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Impact of covid 19 in stock market

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Commentary

The unprecedented COVID19 epidemic has put the world in peril and shifted the global landscape in unanticipated ways. The SARSCoV2 virus, which caused the COVID19 outbreak, first appeared in Wuhan, China, in December 2019, and quickly spread around the world. This pandemic is not only a global health crisis, but it is also a major global economic depression. Many countries economic operations are suddenly halted as tight quarantine rules are implemented to combat an unknown disease. Transportation between countries is limited, if not prohibited, which has hampered global economic activity. Most crucially, terror among consumers and businesses has stopped them from engaging in their customary purchase habits, resulting in market abnormality. Uncertainty and risk are being created as a result of the epidemic, which is having a substantial economic impact on both established and rising economies such as the United States, Spain, Italy, Brazil, and India. The financial market has reacted in a spectacular way and has been negatively impacted. The financial system, which includes both stock and bond markets, has been significantly impacted by the economic instability related with COVID19. The price of oil has dropped dramatically, but the price of gold has risen dramatically because of the epidemic. Enterprises are heavily leveraged in many nations, weak businesses are further destabilized, and corporate debt is at an all-time high.

As a result of the epidemic, the global financial market risk has risen significantly. Companies' productivity was negatively affected by social distancing measures, which resulted in a loss in revenue, greater operating costs, and cash flow problems. The pandemic's severe effects gradually spread to emerging economies as well. When we look at the financial market of the emerging economy, we see a bleak picture, as this economy has been struck the hardest by the drop in oil prices. The outbreak of the COVID19 pandemic has heightened the urgency of this situation. Leading rising economies such as Brazil, Russia, and Mexico have gradually implemented harsh mobility restrictions, which are expected to push the emerging economies into a 1% recession by 2020. After ten years, the Coronavirus illness in South Korea caused KOSPI to fall below 1,600 for the first time in its history.

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While globalization is still being debated, the tragic scenario created by COVID-19 provides us with a rare opportunity to assess the impact of an unforeseen and dreaded disease on the economies of impacted countries. When the COVID-19 virus first appeared in China, it had a direct impact on the stock market. Because of the breadth and depth of interdependence among today's economies, stock market fluctuations may have spillover effects on others. The disease's spread is being gradually slowed. Two major markers of market performance are return and price volatility. Small changes and significant jumps/declines are the two types of changes they have experienced (or alternatively structural changes). The former is induced by large events such as financial crises, policy changes, and natural disasters, while the latter is driven by information flows or liquidity movements. COVID-19 is causing unparalleled global economic destruction as a public disaster. COVID-19 might have a big impact on the financial sector, especially the stock market. COVID-19 has a detrimental impact on stock markets, which fluctuates over time depending on the stage of the outbreak. The nature of the markets determines whether COVID-19 has a temporary or lasting effect on stock markets.

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