

Morgan Stanley

Morgan Stanley Asia Research Team

Your 2024/25 Guide to Vote For Morgan Stanley's
Asia Pacific Research Analysts





Thank You.

In the 2024 *Institutional Investor* All-Asia Research poll, recognition of our analysts' efforts earned us rankings in all 36 categories, and first place overall. We would once again welcome your support for the 2024 - 2025 poll, rebranded as *Extel*, which starts fielding on November 12.

As an aide-memoire, we highlight here some of the most notable work by our analysts this year.

Morgan Stanley Research **Blue Papers** and **Insights** have continued to deliver thought leadership and actionable investment ideas. These focus on major market trends and debates, underpinned by rigorous analysis.

- We published multiple Insights on the three Big Themes of this year: **Tech Diffusion**, **Decarbonization**, and **Longevity** - including fusing the first two in our discussions on **Powering AI**. Our global collaboration has led the debate on potential market size and the impact on supply chains, and many other industries beyond.
- We furthered our **China's 3D Journey** series, as challenges relating to debt, demographics, and deflation remained. Our economist, strategist, and sector teams combined to track China's progress in addressing these, while highlighting implications and market opportunities as policy pivots.
- Across Asia, our **Japan's ROE and Productivity** and **The Next India** thematics kept the emphasis on the structural drivers behind our highest-conviction calls in these two in-focus markets.

Our product innovation continued with **AlphaWise Primary Research** and the launch of structured data products.

- AlphaWise provides data-driven insights for Key Investment Themes using consumer and business surveys, web intelligence, quantitative analysis, and data visualization tools. This primary source has contributed to more than 450 research reports globally.
- Our structured data products, including **Reaction to Earnings** and **Preview to Earnings**, are easily consumable by our entire client base. They focus on key metrics during earnings season while increasing speed to market. The format is consistent globally allowing for easy comparison across markets and sectors.

From our Themes for 2024 webcast series in January, via our Summer Schools, and on to our single-stock teach-ins, we have offered differentiated long shelf-life content throughout the year. This in addition to our weekday debates in English, Mandarin, and Japanese.

We look forward to our continued partnership in the years ahead.

Magdalena Stoklosa
Director of Pan Asia Research

Marcus Walsh
Deputy Director of Asian Research

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To request a ballot, type the following into your internet browser:

<http://extelinsights.com/voting> and select 'Asia Research & Executive Team Survey 2025 Ballot'.

In the 2024 - 2025 poll, Extel will require you to first choose to vote for the firm, Morgan Stanley, and provide an overall star rating (5 is the highest), before you can then nominate individual analysts (up to five).



























Morgan Stanley Asia Research Team

Support Morgan Stanley in the 2025 Extel (ex-Institutional Investor) Asia Research Team Survey taking place Nov - Dec 2024









Industry

 Tim Hsiao Autos & Auto Parts; Small- & Midcapitalization Stocks	 Richard Xu Banks and Non-bank Finance; Insurance	 Rachel Zhang Basic Materials	 Jack Lu Chemicals, Oil & Gas	 Lillian Lou Consumer Discretionary / Staples	 Kelly Kim Consumer Discretionary / Staples	 Praveen Choudhary Gaming & Lodging; Property	 Sean Wu Healthcare, Pharma & Biotech	 Sheng Zhong Industrials (incl. infrastructure); Small- & Midcapitalization Stocks	 Gary Yu Internet; Telecommunications; Thematic Research	 Stephen Cheung Property	 Wilson Ng Property	
 Simon Chan Property	 Daniel Yen Small- & Midcapitalization Stocks	 Terence Cheng Small- & Midcapitalization Stocks	 James Bales Small- & Midcapitalization Stocks	 Sharon Shih Technology/ Hardware	 Yang Liu Technology/IT Services & Software	 Shawn Kim Technology/IT Semiconductors; Thematic Research	 Charlie Chan Technology/ Semiconductors	 Qianlei Fan Transportation	 Eva Hou Utilities and Alternative Energy	 Andy Meng Thematic Research	 Laura Wang Thematic Research	 Eddy Wang Thematic Research

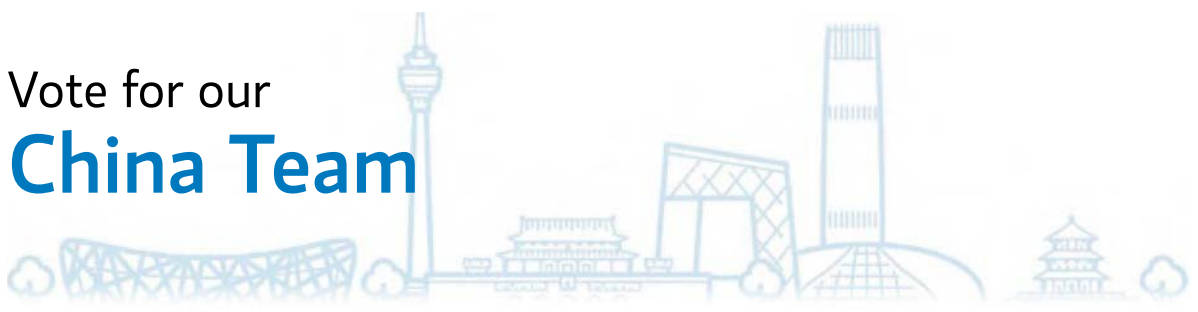
Country/Region

 Laura Wang China	 Robin Xing China, Frontier Markets	 Richard Xu China	 Lillian Lou China	 Rachel Zhang China	 Andy Meng China	 Derrick Yang Frontier Markets	 Praveen Choudhary Hong Kong; Frontier Markets	 Gary Yu Hong Kong	 Dustin Wei Hong Kong	 Hildy Ling Hong Kong	 Ridham Desai India
ASEAN countries: Indonesia; Malaysia; Philippines; Singapore; Thailand											
 Kelly Kim South Korea	 Sharon Shih Taiwan	 Charlie Chan Taiwan	 Daniel Yen Taiwan	 Terence Cheng Taiwan; Frontier Markets	 Tim Hsiao Taiwan	 Nick Lord Frontier Markets	 Wilson Ng Frontier Markets	 Divya Gangahar Kothiyal	 Mayank Maheshwari	 Da Wei Lee	 Selvie Jusman

Macro

 Chetan Ahya Economics	 Robin Xing Economics	 Jonathan Garner Equity Strategy	 Laura Wang Equity Strategy	 Tim Chan Sustainability (ESG)	 Rob Koh Sustainability (ESG)	 Daniel Blake Quantitative Research	 Crystal Ng Quantitative Research
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Vote for our China Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
China	Laura Wang / Robin Xing / Richard Xu / Andy Meng / Rachel Zhang / Lillian Lou
Hong Kong	Praveen Choudhary / Gary Yu / Dustin Wei / Hildy Ling
Taiwan	Sharon Shih / Charlie Chan / Daniel Yen / Terence Cheng / Tim Hsiao
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks & Non-bank Finance	Richard Xu
Basic Materials	Rachel Zhang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Jack Lu
Consumer Discretionary	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng / Carol Xia
Consumer Staples	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng / Carol Xia
Gaming & Lodging	Praveen Choudhary / Dan Chee
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam
Industrials (incl. Infrastructure)	Sheng Zhong
Insurance	Richard Xu
Internet	Gary Yu / Eddy Wang / Yang Liu / Rebecca Xu
Property	Stephen Cheung / Cara Zhu / Chloe Liu / Praveen Choudhary / Dan Chee
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Gary Yu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Daisy Dai / Ray Wu / Shawn Kim
Telecommunications	Gary Yu / Yang Liu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou / Albert Li
MACRO	
Economics	Robin Xing / Jenny Zheng / Zhipeng Cai / Chetan Ahya / Jonathan Cheung / Min Dai
Equity Strategy	Laura Wang / Jonathan Garner / Chloe Liu / Kelvin Pang
Sustainability (ESG)	Tim Chan / Laura Wang / Jonathan Garner
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

Vote for our Frontier Markets Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
ASEAN: Indonesia, Malaysia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman / Richard Xu
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani / Jack Lu
Consumer Discretionary	Divya Gangahar Kothiyal / Terence Cheng / Lillian Lou
Consumer Staples	Divya Gangahar Kothiyal / Terence Cheng / Lillian Lou
Gaming & Lodging	Praveen Choudhary / Wilson Ng
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Pooja Bhatia / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman / Richard Xu
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang
Technology/IT Services & Software	Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani / Eva Hou
MACRO	
Economics	Chetan Ahya / Robin Xing / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Laura Wang / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

