

# **Directional predictability between interest rates and the Stoxx 600 Banks index: a quantile approach**

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## **Abstract-**

**This paper examines the relationship between the World Interest Rate (WIR) and the Stoxx 600 Banks index (SX7P) using a quantile approach and cross-quantilogram. The results reveal that the Stoxx 600 Banks index strongly predicts the WIR when its index is low, and the WIR significantly influences the SX7P when it is high. The study demonstrates that during a global crisis, the Stoxx 600 Banks index receives shocks, while the WIR acts as a transmitter. The study provides valuable insights into the cyclical pattern and complex relationship between WIR and SX7P, benefiting policymakers, investors, and financial analysts.**

**Index Terms- Cross-quantilogram; Developed economies; Systemic risk; Quantile vector autoregression**

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