Paper Summary

This study investigates the dynamic correlations among major USD-denominated currency pairs and precious metals over the period 2015–2024, focusing on shifts between high and low volatility regimes. Employing 52-week rolling correlations and volatility thresholds, the analysis reveals that USD currency pairs exhibit significantly higher positive correlations during periods of market stress, reflecting synchronized movements consistent with the dollar's global reserve status. In contrast, precious metals such as gold and silver demonstrate reduced or negative correlations with these currency pairs in heightened volatility regimes, affirming their safe-haven characteristics.

The research fills a critical gap by providing comprehensive, regime-dependent empirical evidence across a broad asset set and extended timeframe, using robust statistical testing to confirm dynamic correlation structures. Findings offer actionable insights for portfolio managers and risk professionals, highlighting the importance of incorporating volatility regime information to improve diversification, risk budgeting, and hedging in turbulent market environments.

Overall, this study advances understanding of regime-sensitive asset interdependencies and supports the development of volatility-aware portfolio strategies aligned with evolving global financial conditions.

To make this study, help of AI tools free version: perplexity.ai; chatgpt.org has been used. No paid version has been used.