

# **LSIBF's Seminar**

**Date:** 4 October 2010 @ Monday  
**Time:** 2-4 pm  
**Venue:** Podium Seminar Room  
**Chairperson:** Mohd Fahmi Ghazali

## **Presenters**

### **1. Bryan Lo Ching Wing (co-author: Khaw Ai Ling)**

**Title:** OECD Principles of Corporate Governance: A Matter of Commitment and Effective Implementation

**Abstract:** In an attempt to assist the governments of various nations to improve legal, institutional and regulatory framework for improving corporate government practices, the Organisation for Economic Co-operation and Development (OECD), published its set of Principles of Corporate Governance. The principles is published in 1999 and subsequently reviewed in 2004, to take account of new developments and past crisis experiences in OECD and non-OECD member countries. The principles were comprehensively set, being use as an international benchmark for policy makers, investors, corporations and other stakeholders worldwide. However, these principles have been challenged again for its effectiveness right after the recent US financial sub-prime crisis. This paper discusses the implementation effectiveness of the said principles and identifies some measurers to enhance the weakness.

### **2. Kian-Ping Lim (co-author: Jae H. Kim)**

**Title:** Trade Openness and the Informational Efficiency of Emerging Stock Markets

**Abstract:** This paper examines the empirical link between trade openness and the informational efficiency of stock markets in 23 developing countries. Our fixed effects panel regression results document a significant negative relation between trade openness and stock return autocorrelations only when the *de facto* measure is used. On this basis, we argue that a greater level of *de facto* trade openness is associated with a higher level of informational efficiency in these emerging stock markets because the former signals higher future firm profitability, and investors tend to react faster to information when there is less uncertainty about a firm's future earnings or cash flows. Further analyses find no significant association between the extent of financial openness and the degree of informational efficiency.

### **3. Ricky Chia Chee-Jiun (co-authors: Venus Khim-Sen Liew & Syed Azizi Wafa)**

Title: Day-of –the-week Effects: Evidence from the Chinese Stock Markets

Abstract: This study examines the day-of-the-week effects in the Hong Kong, Shanghai and Taiwan stock markets. The current findings on the mean returns and their volatility in the stock markets could be useful in designing the trading strategies and drawing investment decisions. Investors can use the day-of-the-week effects information to avoid and reduce the risk when investing in these 3 stock markets. Further analysis using TGARCH model, uncover asymmetrical market reactions on the positive and negative news, rendering doubts on the appropriateness of the previous research that employed the symmetrical GARCH model in their analysis of day-of-the-week effects.

### **4. Tai-Hu Ling (co-authors: Venus Khim-Sen Liew & Ahmad Zubaidi Baharumshah)**

Title: Interdependence of Real Interest Rates between China & East Asian Economies

Abstract: The aim of this paper is to examine the real interest rate parity (RIP) hypothesis in the case of East Asian economies by taking China as foreign counterpart. By doing this, the interdependence between the real interest rates of China and other East Asian economies can be determined. Besides, this paper also investigates the degree of integration between China and East Asian economies. This paper is based on the quantitative approach. There are few econometrics methodologies to be included, namely, univariate unit root test, panel unit root test and half-life analysis to test the interdependence of real interest rates and financial integration between China and East Asian economies. Results obtained from panel unit root tests are in line with previous findings that are supportive of the hypothesis. The estimated half-life of the RIP deviations is 3.21 quarters, indicating RIP holds strongly in this region with respect to China. This paper also finds initially there has been less financial integration between East Asian economies with respect to China as compared to Japan. Nonetheless, financial integration of China and her East Asian neighbors speeds up after her entrance into WTO, so much so that currently China is equally important to East Asian economies financially as compared to Japan. The value of this paper is that highlighting the issue of important of China in influencing the financial movement around East Asian economies specifically after joining World Trade Organization (WTO) in 2001. This study also attempts to see whether East Asian economies are more dependence on Japan or China, by comparing our findings with other related previous findings.