

## **Abstract**

In this thesis, I analyze contagious effects stemming from Greece to Bulgaria, Cyprus, Italy, and Turkey during the Greek sovereign debt crisis. Using the VAR framework, I estimate adjusted cross-market correlation coefficients, and then test them on contagion. My research is based on examination of 10-year sovereign bonds and stock market indices in time period spanning from December 2004 to August 2012. The thesis finds that contagious impacts arising from the Greek crisis were present in all the examined countries. I also find significant interdependence among some of the examined countries. The existence of transmission channels suggests that the crisis could spread easily from Greece.