

EconWorld2016@Barcelona

The Research of International Risk Perceptions on Capital Market of Turkey from The Property of Structural Break and Long Memory in Period of Political Uncertainty / Siyasal Belirsizlik Dönemlerinde Uluslararası Risk Algılamasının Türkiye Sermaye Piyasasındaki Yapısal Kırılmalar ve Güçlü Hafıza Özelliği Açısından İncelenmesi

Eray Akgün¹, Celil Zurnacı¹, Mehmet Mert¹

¹Akdeniz University, Turkey

ABSTRACT

The impact of the intense volatility in world financial markets on the credit default risk spread in Turkey and the rising political uncertainty is researchable situation in terms of capital markets in Turkey, recently. This paper investigates considering the structural break in the impact of volatility in capital market and risk premiums the term of political elections in Turkey last two years (01.07.2013 - 30.06.2015). Besides, it has been studied whether all index show long memory process after removing structural break effects. We use the researching methods of partial co-integration and ARFIMA long memory models. Our results show that international sources of risk should be accounted for in domestic risk measurements and lead up as soon as possible the period of uncertainty.

KEYWORDS Turkey Credit Default Risk Spread; Government Bond Market Index; ARFIMA long memory models

JEL G32, G12, C58