Independent study title	THE DETERMINANTS OF STOCK AND BOND RETURN COMOVEMENTS: EVIDENCE FROM US, JAPAN AND THAILAND
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ABSTRACT

This paper investigates whether comovement between stock and bond returns exist in US, Japan and Thailand, and it explores the impact of monetary policy stance, inflation, state of the economy and global market uncertainty on the comovement, by applying autoregressive distributed lag model approach. We find that stock and bond comovements are significant in three countries. US and Japan exhibit strong negative comovement while Thailand shows small positive comovement. Significant factors driving comovement are different among countries. The result reveals that higher global market uncertainty and state of the economy lead to more negative relationship in US and Japan. This implies the flight-to-quality in developed markets. In addition, in the case of Japan higher monetary policy stance cause lower comovement, which is different form US and Thailand. For Thailand, inflation and global market uncertainty are the most influential factors. Higher inflation leads to more negative comovement and current global market uncertainty produces positive comovement, implying contagion phenomenon.

Keywords: Stock-bond comovement, Macroeconomic factors, DCC GARCH, ARDL