

## Accepted Manuscript

Title: Is gold a hedge or safe haven for Islamic stock market movements? A Markov switching approach

Author: Walid Chkili

PII: S1042-444X(17)30003-8  
DOI: <https://doi.org/10.1016/j.mulfin.2017.10.001>  
Reference: MULFIN 537

To appear in: *J. of Multi. Fin. Manag.*

Received date: 8-1-2017  
Revised date: 25-9-2017  
Accepted date: 2-10-2017



Please cite this article as: Chkili, Walid, Is gold a hedge or safe haven for Islamic stock market movements? A Markov switching approach. Journal of Multinational Financial Management <https://doi.org/10.1016/j.mulfin.2017.10.001>

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.

# Is gold a hedge or safe haven for Islamic stock market movements? A Markov switching approach

**Walid Chkili**

International Finance Group, Faculty of Economics and Management of Tunis, University of  
Tunis ElManar, Tunisia

Faculty of Economics and Management of Nabeul, University of Carthage, Tunisia

E-mail: [wahidchkili@yahoo.fr](mailto:wahidchkili@yahoo.fr)

## Highlights

- The role of gold as a hedge or a safe haven is examined
- The Markov switching approach is used
- We study the dynamic behavior of Islamic stock markets
- We find that gold can act as a strong safe haven for Islamic equity markets

## Abstract:

This paper uses the Markov switching approach to investigate the role of gold as a hedge or safe haven for Islamic stock market risk. Empirical results reveal on the one hand, the presence of two distinct regimes for all the considered markets namely a low volatility regime and a high volatility regime. More precisely, the high volatility regime coincides with the major economic and political events that occurred during the period under study. On the other hand, evidence shows that gold can act as a weak hedge and a strong safe haven against extreme Islamic stock market movements. This result has significant implications for portfolio diversification and hedging strategy choice.

*Keywords:* Islamic stock market, Gold, Markov switching, Hedge, Safe haven

*Jel classification:* C24, G01, G10, G11

## 1. Introduction

The last few years, Islamic financial markets have attracted international investors by the development of Islamic equity and bond indices. These assets have occupied a significant

Download English Version:

<https://daneshyari.com/en/article/7368963>

Download Persian Version:

<https://daneshyari.com/article/7368963>

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