Research Paper No. 65: Half-yearly Review of the Global and Local Securities Markets (Featuring the Northbound Investor Identification Regime and Short Selling)

26 July 2019

Executive Summary

1. The global markets were bullish in early 2019 amidst progress made in trade talks between the Mainland and the US. Major markets recorded substantial gains with some hitting record highs. Whilst global trade tensions once worsened and dragged down the performance of most markets, they rebounded quickly on news of further trade negotiations.

2. During the first half of 2019, the Dow, Nasdaq and S&P rose 14.0%, 20.7% and 17.3% respectively. The S&P recorded the strongest half-yearly gain since 2010. Major benchmark indices in the US market hit successive record highs given the Federal Reserve's (Fed) dovish monetary policy and easing trade concerns. Whilst the market experienced some corrections as trade tensions with the Mainland revived in May 2019, the rallies resumed later on news of continued trade talks.

3. The FTSE, DAX and CAC rose 10.4%, 17.4% and 17.1% respectively. After slides in 2018, major European markets recovered in early 2019 on rising hopes for a trade deal between the Mainland and the US, as well as easing concerns about the economic outlook and interest rate hikes. However, some gains were trimmed later due to revived trade and economic concerns. The UK market underperformed on lingering Brexit uncertainties.

4. Most major Asian markets rose during the first half of 2019, ranging from 2.6% in Indonesia to 17.3% in Australia, with the exception of Malaysia which fell 1.1%. Regional markets rose in early 2019 on the back of capital inflows. Later, revived trade tensions between the Mainland and the US as well as worries about the slowdown in Mainland economic growth capped upsides.

5. In the Mainland, the Shanghai Composite Index (SHCOMP) and the Shenzhen Composite Index (SZCOMP) rose 19.4% and 23.2% respectively. In early 2019, the Mainland market recorded active trading and outperformed overseas markets. Investor sentiment was bullish on the back of government stimulus policies, as well as prospects for capital inflows as the inclusion of A-shares into international indices broadened. However, the market later trimmed some gains as uncertainties in trade negotiations with the US and worries over the economic outlook remained.

6. Following a volatile year in 2018, the Hong Kong market rebounded in the first half of 2019. The Hang Seng Index (HSI) and the Hang Seng China Enterprises Index (HSCEI) rose 10.4% and 7.5% respectively. The local market recorded a strong gain in early 2019 attributable to optimism over a trade deal between the Mainland and the US, hopes for monetary easing in the US and supportive policies in the Mainland. However, there was a sudden reversal of investor sentiment in May 2019, due to growing concerns that heightened global trade conflict might affect economic growth. The market later rallied again on a positive outlook for trade negotiations at the G20 summit as well as the dovish monetary stance of major central banks.

7. Looking forward, the Hong Kong market may face risks and uncertainties, including:

   - uncertainties about trade talks between the Mainland and the US;
   - concerns about worldwide economic growth and particularly in the Mainland;
   - changes in US market sentiment after reaching successive record highs;
   - uncertainties about the US interest rate outlook; and
   - risks in European and emerging markets.

Performance of stock markets

8. In early 2019, global markets were bullish amidst progress made in trade talks between the Mainland and the US. Major markets recorded substantial gains, with some hitting record highs. Although global trade tensions worsened and dragged down most markets at one point, the rally resumed soon on news about further trade negotiations.

The US

9. During the first half of 2019, the Dow, Nasdaq and S&P rose 14.0%, 20.7% and 17.3% respectively. Following declines in 2018, major benchmark indices in the US hit successive record highs. The S&P registered the highest half-yearly increase since 2010.

10. The market rallied on growing hopes for interest rate cuts. The Fed signalled a shift from a tightening to an easing monetary policy stance. In addition, emerging signs of a slowing economy and modest inflation data reinforced expectations for an accommodative monetary policy. The Fed also decided to slow the monthly reduction of its balance sheet in May 2019 and conclude it by September 2019.

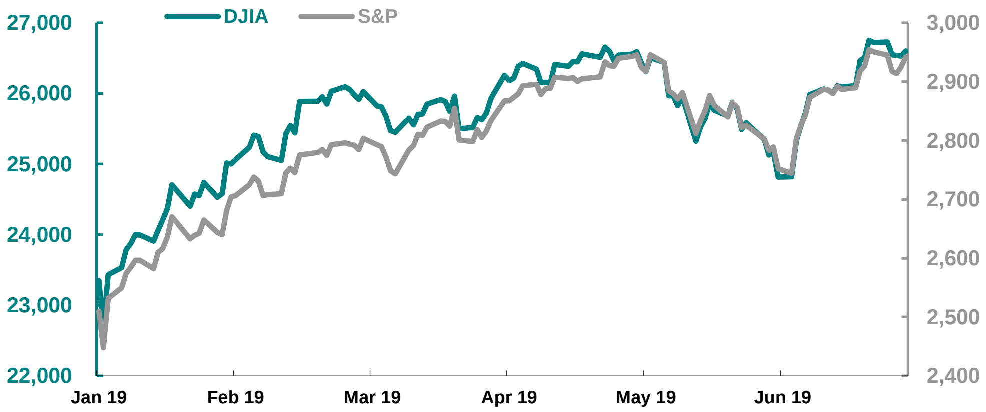
11. Trade talks with the Mainland showed signs of progress. In early 2019, the US President extended the deadline for a trade deal and the Mainland prolonged the suspension of additional tariffs on US autos. Media reported the progress on key issues such as technology transfer. In May 2019, the trade talks suffered a sudden setback after the US increased tariffs on US$200 billion worth of Mainland imports and imposed sanctions on several Mainland technology companies. Later, hopes for a trade deal revived ahead of the G20 summit, during which the US postponed new tariffs on Mainland imports and eased restrictions on a major Mainland technology company.

