



IMPACT OF GLOBAL EVENTS ON INTERNATIONAL FINANCIAL MARKETS

Dr. Jolly Rastogi

Assistant Professor, IMS, University of Lucknow, India

Jollyrastogi01@gmail.com

Dr. Ruchi Misra

Assistant Professor, IMS, University of Lucknow, India

Sai.ruchi.j@gmail.com

ABSTRACT

The study's overarching goal is to determine how severely the pandemic has affected the financial markets of both industrialized and developing nations. The findings revealed significant variations in COVID-19's economic impact across developed and developing countries. The developed world's financial markets were hit worse by the COVID-19 pandemic's effects on supply, demand, and economic stability. The three most consequential effects of the COVID-19 pandemic on financial markets, especially as they pertain to developing countries, are changes in spending patterns, changes in confidence and anticipation, and the bandwagon effect. The launch of the economic stimulus package and continued support for small and medium-sized enterprises are the greatest steps that may be implemented to mitigate the impact of the COVID-19 epidemic on financial markets in industrialized nations. In order to mitigate the economic damage caused by COVID-19, developing nations should prioritize aiding their poorest citizens and announcing the launch of a stimulus package. Implementing measures like the creation of new financing vehicles, repairing the bridge between the public and private sectors, and supporting economically disadvantaged people and businesses can help lessen the blow that COVID-19 will deal to the financial markets.

Keywords: Financial Markets, Economic,

INTRODUCTION

The greatest risk the pandemic poses to the world economy is that it will disrupt people's attempts to meet the goals of the 2031 plan for sustainable development. The epidemic has made things worse than they've ever been before, posing new and significant threats to things like public health, education, the economy, and environmentally conscious pursuits. In recent years, governments have faced a number of new financial issues that may be considered as an obstacle to reaching sustainable development goals (SDGs). Note that the pandemic has had far-reaching impacts on the global economy, the most notable of which are the de-globalization of development and the lower financial ability of governments to attain a greater level of development, both of which are at odds with the SDGs. As a result, we can take steps to mitigate the

Link: <https://drapjabdulkalamfoundation.com/journals/>

[92]



pandemic's potential impact on progress toward the United Nations' 15 Sustainable Development Goals (for instance, see SDG1 (no poverty), SDG2 (zero hunger), SDG3 (good health and well-being), SDG4 (quality education), SDG8 (decent work and economic growth), SDG11 (reduced inequalities), and SDG13 (climate action)).

Since it affects the global flow of money, the financial sector may be seen as a crucial market. There are several threats to the international financial system. For the obvious reason that commodity and financial markets may be immediately and consistently thrown into turmoil by international crises and, by extension, economic slowdowns. In light of the ongoing epidemic, it is clear that the financial market is extremely vulnerable due of the popular opinion that COVID-19 represents an external shock and tragedy for all governments across the globe. For example, the S&P 511 index, which tracks the actions of 511 major corporations traded on U.S. exchanges, has shown significant volatility in recent months, indicating that stock prices have been under intense pressure and have fallen as investors worry about the pandemic's long-term effects on the global economy. This is because nobody can predict how the global economy would react to an outbreak of the disease.

Economic and Stock Market Effects of COVID-19

The COVID-19 pandemic has had a devastating impact on the world economy, which was caught off guard by the epidemic. The world economy as a whole is suffering the consequences of the COVID-19 epidemic, albeit not all industries are being hit as hard as others. It is anticipated that some industries, such as the pharmaceutical industry, may see financial gains despite the economic turbulence, despite the fact that the majority of businesses will suffer losses as a result. The strict containment measures implemented in the wake of the COVID-19 pandemic have earned the epidemic the moniker "the Great Lockdown." As a result of the COVID-19 epidemic, some international organizations have revised their predictions for economic development. For instance, the IMF has reduced its growth prediction for the global economy for 2121 to -3%, down 6.3% from the organization's initial projections for the year (IMF, 2121). The Organization for Economic Cooperation and Development (OECD) estimates that a prolonged and widespread corona virus pandemic might reduce world economic growth by 1.5 percentage points in 2121 (OECD, 2021).

