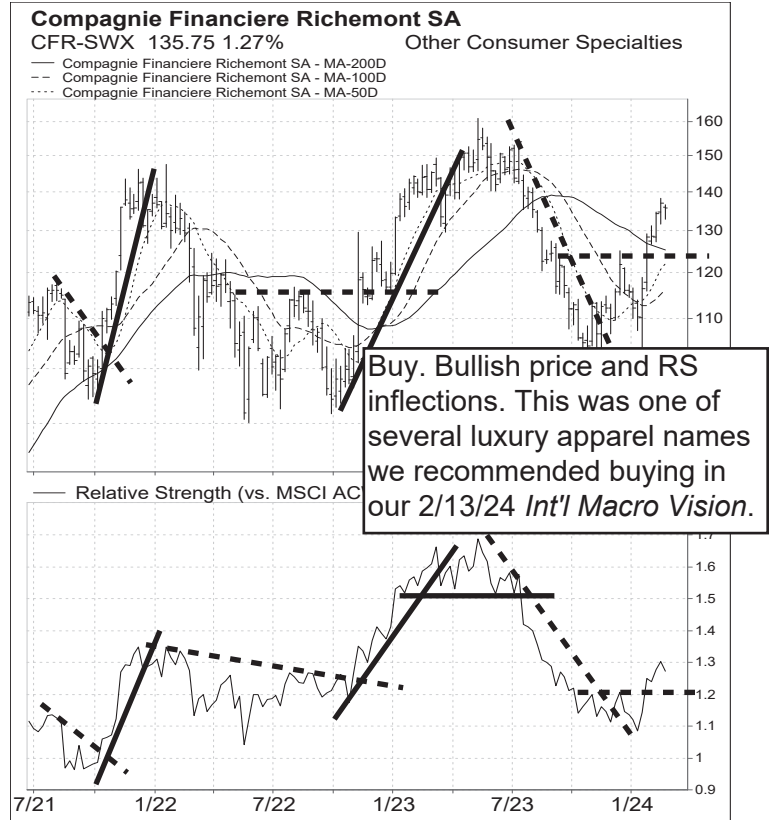
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## Consumer Discretionary



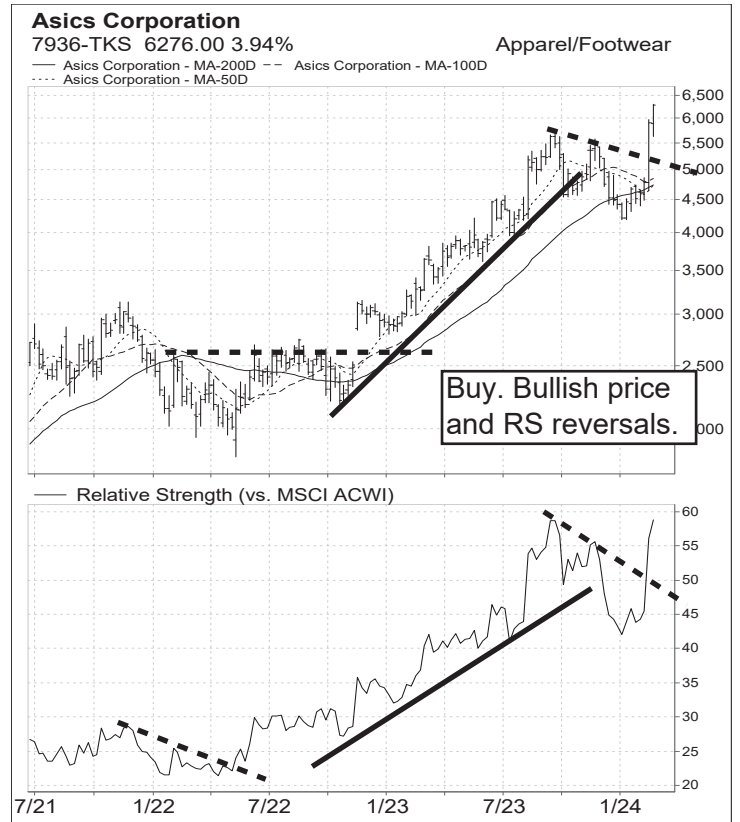
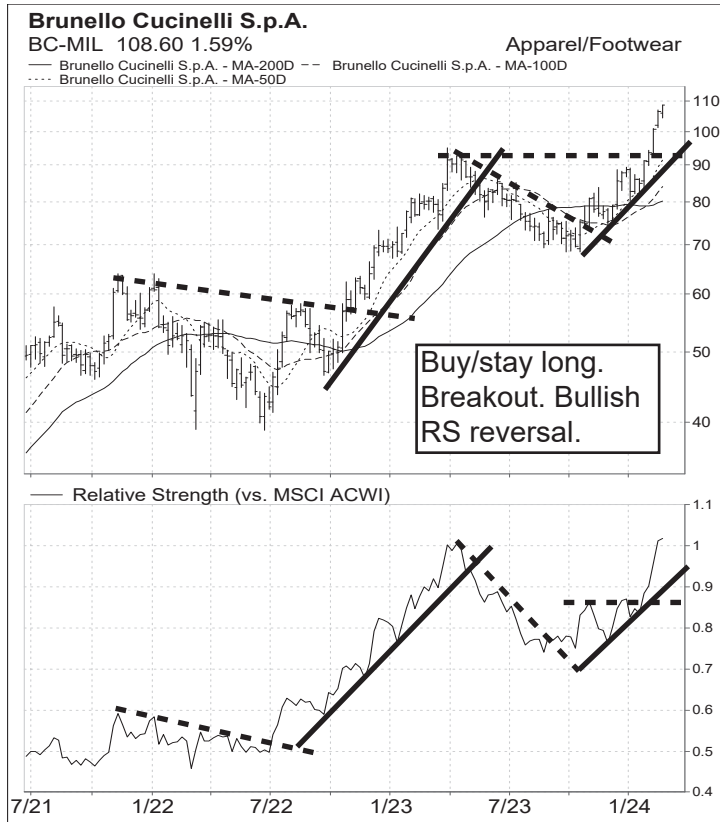
# ACTIONABLE STOCKS

