

A cointegrating relationship between the COVID-19 global fear index and stock returns

January 7 2022, by David Bradley



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Researchers in Fiji have used the recently developed COVID-19 based

global "fear index" to investigate the impact of the pandemic on nine major Asia-Pacific countries, specifically: Australia, China, Hong Kong, India, Japan, Malaysia, Singapore, Taiwan, and Thailand. The results for the period February 2020, just before the WHO declaration of the pandemic status of the disease, to November 2020 are discussed in the *International Journal of Monetary Economics and Finance*.

The findings of Keshmeer Makun of the School of Economics at the University of the South Pacific in Suva, Fiji, suggest that there was a cointegrating relationship between the global fear index and stock returns for the nine countries. This implies that the index has a significant negative impact on stock returns in the short run. In a parallel analysis, Makun also demonstrated how exchange rates and oil prices also affected [stock returns](#) during this major global crisis in the Asia-Pacific markets.

At this point in [human history](#), there are few people who remain unaffected in some way by the SARS-CoV-2 coronavirus and the [disease](#) it causes, COVID-19. It has killed millions, left many people seriously ill, and disrupted normal socioeconomic activity considerably since its emergence as a global pandemic in early 2020. At the time of writing, many nations are still attempting to control the spread of novel variants of the disease that continue to claim lives and disrupt even the so-called "new normal" of our daily lives.

The true long-term impacts of the disease remain to be seen as we move towards the second anniversary of the pandemic. From the economic and investment perspective, there remains much uncertainty and rational investors and shareholders might feel in a precarious position as the [pandemic](#) continues to unfold.

More information: Keshmeer Makun, Covid-19 based global fear index, economic fundamentals and stock return nexus: analysis of Asia-

Pacific stock markets, *International Journal of Monetary Economics and Finance* (2022). [DOI: 10.1504/IJMEF.2021.120031](https://doi.org/10.1504/IJMEF.2021.120031)

Provided by Inderscience

Citation: A cointegrating relationship between the COVID-19 global fear index and stock returns (2022, January 7) retrieved 24 April 2024 from <https://phys.org/news/2022-01-cointegrating-relationship-covid-global-index.html>

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