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Oral Presentation O6.2

**MORE ON THE EFFECT OF HOUSING PRICES ON THE STOCK
EXCHANGE INDEX IN BULGARIA**

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The recent credit crunch and the subsequent financial market crash in the U.S suggest that the real estate market and the stock market are related more than people might expect. The rapidly growing real estate market and the continuously expanding stock market in Bulgaria indicate some correlation. This study presents an empirical analysis that estimates the effect of changes in the real estate market on the Bulgarian stock market between 2001 and 2007 using an OLS regression. The results suggest that the change in housing prices influence changes in the stock market. However, these results are not robust enough due to the small size of the sample and the lack of consistent data available prior to 2001. Nevertheless, the results of this study appear to have important implications for further research on the effect of changes in housing prices on the Bulgarian stock exchange index.