

A Comparative Evaluation Between the Economic Crisis (2008) and the Covid-19 Impacts in the Stock Market

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ABSTRACT

Introduction: This study determines the most influenced crisis between the economic crisis (2008) and the COVID-19 pandemic in the share market performance.

Design/Methodology/Approach: The study sample consists of six Asian countries, and the data were collected from 2006 to 2008 for the economic crisis and from June 2018 to June 2021 for the COVID-19. This study has been used the positivist research paradigm, deductive approaches, and quantitative research methods to track down the most influenced crisis. Regression analysis (based on the ARIMA model), descriptive analysis, and ARIMA model (for forecasting) were employed to analyze the data. Log returns of each country have been used as the dependent variable, while Lags of the log-returns and dummy variable (Pres-crisis and during the crisis) have been used as the independent variables.

Findings: Both crises had shown a negative impact on the share market. However, based on the study results among the two crises, the economic crisis had created a significant negative impact compared to the COVID-19 pandemic. Furthermore, During the economic crisis period (2008), DSEX had shown the highest negative impact where NEPSE in the COVID-19 recession. ASPI is the least affected index during both phases among the six indices. However, according to the ARIMA model, future ASPI returns will be negative.

Conclusion: The final result emphasizes that both crises have negatively affected the share market performance while the economic crisis had created the highest impact. Therefore, there is a negative relationship between the crisis and the share market performance.

Keywords: *The economic crisis (2008), The COVID-19, Share market, Middle-lower Income, Asian countries, ARIMA*