12. The end of the longest US government partial shutdown in history, which lasted for 35 days from 22 December 2018 to 25 January 2019, helped ease political uncertainties.

13. However, economic data was mixed. GDP growth for Q1 2019 was 3.1%, marking the strongest first-quarter growth in four years. Nonetheless, other economic indicators revealed signs of a slowdown in manufacturing, payroll, housing, business sentiment and consumer confidence.

14. Valuations were stretched following the rally in the first half of 2019 which was not fully supported by solid earnings growth. Analysts estimated earnings for S&P stocks to decline in Q2 2019. Recession fears grew as the Treasury yield curve inverted.

Performance of the Dow and S&P during the first half of 2019



Source: Bloomberg

Performance of major stock markets (End-June 2019)

		Index level	% change Year-to-date	2018	2017	Price-to-earnings ratios
Hong Kong and the Mainland						
HK	-HSI	28,542.6	+10.4%	-13.6%	+36.0%	11.18
	-HSCEI	10,881.9	+7.5%	-13.5%	+24.6%	8.86
Mainland	-Shanghai	2,978.9	+19.4%	-24.6%	+6.6%	14.40
	-Shenzhen	1,562.4	+23.2%	-33.3%	-3.5%	35.41
Asia						
Japan	-Nikkei 225	21,275.9	+6.3%	-12.1%	+19.1%	15.83
Australia	-AOI	6,699.2	+17.3%	-7.4%	+7.8%	18.51
Taiwan	-TWSE	10,730.8	+10.3%	-8.6%	+15.0%	16.10
Korea	-KOSPI	2,130.6	+4.4%	-17.3%	+21.8%	12.08
Singapore	-STI	3,321.6	+8.2%	-9.8%	+18.1%	13.49
Thailand	-SET	1,730.3	+10.6%	-10.8%	+13.7%	18.69
Malaysia	-KLCI	1,672.1	-1.1%	-5.9%	+9.4%	21.18
Indonesia	-JCI	6,358.6	+2.6%	-2.5%	+20.0%	19.79
India	-Nifty	11,788.9	+8.5%	+3.2%	+28.6%	25.34
Philippines	-PCOMP	7,999.7	+7.1%	-12.8%	+25.1%	19.38
Vietnam	-VN	949.9	+6.4%	-9.3%	+48.0%	16.45
US						
US	-Dow	26,600.0	+14.0%	-5.6%	+25.1%	17.01
	-Nasdaq	8,006.2	+20.7%	-3.9%	+28.2%	31.80
	-S&P	2,941.8	+17.3%	-6.2%	+19.4%	19.32
Europe						
UK	-FTSE100	7,425.6	+10.4%	-12.5%	+7.6%	17.56
Germany	-DAX	12,398.8	+17.4%	-18.3%	+12.5%	16.35
France	-CAC	5,539.0	+17.1%	-11.0%	+9.3%	18.62

Source: Bloomberg

Europe

15. During the first half of 2019, the FTSE, DAX and CAC rose 10.4%, 17.4% and 17.1% respectively. After slides in 2018, major European markets rebounded on easing concerns about economic growth and rising hopes for a trade deal between the Mainland and the US.

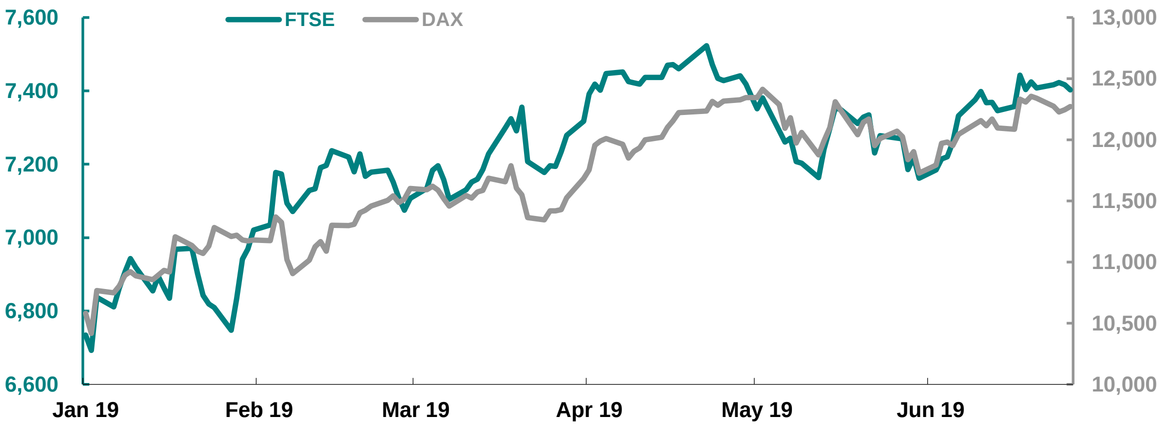
16. Concerns about the economic outlook eased slightly in early 2019 given encouraging economic data. Eurozone GDP growth in Q1 2019 beat market expectations. The unemployment rate hit the lowest level in over a decade. Some banks and telecoms reported upbeat financial results. A weaker Euro paced gains.

