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The Global Stock Market Reaction to the 2024 Elections: Evidence from the National Elections of the Russia, India &Uk

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ABSTRACT
The impact of political events on developed, emerging, and frontier economies is shown by this study, which examines stock market responses to the 2024 national elections in Russia, India, and the United Kingdom. Important political events like national elections have the power to affect investor sentiment, create price volatility, and introduce uncertainty into the financial markets. This study used an event study approach to examine the daily closing prices of 9 stock indexes from a variety of market categories, including frontier markets (such as Bangladesh, Pakistan, and Oman), developing economies (such as India, Russia, China and Brazil), and developed economies (such as the US, UK, Germany, and Japan).
We compute abnormal returns (AR) and cumulative abnormal returns (CAR) during a 11-day event window (five days prior to and five days following the election) using a mean-adjusted return model. In order to precisely estimate expected returns, the estimation window is 120 days long. According to the findings, stock markets in frontier economies are more sensitive and volatile than those in developed and emerging markets, which may indicate a higher level of political risk. In addition to providing important insights for international investors and governments on managing political risk, this research adds to the body of knowledge by illustrating the diverse responses of stock markets around the world to political events. The results highlight the significance of comprehending how different markets react to elections, which is essential for risk assessment and portfolio management in a world economy that is becoming more integrated by the day.

Keywords: Stock Market Reaction, Event Study, Global Financial Market, Cumulative Abnormal Return, Elections, Abnormal Return.

1. INTRODUCTION

1.1 Problem Statement

The stock market can be significantly impacted by political events, especially national elections. Uncertainty about governmental, economic, and governance framework changes causes investors to react, which can cause both short-term volatility and long-term changes in market performance. Few studies evaluate the effects of the same political event on stock markets across established, emerging, and frontier economies, despite the fact that there is a substantial body of research on the effects of elections in

particular countries. By examining the effects of elections in Russia, India, and the UK on markets with varying degrees of development, this study fills that vacuum.

1.2 Background of the Study

Elections affect investor behavior by bringing fresh information and uncertainty to the markets. Political developments that hint at potential adjustments to economic plans, regulatory frameworks, and fiscal policy have an impact on financial markets. Election-related volatility is typically lower in developed markets with more robust political institutions. On the other hand, frontier and emerging economies, which are often more vulnerable to political unrest, frequently exhibit increased susceptibility to such occurrences (Pantzalis, Stangeland, & Turtle, 2000)

The national elections in Russia, India, and the UK in 2024 are examined in this paper. The UK is a developed market, India is a high-growth emerging market, and Russia is an emerging market. Each nation represents a different category of market development. Our goal is to find trends in the ways that market development affects responses to political uncertainty by examining stock market responses in each of these areas.

1.3 Motivation of the Study

Understanding how political events, such as elections, impact markets at different degrees of development is essential due to the interconnectedness of the global economy. Elections can cause volatility in worldwide financial markets, especially in nations with a significant global economy. For investors and policymakers looking to manage political risk in a financial system that is becoming more interconnected by the day, the 2024 elections in Russia, India, and the UK present a perfect chance to study how markets react to political risk.

2. LITERATURE REVIEW

Many studies have been conducted on the connection between stock market activity and political events. According to Fama's (1970) Efficient Market Hypothesis (EMH), markets effectively factor in all available information, including political developments, when determining asset values. However, as investors reevaluate their expectations, markets may see anomalous returns when fresh information enters the market, such as the outcome of an election.

2.1 How Political Developments Affect Financial Markets

Increased stock market volatility has been repeatedly associated with political unpredictability. In 2008, Bialkowski, Gottschalk, and Wisniewski carried out an extensive investigation into the effects of elections in 27 different nations. According to their findings, election seasons are linked to a marked rise in volatility, especially in emerging markets that are more susceptible to political unrest. This was further supported by Boutchkova, Doshi, Durnev, and Molchanov (2012), who discovered that markets, particularly in sectors dependent on government contracts or regulation, respond adversely to political unpredictability because they fear changes in policy.

Abnormal returns (AR) in stock markets have also been connected to political developments. In nations with more unstable political environments, Pantzalis, Stangeland, and Turtle (2000) discovered that AR were noticeably greater during election seasons. These results are consistent with a study by Beaulieu, Cosset, and Essaddam (2005) that showed that the risk of major changes in government policy causes abnormal returns in stock markets of nations with poor political institutions around elections.

