Abstract
The paper investigates the heterogeneous nature of equity-commodity from the perspective of three major emerging nations China, India and Brazil. Whether energy commodity markets could provide diversification advantages to the investors of the emerging markets during the two major recent crises. Adjusted ICSS was applied for determining breaks in the time series. DCC-GARCH (1,1) model and CWT were adopted for ascertaining both time & frequency dependent correlation. Both methods are adopted to produce robust conclusions. The findings suggest that Global Financial and Eurozone Debt Crisis effects all markets and diversification benefits are not homogenous across time and investment horizon. Evidences are produced using Non Liner Models. Vital implications for the investors, portfolio managers, hedgers and policy makers can be drawn from this study.

Journal of Finance:
C22, G01, G10
Keywords: Wavelet decomposition; Diversification; Equity; Stock Market; Commodity; Crisis; Energy; India

I. Introduction
INTERNATIONAL FINANCIAL MARKETS have witnessed tremendous transformation upon the liberalisation measure of capital account convertibility. This has ushered foreign capital from the developed economies to transpiring ones further acting as a catalyst for the world’s financial integration. The outcome of such cross-border capital movement is the soaring interdependence and high volatility due to greater exposure to systematic risks (Longin and Solnik, 1995). The increasing cross market correlation minimised the diversification advantages (Quinn and Voth, 2008) particularly with the emerging markets (Nikolaos, 2011). Soon the focus shifted to cross asset investments for diversification gains.

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Notes
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