

Box 4.1

Cash Market Transaction Survey 2014/15

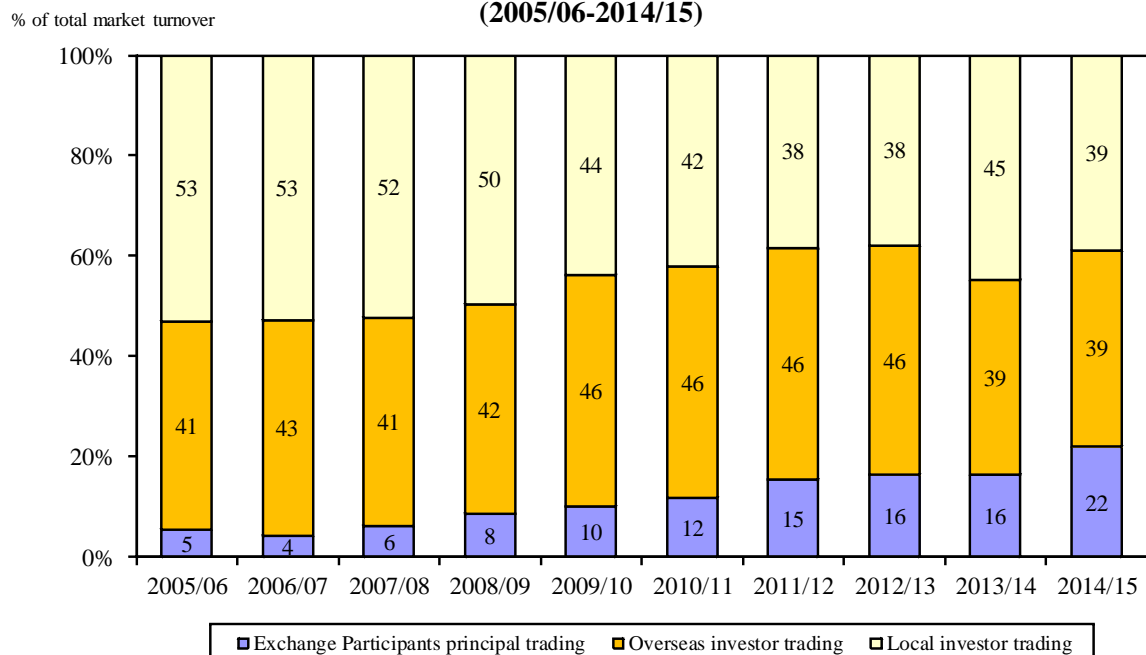
The securities market in Hong Kong is renowned for the active participation of different types of investors from a great variety of origins. To better understand the trading composition, the Hong Kong Exchanges and Clearing Limited (HKEX) has been conducting an annual survey on investor profile since 1991. The latest issue, “Cash Market Transaction Survey 2014/15”, covered HKEX’s securities market turnover from October 2014 to September 2015 and was published in February 2016. The latest survey also included the Southbound trading through Shanghai-Hong Kong Stock Connect (“Stock Connect”), which was launched on 17 November 2014. Some salient observations are summarised below.

(1) Overall trading and trading by investor type

Trading activities in the securities market were very hectic in 2014/15. Total turnover reached a record high of \$26.6 trillion, a surge of 68% over the preceding year and surpassing the peak in 2007/08 by 16%. Trading by all major investor types recorded significant growth, led by a leap of 124% in Exchange Participants (EP) principal trading (i.e. trading of the participant firm’s own account). Overseas and local investor trading also rose sharply, by 71% and 45% respectively.

Indeed, in the past ten years, EP principal trading generally grew faster than trading by the other two types of investors. Between 2005/06 and 2014/15, EP principal trading recorded an average annual growth of 36%, sharply above the respective average annual growth of 16% and 12% for overseas and local investor trading. As a result, the share of EP principal trading rose from a mere 5% in 2005/06 to 22% in 2014/15. Meanwhile, the share of overseas investor trading declined from 41% to 39%, and that of local investor trading from a high of 53% to 39%.

Chart 1 : Distribution of securities market trading value by investor type (2005/06-2014/15)

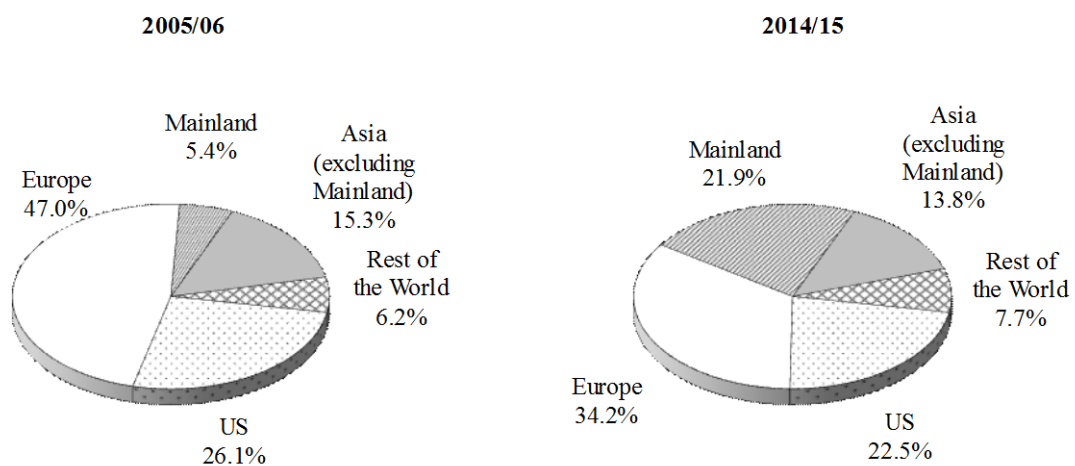


Box 4.1 (Cont'd)

(2) Overseas investors by origin

Mainland investors have been the major growth impetus for overseas investor trading in 2014/15, partly reflecting the launch of the Stock Connect in November 2014. In 2014/15, trading by Mainland investors soared by 185%, while trading by investors from other origins registered diverged growth of 13% to 120%. In tandem with the faster increase in the past ten years, the share of Mainland investors in total overseas investor trading ballooned from 5% in 2005/06 to 22% in 2014/15. While the shares of US and European investors together still accounted for 57% in 2014/15, this represented a visible retreat from the 73% a decade ago.

Chart 2 : Distribution of overseas investor trading in the securities market by origin



Note: Figures may not add up to 100 due to rounding.

(3) Retail online trading

Online trading has become a popular way of trading securities among retail investors in Hong Kong, facilitated by several factors including technological improvement and enhanced cyber-security. Total trading value of retail online trading reached \$3.1 trillion in 2014/15, a spectacular growth of 110% over a year earlier. During the period from 2005/06 to 2014/15, retail online trading recorded an average growth of 31% per annum, much higher than that of 9% for retail non-online trading. It accounted for 44% of total retail investor trading in 2014/15, up from only 13% in 2005/06.