17. A dovish monetary approach by the European Central Bank also lent support. It pledged not to increase interest rates in 2019 and announced further measures in case of an economic slowdown, including the provision of funding for banks.

18. However, economic uncertainties in the Eurozone later revived as the European Commission and the International Monetary Fund (IMF) reduced their GDP growth forecasts for 2019. Worries about Italian debt problems further contributed to market volatility.

19. The UK market underperformed on lingering political uncertainties. Whilst the European Union approved the extension of the Brexit deadline to the end of October 2019, the resignation of the UK Prime Minister in late May 2019 fuelled worries over a hard Brexit.

Performance of FTSE and DAX during the first half of 2019



Source: Bloomberg

Asia

20. Most major Asian markets rose during the first half of 2019, ranging from 2.6% in Indonesia to 17.3% in Australia, with the exception of Malaysia which fell 1.1%. The dovish stance of the US Fed and a levelling-off in the US dollar relieved pressure on regional currencies and boosted capital inflows. Higher oil prices provided support to energy stocks. Later, in light of regional economies' reliance on exports to the Mainland, revived trade tensions between the Mainland and the US as well as worries about the slowdown in Mainland economic growth trimmed some gains in the markets.

The Mainland

21. In the Mainland, the SHCOMP and the SZCOMP rose 19.4% and 23.2% respectively. In early 2019, the Mainland market recorded a strong surge with active trading. In particular, during January to April 2019, the SHCOMP rose 23.4%, outperforming major markets. It once broke above the 3,200 level, the highest since May 2018. However, some gains were trimmed later on heightening trade tensions with the US. During the first half of 2019, the average daily trading was RMB587.7 billion. The average daily trading rose to RMB777.1 billion during February to April 2019, more than twice the average of RMB369.4 billion in 2018.

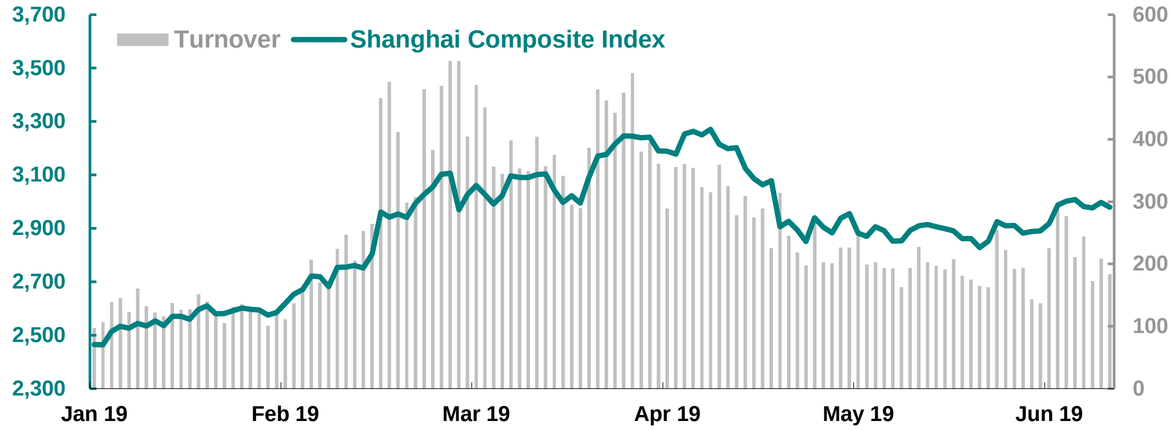
22. Optimism about trade talks with the US was the major catalyst for the market gains in early 2019. Hopes for a trade deal grew on news that the Mainland proposed to address the issue of technology transfers and the US signalled the possibility of lifting tariffs on Mainland imports. Whilst the sudden reversal of sentiment about trade talks with the US in May 2019 once halted the market rally, the resumption of trade negotiations provided strong relief later.

