



Volatility Spillovers, Hedging and Safe-havens under Pandemics: All that glitters is not Gold

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Abstract: *In the context of the COVID-19's outbreak and its implications for the financial sector, this study analyses the aspect of hedging and safe-haven under pandemic. Drawing on the daily data from 02 August 2019 to 17 April 2020, our key findings suggest that the contagious effects in financial assets' returns significantly increased under COVID-19, indicating exacerbated market risk. The connectedness spiked in the middle of March, consistent with lockdown timings in major economies. The effect became severe with the WHO's declaration of a pandemic, confirming negative news effects. The return connectedness suggests that COVID-19 has been a catalyst of contagious effects on the financial markets. The crude oil and the government bonds are however not as much affected by the spillovers as their endogenous innovation. In term of spillovers, we do find the safe-haven function of Gold and Bitcoin. Comparatively, the safe-haven effectiveness of Bitcoin is unstable over the pandemic. Whereas, GOLD is the most promising hedge and safe-haven asset, as it remains robust during the current crisis of COVID-19 and thus exhibits superiority over Bitcoin and Tether. Our findings are useful for investors, portfolio managers and policymakers interested in spillovers and safe havens during the current pandemic.*

Keywords: COVID-19, Gold, Cryptocurrencies, Commodities, Stock, Bonds, Oil, Clean Energy Indexes, Connectedness, Hedging, Safe-haven.

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