

# The Impact of Coronavirus Epidemic on the Financial Market Performance in the Kingdom of Bahrain

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## Abstract

This study has investigated the impact of coronavirus epidemic on the Financial Markets performance in the Kingdom of Bahrain. The study uses the data of COVID-19 based on daily positive cases and the closing prices of Bahrain index from the date 1st of March 2020 to end of May 2021. In addition, this study uses Crude oil prices as a control variable on the relationship between coronavirus epidemic and financial markets performance. The study used SPSS to analyze the influence of pandemic of COVID-19 positive cases as the independent variable, and Bahrain Financial market performance as the dependent variable. The research findings revealed that the coronavirus epidemic has negatively influenced the financial market performance in the Kingdom of Bahrain. This means that positive coronavirus cases had a significant impact on the stock market prices from 1st March 2020 to May 2021 in the Kingdom of Bahrain. It is recommended that Bahrain's government promoting the vaccination for all Bahrain's residents to get rid of the virus quickly, and preserve the people health, which may result in the regaining of the financial market performance.

*Keywords: COVID-19, Financial Markets, stock prices, oil prices*

## 1. Introduction

Covid-19 has been shown in China in Dec 2019 in Wuhan City (WHO, 2020) The Virus rapidly spread in Jan 2020. Then it has started spreading around the world, from China to South Korea, then to other countries, many million positive cases and million fatalities (Johns Hopkins, 2020).

On January 30, 2020, the World Health Organization (WHO) declared a worldwide emergency due to the swiftly spreading of COVID-19. The WHO declared this virus as a pandemic on March 11, 2020. By the end of march, many countries of the world. including China, Italy, and the United States have declared numbers of confirmed cases of COVID. By that time, the source of COVID-19 was unknown and there was no specific vaccine or treatment of the disease. The number of positive cases and fatalities have been rising and increasing since the starting of the disease, some of countries isolated themselves in order to protect their people or to minimize the catching of the disease, like Europe regions. But still it is seen that some parts of the world still suffering from increasing the positive cases like America and some countries in Asia. So far, the disease is still spreading quickly, and many countries have declared emergency states to control the situation.

In Bahrain, the first case was found on February 21, 2020, in a school bus driver who was infected by the virus while he was out in his home country. The Bahraini government has made significant precautionary decisions like closing some institutions, imposing social distances, halting some business activities and more. All cases in Bahrain were reported to come from outside Bahrain. Bahrain government acted quickly in order to defend tenants and limit the spreading of the virus. Bahrain limited the incoming flights from many countries, particularly those who experienced high levels of casualties. In addition, Bahrain imposed high levels of protective procedures at the Airport.

Coronavirus has had a significant impact on the global economy and financial markets since the great depression (Sansa, 2020). Some protective measures have been used by many countries to control the spreading of the Virus like social distancing and lock down showed some assistance in minimizing the virus, but on other side, it was observed that the cost is very high to businesses, tourism, transportation, and leisure sectors (Rakhimov, 2020).

Moreover, the stock markets have clearly been affected by the COVID-19 and the economic losses were very high. It is believed that the Virus has an impact on the global markets, and Bahrain is not an exception. This study is designed to measure the impact of the COVID-19, if any, on the Bahraini stock market.

Bahrain Bourse Company also called the Bahrain Stock Exchange (BSE) is a self-regulated multi-asset marketplace. It aims to provide to the issuers, investors, and intermediaries a complete suite of exchange related facilities that come with offering listing, trading, settlement, and depository services for numerous financial instruments.

Bahrain Bourse (BHB) also aims to offer the best investment and trading solutions, coupled with creative insights and problem-solving skills to provide to the stakeholders with valuable resources to meet their every expectation. The history of Bahrain Bourse returned to 1987, when Bahrain Stock Exchange (BSE) were established which afterwards renamed as Bahrain Bourse. In 2020 Bahrain Bourse (BHB) was opened and established as a shareholder company to replace Bahrain Stock Exchange. Since the establishment, BHB has cooperated with many regional and international organizations like the Union of Arab Exchanges, World Federation of Exchange (WFE), and many others.

