EQUITY RETURN AND INFLATION: A COMPARATIVE STUDY BETWEEN DEVELOPED AND DEVELOPING ECONOMIES

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ABSTRACT:
The aim of this research paper is to examine the hypothesis which says that there is a negative relationship between stock market return and inflation holds for developed and developing economies over the period from April 1991 to October 2012. We have used descriptive and tabular analysis, with the help of respective graph of return on stock and inflation rate for India and Japan. The recommendations are that the government bodies should take appropriate action to control the inflation, so as to increase the stock return in India and Japan. This paper is an effort to study the effect of Inflation on equity return in India and Japan. The real rate of return, nominal return for each year and real returns for all multi-year holding periods 1991 to 2012 are also presented in this research paper.

KEYWORDS: equity return, inflation. nominal return, real return, stock market return.

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