Vote for our Hong Kong Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Hong Kong	Praveen Choudhary / Gary Yu / Dustin Wei / Hildy Ling
China	Laura Wang / Robin Xing / Richard Xu / Andy Meng / Rachel Zhang / Lillian Lou
Taiwan	Sharon Shih / Charlie Chan / Daniel Yen / Terence Cheng / Tim Hsiao
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks & Non-bank Finance	Richard Xu / Nick Lord
Basic Materials	Rachel Zhang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Jack Lu
Consumer Discretionary	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng / Carol Xia
Consumer Staples	Lillian Lou / Dustin Wei / Hildy Ling / Terence Cheng / Carol Xia
Gaming & Lodging	Praveen Choudhary / Dan Chee
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam
Industrials (incl. Infrastructure)	Sheng Zhong
Insurance	Richard Xu
Internet	Gary Yu / Eddy Wang / Yang Liu / Rebecca Xu
Property	Praveen Choudhary / Dan Chee / Stephen Cheung / Cara Zhu / Chloe Liu
Small- & Midcapitalization Stocks	Sheng Zhong / Daniel Yen / Tim Hsiao / Terence Cheng
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Gary Yu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Daisy Dai / Ray Wu / Shawn Kim
Telecommunications	Gary Yu / Yang Liu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou / Albert Li
MACRO	
Economics	Robin Xing / Jenny Zheng / Zhipeng Cai / Chetan Ahya / Min Dai
Equity Strategy	Laura Wang / Jonathan Garner / Chloe Liu / Kelvin Pang
Sustainability (ESG)	Tim Chan / Laura Wang / Jonathan Garner
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

Vote for our India Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
India	Ridham Desai
INDUSTRY	
Autos & Auto Parts	Binay Singh
Banks & Non-bank Finance	Sumeet Kariwala / Subramanian Iyer
Basic Materials	Rahul Gupta
Chemicals, Oil & Gas	Mayank Maheshwari
Consumer Discretionary	Sheela Rathi
Consumer Staples	Sheela Rathi
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Binay Singh
Industrials (incl. Infrastructure)	Girish Achhipalia
Insurance	Subramanian Iyer / Sumeet Kariwala
Internet	Gaurav Rateria
Property	Praveen Choudhary
Small- & Midcapitalization Stocks	Binay Singh / Gaurav Rateria / Girish Achhipalia / Subramanian Iyer
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Gaurav Rateria
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Gaurav Rateria
Transportation	Binay Singh / Girish Achhipalia
Utilities and Alternative Energy	Girish Achhipalia
MACRO	
Economics	Upasana Chachra / Chetan Ahya / Derrick Kam
Equity Strategy	Ridham Desai / Sheela Rathi
Sustainability (ESG)	Ridham Desai / Tim Chan
Quantitative Research	Sheela Rathi / Ridham Desai / Daniel Blake / Crystal Ng
Thematic Research	Ridham Desai

Vote for our Indonesia Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Indonesia	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Malaysia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Divya Gangahar Kothiyal / Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary	Divya Gangahar Kothiyal
Consumer Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Pooja Bhatia / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman / Eileen Lin
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

Vote for our Malaysia Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Malaysia	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Philippines, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary	Divya Gangahar Kothiyal
Consumer Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Pooja Bhatia / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

Vote for our Philippines Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Philippines	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Singapore, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary	Divya Gangahar Kothiyal
Consumer Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Vivek Rajamani / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

Vote for our Singapore Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Singapore	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Philippines, Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary	Divya Gangahar Kothiyal
Consumer Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Wilson Ng / Derek Chang / Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

Vote for our South Korea Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
South Korea	Kelly Kim
INDUSTRY	
Autos & Auto Parts	Young Suk Shin / Tim Hsiao
Banks & Non-bank Finance	Joon Seok
Basic Materials	Young Suk Shin / Rachel Zhang
Chemicals, Oil & Gas	Young Suk Shin / Jack Lu
Consumer Discretionary	Kelly Kim
Consumer Staples	Kelly Kim
Gaming & Lodging	Kelly Kim
Healthcare, Pharma and Biotech	Mi Hyun Kim
Industrials (incl. Infrastructure)	Joon Seok / Young Suk Shin
Insurance	Joon Seok / Heewon Choi
Internet	Seyon Park / Gary Yu
Property	Joon Seok / Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Kelly Kim / Young Suk Shin / Ryan Kim
Technology/Hardware	Shawn Kim / Ryan Kim
Technology/IT Services & Software	Seyon Park / Yang Liu
Technology/Semiconductors	Shawn Kim / Ryan Kim
Telecommunications	Seyon Park / Gary Yu
Transportation	Young Suk Shin
Utilities and Alternative Energy	Young Suk Shin
MACRO	
Economics	Kathleen Oh / Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Joon Seok / Kelvin Pang
Sustainability (ESG)	Joon Seok / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Kelly Kim / Shawn Kim / Joon Seok

Vote for our Taiwan Team



Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Taiwan	Sharon Shih / Charlie Chan / Daniel Yen / Terence Cheng / Tim Hsiao
Hong Kong	Praveen Choudhary / Gary Yu / Dustin Wei / Hildy Ling
China	Laura Wang / Robin Xing / Richard Xu / Andy Meng / Rachel Zhang / Lillian Lou
INDUSTRY	
Autos & Auto Parts	Tim Hsiao / Joey Xu / Shelley Wang
Banks & Non-bank Finance	Peggy Shih / Richard Xu
Basic Materials	Rachel Zhang / Hannah Yang / Sara Chan
Chemicals, Oil & Gas	Peggy Shih / Jack Lu
Consumer Discretionary	Terence Cheng / Lillian Lou
Consumer Staples	Terence Cheng / Lillian Lou
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Sean Wu / Alexis Yan / Laurence Tam / Jack Lin
Industrials (incl. Infrastructure)	Terence Cheng / Peggy Shih / Sheng Zhong
Insurance	Peggy Shih / Richard Xu
Internet	Gary Yu / Eddy Wang / Rebecca Xu
Property	Stephen Cheung / Praveen Choudhary
Small- & Midcapitalization Stocks	Tim Hsiao / Terence Cheng / Sheng Zhong
Technology/Hardware	Sharon Shih / Andy Meng / Derrick Yang / Howard Kao
Technology/IT Services & Software	Yang Liu / Sharon Shih
Technology/Semiconductors	Charlie Chan / Daniel Yen / Daisy Dai / Ray Wu / Shawn Kim
Telecommunications	Gary Yu
Transportation	Qianlei Fan
Utilities and Alternative Energy	Eva Hou / Albert Li
MACRO	
Economics	Kathleen Oh / Chetan Ahya / Derrick Kam
Equity Strategy	Terence Cheng / Jonathan Garner / Kelvin Pang
Sustainability (ESG)	Tim Chan / Terence Cheng
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Laura Wang / Andy Meng / Eddy Wang / Shawn Kim / Gary Yu

Vote for our Thailand Team

Voting is allowed in as many categories as you feel appropriate.

Select "Morgan Stanley" followed by any combination of the analysts below.

COUNTRY/REGION	
Thailand	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Rest of ASEAN: Indonesia, Malaysia, Philippines, Singapore	Nick Lord / Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Frontier Markets	Robin Xing / Derrick Yang / Nick Lord / Terence Cheng / Wilson Ng / Praveen Choudhary
INDUSTRY	
Autos & Auto Parts	Tim Hsiao
Banks & Non-bank Finance	Nick Lord / Selvie Jusman
Basic Materials	Mayank Maheshwari / Vivek Rajamani / Rachel Zhang
Chemicals, Oil & Gas	Mayank Maheshwari / Vivek Rajamani
Consumer Discretionary	Divya Gangahar Kothiyal
Consumer Staples	Divya Gangahar Kothiyal
Gaming & Lodging	Praveen Choudhary
Healthcare, Pharma and Biotech	Divya Gangahar Kothiyal / Pooja Bhatia / Sean Wu
Industrials (incl. Infrastructure)	Mayank Maheshwari / Vivek Rajamani / Sheng Zhong
Insurance	Nick Lord / Selvie Jusman
Internet	Divya Gangahar Kothiyal / Da Wei Lee / Gary Yu
Property	Wilson Ng / Derek Chang / Stephen Cheung
Small- & Midcapitalization Stocks	Divya Gangahar Kothiyal / Mayank Maheshwari / Wilson Ng / Da Wei Lee / Selvie Jusman
Technology/Hardware	Sharon Shih / Andy Meng
Technology/IT Services & Software	Divya Gangahar Kothiyal / Da Wei Lee / Yang Liu
Technology/Semiconductors	Shawn Kim / Charlie Chan
Telecommunications	Da Wei Lee / Gary Yu
Transportation	Divya Gangahar Kothiyal / Mayank Maheshwari / Vivek Rajamani / Qianlei Fan
Utilities and Alternative Energy	Mayank Maheshwari / Vivek Rajamani
MACRO	
Economics	Chetan Ahya / Derrick Kam / Min Dai
Equity Strategy	Wilson Ng / Jonathan Garner / Daniel Blake / Kelvin Pang
Sustainability (ESG)	Wilson Ng / Tim Chan
Quantitative Research	Daniel Blake / Crystal Ng
Thematic Research	Nick Lord / Wilson Ng / Jonathan Garner / Daniel Blake

VOTE FOR ANDY MENG



- ✔ Technology/Hardware
- ✔ Technology/IT Services & Software
- ✔ Technology/Semiconductors
- ✔ Thematic Research
- ✔ China
- ✔ Hong Kong
- ✔ Taiwan

KEY REPORT

Xiaomi Corp:
First EV Due Soon, Potential Disruptor with Leading Innovation

January 14, 2024

Morgan Stanley | RESEARCH

January 14, 2024 09:00 PM GMT

Xiaomi Corp

First EV Due Soon, Potential Disruptor with Leading Innovation

WHAT'S CHANGED

Xiaomi Corp (1810.HK)	From	To
Price Target	HK\$15.00	HK\$15.50

We believe Xiaomi EV is likely to become a disruptor as its leading innovation in ADAS and integration of Smartphone + EV + IoT could differentiate its offerings. Combined with its strong cost edge, our prop analysis suggests the EV intrinsic value could reach Rmb90 bn if the scale up is rapid.

