

Informational Efficiency and Integration: Evidence from Gulf Cooperation Council (GCC) Shariah Equity Market

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Abstract : The paper focuses on the prevalence of informational efficiency and integration of GCC Shariah Equity market for the period of 01st January 2010 to 31st June 2015 with daily equity returns of Kuwait, Oman, Qatar, Bahrain, Saudi Arabia and United Arab Emirates. The study employs traditional as well as the modern approach of tracing out the efficiency and integration in the return series. From the results of efficiency it was observed that the market lacked efficiency in terms of its past information. The results of integration test clearly indicates that there was a long memory in the returns of GCC Shariah during the study period. Hence it was concluded and proved that the returns of all GCC Equity Shariah were not informationally efficient but fractionally integrated during the study period.

Keywords : efficiency, Fama, GCC shariah, hurst exponent, integration, serial correlation

Conference Title : ICIF 2016 : International Conference on Islamic Finance

Conference Location : Zurich, Switzerland

Conference Dates : July 21-22, 2016