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***Influence of the Greek crisis on the risk perception of European economies***

Abstract

In the article the authors analyse the impact of the Financial Crisis, especially the Greek fiscal one, on the CDS prices in Europe. The aim of the article is to assess the ability of the CDS to measure the risk of countries before and after the Greek crisis. The time series is compared to the spreads between the countries' bond indexes and the risk free rate (in our case: the German bond of corresponding maturity, i.e. 10 years). The data is taken daily and covers the period of 2008-2012. Based upon the results obtained in the research we can conclude that the Greek crisis indeed influenced the relationships between the two measures of risk, however the degree of the influence was different in different countries. The relationships between the two measures of risk were totally broken only in the case of Greece, while in the other countries the relationships either were not distorted or had been broken already at the beginning of crisis (2008/2009).