

Abstract

A large number of research papers on relation between currency risk and firms' value have been published during last several decades. Researches acknowledged that currency risk could be a pricing factor. We follow models' developments under the framework of asset pricing theory and come to a conclusion that dynamic and asymmetric international asset pricing models were considered among the best for capturing exposure to exchange rate risk in developed and emerging markets.

Exchange rate exposure became a separate topic of research. Different determinants of exposure were discovered in the literature. Economists estimated their influence on sensitivity of stock returns to currency volatility.

There is certain specific in currency exposure research. In this paper we considered different methodological aspects of exchange rate exposure modelling and mentioned details of empirical analysis in emerging markets.

Key words: exchange rate exposure, asset pricing models, a pricing factor, asymmetric models, emerging markets.

JEL: G12, G15

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