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Connection between stock markets in Europe and the U.S.

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Abstract:

This research shows how variability and disturbances spillover effects between European Union and United States share prices from 1935 to 2020. For such an entire study, which comprises four sample group periods, the asymmetric GARCH-BEKK framework is employed to conduct empirical analysis. As per the empirical findings, financial market interdependencies between two economies have gotten better since the start of EMU (European Currency Union), insinuating that improved capital market interactions and connectedness may increase domestic economy threats and risks to global shocks while also minimizing potential diversification benefits.

Keywords:

Interdependence, multivariate GARCH-BEKK, shock and volatility spillovers, stock markets.