

## Islamic Equity Markets Response to Volatility of Bitcoin

**Authors :** Zakaria S. G. Hegazy, Walid M. A. Ahmed

**Abstract :** This paper examines the dependence structure of Islamic stock markets on Bitcoin's realized volatility components in bear, normal, and bull market periods. A quantile regression approach is employed, after adjusting raw returns with respect to a broad set of relevant global factors and accounting for structural breaks in the data. The results reveal that upside volatility tends to exert negative influences on Islamic developed-market returns more in bear than in bull market conditions, while downside volatility positively affects returns during bear and bull conditions. For emerging markets, we find that the upside (downside) component exerts lagged negative (positive) effects on returns in bear (all) market regimes. By and large, the dependence structures turn out to be asymmetric. Our evidence provides essential implications for investors.

**Keywords :** cryptocurrency markets, bitcoin, realized volatility measures, asymmetry, quantile regression

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