Crude oil is considered as a main source of energy in the modern economies. This will be the case of the future for sometimes. Thus, oil prices are always a factor influencing the prices and the stability of the global financial markets.

It is clear that there is massive literature about the impact of oil prices on the economy for developed and emerging countries. The pile of these studies demonstrate that the oil price shocks impact the economy (Michelsen et al., 2020; HABTOOR et al., 2020). There are also numerous studies that examine the impact of oil prices on the stock prices. These studies yield different results with some showing a significant relationship between the two variables and the other do not. The results depend on the countries that have these research and the time of the research. Therefore, there may be no general consensus on the impact of oil prices yet on the stock markets.

The main objective of the current study is to determine the association between the Bahraini stock market and the number of coronavirus cases and how the market performance is influenced by the epidemic, using oil prices as a control variable.

### *1.1. Project Motivation*

Many scholars have cautioned that the virus will seriously influence the global economy and believed that the impact of coronavirus is worse than the 2007/2008 global financial crisis. World economic Forum, (2020, p.1), for example, reported that "Internationally, the Virus shock is extreme compared to the great global crisis of 2007-2008.

The literature review shows that the coronavirus significantly impacts the financial market globally. Many indicators of the impact of the coronavirus on the financial markets were witnessed in various financial markets globally. In the USA for example, the Dow Jones and S&P trading rates dropped severely as a response to the corona virus in the USA. Economy (2020, p.1) reported that by the time the day off, the S&P and Dow Jones had faced the biggest one day drop from 1987.

### *1.2. Problem Statement*

The problem of this research is that the epidemic has globally hit the financial markets and institutions, Bahrain is no exception. Most business sectors have been affected, including services, retail, industrial, and transportation since the emergence of the virus.

By revising the number of cases of coronavirus in Bahrain and the closing prices of Bahrain Bourse All Share index (BHBX) since 1 March 2020 till the end May 2021, the researchers have determined to examine the impact of coronavirus on the financial market performance in the kingdom of Bahrain.

### *1.3. Project Aim and Objectives*

This study aims to examine the impact of coronavirus epidemic on the financial market performance in Bahrain from the 1st of March 2020 to then end of May 2021. The study uses crude oil prices as a control variable.

### *1.4. Project Limitations*

This study sample is only keeping in its consideration the number of cases of epidemic in Bahrain and the closing prices of the Bahrain all share index with oil prices as control variable dated from 1st March 2020 till end of May 2021.

### *1.5. Significance of the Study*

The study findings contribute significantly to the development of knowledge on the Bahrain financial market and the Virus of corona in Bahrain. The results of this research will probably improve the available literature on the epidemic impact on the financial markets. It is important that the study will become valuable to the financial applied economic studies and assist the policy makers and officials in the Bahraini government. Moreover, the results of the research will probably be essential for future studies on the research topic.

## 2. Literature Review

Literatures acknowledged the response results of the financial and stock markets with the recent COVID - 19 pandemic. Specialists pointed out that financial markets have quickly responded to the COVID - 19 as it became pandemic (Ramelli & Wagner, 2020; Baret et al, 2020).

The literature review showed that the coronavirus has a significant impact on the financial market globally. Many indicators of this impact on the financial market were demonstrated in various financial markets across the world. It is clear in some areas like USA to the Dow and the S&P the trading rate trends stepped down and dropped heavily to respond to the coronavirus situation in USA and other countries cross the world (Sansa, N. A. (2020).

Observing the bearing on the stock market, Delisle (2003) reported that the cost of SARS in 2003 resulted in losses that are three times higher than that occurred in the financial crisis of Asia, which was estimated at 3 trillion-dollar value in GDP and 2 trillion-dollar value in the financial market's equity. Nippani and Washer (2004) examined the impact of SARS on some countries like Canada, China, Hong Kong, Singapore, Thailand. They determined that the SARS has influenced the stock market of only China and Vietnam. Del and Paltrinieri (2017) assessed 78 mutual equity funds in African countries using monthly observation from 2006 to 2015 suggested that Ebola and Arab Spring has significant effects on the fund's flows, and the funds' performance, on the spending and return of the markets.