23. Government stimulus policies and improved fundamentals paced gains. A series of supportive measures were rolled out, including cuts in the reserve requirement ratios and the injection of liquidity via open market operations. The government also announced initiatives to cut taxes and increase public expenditures. Small-cap stocks outperformed thanks to the government's targeted measures to provide loans to medium, small and micro enterprises.

24. Investor sentiment was lifted by prospects for capital inflows as the A-share inclusion into international indices broadened. Moreover, the quota for the qualified foreign institutional investor programme was expanded.

25. GDP growth in Q1 2019 reached 6.4%, beating market expectations. However, credit, retail sales and industrial production data showed signs of weakness. As producer prices rose only moderately, industrial profits once registered the largest decline in over three years. Despite government stimulus measures, the IMF revised down its forecast for Mainland GDP growth. The renminbi once dropped to a six-month low, with CNY-USD approaching the key psychological benchmark of 7. Profit-taking activities grew following analyst reports which warned of overvaluation risks after the rally in early 2019.

SHCOMP and market turnover (RMB billion) during the first half of 2019



Source: Bloomberg

SZCOMP and market turnover (RMB billion) during the first half of 2019

Source: Bloomberg

Hong Kong

26. Following a volatile year in 2018, the local market rebounded in the first half of 2019. The HSI once hit a 10-month high of above 30,000 in April 2019 but fell below 27,000 in May 2019 amidst higher volatility in overseas markets. Later, it bounced back to around 28,000, following an upward trend in global markets. During the first half of 2019, the HSI and the HSCEI rose 10.4% and 7.5% respectively.

27. During January to April 2019, the market was bullish with the HSI and HSCEI both rising over 14%. This was in line with major overseas markets and was attributable to:

- Optimism about a trade deal – Market sentiment was lifted by positive developments in the trade negotiations between the Mainland and the US.
- Hopes for US monetary easing – The US Fed reiterated a patient stance towards future interest rate changes, indicating that its policy approach might become more dovish than expected.
- Supportive Mainland policies – The performance of the Mainland market was robust with active trading thanks to a number of government stimulus policies and market reforms.

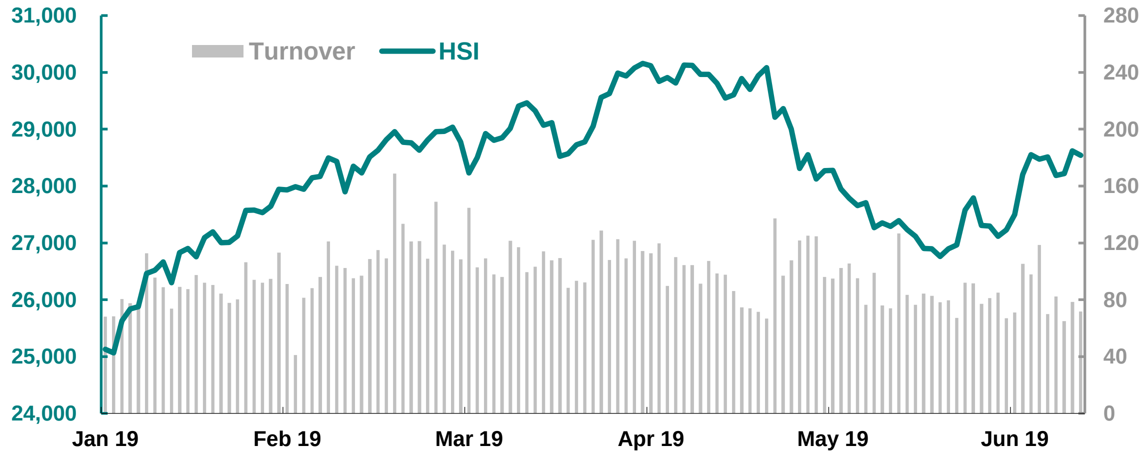
28. However, investor sentiment later reversed suddenly. The HSI fell 9.4% in May 2019, recording the largest monthly decline in eight months. The slide was mainly due to:

- Escalating trade tensions between the Mainland and the US – Investor sentiment was dampened by the prolonged and worsening trade conflict between the two countries. This triggered corrections in Hong Kong as well as global stock markets. Profit-taking increased as the Hong Kong market had accumulated strong gains and concerns about a possible market correction grew.
- Slowing global economic growth – There were also growing concerns about a deterioration in the global economic outlook. The IMF revised its global growth forecast for 2019 downward to the slowest pace since the 2008 global financial crisis. In addition, there were signs of weakening in the Mainland economy and the renminbi, raising concerns about corporate earnings.

29. Later, the local market rebounded on the positive outlook for the trade negotiations at the G20 summit. Optimism over possible rate cuts in the US and the dovish stance of other major central banks paced gains.

30. The price-to-earnings ratio of the HSI rose slightly to around 11 times at the end of June 2019. Trading fell slightly, but short selling increased amidst higher market volatility. Inflows through Stock Connect southbound (SB) trading provided support to the market.

HSI and market turnover ($ billion[1]) during the first half of 2019



Source: Bloomberg

[1] Unless otherwise stated, $ denotes the Hong Kong dollar.

