

The Threshold Consumption Correlation-Based Approach to International Capital Mobility: Evidence from Advanced and Developing Countries

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March 2011 (Very preliminary)

Abstract

Using the consumption correlation-based criterion, this paper analyzes the level of international capital mobility for both advanced and developing countries. We provide evidence that global capital markets are imperfectly integrated for both advanced and developing countries. However, a clear difference between these groups of countries emerges when their consumption growth has stagnated; at such times, accessibility to international capital markets drops dramatically in developing countries.

JEL classification: F3, F4

Keywords: International capital integration, threshold panel data approach

File name: Consumption_inter_tsukuba

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