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Research Announcement

Integrated or segmented? a wavelet transform analysis on relationship between stock and real estate markets

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Abstract

The goal of this paper is to investigate the relationship between stock and real estate markets via wavelet analysis. Based on wavelet transform, stock price index and REITs index are firstly decomposed into “volatility components”, that is, the wavelet coefficients. Secondly, we test the causality relationship between stock price index and REITs index of each subband under the concept of multi-resolution representation. The result revealed that the relationship between stock and real estates markets is neither simply segmented nor purely integrated; the behaviors would vary not only over various observation time scales but also with different REITs.

Completed draft available on request from:

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