

Applied Financial Economics >

Volume 14, 2004 - [Issue 6](#)

825 | 52 | 9  
Views | CrossRef citations to date | Altmetric

Original Articles

# Exchange-rate uncertainty and workers' remittances

Matthew L. Higgins, Alketa Hysenbegasi & Susan Pozo

Pages 403-411 | Published online: 02 Feb 2007

 Cite this article  <https://doi.org/10.1080/09603100410001673630>

Sample our  
Economics, Finance,  
Business & Industry Journals  
>> **Sign in here** to start your access  
to the latest two volumes for 14 days



 Full Article  Figures & data  References  Citations  Metrics

 Reprints & Permissions

[Read this article](#)

 Share

## Abstract

A panel of nine Western Hemisphere nations is employed to test the proposition that the remittances of immigrants respond to risk variables, in particular to exchange-rate uncertainty. To estimate annual exchange-rate uncertainty, a nonparametric estimator based on monthly exchange rate returns is used. Also the instrumental variables procedure of Pagan and Ullah (Journal of Applied Econometrics, 3, 87-105, 1988) is employed to insure that the conclusions are robust to possible error in the measurement of exchange-rate uncertainty. The results give credence to the 'new economics of migration' approach which argues that immigrants are highly motivated by portfolio variables.

[< Previous article](#)

[View issue table of contents](#)

[Next article >](#)

# Notes

<sup>1</sup> The terms immigrant worker and migrant worker are used interchangeably. While the term 'migrant worker' is often reserved for workers who move from one geographic region to another within one country to take advantage of the availability of work, the terms migrant and immigrant worker are used here to refer to individuals who are working in a country other than their country of origin.

<sup>2</sup> This is reminiscent of the political risk variables (probability of the imposition of capital controls) that was popular in the earlier international finance literature. (See for example Dooley and Isard, [1980](#).)

<sup>3</sup> The single index  $t$  in the US variable recognizes that this variable is time variant but invariant across individual countries.

<sup>4</sup>  $E_{it} = (S_{it} * CPI_{US,t}) / CPI_{it}$  where  $S_{it}$  is the nominal exchange rate (in home currency units per US dollar).  $CPI_{it}$  and  $CPI_{US,t}$  are the consumer price indexes in the home country and in the USA.

<sup>5</sup> Volatility, whether predicted or not, is sure to raise economic costs to agents transacting in the market, but the costs are certainly greater in the case of unanticipated movements of the same magnitude.

<sup>6</sup> with

<sup>7</sup> with .

## Related research

People also read

Recommended articles

Cited by  
52

[Remittances and the real effective exchange rate >](#)

Gazi M. Hassan et al.  
Applied Economics  
Published online: 23 Jul 2013

[The Impact of Remittances on Exchange Rate and Money Supply: Does "Openness" Matter in Developing Countries? >](#)

Jounghyeon Kim

Emerging Markets Finance and Trade

Published online: 1 Mar 2019

Moderating remittance and economic growth relationship with exchange rate: What new can we learn from Africa's economy? >

Gyasi Genevieve et al.

Cogent Economics & Finance

Published online: 21 Jan 2023



[View more](#)

## Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

## Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

## Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

## Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

## Keep up to date

Register to receive personalised research and resources by email



[Sign me up](#)



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG



**Taylor & Francis**  
by informa