

Abstract

In this thesis, we analyse financial contagion between Southern European (Greek, Italian, Portuguese and Spanish) and Central Eastern European (Czech, Polish and Hungarian) stock markets respectively sovereign bond markets in the period from January 2001 to June 2016. A quantile regression framework is applied to analyse contagion based on measuring of occurrences and degrees of co-exceedances. We use conditional variance (volatility) of analysed markets to find direction of the contagion. Our results show that during the analysed period contagion between stock markets exists. Contagion between stock markets is stronger during the financial and sovereign debt crisis. Direction of contagion is from Southern European to Central Eastern European Countries. We do not find evidence of contagion between Southern European and Central Eastern European sovereign bond markets. Our results show "flight to quality", but not "flight from quality".