

# **Short-term dependencies between volatility of currency, money and capital markets. The case of Poland**

**BRZESZCZYNSKI Janusz, KELM Robert**

The paper presents GARCH models for the EUR/PLN and USD/PLN currency rates. It applies the approach within which both conditional variance function and mean equation of the ARCH class model are expanded simultaneously. The basic regression equation incorporates causal dependencies between currency prices and the main characteristics of domestic and international currency, money and capital markets. The paper provides an insight into the currency market microstructure as the presented investigation takes into account the intradaily features of the market. The models selection and their performance has been evaluated by the use of direction quality measures.

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