Why might Xiaomi EV become a disruptor? In light of industry tailwinds, EV industry having rising similarities with consumer electronics, we believe Xiaomi is likely to become a disruptor as it is looking to offer one of the best advanced driver assistance systems (ADAS) functions and in cabin user experience. On ADAS, Xiaomi has been able to offer Level 2 ADAS features for its own EV for complicated scenarios such as automatic island circumnavigation, etc. Regarding the in-cabin user experience, Xiaomi's unique 'Smartphone+EV+IoT' model should make it more competitive than industry peers. With the HyperOS rollout, we believe more creative ideas can be converted into attractive user cases in the future. Meanwhile, Xiaomi's exclusive IoT know-how could help it develop smart cockpit products in EV, which is likely to become Xiaomi's key competitive edge.

Besides innovation, cost leadership and scale are critical factors: Although a latecomer to EV, we believe Xiaomi is likely to become a cost leader via leveraging its success in smartphones. The company can offer products at attractive prices via strict cost control with proactive engineering optimization throughout the value chain. We believe the EV business will inherit those merits while enjoying more benefits via sharing Xiaomi's corporate infrastructure (brand, administration, supply chain and distribution, etc.) For the EV business, scale is also critical. By leveraging existing MI Fans (with MIUI's MAU of >500mn in China), we believe Xiaomi could achieve more rapid volume growth if the first EV can deliver high satisfaction in terms of product quality, vehicle design, price range and system stability.

Our prop analysis suggests Xiaomi's EV business could generate shareholder value of Rmb90 bn. While the company has yet to provide any official guidance, our prop analysis and probability-weighted bottom-up valuation methodology (Cubic 17 and Cubic 18) yields an intrinsic value of Rmb90bn, implying 27% 2024e P/S and ~27% of Xiaomi's current market cap. Our price target moves up to HK\$15.50 after incorporating the EV contribution but reduced estimates on traditional businesses to reflect more gloomier concerns.

ASIA PACIFIC INSIGHT

ANALYSTS COVERING THIS ANALYST

Andy Meng, CFA	Investment Advisor	1000000000
Betty Chen	Investment Advisor	1000000000
Sharon Siah	Investment Advisor	1000000000
Yan Yan	Investment Advisor	1000000000
Clary Yu	Investment Advisor	1000000000
Alex Tsou	Investment Advisor	1000000000

Morgan Stanley appreciates your support in the 2024 Institutional Investor All-Asia Research Team Survey. Request your ballot here.



Xiaomi Corp (1810.HK, 1810.HK)

Revenue China Technology Hardware (China)	Operating Profit	Operating Margin
Revenue	Profit	Profit
YoY %	YoY %	YoY %
2023	2023	2023
2024e	2024e	2024e
2025e	2025e	2025e

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VOTE FOR CHARLIE CHAN



- ✔ Technology/Semiconductors
- ✔ Technology/Hardware
- ✔ Technology/IT Services & Software
- ✔ China
- ✔ Hong Kong
- ✔ Taiwan

KEY REPORT

Global Semiconductors:
Windows on Arm AI PC – This Time is for Real

May 7, 2024

Morgan Stanley | RESEARCH

May 7, 2024 08:00 PM GMT

Global Semiconductors

Windows on Arm AI PC – This Time is for Real

The Windows AI PC trend may reshuffle the global PC semi supply chain with the Arm-based CPU vendors Qualcomm, NVIDIA and MediaTek introducing more integrated and power-efficient chips.



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GLOBAL INSIGHT

VOTE FOR CHETAN AHYA



- ✔ Economics
- ✔ Thematic Research
- ✔ All Countries/Regions

KEY REPORT

Japan Macro and Strategy:
A Revitalised Japan

May 19, 2024

Morgan Stanley | MUFG

May 19, 2024 08:27 PM GMT

Japan Macro and Strategy | Japan

A Revitalised Japan

Japan is moving towards a new equilibrium of sustained, moderate inflation and stronger nominal GDP growth. A more capital efficient and dynamic corporate sector is emerging and will propel the economy forward. Its transformative efforts will continue to uplift sustainable ROE and inflation.



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BLUEPAPER

VOTE FOR CRYSTAL NG



- ✔ Quantitative Research
- ✔ Equity Strategy
- ✔ Sustainability (ESG)
- ✔ All Countries/Regions

KEY REPORT

Crystal Ng is the Client Bespoke Request Specialist, and she works with Jonathan Garner and Daniel Blake in the Asia/GEMS Strategy team. Apart from publishing the team's thematic and regular publications, she specializes in helping clients with customized fundamental and quantitative analysis. Crystal is experienced in understanding clients' needs by discussing their investment approach and the purpose of their analyses.

VOTE FOR DA WEI LEE



- ✔ Indonesia
- ✔ Malaysia
- ✔ Philippines
- ✔ Singapore
- ✔ Thailand
- ✔ Frontier Markets
- ✔ Telecommunications
- ✔ Internet
- ✔ Technology/IT Services & Software

KEY REPORT

ASEAN Telecoms and Media:
Riding the AI wave through data centers

April 15, 2024

Morgan Stanley | RESEARCH

April 15, 2024 12:00 AM GMT

ASEAN Telecoms and Media

Riding the AI wave through data centers

We expect ASEAN DC capacity to grow 9x, to 1TGW by 2035E. We see Malaysia taking the lead as it benefits from spillover demand from Singapore. Our key plays on the DC growth in ASEAN are Tenaga, Singtel, and GDS.

Sustainability

Five structural trends to boost ASEAN data center growth: ASEAN's data center (DC) industry is positioned to enjoy sustained growth over the coming decades. This is driven by several structural trends: (1) Growth, which is creating an additional 10T of DC growth because the specification requirements are different; (2) Increasing data consumption; (3) Shift towards cloud computing; (4) Localization of data owing to regulations and edge demand; and (5) Sustainability concerns.

We estimate data center capacity in ASEAN to grow 20% p.a. from 2023 35e - a 9x rise: This is in line with the global 2023-35e CAGR of 20% and faster than the European DC 2023-35e CAGR of 16%, based on our European telco team's forecast. We estimate that the ASEAN DC market now totals 170BMM, which equates to AMW per 1m POP vs. Europe at 8MM and the US at 27MM. This implies that ASEAN DC market is c. half of Europe's and ~10% of the US's. In ASEAN, we expect Malaysia to show the highest growth at 45%, thanks to its proximity to Singapore and benefiting from spillover demand. Singapore has the largest DC market by capacity as of 2023 (~52% of ASEAN's overall). However, we project that by 2035, Malaysia will have the largest share at 40%, followed by Indonesia at ~16%.

Three key stock buckets with exposure to data centers in ASEAN: We highlight three key buckets of stocks with exposure to ASEAN DCs: (1) ASEAN utilities, (2) China-based DC players, (3) ASEAN telcos. We believe that the key stocks exposed to ASEAN DC growth are Tenaga, GDS, and Singtel. We view these three stocks as the best plays because they can overcome the key constraints that DCs face when dealing with AI workload - GPU availability, energy usage/availability, and capital - and then have the relevant DC expertise. We are Downweight on all three stocks.

- **Tenaga (TENAGA.KL, covered by Mayank Maheshwari):** Tenaga could double Malaysia's current power demand if its data center pipeline is executed by 2030. See: [Tenaga: Natural AI & Powering Grid Getting More Bullish \(1 Apr 2024\)](#).
- **Singtel (STET.SI, covered by Da Wei Lee):** Key advantages are connectivity, power partnerships, and access to Nvidia's GPUs. See: [Singapore Telecom: The New Digital Economy \(6 Jul 2024\)](#).
- **GDS (GDSO, covered by Yang Liu):** Key advantages in ASEAN are Chinese customers, first-mover status, and track record/expertise. See: [China Data Centers: Exploring the New Growth Driver Overseas \(6 Sep 2023\)](#).

ASIA PACIFIC INSIGHT

ASIA PACIFIC RESEARCHERS	CONTACT INFORMATION
Da Wei Lee Senior Analyst	dlee@morganstanley.com
Yang Liu Senior Analyst	lyou@morganstanley.com
Pamela Huang Senior Analyst	phuang@morganstanley.com
Mayank Maheshwari Senior Analyst	mmaheshwari@morganstanley.com
Dan M Hwei Senior Analyst	danhwei@morganstanley.com
Winston Kato Yan Senior Analyst	wkato@morganstanley.com
Stephan C Bradford Senior Analyst	sbradford@morganstanley.com
Viviek Rajaratnam Senior Analyst	vrajaratnam@morganstanley.com
Tin Chao, CFA Senior Analyst	tchao@morganstanley.com
Eleanor Fu Senior Analyst	efu@morganstanley.com
Narula Kubo Senior Analyst	nkubo@morganstanley.com
Yingying Chen Senior Analyst	yyc@morganstanley.com
Yingying Chen Senior Analyst	yyc@morganstanley.com

ASIA TELECOMS AND MEDIA
Asian Pacific
Research Area

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VOTE FOR DANIEL BLAKE



- ✔ Quantitative Research
- ✔ Equity Strategy
- ✔ Sustainability (ESG)
- ✔ All Countries/Regions

KEY REPORT

Asia EM Equity Strategy:
The Lower Rate Playbook

September 4, 2024

Morgan Stanley | RESEARCH

September 4, 2024 09:00 PM GMT

Asia EM Equity Strategy | Asia Pacific

The Lower Rate Playbook

The start of a Fed easing cycle will not trigger a new EM market cycle, in our view. We identify interest rate betas to US and local rates and screen for best-positioned sectors and companies. We expect defensive leadership from Healthcare and Staples, but see select opportunities in Financials.

Easing cycle, not a new market cycle: Our economists see the Fed cutting rates 25bp in each meeting from September. Our a cumulative 75bp. However, this does not look to us like a classic transition from late to early cycle. (1) We are not (yet) moving through (or priced for) a global recession. (2) China is refraining from playing its usual countercyclical role. (3) Events normally lead the recovery, but history shows that rate cuts are not necessarily a good catalyst to buy equities. We see MSCI APJ and EM as fully priced. Instead, we recommend buying defensives, which also tend to be geared toward lower rates.

Look for leverage to lower Fed rates: Our economists see a mixed and relatively shallow policy adjustment for AsiaEM, meaning that benefits may be more concentrated for those exposed to lower US financial conditions (see Risk Economics: The Viewpoint: How Asian Central Banks Will React). We see South Africa, Indonesia, Hong Kong, Singapore, and Saudi Arabia as potential frontline beneficiaries, with ample domestic policy space to ease. Mexico and Colombia are expected to lower rates more than the Fed, but domestic policy uncertainty may limit any re-rating - our Latin America strategy team prefers Brazil.

Estimating equity interest-rate betas: We build a composite PCA signal for each market using local policy rates and 10-year yields alongside 12-month forward Fed Funds' expectations and US 10-year yields - recognizing the role that US cost of debt plays in the cost of EM capital. We highlight the most covered market sectors in Exhibit 1 and stocks in Exhibit 2.

Defensives a good play on lower rates and recession risk. Historically, Healthcare, Staples, Utilities, and Gold have outperformed as rates come down, we also see them offering a defensive slant to returns as US growth slows and China retreats from major stimulus. Real Estate is another lower-rate beneficiary - we seek select opportunities outside of China (the Philippines screens well) and our analysts see rate cuts unbundling deep value in Hong Kong.

...with select opportunities in Financials. We also see this easing cycle as more benign for Financials, given our relatively bullish outlook for domestic rates. (Including a further hike in Japan), strong structural growth in India, and the potential for hedging policies and a recovery of wealth management income in Singapore. However, we remain cautious on Australian Financials given even more stretched valuations and a constrained RBA easing cycle. We are also mindful of US yield exposure in regional investors.

FOUNDATION

ASIA PACIFIC RESEARCHERS	CONTACT INFORMATION
Daniel K Blake Senior Analyst	dblake@morganstanley.com
Jonathan F Garner Senior Analyst	jgarner@morganstanley.com
Kristal J Senior Analyst	jkristal@morganstanley.com
Jason Ng, CFA Senior Analyst	jng@morganstanley.com
Crystal Ng Senior Analyst	cng@morganstanley.com
Nicola Mak Senior Analyst	nmak@morganstanley.com



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VOTE FOR LAURA WANG



- ✔ Equity Strategy
- ✔ Sustainability (ESG)
- ✔ Quantitative Research
- ✔ Thematic Research
- ✔ China
- ✔ Frontier Markets
- ✔ Hong Kong
- ✔ Taiwan

KEY REPORT

2024 China Equity Strategy Mid-year Outlook: Seeking Certainty Amid Change

May 26, 2024

Morgan Stanley | RESEARCH
 May 26, 2024 09:02 AM GMT
 2024 China Equity Strategy Mid-year Outlook
 | Asia Pacific

Seeking Certainty Amid Change

We expect a range-bound market in near term, as recent rally has largely priced in the positive developments since February. Despite positive policy pivots, we caution against persistent deflation pressure and rising complexity from trade protection and geopolitics. Prefer A-shares over offshore.

We stay equal-weight on Chinese equities within an EM/APAC context: VTD China has been the best performing market globally, but with ups and downs. We believe the current index level already priced in the improvement on multiple fronts, including macro stabilization, flows and positioning, and government policy pivots. However, deflationary pressure is likely to persist with policy focusing more on the manufacturing side, and housing inventory digestion facing uncertainty. Geopolitical complexity is likely to rise under trade protection disputes and ahead of the US election. **We believe a range-bound market is more likely in the coming months.**

Our June 2025 targets are, respectively, 19,150 (+1%), 6,800 (+1%), 61 (-1%) and 3,900 (+7%) for Hang Seng, HSEC, MSCI China and CSI300. We have relatively flat price targets for June 2025 versus for CSI300, implying no upside for the offshore space. We have revised up our earnings growth forecast for 2024 to reflect a better-than-expected macro stabilization trend and less cautious view on USD/CNY. Our base bull scenarios for June 2025 target continue to represent a wide range of performance outcomes (for MSCI China from bear -31% to bull +27%), with the bull/bear skew more tilted towards the downside in absolute scale and relative to EM.

We advise DW A-shares within China allocation and expect its outperformance vs. the offshore space to resume. Key reasons include: 1) external factors behind offshore outperformance since mid-April have cooled; 2) the A-share market is less impacted by geopolitical uncertainty, and 3) rebalancing targeting corporate governance and shareholder return enhancement and being rolled out on the back of a former state by regulators to stabilize the A-share market.

Sector preferences - We maintain our preference for selected Materials and Consumer, and turn less cautious on Banks: We turn less cautious on Banks from a low-base perspective given increased government initiatives to control macro and property risk, as well as a potential tax cut catalyst for HK listed dividend plays. We retain an underweight on Real Estate given still weak fundamentals and our sector analysis more cautious view.

Key trades for 2024Q3: 1) Include more A-shares in a broad China equity portfolio. 2) See our China/Hong Kong Focus List and A-share Thematic lists, which take into consideration our top-down sector preference and macro cyclicity in the near/mid-term. 3) Focus on thematic investing: SOE Reform Beneficiaries & China Global Gobal. 4) In the event a Southbound dividend tax cut is confirmed, see our screen of stocks best positioned as dividend play.

FOUNDATION

Laura Wang
 Analyst
 l.wang@morganstanley.com

Jonathan F. Garza
 Analyst
 j.garza@morganstanley.com

Catherine Chen
 Analyst
 c.chen@morganstanley.com

Raymond K. Liu
 Analyst
 r.liu@morganstanley.com

Exhibit 1: June 2025 bull/bear base index targets for Morgan Stanley China coverage equity targets - Morgan Stanley Research

Index	Target
CSI300	19,150 (+1%)
HSEC	6,800 (+1%)
MSCI China	61 (-1%)
CSI300	3,900 (+7%)

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ANALYST PROFILES

VOTE FOR LILLIAN LOU



- ✔ Consumer Discretionary
- ✔ Consumer Staples
- ✔ Thematic Research
- ✔ China
- ✔ Hong Kong
- ✔ Taiwan

KEY REPORT

China/Hong Kong Consumer: What to Play Next: Quick Thoughts on the Initial Rally

September 30, 2024

Morgan Stanley | RESEARCH
 September 30, 2024 01:07 AM GMT
 China/Hong Kong Consumer | Asia Pacific

What to Play Next: Quick Thoughts on the Initial Rally

Last week's market rally was driven by the shift in policy direction, raising expectations of incremental policies to support the economy and consumption. While it will take time for fundamentals to turn around, we lay out a quick playbook for different macro and policy scenarios.

- Key Takeaways**
- ✔ Positive messages on policy will support consumer stock sentiment in the near term despite likely volatility after the sharp beta rally last week.
 - ✔ Fundamental turnaround and sustained improvement will take time, with divergence of stock performance under different policy and macro scenarios.
 - ✔ Higher beta categories under macro beta case scenario: large-cap liquor, sportswear, casual dining/bar, home appliances.
 - ✔ Key DDMs amid near-term volatility: YUMC, Haidilo, Shenzhou, Chacha, Pop Mart, Mengniu, Yili and Ganten Biogen.
 - ✔ Near-term key triggers: 1) Deflationary consumption events; holiday spending, trade-in program progress; 2) further policy releases; 3) property price trends.

Current setup: Share prices of consumer stocks under our coverage have rebounded 31% on average vs MSCI China's 17% since PBOC's announcement of market-supporting measures on Sept. 24 and following supportive initiatives for the capital and housing markets as well as consumption (Exhibit 1). In our view, policy shifts to focus more on tackling deflation and helping lower-income groups will support consumer stock valuations in the near term, following the 60% sector decline since the beginning of 2024 (MSCI China 20% vs. net) and cumulative 30% consensus earnings cuts since then. Fundamentally, it is premature to call an investment turnaround, which will rely on further fiscal measures to boost income, create positive wealth effects, and rebuild consumer confidence.

Our initial thoughts on the next step: Having said that, stock reactions will vary, depending on policy details and changes in expectations under different macro scenarios, set by our China macro team (Table 1). In our base case we recommend sticking to names with robust demand/business models or limited downside in the bull case, discretionary segments including sportswear, basic, home appliances and dining out would generally perform best. In the bear case, we expect profit taking for consumption stocks in the next few months. In a global context, Cosmetics, Dairy and Sportswear are at bigger discounts to global peers on NTM P/E (Exhibit 7).

