

## **The Market Integration of the Emerging Economies to Developed Economies: Turkey Case**

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### **Abstract:**

The integration of the emerging economies and the markets of developed economies is an important issue of the recent period. The exchange rates and stock market of developed countries are playing so important role for this integration. The main questions to be answered are; how the exchange rate changes when the exchange rates change, how global stock markets influence the domestic stock market, how much is the financial opened for the developing country etc. In this paper, we apply the VECM and prove the short/long-run merger between the exchange rate and the stock transactions in Turkey upon the liberalization period 90's. Moreover, the finding shows that the stock a transaction in Turkey is affected by the world capital markets (U.S. stock market). So, the monetary and fiscal policies of Turkey economy are convergence from the world economy.

**Keywords:** the VECM, Stock Market, Exchange Rate, Turkey

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