

Excess comovement in international equity markets: Evidence from cross-border mergers^{*}

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Abstract

We examine the changes in betas from international mergers. We find that the beta with respect to the acquirer's home market rises and that with respect to the target's home market falls. The effect is large and robust with respect to controls for changes in the operations of the companies involved. Such an effect can occur only if international equity markets are not integrated. We also find that the effect has not reduced over time, that cross-listings do not generally have a significant effect on international betas, and that the U.S. and U.K are more integrated internationally than other markets.

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