

The Impact of Multiple Rounds of Covid-19 on Stock Market of China's Medical Companies

Jingfei Fang^{1,*}, Jiajun Du², Hanlun Jiang³ and Kailai Hu⁴

¹Lemania International School Altdorf, St. Josefsweg 15, 6460 Altdorf UR, Switzerland

²World Leading Schools Association Shanghai, Shanghai, China

³Gower College Swansea, Swansea, SA2 9EB, U.K.

⁴United World Colleges, Phuket, 83110, Thailand

Keyword: COVID-19, Medical Companies, Effect, Stock Market.

Abstract: The current health crisis has far-reaching social and economic implications comparable to those that occurred during the economic and financial crisis of 2008. However, authorities worldwide are working hard to keep markets stable, as there are signs that the healthcare crisis will be accompanied by depression. The goal of this study was to see how COVID-19 affected the Romanian stock market. For this objective, we looked at the influence of parameters, including the newly diagnosed cases and murders committed by COVID-19, the government's response, and the international financial climate on the Budapest Electronic Trading index. The information was gathered between March 11, 2020, and April 30, 2021. The effectiveness of COVID-19 on the financial markets was measured using the Autoregressive Distributed Bound integration test. According to the findings, the outbreak had a considerable lengthy negative influence on Romania's BET index, whereas the European economic position had a favorable impact. As a result, the authorities can utilize these findings as a roadmap to properly manage initiatives targeted at mitigating the negative consequences of the medical problem.

1 INTRODUCTION

With the ongoing outbreak of COVID-19, health care systems worldwide are on the brink of collapse. The approach to traditional health care systems in disaster preparedness and prevention has identified existing problems, such as failure to detect the spread of the virus, the frustration of public hospitals, severe shortage of protective equipment, and fatigue of health workers. As a result, this situation has led to labor and resource costs, which has led to a significant and visible increase in cases of HIV infection at the beginning of the outbreak. The Chinese government is adopting new specialists. Advanced programs, such as Fan gang-enabled hospitals and the Internet, and advanced technologies like 5G, considerable data research, cloud computing, and machine learning, minimize the transmission of bacteria. China's effective use of these new powers has aided in the virus's defeat. As the virus spreads outside of China, these new forces must be incorporated into worldwide

healthcare systems to combat the disease. When linked with new capabilities, the global medical procedure is critical not just for COVID-19 but also for emerging unknown diseases. In this study, the pandemic effect on the Chinese medical companies has been researched and provides a proper reference for further research.

2 LITERATURE REVIEW

Governments have extraordinary steps have been made to safeguard human health and company activities. European countries, for particular, have provided considerable money to help struggling businesses, as well as tax delay with penalty or poor contract management, transitory lower tax rates, and programs for even the most affected sectors, such as payroll owing to unemployed.

History has shown that no government can survive without the threat of an epidemic or a significant health care problem. Therefore, at the World Health Assembly, 194 WHO members decided

on May 31, 2021, to negotiate a new international agreement on epidemics at a special meeting held in November 2021 (He, 2020). Such an agreement will support international efforts to strengthen global health security, especially in preparing and responding to health emergencies, due to the lessons learned from the epidemic.

Hospitals and other COVID-19-affected areas have hit their peak in many countries and are still critically deprived of medical supplies. Since the beginning of August, more than 91,000 medical staff throughout the U. S. have already been confirmed with COVID-19, according to the Center for Disease Control and Prevention (CDC) website. Furthermore, practically every essential medical practitioner has been physically and psychologically exhausted (Ozili, 2020). These scenarios reveal that global health care systems are likely to operate beyond their capacity for a few months.

3 DISCUSSION

The economic effects of the COVID-19 epidemic have been felt in all countries under the influence of the internal profile associated with the spread of coronavirus and measures taken due to its limitations and increased global trade and economic interactions. In many countries, stock markets were negatively affected by the distance of COVID-19, with its current restrictions on movement and uncertainties arising from the global economy.

COVID-19 contributes significantly to economic and social development and contributes to the performance of financial markets. Other studies have shown the effect of COVID-19 on the emergence of financial markets, financial market volatility, and risk interactions between financial markets. Baig et al. investigated the impact of COVID-19 on stock market instability. They found that increased confirmed cases and deaths due to COVID-19 significantly increased economic instability, market volatility, and solid closure measures. Decreased inflation and market stability. Rizwan et al. studied the banking system risks in the eight countries most affected by COVID-19; it was found that the risk of each country's financial system increases significantly during the epidemic.

