Accepted Manuscript

The kidnapping of Europe: High-order moments' transmission between developed and emerging markets

Esther B. Del Brio, Andrés Mora-Valencia, Javier Perote

Please cite this article as: Esther B. Del Brio, Andrés Mora-Valencia, Javier Perote , The kidnapping of Europe: High-order moments' transmission between developed and emerging markets. The address for the corresponding author was captured as affiliation for all authors. Please check if appropriate. Ememar(2017), doi: 10.1016/ j.ememar.2017.03.002

The kidnapping of Europe: High-order moments' transmission between developed and emerging markets

Esther B. Del Brio*, Andrés Mora-Valencia **, and Javier Perote*[+]

* University of Salamanca (IME)
Campus Miguel de Unamuno (Edif. F.E.S.), 37007 Salamanca, Spain

** Universidad de los Andes, School of Management, Bogotá, Colombia

Abstract

The paper proposes a semi-nonparametric methodology consistent with dynamic conditional correlations and high-order moments to jointly estimate transmissions in volatility, skewness and kurtosis in highly volatile scenarios among developed and emerging markets. As a by-product of the SNP-VSK model, we measure co-movements between conditional correlations and high-order moments, and tail dependence. Our results depict European markets as full receivers and North American and Asia-Pacific as transmitters of high-order moments' risk. The analyses also indicate that conditional correlation is positively correlated to volatility and kurtosis and negatively correlated to skewness, and that conditional kurtosis between markets is high and positive.

Keywords: Global financial crisis, SNP-DCC model, GARCH, high-order moment spillovers, tail dependence

JEL: C58, G15, F65

[+] Corresponding author: Javier Perote. Universidad de Salamanca. Campus Miguel de Unamuno (Edif. F.ES.). 37007 Salamanca (Spain). Tel: +34-923294400 Ext. 6719. Fax: +34-923294686. E-mail: perote@usal.es.
Other authors's e-mails: edelbrio@usal.es (E.B. del Brio), a.mora262@uniandes.edu.co (A. Mora-Valencia).