Major signposts for gauging the future path: We lay out details in Exhibit 2.

UPDATE

Lillian Lou
 Analyst
 l.lou@morganstanley.com

Dustin Wang
 Analyst
 d.wang@morganstanley.com

Hedy Ling
 Analyst
 h.ling@morganstanley.com

Carol Xia
 Analyst
 c.xia@morganstanley.com

William Tong
 Analyst
 w.tong@morganstanley.com

Chidy Gan
 Analyst
 c.gan@morganstanley.com

Teresa Chen
 Analyst
 t.chen@morganstanley.com

Jimmy Ting
 Analyst
 j.ting@morganstanley.com

COMPANIES COVERED
 Asia Pacific
 In-CM

Relevant reports:
 RTH: China Morning Dairy; YB Industrial; Kwai Cheung Industrial; Company List; China Tourism Group Duty Free; Jaeger HeiTe; China Consumer - Brand and Retail; New Macro Narrative - Time to Reassess? (25 Sep 2024); China Economics, Policy and China's "Whisper It Take" Moment? (25 Sep 2024); China Equity Strategy: Higher Gains of Urgency - Positive, but More Needed (25 Sep 2024)

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VOTE FOR MAYANK MAHESHWARI



- ✔ Chemicals, Oil & Gas
- ✔ Basic Materials
- ✔ Industrials (incl. Infrastructure)
- ✔ Utilities and Alternative Energy
- ✔ Transportation

KEY REPORT

Global Clean Power: At a Tipping Point

September 29, 2024

Morgan Stanley | RESEARCH
 September 29, 2024 09:00 PM GMT

Global Clean Power At a Tipping Point

The world of electricity is transforming. Power demand is rising, prices are inflecting, and cost to produce clean power has fallen by a third around the world since 2023, and more so in Asia. We expect a re-rating of power producers, grid operators and equipment suppliers as power markets tighten.

GLOBAL INSIGHT

Sustainability

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VOTE FOR NICK LORD



- ✓ Indonesia
- ✓ Malaysia
- ✓ Philippines
- ✓ Singapore
- ✓ Thailand
- ✓ Frontier Markets
- ✓ Banks and Non-bank Finance
- ✓ Insurance

KEY REPORT

Malaysia Equities:
Defensive + Structural Growth

August 1, 2024

Morgan Stanley | **RESEARCH**

August 1, 2024 02:30 PM GMT

Malaysia Equities | Asia Pacific

Defensive + Structural Growth

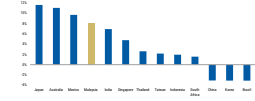
Malaysia has been defensive in previous EM bear markets, outperforming in nine out of 11 prior bear markets by an average 81% vs. the index. GDP is expected to be supported by increased FDI, mainly in the data centre and increasingly semiconductors space. Tenaga, PHH and Telekom Malaysia preferred.

Going from strength to strength: GDP growth in Malaysia accelerated to 5.8% YoY in 2024, which places Malaysia as the having the highest growth rate in ASEAN and the second highest in Asia after India. For 2024, we expect Malaysia's GDP growth to accelerate to 4.5% (2023 against a backdrop where global growth holds up at 3.5%).

Defensive, with supply-chain diversification a tailwind: Malaysia ranks #12/27 in our APAC/EM market allocation framework, and we retain an EW recommendation. However, we note the defensive characteristics of the market may come to the fore if we see a more extended rotation out of tech that extends to broader market (see Asia EM Equity Strategy: Constructing Shifting Risk-Reward - Take Profits on IT, Upgrade Consumer Staples to OW).

We highlight Tenaga (TENAGA), CW, PT 2040, 45% upside) as an outsized beneficiary of increased manufacturing FDI, decarbonisation demand for AI and Energy Transition Investments. Details in Tenaga, Energy Transition + Powering AI with the surge in DC build-out in Malaysia, we also see Telekom Malaysia (TLMAC), **OW PT & 20%** upside) as a beneficiary from growing connectivity. Details in The Connecting AI DC. We also highlight DW-rated **BH (BHDKX), and Grab (GRABD)**. Within the banks, **EW-rated CIMB (CIMBKX)** is our preferred Malaysian bank, but **DW-rated UOB (UOBKX)** with ~10% of last Jan P/E1 in Malaysia, could also benefit.

Exhibit 1: Major Markets' Average USD Relative Returns vs. MSCI EM during EM Bear Markets since 1997 - Japan, Australia, Mexico, Malaysia, India and Singapore have historically outperformed on average during EM bear markets



Source: MSCI, Morgan Stanley Research

Morgan Stanley | **IDEA**

August 1, 2024 02:30 PM GMT

Malaysia Equities | Asia Pacific

Defensive + Structural Growth

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Source: MSCI, Morgan Stanley Research

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VOTE FOR PRAVEEN CHOUDHARY



- ✓ Gaming & Lodging
- ✓ Property
- ✓ China
- ✓ Frontier Markets
- ✓ Hong Kong
- ✓ India
- ✓ Philippines
- ✓ Taiwan

KEY REPORT

Macau Gaming
2024 Outlook: Estimate and Rating Changes

January 2, 2024

Morgan Stanley | **RESEARCH**

January 2, 2024 02:30 PM GMT

Macau Gaming | Asia Pacific

2024 Outlook: Estimate and Rating Changes

2023 was a year of reopening and rapid revenue growth (GGR +303% YoY). Despite the full recovery, we expect 2024 GGR, Mass GGR, and EBITDA to grow 25%, 25%, and 33%, respectively. Industry-wide decelerating means we see a 50bp higher target yield. We downgrade MLCO to EW.

Two key changes: Even though we have kept our industry gaming revenue estimates largely unchanged—mass GGR at 11% of the 2019 level (22% YoY) in 2024e and 11% of 2019 level (7% YoY) in 2025e—we have increased open and reinvestment costs for companies. We also increase target FCFE yield for companies 50bps to reflect the higher interest rate environment. This leads to lower price targets for most companies.

We remain constructive on the industry: Near-term catalysts include (a) strong December data to push up the market's 2024e estimates, (b) potential stock supports in January ahead of CNM holiday (February 10-17), (c) 4Q23 EBITDA, which could grow 7% QoQ (6% of reinvestment of market share gains by MGM China, Wynn Macau, and Galaxy in 4Q23).

Risks include (a) 20% higher non-gaming open and capex (b) earnings estimate revisions tapering off.

Rating changes: We downgrade MLCO to EW from DW. In summary, we now have DW ratings for MGM China, Galaxy, and Wynn. We have MLCO and Sands, and LW for SLM.

Price target changes: Our valuation methodology remains unchanged. Exhibit 1 summarizes the changes and implied upside for each company's stock.

Estimate changes: Our industry EBITDA estimates are 3% lower in 2024e, at US\$1.2B (20% of 2019), and 2% lower in 2025e, at US\$2.2B (10% of 2019). This is because of our higher estimates for mass reinvestment costs and fixed open (wage increases in 2024). In terms of 2024e mass market share expectations, we increase our projections for MGM China from 13% to 18%, 3Q23A was 14%, and Wynn (from 15% to 12%, 3Q23A was 15%), but reduce for Sands (from 28.2% to 27.3%, 3Q23A was 27.0%) and SLM including satellite (from 8.8% to 8.0%, 3Q23A was 7.9%). Exhibit 1 shows our estimates for each Macau company in 2023/25.

Furthermore, we cut Sands 2024e and 2025e DPS to HK\$0.75 cents (from HK\$1.00 cents) and HK\$0.90 cents (from HK\$1.09 cents), assuming a 50% payout ratio for both years. In summary, we expect 2023, 2024e, and 2025e DPS at zero (unchanged), HK\$0.75 cents (down 3.3% yield), and HK\$0.90 cents (down 3.9% yield).

Morgan Stanley | **RESEARCH**

October 1, 2024 09:00 PM GMT

China Express

Tech Diffusion: The NEXT Driver

The market may have underestimated the power of tech diffusion in reshaping the future of China's logistics industry. We think the application of technology, leveraging AI, will likely drive the next stage of industry competition. Top pick ZTO.

China logistics: What's NEXT? Express delivery plays an important role in China's social logistics, which is unique globally, thanks to China's highly developed e-commerce industry. With digital tech, operational data analysis and decision-making, autonomous driving, and drones etc. Leading players have already started exploratory works in these areas.

AI fueling tech diffusion: The efficiency gains for China's express industry have been driven by automation in the past decade, we think. Some investors argue that GenAI is still some time off from being used in real applications in the industry, however, we highlight a number of technologies that could leverage AI and that we view as essential to the sector: chatbots, digital twin, operational data analysis and decision-making, autonomous driving, and drones etc. Leading players have already started exploratory works in these areas.

Inflection point has arrived: Technology's role in China's logistics industry has been underestimated in the past, most likely never seen due to China's relatively low labor costs. However, we now see an inflection point and argue that China's rising labor costs, decreasing margins, gain from automation, and limited room for further profit cuts to remain competitive, have led to an urgent need to apply new technology. We also believe the favorable regulatory environment and tech developments make tech diffusion feasible for the sector. Key player's balance sheet strength has differentiated their capability to embrace new technology, which may translate into their earnings performance divergence, in the next 12-24 months.

