

Covid-19 Pandemi Döneminde Vaka Sayıları, Döviz Kuru ve VIX Endeksinin Gelişmekte Olan Piyasalar Üzerindeki Etkisi: BİST 100 Endeksi Üzerine Bir Analiz

The Number of Cases, Exchange Rate and the Effect of VIX Index on Emerging Markets During the Covid-19 Pandemic Period: An analysis on BIST 100 Index

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Abstract

The Covid-19 pandemic has strong implications on the economies and financial markets in addition to its effects on financial returns and volatility. The study aims at the investigation of the pandemic and its effects on the way the exchange rates and global risk influences an emerging stock market. For this purpose, the effects of the active cases and the new cases are utilized in addition to the exchange rates and the VIX index on the BIST100 stock index in Turkey are investigated. By using a sample that covers daily series to increase the sample size starting from 11.3.2020, the day of declaration of the pandemic in Turkey, and that ends at 11.5.2021, the empirical findings obtained from GARCH, GJR, TGARCH, and nonlinear GARCH models suggest significant negative effects of the investigated variables in addition to Covid cases on the BIST100 returns, which suggest negative effects of the pandemic on the future return expectations of the investors. In line with the findings regarding the negative effect of the number of cases on the returns in the stock market, together with the traditional GARCH model GJR and TGARCH models, it is stated that the need to implement policies that take into account the negative impact of the sudden increase in the number of cases on the global risk and exchange rate increase on the stock market. Hence, the findings also lead to several policy recommendations which are given in the final section.