

Floating exchange rate efficiency: Grouping patterns and pandemic impacts

A. Rodríguez Gallego; J. Portela González; K.A.I. Martín Bujack; T. Corzo Santamaría

Abstract-

This study investigates the efficiency of global floating exchange rates spanning 19 years from 2004 to 2022. We examine the presence of long memory in a sample of twenty-five floating exchange rates against the US Dollar, representing 63% of 2022 global GDP. To that end, we rely on rolling window estimates of the Hurst coefficient using Detrended Fluctuation Analysis (DFA) and Generalized Hurst Exponent (GHE) methodologies focusing on the impact of the COVID crisis. Repercussions of the COVID-19 pandemic on efficiency clearly emerge. Complementing previous partial studies, we obtain patterns that group currencies according to their pandemic efficiency reaction, presenting a comprehensive understanding of the dynamics of floating exchange rates. The broad sample of currencies analyzed allows the identification of two distinct groups of currencies, revealing a temporary shift in FX markets away from efficiency, with one group exhibiting prolonged deviations. Given the importance of the forex market, our empirical findings hold substantial implications for the broader finance community.

Index Terms- Currencies; forex market; market efficiency; fractal analysis; COVID-19

Due to copyright restriction we cannot distribute this content on the web. However, clicking on the next link, authors will be able to distribute to you the full version of the paper:

[Request full paper to the authors](#)

If your institution has an electronic subscription to International Economics, you can download the paper from the journal website:

[Access to the Journal website](#)

Citation:

Corzo Santamaría, T.; Martín-Bujack, K.; Portela, J.; Rodríguez, A. "Floating exchange rate efficiency: Grouping patterns and pandemic impacts", International Economics, vol.182, pp.100591-1-100591-15, August, 2025.