Investor decision-making is often influenced by the behavior of other investors, leading to the conduct of the herd to imitate others' investment decisions, exaggerate public opinion and ignore their details. This is because there is a considerable amount of uncertain information in the market. In addition, it is

challenging to collect and process and requires high costs, where individual investors can afford to pay, making them follow other investors' strategies. Herd behavior is also present in professional investment managers.

Due to the apparent currency's complexities, even skilled financial advisers cannot guarantee the best investment philosophy. When they are unsure about their approach, the best option is to follow the advice of other investment managers (Baker, 2020). As a result, we can avoid environmental damage due to our various techniques. Investors' methods will become more similar, reducing their reliance on stock markets. When individuals buy additional shares, for example, the values of these stocks may rise simultaneously. When a significant majority of entrepreneurs sell a stock at about the same time, the price of that stock may fall at the exact moment, and the animal's behavior promotes data transmission.

The context of the epidemic has resulted in unparalleled global responses. At a national level, authorities have used travel restrictions, incarceration, and exit measures to prevent the spread of the disease. In this way, the economy was severely affected as people were asked to stay at home, difficulties being felt in various sectors (e.g., tourism, sports, finance, environment, health, education), resulting in a decline in GDP. Using the panel approach, Ozil and Arun studied the impact of social segregation policies on the stock market (measured by indicators of leading Japanese stock markets, the United Kingdom, the United States, and South Africa). Key results indicate that during March 23, 2020-April 23, 2020, the stock market was negatively affected by the number of closing days and international travel restrictions, but positively were internal travel limits. Following Ozil and Around (Loayza, 2020), Chowdhury et al. expanded the analysis to include some countries from Europe (e.g., Italy, Germany, Spain) in the form of a similar panel. The authors have indicated that the number of closure days and the number of new coronavirus patients, internal travel restrictions, and international travel restrictions have affected stock market prices.

Throughout the world, humankind has been plagued by numerous epidemics and pestilences. The COVID 19 virus has led to the latest in a series of deadly infections. The virus is considered unique because it has a high number of symptoms and a high rate of infection. The economic crisis created by the current epidemic differs from the past, such as the Great Depression of the 1930s and the Great Recession of 2007-2009. It encompasses many uncertain social and economic links. It is mainly

caused by concerns related to the spread of coronavirus 2019 (COVID-19) and government policies to limit human contact. Public health concerns, housing orders, and closures designed to limit communication have reduced business revenue and increased the number of unemployed workers.

With the ongoing outbreak of COVID-19, health care systems worldwide are on the brink of collapse. The approach to traditional health care systems in disaster preparedness and prevention has identified existing problems, such as failure to detect the spread of the virus, the frustration of public hospitals, severe shortage of protective equipment, and fatigue of health workers. As a result, this situation has led to labor and resource costs, which has led to a significant and visible increase in cases of HIV infection at the beginning of the epidemic.

During the epidemic, other measures were announced to benefit healthcare workers and protect them in all aspects, including support and grants, occupational injury compensation, mental health services, and daily necessities. Apart from protecting legal rights, these measures reflect the country's appreciation for its contributions.

In addition to measures to protect policy, cultural change in the medical community and the attitude of physicians have been observed. Both doctors and patients got along well and supported each other in the fight against the virus (Xiong, 2020). Doctors and nurses have received national recognition for their significant role in halting the spread of the disease and gaining the support and respect of the public. Cities across the country showcased their landmark medical staff, showcasing their faces and stories, applauding them as "the most influential people of the new era."

The Chinese government has implemented a series of regulations, such as the inclusion of online medical to ensure the availability of long-term prescription in healthcare coverage, to strengthen online institutions. Online pharmacies such as WeDoctor and Alibaba Health have risen due to these favorable policies to handle outbreaks of infectious diseases.

Existing research on the structure of trust in other stock markets has shown that the analysis can identify which sector plays the most crucial role in the national economy and may also provide new opportunities for investors to create an actual asset portfolio. However, there are very few studies on the dependence structure on other industries during the particular period of COVID-19. China was the first country to take precautions to stop COVID-19, and the very first achievement has been accomplished, marking the beginning of a new era in China's

struggle against the disease. Furthermore, through scientific investing approaches, many investors want to achieve higher profits and reduce investment losses as much as feasible. Consists of the project that allocate assets to publicly traded companies from different categories have become a popular choice for investors. The summation of the elements is intended to prevent investment losses—the investment of closely related assets. COVID-19 is one of the major causes of the economic downturn. Clearly defining the organization and change of interconnectedness between the various industries in this dilemma since the global financial crisis of 2008 is a helpful guide for shareholders to diversify their holdings during health promotion catastrophes such as COVID-19. Furthermore, during the COVID-19 timeframe, the study of Chinese stock market reliance played a significant role in directing international investors worldwide to make an investment decision. Therefore, it is essential to study the framework based on one of the Chinese stock exchanges and their changes during COVID-19.