## Consumer Discretionary



# ACTIONABLE STOCKS

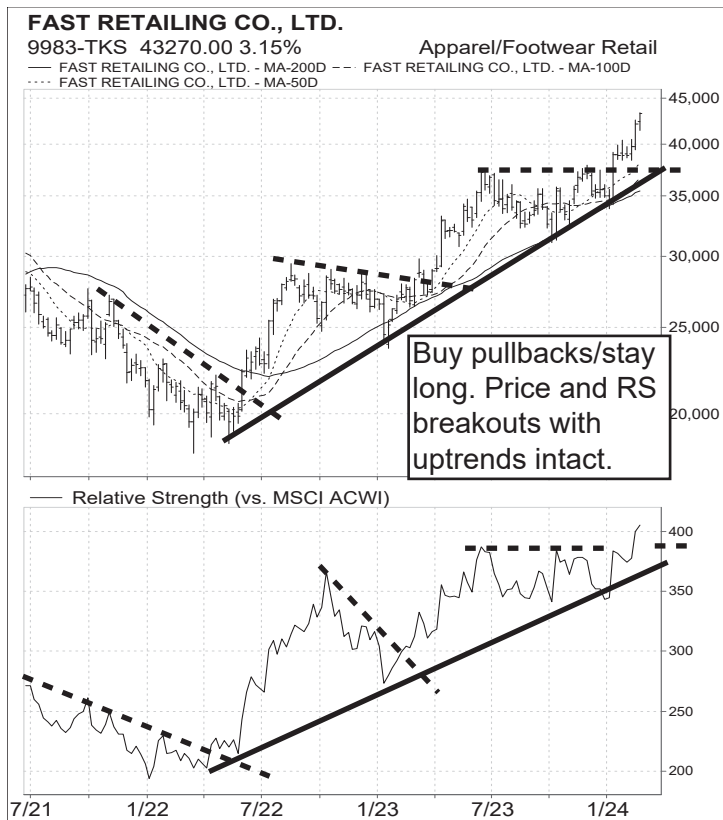
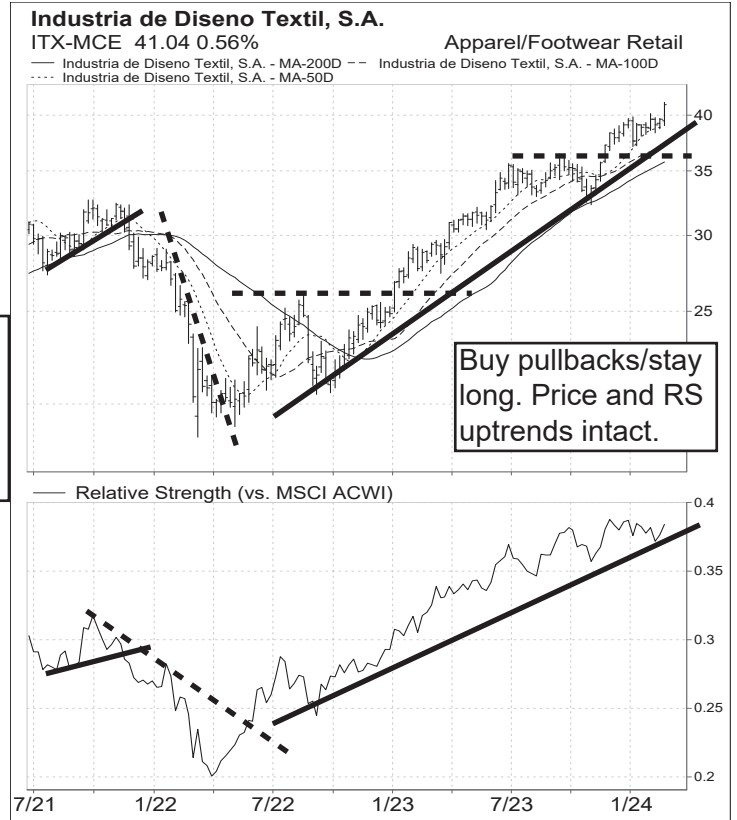
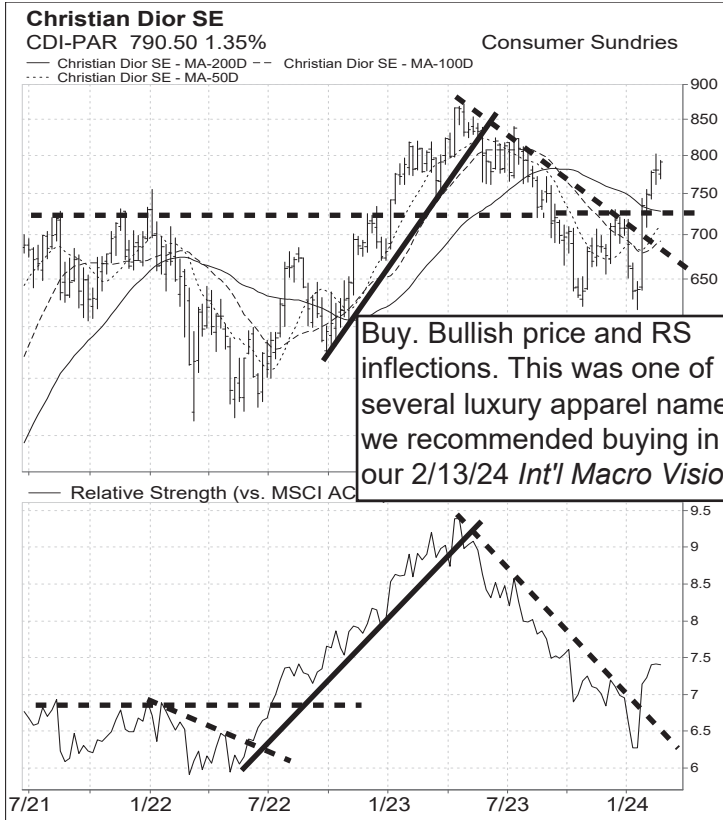
## Consumer Discretionary





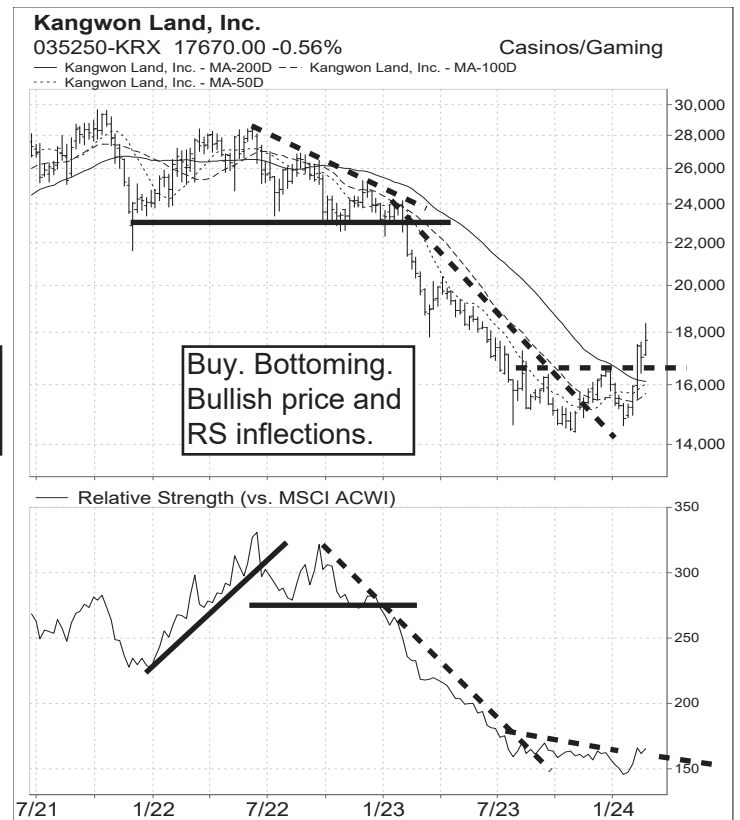
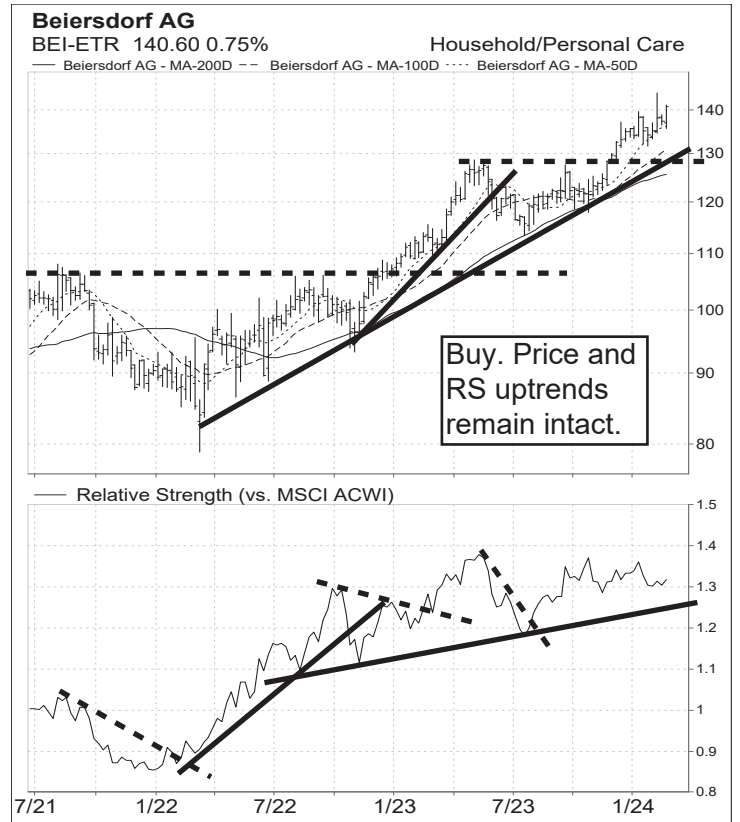
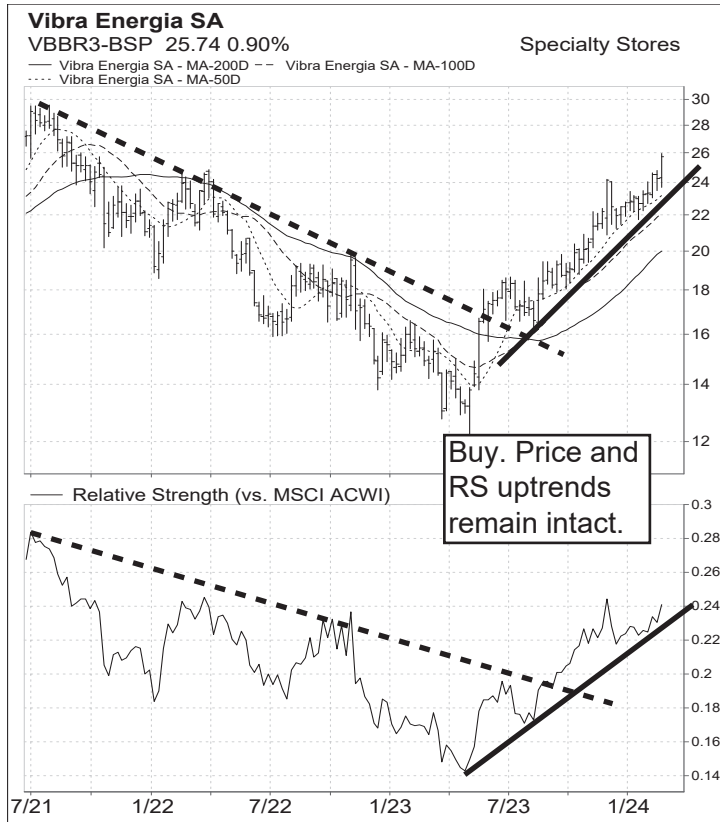
# ACTIONABLE STOCKS

