

Explore the MSCI China A 50 Connect Index - Episode 3

Featuring:

George Harrington, Managing Director, MSCI

Alex Siu, Senior Vice President and Co-head of Equities Product Development, HKEX

Q:

How are institutional investors responding to the MSCI China A 50 Connect Index?

George:

We've been very happy with the initial response in the market to the launch of this new futures contract on HKEX based on our MSCI China A 50 Connect Index.

The MSCI China A 50 Connect Index futures contract has seen over USD1 billion in total open interest develop for the first three weeks of trading and, on several sessions, the average daily volume that's traded has exceeded USD1 billion as well.

We're seeing new participants in the form of market makers, sell-side participants, institutional investors coming to the market every day.

And for MSCI, this has been far-and-away the best launch of a futures contract based on one of our indexes.

So, an absolutely great start and we're very, very excited about the future of our index as the basis for this and other financial products.

Q:

What are your observations on the liquidity and trading activity of the new futures?

Alex:

We've been very impressed by the initial take-up of this product. In the very first week, we've had over USD1 billion notional traded in the contract itself.

Around the product itself, we've seen a very broad and diversified client base. And that includes banks, funds, retail investors.

And, going forward, we see a broad product ecosystem building around this product because of its liquidity.

We anticipate great development in this product because of the initial liquidity formation.

The order book has been very tight; has been very deep.

And, going forward, this makes for a very good liquidity pool for product issuers to create further derivative products based on this liquidity.

We've been very pleased with the initial liquidity development in the MSCI China A 50 Connect Index futures.

At the same time, we see a very tight order book developing in the contract, which means very efficient spreads and very good depth in the order book, which means that large orders can actually get traded.

Thirdly, we see a very broad participation, right from global banks, investors, all the way through to product issuers.

Which really brings me to the last point that: we feel that this liquidity will help drive the formation of product development tied to the MSCI China A 50 Connect Index futures.

Going forward, we think that this liquidity base sets us up very well for the next step in development.

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