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Research Article

Country Responses and the Reaction of the Stock Market to COVID-19—a Preliminary Exposition

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As the c ... onses to it. With CO ... le infected by, and ... omic activity and p ... packages to cush ... This article provides ... , the stock price – r ... argue that, as with a ... becomes available ... corrects itself. Th

KEYWORI

Coronavirus pandemic COVID-19 lockdown travel ban

Notes

1. Some recent papers are Narayan (2020), Gil-Alana and Monge (2020), Liu, Wang, and Lee (2020), Zhang, Hu, and Ji (2020), Haroon and Rizvi (2020), Ali, Alam and Rizvi (2020), Al-Awadhi et al. (2020), Fu and Shen (2020), Qin, Zhang, and Su (2020), and Apergis and Apergis (2020).

2. Typically, in financial economics, modeling stock returns' response to shocks entails controlling for both market risk and macroeconomic risk factors (see Birz and Lott 2011; Fama and French 1993, 2012). Given the discussion, we present on the status obtained by COVID-19, primarily the fact that it is considered an unprecedented event, by default implies that when in effect COVID-19 has no competition in terms of risk. In other words, macroeconomic and/or market risks should not matter. Thus, the loss from not accounting for commonly known risk factors of returns is all but trivial and does not influence the story we tell.

3. This paper has three main datasets. First, the daily number of infected cases and
deaths f ... ndata.org/),
which is ... Global
Change ... research,
teaching ... of
Cambrid ... es and
more. Se ... are collected
from th ... pandemic
decl ... from various
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