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**Evidence of price convergence within the Greater Bay Area in China  
using nonparametric tests.**

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**ABSTRACT**

Our paper focuses upon empirical study on the extent of goods market integration within the Greater Bay Area (GBA). Purchasing power parity (PPP) implies a high degree of goods market integration in the economies under examination, which are recognized as necessary conditions for the imminent formation of an integrated city cluster and even the closer economic integration in the future. The existence of PPP relationships is a prerequisite for a high probability of success in developing the GBA into a tightly knit world-class city cluster in the longer term. This paper examines the PPP within the GBA from July 2012 to December 2019. Since the PPP long-run relationships may not be exact or linear, we adopt the non-parametric rank tests for analysis which do not require prior knowledge and specification of the linear or nonlinear functional form. Our results validate the PPP in the long run with limited evidence of nonlinearity in the data.