Liu et al., 2020, evaluate the short-term effect of the coronavirus outbreak on 21 leading stock market indices in main affected countries. They discovered that the consequences of the disease are significant and have been directly affecting stock markets worldwide. Their results indicate that the stock markets in foremost affected countries fell rapidly after the virus outbreak. They concluded that infected Asian countries experienced more negative abnormal returns as compared to other countries

(Economy, 2020, pg.1) showed that "by the time the day has been over, the Dow and S&P had a very difficult experience in the one day drop since 1987. The lawmakers in the USA kept working on economic rescue packages, in order to respond to the impact of the COVID-19 pandemic".

Many scholars have predicted the significance of the impact of coronavirus on the world economy. The alleged that the virus will definitely affect social welfare and the whole situation of the economy in general and the financial markets in particular. Sansa, (2020) investigated the impact of corona Virus on the Financial Markets in China and USA for period of 1st March 2020 to 25th March 2020 applying the simple regression model. Using a time series of the Shanghai Stock Exchange and New York Dow Jones, he found a positive significant relationship between the COVID - 19 confirmed cases and all the financial markets data.

The coronavirus took the financial market to the other side and different trading directions that would at the last influence the economy of the world. Particular, Colombo stock exchanges between time to time have closed the business and prices of the share to the drop in the significant impact.

(Daily FT, 2020, pg.1) gives suggestions that, "even the Colombo Stock Exchange was viewed as a 9 % drop in all the share prices index last week, and that was forced to shut down trading three times in a week". Various literatures suggested that the current Virus Covid-19 would extremely influence the global economy, and may the world go into a global recession. That means a global recession is a situation where the production of the world is down with influence on employment, and people lose their jobs in huge numbers, and the exportation and import activity will be influenced by the recession across the world. (Euro New, 2020), is supporting the argument that " a global recession is very possible, and it is close to the fact, as the central banks around the world have dropped the interest rates to unprecedented levels".

The literature review identified the response of the financial markets with the virus corona. The experts demonstrated the financial markets have replying to the coronavirus as it moved the direction, and it became as a pandemic in the spreading around the world. As a result, that will lead to global recession, affecting the financial market responding to the coronavirus. Ahmed, S. (2020), Remarkably, insisting that "these results show that the market rapidly started to question the consequences of the coronavirus".

It is reported that the world is facing and experiencing the recession due to the Covid-19 and to recover the convoy will need a long time because the damage is very hard and takes time. ICAEW report, (2020) reported that their reports that the COVID-19 made extreme impact in the financial market and the global economy, but the reports show there is hoped to recover in the long-term.

The financial market responded to the coronavirus pandemic thought to be worries of the investors. The literature review suggested that as the coronavirus spread around the world, it gave the results in extreme worries and the uncertainty in the financial market, the results of the financial markets became too volatile and share prices dropped. Michelsen, C., Clemens, (2020), have analyzed the investment worries and debated in detail that " the fears of borders outbreak and the economy influence the spread to the financial market at the last month".

A recent report that was published by the International Monetary Fund revealed that the corona virus has a significant impact on the financial system, and the escalation of the crisis may impact more in the global financial stability (Global Financial Stability Report, 2020).

Another report that named the crisis as the Great Lockdown" the COVID-19 could contract the economy by 3% that is considered very bad and worse than the financial crisis of 2008-2009 (World Economic Outlook, 2020). Re the impact of COVID-19 the report says that equity markets faced the fastest drop in the history (Global Financial Stability Report,

2020). Among the chaos, the government around the world supports the economy by packages in order to protect the people and the organizations from the impact of the coronavirus (Fiscal Monitor, 2020). Rakhimov, E. E. (2020) depending on the specific assumptions, said that the coronavirus pandemic would significantly impact the GDP due to the reduction in the production and change on the demands of customers.

In addition, the COVID-19 will create more negative situations if the banks fail in meeting the financing needs of the organization because of the immediate fall in the demand. The situation will definitely lead to fall in stock markets across the world. Manzoor, Z. (2020) explained that there are three channels via which coronavirus may influence the global economy. For example, the collapsing of factories, cutbacks in the services industry, will no doubt take to the point of declining in the supply.

