

# Lunar New Year 2021: Has anything changed this year?

DIGITAL ENGAGEMENT TEAM

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## TRADING MATTERS SERIES: NEWS FOCUS

*The summary and impact  
of a major news event*

### What you need to know

#### When is Lunar New Year 2021?

- Lunar New Year is a holiday celebrated in various countries across East Asia signifying the start of the new year on the traditional Chinese calendar. In China, a "Golden Week" is usually created by shifting the public holidays and surrounding weekends to create a continuous week, boosting domestic tourism and consumption. This year's Golden Week takes place from 11 – 17 February 2021.

#### Why does this holiday matter?

- Historically, trading volumes in China and Hong Kong tend to fall during this holiday period, as investors will try to take profits before the long holiday.
- In China, the PBOC also typically pumps funds into the financial system before the New Year, with demand for cash increasing during the weeklong holiday as residents load up on gifts for relatives.
- Seasonal sectors related to consumption or tourism may experience fluctuations over the entire surrounding Chun Yun, or Spring Festival season, in what is historically both the world's largest annual human migration and China's busiest travel season. These sectors include:
  - Transportation
  - Hospitality
  - Technology
  - Food & Beverage



#### What's different this year?

- The COVID-19 pandemic has brought a swathe of changes to domestic travel and consumption in China over this holiday season.
- With travel and celebration restrictions put in place to curb the virus spread, domestic travel is expected to plummet in comparison to the pre-pandemic era. Analysts are also bracing for changes to consumer behaviour this season.



# LUNAR NEW YEAR AT A GLANCE

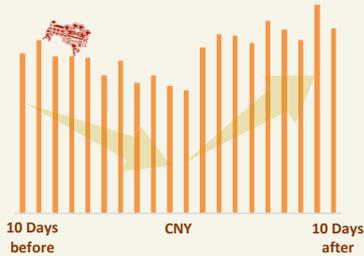


Chun Yun  
春運

Lunar New Year	Chun Yun	Trips expected
15 Days	40 Days	1.7 Billion

## THINGS TO NOTE

Average daily Shanghai A-Shares turnover over CNY period (2016 – 2020)



Historical decrease in trading volume



Seasonal demand for Yuan



Historical profit-taking as investors raise cash for spending



Due to Covid-19, China authorities discourages travelling by offering incentives

- ➔ Cash/Vouchers
- ➔ Movie tickets
- ➔ Food & Decorations

## PUBLIC HOLIDAYS China, Singapore, Hong Kong

Mon	Tue	Wed	Thurs	Fri	Sat	Sun
			11	12	13	14
15	16	17				

## Transportation

Over what has historically been the world's largest annual human migration event, China's Ministry of Transport is estimating around 1.7 billion trips over the Lunar New Year period this year. Although this is 15% higher than in 2020, when movement was severely restricted to prevent the initial coronavirus outbreak in Wuhan from spreading, it still remains down a massive 40% from 2019. Various travel restrictions remain in place in China, as the government continues to ramp up efforts to discourage travel this season.

Name	Market Cap (in USD)	Last Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Beijing Capital International Airport-H (694 HK)	3.58 Billion	6.02	6.43	6.84%	2.79%
Air China-H (753 HK)	14.07 Billion	5.36	7.28	35.80%	0.90%
Beijing-Shanghai High Speed Rail-A (601816 CH)	41.42 Billion	5.45	7.22	32.44%	0.97%

## Hospitality

Although typically the country's biggest travel season, China's hotel operators face a challenging Lunar New Year holiday due to a slew of travel restrictions across several major cities. Leisure trips comprise more than 60% of demand for Chinese hospitality companies amid the pandemic. In Macau, a 2021 rebound in gaming revenue faces virus resurgences with Macau reporting its first Covid-19 case since June, while mainland China is fighting an outbreak in its northern provinces. Macau remains the only region in China that allows commercial gambling.

Name	Market Cap (in USD)	Last Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Galaxy Entertainment (27 HK)	33.71 Billion	60.05	65.40	8.91%	N/A
Sands China (1928 HK)	32.04 Billion	30.75	38.70	25.86%	N/A
Huazhu Group (1179 HK)	14.62 Billion	353.6	372.67	5.39%	N/A

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 28<sup>th</sup> January 2021 closing

## Technology

A recent Forbes report details China's attempts to reduce the risk of virus spread from gatherings and mass shopping sprees over this period, with China hosting its first-ever National New Year's Festival virtually this year. E-tailers typically host mega-sales in the weeks leading up to the holiday season, while other consumer-oriented internet businesses, such as the mobile gaming industry, also ushered in spring this time last year with record downloads and could be key to watch during this period.

Name	Market Cap (in USD)	Last Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Tencent (700 HK)	889.84 Billion	717.5	707.39	-1.41%	0.17%
Alibaba (9988 HK)	725.98 Billion	259.6	323.81	24.73%	N/A
JD.com – Class A (9618 HK)	148.82 Billion	369	419.61	13.72%	N/A

## Food & Beverage

Despite pandemic restrictions on travel, banquet celebrations and social gatherings, analysts are still expecting the Lunar New Year period to boost F&B sales in China just as it has historically. Nielsen highlights E-Commerce and Home Delivery as areas supporting in-home festivities, while CICC expects a limited impact on sales of premium baijiu, spurred by gift giving amid canceled gatherings. Higher prices have already spurred Shanghai authorities to crack down on retailers.

Name	Market Cap (in USD)	Last Price	Analysts Fair Valuation (12 Month Target)	Upside/Downside from Analysts Consensus	Dividend Indicated Yield
Kweichow Moutai-A (600519 CH)	409.79 Billion	2105.03	2240.09	6.42%	0.81%
Luzhou Laojiao-A (000568 CH)	56.94 Billion	250.18	237.19	-5.19%	0.64%
Meituan - Class B (3690 HK)	279.09 Billion	367.20	368.00	0.22%	N/A

Note: Statistics for Market Cap, Last Done Price, Analysts Fair Valuation, Upside/Downside from Analysts Consensus, Dividend Indicated Yields are as of 28<sup>th</sup> January 2021 closing

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