

MAJOR SOUTH-EAST ASIAN STOCK MARKET INTERDEPENDENCE WITH US EXOGENITY: AN EMPIRICAL ANALYSIS

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dx.doi.org/10.18374/JIFE-14-2.1

ABSTRACT

The purpose of this paper is to examine the equity market crisis contagion in major Asian economic, specifically a strong (Japan), semi-strong (Singapore), and quasi strong (India) markets, in presence and absence of US inclusion. US market is, in fact, the ground zero economy to the Global Financial Crisis of 2007-2008. The selection criteria of specific three Asian markets of different peripheries, depends particularly on the roles and structure of these markets. Japan, as recommended by Bank of International Settlement (1998), is expected to act as conduit for contagion spillover. Singapore represents an emerged market, bearing significant implications from Asian Crisis 1997-1998. It is interesting to study the impact of Indian market, developed significantly after the Asian crisis. The impact of global financial contagion, and the lingering financial linkage in the aftermath of crisis, will explain the majority of Asian markets reaction to global linkage. While majority of the studies focused on dynamic short term association in European and MENA contagion, in the post global financial crisis period; after the decay of global financial crisis, long term Asian contagion adds new perspective to scrambled theories.

Keywords: *Financial Contagion, Financial Crisis, International Financial Markets, Financial Econometrics, Impulse Response*