For favour of posting

DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE
THE UNIVERSITY OF HONG KONG

Seminar

Dr. Matthew YIU

Market Research Division, Research Department
Hong Kong Monetary Authority

will give a talk

entitled

DYNAMIC CORRELATION ANALYSIS OF FINANCIAL SPILLOVER TO ASIAN AND LATIN AMERICAN MARKETS IN GLOBAL FINANCIAL TURMOIL

Abstract

This talk investigates the spillover of financial crises by studying the dynamics of correlation between eleven Asian and six Latin American stock markets vis-à-vis the US stock market. Utilizing the method of Principal Component, we identify a regional single latent factor that can explain a major portion of variation in the weekly returns of the equity markets in each of the two separate regions from 1993 to early 2009. We then employ an asymmetric dynamic conditional correlation model to estimate the correlations between the two regional factors (and also selected economies in the sample) and US stock market respectively. We find that there is a mean shift in the estimated dynamic conditional correlations in the period from August 2007 to March 2009. We refer this finding as contagion from the US to the markets in the two regions during the global financial turmoil. The magnitude of contagion to both regions in the global financial crisis is very similar, whereas we find no evidence of having contagion from the US to the Asian region during the Asian financial crisis.

on

Friday, December 4, 2009

2:00 p.m. – 3:00 p.m.

at

Room 524, Meng Wah Complex
(behind the Chong Yuet Ming Amenities Centre)

Visitors Please Note that the University has limited parking space. If you are driving please call the Department at 2859 2466 for parking arrangement.

All interested are welcome