

Independent study title	FINANCIAL AND TRADE CONTAGION AMONG RUSSIA, US, EU, AND ASEAN COUNTRIES: THE CASE OF RUSSIA- UKRAINE WAR
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ABSTRACT

This paper aims to investigate the existence of a financial and trade contagions among the Russian, US, EU, and ASEAN markets from 1 January 2021 to 31 January 2023, which cover the Russia–Ukraine war. This study collects the daily closing prices of the sample indexes and applies the vector autoregressive (VAR) and multivariate generalized autoregressive conditional heteroskedasticity (MGARCH) models to determine the impact on the mean returns and the transmission of shock across the sample markets. Results suggest that the most appropriate model to be used is the MGARCH-CCC model that includes the returns of oil and the war crisis dummy variables in both the mean and variance equations using high-frequency data. A contagion exists because the returns of oil and the occurrence of war not only have a significant impact on the returns of the sample markets but have also significantly triggered high volatility in all sample markets. Moreover, the fluctuation in the returns of oil during the war has resulted in significant volatility in all sample capital markets.

Keywords: Russia–Ukraine war, Contagion effect, Transmission of volatility, Returns and volatility of oil, Returns and volatility of capital markets