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Evidence of Time-Varying Conditional Discrete Jump Dynamics in Sub-Saharan African Foreign Exchange Markets

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Highlights from the Study

- Conditional discrete jump is time-varying, and time-varying conditional discrete jump is sensitive to past shocks in the foreign exchange markets of Ghana, Kenya, Nigeria and South Africa
- In the foreign exchange markets of Ghana, Kenya, Nigeria and South Africa, time-varying conditional jump sensitivity is persistent, and all four markets exhibit asymmetric time-varying conditional discrete jump volatility.
- All the foreign exchange markets exhibit asymmetric GJRGARCH volatility, the so-called leverage effects.

Abstract

An Autoregressive Jump Intensity-GJRGARCH model is used to examine the time-varying conditional discrete jump dynamics in the foreign exchange markets of Ghana, Kenya, Nigeria and South Africa. The findings suggest that conditional discrete jump is time-varying, and time-varying conditional discrete jump is sensitive to past shocks for all the four countries' foreign exchange markets. Time-varying conditional discrete jump