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Electricity Trading and Negative Prices: Storage vs. Disposal.

Financial globalisation has been associated with divergent current account patterns in emerging markets. In this paper we test for the relevance of financial market characteristics in explaining different current account patterns in emerging Europe and emerging Asia. We find that better developed and more integrated financial markets increase emerging markets' ability to borrow abroad. The degree of financial integration within the convergence clubs as well as the extent of reserve accumulation are found to be the most significant factors to explain divergent current account patterns in emerging Europe and emerging Asia.