On other side, the significant fall in travel and tourism, transportation and education will impact the demand aspect. At the end, the increment in the uncertainty of the environment will take to the rise cost of the investment. Tested the influence of COVID-19 on the stock market reactions in the USA organizations. They reached the point that the virus led to a negative and volatile aggregate market reaction. Remarkably, the organization's exposure to China and the share of foreign revenue came is related with lower cumulative return that is abnormal over the period of the study, Sansa, (2020).

### *2.1. The Impact of Oil Prices on the Financial Market Performance*

Oil is the most influential factor among the others and dependency as a consumer or also the producer is characterized by various structures. Many studies and research have examined the associations between the stock markets and oil prices. Phan et al. (2015) examined the impact of oil price changes on the stock returns of oil producers and oil consumers. The study finds that oil price returns have an unequal effect on stock returns for most sub-sectors.

Baker et al., (2020) in study titled "the Unprecedented Stock Market Impact of Covid-19" pointed out that no previous infectious disease outbreak, including the Spanish Flu, has impacted the stock market as forcefully as the COVID-19 pandemic.

In fact, previous pandemics left only mild traces on the U.S. stock market. We use text-based methods to develop these points with respect to large daily stock market moves back to 1900 and with respect to overall stock market volatility back to 1985. We also evaluate potential explanations for the unprecedented stock market reaction to the COVID-19 pandemic. The evidence we amass suggests that government restrictions on commercial activity and voluntary social distancing, operating with powerful effects in a service-oriented economy, are the main reasons the U.S. stock market reacted so much more forcefully to COVID-19 than to previous pandemics in 1918-19, 1957-58 and 1968.

As a conclusion that despite the weak dependence between the crude oil and Asia pacific stock markets returns, it increased since the global financial crisis. Musa (2021) has found that decreasing benefits from diversification with the stock portfolio and crude oil over the last ten years, depend on GARCH models with Copula.

The influence of the oil prices on the stock markets return has been recorded in the economic literature with much evidence. For example, Jones and Kaul (1996) used in their study standard cash flow valuation model, and in their study reported a negative correlation between the oil prices and stock market in some countries, Canada, and USA.

Moreover, another study, Roca, E. (2017), which used data basis on monthly for the period from 1947 to 1996, found that the volatility of oil prices influenced negatively on the US stock market prices. In addition, Roca, E. (2017) has reach to the point that the negative impact on the stock prices as oil price impact on negative manner, O'Neil et al. (2018) and Park and Ratti (2018), in their study found a significant negative effect of oil price on the stock market prices for extended sample of 13 countries markets. However, other studies have suggested a positive impact of the oil prices on the stock market return. Recently, Chaiang et al (2015) found a positive impact of oil prices on the various portfolio stocks in the American market.

Yun, & Yoon, (2019) said that in his research a significant positive relationship between oil prices that got from oil and gas organization in Canada, by using multifactor market model.

Roca, (2017) found in his study a positive correlation between the oil prices and oil-oriented stock, which is classified on London Stock Exchange), by using sector-based analysis. Xia, X. (2018) studied the Europe and US stocks from 2000 to 2011, the findings in their study is that the oil and gas organization have been affected positively by oil prices. Some studies reported the positive impact of oil prices on stock return Masood and Javaria (2019). The other strand of research reported an independent relationship between oil prices and the market's return, (Pan, Chen, & Xia, (2018) found in their studies that oil stock return futures have no correlation to the stock return. Guntner (2013) have reported that stock market returns in one of chosen market economies have no impact by oil supply unexpected fluctuations. It showed that Reboredo and Rivera-Castro (2014) found that oil prices without impacting on the stock market return in aggregate and sectoral levels in the pre-crisis period.

It is very crucial to many studies that reached the conclusion that there is evidence of an important relationship between the stock prices and oil prices which means there is a relationship that is nonlinear. For instance, the study of Pan, & Xia, (2018) that examined the relationship dependent on system causality tests and in the context of the Middle East and north Africa from 2007 to 2012 yielded the same conclusion and findings. By using copula models, Lawal et al, (2016) have found a significant asymmetric relationship between the crude oil and stock market in the Gulf region and Asia Pacific, respectively.

Moreover, the evidence has been given by Jawadi et al (2010) in his study that has reached to findings that nonlinear concluded the relationship between oil prices and stock prices on the rule of switching transition error correction models. The nonlinear used cointegration techniques, Pan, Chen, & Xia, (2018), in the study that related to 5 member countries of GCC that reached the same conclusion. Jammazi and Alou (2010), used a combination wavelet analysis and Markov Switching Vector Auto regressive approach, also found that the asymmetric relationship between oil prices and stock return is based on the phases of the markets.

Finally, there are some studies and articles like the one written by Lawal et al, (2016). In this study, investigated the effect of change on oil prices on the stock markets of G7 countries. The findings responses of stock market oil to oil price stock vary among these countries

Contrary to other different world financial markets, Literature revealed that the. Xinhua (2020, pg. 1) reported this different and significant opinion in the world financial market, insisting that, “China's financial market remains generally stable compared with overseas markets despite the spread of the novel corona virus (COVID-19)”

Contrary to what is revealed in the literature, China financial markets remain unchanging amid COVID - 19 pandemic impact. Xinhua (2020) revealed that China's financial market remains stable compared with foreign markets during the novel corona virus (COVID-19”.

### 3. Research Methodology

This Section contains the conceptual framework, the hypothesis, methodology, measurement, and techniques for analyzing the data. It also contains the scope and sources of information for the study.

#### 3.1. Conceptual Framework of the Study

The main objective of the study is to find the impact of coronavirus pandemic on the financial market performance in the kingdom of Bahrain from 1st of March 2020 till the end of May 2021. In addition, this study will use oil prices as a control variable on the relationship between coronavirus epidemic and financial performance.

This study will give new knowledge about the impact of coronavirus epidemic on the financial market in the kingdom of Bahrain. The results of the study will be useful to the financial applied economy field and to assist the investors and make decisions in the Bahrain government. Moreover, the knowledge that will be gained from this research will be fundamental for more studies in the future in the same field.

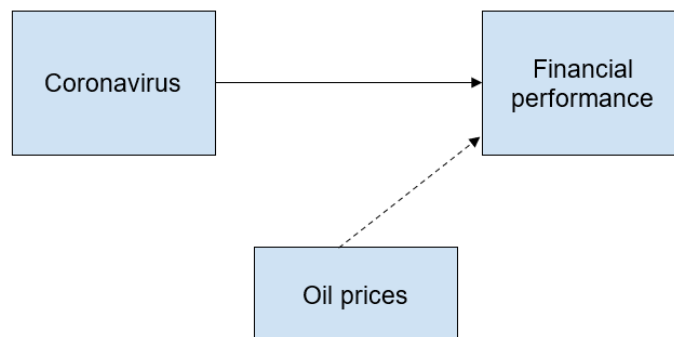


Fig. 1. Conceptual Framework of the Study

#### 3.2. Hypotheses

The following null hypothesis was formulated to be tested by the authors.

H (0): There is no significant impact of the coronavirus epidemic on the financial market performance in the kingdom of Bahrain from the period dated 1st March 2020 till the end of May 2021.

#### 3.3. Methodology

This study examines the impact of the coronavirus epidemic on the financial market performance from the period dated 1st March 2020 to the end of May 2021. The study applied a simple regression model to examine the impact of the coronavirus epidemic on the financial market performance in the kingdom of Bahrain. However, this study will use oil prices as a control variable on the relationship between coronavirus epidemic and financial performance.

In the process of examining the impact of coronavirus on the financial market performance, the study has an assumption that coronavirus positive recorded cases to be the independent variable, and Bahrain Stock prices to be the dependent variable. Crude Oil prices are used as a control variable.

### 3.4. Scope of Study

The study scope is limited to the coronavirus epidemic in Bahrain. Additionally, the study will generate new knowledge about the impact of this virus on the financial market. The study scope is the Bahrain financial market.

### 3.5. Sample Design

The study used the closing prices of the Bahrain share index from the period dated 1st March 2020 till the end of May 2021 as a sample in order to find the impact of coronavirus cases on financial market performance in Bahrain.

### 3.6. Source of Information

The study uses three sources of information which are the positive cases of coronavirus, closing prices of Bahrain share index and crude oil prices. The coronavirus data which related to positive cases that is found in Ministry of health. The closing prices of Bahrain share index from the period from the period dated 1st March 2020 to end of May 2021 that be found on the Bahrain bourse site and investing site BAX Historical Rates (BAX) - Investing.com.

### 3.7. Tools and Techniques of Analysis

This study applied descriptive statistics, correlation, and regression analysis techniques in order to examine the impact of the coronavirus epidemic as independent variable on the financial market performance as dependent variable from the period dated 1st March 2020 till the end of May 2021 in the kingdom of Bahrain. In addition, this study will use oil prices as a control variable on the relationship between coronavirus epidemic and financial performance.

This study was designed by using secondary data and focus on quantitative method and uses Microsoft Excel (2019) and the SPSS (Statistics description).

## 4. Results and Discussions

This Section contains the analysis of the variables in order to find the impact of coronavirus pandemic on financial performance in Bahrain.

The performance measures obtained by assisting the data analysis are clarified in the following Section by facilitating the descriptive statistics, correlation analysis and using regression analysis. The study uses quantitative methods and with assistance of Microsoft Excel 2019 and the SPSS (Statistic Description).

### 4.1. Experimental Results

The following figure represents the daily cases of Corona virus in Bahrain:

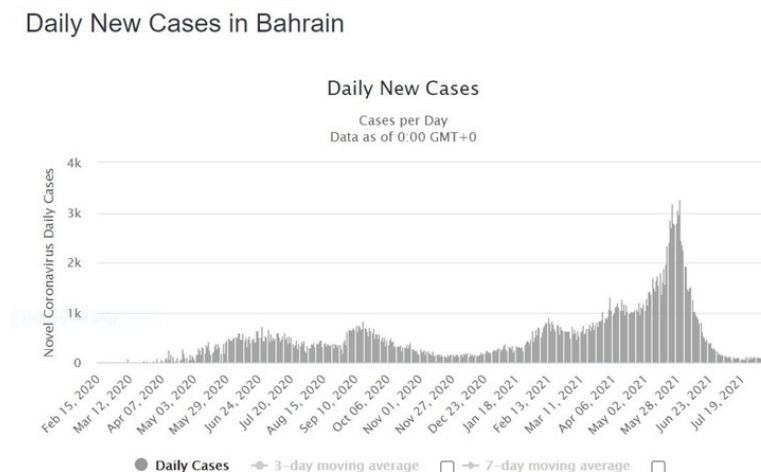


Fig. 2. Daily Cases in Bahrain

Source: worldometers site (<https://www.worldometers.info/coronavirus/country/bahrain/#coronavirus-deaths-linear>). The daily cases of coronavirus in Bahrain from 1st March to 30 May 2021.

The above figure is about the daily cases of coronavirus in the Kingdom of Bahrain, which is started from 24 February 2020 with one case, and on 10 March has been registered 15 cases and from this day to next period, large numbers of injuries appeared, and then the numbers increased of cases dramatically. Figure 2 shows how continue increasing of cases in Bahrain from February 2020 till May 2021, and it is clear that the cases increased more during the months June and July, and then started decreasing till August. In September, the cases increased with large numbers as shown in figure 1 and the highest member was on 8 September 2020 which it has been registered 1305 cases on that date. However, the cases started to decrease during the end of September, and they are continuing to go down till May 2021.

