# THE IMPACT OF CORONAVIRUS ON FINANCIAL MARKETS

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**ABSTRACT**

*The coronavirus out break has cause disruptions and economic development. Economies around the world could be strongly affected by GDP growth, as the prospect of millions of people going out of work and thousands of restaurants and other businesses closing down changes both supply and demand. As a result, global financial markets are experiencing extreme volatility as investors face a multitude of effects the virus could have.*
*"This is an unprecedented moment, whether it is the impact on economic activity, the stock market decline, or the scale of the unprecedented monetary and fiscal stimulus. All indications are that markets will remain highly volatile as long as uncertainties remain about the progress of the pandemic and its implications for the economy. This situation offers trading opportunities in the short term, however, patience remains the key before a more stable and sustainable bull market returns," explains Andreas Ruhlmann, Premium Client Manager IG Bank, April 2020.*

**Keywords :** Financial Markets, COVID-19.

To highlight the effect of coronavirus on global markets, IG Bank examined the S&P 500, a common benchmark for global economic health, against other financial crashes. Market trends show that the early days of coronavirus volatility had a much faster impact than other crashes. Therefore, traders need to keep an open mind and have solid data on which to base their decisions.

While coronavirus volatility began around mid-February, it peaked on the new "*Black Monday*" on March 9, 2020. On that day, oil prices plummeted and global stock markets collapsed in a single day - the biggest drop since the global financial crisis of 2007-2009. Travel agency shares were the first to be sold as containment announcements and quarantines led to a drop in demand for flights, cruises, and hotel rooms. Oil stocks also suffered, hit by the decline in travel and the oil price war between Russia and Saudi Arabia.

Also, stock market indexes experienced large price fluctuations in response to the current situation. On Black Monday, the U.S. indexes reached the lower limit of 7%, which caused the New York Stock Exchange to shut down completely. Automatic stabilizers were put back into effect on Tuesday, the day on which prices reached an upper limit. However, on Thursday, the lower limit was reached again. This enormous volatility is expected to continue as the economic fallout from this global pandemic is felt.

For Gold, falling as investors sold their contracts to buy dollars, and falling further as markets worry about potentially low inflation in the coming months. Also, for Oil, the price war has caused a record increase in the amount of Oil being distributed, as demand appears to be declining, guaranteeing continued volatility in Crude prices.

The Federal Reserve quickly closed the gap between interest rates in the rest of the world, causing the dollar to fall considerably. As the flight to safe-haven assets pushed the Japanese yen to its highest level in several years. However, the Bank of Japan stands ready to use the necessary tools to try to stem the flow of money into the Yen.

The Journal of Organizational Culture, Communications and Conflict encourages researchers to contribute their views on this timely topic. JOCCC believes that a volume devoted to COVID-19 and its impact on financial markets would be very important for researchers, policy-makers and students. The purpose of these special issues is to present and critically discuss cases related to the above issues.

This is a call for papers on "*The impact of coronavirus on financial markets*". The Journal of Organizational Culture, Communications and Conflict (JOCCC) welcomes articles on the above theme and falls within the objectives and scope of JOCCC, including all key areas such as the financial markets, finance, changes in accounting standards, information asymmetry, etc.