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ABSTRACT

Based on daily data from 1989 – 2016 we find that the correlations between gold and oil market futures and equity returns in the aggregate US market, and specifically in the energy sector stocks have changed strongly during the stock market crisis periods. The correlation between crude oil futures and aggregate US equities increases in crisis periods, whereas in case of gold futures the correlation becomes negative, which supports the safe haven hypothesis of gold. Also for the US energy sector equities our results support using gold futures for cross-hedging especially during the stock market crises.

Keywords: Crisis, hedging, commodity markets, stock markets

JEL Classifications: G11, G13, G15, G23

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