

The Covid-19's Impact on Stock Prices among Different Sectors - An Event Study Based on the Istanbul Stock Exchange Market

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Abstract:

The COVID-19 pandemic, which controls over and affects the whole world, has deeply impacted our health and social life as well as the financial markets. Although the global economic effects of the coronavirus are not yet clear, it is observed that there is a reaction in the financial markets to the developments related to the pandemic. Studies show that the pandemic has strong effects on stock markets and increases uncertainty. The purpose of this study is to investigate the stock market by examining whether the stock prices of companies traded on the Istanbul Stock Exchange Market between 14.02.2019 and 01.04.2020 are affected by the Covid-19 virus. In this context, the share prices of the six major sectors traded and thought to be affected in Istanbul Stock Exchange Market during the period examined were analysed using the "event study" method of the effects of Corona virus. In the analysis, the event window was taken as (- 15, + 15) working days. The effects of the Corona virus in the relevant period were examined separately for each company in the selected sectors, and after calculating the abnormal returns, the effect on the average abnormal returns and cumulative abnormal returns were analysed. According to the research results, when the general picture of selected sectors in Covid-19 is examined, statistically significant negative average cumulative abnormal returns are obtained. According to these results, it can be claimed that the Istanbul Stock Exchange Market was affected by the Covid-19 virus during the period under examination.

Keywords: Covid-19, Share Price, Event Study, Brown and Warner, Istanbul Stock Exchange Markets(ISE)

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