

Seven Asian Emerging Equity Markets: Are They Integrated?

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Abstract

This study investigates how closely the equity indices of seven emerging countries in South Asian and South East Asian countries are integrated as these countries do share many common economic, political, and cultural relationships. The results confirm that the equity indices of these countries are highly integrated. There is also evidence that some of the emerging economies have started displaying divergence from each other because of dissimilar levels of development and growth. Equity markets integration should be of interest to academics, practitioners, institutional investors, portfolio managers and government regulators. If the equity markets are integrated, hedging and international diversification strategies will be less beneficial.

Key words: Emerging Asian equity markets, integration