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Volatility Transmission among Exchange Rates in Case of Currency Wars / Kur Savaşları Çerçevesinde Döviz Kurları Arasındaki Volatilité Etkileşimi

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ABSTRACT

The aim of the study is to analyze volatility spillovers and transmission among the U.S. Dollar, the Euro, the Yuan and the Yen within the framework of currency wars. Towards to the purpose of the study, volatility spillovers among exchange rates are investigated with Constant Correlation Multivariate Stochastic Volatility model and Dynamic Correlation Multivariate Stochastic Volatility model. Data used for analyze are daily and the U.S. Dollar, the Euro, the Yuan and the Yen exchange rates will be taken from Turkish Lira-denominated. Multivariate Stochastic Volatility models will be estimated for bi-variate structures (The U.S. Dollar-The Yuan, The U.S. Dollar-The Yen, The U.S. Dollar-the Euro, the Euro-the Yuan the Euro-the Yen, the Euro-the U.S.dollar)

KEYWORDS Stochastic Volatility; Currency War; Volatility Transmission

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