

## **DETERMINING FACTORS FOR THE DEVELOPMENT OF STOCK MARKET IN LATIN AMERICA**

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### **ABSTRACT**

The objective of this research is to evaluate the determining factors for the development of stock markets in Latin America. An Autoregressive Vector (VAR) model was used to verify the existence of a relationship between the variables. The countries under study are Argentina, Brazil, Chile, Colombia, Mexico, and Peru, and data from 1990 to 2020 were considered. The results indicated that the factors that mainly influence the development of stock markets are market capitalization, income level, banking sector development, savings, market liquidity, and private capital. In particular, it was found that savings, market liquidity, and private capital have a greater effect on the development of stock markets in the studied countries. These results suggest the importance of these variables for the development of stock markets, indicating the need for Latin American countries to implement policies and improvements that promote the development of stock markets, given that the development of stock markets leads to economic development throughout the country.

**Keywords:** Stock Development, Cointegration, Autoregressive Vectors.

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