The stock price crash reveals significant fluctuations. The significant asymmetrical unpredictability of S&P 500 businesses is documented, and volatility is adversely connected with stock returns. Stocks in the crude oil and gas industry have high price fluctuations, where prices are falling rapidly. Gulfport Petroleum, for example, has the most prominent daily amplitude of price change, estimated at 130 percent. The amusement and tourist businesses are incredibly unpredictable, with an estimated annual volatility of 20%. It is noteworthy that daily fluctuations are an order of magnitude lower in typical times.

Health care and medical equipment are among the best-performing businesses, which makes sense given that COVID-19 is causing a massive death toll in practically every nation globally. As companies and cafés close pending public approval, these are some of the most significant food and grocery distribution industries that are currently profiting from the increase in consumption. The data and service industry has performed admirably. Providers are providing remote services. For example, service providers and international network services are experiencing an unusual increase in demand. This is because many employees have relocated to the Internet, which promoted the need for proper software and hardware. Finally, the natural gas industry is another major win for the reasons mentioned above.

On February 19, 2020, it marked the high price before the beginning of the COVID-19 pandemic, and

the equity market experienced a decline in stock values. The situation has changed affected our lives, our economy, and the performance of our enterprises less than a year after then — a constant journey mirrored in the peaks and troughs of stock markets. The fundamental circumstances have already been strengthened, propelling firms forward at an unprecedented rate of speeds, and in some hurricanes, it has turned into storms. Financial markets are potent indicators of what might happen next to consolidate investors' beliefs about the future. And this vision puts the new realities we face in great relief.

Last year's drama played four different acts for equal investors, reflecting a dramatic change in expectations about the epidemic and its impact on consumers and businesses. To demonstrate this, we have recruited 5,000 major global companies in their respective sectors and evaluated the average return of these shareholders during the year. We have put together a single set of specialized companies,

This acceleration is reflected in the market value generated by the various sectors. At the time of the violence, the most successful had already ridden the waves to the top of the pack. (Exhibit 3) compares industrial recovery over the past five years to the previous year. Imagine a Mega 25 team in the upper right quadrant - these companies were doing very well in the market even before the economic shock of the epidemic (Matos, 2021). Among the sectors, advanced electronics, advanced technology, and medical technology are already at the forefront when the COVID-19 disaster gives them another chance. On the other hand, the efficiency of the banking market has been exacerbated by the epidemic, as has been the case in the telecommunications and energy industries. The imminent suspension of international travel affects the tourism industry and its related aerospace providers, which is a new consequence of this problem.

4 CONCLUSION

The COVID-19 outbreak has significantly impacted the stock markets as one of the most contemporary and noteworthy events. As a result, the study attempts to investigate how the pandemic had also affected these same Romanian financial markets different factors designed to reflect national tax authority' initiatives (restrictions of storage and handling, overseas travel control, and monetary and fiscal policy measures), and variables intended to reflect the equity markets itself.

ACKNOWLEDGMENTS

These authors contributed equally to this work.

REFERENCES

- Baker, S. R., Bloom, N., Davis, S. J., Kost, K. J., Sammon, M. C., & Viratyosin, T. (2020). The unprecedented stock market impact of COVID-19 (No. w26945). National bureau of economic research.
- He, P., Sun, Y., Zhang, Y., & Li, T. (2020). COVID-19's impact on stock prices across different sectors—An event study based on the Chinese stock market. *Emerging Markets Finance and Trade*, 56(10), 2198-2212.
- Loayza, N., & Pennings, S. M. (2020). Macroeconomic policy in the time of COVID-19: A primer for developing countries. *World Bank Research and Policy Briefs*, (147291).
- Matos, P., Costa, A., & da Silva, C. (2021). COVID-19, stock market and sectoral contagion in the US: a time-frequency analysis. *Research in International Business and Finance*, 57, 101400.
- Ozili, P. K., & Arun, T. (2020). Spillover of COVID-19: Impact on the Global Economy. Available at SSRN 3562570.
- Xiong, H., Wu, Z., Hou, F., & Zhang, J. (2020). Which firm-specific characteristics affect the market reaction of Chinese listed companies to the COVID-19 pandemic? *Emerging Markets Finance and Trade*, 56(10), 2231-2242.