



Libyan International Medical University  
Faculty of Business Administration



# The Impact of Russia-Ukraine crisis on Stock Market

**How to Cite This Research Paper :**

EL-Warfilli Mohammed & Elkrggli Sabri (2023), "The Impact of Russia-Ukraine crisis on Stock Market ", *Faculty Research Volume*, 1(9),pp. 1 -29.

**Instructor : Sabri Elkrggli**

**Student Name: Mohammed EL-Warfilli ID: 2416**

**8/JUN/2023**

**1**

# Table of contents

01

INTRODUCTION

02

TERMNOLOGIES

03

LITERATURE  
REVIEW

04

DATA AND  
METHODOLOGIES

05

REFLECTION AND  
CONCLUSION

06

LIMITATION

07

IMPLICATION AND  
RECOMMENDATION

08

REFERENCES



01

# Introduction

# Introduction

The current conflict between Russia and Ukraine was made worse on February 21, 2022, when Russia recognized the Donetsk and Luhansk areas of Ukraine as separate states and dispatched Russian soldiers there as peacekeepers. Global leaders referred to the event as the commencement of a war. As a result, the European Union (EU), the United States, and the United Kingdom began to implement economic penalties against Russia. The EU was Russia's top trading partner in 2020, accounting for 37.3% of all goods trade between the two countries (EC, 2022). 27% of the crude oil, 46.7% of the solid fuel, and 41.1% of the natural gas that the EU imported came from Russia (Eurostat, 2022).

## Introduction con...

The return on the stock market as well as the risk profiles of financial assets are both considerably impacted negatively by fear of political upheaval. According to Manuel Hoffmann and Matthias Neuen kirch (2022), there is a link between political risk and market turbulence. According to Shaker Ahmed Mostafa M. Hasan Md Rajib Kama (2022), the diplomatic and economic embargoes on Europe had a significant effect on stock market volatility.

02

# TERMNOLOGIES

# Stock Market

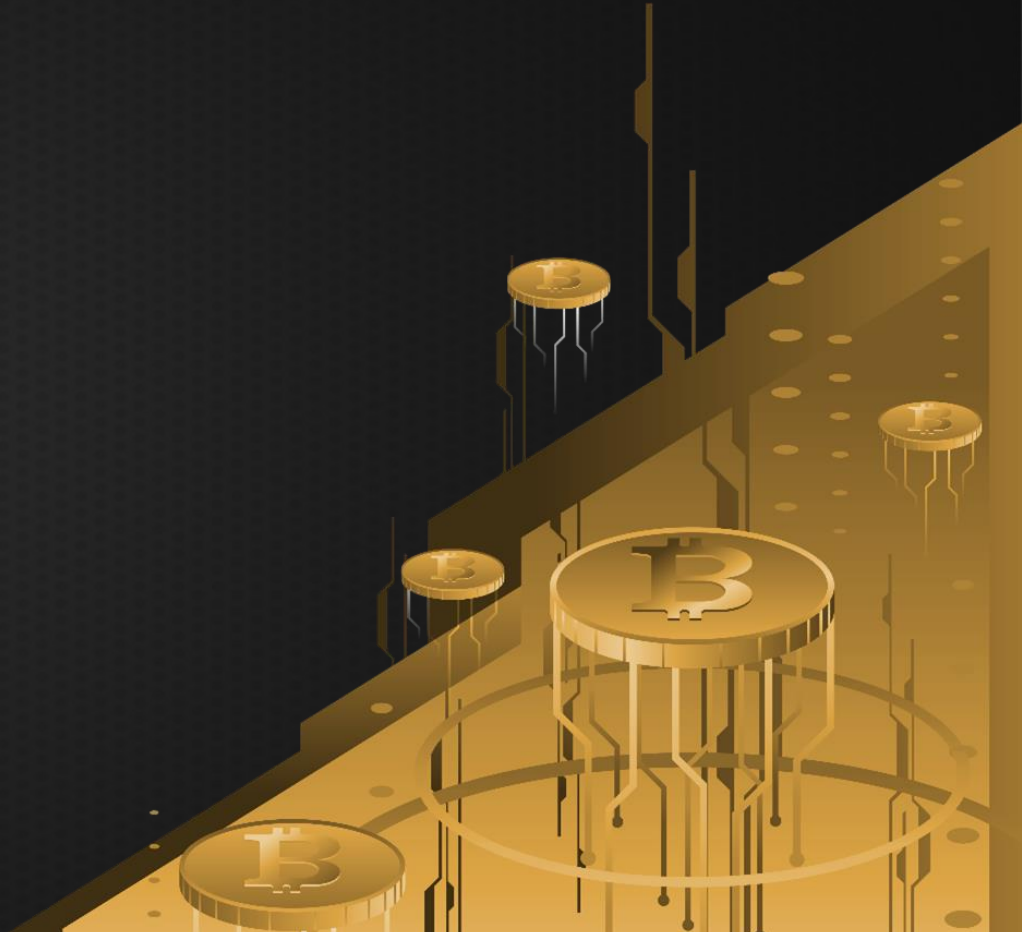
Securities buyers and sellers can contact, communicate, and do business on the stock market. The markets provide price discovery for stock in firms and act as a gauge for the state of the national economy. Because market participants compete on an open market, buyers and sellers may be guaranteed that they will receive a fair price, a high level of liquidity, and transparency. ( A. Sulthan, 2017)