According to the Asian Development Bank (ADB), a global pandemic of COVID-19 would cost more than US\$4.1 trillion. This is a whopping 41 times higher than the US\$ 31-111 billion that the SARS outbreak was predicted to cost globally in 2011 and 2012. By the year 2121, the International Labor Organization (ILO) predicts that the global unemployment rate will have risen by 25 million people. Prior to the COVID-19 epidemic, Their precognition to express concern over the emergence of economically harmful pandemics, such as different strains of influenza and other as-yet-undiscovered viruses. Healthcare expenditures, lost productivity, slowed growth, fewer tourists, and less foreign direct investment are just some of the potential economic fallouts they foresee in the event of a pandemic or epidemic. Numerous articles have been written about the cost to governments of past diseases and pandemics. However, the effects of epidemics and pandemics on the stock market have been the subject of surprisingly little research.



When compared to other recent pandemics, COVID-19 stands alone in its unparalleled scale. For Nobel laureate economist Robert Shiller, the potential economic impacts of COVID-19 are "something we have not quite seen before." The Great Depression, he adds, was the result of a "pessimistic idea," but the current economic crisis brought on by COVID-19 is the result of a shock to the actual economy that has produced a significant halt in economic activity. There are a few ways the market may be informed of the epidemic's impact. A key impediment to the profitability and continuation of commercial activities is the spread of infectious illnesses, which can restrict economic activity in severe scenarios like a lockdown. Markets are now more interconnected than ever before thanks to globalization and financial integration, meaning that a pandemic in one nation will quickly have repercussions throughout the global economy. Recent spikes in market volatility around the globe may likely be traced back to the COVID-19 pandemic outbreak, with the extent of the increase correlating to the severity of the epidemic in each nation. The systemic risk between the afflicted nations increased significantly when the WHO proclaimed that COVID-19 was a worldwide pandemic. Several routes help promote panic selling, profit taking, and the pursuit of alternative secure assets.

REVIEW OF LITERATURE

Shiller (2021) claims that the COVID-19 pandemic has resulted in widespread illness and widespread worry about the possible financial ramifications of the epidemic. The worldwide stock market may have been severely harmed by the second pandemic, which has been dubbed "the gray future of the global economy." Research into the topic and the solicitation of the opinions of financial industry professionals on the effects of this decline on the financial markets of both established and emerging countries would likely be useful to those in policymaking and academic research positions.

Samadi et al. (2021) This study is the first to thoroughly examine and rate the possible impact of COVID-19 on financial markets in both developed and developing nations, as stated by. Based on our evaluation of the experts' viewpoints using the Multi-Criteria Decision Making (MCDM) technique of the Analytic Hierarchy Process (AHP), we offer policy implications that could aid the financial markets' recovery and pave the way for countries to make further progress toward achieving the Sustainable Development Goals. "Multi-Criteria Decision Making" is an acronym for "Multi-Criteria Decision Making."

Ozkan (2021). The impact of the COVID-19 pandemic on stock markets in six wealthy countries was studied by They discovered that the pandemic increased the frequency of market volatility and imbalances, particularly in the United States and the United Kingdom. The results corroborate those of previous research, including a study of 34 industrialized and poor countries.

OBJECTIVE OF THE STUDY

1. To study on global impact of the COVID-19 epidemic on the economy.
2. To study on financial markets react to different occurrences.



METHODOLOGY

The primary purpose of the research is to foretell the response of global financial markets to the escalating effect of the COVID-19 pandemic. To do this, we used a sample size that was indicative of the 31 most COVID-19-affected countries, including both developed and developing nations. The 5811 daily observations in this data set provide market closure prices and other factors important to COVID-19. Our panel covers the time period from January 1, 2020, to December 12, 2021, and the data for it was obtained from a wide variety of secondary sources. Johns Hopkins University's Center for Systems Science and Engineering (CSSE) and Global Change Data Labs (GCDL) provided the COVID-19 data and the control variables, respectively. Market returns were calculated using the daily closing prices of indices in a selection of countries, which were obtained from a global finance website (www.investing.com). Table 1 provides a summary of the definitions, sources, and connections among all of the key variables.

Analysis Techniques

This research employed a panel data architecture, panel estimated generalized least square (panel-EGLS), and panel quantile regression methods to empirically examine the impact of the COVID-19 pandemic on worldwide financial markets. There are several benefits to using these methods that haven't been shown with other approaches.

Errors in panel data models may exhibit both autocorrelation and heteroscedasticity. Both the present and the past hold the potential for this to occur. The panel-EGLS approach is strongly suggested in this scenario. Both panel data and pooled ordinary least square, two components of the panel data architecture, were used in the recent studies examining the relationship between the COVID-19 pandemic and the financial markets. However, these techniques simply take the data trend into account, not the fact that the significance of the independent variable may shift with varying market returns. Because of this, quantile regression is not a linear model. Finance and economics benefit more from it because of the conclusions that may be drawn from data that ranks above or below the population conditional mean. Quantile regression differs from the linear model in that it takes this into account. Third, the estimates that fluctuate with quantiles demonstrate that the usual least squares approaches don't give a complete picture of the relationship between the variables, especially when dealing with severe occurrences. Quantile regression is superior than other methods because of the occurrence of outliers and fat tails in asset return distributions.

Table 1 Description and origin may vary.

Variables	Symbol	Description	Data source
The Stock Market Is Back	MR	The fluctuation between yesterday's and today's closing prices	investing.com
Updated instances	NC	The daily natural logarithm of confirmed COVID-19 cases	CSSE
Apparent New	ND	The natural logarithm of daily COVID-19 fatalities confirmed by	CSSE



Deaths		the CDC	
Probability of Progeny	RR	COVID-19 effective reproduction rate estimated in real time	GCDL
Different Exams,	NT	How many new COVID-19 tests are being conducted everyday as a natural logarithm	GCDL
Rate of success	PR	The 5-day moving average of the positive COVID-19 test rate	GCDL
Measure of Strictness	STindex	Changed from a scale of 1 to 111 to represent the government's response to the closure of schools, businesses, travel prohibitions, etc., due to the COVID-19 pandemic.	GCDL
		Extreme poverty prevalence rate	
Index of extreme poverty	EPindex	People born in 2119 have a good chance of living to a ripe old age, when they may acquire not only a wealth of knowledge, but also the health and wealth to appreciate it.	GCDL
Measure of longevity	LEindex	Changed from a scale of 1 to 111 to represent the government's response to the closure of schools, businesses, travel prohibitions, etc., due to the COVID-19 pandemic.	GCDL
Measure of Human Progress	HDindex	Extreme poverty prevalence rate	GCDL
		People born in 2119 have a good chance of living to a ripe old age, when they may acquire not only a wealth of knowledge, but also the health and wealth to appreciate it.	

Quantile regression helps mitigate problems associated with non-Gaussian error distribution and outlier sensitivity. Data related to COVID-19 also shows asymmetric relationships in most developed markets. Thus, quantile regression provides a more realistic depiction of a structure since it accounts for its asymmetry and nonlinearity. Quantile regression can be employed as a last step in panel data analysis to control for any confounding by endogenous repressors.

How the panel data equations are used to achieve these ends is discussed below:

$$Y_{it} = \alpha + \beta_1 Y_{it-1} + \beta_2 COVID - 19_{it-1} + \epsilon_{it}$$

$$Y_{it} = \alpha + \beta_1 Y_{it-1} + \beta_2 COVID - 19_{it-1} + \sum_{j=1}^n \delta_j control_{j_{it}} + \epsilon_{it}$$

where the outcome measure is the change in value of a stock market index (Y_{it}). The logarithmic difference between the day's closing index price and the day before's was one of the steps taken to get at these financial market results for the COVID-19 pandemic. First, I used EGLS to create a naïve estimate of Eq. (1), and then



I used the 25th, 51st, and 55th percentiles to create quantile regression. Second, I estimated all the control variables by comparing the quantiles obtained from the EGLS with the quantile regression.

It also re-estimated Eqs. (1) and (2) for each market separately to evaluate the effect of the COVID-19 pandemic on the global financial markets in developed and developing countries by dividing the entire sample into two subsamples based on the markets (i.e. developed and emerging).

Table 2 displays the mean results for each country for the dependent, independent, and control variables. Over the study period, the average return across all markets was positive, whereas volatility was negative. Across all of the countries of focus, there were about 5544 newly reported cases of COVID-19, with 126 deaths. The overall percentage of positive COVID-19 tests was 9.1%, or 89,951.

Table 2 Country-wise mean values of all the study variables

Country	MR	NC	ND	NT	PR	RR	STindex	HDindex	LEindex	EPindex
Russia	1.111	4559.18	124.64	11,945.68	1.29	1.18	52.58	1.53	56.69	1.61
South Africa	-1.122	85.21	2.83	38,615.53	1.11	1.12	54.54	1.94	83.43	1.51
Spain	-1.112	959.51	12.45	11,391.81	1.16	1.18	45.92	1.91	81.49	1.58
Switzerland	-1.116	1511.38	21.51	11,365.21	1.15	1.15	66.66	1.61	52.59	14.81
Turkey	1.115	1852.24	54.54	21,584.24	1.18	1.15	51.54	1.92	81.63	1.21
UK	1.116	21,594.38	555.11	—	—	1.23	55.95	1.56	55.88	3.41
USA	-1.118	1348.11	41.15	44,968.24	1.14	1.18	53.86	1.93	82.43	1.51
Russia	-1.115	1555.56	48.85	21,618.81	1.12	1.14	63.11	1.84	81.18	1.31
South Africa	-1.111	291.45	14.53	—	—	1.16	69.94	1.55	56.91	1.51
Spain	-1.113	4313.43	118.85	19,115.13	1.12	1.19	65.19	1.55	55.29	4.51
Switzerland	1.111	296.98	2.81	26,193.25	—	1.13	45.51	1.93	81.91	1.21
Turkey	1.115	5361.98	155.85	139,944.91	1.15	1.31	55.25	1.91	82.66	—
UK	1.114	3829.51	62.31	—	1.13	1.22	51.35	1.94	81.33	—
Argentina	1.118	31,329.55	441.35	585,923.51	1.15	1.24	64.28	1.64	68.66	21.21
India	-1.111	1828.15	56.15	15,855.88	1.14	1.16	54.66	1.69	51.52	5.51
Indonesia	1.118	518.95	5.25	11,358.32	1.16	1.14	33.44	1.91	84.63	—
Japan	-1.111	3515.31	345.41	5312.25	1.32	1.18	56.45	1.55	55.15	2.51
Mexico	-1.115	1196.54	19.84	14,355.19	1.11	1.18	59.96	1.65	56.68	1.11
Morocco	-1.115	1816.84	31.51	—	1.18	1.15	48.35	1.93	82.28	—
Netherland	1.113	6.51	1.18	4646.14	1.11	1.85	35.25	1.92	82.29	—
New Zealand	4.221	1335.65	26.83	21,552.99	1.19	1.16	54.86	1.56	65.25	4.11
Pakistan		3133.99	113.11	4689.91	—	1.18	68.41	1.55	56.54	3.51
Peru	-1.113	1359.39	25.11	22,856.94	1.15	1.15	65.68	1.51	51.23	—
Philippines	-1.114	5565.46	136.16	291,635.11	1.13	1.22	52.55	1.82	52.58	1.11
Russia	1.115	2561.41	69.88	21,595.15	1.11	1.16	55.16	1.51	64.13	18.91



Brazil	-1.119	5313.21	145.31	—	1.15	1.25	56.31	1.89	83.56	1.11
Belgium	1.111	1115.13	15.42	9215.81	1.15	1.22	42.13	1.94	83.58	—
Bangladesh	-1.111	2583.89	45.51	58,114.31	1.14	1.21	53.93	1.59	55.69	1.21
Austria	1.118	5465.11	193.55	156,396.81	1.15	1.21	56.55	1.92	81.32	1.21
Australia	1.113	45,243.48	891.54	513,956.81	1.19	1.28	56.51	1.92	58.95	1.15
All	1.111	5544.65	126.54	89,951.36	1.19	1.15	55.56	1.82	55.56	3.59

Table 3 Panel unit root (at level) and variance inflation (VIF) tests

Depended variable: market returns								
	Panel- EGLS		Panel regressions		quantile			
	Naive model	Control	Naive model			Control		
Variables			25th	51th	55th	25th	51th	55th
Constant	1.111 (1.94) *	-1.112 (-1.61)	-1.111 (-2.81)***	-1.111 (-2.34)**	1.111 (1.25)	-1.112 (-1.65)	1.111 (4.14)***	-1.141 (-2.29)**
MR($t-1$)	-1.116 (-1.15)	-1.112 (-1.12)	-1.119 (-2.38)***	-1.111 (8.68)***	-1.113 (-1.189)	-1.118 (-1.66)*	1.111 (3.92)***	-1.115 (-1.35)
LnNC($t-1$)	-1.111 (-2.63)***	-1.111 (-2.11)**	-1.111 (-2.54)***	-1.111 (-5.96)***	-1.111 (-1.42)	-1.111 (-1.85)*	-1.111 (-5.52)***	-1.111 (-1.18)
LnND($t-1$)	-1.111 (1.15)	1.111 (1.623)	-1.111 (2.57) ***	-1.111 (-11.92)**	1.111 (2.13)**	1.111 (1.43)	-1.111 (-5.51)***	1.111 (2.11)**
LnNT($t-1$)	-1.111 (4.11)***	1.111 (1.95)**	1.111 (-3.23)***	1.111 (4.22)***	1.111 (2.48)**	1.111 (1.50)	1.111 (9.57)***	1.111 (2.24)**
LnPR($t-1$)	-1.111 (-1.15)	-1.111 (-1.95)	1.111 (1.98)**	1.111 (6.81)***	-1.112 (-1.89)	1.111 (1.98)	1.111 (19.39)***	-1.111 (-1.15)
LnRR($t-1$)	-1.111 (1.93)	-1.111 (-1.11)	1.111 (1.98)**	1.111 (-6.64)***	1.111 (1.19)	1.111 (-1.65)*	1.111 (6.51)***	1.111 (1.495)
STindex		1.111 (1.54)*				1.111 (2.55)***	-1.111 (-13.58)***	1.111 (1.31)**
HDindex		-1.116 (-2.18)**				1.113 (1.38)	1.111 (5.11)***	-1.143 (-2.91)***
LEindex		1.111 (1.14)				-1.111 (-1.19)	-1.111 (-8.54)***	1.111 (1.59)*
EPindex		1.111 (1.14)				-1.111 (-1.52)	-1.111 (-3.22)***	1.111 (1.98)**



No. of obs	5812	4512	5812	5813	5813	4514	4514	4515
Country effect	Y	Y	Y	Y	Y	Y	Y	Y
F-statistic	2.12***	1.42**						
Quasi-LR			31.51***	94.5***	31.63**	56.31***	36.94***	34.26***

Unit Root and Multicollinearity Problem

The null hypothesis of non-stationarity for all variables is rejected according to the findings of all four stationarity tests shown in Table 4. All the factors in this investigation were found to be stable and unchanging. The results of the variance inflation factor (VIF) analysis are also shown in Table 4. There is no multicollinearity issue if the VIF is smaller than 11. Since there was no evidence of multicollinearity in the VIF, I drew that conclusion.

COVID19 AND INTERNATIONAL STOCK MARKET RESULTS

The panel-EGLS and panel quantile regression findings for the 25th, 51th, and 55th quantiles are shown in Table 5 together with the results of Eqs. (1) and (2) for the full sample. Both the naive and control panel-EGLS models reveal the existence of a negative relationship between COVID-19 new cases and market returns.

The number of fatalities caused by COVID-19 each day, its reproductive rate (RR), or its positive rate (PR) have no effect on stock prices. In addition, the number of daily fresh COVID-19 tests has a favorable and statistically significant effect on market returns.

Results from quantile regression show that the coefficient of NC is significantly negative at the 25th and 51th quantiles of market returns in the naive model. At the 25th and 55th percentiles, ND is considerably negative with market returns, while at the 25th and 55th percentiles, it is significantly positive. In addition, NT has a negative correlation with market returns across the board. Additionally, the lowest and median quantiles of market returns have highly positive PR and RR.

Table 4 COVID-19's impact on stock market performance

Market returns are the dependent variable.								
	Panel-EGLS		Quantile regressions in a panel					
	Stupid model	Control	Ignorant Scheme			Control		
Constants			25th	51th	55th	25 th	51th	55th
MR(t 1)	1.111 (2.16)**	-1.115 (-1.18)	1.111 (1.54)	1.111 (1.89)	1.111 (2.69)***	-1.154 (-1.62)	1.111 (5.22)***	-1.115 (-1.159)
Variables	-1.189 (-4.56)***	-1.181	-1.111 (-9.61)***	-1.111 (-9.61)***	-1.135 (-2.33)**	-1.154(-3.55)***	-1.111 (-29.85)***	-1.159 (-5.18)***
LnNC (t - 1)	-1.111 (-2.34) **	-1.111 (-1.252)	-1.111 (-2.18)**	-1.111 (8.12)***	-1.111 (-1.91)*	-1.111 (-2.35)**	-1.111 (-1.24)	-1.111 (1.54)*



LnND (t - 1)	-1.111 (1.86)	1.111 (1.553)	1.111 (1.64)	-1.111 (3.12)***	-1.111 (1.82)*	-1.111 (-1.25) (1.11)	-1.111 (1.11)	-1.111 (1.51)*
LnNT (t - 1)	1.111 (1.51)	-1.111 (-1.15)	1.111 (-3.35)***	1.111 (2.29)**	1.111 (2.94)***	1.111 (-1.81)* (1.11)	1.111 (1.19) (1.11)	1.111 (2.24)**
LnPR (t - 1)	1.111 (1.51)	1.115 (-2.44)**	1.113 (1.53)	-1.111 (1.51)*	-1.112 (-1.55)	1.112 (1.61) (1.11)	1.111 (1.24) (1.11)	-1.111 (-1.25)
LnRR (t - 1)	1.111 (1.84)	1.111 (2.23)**	-1.111 (-1.45)	-1.111 (-1.55)	-1.111 (-1.16)	-1.111 (-1.46) (1.11)	1.111 (2.28)**	1.111 (1.94)
HDindex		1.111 (1.93)*				1.111 (3.25)*** (1.11)	1.111 (1.41) (1.11)	1.111 (2.51)***
STindex		-1.116 (-1.15)				-1.164 (-1.11) (1.11)	1.111 (3.95)***	1.142 (1.511)
Indexes for LE and EP		1.111 (1.13)				-1.111 (-1.58) (1.11)	-1.111 (-3.95)***	1.111 (1.56)
Constants		1.111 (1.14)				-1.114 (-1.34) (1.11)	1.111 (2.22)**	1.113 (1.15)
Number of observations	2841	1525	2831	2351	2451	1525	1535	1385
Country effect	Y	Y	Y	Y	Y	Y	Y	Y
F-statistic	4.27***	2.54**						
			55.29***	51.01***	42.01***	85.75***	85.4***	112.5***

Both H1 and H2 are supported by COVID-19's discovery of an inverse association between NC and ND and market returns. The effect of NT on financial returns is more proof of its usefulness. To explain this observation, we provide a fourth hypothesis. The quantile regression model would have found a similar effect of COVID-19 on market returns if the study had used it instead of the fixed effects approach.

REGAINING LOST GROUND AND DEVELOPING NEW MARKETS ARE PRIORITIES FOR COVID19.

