

Box 4.2

Recent movements in the Hang Seng Sectoral Sub-indices

Same as the overall Hang Seng Index, the Hang Seng Sectoral Sub-indices all went higher during the third quarter of 2003. Yet the increases showed considerable variations in magnitude.

Hang Seng Index and its Sectoral Sub-indices

	<u>Index level as at end-2002</u>	<u>Index level as at end-Jun 2003</u>	<u>Index level as at end-Sep 2003</u>	<u>% increase between end-2002 and end-Sep 2003</u>	<u>% increase between end-Jun and end-Sep 2003</u>
Hang Seng Index	9 321	9 577	11 230	20.5	17.3
Sub-indices :					
Finance	18 231	19 420	22 342	22.5	15.0
Commerce and Industry	4 044	4 135	4 820	19.2	16.6
Properties	11 104	10 225	14 383	29.5	40.7
Utilities	21 971	22 803	22 944	4.4	0.6

The Properties Sub-index had the strongest surge, by 40.7% between end-June and end-September 2003. While improved performance and near-term outlook of the Hong Kong economy and increased inflow of funds were the main background factors boosting overall sentiment, the visible rebound in the property market more recently generated much investment interest in property-related shares. Expectation for additional measures to support the property market prior to the Government's announcement in October added to the enthusiasm. The Commerce and Industry Sub-index and the Finance Sub-index also leaped, though less sharply, by 16.6% and 15.0% respectively, attributable to revival in overall business activity and announcement of some favourable corporate results. By comparison, the Utilities Sub-index had just a slight rise, by 0.6%, as public utilities shares, characterised by steady corporate earnings and dividend yields, used to be in relatively lesser demand during an economic upswing than during an economic downturn.

A broadly similar profile was observed for the first nine months of 2003. Comparing end-September 2003 with end-2002, the Properties Sub-index went up most notably, by 29.5%. The Finance Sub-index and the Commerce and Industry Sub-index had relatively smaller, yet still significant, increases, by 22.5% and 19.2% respectively. The Utilities Sub-index fared much less well, rising by only 4.4%.

As at end-September 2003, the Finance Sub-index maintained the largest weighting in the Hang Seng Index, at 42.5%. This was followed by the Commerce and Industry Sub-index (with a weighting of 39.4%), the Properties Sub-index (12.2%), and the Utilities Sub-index (6.0%).