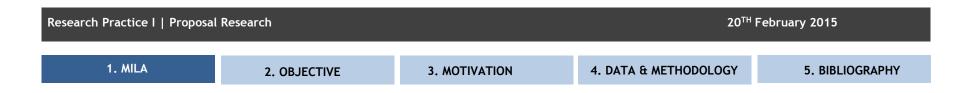
Effect of Macroeconomics Variables on Stock Market Returns for MILA's Stock Exchange Market: Colombia, Peru and Chile.

Research Practice I | Proposal Research Susana Luna Ramírez

20TH February 2015

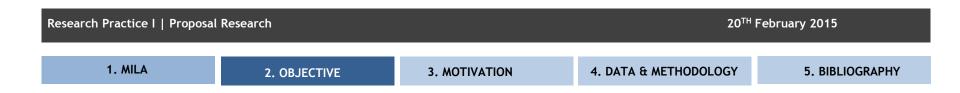
Ermilson Velásquez Ceballos, evelas@eafit.edu.co Armando Lenin Támara Ayús, atamaraa@eafit.edu.co Grupo de Investigación en Finanzas y Banca (GIFyB). Departamento de Finanzas.

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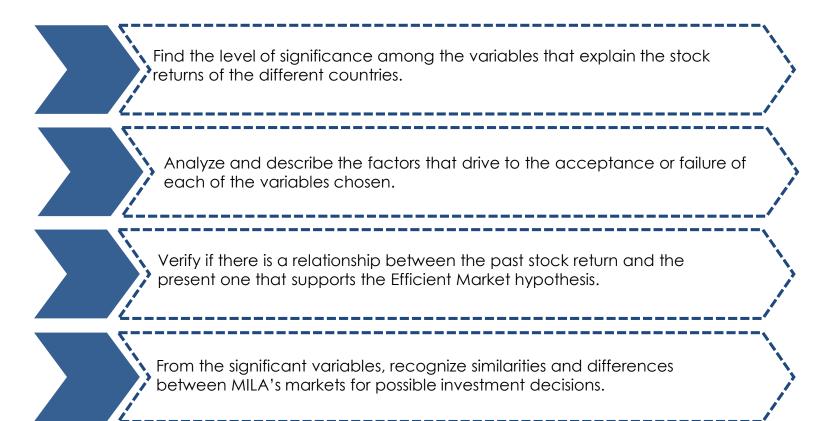




- Founded In 2010.
- Give investors a greater supply of securities, issuers and also larger sources of funding.
- If Mexico's stock exchange integrates MILA's market it would create Latin America's largest stock exchange (The Mexican Stock Exchange signs agreement to join MILA n.d.).



Find which market and macroeconomics variables are statistically significant to explain the stock returns of MILA's members market through a time series econometric analysis using the Box-Jenkins Autoregressive Integrated Moving Average (ARIMA) model.



3. MOTIVATION

2. OBJECTIVE



A. LIQUIDITY CRISIS

There has been an ongoing concern about the dynamism of the stock market after the 2008 financial crisis.

4. DATA & METHODOLOGY

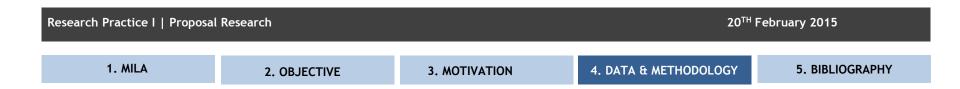
B. EMERGING MARKETS

Most of the research allready done, have been focused on develop markets (Gay, 2008).

C. DISAPPOINTING RESULTS IN THE PAST

Despite having a good economic justification, most of the variables are not statistically significant.

5. **BIBLIOGRAPHY**



Variables

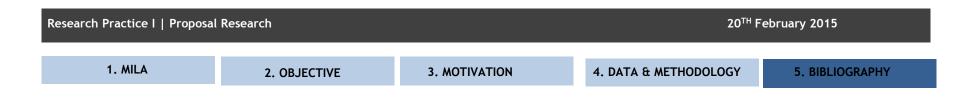
- Petroleum Price (WTI Index)
- Industrial Production
- Interest rate
- Treasury bonds
- Exchange rates
- S&P 500
- Gold Price

Software: STATA.

Model: ARIMA.

Sources: BLOOMBERG and oficial web sites.

Time scale: Monthly basis, february 2009: January: 2015.



World Exchange. *The Mexican Stock Exchange signs agreement to join MILA*. Accessed February 10, 2015. http://www.world-exchanges.org/news-views/mexican-stock-exchange-signs-agreement-join-mila

Gay, Robert. 2008. "". Effect of Macroeconomic Variables on Stock Market Returns for Four Emerging Economies: A Vector Regression Model for Brazil, Russia, India, and China". International Business & Economics Research Journal, March 2008.