Risks and uncertainties facing the Hong Kong market

31. Looking forward, the Hong Kong market may face risks and uncertainties, including:

- Uncertainties about trade talks between the Mainland and the US – Trade tensions between the two countries remain a major risk factor in the local and overseas markets. Investor sentiment will depend on the progress of upcoming trade talks. New restrictive measures have been adopted by both countries and the conflict has extended to the technology sector. Whilst trade talks have continued, it may take time for a comprehensive trade deal to be reached. Both sides' actions can be highly political and unpredictable, and trade tensions will continue to affect the global economy and market performance.
- Concerns about worldwide economic growth and particularly in the Mainland – The trade war has had a negative impact on global economic growth. In particular, recent economic data from the Mainland, the US and Europe shows signs of weakening. Despite pledges by Mainland authorities to support the economy, the results are yet to be seen. In addition, slower Mainland economic growth will add pressure on the renminbi, leading to spillover effects on regional equity and currency markets, particularly in Hong Kong.
- Changes in US market sentiment after reaching successive record highs – As the US market has accumulated substantial gains in recent years, the risks of a correction have escalated. Investors are sensitive to news about the US economic outlook and monetary policies. Changes in the US market environment will also affect the Hong Kong market.
- Uncertainties about the US interest rate outlook – Whilst the US Fed has indicated flexibility in interest rate movements and the market has priced in multiple rate cuts, its decision is highly uncertain and dependent on the economic situation. Any unexpected shift in its monetary policy stance will have a significant impact on investor sentiment.
- Risks in Europe and emerging markets – In Europe, the Brexit negotiations remain uncertain and trade tensions with the US linger. In emerging markets, political uncertainties and worries about an economic slowdown in the Mainland may continue to weigh on the markets. Geopolitical tensions in Russia, North Korea and the Middle East may also increase market volatility.

Major statistics for the Hong Kong securities market

Trading activity in the local stock market

32. Trading in the local stock market decreased during the first half of 2019. Amidst bullish investor sentiment, the average daily trading was $101.6 billion in the first four months of 2019 but moderated subsequently. During the first half of 2019, the average daily turnover amounted to $97.9 billion, 9% lower than the $107.4 billion in 2018, but higher than the average during the second half of 2018.

33. Mainland stocks (including H-shares, red chips and privately-owned enterprises) remained the most actively traded. Their share of total market turnover was 57% during the first half of 2019 (58% in 2018), whilst that of HSI stocks (excluding Mainland stocks) was about 10% (similar to the percentage in 2018).

The average daily turnover ($ billion)

	H1 2019		**2018**		**% change over 2018**
HSI (ex Mainland stocks)	9.9	(10%)	10.3	(10%)	-3.9%
Mainland stocks	55.1	(57%)	62.9	(58%)	-12.4%
H-shares	*24.2*	*(25%)*	*27.0*	*(25%)*	-10.4%
Red chips	*7.9*	*(8%)*	*8.8*	*(8%)*	-10.2%
Privately-owned enterprises	*23.0*	*(24%)*	*27.1*	*(25%)*	-15.1%
Derivative warrants	13.7	(14%)	15.7	(15%)	-12.7%
Callable bull/bear contracts	9.2	(9%)	7.5	(7%)	+22.7%
Exchange-traded funds and leveraged and inverse products	5.2	(5%)	4.4	(4%)	+18.2%
Others	4.8	(5%)	6.6	(6%)	-27.3%
Market total	**97.9**	**100%**	**107.4**	**100%**	**-8.8%**

Remark: Percentages in parenthesis denote market share.

Sources: HKEX and SFC

Stock Connect

34. During the first half of 2019,

- the average daily northbound (NB) trading (including buy and sell trades) was RMB43.9 billion, or 3.7% of trading in the Mainland market (RMB20.4 billion or 2.8% of market trading in 2018); and
- the average daily SB trading (including buy and sell trades) was RMB9.7 billion, or 5.7% of trading in the Hong Kong market (RMB10.8 billion or 5.9% of market trading in 2018).

35. NB trading through Stock Connect increased.

- NB trading was about 36% of the equity trading in the Hong Kong market during the first half of 2019, compared to 15% in 2018 and 8% in 2017.
- There were several occasions where NB trading rose above 50% of the equity trading in Hong Kong in April 2019 and the share once rose to 65%.

36. In early 2019, NB net buy had been strong on the back of A-share inclusion into international indices. In particular, the NB net buy reached new monthly highs in January and February 2019, when the NB net buy for the two months totalled RMB121.1 billion, accounting for 16% of the cumulative NB net buy since the launch of Stock Connect. As at end-June 2019, the cumulative net buy was:

- RMB738.1 billion via NB trading; and
- RMB756.1 billion via SB trading.

Investor identification data shows that funds and fund managers were major net buyers of A-shares through northbound trading under Stock Connect

1. On 26 September 2018, an investor identification regime for NB trading under Stock Connect was implemented to facilitate more effective market surveillance by making trade data available at the investor level. This section analyses the NB net buy or net sell (i.e. the difference between the values of buy and sell trades) and NB trading (i.e. the total value of buy and sell trades) by different types of investors based on data from 26 September 2018 to 30 June 2019.

