



**Silesian University in Opava**  
School of Business Administration in Karvina

***FINANCIAL REGULATION AND SUPERVISION  
IN THE AFTER-CRISIS PERIOD***

**Proceedings of 14<sup>th</sup> International Conference  
on Finance and Banking**

edited by  
Stanislav Polouček and Daniel Stavárek

Ostrava, Czech Republic  
16 – 17 October 2013

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Publisher: Silesian University, School of Business Administration

Year of publishing: 2013

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**ISBN 978-80-7248-892-6**

Suggested citation:

AUTHOR, A. Title of the paper. In: POLOUČEK, S. and STAVÁREK, D. (ed.) *Financial Regulation and Supervision in the After-Crisis Period. Proceedings of 13<sup>th</sup> International Conference on Finance and Banking*. Karviná: Silesian University, School of Business Administration, 2013, pp. xxx-xxx. ISBN 978-80-7248-892-6.

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# The Euro Crisis and Contagion among Central-East European Currencies

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## **Abstract**

*This paper aims to analyze the selected Czech, Hungarian and Polish currencies, through the statistical characteristics of Swiss franc and euro as well as the ECB's monetary policy to indicate shocks on these markets between 2002 and 2013. Contagions can be defined as increased comovements during crisis times – the selected time series were studied with two different approaches to identify extreme periods. Abundance of monetary easing decisions can be used as a viable sign for market misbehavior next to the low probability property of extreme exchange rate fluctuations. Common movements were calculated by dynamic conditional correlations (DCC GARCH). Current paper compared these concepts, furthermore presented the patterns of contagions between the selected currencies. Contagion still appeared, but the well-known pre crisis convergence of Czech Koruna, Hungarian Forint and Polish Zloty decayed under the era of the Euro crises, causing enormous economic damage for the new member states.*

*Keywords: currency market, CEE, DCC GARCH, extreme interval, contagion*  
*JEL codes: G15, G01, C32, E44, E58*