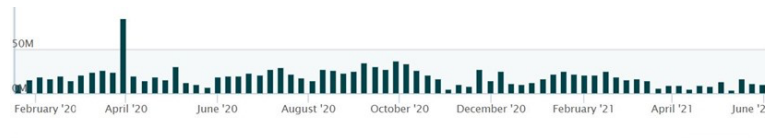


Fig. 3. Stock Prices in Bahrain

Source: Mubasher site <https://english.mubasher.info/markets/BB>, the stock prices in Bahrain from 1st March to 30 May 2021

Figure 3 displays the stock prices in Bahrain starting from January 2020 till June 2021. It is noteworthy to find that the stock prices started to decrease very fast in March 2020 and continued till the end of August 2020. In September 2020, the stock prices slowly increased till May 2021. As motioned before, that coronavirus cases increase in March 2020 and for that it made influence on the stock prices in that period which led to have decreasing in stock prices in same period.

#### 4.2. Descriptive Statistics

The following statistics are used for describing the basic features of data of the study. These descriptive statistics provide simple summary about the sample and measurements. They also create a basis of virtual quantitative analysis of data.

Table 1. Descriptive Statistics

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
COVID-14 cases	457	0	3273	526.24	527.148	277884.913
Stock Prices	304	1232.400	1640.950	1413.42727	88.096874	7761.059
Oil prices	313	-36.980	66.870	44.07696	14.285060	204.063
Valid N (listwise)	232					

In reference to the descriptive statistics, Table 1 shows that the N Statistic for stock prices is 304, for COVID-19 is 457 and oil prices 313. The Mean statistic of positive COVID-19 cases in the specified period is 526.24. Moreover, the maximum stock price was 1640.950 and the minimum price was 1232.400. The maximum number of positive cases is 3273. In same period, the lowest stock price was 1232.400, and oil prices -36.980. From this analysis was drawn on the 232-observation basis.

#### 4.3. Correlation Analysis

The correlation analysis is used in this study to explore the association between the hypothesized study variables. Table 2 illustrates the correlations matrix of the study variables.

**Table 2.** Correlations

		COVID-14 cases	Stock Prices	Oil prices
COVID-14 cases	Pearson Correlation	1	.352**	.644**
	Sig. (2-tailed)		<.001	<.001
	N	457	304	313
Stock Prices	Pearson Correlation	.352**	1	.634**
	Sig. (2-tailed)	<.001		<.001
	N	304	304	232
Oil prices	Pearson Correlation	.644**	.634**	1
	Sig. (2-tailed)	<.001	<.001	
	N	313	232	313

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 2 shows that there is a positive correlation between the stock prices and the number of the coronavirus cases in Bahrain. The correlation between the stock price and positive cases of COVID-19 are clearly significant with a coefficient of 0.352. for the oil prices, the outcomes show that oil prices are significantly correlated at 0.01 with COVID-19 cases with a coefficient of 0.644 and also significantly correlated at coefficient of 0.634.

Correlation can also be used to examine the degree of multicollinearity among the study variables. In statistics, multicollinearity (also collinearity) is a phenomenon in which variables are highly correlated, meaning that one can be linearly predicted from the others with a considerable degree of accuracy. The outcome above reveals no collinearity as the coefficients are all below 0.70.

#### 4.4. Regression

The regression analysis of this study performed in the following table. In addition, the study found that there is a negative and insignificant relationship between stock index price movement and the number of positive cases.

**Table 3.** Variables Entered/Removed

Variables Entered/Removed <sup>a</sup>			
Model	Variables Entered	Variables Removed	Method
1	Oil prices, Stock Prices <sup>b</sup>	.	Enter

a. Dependent Variable: COVID-14 cases

b. All requested variables entered.

Table 3 shows the variables entered / removed which based on coronavirus cases. This table is related to the regression analysis for the study. It displayed that the variable entered is the COVID-19 and there are no variables removed.

**Table 4.** Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644 <sup>a</sup>	.414	.409	386.472

a. Predictors: (Constant), Oil prices, Stock Prices

Table 4 displays the model summary of regression for the study with predictors of constant, COVID-19 cases. It shows the standard error of estimate is 386.472.



**Table 5. Anova**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24200140.03	2	12100070.02	81.012	<.001 <sup>b</sup>
	Residual	34203634.69	229	149360.850		
	Total	58403774.72	231			

a. Dependent Variable: COVID-14 cases  
 b. Predictors: (Constant), Oil prices, Stock Prices

Subsequently, and concluding from the regression analysis, the research failed to reject the null hypothesis that there is no significant impact of the coronavirus epidemic on the financial market performance in the kingdom of Bahrain from the period dated 1st March 2020 till the end of May 2021. This means that we are going to accept the alternative hypothesis. Therefore, the findings of the study suggest that the Bahrain stock market performance is affected by the COVID-19 pandemic positive cases.

