

Referee Report on „Time-varying and Asymmetric Effect Between Sovereign Credit Market and Financial Market: The Asymmetric DCC Model“

The authors analyse linkages between the sovereign CDS markets and for financial markets. They do this using an asymmetric DCC model. While the technical execution seems to be solid, the paper would clearly benefit from an improvement.

The following points may help to perform those improvements:

1. The paper is clearly lacking a good motivation, which makes the paper just looking like a somehow unmotivated econometric exercise. The authors analyse the linkages (between sovereign CDS on the one hand and sovereign debt market, stock market, banking CDS and bund obligations). They do, however, not give any economic background or rationale for that. There is no explanation, why those markets are selected, nor which kind of relation they expect from theory.
2. Related to 1): It is unclear what the papers contribution to the literature is. This is also because the literature review (included in the 1.5 pages introduction), is too short. What is new in the paper? Why should it be seen as a contribution to the literature?
3. The same applies to the conclusions: The section conclusion and policy implications covers a half page. Thus it remains unclear how the results should be interpreted besides the fact that markets got more integrated during the last years. Again, a link between the econometric exercise and economics is missing.
4. The needs a grammar and spell check.

Altogether I believe the contribution of the paper (or at least what the authors show us of it) is too small for being published.