

Movements and Linkages between Emerging Stock Market Indices with Currency Returns: A Study with Reference to ASIA

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The aim of this study is to investigate the co-movements and dynamic linkages, between stock prices in emerging equity markets and exchange rates in currency markets of Asia, for eight countries, namely, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand, by estimating correlation and granger causality tests, with 15 years daily returns for the period from 1st January, 2002 to 31st December, 2016. This research study focused on currency rate returns, which were evaluated against respective Stock market indices of Asian emerging markets. It applied different statistical tools to analyze the obtained data. The research study also analyzes the causal relationship between the time series data, pertaining to currency and sample stock indices of Asian countries. The study found no correlation between indices and exchange rate returns of countries of Asia, though very weak relationship did exists, except China and Indonesia. The result indicated the non-existence of linkages and movements between the exchange rate and stock market index, under sample emerging countries in Asia, during the period under study.

Keywords: *Asian Emerging Market Currencies, Co-Movements, Dynamic Linkages, Foreign Exchange Rates, Stock Index Returns, Correlation and Granger Causality*

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