



Emerging Stock Markets' Reaction to COVID-19: Can Cryptocurrencies be a Safe Haven?

Ahmed JERIBI

Faculty of Economics and Management of Mahdia-Tunisia

ahmedjeribi07@yahoo.fr

<https://orcid.org/0000-0003-3029-1585>

Dhouha CHAMSA

Faculty of Economics and Management of Mahdia-Tunisia

chamsa.dhouha3@gmail.com

<https://orcid.org/0000-0002-3296-8820>

Yasmine SNENE MANZLI

Faculty of Economics and Management of Mahdia-Tunisia

yasmine.snene.manzli@gmail.com

<https://orcid.org/0000-0002-4904-8342>

Abstract

In this study we discuss the determinants of the BRICS and GCC stock market returns during the COVID-19 outbreak. We employ the OLS regression to discern how crypto-currencies, VIX, oil, GOLD prices, and the number of COVID-19 cases and deaths, affect the Gulf and BRICS stock markets. We find that Bitcoin and Ethereum can generate benefits from portfolio diversification and hedging strategies but not from safe haven strategies for Russia, Brazil, Abu-Dhabi, Bahrain, and Qatar financial investors during the COVID-19 outbreak. Our results reveal that Gold is neither hedge nor a safe haven but is only an effective diversifier for investors during the COVID-19 outbreak. The results indicated that among all the BRICS and GCC stock indexes, the expected volatility of the US stock market has an effect only on china and Kuwait financial markets. Finally, our results show that the growth rate of confirmed COVID-19 cases has a negative impact only on South Africa and Brazil stock market.

Keywords: Emerging stock markets, crypto-currencies, COVID-19 cases and deaths, Gold, WTI, VIX, OLS regression.