## Consumer Discretionary



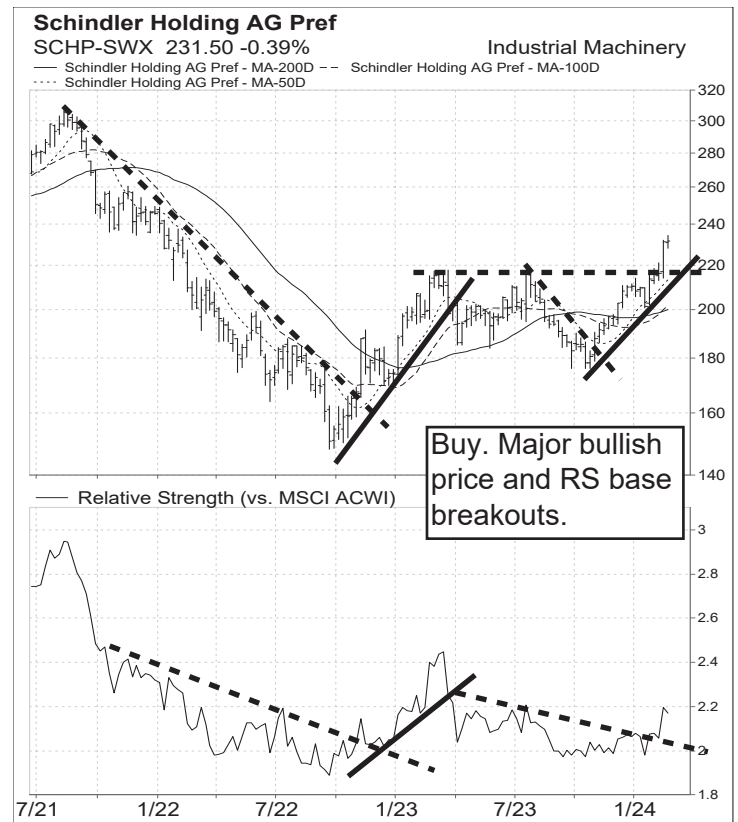
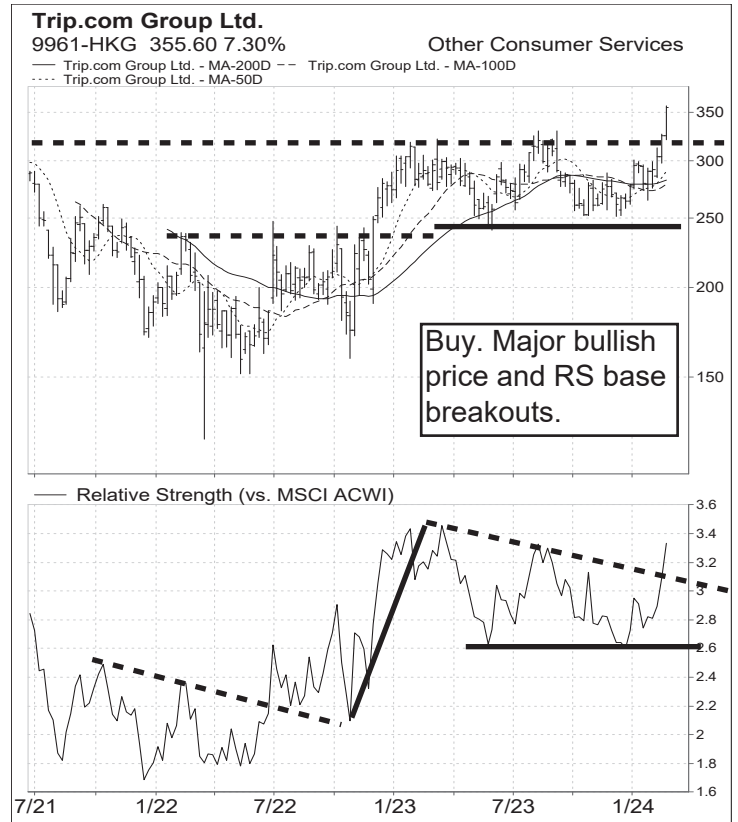
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## Consumer Discretionary



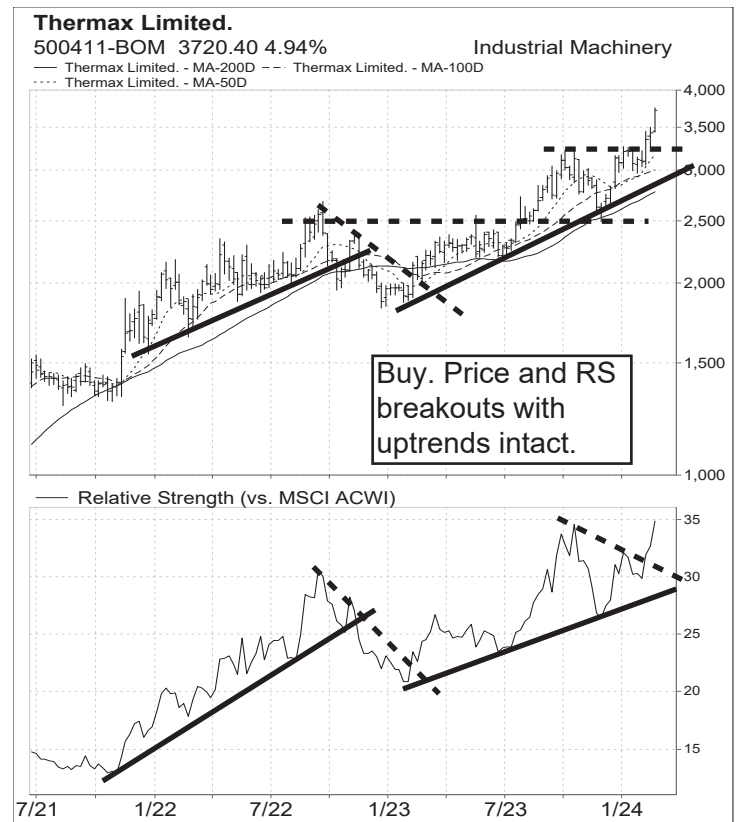
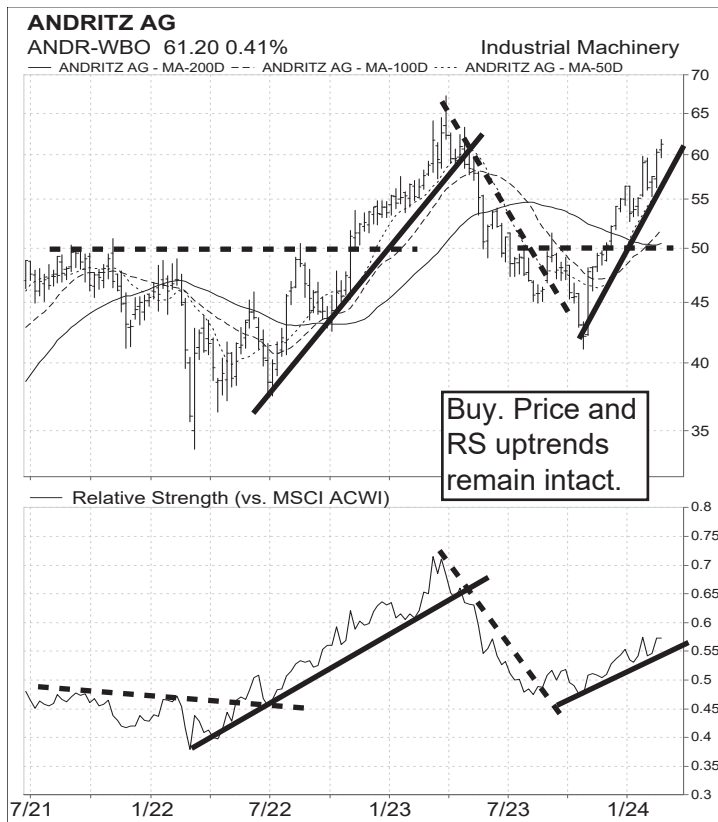
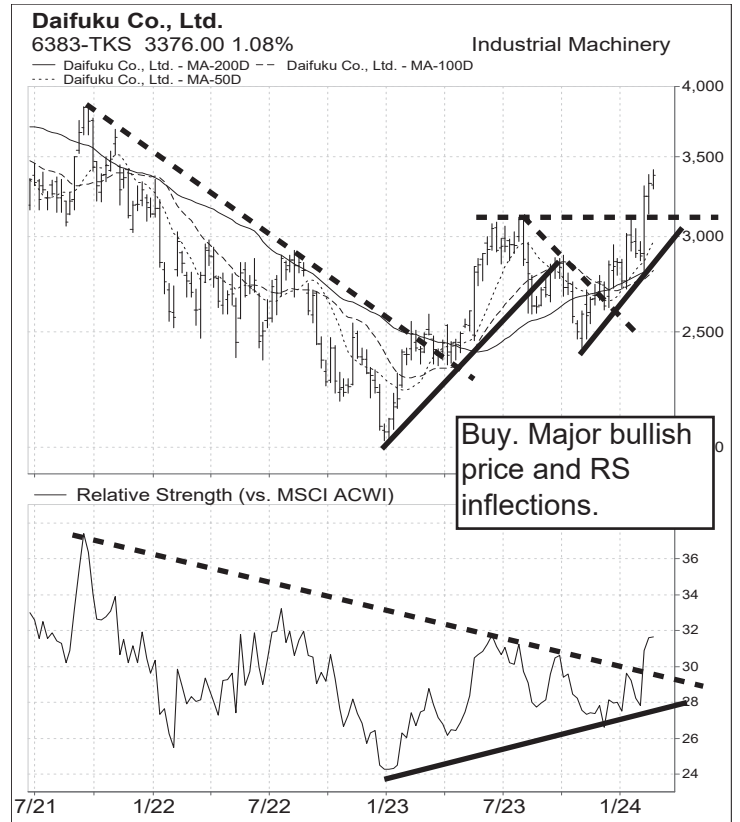
# ACTIONABLE STOCKS