NB trading and net buy by investor type during 26 September 2018 to 30 June 2019

	Average daily trading		Net buy	
	RMB billion	**Market share**	**RMB billion**	**Market share**
Proprietary trading by investment banks	*28.8*	*78%*	*16.1*	*10%*
Funds and fund managers	*7.2*	*20%*	*138.4*	*89%*
Individuals	*0.8*	*2%*	*0.8*	*1%*
NB total	**36.8**	**100%**	**155.3**	**100%**

2. **Proprietary trading by investment banks accounted for a major share of NB trading**, but only recorded a relatively small NB net buy.

   - It accounted for about 78% of NB trading but only 10% of NB net buy.
   - Investment banks were actively engaged in both buy and sell trades, resulting in a relatively small NB net buy.
   - Moreover, their NB net buy has been fluctuating. A net buy could be recorded one month but a net sell in the next.

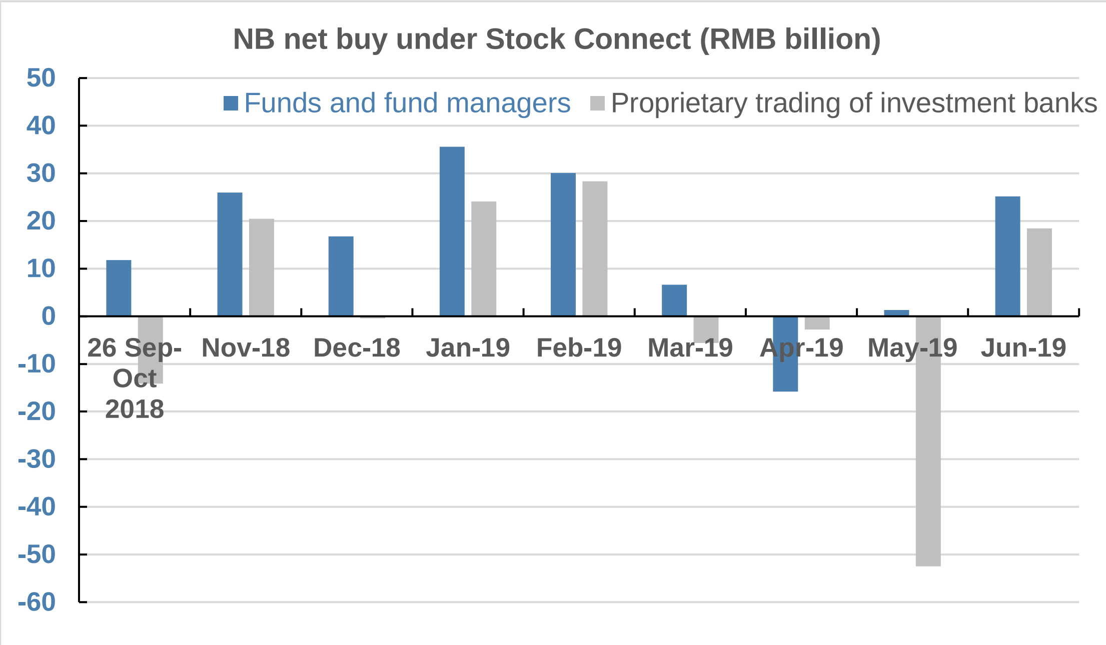
3. **Funds and fund managers were major NB net buyers of A-shares**, despite a relatively small share in NB trading.

   - They accounted for 89% of NB net buy but only 20% of the NB trading.
   - Amidst the inclusion of A-shares into major international indices, funds and fund managers tended to buy more than sell, resulting in a large NB net buy.

4. **Although funds and fund managers (the majority of which are believed to be long-term institutional investors) accounted for a small share of NB trading, the cumulative inflow of funds can be huge.**

   - Going forward, as the inclusion of A-shares into international indices broadens, the participation of institutional investors will likely increase further. This will help improve the investor mix in the Mainland A-share market, which is dominated by local retail investors. Meanwhile, the demand for derivatives products to hedge the positions of international investors will continue to grow, and the availability of these products will be a factor in their decision to invest in the A-share market.

5. The investor identification regime is still in its early stage of implementation. The trading patterns and observations noted here are preliminary and may change under different market situations.



Short selling activities

37. Compared with 2018, short selling in Hong Kong was higher both in absolute terms and as a percentage of total market turnover. The average daily short selling amounted to $13.8 billion, or 14.1% of total market turnover in the first half of 2019 ($13.5 billion and 12.6% respectively in 2018). The recent increase in short selling was partly due to the more active short selling of large-cap stocks and exchange-traded funds (ETFs) as hedging needs increased amidst high market volatility.

