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Cross-market soybean futures price discovery: does the Dalian Commodity Exchange affect the Chicago Board of Trade?

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Abstract

In this paper, we examine the role that the Dalian Commodity Exchange (DCE) plays in the global price discovery of soybean futures. We employ Structural Vector Autoregressive and Vector Error Correction models on the returns of the DCE and the Chicago Board of Trade (CBOT) soybean futures during trading and non-trading hours, and the result suggests that information transfers between DCE and CBOT in both direction discovery in CBOT. Fu ance decomp similar magnitu inent role in th uch of the literatu inated by the CBO

Keywords
Informational role of stock

JEL Classification: G1 G12 G13

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Notes

[1]Note that bold letters denote a matrix or vector in this paper.

[2]In the empirical analysis, we allow a lag of order 2 in the SVAR; hence, also influences the DCE returns. However, because its magnitude is quite small from our empirical results, we omit it when presenting the value of .