Applied Financial Economics ›
Volume 19, 2009 - Issue 2

Original Articles

Can macroeconomic variables explain long-term stock market movements? A comparison of the US and Japan

Andreas Humpe & Peter Macmillan

Pages 111-119 | Published online: 14 Jan 2009

Cite this article https://doi.org/10.1080/09603100701748956

Abstra

Within th … hether a
number … pan. A
cointegr … p between
indus … nterest rates
and … stent with a
single c … ustrial
producti … long-term
interest … etween the
US stock … find two
cointegr … d positively
by indus … d
cointegrating vector, we find industrial production to be negatively influenced by the

consumer price index and a long-term interest rate. These contrasting results may be due to the slump in the Japanese economy during the 1990s and consequent liquidity trap.

Notes

[1] Chen et al. (1986) use a PVM framework to investigate the impact of systematic risk factors upon stock returns, through factor influences on future cash flows or the discount rate of those cash flows. They found that the yield spread between long- and short-term government bonds, expected inflation, unexpected inflation, industrial production growth and the yield spread between corporate high- and low-grade bonds significantly explain stock market returns.

[2] In Japan, the Nikkei fell almost 75% over the 13 years from 1990.

[3] The derivation of the PVM could easily be extended to allow a time-varying expected discount rate.

[4] See inter alia Fama (1981), Chen et al. (1986), Schwert (1990), Mukherjee and Naka (1995),

[5] For exa

[6] Full un ... rz
Informat

[7] These ... be binding
using ... 0.079,
whic

[8] They a ... nts for the
vector w

[9] For exa ... rm interest
rate and ... ector.

Related Research Data

A vector error correction model of the Singapore stock market
Source: Elsevier BV

Stock market and aggregate economic activity: evidence from Australia
Source: Informa UK Limited

Stock Prices of Renewable Energy Firms: Are There Asymmetric Responses to Oil Price Changes?
Source: Basel: MDPI

Stock prices and domestic and international macroeconomic activity: a cointegration approach
Source: Elsevier BV

Switching-regime regression for modeling and predicting a stock market return
Source: Springer Science and Business Media LLC

DEVELOPMENTS IN THE STUDY OF COINTEGRATED ECONOMIC VARIABLES
Source: Wiley

THE VARIATION OF ECONOMIC RISK PREMIUMS
Source: University of Chicago Press

It's Baaack: Japan's Slump and the Return of the Liquidity Trap
Source: JSTOR

Do the changes in macroeconomic variables have a symmetric or asymmetric effect on stock prices? Evidence from Pakistan
Sourc

ESTIM ... SIAN
VECT
Sourc

Stock ... during
the 1
Sourc

The i
Jo
Sou

The a
Sourc

Asset
Sourc

Stock
Sourc

Macroeconomic Determinants of Stock Market Fluctuations: The Case of BIST-100

Source: Multidisciplinary Digital Publishing Institute
Incorporating financial market volatility to improve forecasts of directional changes in Australian share market returns
Source: Springer Science and Business Media LLC
A multi-index risk model of the Japanese stock market
Source: Elsevier BV
Economic Forces and the Stock Market
Source: University of Chicago Press
An empirical examination of the Arbitrage Pricing Theory: Using Japanese data
Source: Elsevier BV
The arbitrage theory of capital asset pricing
Source: Elsevier BV
An empirical study of Pakistan stock exchange
Source: Emerald
Working capital management, firm performance and macroeconomic factors: Evidence from Iran
Source: Taylor & Francis Group
International Evidence on the Predictability of Stock Returns
Source: Wiley
Numerical distribution functions of likelihood ratio tests for cointegration
Source: Ryerson University Library and Archives
Business Conditions and Speculative Assets
Sourc
Interr
Sourc
Mode … Market
Retur
Sourc
An ar … ket
Sourc
Bl
S

Linkir

Relate