A Comparative Study of the Performance, Macroeconomic Variables, and Firm's Specific Determinants of Islamic and Non-Islamic Indices

Determinants of Credit Card Delinquency and Bankruptcy

Macroeconomic State Variables as Determinants of Asset Price Covariances

Non-Performing Loans in the ECCU

Developing Country Economic Structure and the Pricing of Syndicated Credits

Determinants of U.S. Business Investment

We investigate key macroeconomic factors that impact the price returns of precious metals markets over a 20 year period.
The markets investigated are gold, silver, platinum and palladium; whereas the macroeconomic factors accommodated business cycle, monetary environment and financial market sentiment factors. The key findings present limited evidence that the same macroeconomic factors jointly influence the volatility processes of the precious metal price series, although there is some evidence of volatility feedback between the precious metals. This finding lends weight to views that individual commodities are too distinct to be considered a single asset class or represented by a single index; a finding of considerable importance for portfolio managers and investors.

Macroeconomic Determinants of European Stock Market Volatility

This book collects selected articles addressing several currently debated issues in the field of international macroeconomics. They focus on the role of the central banks in the debate on how to come to terms with the long-term decline in productivity growth, insufficient aggregate demand, high economic uncertainty and growing inequalities following the global financial crisis. Central banks are of considerable importance in this debate since understanding the sluggishness of the recovery process as well as its implications for the natural interest rate are key to assessing output gaps and the monetary policy stance. The authors argue that a more dynamic domestic and external aggregate demand helps to raise the inflation rate, easing the constraint deriving from the zero lower bound and allowing monetary policy to depart from its current ultra-loose position. Beyond its current position, the book also discusses a supportive financial environment as a precondition for the rebound of global economic activity, stressing that understanding capital flows is a prerequisite for economic-policy decisions.

The Determinants of Stock Market Development in Emerging Economies

The main objective of this paper is to assess how mutual information as a measure of global dependence between stock markets and macroeconomic factors can overcome some of the weaknesses of the traditional linear approaches commonly used in this context. One of the advantages of mutual information is that it does not require any prior assumption regarding the specification of a theoretical probability distribution or the specification of the dependence model. This study focuses on the Portuguese stock market where we evaluate the relevance of the macroeconomic and financial variables as determinants of the stock prices behaviour.

International Macroeconomics in the Wake of the Global Financial Crisis

In this paper, we use a bank-level panel dataset to investigate the determinants of bank interest margins in the Sub-Saharan Africa (SSA) over the period 1998–2013. We apply the dealership model of Ho and Saunders (1981) and its extensions to assess the extent to which high spreads of banks in the SSA can be related to bank-specific variables, to competition, and to macroeconomic factors. We find that interest spreads are affected by operating cost, credit risk, liquidity risk, bank size, bank diversification, banking sector competition, and macroeconomic policies; but the impact depends on the country.

Long-run Determinants of Stock Market Comovements in EMS Countries

The determinants of yield curve dynamics have been thoroughly discussed in finance models. However, little can be said about the macroeconomic factors behind the movements of short- and long-term interest rates as well as the risk compensation demanded by financial investors. By taking on a macro-finance perspective, the book’s approach explicitly acknowledges the close feedback between monetary policy, the macroeconomy and financial conditions. Both theoretical and empirical models are applied in order to get a profound understanding of the interlinkages between economic activity, the conduct of monetary policy and the underlying macroeconomic factors of bond price movements. Moreover, the book identifies a broad risk-taking channel of monetary transmission which allows a reassessment of the role of financial constraints; it enables policy makers to develop new guidelines for monetary policy and for financial supervision of how to cope with evolving financial imbalances.