## Consumer Discretionary & Industrials



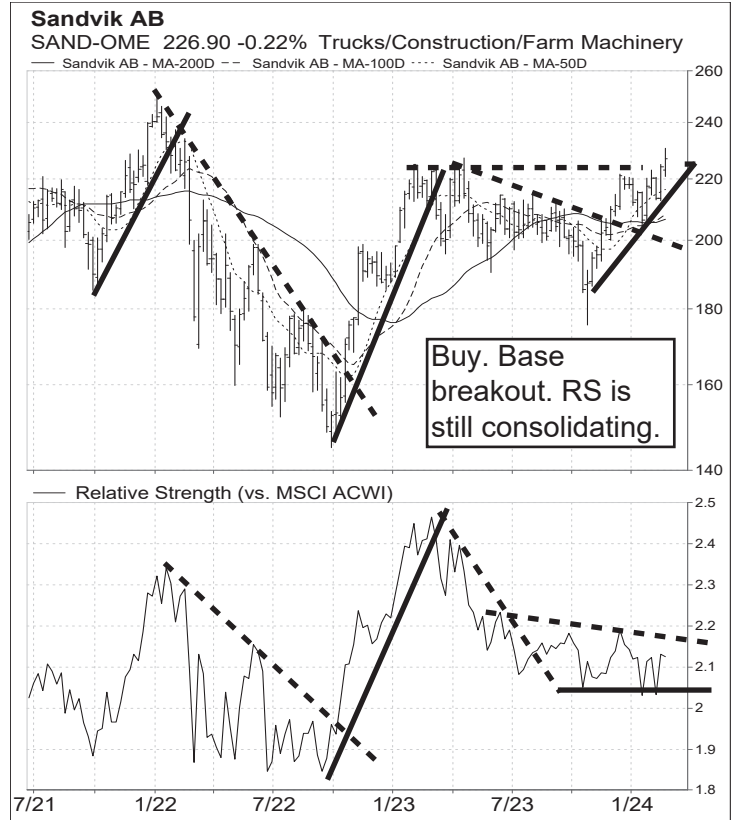
# ACTIONABLE STOCKS

## Industrials



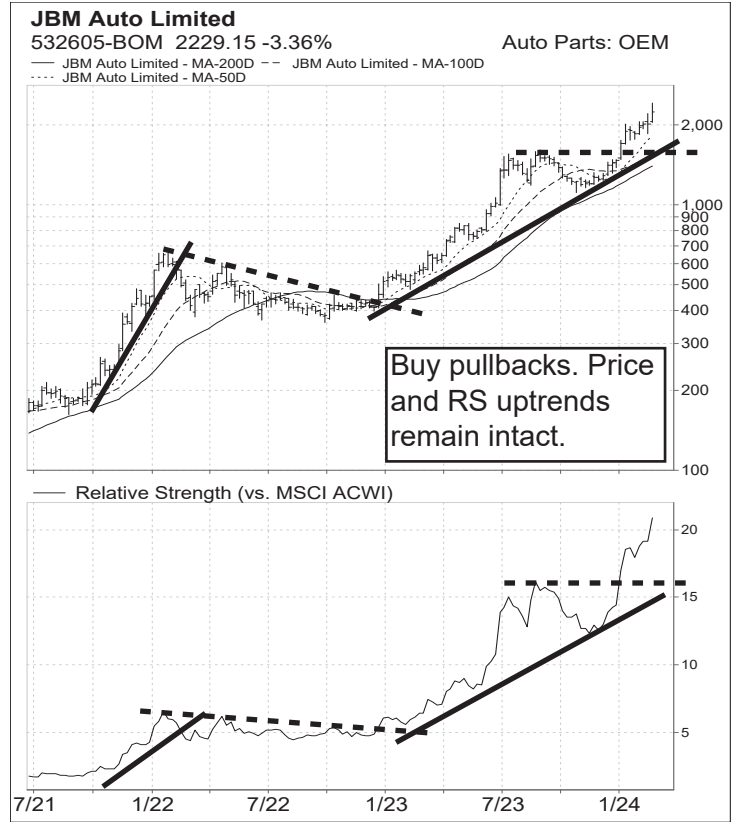
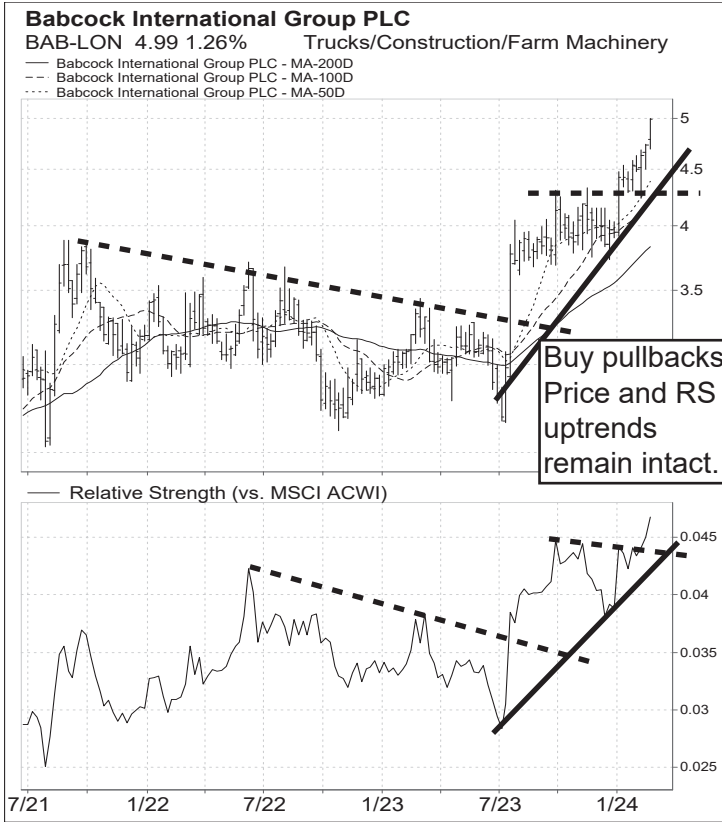
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## Industrials



