

# The Relationship Between Stock Market And Exchange Rate With Dynamic Volatility Spillover: Evidence From Asia-Pacific Region

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## Abstract

This study investigates the dynamic relationship between the stock market and exchange rates, using daily data from 1994 to 2018. Johansen's cointegration analysis shows significant long-run relationships for Hong Kong. The Granger causality tests show a significant bi-directional and uni-directional causality in the Asia-Pacific region, except for China. Results also show volatility spillovers in the UK, Germany, and the USA, which persistently influence the stock market and exchange rates in the Asia-Pacific region. During crisis, the stock market is better in capturing total volatility spillovers than the exchange rate.

## Author keywords

causality; cointegration; connectedness; Volatility spillover