

## Abstract

This thesis examines the integration of European stock markets, focusing on the affect of the EU and Eurozone. Moreover, the thesis analyses whether increasing integration is a local trend possibly caused by the EU and Eurozone, or whether either the Japanese or American stock market gets more integrated with the European ones as well. We study the integration using weekly data of eighteen European stock markets and stock markets of Japan and the US over the horizon of twenty years. The method used is an extension by Klöessner and Wagner (2012) of a method originally introduced by Diebold and Yilmaz (2009). We find a positive effect of the EU on the integration of the stock markets. Also, the integration is rather local as the American and Japanese stock markets are proved to not have a higher increase in integration with the European stock markets that they have with each other. Finally, we find the Eurozone does not have an immediate positive effect on the integration of the stock markets.

**Keywords**

Stock markets integration, Spillovers, EU,  
Eurozone, Diebold and Yilmaz

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