On the Nature of the Dependence in the Volatility of U.S. Stock Returns

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Long memory in the volatility of individual return series and in the volatility of equal-weighted portfolios constituted by these individual return series is analyzed to see if the memory characteristic of the volatility representation is correlated with the portfolio characteristics of size, standard deviation of returns, and firm's beta. The sample is also split in two to determine whether these characteristics change over time, since it is expected that a market is more informationally efficient as it develops. A U-shaped pattern emerges from the analysis of the portfolios created on the basis of size, standard deviation and beta. Portfolios constructed with individual return

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