

Global financial markets are certainly an important element determining mechanisms of economic linkages in macro scale. Their importance increases constantly and the influence upon business cycle conditions has changed in the recent years. All this implies that research on co-dependence of financial time-series is essential for both fundamental (scientific) and practical reasons. The objective of the research project is to develop sound methods for empirical investigation of linkages between financial markets that do not rely upon simplifications that are often encountered in methods used by empirically-oriented researchers.

An important feature is the assumption of a more complex and general form of contemporaneous relationship between the variables of interest. It is not unlikely that such advancement would allow for new insights into mechanisms linking financial markets and the nature of their co-dependence.

Development of sound methods of empirical research would allow for more reliable results as to channels of risk or crisis transmission as well as improved analysis of systemic risk. This might allow for development of better methods for risk assessment and improved strategies of hedging against the risks transmitted via global financial markets. Risk monitoring is essential for policy enhancing stability of financial markets and better risk management might be important for safety of participants of global financial markets.

Additionally, research focusing on financial markets that makes use of more advanced econometric methods or models might produce qualitatively different empirical results which in turn might trigger further theoretical developments improving understanding of mechanics of the global financial markets.