

Essays on business and financial cycles : prediction and synchronization

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Propositions

Accompanying the doctoral dissertation

Essays On Business and Financial Cycles — Prediction and Synchronization

by

JAMEEL AHMED

1. When taking into account the persistence of stock market's bulls and bears, active portfolio management seems to pay off, even after accounting for the transaction costs. [Chapter 1]
2. Exchange rates also exhibit bouts of appreciation or depreciation, prediction of which can serve as early warning signals for both investors (for market timing) and policy makers (for proactive policy measures). [Chapter 2]
3. Monetary integration of eurozone has brought more financial integration; but the impact of monetary integration on business cycle synchronization remains limited or even seems to have lead to "de-coupling" of some peripheral countries' business cycles relative to the core countries. [Chapter 3]
4. Heteroskedasticity is a feature of most of the macro-financial time series.
5. Accounting for heteroskedasticity in binary choice models leads to reduction in bias of point estimates. [Chapter 4]
6. Business cycles that are preceded by financial cycles tend to have longer durations and higher amplitudes.
7. Prediction of business and financial cycles and utilization of such information by policy makers could help achieve macroeconomic and financial stability.
8. The depth and breadth of recent financial crisis have redoubled the need to take a holistic view and strengthen defenses against the build-up of systemic vulnerabilities. Implementing 'macroprudential regulations' is one way to go about it.