

## COVID-19, THE IMPACT OF PUSH AND PULL FACTORS ON CAPITAL FLOWS

**Hülya Deniz Karakoyun**  
Istanbul Üniversitesi, Türkiye  
hulyad@istanbul.edu.tr

**Erkan Ağaslan**  
Dumlupınar Üniversitesi, Türkiye  
erkanagaslan@gmail.com

### Abstract:

Following the development and strengthening of international financial integration, the determinants of the international capital movements have also varied. Today, it is known that the value of global financial assets has a gradually growing structure and that its magnitude accounts for several times of the global output value. Capital flows also show a similar trend in parallel with financial assets. Accordingly, it is frequently questioned which variable has an effect on capital flows. Plenty of papers found that either push factors such as Federal policy rate, Quantitative Easing policy, global liquidity, or uncertainty index like VIX have a meaningful impact or pull factors such as domestic interest rate, inflation, real growth, international reserve and foreign debt stock have a significant effect on the capital flows. From this point of view, the aim of this study is to capture empirically whether the Covid-19 pandemic causes a change in the relative importance of push and pull factors on capital inflows. For this reason, the research employs a data panel model in which the developed and emerging countries are analyzed separately. What kind of similarities and differences in terms of push and pull factors between developed and developing countries, and whether these factors have a significant change before and after Covid-19 are explained.

**Keywords:** COVID-19, capital flows, push-pull factors, international finance

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