

## **Abstract**

This thesis uses a gravity model of trade to examine the effect of the Euro on international Slovak trade flows. It aims to assess whether the Euro has been beneficial for Slovak trade 15 years after its entry into the Eurozone. Using the Poisson Pseudo-Maximum Likelihood (PPML) method to address the issue of zero flows and heteroskedasticity, this thesis ensures precision and robustness in its analysis. It will work with panel data from 1995 to 2021 for all bilateral trade relations and then focus solely on the exports of the automotive sector. The main findings indicate no statistically significant immediate effect of the Euro on Slovak trade. Although these results suggest that Slovakia is no exception to the findings of recent literature by suggesting negligible effects of the Euro, this thesis still reveals some favorable results. Slovakia displays more positive results than the rest and reports a statistically significant and positive 4-year and subsequent delayed effect, a positive effect on the exports of petrol vehicles, and lastly, the Euro does not seem to have trade diverting effects for Slovakia.