

Accepted Manuscript

Does US Economic Policy Uncertainty matters for European stock markets volatility?

Dexiang Mei, Qing Zeng, Yaojie Zhang, Wenjing Hou

PII: S0378-4371(18)30965-8
DOI: <https://doi.org/10.1016/j.physa.2018.08.019>
Reference: PHYSA 19905

To appear in: *Physica A*

Received date : 8 May 2018
Revised date : 3 July 2018

Please cite this article as:, Does US Economic Policy Uncertainty matters for European stock markets volatility?, *Physica A* (2018), <https://doi.org/10.1016/j.physa.2018.08.019>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



Does US Economic Policy Uncertainty matters for European stock markets volatility?

Dexiang Mei^a, Qing Zeng^{b,*}, Yaojie Zhang^c, Wenjing Hou^c

a Research Center for Economy of Upper Reaches of the Yangtse River, Chongqing Technology and Business University, China

b College of Economics, Sichuan Agricultural University, Chengdu, China

c School of Economics and Management, Southwest Jiaotong University, Chengdu, China

Abstract

In this study, we first investigate that whether the US EPU index can contain useful predictive information to help in forecasting European stock markets. Using the out-of-sample forecasts, we can obtain several noteworthy findings. First, the EPU index of European countries seems not to significantly increase the forecasts accuracy of these stock markets. Second, we determine that this model including the US EPU index can achieve better forecasting performance, strongly supports that it contains useful predictive information with respect to the European stock markets. Third, based on the US expansions and recessions, we find that the US EPU index can provide more useful forecasting information and can substantially increase the predictive ability for the European stock markets during the recessions than during the expansions.

Key words: Volatility forecasting; European stock markets; EPU; Expansions and recessions; Recursive forecasts

* Corresponding author

E-mail addresses: meidexiang1101@126.com (D. Mei), zengqing2017@126.com (Q. Zeng), yaojie_zhang@126.com (Y. Zhang), 18980848356@163.com (W. Hou).

Download English Version:

<https://daneshyari.com/en/article/7374553>

Download Persian Version:

<https://daneshyari.com/article/7374553>

[Daneshyari.com](https://daneshyari.com)