



Is Gold A Hedge or Safe Haven? An Analysis of Gold, Stock and Bond: The Case of Developed and Emerging Markets in Asia.

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ABSTRACT

Investment can make the investors face with loss in market turbulence. Many investors try to increase their asset's value or at least retaining it. Gold has become a good choice in this time but is gold a hedge or a safe haven in extreme stocks and bonds market conditions? We study the correlation between stock and bond returns and gold returns to investigate these two properties via GJR GARCH. Then, we found that gold tends to serve the safe haven property in more cases than serving as a hedge. Moreover, the event study as Subprime credit crisis did not change the gold property as a safe haven as we expected it will be.

Key words: hedge, safe haven, gold, stock-bond correlation, extreme market, GARCH model, leverage effects, flight-to-quality, Utility theory