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Dynamic Linkages Between the Greater China Economic Area Stock Markets—Mainland China, Hong Kong, and Taiwan

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[Hwahsin Cheng](#) ¹ & [John L. Glascock](#)²

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Abstract

This research examines the linkages among three Greater China Economic Area (GCEA) stock markets, including Mainland China, Hong Kong, and Taiwan, and two developed markets, Japan and the United States. We find that: (1) a random walk model is outpredicted by an autoregressive GARCH model and an ARIMA model in all three GCEA markets; (2) the three GCEA markets are not cointegrated with either U.S. or Japan but there exists weak nonlinear relationships between these markets; and (3) result from the innovation accounting analysis reveals that the U.S. market has larger influence on the GCEA markets than the Japanese market. Additionally, Hong Kong is the most influential among the three GCEA markets.



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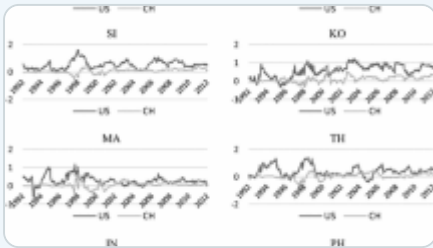
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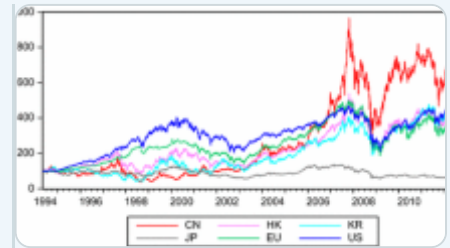
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Author information

Authors and Affiliations

Fannie Mae, 3900 Wisconsin Avenue N.W., Washington DC, 20016

Hwahsin Cheng

**Grosvenor Professor of Real Estate Finance, Department of Land Economy,
University of Cambridge, Cambridge, UK**

John L. Glascock

Corresponding author

Correspondence to [Hwahsin Cheng](#).

Additional information

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