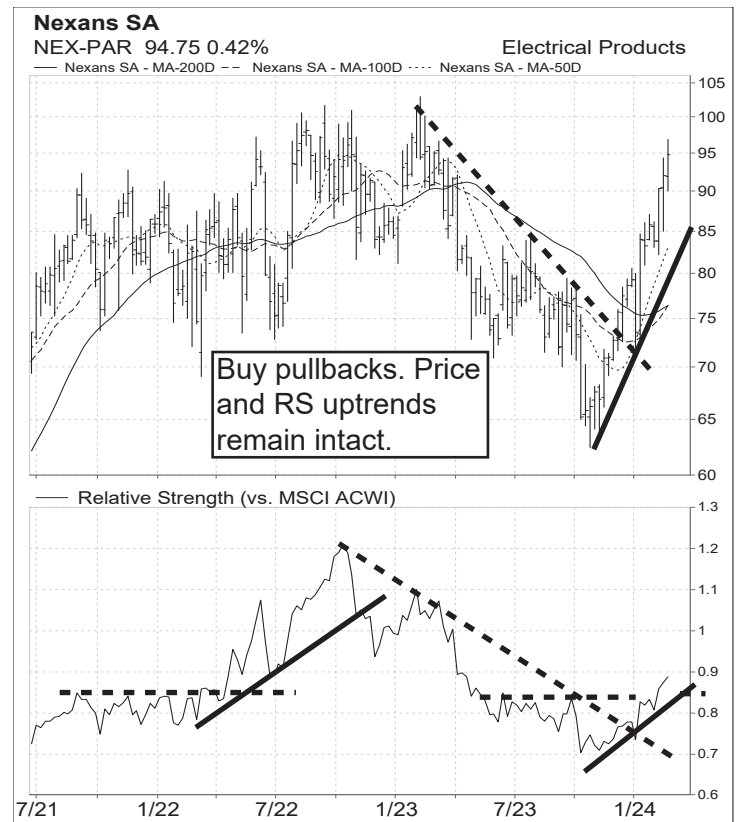
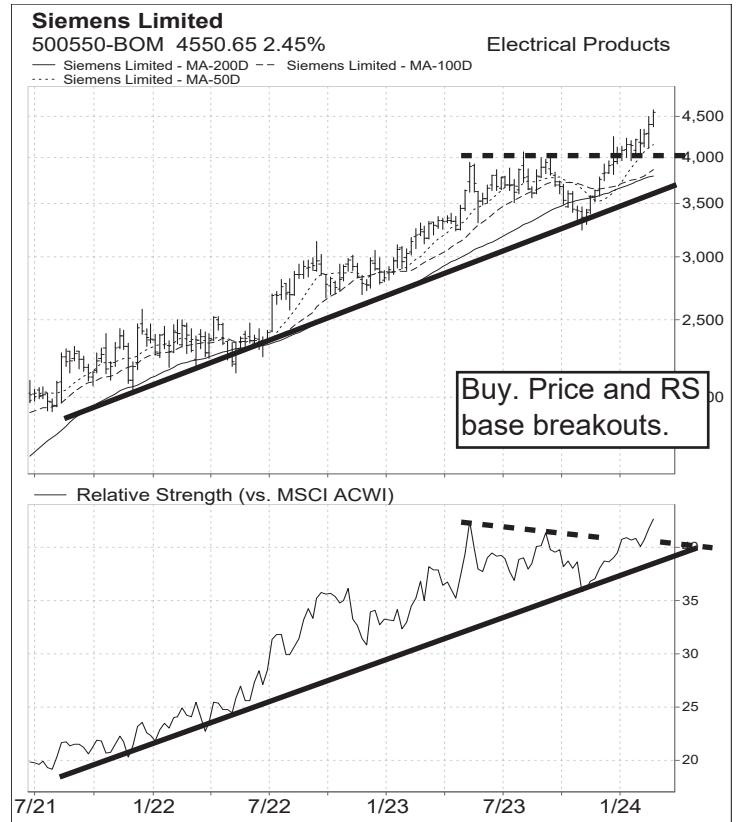
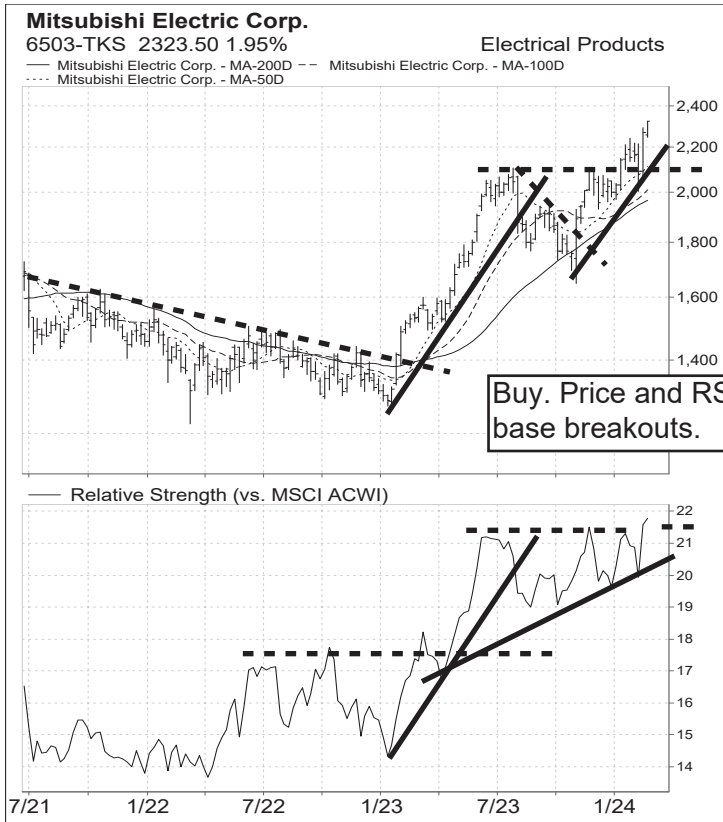
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## Industrials



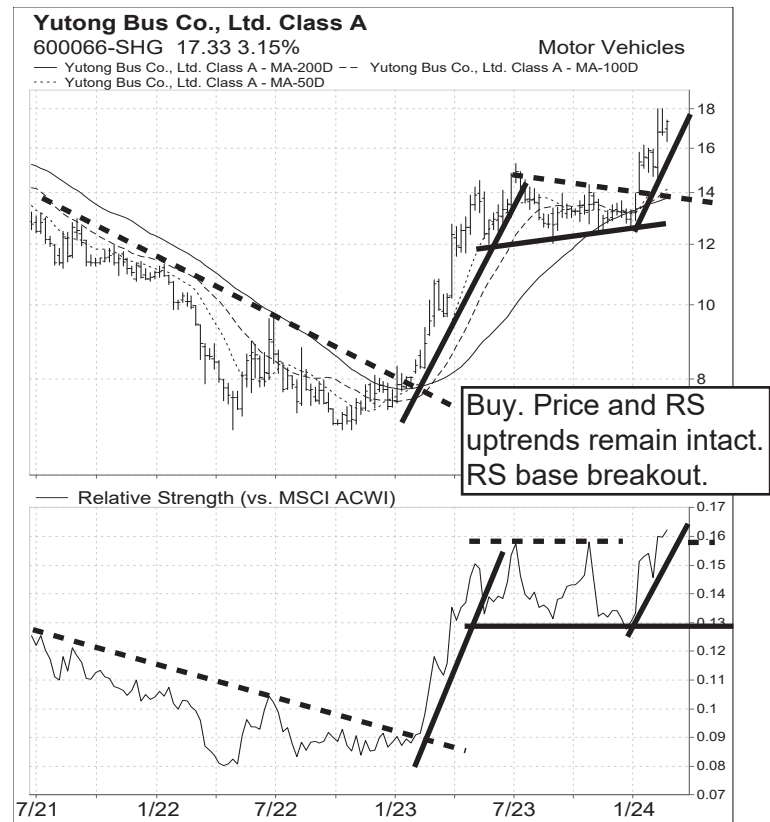
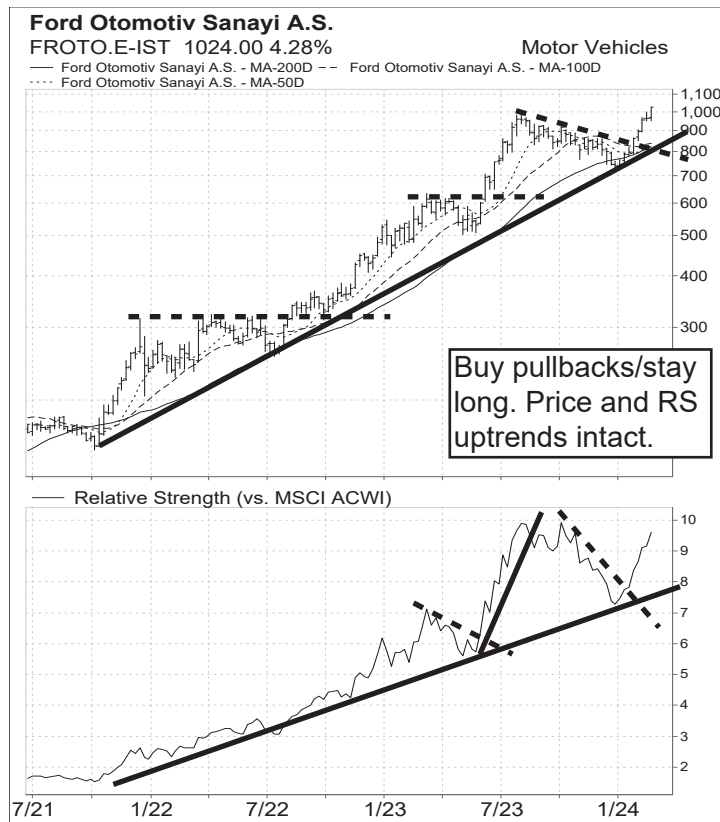
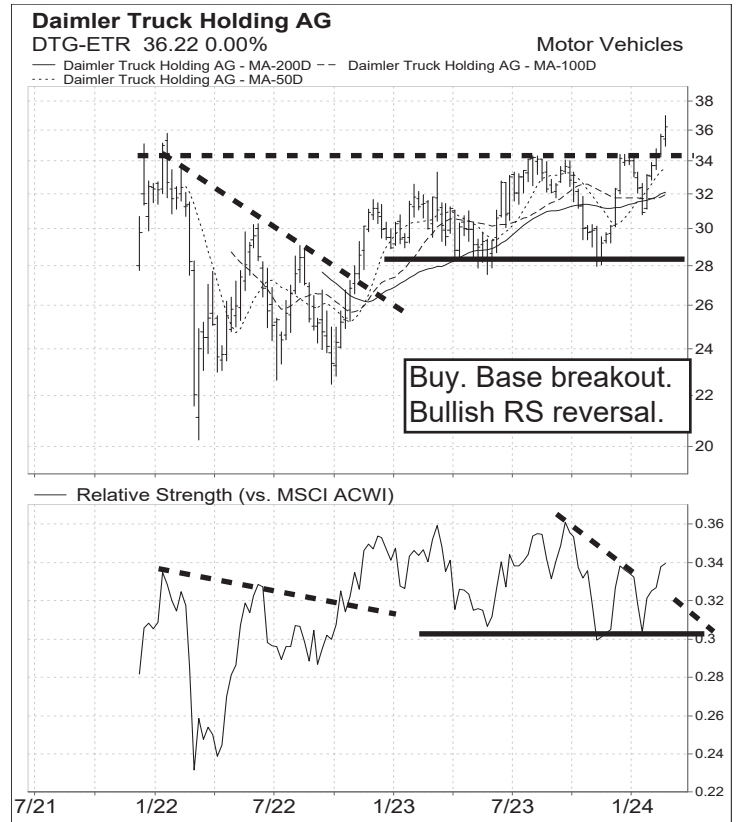
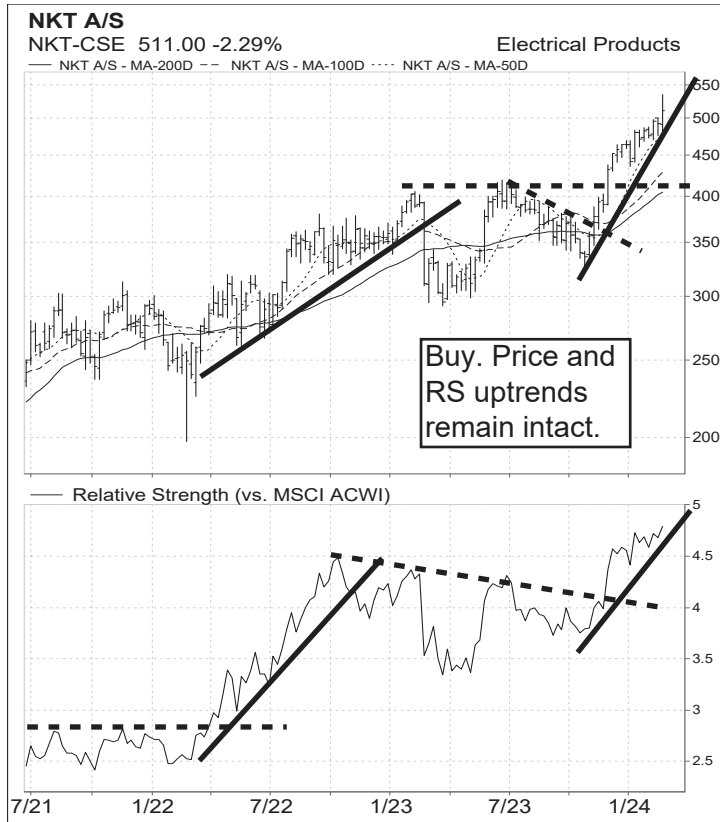
# ACTIONABLE STOCKS

