

We study the interconnectedness between the United States and thirty three international stock markets during the period of January 2003 to December 2012, with an emphasis on the global financial crisis of autumn 2008. By applying the DCC-GARCH model, our results show evidence of the increase in correlation during the period of crisis. The largest increase was reported for Argentina and India. The average increase was 0.164. Within the sample period, the US stock market was found to be the most correlated with markets of Brazil, Canada, France, Germany, Euro Area and Mexico and the least correlated with markets of China, Malaysia and New Zealand. In the second part of the thesis we study the relationship between the four selected markets (China, Euro Area, Japan and United States) and macroeconomic variables (exchange rate, total trade, industrial production and interest rates). The markets show positive relationship with the exchange rate, trade and the industrial production. The interest rate does not reveal any specific, negative nor positive, relationship. We conclude that more indices respond to a shock in one index in a very similar way.