

## ARTHSAMVAD VII: A TALK ON 'CURRENCY TURMOIL IN EMERGING MARKETS'

The Faculty of Economics in the Department of Social Sciences organized a talk of *ArthSamvad* series on a very contemporary topic of global concern '*Currency Turmoil in Emerging Markets*' on 24<sup>th</sup> October, 2018 at SLS, PDPU. The renowned economist Dr. Indradeep Ghosh, Associate Professor and Dean of Meghnad Desai Academy of Economics was the invited speaker of the event.

Prof Ghosh began his talk with a discussion on Foreign exchange markets and went on to identifying a positive correlation between currencies and stock markets in emerging economies.



(Left to right: Anchors Aaizaz Patel and Rima Patel, faculty Dr. Nausheen Nizami, Prof. Indradeep Ghosh, Mr Karan Shah, Prof. Prashanta Panda, Mr Manoj Sahoo)

The speaker discussed that multiple forces are driving changes in the currency market. Demand for foreign currency is directly affected by imports, property purchase and sale. When domestic residents buy foreign assets or foreign residents liquidate domestic assets, the demand for foreign currency gets impacted. Similarly, exports cause a change in demand for domestic currency which is also impacted by domestic liquidating foreign assets and foreign residents buying domestic ones. Therefore, it helps conclude that domestic currency depreciation signals greater relative demand for the foreign currency. Other deeper forces that cause the Foreign exchange markets to be 'The Eye of the Storm' are macroeconomic in nature. Persistent fiscal and current account deficits are problematic individually and the worst possible combination if they occur together. International relations' factors play a vital role such as the US-China Trade war in the current scenario. Other deeper forces would include impacts from oil consumptions, patterns of trade, fiscal orientation, institutional quality and domestic and international politics. The above

correlation was studied with examples of emerging economies like Argentina, Turkey, India and Asian economies.



(Clockwise: Welcome address by Prof. Prashanta Panda, SLS Alumni Ujas Shah's video message, Dr. Nausheen Nizami felicitating Prof. Indradeep Ghosh, Prof. Ghosh explaining the reasons and implications of currency turmoil in selected countries)

The lecture concluded that currently there is a structural reform taking place in the emerging economies due to which one has been able to successfully avoid potentially disastrous situations. However, India definitely makes the list of those countries which needs to evaluate his forex policy as a wake-up call. The talk concluded with a felicitation ceremony and vote of thanks by Dr. Nausheen Nizami and presentation of mementos to the guests.

Rapporteur: Ms Jayati Gupta, Economics Major, Batch 2015, BA (Hons.)