Dynamic Analysis between Macroeconomic Variables and Mutual Fund Flows: The Case of USA and Taiwan

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ABSTRACT

The objective of this paper is to find out the long-run and short-run relationship between mutual fund flows (MFF) and macroeconomic variables, including industrial production index (IPI), interest rate (INT), inflation rate (IFL), exchange rate (EXC), and unemployment rate (UER), in two countries, and take into consideration the impact of financial crisis. From Cointegration test, the results reveal the existence of long-run relationship between MFF and macroeconomic variables. The results of VECM suggest that, in both US and Taiwan, investors can base on information about historical value of MFF and macroeconomic variables to make a prediction about MFF. In addition, financial crisis has a significant impact on MFF in both US and Taiwan.

Keywords : mutual fund flows、macroeconomic、cointegration test、VECM

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