We see two major areas where technology can drive player differentiation: 1) Integrated network efficiency - we see significant room for efficiency gains within franchise networks, which although not fully visible in key players' financials, play an important role in competition; and 2) Retail business - key players could leverage new technologies to improve service quality, gain share, and potentially boost their profits.

We score our China logistics coverage on the AI matrix. We highlight three adopters: ZTO, SF and YTO. ZTO is our top pick and we are OW YTO. We are EW SF given short-term macro headwinds, and await a better entry point. We stay LW on lagged players Yunda and STO. ZTO's invention to innovators is impressive, but it will take time for the company to show it can generate profit from external customers (vs. from parent JD group).

Morgan Stanley | **IDEA**

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VOTE FOR QIANLEI FAN



- ✓ Transportation
- ✓ Autos & Auto Parts
- ✓ Industrials (incl. Infrastructure)
- ✓ China
- ✓ Hong Kong
- ✓ Taiwan

KEY REPORT

China Express:
Tech Diffusion: The NEXT Driver

October 1, 2024

Morgan Stanley | **RESEARCH**

October 1, 2024 09:00 PM GMT

China Express

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Morgan Stanley | **IDEA**

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VOTE FOR RACHEL ZHANG



- Basic Materials
- China
- Hong Kong
- Taiwan

KEY REPORT

Lithium's Cost Support: When Will Supply Respond?

January 23, 2024

Morgan Stanley | RESEARCH

January 23, 2024 03:00 PM GMT

Lithium's Cost Support

When Will Supply Respond?

The collapse in lithium prices raises questions about supply response. We look at cost curves for the primary lithium resources in 2024 and the equilibrium carbonate price in 2024 under different demand scenario assumptions.

The debate: We currently expect the global lithium market balance to turn into a larger surplus in 2024. With prices plummeting, investors are increasingly asking about the global lithium cost curve – especially China-related projects – and cost support levels under different demand scenario assumptions.

Where cost support lies: Using feedback from our field trips, channel checks with company management and industry contacts, and company announcements (reported costs and cost guidance), we have analyzed costs for 1) spodumene and petalite (Australia, Brazil, Canada, China, and Africa); 2) lithium brine (Argentina, Chile, China (Donghai), and China (Tibet)); and 3) hydroxide (China).

Based on our analysis, and of the ~4000 LCE estimated lithium mine production in 2024 (without considering supply cuts on lower prices), there is ~300kt of LCE for which lithium chemicals production cost (including raw materials) is above RMB20/1 (including VAT) or US\$3.6/ea. ex VAT. Of this, ~100kt of LCE is already in operation at the current spot price reported by SMM, a third-party pricing agency, in China – i.e., cost is above RMB26.5/ea including VAT or US\$3.9/ea ex VAT.

When supply could respond: In theory, the higher-cost supply will be the first to exit, including some leucopite projects in China and projects in Africa. Rising demand under different scenarios, we show the theoretical supply-demand equilibrium lithium carbonate prices in 2024 in the table below. Morgan Stanley estimates demand at 1.1Mmt for 2024. We note potential supply cuts for the current year, or any project expansion delays that may be announced in the upcoming Australian results season, mainly due to economic considerations.

Our outlook: Our commodity strategic base case is for China lithium carbonate price to average \$13,200/ea. ex VAT in 2024, with a trough in Q3. However, given recent price moves, the extent of the surplus for 2024, and risks on the demand side (see Global risks), they see risk of the price overshooting to the downside, to somewhere between the base and bear case (\$8,000/ea). They would like to see more supply response first before calling for a turning point higher. In equities, if supply starts to respond, we expect 2024 to be supportive for lithium stocks such as Tanco Hk at \$300/ea, SQM US, OROFIN SP, Ganfeng (OTCQX) and other players in China and Latin America.

Risks: Downside: Some supply may be sticky even if prices fall to cash cost levels, lower than the costs including O&M in our analysis, as securing supply for lithium converters and downstream customers, etc. Upside: Watch for any unexpected supply addition delays or production cost overruns – e.g., related to environmental protection – or initial high costs owing to the start of greenfield projects.

GLOBAL FOUNDATION

ANALYST	LAST UPDATE	STATUS
Rachel L. Zhang	01/23/2024 03:00 PM GMT	Active
Yujie Wang	01/23/2024 03:00 PM GMT	Active
Wald Heunemann	01/23/2024 03:00 PM GMT	Active

GLOBAL LITHIUM COST CURVE IN 2024

Global Lithium	Price in RMB/1	Price in US\$
1.1Mmt	77.46/1	9.54/1
1.2Mmt	84.86/1	10.46/1
1.3Mmt	92.46/1	11.31/1

* Including VAT. For the 1000kt LCE. Source: Morgan Stanley Research

EXHIBIT 1: Global lithium cost curve in 2024 (RMB/ea, including VAT)



Source: Morgan Stanley Research

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ANALYST PROFILES

VOTE FOR RICHARD WILES



- Banks and Non-bank Finance
- Insurance
- Thematic Research

KEY REPORT

Australia Banks: Soft or Bumpy Landing?

January 16, 2024

Morgan Stanley | RESEARCH

January 16, 2024 03:00 PM GMT

Australia Banks

Soft or Bumpy Landing?

Our analysis points to further upside in a soft landing scenario, but meaningful downside if there's a bumpy landing. In our view, too much optimism is priced in, so we have a neutral stance on the major banks. We stay OW on ANZ and WBC, and upgrade NAB to EW and downgrade WBC to LW.

Key themes for 2024: Major banks had a mixed year in 2023, but rallied into year end and investors anticipated the benefits of rate cuts and a more rational competitive environment in 2024. Against this backdrop, we believe bank share price performance will be influenced by the outlook for domestic inflation and cash rates, competition and margin, credit quality trends and the potential for provision releases, and the prospects for new buybacks and ongoing dividend growth.

Two potential scenarios for 2024: We explore the operating conditions for banks in a 'soft' landing and a 'bumpy' landing. This has implications for loan growth, mortgage float back clearing, deposit competition, wholesale funding costs, the opportunity for mortgage 'back book' repricing, the size and timing of provision releases, underlying loan loss rates, and capital management decisions.

Further upside in a soft landing: In a soft landing, we would expect the major banks EPS to fall by an average of only ~5% in FY24 before rebounding in FY25, leading to ~9% upside to consensus. There would also be potential for ~45% Dn of new buybacks and a mid-to-high single digit increase in dividends over 2 years. This scenario would lead trading multiples to remain broadly around current levels, implying an average TSR of 14% over the next 12 months. In our view, NAB would outperform, while CBA would lag.

Meaningful downside if there's a bumpy landing: In a bumpy landing, we would expect cash EPS to fall by an average of ~18% in FY24. With little prospect of a meaningful recovery in FY25, this scenario would drive ~10% downgrade to consensus estimates. We think the majors would hold dividends steady, but payout ratios above target levels would lead to some concern about dividend cuts and prevent further buybacks. We also think the recent rate-rising would proceed, contributing to average TSR of 6% over the next 12 months. In our view, ANZ would prove most resilient, while CBA's share price would be the most vulnerable.

Negative stance on the major banks: Trading multiples have rallied in anticipation of a better 2024, and are now pricing in upside to earnings, dividends and buybacks. However, we are less optimistic on the outlook for the economy and competition, and we think trading multiples will fall if supplies don't come through.

What's changed: We upgraded NAB to EW and downgraded WBC to LW. We made modest changes to our EPS estimates, but lifted our price targets by ~2.3x. Our revised order of preference is ANZ (OW), NAB (EW) WBC (LW), CBA (LW).

ASIA PACIFIC INSIGHT

ANALYST	LAST UPDATE	STATUS
Richard E. Wiles	01/16/2024 03:00 PM GMT	Active
Sally Hong, CFA	01/16/2024 03:00 PM GMT	Active
Andre Sauter, FRM	01/16/2024 03:00 PM GMT	Active
Sally Zhou, CFA	01/16/2024 03:00 PM GMT	Active

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VOTE FOR RICHARD XU



- Banks and Non-bank Finance
- Insurance
- China
- Hong Kong
- Taiwan

KEY REPORT

China – Banks: Look for outperformance for the fourth year in a row

August 15, 2024

Morgan Stanley | RESEARCH

August 15, 2024 03:44 PM GMT

China – Banks

Look for outperformance for the fourth year in a row

We think China's major shift to prioritize financial risk containment vs. supporting growth will continue to pay off and help major banks to generate sustainable shareholder returns in a more prudent development environment in China, in which value and dividends could still outperform.

China has effectively shifted focus from growth to risk containment.... This major shift – which started in 2021 – has proven to be sustainable, despite initial market skepticism.

...which has led to three years of outperformance (2022-2024 YTD) for its bank stocks. Total returns for both A-shares and H-share banks that we cover on average were ~35% for the past three years as of July 30, 2024. They were around 25% and 38% for the CSI 300 and Hang Seng Index, respectively.

We expect NIM to stabilize.... Under the new monetary policy framework, we expect modest NIM pressure in 2025 and some rebound in 2026. This could drive modest recovery in profit growth down the road.

...with lower long-term risks.... Policymakers have heightened their focus in recent months. Enforcement of the various new risk containment policies has been dedicated. Prioritizing risks vs. growth could contain long-term credit costs for banks.