The Macroeconomic Determinants of Volatility in Precious Metals Markets

This paper analyzes macroeconomic determinants of the foreign exchange risk premium in two Gulf Cooperation Council (GCC) countries that peg their currencies to the U.S. dollar: Saudi Arabia and the United Arab Emirates. The analysis is based on a stochastic discount factor methodology which imposes a no arbitrage condition on the relationship between the foreign exchange risk premium and its macroeconomic determinants. Estimation results suggest that U.S. inflation and consumption growth are important factors driving the risk premium, which is in line with the standard C-CAPM model. In addition, growth in international oil prices influences the risk premium, reflecting the important role played by the hydrocarbon sector in GCC economies. The methodology employed in this paper can be used for forecasting the risk premium on a monthly basis, which has important practical implications for policymakers interested in the timely monitoring of risks in the GCC.

Macroeconomic Determinants of U.S. Stock Prices: are the Business Cycle and the Level of Economic Activity Moderating Factors?

The Yield Curve and Financial Risk Premia

This paper assesses the determinants of NPLs in the Eastern Caribbean Currency Union (ECCU) and whether a deterioration in asset quality may result in negative feedback effects from the banking system to economic activity. The results suggest that the deterioration in asset quality can be attributed to both macroeconomic and bank-specific factors. Banks with stronger profitability and lower exposure to the construction sector and household loans tend to have lower NPLs. Further, some evidence indicates that foreign owned banks systematically have lower NPLs than domestic banks, pointing to the presence of important differences across bank practices with an impact on asset quality. Finally, the results emphasize the strength of macrofinancial feedback loops in the ECCU.

An Empirical Analysis of Macroeconomic and Political Determinants of Private Investment in Sub-Saharan Africa

Financial intermediation is low in sub-Saharan Africa (SSA) compared to other regions of the world. This paper examines the determinants of bank interest margins using a sample of 456 banks in 41 SSA countries. The results show that market concentration is positively associated with interest margins, but the impact depends on the level of efficiency of each bank. In particular, compared to inefficient banks, efficient ones increase their margins more in concentrated markets.
This indicates that policies that promote competition and reduce market concentration would help lower interest margins in SSA. The results also show that bank-specific factors such as credit risk, liquidity risk, and bank equity are important determinants of interest margins. Finally, interest margins are sensitive to inflation, but not to economic growth or public or foreign ownership. There are regional differences within SSA regarding the level of interest margins even after controlling for other factors.

The Banking Sector in Pakistan. Internal Determinants of Commercial Banks’ Profitability

This paper examines the determinants of stock returns in a small open economy using an APT framework. The analysis is conducted for the Swiss stock market which has the particularity of including a large proportion of firms that are exposed to foreign economic conditions. Both a statistical and a macroeconomic implementation of the model are performed for the period 1950-2002 with monthly returns on industrial sector indices. The results show that the statistically determined factors yield a better representation of the determinants of stock returns than the macroeconomic variables and that stock returns are influenced by both global and local economic conditions. This suggests that the Swiss stock market is an internationally imperfectly integrated market.

Macroeconomic Determinants of Stock Market Development in Emerging Economies

This paper addresses two questions relating to the output decline in Poland since the initiation of market-oriented reforms at the beginning of 1990. First, to what extent is the decline in output a generalized phenomenon, rather than reflecting the short-term effects of resource reallocation in response to the new relative price structure? Second, what have been the main macroeconomic determinants of the output decline? In response to the first question, the paper finds relatively little evidence to favor a “structural change” view of the output decline. As far as the second question is concerned, the paper finds that both supply-side and demand-side factors have played a role, depending on the specific time period being considered.

The Determinants of Stock Returns in a Small Open Economy

In this paper we investigate whether macroeconomic variability can explain time variation in European stock market volatility. We find that unlike the documented case of the U.S., in many cases, the time variation in stock market volatility is found to be significantly affected by the past variability of either monetary or real macroeconomic factors. Our findings have important implications for capital and portfolio allocations.

