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Is the euro area getting closer with regard to business cycles? The study investigates the linkage between business cycle convergence and financial portfolio choice for a panel of 18 European countries. For this purpose an index is constructed which measures the similarity of investment portfolios. The idea is that financial portfolio choice has an impact on business cycles and contributes to convergence via the consumption-wealth linkage. The background of the analysis is the International Asset Pricing Model (IAPM). The results of fixed effects GMM TSLs estimations confirm the linkage. The e
