Chinese Stock Market
Financial Markets, Day 4, Class 3

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Outline

- The Chinese Stock Market, an Quantitative Overview.
- What are the Characteristics of the Chinese Stock Market?
- 中国股票市场，愿景和现状.
US and China: Comparison in Size

GDP in USD Trillion

- US GDP (2020: $19.3 T)
- China GDP (2020: $12.2 T)

Ratio of Stock to GDP (%)

- US (NYSE+NASDAQ+AMEX)
- China (SH+SZ)
- China (SH+SZ+HK+US)

Ratio of Bond to GDP (%)

- Bond US
- Bond China

Ratio of Mutual Fund to Stock + Bond (%)

- Mutual Fund US
- Mutual Fund China

Chinese Stock Market
Chinese Stock Market

Ratio of Stock to GDP (%)

- US (NYSE+NASDAQ+AMEX)
- China (SH+SZ)
- China (SH+SZ+HK+US)


0 20 40 60 80 100 120 140 160 180 200

165%
103%
76%
US and China: Daily Stock Market Returns

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### US and China: Stock Market Returns

Returns from 1995 through 2018

<table>
<thead>
<tr>
<th></th>
<th>Daily Returns</th>
<th>Monthly Returns</th>
<th>Yearly Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>China</td>
<td>US</td>
<td>China</td>
</tr>
<tr>
<td>Mean (%)</td>
<td>0.06</td>
<td>0.04</td>
<td>1.14</td>
</tr>
<tr>
<td></td>
<td>[2.21]</td>
<td>[2.83]</td>
<td>[1.80]</td>
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<tr>
<td>Std (%)</td>
<td>1.87</td>
<td>1.17</td>
<td>8.78</td>
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<tr>
<td></td>
<td>[25.33]</td>
<td>[31.55]</td>
<td>[14.55]</td>
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<tr>
<td>Skewness</td>
<td>0.41</td>
<td>-0.08</td>
<td>0.38</td>
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<tr>
<td></td>
<td>[0.54]</td>
<td>[-0.38]</td>
<td>[0.66]</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>21.00</td>
<td>10.64</td>
<td>4.68</td>
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<tr>
<td></td>
<td>[1.87]</td>
<td>[6.08]</td>
<td>[7.06]</td>
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<tr>
<td>N Obs</td>
<td>5639</td>
<td>5639</td>
<td>288</td>
</tr>
</tbody>
</table>
Cumulative Returns

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Ratio of Average Firm Size of Largest Quintile over Smallest Quintile

- Mean: 246.837
- Std: 72.721
- Max: 502.849
- Min: 148.027

CN (1997-2017):
- Mean: 18.635
- Std: 11.478
- Max: 47.474
- Min: 4.056

Year-end

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Average Correlation among Individual Stocks

Panel A: Average correlation among individual stocks

Correlation vs Year-end

- US_Market (red dotted line)
- CN_Market (red solid line)
- US_Small (blue dotted line)
- CN_Small (blue solid line)
- US_Large (green dotted line)
- CN_Large (green solid line)
Average R-Squared among Individual Stocks

Panel B: Average R2 of market model for individual stocks run

US_Market, CN_Market, US_Small, CN_Small, US_Large, CN_Large
科创板，中国金融市场的希望

科创板的意义不仅仅是为创新提供融资渠道，更是对当下中国金融市场现状的一个反思：

- 创新企业缺席中国金融市场，中国股市和中国经济脱节。
- 中国金融以国有银行为主导，金融市场不够强大，实体经济的发展受到制约，尤其是属性具有高度不确定性的创新企业。
- 中国金融市场不仅不够强大，还不够健康，不够多元化：
  - 一些现有的制度造就了中国 A 股很多畸形的现象，侵蚀投资者对股市的信任。
  - 一些原意是保护投资者利益的机制，实际上在阻碍 Price Discovery。
  - 中国的金融市场的金融工具相当的有限，缺少一些最基本对冲风险的工具。

- 中国的机构投资者在哪里？
  - 跟中国的 GDP 相比，中国的金融服务行业很小，很弱。虽然金融一直是最热门的专业，但是我们的金融人才相当缺乏，他们的技能也相当单一。
  - 一个完善的金融市场是最好的练兵场。优秀的金融人才和完善的金融市场可以是一个良性的循环，相辅相成。
科创板主要内容

- 注册制，引入市值指标，取消利润指标。
- 五天不设涨跌停，T+5 后 20% 涨跌停。
- 散户投资 50 万、两年以上经验的门槛，同时也允许一般个人投资者通过公募基金来认购科创板股票。
- 退市程序的简化
- 依旧是 T+1
“Clearly, sustained low inflation implies less uncertainty about the future, and lower risk premiums imply higher prices of stocks and other earning assets. ... But how do we know when *irrational exuberance* has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade?” —Alan Greenspan 1996-12-05

The Tokyo market was open during the speech and immediately moved down sharply after this comment, closing off 3%. Markets around the world followed.

The NASDAQ Index

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