Quantitative Finance and Economics

QFE, 7(3): 475–490.
DOI: 10.3934/QFE.2023024
Received: 18 July 2023
Revised: 07 September 2023
Accepted: 21 September 2023
Published: 26 September 2023

http://www.aimspress.com/journal/QFE

Research article

Gold and the global financial cycle

Afees A. Salisu[1,2], Rangan Gupta[2,*], Siphesihle Ntyikwe[2] and Riza Demirer[3]

[1] Centre for Econometrics & Applied Research, Ibadan, Nigeria
[2] Department of Economics, University of Pretoria, Private Bag X20, Hatfield 0028, South Africa
[3] Department of Economics and Finance, Southern Illinois University Edwardsville, Edwardsville, IL 62026-1102, USA

* **Correspondence:** Email: rangan.gupta@up.ac.za.

Supplementary

APPENDIX

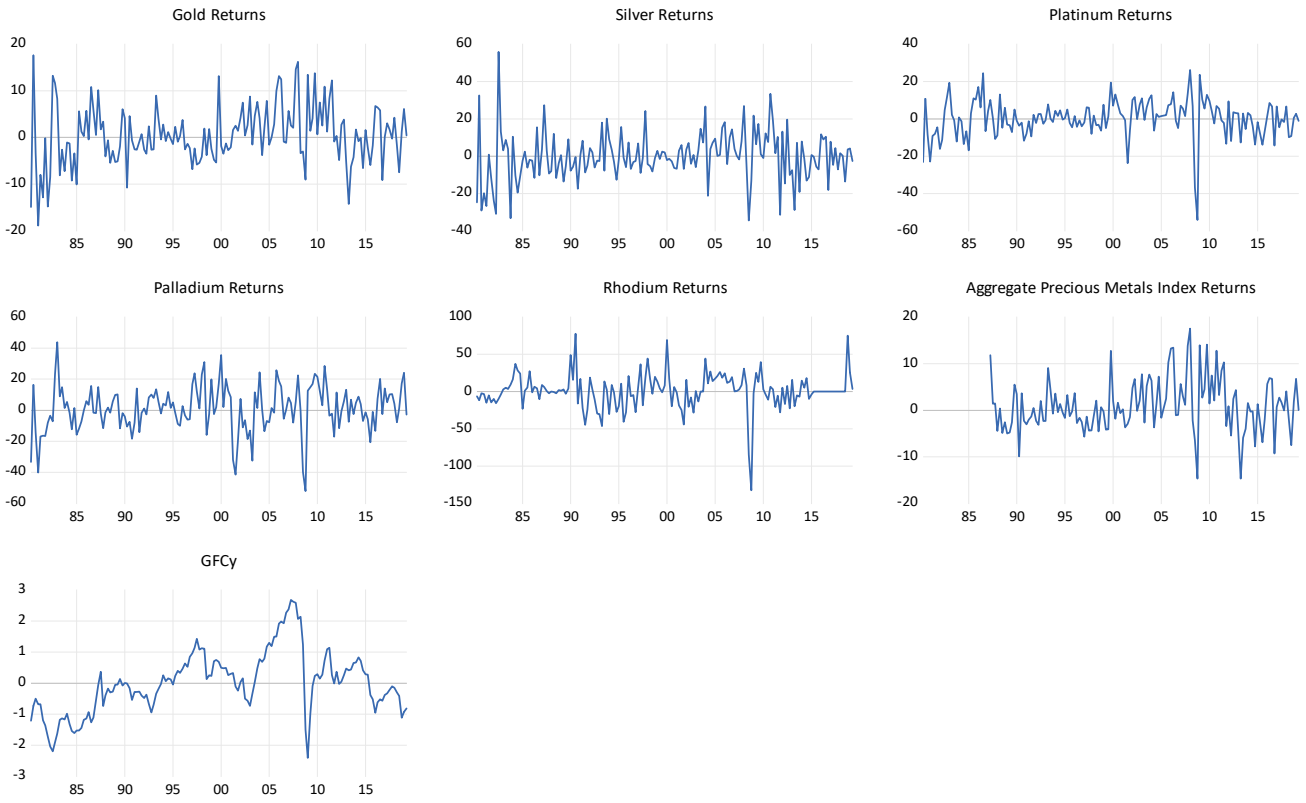
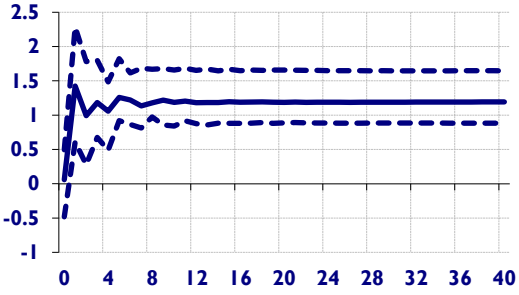
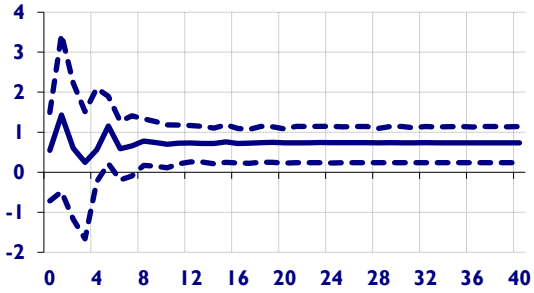


