

Impact of the first wave of COVID-19, nationwide lockdown and unlock on the Indian stock market

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The COVID-19 pandemic led to a massive economic downturn on a par

with that experienced in the 2008 financial crash. Work published in the *Global Business and Economics Review* looks at this crisis from the perspective of the Indian stock market and how lockdown and unlocking society affected it.

Narinder Pal Singh and Himanshu Goel of the Jagan Institute of Management Studies in Rohini, New Delhi, India, suggest that rather than being a rare and unpredictable and potentially devastating "black [swan](#)" event in the parlance of randomness expert Nassim N. Taleb, the COVID-19 [pandemic](#) is a "white swan" event. One that had been predicted to some degree many years prior to its emergence. Moreover, given what we already knew about pandemic evolution we might have been able to understand this latest pandemic in many more ways than we might originally have conceived. At this point in history, we must look to the white swan events to guide us and help us address the challenges that arise in the next crisis with greater insight.

However, as we are still in the middle of this White Swan crisis, the researchers point out that: "The enforcement of lockdown in countries resulted in the crashing of global economies, a major drop in oil prices, falls in production and exports, an increase in unemployment, and the downfall of economic activities. The aforesaid has majorly hit the economies and financial markets across the globe including India." The team then asks in what ways might our understanding of the ebbing and flowing of COVID waves affect our understanding of the rise and fall of the Indian stock [market](#). They specifically wanted to know whether the number of daily confirmed cases was linked with the Indian stock market index? "The novelty of this research [is] that [it] examines the impact of the lockdown and the unlock periods of COVID-19 on the volatility of the BSE Sensex returns," the team adds.

The team found that [lockdown](#) very much affected the volatility of returns, but unlocking again didn't have much effect at all. However,

they identified a significant long-term relationship between daily case numbers and the closing prices of the BSE Sensex. "The findings of this research are central to investors of all categories...and can help in formulating the [optimal strategy](#) to regain the attention of domestic and [foreign investors](#)," the researchers suggest.

More information: Narinder Pal Singh et al, White Swan - the pandemic crisis, lockdown and unlock effect on the Indian stock market, *Global Business and Economics Review* (2022). [DOI: 10.1504/GBER.2022.121004](#)

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