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Financial Contagion in Latin America

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AUTHORS AND/OR EDITORS Luis V. Bejarano Gómez-González, José Eduardo Melo-Velandia, Luis Fernando Jhon E. Torres
This study uses a Dynamic Conditional Correlation multivariate GARCH approach for testing for contagion among Latin American financial markets to shocks originated in the United States and Europe. Using daily data on stock market returns for the period comprised between July 4th, 2001 and December 30th, 2013, we find some evidence suggesting two episodes of contagion. The first corresponds to the time of the mortgage subprime crisis in the US, while the second corresponds to the period of sovereign bonds' turbulence in Europe.