Accepted Manuscript

A Fresh Look at Integration of Risks in the International Stock Markets: A Wavelet Approach

Hardik A. Marfatia

PII: S1058-3300(15)30096-3
Reference: REVFIN 415


Received date: 1 October 2015
Revised date: 3 February 2017
Accepted date: 12 July 2017


This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
A Fresh Look at Integration of Risks in the International Stock Markets: A Wavelet Approach

Hardik A. Marfatia∗†

Abstract

Increasing inter-linkages across global financial markets mean that integration of stock market risks across borders play a central role in international portfolio diversification and broader economic policy making. Combining the superior features of parametric and nonparametric methods, this paper undertakes a novel approach on international volatility spillovers across 22 leading stock markets of the world. The approach is to combine wavelet techniques with time-varying conditional volatility and study the comovement of risks at the country level and regional level. Evidence suggests that comovement of risks between the U.S. market and European markets are strong mostly at lower frequencies (in the long-run) only. At higher frequencies (in the short-run), the integration of stock market risks of a country is more connected to the region to which the country belongs and less with the U.S. or other global markets. Further, during the recent financial crisis, common knowledge suggests that the spillover of risks was largely a global phenomenon, but our approach provides new insights that the spillover of risks was mostly limited at lower frequencies. In fact for countries like China, India and Malaysia even at lower frequencies there is limited evidence of spillover of risks.

JEL Classifications: C40, E32, G15, F30.

Keywords: Wavelet Analysis, Volatility Clustering, Stock Returns, International Transmission.

∗Address correspondence to: Hardik A. Marfatia, Department of Economics, Northeastern Illinois University, BBH 344G, 5500 N. St. Louis Ave., Chicago, IL 60625. Tel.: +1-773-442-5712. E-mail: h-marfatia@neiu.edu.
†I acknowledge valuable inputs from all the anonymous referees.
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات