

## **Macroeconomic effects on D.J.S.I.-World Returns**

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### **Abstract**

*One of the best known and highly regarded Socially Responsible Investing (SRI) indexes is the Dow Jones Sustainability Index World (D.J.S.I.-World). By using the model of Generalized Autoregressive Conditional Heteroskedasticity (GARCH), the relation between D.J.S.I.-World returns to 10 year bond returns and Yen/U.S. dollar exchange rate is investigated. Research results show that 10 year bond value affects positively the value of D.J.S.I.-World. However, there is a negative relation between Yen/U.S. dollar exchange rate and D.J.S.I.-World with a month delay. According to our results, the total return of D.J.S.I.-World is affected by such macroeconomic factors as the value of 10 year bond, the Yen/U.S. dollar exchange rate and the general economic environment. In this way, investors can understand better the function of SRI market. Additionally, a new channel of information is created and better evaluation of D.J.S.I.-World is enabled.*

**Keywords:** Corporate Social Responsibility, Socially Responsible Investment, GARCH.

**JEL Classification Codes:** M14, G15, C22

### **1. Introduction**

In recent years there is an emphasis on the concepts of Corporate Social Responsibility (CSR), as the growth of its body increases every year. In 1990 there were only 7 environmental and social reports, while in 2001 these reached the number of 583, (Figure 1).

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