

Integration of Colombo Stock Exchange and Global Stock Markets

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Abstract

The examined the Integration of Colombo Stock exchange and global stock markets with the objective of identify the Influence on S&P SL20 by the SENSEX, S&P500, Nikkei225, SSE Composite index and to identify most influenced stock market indices among selected indices to S&P SL20. The most researchers study only the global and south Asian countries and research on the topic in Sri Lankan context is lacking. In this study, month-wise average prices of major stock market indices like SENSEX, S&P500, Nikkei225, SSE Composite index and SNP SL20 have been selected. These indices choose because they are the major stock market indices. This research has used only secondary data for the purpose of analysis and the sources of data include the Colombo Stock Exchange web site (CSE) and yahoo finance website. Secondary data collected for 60 months from 2009 to 2014. Multiple regressions have been tested for the select stock market indices. The results of this study shows that the overall model is not significant and that support the view that there is no any integration between domestic and international financial markets.

Key Words: *Colombo Stock Exchange, Average price, Stock Market Integration, Multiple regression.*