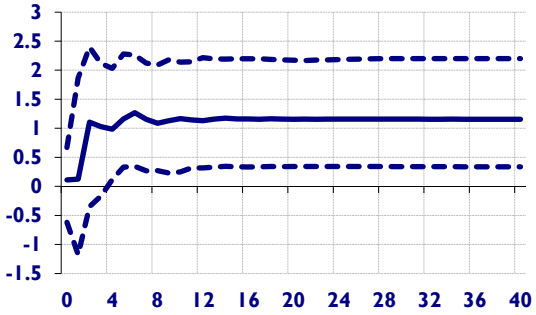
Figure A1. Data plot.



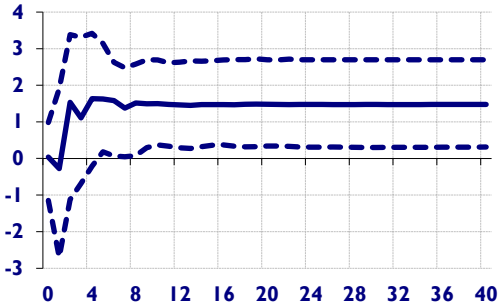
A3(a). Gold Returns



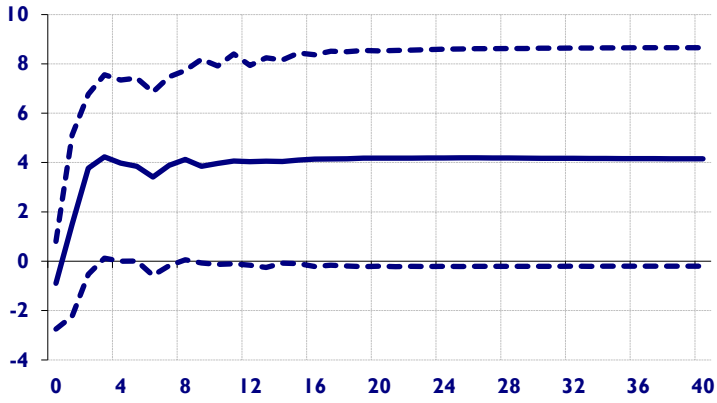
·A3(b). Silver Returns



A3(c). Platinum returns

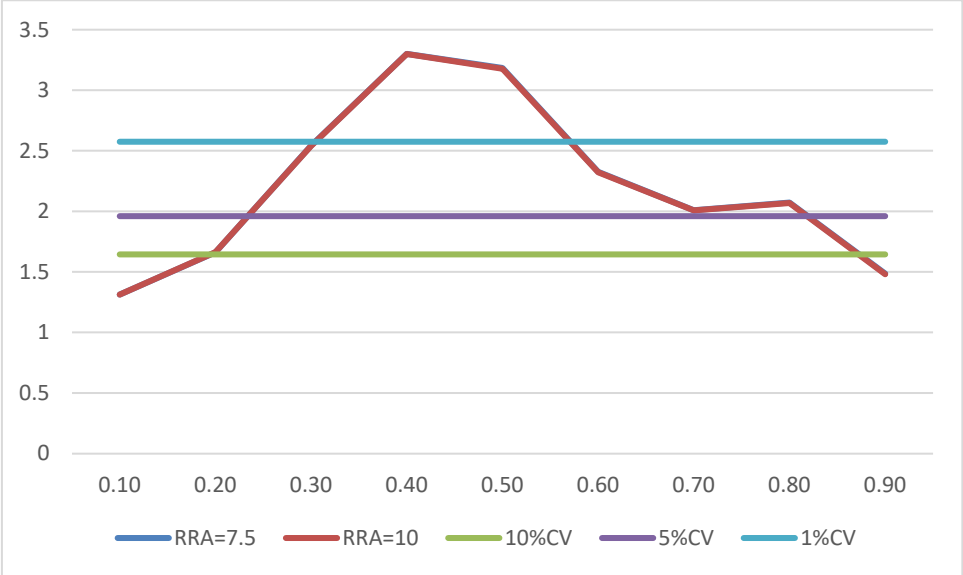


A3(d). Palladium Returns

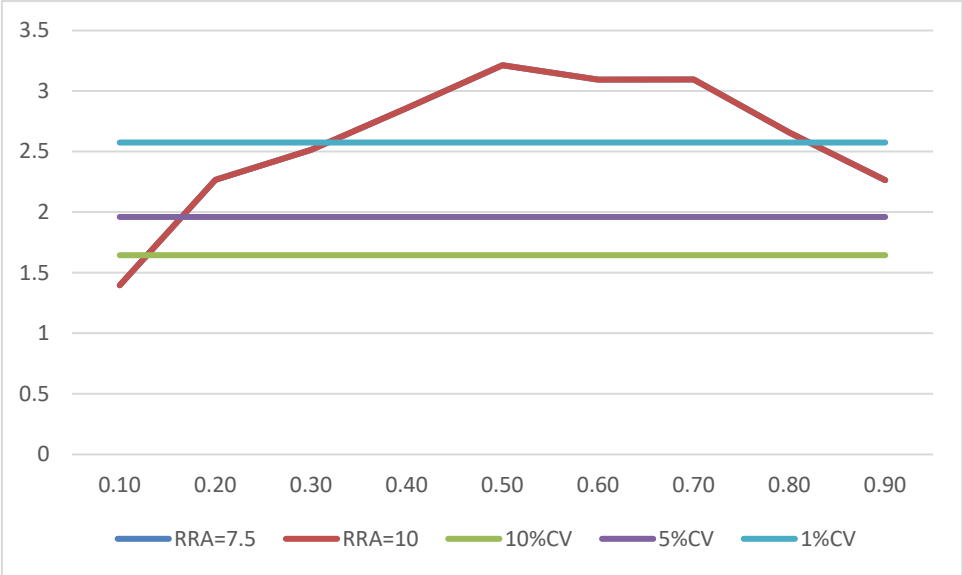


A3(e). Rhodium Returns

Figure A2. Impulse Response Functions of Precious Metals Returns to a One Standard Deviation Negative GFCy Shock over 1980:Q2–2007:Q2.



(a). Gold Returns



(b). Squared Gold Returns (Volatility)

Note: Horizontal axis corresponds to the quantiles of the dependent variable, i.e., returns and squared returns of gold; RRA indicates relative risk aversion parameter; the critical values corresponding to the standard normal test statistic are equal to 1.645, 1.96 and 2.575 for the 10%, 5% and 1% levels of significance respectively; the standard normal test statistic curves under the two RRAs overlap, and indicates the rejection of the null of no-Granger causality from FOMC risk premium for gold returns and squared returns (volatility) at a particular quantile when it exceeds the critical value lines.

Figure A3. *k*-th Order Nonparametric Causality-in-Quantiles Test Results Using FOMC Risk Premium.