# Modeling Macroeconomic Effects in Central Eastern Economies Stock Returns

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This paper examines the long and short-run relationships between three Central European Economies stock returns (Poland, Hungary and Czech Republic) and their main western economic and trading partner, which is Germany. We obtain evidence of links between macroeconomic variables and stock returns in CE countries that are stronger than has previously been reported. The results from our empirical research are consistent in providing support to the integrated market hypothesis for the CE economies. Moreover, is proved that German economic activity has a significant influence on these stock markets portfolios returns in the long run but was less influential than domestic economic activity.

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