## Industrials



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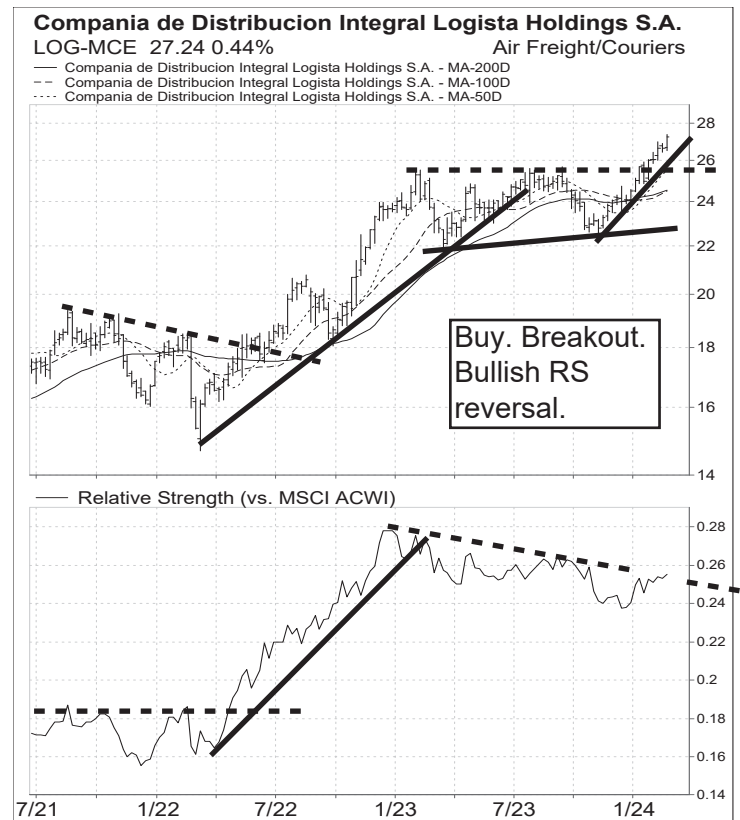
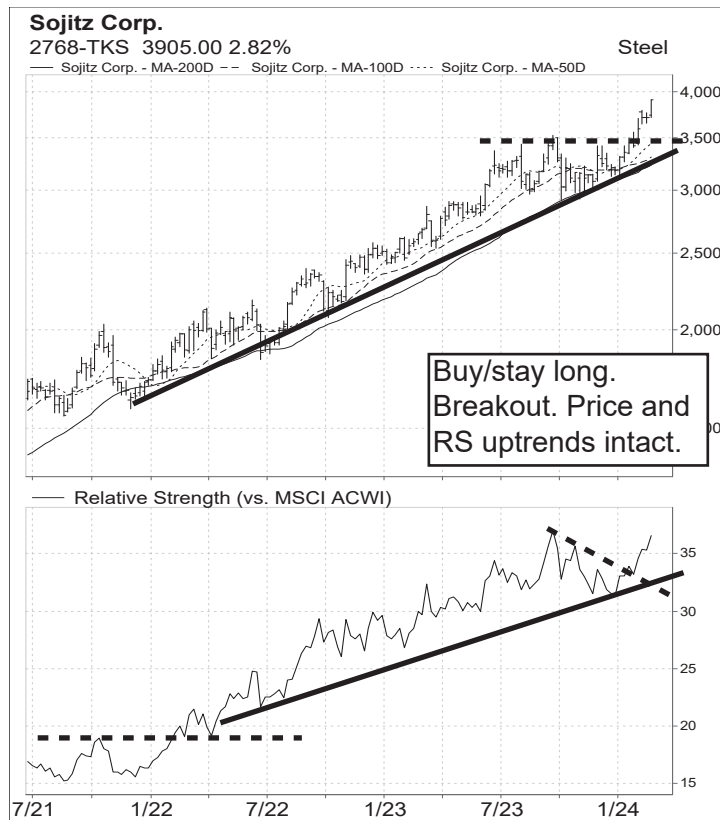
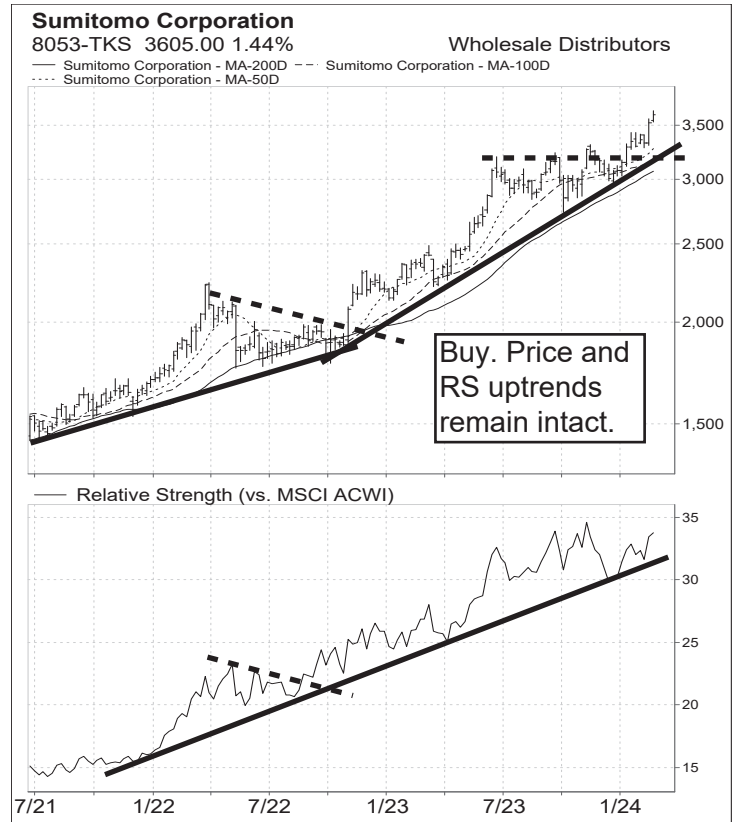
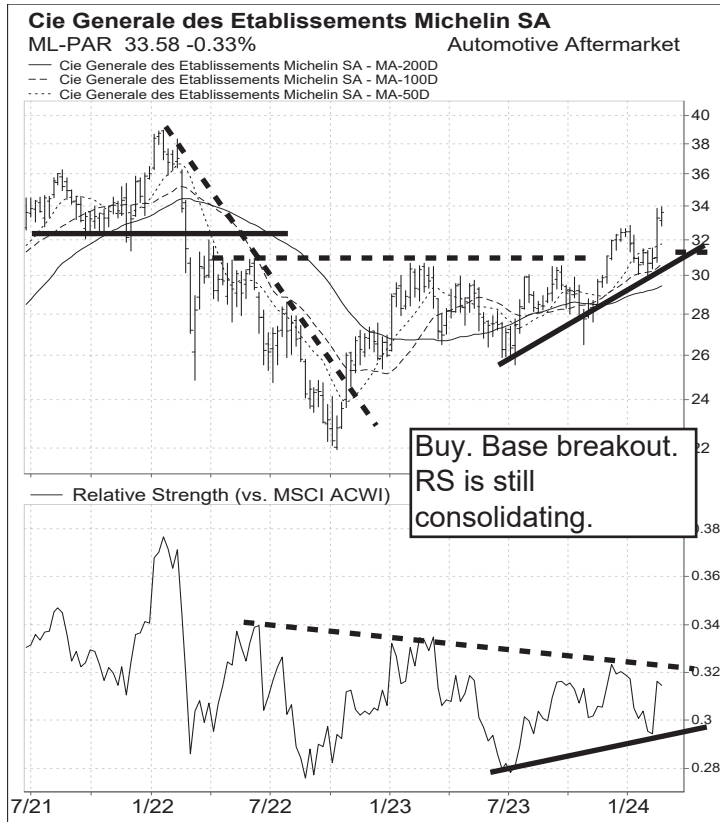
## Industrials





