

THE DECLINE OF STOCK MARKETS IN THE CONTEXT OF THE PANDEMIC

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The impact of coronavirus is strongly felt on stock exchanges around the world.

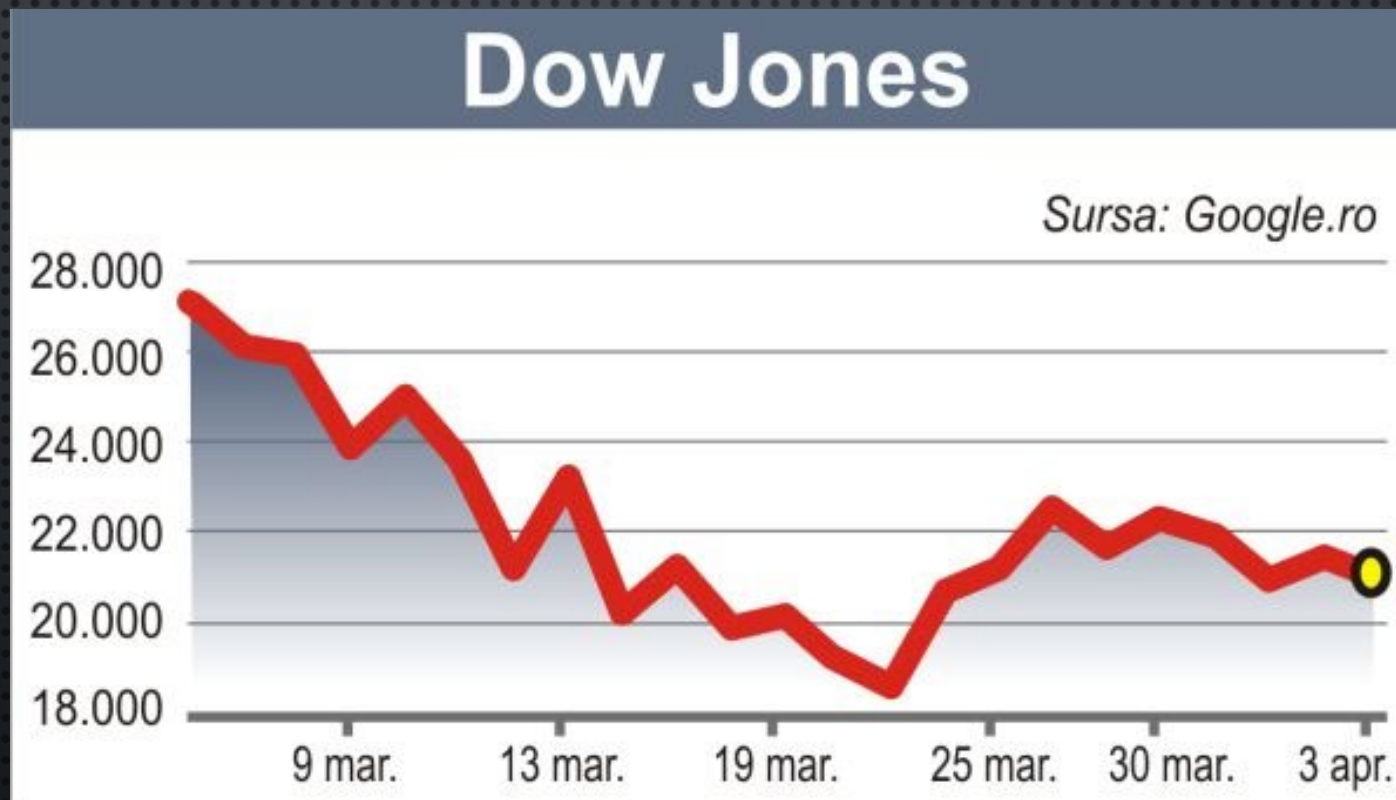
European stock markets are declining, despite the interventions of the central banks of the USA and Japan, intended to limit the economic and financial effects of the coronavirus crisis.

The situation is similar at the Bucharest Stock Exchange (B.V.B.) where the BET Index of the most traded shares on the stock exchange has decreased considerably.

