

IMPACT OF COVID-19 ON THE ROMANIAN CAPITAL MARKET: AN ASSESSMENT OF BET INDEX AND SHARES BRD, SNP, TLV, FP & SNP

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Abstract

This article studies the response of the Romanian stock market to the COVID-19 pandemic. The research approaches daily data on the number of new confirmed cases, respectively deaths caused by COVID-19 and the returns of the BET index and the share of BRD, FP, SNP and TLV, for the period 16 March 2020-30 September 2020. The empirical results confirm that the BET index and the shares listed on the Bucharest Stock Exchange responded negatively to the increase in the number of new cases, respectively COVID-19 deaths. Thus, the profitability decreased with the increase of the number of new cases, respectively deaths. Moreover, it is found that the Romanian capital market reacted more strongly to the increase in the number of deaths compared to the increase in the number of new cases. The study also suggests that the negative market reaction was strong in the first days of confirmed cases. The empirical results of the study indicate that stock market indices, respectively shares traded on the Bucharest Stock Exchange, respond quickly to COVID-19 and the reaction varies over time, depending on the stage of the pandemic.

Keywords: COVID-19, BVB, ARDL, Granger

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