

The Value Relevance of Foreign Currency Translation Adjustments: Comparing the United States, the United Kingdom, and Japan

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This study examines the cross-sectional value relevance of foreign currency translation adjustments in the United States, the United Kingdom, and Japan. Prior research on the value relevance of foreign currency translation adjustments has led to mixed results. The existing literature is extended by examining the value relevance of foreign currency translation adjustments when parameter estimates are permitted to vary cross-sectionally and a control for the hedging strategies of the firms is included. In addition, a simultaneous equation approach will consider the impact of macroeconomic variables on exchange rates.