...which we believe should boost market confidence in the earnings and dividend outlook.... We expect banks' ROE on average to stabilize at ~9% in 2025 and 2026 while profit growth should be maintained at a stable pace. We also see some room for banks to release provision buffer to cushion industrial NPLs, thereby keeping credit costs manageable and supporting stable earnings and dividends.

...driving the fourth year of outperformance in 2025 amid the transition in China's development model.... The economic transition in China is still challenging. Global uncertainty could also rise over the next 1-2 years. Yet we believe stable profits and dividends for Chinese banks, supported by the risk containment efforts and stabilizing NIM – combined with lower returns on alternative investments – could drive more fund flows to these stocks.

PSBC (9558.HK) is our new Top Pick.... We view it as best positioned for potentially higher asset yields and better deposit rates.

...and we see still good potential in a number of other bank stocks: In particular, we cite CCB (0995.HK), Ningbo (00212.SZ), Minsheng Bank H (9888.HK), and Industrial Bank (601965.SS).

ASIA PACIFIC INSIGHT

ANALYST	LAST UPDATE	STATUS
Richard Xu, CFA	08/15/2024 03:44 PM GMT	Active
Chiyao Huang	08/15/2024 03:44 PM GMT	Active
Beryl Yang	08/15/2024 03:44 PM GMT	Active

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VOTE FOR RIDHAM DESAI



- ✔ Equity Strategy
- ✔ Sustainability (ESG)
- ✔ Quantitative Research
- ✔ Thematic Research
- ✔ India

KEY REPORT

India Equity Strategy and Economics: Modi 3.0: This Remains India's Decade

June 5, 2024

Morgan Stanley | RESEARCH

India Equity Strategy and Economics

Modi 3.0: This Remains India's Decade

We expect macro stability to continue to inform policy, and we see structural reforms driving a 20% earnings CAGR and annual compounding of the Senses at 12-15% over the next five years.

Key Takeaways

- BJP-led NDA set to form a government for a third term
- We forecast GDP growth of 6.8% in FY25, with headline CPI decelerating to 4.5% on average
- Our earnings-growth forecast through FY2026 remains 500bps higher than consensus
- Our 12-month forward BSE Sensex target is \$2,000, implying 14x upside

The most important aspect of the BJP-led New Democratic Alliance (NDA) retaining its majority is policy predictability – something equities tend to thrive on. We believe share prices have yet to take in a number of positives, such as India's newfound macro stability, a likely fall in the primary deficit, a growing domestic equity savings pool, improving social equity, a fast-evolving deep-tech sector, an impending low boom, and shifts in external dynamics. We expect a number of critical reforms to be made in the third term, which we explore in this report.

While in temporal terms this bull market is young, it is 100+ years in terms of return, especially because we see some distance for the earnings cycle to go, driven by change already underway in the country. The election outcome is likely to usher in more structural reforms and reinforces our forecast of 20% annual earnings growth over the next five years. We believe this is set to be India's longest and strongest bull market ever. Stay invested.

There are plenty of risks for India's equity market to negotiate, even with the elections behind it. The country faces capacity constraints in the bureaucracy, the judiciary, healthcare, education, and skills training, while other risks include geopolitics, AI's effects on the tech industry, low productivity in the farm sector, climate change, and a lack of adequate factor reforms. A substantial global growth slowdown can hurt India's growth as well. Funding. From a portfolio perspective, we like cyclical over-defensives and large caps over small and mid caps. We are overweight financials, technology, consumer discretionary & industrials and underweight other sectors. The macro trade is likely peaking and the market will become a stock-pickers' one.

ASIA PACIFIC INSIGHT

ANALYST	EMAIL	PHONE
Ridham Desai	ridham.desai@morganstanley.com	+91 98999 20000
Ujjwala Chandra	ujwala.chandra@morganstanley.com	+91 98999 20000
Chaitali Bhatt	chaitali.bhatt@morganstanley.com	+91 98999 20000
Nayant Piyush	nayant.piyush@morganstanley.com	+91 98999 20000
Ravi Ganesh	ravi.ganesh@morganstanley.com	+91 98999 20000



Related research
 The New India: Why This is India's Decade
 How India Has Transformed a Late Start to a Decade
 The US Bull Market: Next Leg

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VOTE FOR ROB KOH



- ✔ Utilities and Alternative Energy
- ✔ Sustainability (ESG)
- ✔ Industrials (incl. Infrastructure)
- ✔ Chemicals, Oil & Gas
- ✔ Transportation

KEY REPORT

Australia – Data Centre Handbook:

Exploring the upside potential and risks for NEXTDC, Goodman, power, and resources

May 5, 2024

Morgan Stanley | RESEARCH

Australia – Data Centre Handbook

Australia – Data Centre Handbook

Exploring the upside potential and risks for NEXTDC, Goodman, power, and resources

WHAT'S CHANGED

Price Target

Goodman Group (GMS) Price Target

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ASIA PACIFIC INSIGHT

ANALYST	EMAIL	PHONE
Rob Koh	rob.koh@morganstanley.com	+61 2 9706 6000
Andrew McCleod	andrew.mccleod@morganstanley.com	+61 2 9706 6000
Lauren A Berry	lauren.a.berry@morganstanley.com	+61 2 9706 6000
Simon Chan	simon.chan@morganstanley.com	+61 2 9706 6000
Rishi Koh	rishi.koh@morganstanley.com	+61 2 9706 6000
Angela S. Sathiyamoorthy	angela.s.sathiyamoorthy@morganstanley.com	+61 2 9706 6000
Sarah V. Kaur	sarah.v.kaur@morganstanley.com	+61 2 9706 6000
Katherine B. Edie	katherine.b.edie@morganstanley.com	+61 2 9706 6000
Rahul Arora, CFA	rahul.arora@morganstanley.com	+61 2 9706 6000
Shannon J. Smith	shannon.j.smith@morganstanley.com	+61 2 9706 6000
Gary Q. Zhang	gary.q.zhang@morganstanley.com	+61 2 9706 6000
Matthew Costa	matthew.costa@morganstanley.com	+61 2 9706 6000

A unique and deep collaboration between four of our Australian research teams: Technology (Tech), Infrastructure & Sustainability, and AI Mining Resources. We think this collaboration gives us a more robust and internally consistent set of conclusions. We acknowledge that the space is changing rapidly.

We lift our NCT price target by 17%. Our DCF modeling implies ~\$16/ share for NCT's current and under-construction projects (NCTC 77%) and a further \$4/ share for the future launch of ~\$600M (NCTC 23%).

...and raise our GMS target by 3%. We value the powered shell opportunity at c. \$20/b, assuming 80% toll-down into final, 5% cap rate, 10% yield on cost and 10% of development profits taken through IPO.

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VOTE FOR ROBIN XING



- ✔ Economics
- ✔ China
- ✔ Frontier Markets
- ✔ Hong Kong
- ✔ Taiwan

KEY REPORT

China Musings:

Addressing Your Top Questions on China Stimulus

September 29, 2024

Morgan Stanley | RESEARCH

China Musings | Asia Pacific

Addressing Your Top Questions on China Stimulus

The policy pivot is significant, but we haven't reached the decisive trillion-dollar inflation moment yet. We expect modest fiscal easing and mid-QoQ growth improvement in 4Q24-1Q25, and see potential for a further 10% tactical equity rally. A dip in our Social Dynamics Indicator could trigger bigger stimulus.

A significant policy pivot: Since our trip to Beijing in early September, we have been of the view that policymakers have started to have a greater sense of urgency about raising in deflation, becoming more receptive to alternative policy options. The policy pivot last week nevertheless exceeded our expectations, with forceful monetary easing and unprecedented measures aimed at stabilizing and supporting the stock market and halting the property market's decline.

We expect modest QoQ growth improvement in 4Q24-1Q25: We expect an Rmb2.2tn supplementary budget to be announced in late October, supporting consumption and local government financing. We also see another 30-200bps policy rate cut and 25-50bps RRR cut by year-end. These, combined with the announced easing measures, strengthen our base case of a modest sequential growth improvement in 4Q24-1Q25, to 2% (vs 2.4% in 3Q24).

Inflation may remain a bumpy road in the medium term: We believe recent and upcoming policy moves represent the first concerted attempt to battle deflation. That said, as we think China's deflation stems from both cyclical headwinds and structural imbalances, a return to longer inflation and sustainable growth is likely to be a long, drawn-out battle. We expect policymakers to continue to show a commitment to inflation, but the initial size of central government support for housing and social welfare spending – which we think is key – may be modest, in line with its time-tested trial-and-error approach. A "whatever it takes" moment could be triggered by a rapid decline in our Social Dynamics Indicator.

How to position? Our strategy is to expect at least another 10% tactical rally in the near term, favoring A-share companies with high excess dividend yields and free cash flow relative to the 2.2% risk-free rate, as well as discounted dual-listed H-share value. A-share and H-share benefit from the PBOC's measures. In the next phase, there is potential for a more sustained rally – with valuations reaching levels last seen during the economy's recovery from November 2022 to March 2023 – should there be further clarity on fundamental/structural improvements, and a sequential GDP growth recovery and incremental/deflationary efforts by the government in coming months.

