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CROSS-SECTIONAL VARIATION IN THE LONG-RUN PERFORMANCE OF CAPITAL-RAISING AMERICAN DEPOSITARY RECEIPTS AND THEIR UNDERLYING STOCKS

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In this paper, we investigate the cross-sectional variation in the post-issuance long-run performance of American depositary receipts (ADRs) and their underlying stocks. We focus on the factors that explain the cross-sectional variation in the returns. Our sample includes issues of ADRs by 109 non-U.S. companies from Asia, Africa, Europe and Latin America during the period 2000-2004. We find that, overall, ADR issues and their underlying stocks underperform market benchmarks. We also find that the degree to which the ADRs underperform depends on whether the underlying foreign company is undergoing privatization, the investor protection quality of the foreign country, the ADRs' offer size, and the listing market.

OVERREACTION OF STOCKS IN RUSSIAN STOCK MARKET

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This paper examines whether there is a distinct trend of over or underreaction of stocks in the Russian stock market. The study also examines the factors that affect the degree of over or underreaction. Stocks trading on MICEX exchange exhibit overreaction to external shocks. More liquid stocks (with higher 30 day average trading volumes prior to the event) experience a smaller degree of overreaction than less liquid stocks. Attempts to overhaul the legislation that regulates stock market did not contribute to investors' confidence and liquidity of stocks.

HOMOGENEOUS BELIEFS, TRADING VOLUME, AND CO-MOVEMENTS OF STOCK MARKET RETURNS AND VOLATILITY: A STUDY OF THE EFFECTS OF SHOCKS IN THE U.S., LONDON, AND GERMAN MARKETS ON RUSSIAN STOCKS

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This paper develops an empirical model that tests the effect of information arrival in one market on the return and volatility of stocks in another market. Tests using this empirical model on the effect of the U.S. London, and German market information arrivals on Russian stocks indicate that the returns of Russian stocks are affected by both positive and negative information arrivals in the all three markets and the Russian domestic market. On the other hand the volatilities of Russian stocks are affected predominantly by the shock in the U.S. and Russian domestic markets.

COUNTRY SPECIFIC EFFECTS OF DIFFERENCES IN FACTOR ENDOWMENTS ON INTRA-INDUSTRY TRADE - ILLUSTRATED BY THE DANISH CASE

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This article throws light on the subject whether there are country specific effects of differences in factor endowments on intra-industry trade. We conduct an econometric analysis of the Danish intra-industry trade in both horizontally and vertically differentiated products to examine whether determinants based on trade theory can explain this trade. Basically, we find a relationship between differences in factor endowment between trade partners on one side and the two types of intra-industry trade on the other. As regards horizontally intra-industry trade, the effect of differences in physical capital seems not to be country specific. As regards vertically intra-industry trade, the relationship is not simple and a country specific dependency of the effect of differences in endowment of technological capital is pointed out.

THE ONGOING CHALLENGE AND PROMISE OF MANAGING CHINA'S WORKPLACE SAFETY

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This empirical short-note paper delineates the challenge and the promise of managing employee safety and health in China. Pertinent legislation, information about government administrative agencies, and tables of quantitative data document the economic costs of employee fatalities and injuries. Causes are treated and strategic and tactical action steps are recommended.

NONLINEAR DEPENDENCIES AND CHAOS IN THE EXCHANGE RATE OF THE DOLLAR

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Employing the daily broad dollar index we conduct a battery of tests for the presence of low-dimension chaos. The dollar index return series is subjected to Correlation Dimension tests, BDS tests, and tests for entropy. While we find strong evidence of nonlinear dependence in the data, the evidence is not consistent with chaos. Our test results indicate that a GARCH process explains the nonlinearities in the data. We also show that employing seasonally adjusted index series enhances the robustness of results via the existing tests for chaotic structure.

EFFECT OF BILATERAL TRADE RESERVES ON U.S. EXCHANGE RATE AND DEBT

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This paper adopts a simple three-equation open economies dynamic linear model to examine relationships among central banking fundamentals: large quantities of foreign international reserves held by China and Japan, bilateral yuan-dollar and yen-dollar exchange rates, US current account balance, federal government budget deficits and public debt. This model built on a global general equilibrium framework is solved by means of dynamic programming method for selection of an optimal rule equation. Results indicate that one percentage point change in contemporaneous international reserves over US GDP accounts for 99.96 percent of variation in yuan-dollar exchange rate and for 98.71 percent of change in yen-dollar rate from 1990:1 to 2006:12. The lagged one-period reserves as well as US twin deficits play insignificant roles. Results also suggest the pattern of impact by China is different from that exerted by Japan since the latter has long been on a floating exchange regime than the former.