

## Stock Market Responses to Covid-19 and Global Policy Interventions

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### Abstract:

The present paper investigates the behaviour of global stock markets during the Covid-19 pandemic period, using fractional integration techniques, in univariate and multivariate settings. We evaluate stock market responses to Covid-19 shocks and quantitative easing policies. The empirical analysis yields a number of provocative results. The evidence suggests that stock markets generally follow a synchronized movement during several stages of the pandemic shocks. The financial experience of global pandemic suggests that unlimited quantitative easing may not support unlimited rational trust in developed and developing stock markets.

**Keywords:** Coronavirus; stock markets; fractional integration; long memory; mean reversion

**JEL Codes:** C12; C22; F31