The Determinants of Stock Returns in a Small Open Economy

Macroeconomic Determinants of Equity Price in Pakistan

The type of research methodologies used in analysing stock returns in the book is outlined in this technical chapter. The chapter begins with definitions of useful summary statistics, such as the mean, standard deviation, coefficient of variation, and their interpretation. Tests statistics for inferences on population means, proportions and differences of means, among others, are also presented. A summary of simple equation regression techniques and the way these are applied through estimation and inference are outlined, focusing on the interpretation of standard output and diagnostic tests. The single equation methodology is then extended to multiple equation systems; the methods of Multivariate Least Square (MVSQ) of Seemingly Unrelated Regression Equations (SURE) are Regressions as well as those considered. Time series, ARIMA, models form also part of the discussion. This is a chapter, which is aimed at readers who are interested in understanding the technical background used in deriving results later in the book. 2.2. Summary Statistics for a set of Data A set of numbers which are generated by agents’ actions in the market, and which can take different values if the agents were to repeat their actions, are known as random variables. For example, prices of shares in the stock exchange are determined at each point in time from the collective actions of agents operating in the market through their demand and supply decisions. The price of a share is thus a random variable, and so is the return of the share.

Macroeconomic Determinants of Market Return

This dissertation investigates the long run and short run relationships between Saudi stock market returns and eight macroeconomic variables. We investigate the ability of these variables to predict the level and volatility of Saudi stock market returns. A wide range of Vector autoregression (VAR) and generalized autoregressive conditional heteroskedasticity (GARCH) models estimated and interpreted. A Johansen-Juselius cointegration test indicates a positive long run relationship between the Saudi stock price index and the M2 money supply, bank credit, and the price of oil, and a negative long run relationship with the M1 money supply, the short term interest rate, inflation, and the U.S. stock market. An estimated vector error correction model (VECM) suggests significant unidirectional short run causal relationships between Saudi stock market returns and the money supply and inflation. The VECM also finds a significant long run causal relationship among the macroeconomic variables in the system. The estimated speed of adjustment indicates that the Saudi stock market converges to the equilibrium within half a year. Granger causality tests show no causal relationship between Saudi stock market returns and the exchange between Saudi stock market returns and the exchange rate. Impulse response function analysis shows no significant relationship between Saudi stock market returns and the macroeconomic variables. Forecast error variance decompositions suggest that 89% of the variation in Saudi stock market returns is attributable to its own shock, which implies that Saudi stock market returns are largely independent of the macroeconomic variables in the system. Finally, a GARCH-X model indicates a significant relationship between volatility of Saudi stock returns and short run movements of macroeconomic variables. Implications of this study include the following: (i) Prediction of stock market returns becomes more difficult as the volatility of the macroeconomic variables increases in the short run. (ii) Investors should look at the systematic risks revealed by these macroeconomic variables when structuring their portfolios and diversification strategies. (iii) Policymakers should seek to minimize macroeconomic fluctuations considering the effect of macroeconomic variables changes on the stock market when formulating economic policy.

Risk and Return in Transportation and Other US and Global Industries

The Spline GARCH Model for Unconditional Volatility and its Global Macroeconomic Causes

"This resource book discusses the economic arguments that could (and could not) be put forth to support the case for investing in the social determinants of health on average and in the reduction in socially determined health inequalities. It provides an overview and introduction into how economists would approach the assessment of the economic motivation to invest in the social determinants of health and socially determined health inequities, including what the
major challenges are in this assessment. It illustrates the extent to which an economic argument can be made in favour of investment in 3 major social determinants of health areas: education, social protection, and urban development and infrastructure. It describes whether education policy, social protection, and urban development, housing and transport policy can act as health policy—

Soft Power and Exchange Rate Volatility

Non-Performing Loans in the ECU

Determinants of Stock Prices

Bank interest rate spreads in Solomon Islands are high by regional standards. This paper examines the determinants of bank interest rates including bank specific, banking sector, macroeconomic, and legal indicators. The results show that the scale of operation, overhead costs, concentration index, and some macroeconomic variables (i.e., monetary policy rates and real growth) significantly influence interest rate margins. The paper particularly focus on the influence of the banking sector structure and finds strong evidence of bank collusion.

