

## **The Impact of COVID-19 on Stock Return in Asian Stock Markets**

O.V. Kumarapperuma\*, N.P.R. Deyshappriya and R.M.M.C. Rajapaksha

*Department of Management Sciences, Faculty of Management, Uva Wellassa University, Badulla,  
Sri Lanka*

*\*Corresponding Author E-mail: oshinikumarapperuma@gmail.com, TP: +94768861003*

The consequences of pandemic on global economy have been apparent throughout the history. COVID-19 emerged from China and rapidly outbreak across the globe, and hence the World Health Organization had announced a global emergency situation as well. Stock markets play a vital role in both individual and global economic contexts and however the stock markets are highly sensitive for any kind of shocks. Hence, this study attempts to examine the impact of COVID-19 on stock market of 15 Asian countries which represent developed, emerging, and frontier markets. Specifically, the study focuses on the impact of COVID-19 on stock returns of selected markets while observing the relationship between confirmed COVID-19 cases and stock return. The impact of COVID-19 on stock returns were analyzed using Event Study method by comparing the calculated abnormal return before and after the event under two event windows such as (0,10) and (10,20). Apart from that, OLS based panel regression analysis was carried out to observe the impact of the number of COVID-19 confirmed cases on stock return in selected stock markets. Daily closing price indices during the period of 1st January 2019 and 30th June 2020 were used to calculate the abnormal return and the empirical results of the event study reveal that abnormal returns after the event day are negative and therefore it is apparent that the COVID-19 outbreak has drastically affected the stock returns of selected stock markets of the Asian region. Specifically, two event windows indicates that COVID-19 has an immediate negative impact on all selected stock markets while long term negative impact has limited to emerging and frontier markets. Moreover, it is observed that COVID-19 confirmed cases negatively affect the stock return of all selected stock markets in Asian region. Hence, the current study recommends the importance of recovering from the pandemic and sustaining appropriate environment for the development and smooth running of stock markets.

**Keywords:** Asian stock markets; COVID-19; Event study method; Stock return.