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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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Abstract

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How... ...eek, only
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transact...

Keywords:

JEL Classification: G12 G14 G15

Notes

[1]The 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).

[2]While 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 Kiymaz and Berument (2003) applied the GARCH-M model to the investigation of the day-of-the-week effect in some stock market indices.

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

[4]Our 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).

[5]See the

[6]Likewis … y in stock markets … nd China (Wong e

[7]Effec … ers and their clien … BC) charges its client … tion levy is reduced … und in Transact … hk).