

Accepted Manuscript

Gold and exchange rates: Downside risk and hedging at different investment horizons

Juan C. Reboredo, Miguel A. Rivera-Castro

PII: S1059-0560(14)00098-7
DOI: doi: [10.1016/j.iref.2014.07.005](https://doi.org/10.1016/j.iref.2014.07.005)
Reference: REVECO 950

To appear in: *International Review of Economics and Finance*

Received date: 15 July 2013
Revised date: 10 July 2014
Accepted date: 10 July 2014



Please cite this article as: Reboredo, J.C. & Rivera-Castro, M.A., Gold and exchange rates: Downside risk and hedging at different investment horizons, *International Review of Economics and Finance* (2014), doi: [10.1016/j.iref.2014.07.005](https://doi.org/10.1016/j.iref.2014.07.005)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Gold and exchange rates: downside risk and hedging at different investment horizons

Juan C. Reboredo^a, Miguel A. Rivera-Castro^{b,*}

^a*Department of Economics, University of Santiago de Compostela, Avda. Xoán XXIII s/n, 15782 Santiago de Compostela, Spain.*

^b*Post graduate programme in management - PPGA, Unifacs, Rua Dr. José Peroba 251, 41770-235, Salvador, Brazil.*

Abstract

This paper assesses the hedging and downside risk benefits of using gold for currency risk management at different investment horizons. Using wavelet multi-resolution analysis, we characterized market interdependence between gold and exchange rates for different time scales, finding positive dependence between gold and US dollar depreciation against a wide set of currencies for all time scales for the period January 2000 to March 2013. The analysis for mixed gold-currency portfolios confirms the usefulness of gold in currency hedging and downside risk management at different investment horizons, even though the size of the benefits varies through investment horizons, with benefits circumscribed to specific kind of portfolios, namely, those whose weights are optimally determined.

Keywords: Gold, Exchange rates, Hedging, Downside risk, Wavelets, Investment horizon.

JEL Classification: C58, F31, G11, G15.

*Corresponding author

Email addresses: juancarlos.reboredo@usc.es (Juan C. Reboredo), marc@ufba.br (Miguel A. Rivera-Castro)

Download English Version:

<https://daneshyari.com/en/article/5083599>

Download Persian Version:

<https://daneshyari.com/article/5083599>

[Daneshyari.com](https://daneshyari.com)