

Financial Review of the Securities Industry Intermediaries Supervision Department¹ May 2006

Summary

The securities industry performed strongly in the first quarter of 2006 with the following observations:

Turnover of the securities industry increased by 34% in the first quarter of 2006 as compared to the fourth quarter of 2005; and

Overall profitability in the first quarter of 2006 more than doubled that of the previous quarter.

Overview of the Securities Industry in the First Quarter of 2006

1. The Hong Kong securities market was very active in the first quarter of 2006. Turnover was boosted by strong market sentiment and positive economic outlook.
2. The Hang Seng Index reached its four-year high of 15,950 in February-end 2006 and closed at 15,805 as at the end of the first quarter of 2006, which marked an increase of 6% from 14,876 as
3. Table 1 summarizes the securities industry's statistical information and financial highlights for the first quarter of 2006.

at the end of the fourth quarter of 2005. The average SEHK daily turnover increased sharply by 63% to HK\$31 billion during the first quarter of 2006 as compared to HK\$19 billion in the previous quarter.

¹ The objective of this paper is to provide summary financial data so that those who are interested can use these data for benchmarking, research analysis or other purposes. Observations made in this review should not be taken as definitive market commentaries.



