

# New research casts doubt over cryptocurrencies' 'safe haven' properties

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New research [published](#) in the *International Review of Financial Analysis* suggests that claims cryptocurrencies are immune to economic risks should be taken with caution.

Research carried out by a team of international academics looked at how connected cryptocurrency prices are to factors such as the [stock market](#) and oil volatility, as well as how turbulent periods such as the COVID-19 pandemic and the Ukraine war affected cryptocurrency behavior.

The research was carried out by academics from Bangor Business School, Wales, Poznań University of Economics and Business, Poland, the Nicolaus Copernicus University, Poland and Montpellier University, France.

Dr. Danial Hemmings of Bangor Business School said, "By using various indices covering diverse risk areas, from geopolitics and [economic uncertainty](#) to Crude Oil and Gold Volatility indices and using a wide portfolio of cryptocurrencies, we sought to compare the significance and size of various risk transmissions between the pricing of crypto assets and the real economy."

## **A lesson from turbulent times**

"One of the principal promises of crypto assets has been their ability to hedge risks, and what we found is that while the pricing of cryptocurrencies remains largely disconnected from economic risks, in terms of [volatility](#), the ripple effect on cryptocurrencies did intensify during turbulent periods such as the COVID-19 outbreak or the Ukraine war," says Hemmings.

These findings are significant as they emphasize the nuance in the hedge-potential of crypto assets.

**More information:** Barbara Będowska-Sójka et al, Uncertainty and cryptocurrency returns: A lesson from turbulent times, *International Review of Financial Analysis* (2024). [DOI: 10.1016/j.irfa.2024.103330](https://doi.org/10.1016/j.irfa.2024.103330)

Provided by Bangor University

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