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Day-of-the-week effect on the return and conditional variance of the H-shares index in Hong Kong

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¹The H-shares index (Hang Seng China Enterprises index) was launched in 1994 in order to measure the performance of H-shares. The details of the H shares and the H-shares index are described on the website of the Hang Seng Indexes Co. Ltd. (www.hsi.com.hk).

²While the conditional variance is modelled as an Exponential General Autoregressive Conditional Heteroskedasticity (EGARCH) specification, Model 1 is known as an EGARCH-M model. Similarly, Clare et al. ([1998](#)) and Kiyamaz and Berument ([2003](#)) applied the GARCH-M model to the investigation of the day-of-the-week effect in some stock market indices.

³The Shanghai A-share index tracks the price performance of all A-shares listed on the Shanghai Stock Exchange in China (www.sse.com.cn).

⁴Our results of significant positive Monday effects on H-shares index returns are in contrast to those studies using the Hang Seng index as a case study of the Hong Kong stock market; those studies provide evidence of negative Monday effects. See Lee et al. ([1990](#)), Ho ([1990](#)), Wong et al. ([1992](#)) and Agrawal and Tandon ([1994](#)).

⁵See the

⁶Likewise, there is a significant negative Monday effect in stock markets in Hong Kong and China (Wong et al. 1992).

⁷Effectively, the new rules reduce the transaction costs for investors and their clients. The new rules also reduce the (BC) charges for the transaction levy is reduced and in the future, the transaction costs will be further reduced ([http://www.hkex.com.hk](#)).

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