Editorial
to the Special Issue on Financial Markets in Central Europe

The last decade has seen unprecedented changes in the behavior of financial markets and has attracted considerable attention from researchers across many fields. While the ongoing financial crisis has been one of the factors driving researchers to find answers to the new questions, the availability of high-frequency data has boosted the development of new methodologies. Consistent with these trends, the interest of researchers in Central European markets has recently moved in this direction as well. In this special issue, some of these researchers contribute to the development of this area of research.

This special issue of the Czech Journal of Economics and Finance is focused on the application of modern quantitative methods to the modeling of Central European financial markets, with a special interest in high-frequency data. The articles published in this issue formed a session at a conference held to honor Professor Miloslav Vošvrda and celebrate his 70th birthday. Professor Vošvrda has devoted his entire scientific career to the field of econometrics and in particular to understanding and explaining the complexity of financial markets. "The 2nd IES Economic Meeting—Modelling in Macroeconomics and Finance" was held at the Institute of Economic Studies, Faculty of Sciences, Charles University, in September 2013 to celebrate his achievements.

The special issue contains four articles, all of which address topics influenced by Professor Vošvrda's work. The articles focus on various aspects of financial markets in Central Europe. In "Long-term Memory in Electricity Prices: Czech Market Evidence" the authors analyze the dynamics of hourly electricity prices in the Czech Republic. The article "Can We Still Benefit from International Diversification? The Case of the Czech and German Stock Markets" provides a new empirical model for the time-varying joint distribution of financial market returns, combining copulas and high-frequency data. Based on this model, the authors find strongly varying diversification benefits during the financial crisis. In "Contagion among Central and Eastern European Stock Markets during the Financial Crisis," the authors provide a novel application of wavelets to high-frequency returns to study contagion among Central European and Eastern European financial markets at various investment horizons. Finally, in "Central Bank Communication and Interest Rates: The Case of the Czech National Bank" the authors examine whether and how financial markets respond to oral and written central bank communication.

We would like to thank the conference participants for lively discussions. We also thank the Editorial Board for its support and for interest in this issue.

Guest Editors,
Jozef Baruník and Roman Horváth