Table A.2

T-Tests on the Difference Between ADR and Currency-Adjusted Local Share Prices and Summary of the EGARCH Regression Estimates of the Coefficients for Each ADR

This table is based on all the ADRs, cross-section and time series, employed in this paper. The absolute (Panel A) and actual (Panel B) values of the differences are separately tested. In Panel A, based on the t-value of 855.38, which is highly statistically significant, the absolute values of the price differential between the ADR and the currency-adjusted underlying local shares are not equal to zero. The discrepancies range from zero to $6.94, though on the average the discrepancy is close to $0.058 (5.8 cents). This wide range is not representative of all the ADRs, but is rather due to extreme trading cases and/or possible outliers in the data, mostly related to some contemporaneous after-hour trading. Similar supporting results are also obtained for the actual differences (Panel B). Based on the t-value of –7.60, which is highly statistically significant, the price differentials between the ADR and the currency-adjusted underlying local shares are not equal to zero. The range of the discrepancies is –$6.95 to $5.17, though on average the discrepancy is close to –$0.00063 (0.63 cents). As in the absolute case T-test, this wide range is not representative of all the ADRs, but arises from extreme trading cases and/or possible outliers in the data, mostly related to some contemporaneous after-hour trading. A quick count of the data indicates only 17 ADRs to be in the range of +/– $1.00. Finally, Panel C includes a summary of the EGARCH regression estimates of the coefficients in relations (1) and (2) for each ADR.

Panel A: T-Tests on the *Absolute Values* of the Differences

Mean	Abs Diff.	t-value	Std. Dev.	Min.	Max.	No. of Obs.
	0.058	855.38	0.0820	0	6.94	1.4E6

			Std. Dev.	.
Confidence Interval (95%)	Min.	Max.	Min.	Max.
	0.0578	0.0581	0.0819	0.0821

Panel B: T-Tests on the *Actual Value*s of the Differences

Mean	Diff.	t-value	Std. Dev.	Min.	Max.	No. of Obs.
	–0.00063	–7.60	0.1003	–6.94	5.17	1.4E6

			Std. Dev.	.
Confidence Interval (95%)	Min.	Max.	Min.	Max.
	–0.00079	–0.00047	0.1002	0.1005

Panel C: Summary Results of EGARCH Regressions on Relations (1) and (2)

Relation (1): $ADR_{i,t} = \delta_{1i} + \delta_{2i} LADR_{i,t} + \varepsilon_{i,t}$

	$\delta_{1,i}$			$\delta_{2,i}$		
	Mean	Min.	Max.	Mean	Min.	Max.
Coefficient Estimates:	–0.009	–1.14	2.79	1.0003	0.95	1.11

72 out of 73 $\delta_{1,i}$ coefficients were statistically significant at the 1% level or below. All $\delta_{2,i}$ coefficients were highly statistically significant.

Relation (2): $\Delta ADR_{i,t} = \lambda_{1i} + \lambda_{2i} \Delta LADR_{i,t} + \varepsilon_{i,t}$

	$\lambda_{1,i}$			$\lambda_{2,i}$		
	Mean	Min.	Max.	Mean	Min.	Max.
Coefficient Estimates:	–2.2E-06	–0.0001	7.5E-05	0.768	0.245	0.9598

17 out of 73 $\lambda_{1,i}$ coefficients were statistically significant at the 1% level or below. All $\lambda_{2,i}$ coefficients were highly statistically significant.