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Long memory in the Ukrainian stock market and financial crises

Abstract

This paper examines persistence in the Ukrainian stock market during the recent financial crisis. Using two different long memory approaches (R/S analysis and fractional integration) we show that this market is inefficient and the degree of persistence is not the same at different stages of the financial crisis. Therefore trading strategies might have to be modified. We also show that data smoothing is not advisable in the context of R/S analysis.

Keywords: Persistence, Long Memory, R/S Analysis, Fractional Integration