

Measure on dependent structure of financial markets under international diversification with application to emerging markets of the BRIC

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Analysis of the emerging financial markets dependent structure in the BRIC countries under international diversification is of great significance to multidimensional distribution assets. Considering the difficulty of the high-dimensional modeling, vine Copula will be used to measure the financial markets dependent structure. Then, the dependent structure of the BRIC stock markets are studied by C-vine and D-vine Copula. From the results, the international diversification is the inevitable choice to conform to the capital international trend, and the BRIC stock markets can be used as the preferred markets in terms of the international diversified investment owing to the low correlation among them.

Key Words: International diversification, stock markets, vine copula