FOUNDATION

ANALYST	EMAIL	PHONE
Robin Xing	robin.xing@morganstanley.com	+86 21 3888 8888
Laura Wang	laura.wang@morganstanley.com	+86 21 3888 8888
Jerry Zhang, CFA	jerry.zhang@morganstanley.com	+86 21 3888 8888
Zhipeng Cai	zhipeng.cai@morganstanley.com	+86 21 3888 8888
Chloe Liu	chloe.liu@morganstanley.com	+86 21 3888 8888
Yanling Chen	yanling.chen@morganstanley.com	+86 21 3888 8888
Harry Zhao	harry.zhao@morganstanley.com	+86 21 3888 8888



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VOTE FOR STEPHEN CHEUNG



- Property
- China
- Hong Kong
- Taiwan

KEY REPORT

China's 3D Journey: Property:
Transition to Secondary-Dominant Housing Market

May 16, 2024

Morgan Stanley | RESEARCH

May 16, 2024 09:00 PM GMT

China's 3D Journey: Property

Transition to Secondary-Dominant Housing Market

China's housing market peaked in 2021 on regulatory reset. Residents' bearish outlook on house prices amid developer defaults has triggered marked housing investment since 2022. Coupled with regulator's plans for a dual-track housing system, we could see a multi-year shift to a secondary-dominant market. As China tackles its 3D challenges, we think more policy support for demand/supply is needed to avoid a prolonged downturn.

Increasing challenge from the secondary market as housing demand normalizes: China housing supply has focused on private sales since reforms in 2016, resulting in a high home ownership ratio along with a long run of home price increases fueled both by genuine demand and speculation. However, as buyers become more cautious amid the ongoing downturn, housing development has become a dominant driver of home prices as demand has fallen due to an aging population. This has led to a strong replacement impact on primary housing sales, with the market share of secondary sales nearly doubling to 40% since the housing downturn started in 2021. We see no sign of this abating.

Housing investment impact may linger longer than the market expected: Our China-lite analysis on existing secondary listings and stress test an downturn of households owning multiple properties suggests that excess housing could potentially replace over half of primary sales in the medium term. This strengthens our conviction that primary sales may show a 3-5% rise units a year in 2024-26 (vs. 8.5% units in 2022 and 13 items units in 2016-21), although the government's initiative to clear inventory may alleviate some of the pressure. We think this downturn could accelerate throughout 2024-26, boosting the market share of secondary homes to ~75% by 2040 (vs. 40% in 2023), along with a potentially faster retreat on primary housing demand as the market saturates.

Reshaping the industry's position and competitive landscape: We foresee the property industry's GDP contribution continuing to decrease, though in a more gradual manner - from the current 20% to mid-teens 1% this decade (vs. 130% in the last decade), on a corresponding decline in land sales, housing new starts and real estate investment, and weaker pull-in effect on value chains. A smaller housing market may also see developers concentrate their investments in top-tier cities amid greater industry consolidation, and focus on growing property-related recurring businesses. In contrast, property agencies may become market share-gainers in the long term given their access to potential clientele and branded franchises.

ASIA PACIFIC INSIGHT

ANALYST	PHONE	EMAIL
Stephen Cheung, CFA	+852 2282 2000	stephen.cheung@morganstanley.com
Patrick Jiang	+852 2282 2000	patrick.jiang@morganstanley.com
Chloe Liu	+852 2282 2000	chloe.liu@morganstanley.com
Caro Zhu	+852 2282 2000	caro.zhu@morganstanley.com

CHINA PROPERTY
Industry View In-Use

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VOTE FOR TERENCE CHENG



- Small- & Midcapitalization Stocks
- Consumer Discretionary
- Consumer Staples
- China
- Frontier Markets
- Hong Kong
- Taiwan

KEY REPORT

Greater China Bike Supply Chain:
Cyclical Upturn Should Come, but Might Not Be Strong

October 1, 2024

Morgan Stanley | RESEARCH

October 1, 2024 09:00 PM GMT

Greater China Bike Supply Chain | Asia Pacific

Cyclical Upturn Should Come, but Might Not Be Strong

The destocking cycle, especially in Europe and the US, should end ultimately, but a prolonged inventory digestion process makes us cautious on restocking demand strength, if any. This, on top of a likely growth slowdown in China, leads us to think consensus '25 earnings forecasts have downside risk.

Downgrade Giant to EW, and Merida to LW: We are cautious on bike makers' overall outlook into 2025, and believe market bulls are too optimistic with base case assumptions that bike makers will enjoy dual growth engines of Europe/US restocking demand and sustained high growth in China's market. We think Europe/US restocking demand will be sub-par after a prolonged destocking cycle and will likely be prudent in procurement before seeing demand emerge, and 20 consumers in these markets have seen large discounts (due to inventory liquidation) for bikes, on top of absorbing overbuilt inventory stocks, it could be difficult for them to buy more bikes at full price or minor discounts in the near term. We hence think the demand upcycle in Europe/US in 2025 might be softer than market expectations.

We are cautious on demand strength in a cyclical upturn phase: Bike makers were hoarding inventory destocking would be by 3Q24, but now, amid slower Europe/US sell-through, it appears that timing could be end of 2024, making it a 2-year downturn for bike makers. We do not expect immediate restocking as 1) retailers and branded customers are just coming off the destocking cycle and will likely be prudent in procurement before seeing demand emerge, and 2) consumers in these markets have seen large discounts (due to inventory liquidation) for bikes, on top of absorbing overbuilt inventory stocks, it could be difficult for them to buy more bikes at full price or minor discounts in the near term. We hence think the demand upcycle in Europe/US in 2025 might be softer than market expectations.

Demand in China could start falling after ~2 years of upcycle: Based on Shimano's 072023 FY covered by Yoshinori Barai (prior China sales review), the demand boom lasted from late 2022 to 2024, or ~2.5 years, suggesting an inflection point for bike makers' China sales may emerge in the near term. Indeed, Giant's China OEM sales growth decelerated to 30% FY in August (vs. 70%Q1 +40%Q2) and Merida's slowed to 62% FY (vs. 70%Q1 +50%Q2). We expect bike makers' China sales to slow further in 2025 due to demand normalization, challenging the bulls' thesis of sustained fast growth in China to support bike makers' business recovery.

IDEA

ANALYST	PHONE	EMAIL
Terence Cheng	+852 2282 2000	terence.cheng@morganstanley.com
Jerry Ting	+852 2282 2000	jerry.ting@morganstanley.com
LiJun Liu	+852 2282 2000	lijun.liu@morganstanley.com

TAIWAN CONSUMER AND INDUSTRIALS
Industry View In-Use

Exhibit 1: What's Changed Summary

Source: Morgan Stanley, Bloomberg, Reuters, 2024/09/26 estimates

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VOTE FOR TIM CHAN



- Sustainability (ESG)
- Thematic Research
- All Countries/Regions

KEY REPORT

Global Sustainability:
A Nuclear Renaissance Is Coming

June 10, 2024

Morgan Stanley | RESEARCH

June 10, 2024 09:00 PM GMT

Global Sustainability

A Nuclear Renaissance Is Coming

Potential investment of over \$15 trillion through 2050 could spur opportunities across the nuclear value chain. We assess five key trends, map out 51 stocks globally, and discuss what's not yet priced in for eight key OW-rated stocks.

GLOBAL INSIGHT



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China Musings

Morgan Stanley | Asia Economic | Asia Pacific
Addressing Your Top Questions on China Stimulus

The policy pivot is significant, but we haven't reached the decisive inflation-deflation moment yet. We expect modest fiscal easing and mild Q4-Q3 growth improvement in Q424-Q25, and are potential for a further 10% tactical steady state. A dip in our Social Dynamics Indicator could trigger further stimulus.

A tighter policy path: Our scenario is that the PBOC will continue to lean on the side that policymakers have elected to have a greater sense of urgency about ending deflation, but we think the PBOC will continue to lean on the side that policymakers have elected to have a greater sense of urgency about ending deflation. The policy pivot has been well received by investors and regulators, with fiscal measures being the most important. We expect the PBOC to continue to lean on the side that policymakers have elected to have a greater sense of urgency about ending deflation.

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Deflation may mean a bumpy road to the median state: We believe most and important risks remain neutral for that scenario. That said, we think China's deflation stems from both cyclical headwinds and structural headwinds. A means to target inflation and stabilize growth is to have a long, drawn-out battle. We expect policymakers to continue to show a commitment to deflation, but the risk of a deflationary spiral is low. We expect to see a long, drawn-out battle. We expect policymakers to continue to show a commitment to deflation, but the risk of a deflationary spiral is low. We expect to see a long, drawn-out battle. We expect policymakers to continue to show a commitment to deflation, but the risk of a deflationary spiral is low.

Robin Xing | September 29, 2024

China Bull vs. Bear

Morgan Stanley | Asia Economic | Asia Pacific
Bull vs. Bear: Social Dynamics Indicator and Policy Tipping Point

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Robin Xing | September 20, 2024

The Viewpoint

Morgan Stanley | Asia Economic | Asia Pacific
The Viewpoint: Addressing Your Top Questions on Asia

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Chetan Ahya | September 16, 2024

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Morgan Stanley | Asia Economic | Asia Pacific
AlphaWise China Property Survey June 2024

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Stephen Cheung, CFA | July 15, 2024

Morgan Stanley | Asia Economic | Asia Pacific
Australia Macro+ Shifting to Thrift?

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Chris Read | June 3, 2024

Morgan Stanley | Asia Economic | Asia Pacific
India Equity Strategy | Asia Pacific
MNC Sentiment Index (2Q24): Sentiment Softens

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Ridham Desai | September 3, 2024

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