

Hence, for water investors, international diversification that is undertaken just within

the water sector will not be beneficial. The result also implies that there is the risk of crossmarket contagion – that is, price volatility spill over across water sectors of different financial markets, and therefore, water authorities in one market should take cognisance of events in other markets.

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Notes

¹ As argued by Kenen ([1976](#)): ‘... integration refers to the degree to which participants in any market are enabled and obliged to take notice of events occurring in other markets. They are enabled to do so when information about those events is supplied into the decision making processes of recipients. They are obliged to do so when it is supplied ...’.

² The co-measure of water and financial markets is an accurate measure (p. 9).



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