

# **Volatility Spillovers and Extreme Return Comovements between Major Foreign Currencies**

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## **ABSTRACT**

We investigate volatility transmissions between major foreign currencies and analyze their extreme return comovements. Particularly, our study shows how volatility spillovers and extreme return comovements change over time by focusing on the 2007 Global Financial Crisis and the 2016 Brexit. We find that volatilities are more significantly spread between major currencies during the post-crisis period than the pre-crisis period and volatilities of the Japanese yen are most affected by those of other major currencies after Brexit. However, based on the copula approach and the rank correlation, we discover that extreme return comovements between major foreign currencies tend to be weakened during the post-crisis period. Our findings are expected to provide a critical information in terms of currency investments or hedging purposes.