

عنوان مقاله:

Dynamic correlation between exchange rate and the listed industries stock index during the currency crises: The Implications for Optimal Portfolio Construction

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خلاصه مقاله:

In this study, we examine the correlation between stock returns of Export-oriented (EOIs) and Import-oriented (IOIs) industries and exchange rates, to derive stock-exchange optimal weights, attempting to manage the risk of investors in the capital market. To do so, the ADCC and DCC models are used. The data consists of the stock return of the listed industries, and the daily exchange rate from ۲۰۰۸ to ۲۰۲۰. The results suggest that EOIs have a dynamic asymmetric conditional correlation, and IOIs have a dynamic symmetric conditional correlation with the exchange rate. Moreover, the results indicate that in both currency crises, the weight of optimal portfolio in all industries except pharmaceuticals, in non-crisis period is over ۵۰% and in the crisis period is less than ۵۰%. Accordingly, and to reduce the risk of the portfolio, in the non-crisis period, investors should invest more than half of a one-Rial portfolio to dollar exchange, and in the crisis period, they should allocate less than half of a one-Rial portfolio to this currency. In case of the currency crisis, it is suggested that investors invest in the stock of basic metals, because this industry is a pioneer in attracting currency crisis and increasing stock value of the industry through future cash flow and replacement value, and reduce the stock of pharmaceuticals and computers in their portfolio, due to attracting negative effects of the exchange market.

کلمات کلیدی:

Stock market, Exchange rate, Optimal Portfolio, Dynamic conditional correlation

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