Against the background of a turbulent investment climate in global markets and despite the reduction of interest rates by the largest central banks, but also in the context of the establishment of a state of emergency in some countries severely affected by the COVID-19 pandemic, massive capital outflows have been recorded on international stock exchanges since the beginning of the year and thus, line decreases of listed companies and the main stock market indices.

International stock markets have fallen sharply since the beginning of this year as a result of the implications of the rapid spread of the coronavirus epidemic in the world, so the American stock market entered bear territory (defined by a decrease of more than 20% compared to the last historical maximum), and the European ones had the worst days in history.

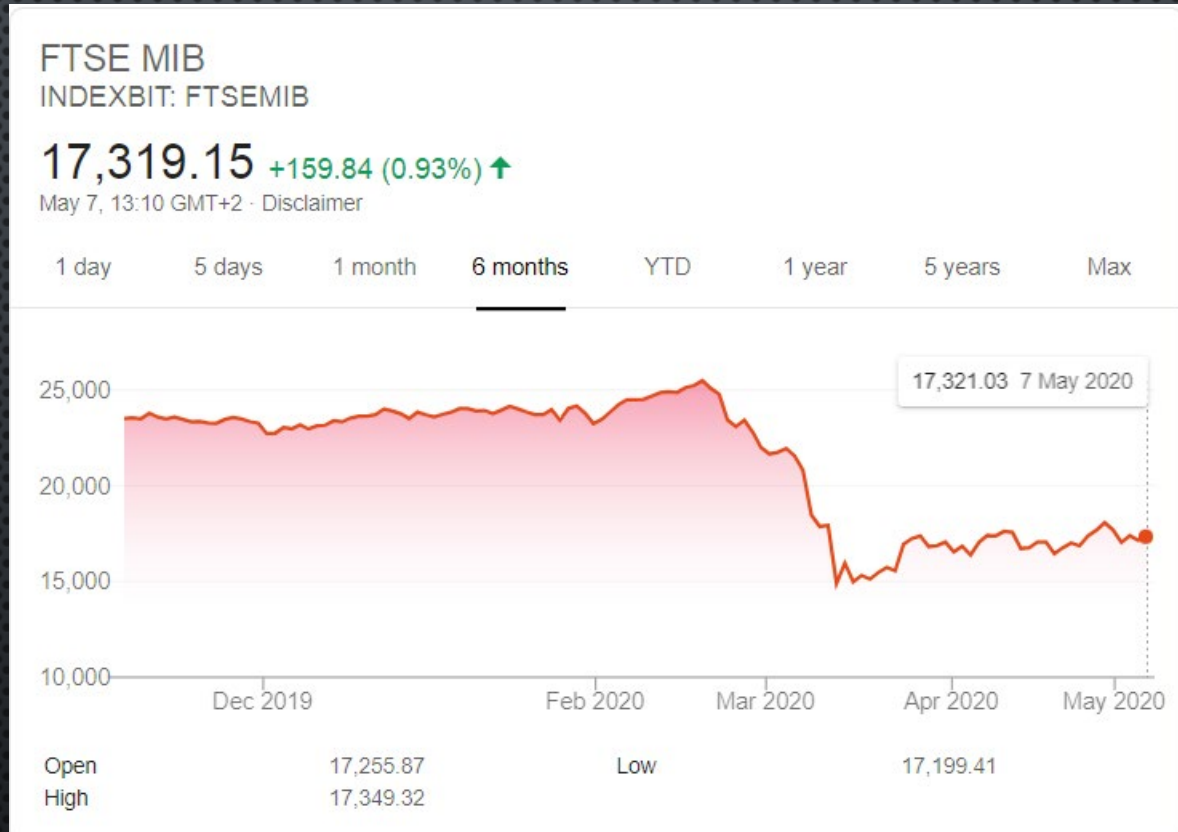
EUROPEAN AND AMERICAN STOCK MARKETS, AFFECTED BY THE ECONOMIC IMPACT OF THE COVID-19 PANDEMIC



As a result, aggressive capital market investor sales have ended the largest growth cycle in history, the sectors most affected by this crisis are energy, transport, tourism and services. On the other hand, there are sectors that could benefit from measures taken to combat the epidemic, such as the IT, telecommunications or pharmaceutical industries.

