In this paper, we examine size, value, and momentum patterns in the stock returns of four emerging market regions—Latin America, EMEA, Asia, and BRIC. We document a strong and highly significant value effect, and a strong but less significant momentum effect. Substantial value and momentum premiums are also present for big stocks and the overall premiums are not mainly driven by small stocks. Furthermore, the value patterns in emerging markets are more pronounced than in developed markets. In order to examine integrated global pricing across these regions, we test whether empirical asset pricing models with global factors explain the variation in average stock returns and, in particular, we assess their ability to capture the value and momentum patterns. Since the global models perform poorly for emerging markets, we examine the performance of local factor models, and find evidence in favor of the local four-factor model with local market, size, value, and momentum factors. On the basis of our results, pricing in emerging markets does not seem to be globally integrated.

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