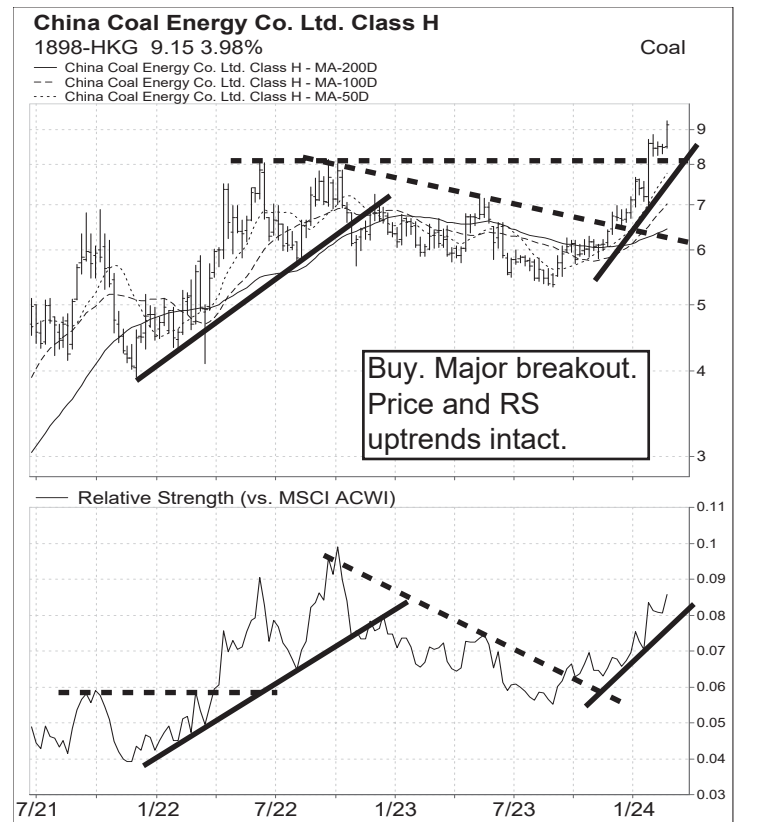
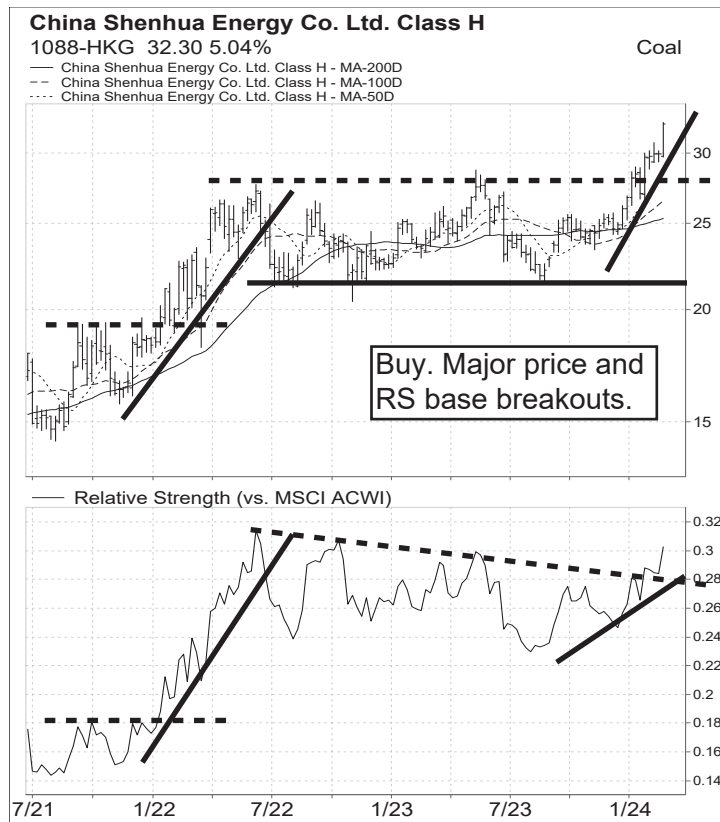
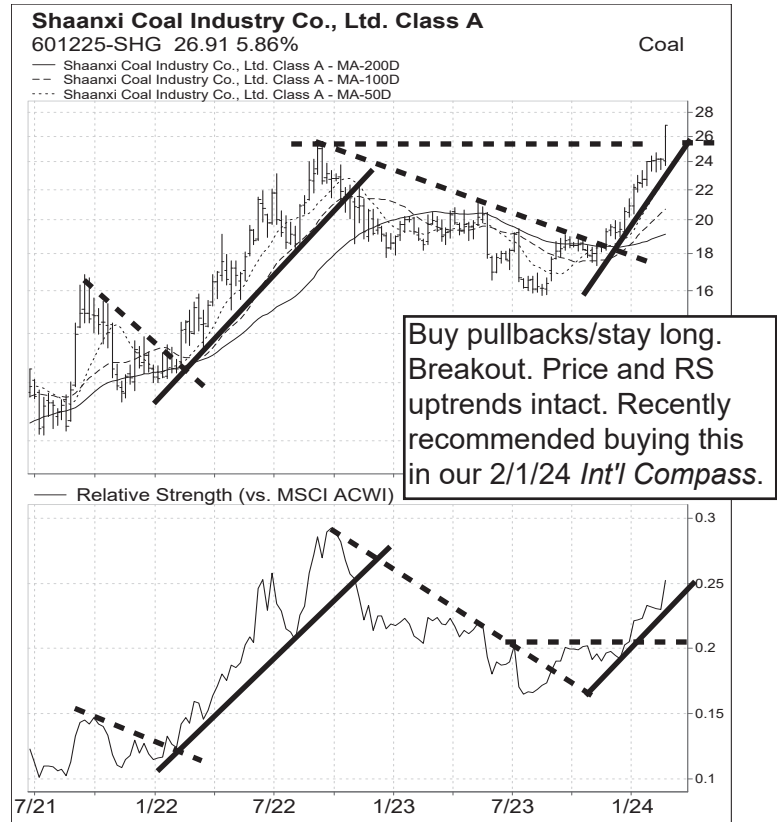
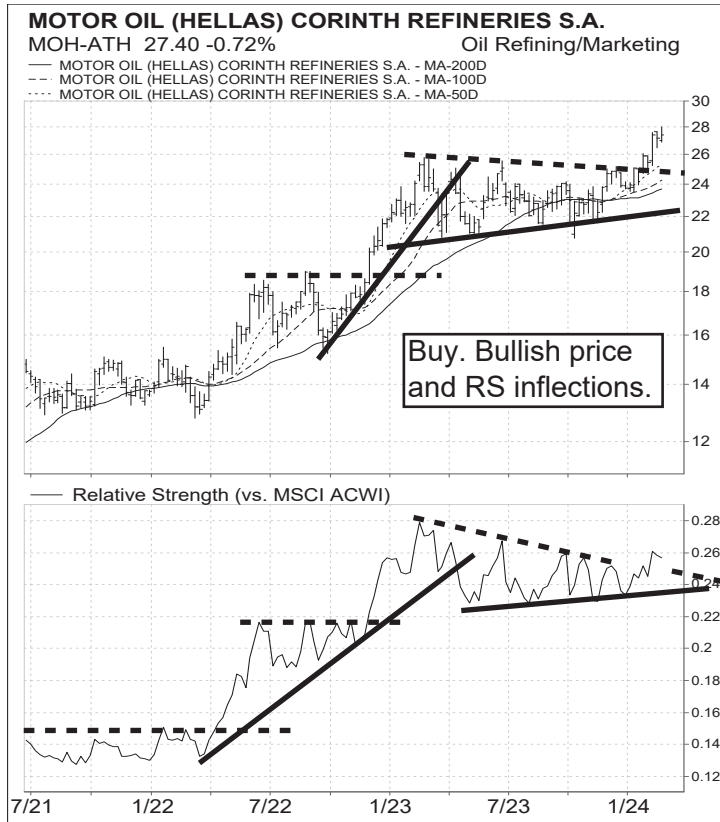
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## Industrials