# 03

## LITERATURE REVIEW

8





# LITERATURE REVIEW

The impact of the Russian and Ukrainian crises on the stock market examined in 2022, by Manuel Hoffmann and Matthias Neuen kirch. In this study, which had 881 sample and a population of 4608, certain international organizations were measured. A worsening of the war in Ukraine is bad news for investors in stock markets, according to the authors of this study, who utilized the **Quantitative Analytical** technique of research. In nations like France, the United States, and Canada, the returns fall by as much as 21 basis points (bps) following an escalation of 1 percentage point (pp). Belgium, Denmark, Finland, Germany, Italy, The Netherlands, Spain, Sweden, Switzerland, and the United Kingdom see even more of a decline in returns (up to 30 bps).



## LITERATURE REVIEW CON....

In 2022, Shaker Ahmed1Mostafa M. Hasan Md Rajib Kama examined the effect of the Ukraine and Russian crisis; on stock market, measured by the Global Stock market. The population was 3290 company from different continents, the sample was 587 from different continents. The method that was used in to analysis is the **Quantitative analysis**. this study looks at how investors in the European financial markets responded on February 21, 2022, when Russia recognized the Donetsk and Luhansk areas of eastern Ukraine as two separate entities. The event day shows -0.41% AAR, the largest decline in stock market across the event windows. The Russian and Ukrainian crises had a greater impact on small and median-cap enterprises than on large-cap firms. To guarantee financial stability in their individual nations, governments should take swift action. Policymakers in Europe should think about reducing their heavy reliance on Russia for essential oil and gas supplies in the near future.

# LITERATURE REVIEW CON....

Imran Yousaf, Ritesh Patel, and Larisa Yaro yaya examined the stock market's effects of the Russian and Ukrainian crises in 2022. According to the authors of this study, who used the **Quantitative analytical** research technique, certain nations from different continents, including Asian, European, North American, Latin American, and Middle Eastern, participated in this study, which had 26 sample and a population of 95. Due to the fact that these regions have been less impacted by the Russian-Ukrainian conflict than others, investors may want to consider investing in North America, Latin America, and the Middle East and Africa. Hungary, Russia, Poland, and Slovakia stock markets all experienced negative reactions, according to a country-by-country analysis of the CARs.



# 04

## DATA AND METHODOLOGIES



# DATA AND METHODOLOGIES

Reviewing academic papers on the effect of the Russia-Ukraine conflict on the world stock market, it discovered that every paper or researcher used secondary data that was sourced from multiple international organizations, including ICE, Intercontinental Exchange, Bloomberg, FactSet, Veraset, and Global Stock Trade (MISX)

# DATA AND METHODOLOGIES

## CON...

Through reviewing the academic papers it found the majority of them used Quantitative Analysis in a variety of ways (R-squared), Dynamic goodness of fit analysis, parametric, nonparametric and Bootstrapped analysis.

### **(R-squared)**

**R-squared ( $R^2$ ) is a statistical metric that shows how much of a dependent variable's variation is explained by one or more independent variables in a regression model. R-squared measures how well the variation of one variable accounts for the variance of the second, as opposed to correlation, which describes the strength of the link between independent and dependent variables. Therefore, if a model's  $R^2$  is 0.50, its inputs may account for around half of the observed variance.**

# DATA AND METHODOLOGIES

## CON...

### **Dynamic goodness of fit analysis**

A statistical test known as "goodness-of-fit" evaluates how well sample data matches a distribution from a population having a normal distribution. Simply put, it makes assumptions about whether a sample is biased or accurately reflects the facts that would be present in the wider population.

### **parametric and nonparametric**

The assumptions behind parametric statistics relate to the population's distribution from which the sample was drawn. Since no presumptions are made while using nonparametric statistics, data can be gathered from samples that do not fit any particular distribution.

05

REFLECTION  
AND  
CONCLUSION





# REFLECTION AND CONCLUSION

Across reviews of scientific papers on the effect of the Russia-Ukraine conflict on the world stock market, it founded all the papers that incorporated secondary data from different international institutions, the majority of which utilized **Quantitative Analysis** in a variety of ways in most of the world. It was acknowledged by all periodicals that the stock market has been very negatively impacted.