38. Despite an increase in short selling, the market value of reportable short positions as a percentage of underlying market capitalisation remained relatively stable. Based on data submitted to the SFC, as at end-June 2019, the aggregated short positions amounted to $453.4 billion, around 1.50% of the market capitalisation of the reported securities. This compared to $407.1 billion or 1.49% of the market capitalisation of the reported securities as at end-2018.

More active short selling over the past decade

Background

1. From 2008 to 2018, the average daily short selling in Hong Kong increased from $5.4 billion to $13.5 billion. The $8.1 billion increase was attributable to a number of factors explained below. It also seemed to align with the international market trends over the same period.

Increase in average daily short selling (2018 vs 2008)

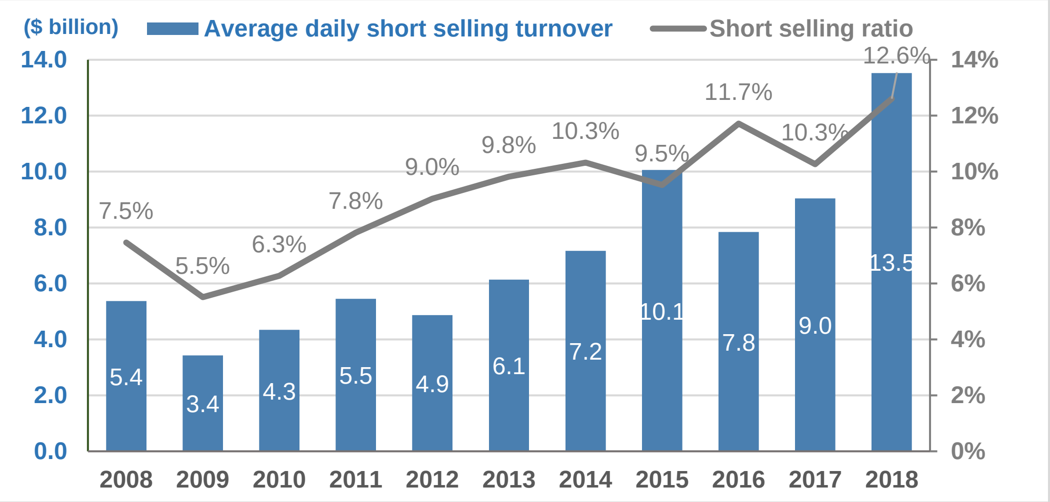
	Increase ($ billion)	Share in total increase in short selling
ETFs	2.0	25%
380 new securities (excluding ETFs)	3.0	37%
341 old securities (excluding ETFs)	3.1	38%
Total increase in short selling	**8.1**	**100%**

Remark: Excluding ETFs, there were 721 designated securities eligible for short selling as of end 2018, an increase from 341 as of end 2008.

The increase in short selling in Hong Kong seems in line with major overseas markets

2. Short selling and the short selling ratio (i.e. short selling as a percentage of market turnover) have been increasing in recent years. From 2008 to 2018, short selling increased 152% and market turnover rose 49%. Accordingly, the short selling ratio increased from 7.5% to 12.6% during the period.

Short selling turnover and ratio in Hong Kong: 2008-2018



3. The increases seem to be a global phenomenon as other major markets have also seen more active short selling. However, the short selling ratio in Hong Kong remains lower than in major overseas markets.
   - On the New York Stock Exchange, the average daily short selling in 2018 amounted to US$19.5 billion, a 36% rise from the average in 2008-2010[2]. The short selling ratio increased to 25%, compared with 16% in 2008-2010.
   - In Japan, the average daily short selling in 2018 amounted to US$10.3 billion, a 195% rise from 2008. The short selling ratio increased to 43%, compared with 20% in 2008.

The upward trend was partly due to the more active short selling of ETFs

4. Short selling of ETFs has increased over time. During 2018, the average daily short selling of ETFs amounted to $2.1 billion (or 15.3% of total short selling), 34 times higher than the $0.06 billion (or 1.1%) in 2008.
   - ETFs contributed 25% to the total increase in short selling.

[2] As the US market experienced extreme volatility in 2008, short selling over three years (2008-2010) was used instead to make the data more representative.

- Despite the fact that 210 ETFs were eligible for short selling as of end 2018, the contribution of ETFs was mainly attributable to the top five ETFs.
- Short selling in ETFs was mainly conducted by market makers who tended to close out the majority of their short positions within the day. These activities did not seem to pose significant systemic risks to the overall market.

The increase in short selling was also due to the larger number of eligible designated securities

5. The number of designated securities has also increased over time. Excluding ETFs, there were 721 designated securities eligible for short selling at end-2018, an increase from 341 at end-2008. The 380 new securities contributed about half of the remaining increase in short selling. The increase in the number of designated securities was a result of the growth of the market from 2008 to 2018, as the number of listed companies in Hong Kong increased from 1,261 to 2,315.

Risk assessment

6. Despite the increase in short selling, the aggregated market value of reportable short positions remained stable at about 1.2 – 1.5% of the total market capitalisation of the reported securities since the launch of the short position reporting regime in 2012. This suggests that an increase in short selling does not necessarily lead to a building up of short positions. This observation remains valid for most individual large-cap stocks.

