

## Volatility Spillover Among the Stock Markets of South Asian Countries

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**Abstract :** The paper provides an updated version of volatility spillover among the equity markets of South Asian countries, including Pakistan, India, Srilanka, and Bangladesh. The analysis uses both symmetric and asymmetric Generalized Autoregressive Conditional Heteroscedasticity models to investigate volatility persistence and leverage effect. The bivariate EGARCH model is used to test for volatility transmission between two equity markets. Weekly data for the period February 2013 to August 2019 is used for empirical analysis. The findings indicate that the leverage effect exists in the equity markets of all the countries except Bangladesh. The volatility spillover from the equity market of Bangladesh to all other countries is negative and significant whereas the volatility of the equity market of Sri-Lanka does influence the volatility of any other country's equity market. Indian equity market influence only the volatility of the Sri-Lankan equity market; and there is bidirectional volatility spillover between the equity markets of Pakistan and Bangladesh. The findings are important for policy-makers and international investors.

**Keywords :** volatility spillover, volatility persistence, garch, egarch

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