香港浸會大學
HONG KONG BAPTIST UNIVERSITY

HKBU Scholars

MASTER'S THESIS

Using session high/low time to test for intraday market efficiency in HSIF market

Hung, Cheung Wai

Date of Award:
2012

Link to publication

General rights
Copyright and intellectual property rights for the publications made accessible in HKBU Scholars are retained by the authors and/or other copyright owners. In addition to the restrictions prescribed by the Copyright Ordinance of Hong Kong, all users and readers must also observe the following terms of use:

- Users may download and print one copy of any publication from HKBU Scholars for the purpose of private study or research
- Users cannot further distribute the material or use it for any profit-making activity or commercial gain
- To share publications in HKBU Scholars with others, users are welcome to freely distribute the permanent URL assigned to the publication

Download date: 02 Oct, 2023

Using Session High/Low Time to Test for Intraday Market Efficiency in HSIF market

HUNG Cheung Wai

A thesis submitted in partial fulfilment of the requirements

for the degree of

Master of Philosophy

Principal Supervisor: Prof. LAM Kin

Hong Kong Baptist University

May 2011

ABSTRACT

The random walk hypothesis has two constituents i.e. (1) that the returns are independent and (2) that the returns are identically distributed. In Mok, Lam and Li (2000), their finding is that using data of HSIF for the period from July 1, 1994 to December 27, 1996, they reject the null hypothesis H_0 and H_{00}. Nevertheless, they never touch on any trading rule to exploit the unearthed market in-efficiency. Also, they pay no attention on the lunch gap, which is the non-trading period from 12:30 to 2:30. In this dissertation, we would like to mend these holes in the previous study and in the same time find out more updated facts on the HSIF market for the period from January 3, 2005 to June 11, 2010. By separating the study into morning efficiency and afternoon efficiency, we can have more accurate tests of the hypotheses H_0 and H_{00}. We also test H_{000} by testing the effectiveness of trading range break (TRB) trading rules that have more relevance to the test statistics of high-time and low-time. It is the first time that such trading rules are linked up with a test using market high-time and market-low time. It is discovered that the market inefficiency observed by Mok, Li and Lam(2000) still persists in HSIF market over a long period of time even it has been uncovered. In this particular example, it is particularly interesting because the market inefficiency does not come together with any trading rule.

TABLE OF CONTENTS