

Applied Financial Economics >  
Volume 14, 2004 - Issue 6

709 Views | 46 CrossRef citations to date | 6 Altmetric

Original Articles

# Exchange-rate uncertainty and workers' remittances

Matthew L. Higgins, Alketa Hysenbegasi &amp; 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](#)

## 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

### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All

Essential Only

Settings

<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  
46



### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

Accept All 

Essential Only

Settings

## 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 © 2024 [Informa UK Limited](#) [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 Taylor & Francis Group  
an informa business

Registered in England & Wales No. 3099067  
5 Howick Place | London | SW1P 1WG

### About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click “Settings”. For further information about the data we collect from you, please see our [Privacy Policy](#).

 Accept All

Essential Only

Settings