Financial Markets’ Shutdown and Re-Access

Luca Agnello (University of Palermo, Italy)
Vitor Castro (University of Coimbra, Portugal)
Ricardo M. Sousa (University of Minho, Portugal)

We test whether the likelihood of financial markets’ shutdown and re-access ending changes as these episodes become older for a group of 121 countries over the period 1970-2011. Employing a discrete-time parametric duration model, our results show the presence of negative duration dependence for both market shutdown and market re-access, which implies that the likelihood of those events ending, after a certain duration, decreases as they become "older". We also uncover an important role for the economic growth, the financial openness, the political (in)stability and the default history.

Keywords: Financial market shutdown, financial market re-access, duration analysis, Weibull model, duration dependence.
JEL codes: C41, G15.