Determinants of the Foreign Exchange Risk Premium in Gulf Cooperation Council Countries

We introduce a new model to measure unconditional volatility, the Spline-GARCH. The model is applied to equity markets for 50 countries for up to 50 years of daily data. Macroeconomic determinants of unconditional volatility are investigated. It is found that volatility in macroeconomic factors such as gdp growth, inflation and short term interest rates are important explanatory variables that increase volatility. There is evidence that high inflation and low growth of output are positive determinants. Volatility is higher for emerging markets and for markets with small numbers of listings but also for large economies.

Macroeconomic Determinants of Long-term Stock Market Comovements Among Major EMS Countries

Macroeconomic Determinants of the Stock Market Movements

Elements of Covariance in Security Returns and Their Macroeconomic Determinants

This paper examines the general relationship between stock prices and macroeconomic variables in Zimbabwe, using the revised dividend discount model, error-correction model, and multi-factor return-generating model. Despite the large fluctuation in stock prices since 1991, this analysis indicates that the Zimbabwe Stock Exchange has been functioning quite consistently during this period. Whereas sharp increases in stock prices during 1993-94 were mainly due to the shift of risk premium that was caused by the partial capital account liberalization, the recent rapid increase in stock prices can be explained by the movements of monetary aggregates and market interest rates.

Structural and Macroeconomic Determinants of the Output Decline in Poland

This book undertakes industry analysis of the risk-return behaviour of stock returns in the US. It focuses on transportation and a number of non-transportation companies, with particular attention paid to water transportation. The market risk (measured by beta) is identified as the relevant metric to use for comparison. Single and multi-index models are employed to identify exposures (betas) to market, microeconomic and macroeconomic types of risk in each industry. These industries include water transportation, air transportation, trucks, rail transportation, electricity, gas, petroleum refining and real estate. Microeconomic factors employed include market value of equity, book to market value of equity ratio, earnings to price ratio, asset to market value of equity ratio, and asset to book value of equity ratio. Macroeconomic factors include: industrial production, term structure of interest rates, oil prices, consumption and inflation. Returns of each industry seem to be explained by different sets of economic factors. For shipping, apart from the market, industrial production, oil prices, the market value of equity, and the asset to book ratio are significant. Moreover, the systematic risk of this industry is not different to that of the market, has not changed significantly under different market conditions, is lower than rail transportation, higher than real estate and similar to that of the remaining industries. The analysis is also extended beyond the US, to global industry portfolios.

Determinants of Bank Interest Margins in the Caucasus and Central Asia

We analyse in an extensive risk return framework the determinants of the pricing of 5,000-plus syndicated credits granted to developing country borrowers between 1993 and 2001. Syndicated loans with riskier characteristics are found to be more expensive than others, although the effect of purely microeconomic price determinants is in several instances weaker when macroeconomic conditions in borrowers' countries are also controlled for. In addition to individual loan or borrower considerations, lenders seem to focus more on macroeconomic factors to determine the pricing of their loans, such as the level of exports relative to debt service in the developing countries where the borrowers are located. For some, this means restricted access to external financing. We detect possible evidence of lenders exploiting their market power. Certain banks appear to charge a premium to change initially agreed loan terms. Furthermore, discounts are granted on developing country loans provided by small groups or clubs of relationship banks rather than on facilities with the participation of a large number of institutions.

