

Volume 28, Issue 2**Research Announcement****Stock Prices and Dividends in Taiwan Stock Market: Evidence Based on Time-Varying Present Value Model**

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In this study, we use the newly developed momentum threshold unit root and cointegration tests advanced by Enders and Granger (1998), and Enders and Siklos (2001) to investigate if there is any asymmetric adjustment in long-run prices and dividends in Taiwan's stock market during June 1991 to February 2005. The empirical results indicate that long-run prices and dividends cointegration relationship holds for most Taiwan stock market, but that adjustment mechanism is asymmetric. The results for most of all industries from the M-TAR cointegration tests attest to the absence of rational bubbles in Taiwan's stock market. These results have important policy implications for investors.

Completed draft available on request from:

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