

Volatility Spillovers Betwixt the Stock Markets and Crypto Currencies: Tvp-Var Frequency Connectedness Approach

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ABSTRACT

This study explores the volatility transmission connectedness and spillovers between the crypto currencies and globally diversified stock markets by using the TVP-VAR frequency connectedness approach. Findings conclude that %61 of the total forecast error variance can be attributed to the transmissions inside the analyzed network and identify the ETH, BTC, and BNB as the net transmitters and TET, FTSE, and SSE as the net receivers of the network. In addition, results illustrate that the total dynamic connectedness is mainly driven by the long-run transmission component.

Keywords: Cryptocurrencies, Frequency Connectedness, Stock Markets, Transmission Connectedness, TVP-VAR, Volatility Spillovers