Thus, the stock market that has been hit hardest is the one in Milan, whose FTSE MIB index fell by 36.3% in the first months of the year, in the context in which Italy was the country in which the coronavirus spread the fastest and in a rather short time.

Milan Stock Exchange



Source: google.com

Within walking distance with regard to the depreciation in the first months of the year, there is the Madrid Stock Exchange, given that the main IBEX index of the 35 most traded shares has a minus of 36%, but neither the Paris Stock Exchange (minus 35.1%), the Berlin Stock Exchange (minus 34%) or the London Stock Exchange (minus 31.7%) they were not exempt from the implications of the epidemic.

Madrid Stock Exchange

IBEX 35

INDEXBME: IB

6,671.80 +0.100 (0.0015%) ↑

May 7, 12:58 GMT+2 · Disclaimer

1 day

5 days

1 month

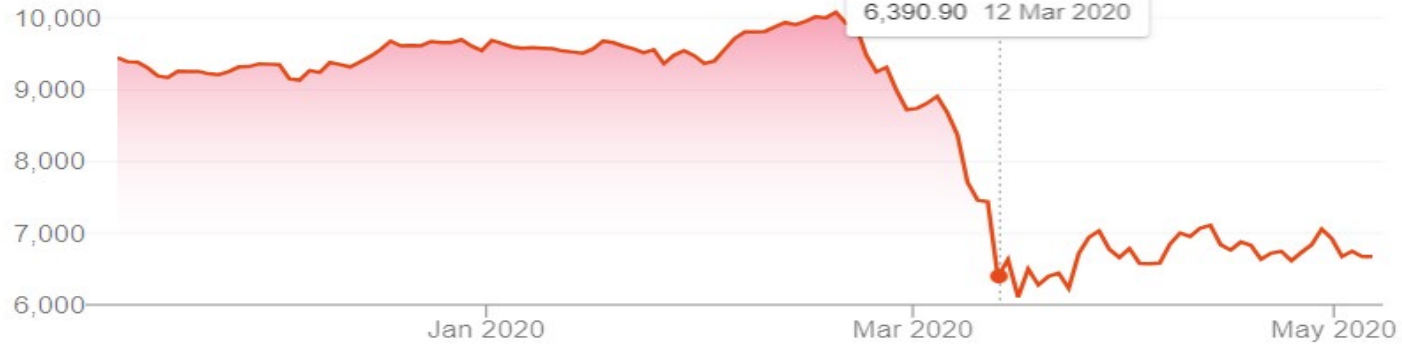
6 months

YTD

1 year

5 years

Max



Open
High

6,714.90
6,733.60

Low

6,666.40

Source: google.com

London Stock Exchange

FTSE 100 Index
INDEXFTSE: UKX

5,908.55 +54.79 (0.94%) ↑

May 7, 12:18 GMT+1 · Disclaimer

1 day

5 days

1 month

6 months

YTD

1 year

5 years

Max



Open
High

5,853.76
5,908.19

Low

5,853.60

Source: google.com

Due to stock market crashes, the world's largest money managers - BlackRock, Vanguard and State Street Global - lost more than \$ 2.5 trillion in the first months of the year, about 10 times Romania's GDP.

Also, after tens of thousands of flights and routes were canceled, jobs in the aviation industry are in jeopardy, major listed airlines have lost more than \$ 70 billion since the beginning of the year.

On the other hand, the aggressive fluctuations in the stock markets have led some traders to consider suspending trading for certain periods or even closing the exchanges indefinitely, with precedents in this regard. The first state who made this decision is the Philippines, which on March 17 stopped trading in stocks, bonds and currencies.

But even on the Bucharest Stock Exchange, the mechanism of interrupting volatility was activated in the last sessions in the context in which the massive sales brought sudden decreases, even of over 20%, on some issuers.

At the beginning of March, the Romanian stock exchange registered a series of eight consecutive sessions of decreases, in which it depreciated by 30.5% and lost about 49 billion lei from the capitalization, reaching the value it had at the end of 2018.



Source: bvb.ro

But the current situation seems far from over, with investors trying to adjust to the new course of things and rebalance their portfolios. On the other hand, listed companies are taking all possible measures to overcome the current crisis as easily as possible.