

Contents

LIST OF CONTRIBUTORS	xi
PREFACE	xiii
PART I:	
THE ECONOMY, LAND AND STOCK MARKETS	1
Japanese Financial Markets: An Overview Yasushi Hamao	3
The Japanese Stock Market: 1949-1991 Sandra L. Schwartz and William T. Ziemba	23
The Chicken or the Egg: Land and Stock Prices in Japan William T. Ziemba	45
Japan as a Creditor Nation Sandra L. Schwartz	69
PART II:	
THE BEHAVIOR OF STOCK PRICES	89
Price and Volume in the Tokyo Stock Exchange Y.K. Tse	91
The Volatility of the Japanese Stock Market: Evidence from 1977-90 K. C. Chan and G. Andrew Karolyi	121
Stock Market Rationality and Price Volatility: Tests Using Japanese Data Takeo Hoshi	145
Market Microstructure and Price Discovery on the Tokyo Stock Exchange Yakov Amihud and Haim Mendelson	167
Do Management Forecasts of Earnings Affect Stock Prices in Japan? Masako N. Darrough and Trevor S. Harris	197
Stock Market Anomalies and the Pricing of Equity on the Tokyo Stock Exchange Gabriel A. Hawawini	231

Weekly Patterns in Japanese Stock Returns Kiyoshi Kato	251
PART III:	
EXCHANGE RATES AND HEDGING	265
A History of Yen Exchange Rates James R. Lothian	267
News from the U.S. and Japan Takatoshi Ito and V. Vance Rolley	289
Currency Hedging Strategies for U.S. Investments in Japan and Japanese Investment in the U.S. William T. Ziemba	313
PART IV:	
DERIVATIVE SECURITY MARKETS	337
The Development of Organized Futures Trading: The Osaka Rice Bill Market of 1730 Ulrike Schaede	339
The Market for Japanese Stock Index Futures: Some Preliminary Evidence Warren Bailey	367
Seasonality Effects in Japanese Futures Markets William T. Ziemba	381
Stock Index Futures Arbitrage in the Japanese Markets Menachem Brenner, Marti Subrahmanyam and Jun Uno	411
Arbitrage Opportunities in the Japanese Stock and Futures Markets Menachem Brenner, Marti Subrahmanyam and Jun Uno	439
An Introduction to Japanese Stock Index Options Warren Bailey and William T. Ziemba	451
Valuing Bonds with Detachable Warrants Peter Carr	467
PART V:	
INTEGRATION OF CAPITAL MARKETS	481
The Effect of the 1987 Stock Crash on International Financial Integration Yasushi Hamao, Ronald W. Masulis and Victor Ng	483

Private Information, Trading Volume and Stock Return Variances Michael J. Barclay, Robert H. Litzenberger, and Jerold B. Warner	503
PART VI:	
BOND AND FIXED INCOME MARKETS	525
Interpreting Changes in the Volatility of Yields on Japanese Long-term Bonds Kenneth J. Singleton	527
The Structural Behavior of the Japanese Gensaki Rate Kwok-Wai Leung, Anthony Sanders, and Haluk Unal	557
PART VII:	
FINANCING OF JAPANESE CORPORATIONS	569
The Cost of Capital for Industrial Firms in the U.S. and Japan James E. Hodder	571
Japanese Mergers and Direct Investment in the U.S. Richard H. Pettway	595
BIOGRAPHIES OF THE EDITORS	615