

عنوان مقاله:

Hedge, Safe Haven, and Diversification for US and China Stock Markets during COVID-19 Outbreak : Volatile versus Stable Cryptocurrencies

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خلاصه مقاله:

This paper is designed to examine the volatile and stable cryptocurrencies' role in the US and Chinese stock market indexes. In this context, the TGARCH-ADCC modeling approach is used to determine the dynamic conditional correlation, to be implemented in the linear regression model to determine each of these instruments' specific behavioral effects on the US and China stock indices. The findings reveal well that TRUE Provesto stands as a strong safe-haven asset for US investors throughout the entire study period. However, it turns out to play a safe-haven role for Chinese investors in the pre-2020 period. As for Gold, it appears to have lost its safe-haven character before the global 2020 pandemic, to turn into a diversifier asset for US investors. The computed optimal hedge and hedging effectiveness reveal well that Gold proved to display the best hedging instrument for US investors during the pre-COVID-19 period, while Ethereum proved to represent the most optimal hedging tool for Chinese investors. It also turns out to stand as the most effective hedging instrument all over the COVID-19 pandemic period for both the US as well as Chinese investors.

کلمات کلیدی:

Covid-19, diversification, Gold, Hedging, Safe Haven, US and China Stock Indices, Volatile and Stable Cryptocurrencies

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