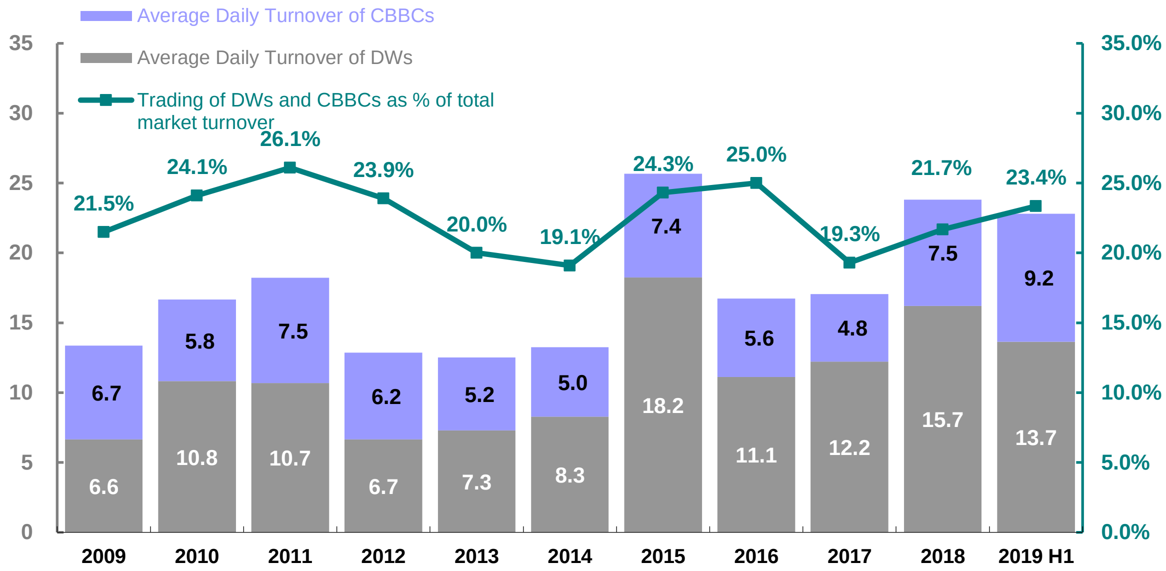
7. The increase in short selling seemed to be a global phenomenon and is part of the organic growth of the market as there are more designated securities. The increase in short selling has not led to an increase in the overall short position and does not seem to pose significant systemic risks to the market at this stage.

Derivative warrants (DWs) and callable bull/bear contracts (CBBCs)

39. During the first half of 2019, the trading of DWs decreased both in absolute terms and as a percentage of total market turnover. The average daily turnover of DWs was $13.7 billion (14.0% of total market turnover), compared with $15.7 billion (14.7% of total market turnover) in 2018.

40. During the first half of 2019, the trading of CBBCs increased both in absolute terms and as a percentage of total market turnover. The average daily turnover of CBBCs amounted to $9.2 billion (9.4% of total market turnover), compared with $7.5 billion (7.0% of total market turnover) in 2018.

Turnover of DWs and CBBCs ($ billion)



Sources: HKEX and SFC

Exchange-traded derivatives

41. During the first half of 2019, the trading of exchange-traded derivatives remained relatively stable at around the 2018 level.

- The trading of all futures products fell 2.6%. Amongst all futures products, HSI futures and HSCEI futures were the most actively traded contracts, accounting for about 44.8% and 29.3% of all futures trading respectively. Trading in these contracts fell 2.6% and 1.8% respectively from 2018.
- The trading of all options products fell 1.5%. Stock options remained the most actively traded options products, followed by HSCEI options and HSI options. However, trading of stock options fell 1.8% from 2018.

The average daily trading of derivatives traded on HKEX by product type (contracts)

		H1 2019	2018	2017
Futures	HSI Futures	228,413	234,424	127,478
	Mini-HSI Futures	95,972	100,262	46,507
	HSCEI Futures	149,471	152,241	116,812
	Mini-HSCEI Futures	16,846	22,568	14,823
	Stock Futures	4,881	3,508	492
	RMB Currency Futures (USD/CNH)^	8,762	7,135	2,966
	Other futures products^	5,932	3,631	2,907
	Total futures	**510,277**	**523,769**	**311,985**
Options	HSI Options	51,206	51,693	41,009
	Mini-HSI Options	12,974	10,005	6,643
	HSCEI Options	95,454	98,610	80,073
	Mini-HSCEI Options	1,981	2,372	1,527
	Stock Options	508,206	517,395	428,499
	Other options products	71	152	83
	Total options	**669,892**	**680,227**	**557,834**
Total futures and options		**1,180,169**	**1,203,996**	**869,819**

Remarks: The average daily trading volume is based on the number of trading days after the product was launched.
^ The 2017 data was adjusted.
Sources: HKEX and SFC