# REFLECTION AND CONCLUSION CON...

Particularly on the continent of Europe in the nations of Germany, Ukraine, Russia, Belarus, Italy, Holland, Poland, Slovakia, Bulgaria, and others; however, the influence was less on Asia, Africa, South and North America for a variety of reasons, several academic studies have revealed that most investors Because of the collapse in the European stock market, which is experiencing some of the issues stated before, investors have resorted to the Asian stock markets. To calm the situation, certain nations advised their investors to temporarily withdraw from the European stock market.

# REFLECTION AND CONCLUSION CON...

The results from reviewing those academic papers, that all the papers founded; that the impact of stock market during the crisis between Russia and Ukraine were negatively, due to many reasons the war itself one of the factory as well as the gas and energy crisis, all these effect the stock market especially on Europe. Additionally, academic studies supported the idea that the Russian-Ukrainian crisis negatively impacted European stock markets via both political and economic channels. The conflict in Russia and Ukraine's effects on the economy as a significant producer and supplier of crude oil and natural gas with pipelines supplying various regions of Europe, Russia is definitely an essential commercial partner of the European Union.

The background is black with several decorative gold elements. On the left, there is a large gold circle with a dotted gold line inside it. On the right, there is a large gold circle with a solid gold gradient fill. In the bottom right corner, there is a cluster of small gold dots. The text '06' is centered in white, and 'LIMITATION' is centered below it in gold. At the bottom center, the number '21' is inside a small gold circle.

06

LIMITATION

21

# LIMITATION

According to research, the main issue with this theoretical research is that there aren't many academic research papers on it due to the crisis (encompassing Russia and Ukraine) hasn't yet been cleared up and since the particular topic is trendy. As a result, there aren't many researchers who are interested in researching about it.



06

# IMPLICATION AND RECOMMENDATION

23

# IMPLICATION

These studies looked at how the conflict in Ukraine and Russia affected stock markets, regardless of the research methods or the sample and population that were used in the studies, they all concluded that the consequences of the crisis were unfavorable, particularly in the countries of the European Union.

The majority of investors, according to these researches, preferred the stock markets in North and South America. Moreover, the stock markets in Asia and Africa.

# RECOMMENDATION

Considering that the majority of the study was conducted at the beginning of modern Russia - Things' conceivable that the Ukraine crisis doesn't accurately represent how it turned out. Highly recommend, for the Future studies should thoroughly analyze the effects of this unusual event.



08

# REFERENCES

# REFERENCES

- Ahmed, S., Hasan, M. M., & Kamal, M. R. (2022, July 27). *Russia-ukraine crisis: The effects on the european stock market*. SSRN. Retrieved November 25, 2022, from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4155911](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4155911)
- Ahmad, S. (2022). Russia Ukraine conflict - how war affects the stock market. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4058001>
- Boungou, W., & Yatié, A. (2022). The impact of the Ukraine–Russia war on world stock market returns. *Economics Letters*, 215, 110516. <https://doi.org/10.1016/j.econlet.2022.110516>
- Hoffmann, M., & Neuenkirch, M. (2022). The pro-Russian conflict and its impact on stock returns in Russia and the Ukraine. *International Economics and Economic Policy*, 14(1), 61–73. <https://doi.org/10.1007/s10368-015-0321-3>

# REFERENCES

Li, Y., Alshater, M., & Yoon, S.-M. (2022). The impact of Russia-Ukraine conflict on Global Financial Markets. *SSRN Electronic Journal*.  
<https://doi.org/10.2139/ssrn.4108325>

Lo, G.-D., Marcelin, I., Bassène, T., & Sène, B. (2022). The Russo-Ukrainian War and financial markets: The role of dependence on Russian commodities. *Finance Research Letters*, 50, 103194. <https://doi.org/10.1016/j.frl.2022.103194>

Mu, S., Huang, G., Li, P., & Hou, Y. (2022). A study on volatility spillovers among international stock markets during the Russia-Ukraine conflict. *Discrete Dynamics in Nature and Society*, 2022, 1–8. <https://doi.org/10.1155/2022/4948444>

# REFERENCES

Nivorozhkin, E., & Castagneto-Gissey, G. (2022). Russian stock market in the aftermath of the Ukrainian crisis. *Russian Journal of Economics*, 2(1), 23–40. <https://doi.org/10.1016/j.ruje.2016.04.002>

Umar, Z., Polat, O., Choi, S.-Y., & Teplova, T. (2022). The impact of the Russia-Ukraine conflict on the connectedness of financial markets. *Finance Research Letters*, 48, 102976. <https://doi.org/10.1016/j.frl.2022.102976>

Yousaf, I., Patel, R., & Yarovaya, L. (2022). The reaction of G20+ stock markets to the Russia–Ukraine conflict Evidence from event study approach. *Journal of Behavioral and Experimental Finance*, 35, 100723. <https://doi.org/10.1016/j.jbef.2022.100723>

*Thank you  
any Questions*

