

Abstract

The thesis analyses co-movement of 10Y sovereign bond yields of 11 EU members (Greece, Spain, Portugal, Italy, France, Germany, Netherlands, Great Britain, Belgium, Sweden and Denmark) divided into the three groups (the Core of the Eurozone, the Periphery of the Eurozone, the states outside the Eurozone). In the center of attention are changes of co-movement in the crisis period, especially near the two significant dates - the fall of Lehman Brothers (15.9.2008) and the day, when increase of Greek public deficit was announced (20.10.2009). Main contribution of the thesis is usage of alternative methodology - wavelet transformation. It allows to research how co-movement changes across scales (frequencies) and through time. Wavelet coherence is used as well as wavelet bivariate and multiple correlation. The thesis brings three main findings: (1) co-movement significantly decreased in the crisis period, but the results differ in the groups, (2) co-movement significantly differs across scales, but its heterogeneity decreased in the crisis period, (3) near to the examined dates sharp and significant decrease of wavelet correlation was observable across lower scales in some states.

JEL Classification C32, C49, C58, H63

Keywords Co-movement, Wavelet Transformation, Sovereign Debt Crisis, Sovereign Bond Yields, Eurozone

Author's e-mail phillip.smolik@gmail.com

Supervisor's e-mail vachal@utia.cas.cz