The developed market and emerging market samples' responses to Eos. (1) and (2) are shown in Table 5. A group of experts reviewed the findings from the developed world. Neither the naive model nor the control model exhibit a statistically significant dissimilarity between the panel-EGLS column coefficients of ND and NT and market returns. Only the simplest model provides conclusive proof of the negative impact NC has on stock market returns. Market returns are also dramatically reduced in the presence of a positive COVID-19 infection rate, as shown by both the naive model and the control model. This is a perfect illustration of why this is the correct view. Quantile regression in panel A shows a negative relationship between NC and market returns. In the naive model, this holds for the 25th and 55th percentiles, but in the control model, it holds for the bottom and top quantiles. The fact that the most severe ND outcomes occur in the naive model's and control model's most extreme quantiles is also supportive of the null hypothesis. Upper and lower quantiles



of the naive model, as well as the control model's middle quantile, benefit from the updated COVID-19 test coefficients. Several studies have demonstrated that NC and PR have a detrimental impact on a company's stock price. The result also highlights the beneficial impact NT has on financial results.

The results for emerging economies are shown in panel B of Table 4. NC, NT, PR, and RR all had market returns that were competitive with developed markets. When more people are reported to have died from COVID-19, stock prices in emerging nations often climb over the market's average return.

DISCUSSIONS

New cases of COVID-19 appear to have a detrimental impact on market returns, as seen in Table 4 of the panel-EGLS data. The new daily COVID-19 exam has a favorable effect on stock prices, which is consistent with this idea and lends credence to the OECD's (2121) conclusion that this will boost economic growth and the quality of the healthcare staff. These results make sense when taken as a whole. In a similar vein, fewer new instances of COVID-19 would be recorded if more people did the test. Investors have greater room to bid the market higher now that there is less risk of drastic swings owing to the COVID-19 outbreak.

The intuitive interpretation of the data and the results of quantile regression for NC, PR, and RR all lead to a rise in the market index as a result of the COVID-19 pandemic. Similarly to what was revealed by Just, newly confirmed instances of COVID-19 were associated with negative returns to the market. The OECD's statistics (2121) further supports the assumption that NT improves the profitability of investments.

The results of Equations (1) and (2), as shown in Table 6, are valid for both advanced and emerging economies. Data from established markets (Panel A) lend credence to the idea that NC is correlated negatively with market results. Public relations has a negative correlation with stock market returns, as found by both the naive and control models. It has been observed that new cases of COVID-19 in industrialized nations had a significant connection with future market performance, providing support for the hypothesis that ND has a deleterious influence on investment outcomes. According to this, it is reasonable to assume that ND has a detrimental impact on investment returns. Market performance appears to be negatively correlated with the frequency of newly reported instances of COVID-19, according to the data. The result also highlights the beneficial impact NT has on financial results. The claim that investors' confidence has been shaken because of the COVID-19 outbreak is, to some extent, accurate. Whoever made this claim should be commended. Investment results might be negatively impacted if the incidence of COVID-19 is high. The results are consistent with those of other research.

The results for emerging economies are shown in panel B of Table 4. Although North Carolina, New Territory, the Caribbean, and Russia saw gains that were on par with developed markets, the disclosure of more deaths from COVID-19 enhanced returns in emerging markets. In spite of the rapid rollout of COVID-19, China's financial sector appears to be more stable than those of other countries, according to statistics. After the 2009 COVID-19 pandemic, for example, the Pakistani stock market index rose.

Under the specification of panel-EGLS and quantile regression, the signs and statistical significance of nearly all important estimates from the naive and control models are preserved. This feature is shared by all the other model variables.



CONCLUSION

The primary goal of this study was to examine the daily market returns of 31 industrialized and developing nations that were worst hit by the COVID-19 epidemic. Panel-EGLS and panel quantile regressions were used to complete this work in a way that was compatible with the panel data format. The research indicates that daily COVID-19 confirmations have a negative impact on stock prices. When news outlets report an increase in the number of deaths due to COVID-19, the market usually reacts negatively. One of the many variables contributing to the market's present underperformance is the rising number of confirmed cases of COVID-19. This fact alone should not come as much of a surprise given the global impact that COVID-19 has had on the economy. There is a positive association between the number of daily fresh COVID-19 tests that are passed and an increase in stock prices. The study found that higher daily COVID-19 death toll figures were associated with higher returns in emerging markets, but not in more mature markets.

