Abstract
In this thesis, we present an empirical analysis of integration between the Baltic and global stock markets during the period between 2000 and 2018. This research is spurred by the fact that all three Baltic countries displaying similar positive economic developments over the studied horizon. Using the theoretical and empirical findings from similar research papers, we ground our work for the analysis. Our methodology is based on three different models: DCC-GARCH, total and frequency connectedness, and the Engle-Granger cointegration test. Using these methods, we are able to determine both short- or long-term relationship dynamics. Based on the results from our empirical analysis we were not able to reject the null hypotheses, that the Baltic states have become more integrated between themselves and the global market. At best, our results would suggest a weak form of integration given that there were indeed some notable dynamic changes. Following these results, we provide insight on interdependencies between the Baltic states and their relationships with the global stock markets. Most notable dynamics are captured by the total connectedness measure, which indicates that the Baltic stock markets show a significantly increased connectedness with the global indices, during turbulent times in the financial markets.

JEL Classification
G15, G12, C32, C22

Keywords
the stock market, financial crisis, time-series models, integration, cointegration, dynamic conditional correlation, total connectedness, frequency connectedness, Baltic countries

Author’s e-mail 62183752@fsv.cuni.cz
Supervisor’s e-mail Evzen.Kocenda@fsv.cuni.cz