The Determinants of Banking Crises - Evidence from Developing and Developed Countries

We determine which macroeconomic variables other than inflation and real activity drive the yield curve using a no-arbitrage affine term structure models. We construct a model-based dynamic projection of all the latent factors onto the observable macro factors, which are real activity and inflation. As a result, the factors are decomposed into a macro-component consisting of a linear function of inflation, real activity and their lags, and the truly novel part which is orthogonal to the entire history of the macro variables. The macro-component of a four-factor model can explain 80% of the variation in the short rate and 50% of the slope. Furthermore, we are able to explain the remaining part of the short rate and slope with such measures of monetary shocks as the AAA credit spread, the Money Zero Maturity measure of money supply, and public government debt growth as a measure of fiscal shocks. Finally, we decompose the term premia into the contributions of the identified macro sources of risk. Inflation and liquidity risk premia jointly explain 65%
to 85% of the variation in the term premia across the yield curve. Inflation and fiscal shocks have the largest contributions to deviations from the expectation hypothesis.

Determinants of Interest Rate Spreads in Solomon Islands

In this paper, we examine how county unemployment rates affect consumers' delinquency and bankruptcy behavior by focusing on the credit card market. In particular, after controlling for credit supply and shocks like divorce and health coverage we investigate whether consumer propensity for delinquency and bankruptcy changes with respect to the macroeconomic fluctuations across counties. Our results show that county unemployment rates significantly influence delinquency.

The Economics of Social Determinants of Health and Health Inequalities

How Macroeconomic Factors Affect Income Distribution

Determinants of Bank Interest Margins in Sub-Saharan Africa

Standard models—based exclusively on macro-financial variables—have made little progress in explaining the behavior of exchange rates. In this paper, we introduce a neglected set of “soft power” factors capturing a country’s demographic, institutional, political and social underpinnings to uncover the “missing” determinants of exchange rate volatility over time and across countries. Based on a balanced panel dataset comprising 115 countries during the period 1996–2011, the empirical results are generally robust across different estimation methodologies and show a high degree of persistence in exchange rate volatility, especially in emerging market economies. After controlling for standard macroeconomic factors, we find that the “soft power” variables—such as an index of voice and accountability, life expectancy, educational attainment, the z-score of banks, and the share of agriculture relative to services—have a statistically significant influence on the level of exchange rate volatility across countries.

Risk and Return in Transportation and Other US and Global Industries

This study develops a cross-section empirical framework to examine the relationship between the macroeconomic environment and trends in income distribution. The macroeconomic variables that are found to be associated with an improvement in income distribution are higher growth rate, higher income level, higher investment rate, real depreciation (especially for low-income countries), and improvement in terms of trade. The estimated significant effects of growth, income, and investment provide evidence that policies designed to promote investment and growth are likely also to contribute to an improvement in income distribution.


Stock Market or Equity Market is an essential part of economy. It serves as the mirror and health indicator of an economy through which the physical fitness of a country can be judged. In Pakistan with the increase of media and business studies, common public got awareness about Equity Market furthermore day by day increase in inflation and urge of people to be in accordance with the modern age demands some extra source of money so, stock market got attention. But still a mystification, perplexity and confusion occurs about the considerations, circumstances and causes which influence Equity Price. This book investigates the macroeconomic determinants of Equity Price in Pakistan. The macroeconomic variables are Inflation (CPI), Money Supply (M2), Exchange Rate (Re/US$), Economic Activity (Real GDP) and Interest Rate. The determinant market would be All Pakistan Listed Companies at Karachi Stock Exchange. The investigation would be conducted using Vector Error Correction Model (VECM). The research study and the results of the research study attempt its best and anticipates to help the researchers and all the stakeholders of Equity Price in Pakistan and the globe over.

No-Arbitrage Macroeconomic Determinants of the Yield Curve

Academic Paper from the year 2014 in the subject Economics - Finance, grade: 2.92, , language: English, abstract: This study focuses on internal factors and how they are affecting the profitability of banks in Pakistan. The report seeks answer to the following research problems: Which internal determinants are affecting the commercial banks' profitability in Pakistan? And: How are these internal determinants affecting the profitability of 14 commercial banks in Pakistan? To analyze the internal determinants affecting the profitability of 14 commercial banks of Pakistan, the study is based on available data over the period of 2007 to 2012 and aims to recognize major determinants of profitability.