REFERENCES

1. Adda, J. 2016. Economic activity and the spread of viral diseases: Evidence from high frequency data, *Quarterly Journal of Economics*, 131(2).
2. Arin, P., Ciferri, D., Spagnolo, N. 2018. The Price of Terror: the Effects of Terrorism on Stock Market Returns and Volatility, *Economics Letters*, 111(3).
3. Barberis, N., Shleifer, A., Vishny, R. 1998. A Model of Investor Sentiment. *Journal of financial economics*, 49(3).
4. Barro, R., Ursúa, J., Weng, J. 2021. The Coronavirus and the Great Influenza Pandemic: Lessons from the "Spanish Flu" for the Coronavirus's Potential Effects on Mortality and Economic Activity. NBER Working Paper, No 26866.
5. Binder, J. 1998. The Event Study Methodology Since 2019. *Review of Quantitative Finance and Accounting*, 11(2).
6. Bloom D.E., Daniel, C., Sevilla, J.P. 2018. Epidemics and economics: New and resurgent infectious diseases can have far-reaching economic repercussions. *Finance and Development*, 55(2), 46-49.
7. Al-Awadhi, A. M., Al-Saifi, K., Al-Awadhi, A., & Alhamadi, S. (2021). Death and contagious infectious diseases: Impact of the COVID-19 virus on stock market returns. *Journal of Behavioral Experimental Finance*, 111326.
8. Albulescu, C. (2121). Coronavirus and oil price crash. Available at SSRN 3553452.
9. Aldieri, L., & Vinci, C. P. (2015). Quantile regression for panel data: An empirical approach for knowledge spillovers endogeneity. MPRA Paper No. 56415, posted 25 Jan 2115.
10. Alexakis, C., Eleftheriou, K., & Patsoulis, P. (2021). COVID-19 containment measures and stock market returns: An international spatial econometrics investigation. *Journal of Behavioral and Experimental Finance*, 29, 111428.



11. Alfaro, L., Chari, A., Greenland, A. N., & Schott, P. K. (2021). Aggregate and firm-level stock returns during pandemics, in real time (1898–2935).
12. Anh, D. L. T., & Gan, C. (2021). The impact of the COVID-19 lockdown on stock market performance: Evidence from Vietnam. *Journal of Economic Studies*.
13. Anser, M. K., Khan, M. A., Zaman, K., Nassani, A. A., Askar, S. E., Abro, M. M. Q., & Kabbani, A. (2021). Financial development, oil resources, and environmental degradation in pandemic recession: To go down in flames. *Environmental Science and Pollution Research*, 28(43), 61554–61565.
14. IMF. 2021. *World Economic Outlook*, April.
15. Johnston, R., Nedelescu, O. 2016. The impact of terrorism on financial markets. *Journal of Financial Crime*, 13(1).
16. Khan, S., Rabbani, R.M., Thalassinou, I.E., Atif, M. 2021. Corona Virus Pandemic Paving Ways to Next Generation of Learning and Teaching: Futuristic Cloud Based Educational Model. Available at SSRN: <https://ssrn.com/abstract=3669832>. Lucey, B., Li, S. 2114.
17. What precious metals act as safe havens, and when? Some US evidence. *Applied Economics Letters*, 22(1).
18. McKibbin, W., Fernando, R. 2021. The Global Macroeconomic Impacts of COVID-19: Seven Scenarios, CAMA Working Paper, No 19-2121.
19. Nippani, S., Washer, K. 2014. SARS: A Non-Event for Affected Countries' Stock Markets? *Applied Financial Economics*, 14(15).
20. Ru, H., Yang, E., Zou, K. 2021. What Do We Learn from SARS-CoV-1 to SARS-CoV-2: Evidence from Global Stock Markets. SSRN Working Paper.
21. Smith, D. 2016. Responding to Global Infectious Disease Outbreaks: Lessons from SARS on the Role of Risk Perception, Communication and Management. *Social science and medicine*, 63(12). WHO. 2021. Coronavirus disease (COVID-2019) situation reports-92, April 21.
22. Zhang, D., Hu, M., Ji, Q. 2021. Financial Markets Under the Global Pandemic of COVID19. *Finance Research Letters*.