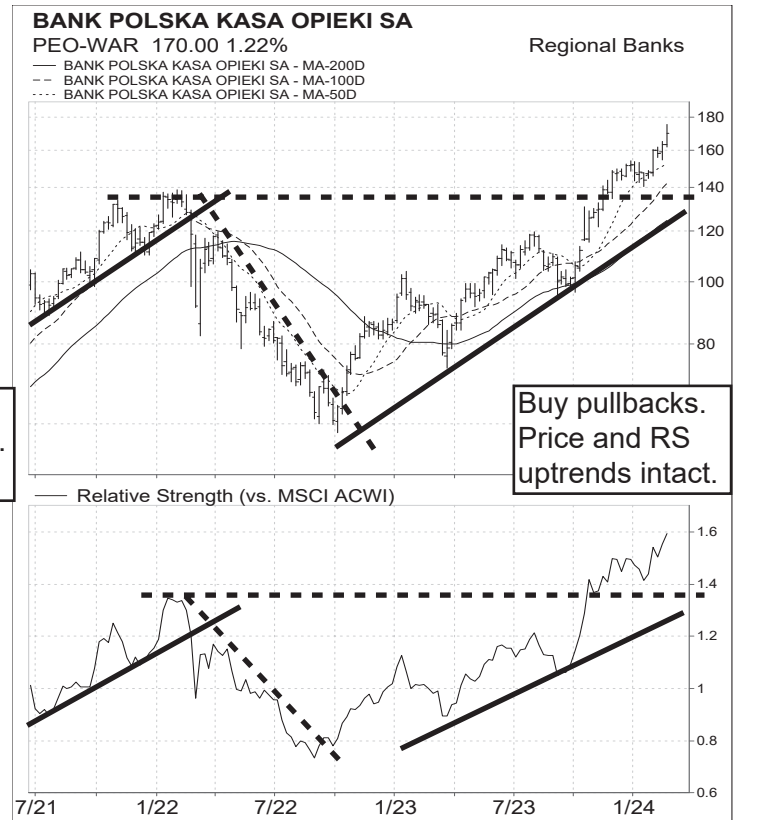
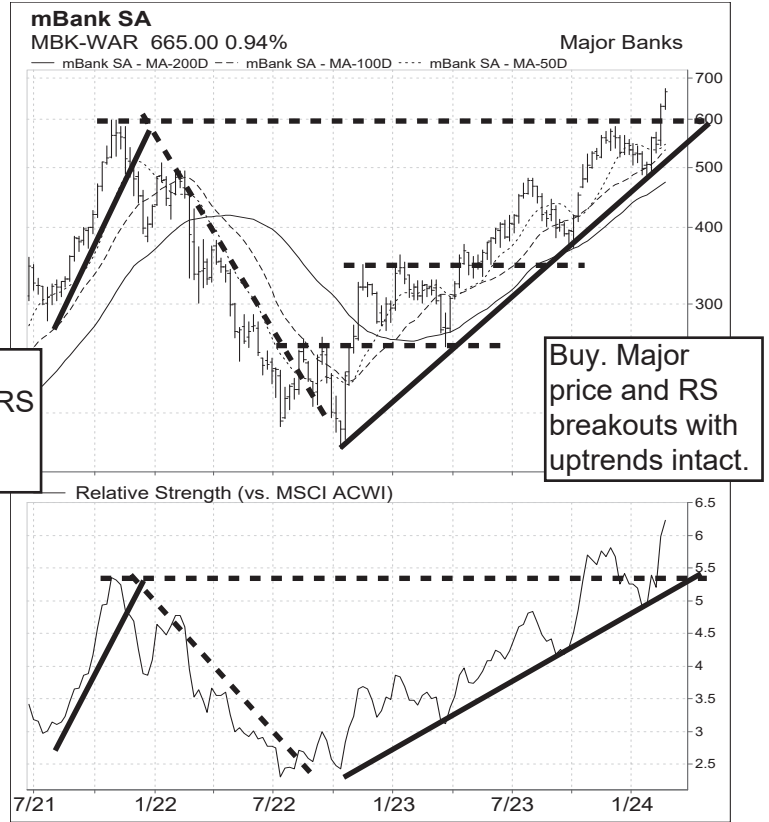
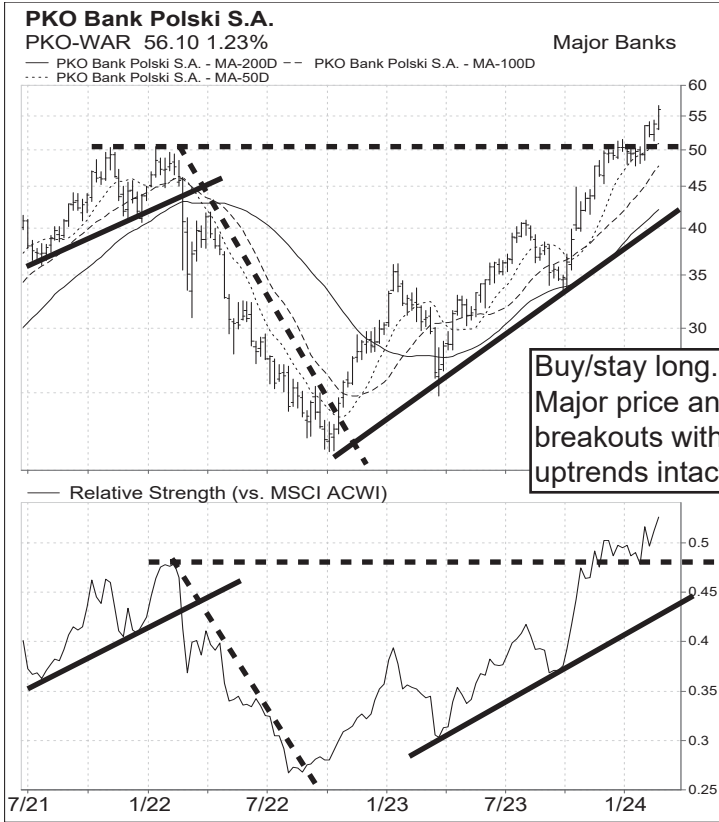
# ACTIONABLE STOCKS

## Energy/Coal



# ACTIONABLE STOCKS

## Polish Banks



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David P. Nicoski, CMT  
612-682-1900  
dave@vermilioncap.com

Joe W. Jasper, CFA  
612-712-1300  
joe@vermilioncap.com

Ross W. LaDuke, CMT  
612-482-8442  
ross@vermilioncap.com

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920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • [www.vermilioncap.com](http://www.vermilioncap.com)

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