

**Interdependence and contagion in currency crises.
Hierarchical clustering approach**

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In this paper we propose a new insight on the contagion-interdependence debate of currency and/or financial crises during nineties. We address a new methodology based on the construction of hierarchical trees associated with the distance among exchange rate dynamics in order to obtain a country taxonomic description. The constructed hierarchical trees shows the interdependence among currencies so that we could cluster groups of countries (or detect isolated countries) and inside the groups we are able to find the most and less connected countries. In so doing, we shall extract information present in the Real Exchange Rate (RER) in a sample of 28 representative developed and developing countries that suffered currency crises in the nineties, in the period of 1990-2002. Hence, we are interested in testing the existence, or not, of contagion among currencies using techniques and tools formerly used in the physical and biological fields. Specifically, we have used the matrix of synchronous linear correlation coefficients and phase synchronous and the appropriate metric distance between pairs of countries.