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| Autore | Kwon Goohoon |
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| Soggetti | Finance - Caribbean Area Macroeconomics Balance of payments Current Account Adjustment Current account Economic integration Exports and Imports Finance Finance: General Financial Aspects of Economic Integration Financial institutions Financial Instruments Financial integration Financial markets General Financial Markets: General (includes Measurement and Data) Institutional Investors International economic integration International economics International finance International Financial Markets Investment & securities |

Investments: Stocks
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Pension Funds
Regional integration
Short-term Capital Movements
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Stocks
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| Nota di contenuto | Contents; I. Introduction; II. Background; III. Stock Price Convergence; A. Data; B. AR results; C. Threshold Auto-Regression (TAR) estimator; IV. Current Account Convergence and Regional Trade Balance; A. Theory; B. Estimation framework; C. Global Financial Integration; D. Intra-regional trade and regional financial integration; V. Conclusion; References; Appendix A; Tables; 1. Balance of Payments; 2. UNCTAD FDI Inward Stock (In millions U.S. dollars, 2001; 3. UNCTAD FDI Outward Stock (In millions of U.S. dollars, 2001); 4. Regional Exports, as a Share of GDP 5. Interest Rates: Principal Component Analysis, 1980m1-2005m126. Interest Comovements; 7. Cross-Listed Stocks; 8. Cross-Market Premium; 9. (G) ARCH-AR Model; 10. (G) ARCH-TAR Model; 11. Coefficient from 1975-2005; 12. Coefficient from 1975-90; 13. Coefficient from 1991-2005; 14. Regional Financial Integration 1975-2005; 15. 1975-90 Estimates of Regional Financial Integration; 16. 1991-2005 Estimates of Regional Financial Integration; Figures; 1. Interest Rates in the CARICOM and Sigma-Convergence (3 month T-Bills); 2. Cross-Listed Stocks; 3. Convergence Speed vs. Foreign Liabilities |
| Sommario/riassunto | This paper assesses the extent of regional financial integration in the Caribbean Community (CARICOM) by analyzing equity prices in the region and rigidity of external financing constraints. The results are presented in a cross-regional perspective. The Caribbean stock markets are not as well integrated as one would expect from the extent of cross-listing and importance of regional banking groups: price differentials of cross-listed stocks reach an average of 5 percent. Auto-Regressive models suggest that these price differentials are only slowly arbitrated away, with half-lives exceeding 7 worked days, even when looking only at large arbitrage opportunities (using a Threshold Auto-Regressive model). A speculative methodology using macroeconomic data seems to confirm these findings. A strong mean reversion of the current account (respectively regional trade imbalances) is interpreted, following Obstfeld and Taylor (2004), as a lack of ways to finance current account deficits, i.e. a lack of global (respectively regional) financial integration. The region appears to be much less integrated than the EU15 or the ASEAN+3 groups, although it fares well compared |

to other LDCs.