The fluctuating trends of the performance of the stock price in the period of 1st. Of March to end of May 2021, could be explained by the fact that other reasons. The results suggest that the pandemic related information has limited options to do with the performance of the stock market in Bahrain perspective.

**Table 6. Coefficients**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	183.778	483.066		.380	.704
	Stock Prices	-.501	.381	-.086	-1.316	.190
	Oil prices	23.688	2.229	.695	10.625	<.001

a. Dependent Variable: COVID-14 cases

In this table, the coefficient of determination is 2.229 of oil prices and 0.381 of stock prices. The dependent variable is explained by independent variables that report that the model is not a perfect fit.

#### 4.5. Overall Results Analysis

The regression of this study has demonstrated that there is a significant negative correlation between the pandemic COVID-19 cases and the Bahrain Financial Stock prices from 1st March 2020 till end of May 2021 in the Kingdom of Bahrain. The coefficient of the COVID-19 confirmed cases 2.6% that means that each extra for the COVID-19 confirmed cases, the Bahrain Financial Stock prices influenced like the same amount as the above tables.

The research findings showed that there is a negative significant relationship between the pandemic COVID-19 cases and all the financial market from 1st of March 2020 till end of May 2021 in Bahrain. It means that the COVID-19 has a significant negative impact on the Financial Market prices movements from the first of March 2020 till the end of May.

### 5. Conclusions and Recommendations

This Section focuses on different points which are the strengths, weaknesses, and limitations of study. It also considered the Scope for further research in order to have interest from this research paper.

#### 5.1. Overall Weakness

This study sample is only considering the number of coronavirus cases in Bahrain and the closing of the prices of the Bahrain share index between 1st March 2020 till end of May 2021. This study is limited for one independent variable and one dependent variable in Bahrain.

## 5.2. Overall Strengths

This research paper is undertaken to find the impact of coronavirus on the stock prices movements for the period dated 1st March 2020 to 30 May 2021 in the Kingdom of Bahrain. It opens opportunities to conduct more studies and host more samples from around the world for a long period of time.

## 5.3. Limitations of Study

The financial stock prices for Bahrain are considered as a sample for this study for a short period of time which start from 1st March till 30 May 2021. It is limited to three variables which are the cases of coronavirus and the stock prices in Bahrain. Based on literature review, they used more than three variables and searched on other factors that affect the financial performance like interest rates, GDP, Unemployment, Inflation and Trade wars.

## 5.4. Recommendations

The findings of the research demonstrated a significant negative relationship between the COVID-19 epidemic and the financial market performance from 1st of March 2020 till end of May 2021 in Bahrain. However, the regression shows the significantly negatively correlation between the coronavirus cases and Bahrain's stock prices. Based on analyzing, the coronavirus cases impact on Bahrain stock prices which means that increasing in coronavirus cases makes reducing stock prices from 1st of March 2020 till end of May 2021 in Bahrain.

The findings of the study are important, and it plays vital role and contribute significantly to this field. Based on this, the study recommends the following:

- Bahrain's government should vaccinate promptly all Bahrain's residents to get rid of the virus rapidly and assist in recovery the positive cases and protect the people's health, and that leads to improve the financial market performance in the kingdom of Bahrain.
- Further studies could be conducted by incorporating other variables such as economic growth, interest rate and inflation rate along with the COVID-19 related variables on the financial markets.

## 5.5. Suggestion for Future Research

Based on existing literature review, this research will create knowledge on the impact of coronavirus on financial market performance for a specific period in Bahrain. The most important point is that this research will be useful for financial applied economics major study and it will support the investors and decision makers in the government of Bahrain.

## 5.6. Summary

This Section discussed the strengths and weaknesses for this study. It contained the limitations of study and the scope for further research in order to have interest from this research paper.

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