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NEW EVIDENCE ON THE WEALTH TRANSFER DURING THE ARGENTINE CRISIS

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In this study, we investigate the wealth preservation hypothesis during the Argentine crisis and revisit the theory of wealth transfer from Argentina to the United States. We show that the boom experienced by the Argentine stock market is explained by both the wealth preservation through top non-ADR stocks and the wealth transfer through ADR stocks. Argentine investors without access to trading abroad preserved wealth by converting their bank deposits into the most liquid ADR and non-ADR stocks. An investment in a portfolio of less liquid ADRs resulted in a wealth loss, unless used as a vehicle to transfer funds abroad.