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# PPP tests in cointegrated panels: evidence from Asian developing countries

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## Abstract

This study tests the relative version of purchasing power parity (PPP) for a set of ten Asian developing countries using a panel cointegration framework. A 'between-dimension' dynamic OLS estimator as proposed by Pedroni is employed. The test results overwhelmingly reject the PPP hypothesis.

## Acknowledgements

We would like to thank Don Bruce, Keya Maitra and Peter Predoni for suggestions and encouragements. The errors are of course our own.

# Notes

<sup>1</sup> The detailed expression of the t-statistic is available in Pedroni ([2000](#)).

<sup>2</sup> Similar results on quarterly data will be made available upon request.

## Related Research Data

### Critical Values for Cointegration Tests in Heterogeneous Panels with Multiple Regressors

Source: Oxford Bulletin of Economics and Statistics

### Panel Data Unit Roots and Cointegration: An Overview

Source: Oxford Bulletin of Economics and Statistics

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### Fully modified OLS for heterogeneous cointegrated panels

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