

## ABSTRACT

Interesting structures of interdependence among various countries keep emerging due to

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economy. Any change, such as policy, political regime, or collapse of leading companies, in the global economy may influence the dynamics of economic development. The

global economy is characterized by a complex system of interdependent relationships between countries.

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The network representation of financial data is giving birth to a strong research community for exploring and understanding the emergent interdependence structure as embodied by the cross-correlation between the equity returns. As the structure and the related information propagate, trading has to adapt to where the money will be. This geographical movement of capital is what is called the capital allocation function. In this way, the capital allocation function can be regarded as a key mechanism for the development of a market economy. Capital allocation is a market function to be properly explored. Considering the function of the risk premium in the capital allocation process, it is clear that the market function, one of the most important in the stock market, is to provide a risk premium for holding the well-risked stocks. For example, firms with lower beta values, which are well-risked stocks, receive higher returns. Stock market and stock return are closely related here, which is called the "beta effect". In addition, the beta effect is also closely related to the capital allocation function because capital can move and cause the unique capital price movement, which is called the "alpha effect".

This paper will select a good example of a complex adaptive system with the capital allocation model for the example. We have used three groups of complex adaptive systems developed by various scholars to illustrate the capital allocation function. The possible solutions to the following sections include how to apply the capital allocation function to the capital market system, how to build a capital market function, and, finally, how to design the capital market system function. In addition, how to design the capital market system function, how to measure the capital market system function, and how to evaluate the capital market system function. These three sections will help the reader understand the concept of capital allocation function and its relationship with the world capitalization of finance. Specifically, we can learn from the capital allocation function how to measure the complexity of the market, and how to measure the capital allocation function in the field of capital allocation in the financial market.

statistical methods to test for any significant variation in these indices during a period of eight years from January 2002 through December 2009. We used stock market data from ten major North American, European and Asian stock markets obtained from Bloomberg for this study. The study revealed the presence of regional influences on the network dynamics. It also unearthed the emergence of synchronized global pattern in the

*and thereby reduce the risk of infection. This study will examine*

market mechanism (14) will fail.

with significant market share changes to them could in order to expand the coverage to the broader market. In addition, the market share of the top 100 companies in the S&P 500 has been declining over time, as shown in Figure 1. The market share of the top 100 companies in the S&P 500 declined from 60.1% in 1990 to 48.1% in 2010. This decline in market share is associated with fast rate evolution. It was observed that a company's position in the market is changing rapidly, which requires a timely market update. In addition, by monitoring the relative change in the value of the stock, it helps to take advantage of the dynamic network structure. A slight change from time to time leads to the market's movement, especially if applied to the stock market, it can be used to predict the market's movement. The change in the stock market is important for the market to move in the right direction. For this reason, we can say that they provide better information. Furthermore, that the stock market is the most popular market in the world, it is a very important factor in the market's movement. In addition, the stock market is also a very important factor in the market's movement. In the past, there is often, for either business or the stock market, to decrease, or even, after a period of time, to increase, so that it can be used to predict the market's movement.

Subsequently, we develop methods to capture the macroscopic interdependence structure

among stock returns over long term. We use the well-known monthly returns of 15 major market listed companies for a period of one year to study the long-term

(1997) of the market. The WBC (White basket, white basket of stock market basket) is constructed as the average of monthly returns of stocks in the stock market. Shifting portfolio of 15 stocks, the six different portfolios (from Germany, USA, France, Italy, UK), obtained from Bloomberg, has been used in the analysis. The WBC has been analyzed to investigate whether empirical regularity of stock markets and economic sectors, in which the stocks belong to, influence the evolutionary behavior of stock return. A weighted average of monthly returns represents mean and covariances from the samples represent various stock volatility measures. The study reveals that the evolution of stock price is strongly influenced by the economic condition of the country, the geographical location of the stock market and the stock market's position in the global market.

The first step is to calculate weights of the stocks in the sample. The weights are calculated based on the total market value of the stocks in the sample. In the second step, the weights are normalized by calculating the total of the weights of all weighted stocks. Computing stock market weights with the help of the following equation, where  $w_i$  is the weight of stock  $i$ ,  $C_i$  is the market value of stock  $i$  and  $C$  is the total market value of all stocks. Therefore, each stock has the weightage and the probability of being selected in the portfolio. The third step is to calculate the correlation matrix between the stock market and the market. It is computed by comparing the two monthly mean returns of the group of stocks. The last step is to calculate the correlation coefficient between the two monthly mean returns of the market. Testing that the two monthly mean returns are

is sensitive to the degree of decentralisation in the network.<sup>1</sup> The analytical measures would be useful in approximating the values of these centrality and communication measures for similar decentralised structures.

It is also important to note that the concepts of social network analysis have been generalised as follows. We have extended the concepts of social network analysis to be

<sup>1</sup> See Chapter 1 for a detailed discussion of the relationship between decentralisation and network structure.

to include the following features:<sup>2</sup> (i) the network may consist of nodes which are not necessarily individuals; (ii) the network may consist of nodes which are not necessarily connected; (iii) the network may consist of nodes which are not necessarily complete; (iv) the network may consist of nodes which are not necessarily undirected; (v) the network may consist of nodes which are not necessarily symmetric; (vi) the network may consist of nodes which are not necessarily binary; (vii) the network may consist of nodes which are not necessarily discrete; (viii) the network may consist of nodes which are not necessarily finite.

At the time of original article writing, the year 2000, Black market Internet policy is still in its early stages of development. In view of the recent trend of growth of Black market from illegal origin, it is important to understand the concept of Black market, its growth, its impact to the society and the economy by analysing their correlation over the course of time.

The Black market is a market where goods and services are traded without the intervention of governments. Markets not covered by government regulation may be termed as black markets. The term "black market" may also refer to a market that is controlled by a group of people who do not want to pay taxes or who do not want to follow the rules of the market. The term "black market" may also refer to a market that is controlled by a group of people who do not want to pay taxes or who do not want to follow the rules of the market.

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