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# Volatility Spillover and Hedging Effectiveness between Gold and Stock Markets: Evidence for BRICS Countries

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**Abstract :** This paper investigates the dynamic relationship between gold and stock markets using data for BRICS counties. For this purpose, we estimate three multivariate GARCH models (namely CCC, DCC and BEKK) for weekly stock and gold data. Our main objective is to examine time variations in conditional correlations between the two assets and to check the effectiveness use of gold as a hedge for equity markets. Empirical results reveal that dynamic conditional correlations switch between positive and negative values over the period under study. This correlation is negative during the major financial crises suggesting that gold can act as a safe haven during the major stress period of stock markets. We also evaluate the implications for portfolio diversification and hedging effectiveness for the pair gold/stock. Our findings suggest that adding gold in the stock portfolio enhance its risk-adjusted return.

**Keywords :** gold, financial markets, hedge, multivariate GARCH
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