

1. Record Nr.	UNINA9910973786903321
Autore	Matsumoto Akito
Titolo	The International Diversification Puzzle when Goods Prices Are Sticky :: It's Really About Exchange-Rate Hedging, not Equity Portfolios / / Akito Matsumoto, Charles Engel
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2009
ISBN	9786612842344 9781462304325 146230432X 9781451988284 1451988281 9781451871593 1451871597 9781282842342 128284234X
Edizione	[1st ed.]
Descrizione fisica	47 p
Collana	IMF Working Papers
Altri autori (Persone)	EngelCharles
Disciplina	332.152
Soggetti	Hedging (Finance) Foreign exchange rates Banks and Banking Capital and Ownership Structure Consumption Currencies Deflation Economics Financial institutions Financial Instruments Financial regulation and supervision Financial Risk and Risk Management Financial risk management Financial services law & regulation Financing Policy Foreign Exchange Goodwill Government and the Monetary System Hedging Inflation Institutional Investors

International Finance: General
Investment & securities
Investment Decisions
Investments: Stocks
Macroeconomics
Macroeconomics: Consumption
Monetary economics
Monetary Systems
Money and Monetary Policy
Money
National accounts
Non-bank Financial Institutions
Open Economy Macroeconomics
Payment Systems
Pension Funds
Portfolio Choice
Price Level
Prices
Regimes
Saving
Standards
Sticky prices
Stocks
Value of Firms
Wealth
United States

Lingua di pubblicazione

Inglese

Formato

Materiale a stampa

Livello bibliografico

Monografia

Note generali

Bibliographic Level Mode of Issuance: Monograph

Nota di bibliografia

Includes bibliographical references.

Nota di contenuto

Intro -- Contents -- I. Introduction -- II. A General Result in a Static Framework -- III. A Simple Equilibrium Static Model -- A. Households -- B. Firms -- C. Solution of the Static Model -- IV. Dynamic Model -- A. Household Problem -- B. Firms -- C. Solution of the Dynamic Model -- D. Calibrated Portfolios -- V. Conclusion -- Table -- 1. Optimal Portfolio Shares of Foreign Equities -- Appendix -- References.

Sommario/riassunto

This paper develops a two-country monetary DSGE model in which households choose a portfolio of home and foreign equities, and a forward position in foreign exchange. Some nominal goods prices are sticky. Trade in these assets achieves the same allocations as trade in a complete set of nominal state-contingent claims in our linearized model. When there is a high degree of price stickiness, we show that not much equity diversification is required to replicate the complete-markets equilibrium when agents are able to hedge foreign exchange risk sufficiently. Moreover, temporarily sticky nominal goods prices can have large effects on equity portfolios even when dividend processes are very persistent.

