The Relationship Among Foreign Investment, Stock Price and Foreign Exchange Market
The Application of Wild Bootstrap M

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ABSTRACT

Some of variables are tried to be included in order to measure the foreign investment, Stock price, foreign exchange market in our study. They are separated into stationary variables and non-stationary variables by the ADF test. Futhermore, they are divided into six linear structural regression models in order to discuss the relationship among foreign investment, stock price and foreign exchange market. In fact, Heteroskedasticity is generally had in financial data. Hence, the ARCH Model is used into the linear structural regression model to observe the condtional heteroscedasticity. However, there are still problems in the setting of the ARCH model, even though it is used into the linear structural regression model. Wild bootstrap method proposed by Wu 1986 is applied into the linear structural regression model in our study can solve this problems. Our major findings are as follows 1

Foreign investment is influenced by its past-period values. Foreign investment has the Clustering Phenomenon. 2 Foreign investment is positively influenced by stock price, stock price introduced in nature logarithm, stock returns at lag one period. 3

They are negatively influenced between stock price and exchage rate at lag one period. They are negatively influenced between stock price introduced in natual logarithm and exchage rate introduced in natual logarithm at lag one period. They are negatively influenced between stock returns and exchage rate fluctuations at lag one period.

Keywords : Foreign Investment ; stock price ; Foreign Exchange Market ; Heteroskedasticity ; Wild bootstrap method

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