2.2 Developed versus Frontier and Emerging Markets

Because of their stronger institutions and more stable political contexts, developed markets often exhibit

lower levels of election-related volatility (Jensen & Schmith, 2005). As an illustration of the stability and predictability of the US political system, Santa-Clara and Valkanov (2003) examined US presidential elections and discovered that stock market volatility is generally low during election seasons.

On the other hand, political risk is more likely to affect frontier and emerging markets. According to Li and Born (2006), emerging markets' comparatively high levels of volatility are caused by their less stable political contexts and poorer institutional frameworks. This finding was reinforced by Waisman, Ye, and Zhu (2015), who demonstrated that elections in developing markets are linked to increased volatility and negative anomalous returns, particularly in nations that are undergoing political or economic upheaval.

Frontier markets, which are even less developed than developing economies, have received little attention in terms of electoral research. However, Brada, Kutan, and Yigit (2006) discovered that frontier markets are especially exposed to political risk because of their new political institutions, limited market liquidity, and reliance on foreign investment. Frontier markets, such as those in Bangladesh and Pakistan, are more likely to undergo wild swings during election seasons as investors reconsider their risk exposure to these less stable economies.

2.3 Event Study Methodology

The event study methodology is a common instrument for analyzing stock market reactions to certain events, especially political ones. MacKinlay (1997) described the process of employing event studies to investigate aberrant returns during an event window, which is often utilized in studies investigating market reactions to elections (e.g., Li & Born, 2006; Beaulieu et al., 2005). This methodology enables researchers to separate the impact of an event from other market movements and provides a solid foundation for evaluating theories about market behavior during elections.

2.4 Gaps in Literature

While the literature extensively examines the influence of political events on developed and emerging economies, there is little comparative study that includes frontier markets. Furthermore, there are few studies that compare the impact of the same political event on markets at different phases of development. This analysis contributes to the literature by comparing stock market reactions to the 2024 elections across established, emerging, and frontier markets.

3. RESEARCH GAP

There are still a lot of unanswered questions about the connection between political events and stock market behavior, particularly when it comes to national elections in developed, rising, and frontier economies.

1. **Limited Attention Paid to Emerging and Frontier Markets**: Emerging and frontier markets have received little attention in the literature because most of it has focused on developed markets.
2. **Lack of Comparative Analysis Across Market Types**: Studies typically concentrate on established or emerging markets without providing a methodical assessment of the effects of elections on stock markets in these two groups.
3. **Restricted Global View:** The majority of research examines elections solely in a single nation, ignoring the impact on global markets.
4. **Lack of Research on Frontier Markets:** Frontier markets are rarely examined in relation to elections, despite being more susceptible to political risks because of their weaker institutions
5. **Absence of Post-Pandemic Analysis:** Although the COVID-19 pandemic has changed market dynamics, little is known about how elections affect stock markets in the years following the pandemic.

4. RESEARCH OBJECTIVES

1. To look at how stock markets in developed, emerging, and frontier economies would be affected by the elections in Russia, India, and the UK in 2024.
2. To evaluate the importance of cumulative abnormal returns (CAR) and abnormal returns (AR) in these markets.
3. Comparing the responses of the stock markets in developed, emerging, and frontier markets in order to shed light on the ways in which political developments impact economies at various phases of development.

5. HYPOTHESIS

H1: The stock markets of the countries under observation see notable abnormal returns (AR) as a result of the national elections in Russia, India, and the UK in 2024.
H2: In reaction to the 2024 elections, developed, emerging, and frontier markets show differing amounts of anomalous returns; frontier markets are more volatile because of a greater perception of political risk.
H3: The elections have a long-lasting effect on stock market performance, as evidenced by the cumulative abnormal returns (CAR) over the event window that diverge significantly from zero.

6. RESEARCH METHODOLOGY

6.1 Event Study Methodology

The abnormal returns (AR) and cumulative abnormal returns (CAR) of stock indexes during the 2024 national elections in Russia, India, and the UK are examined using an event research methodology. By analyzing market movements over a specified time period in relation to the election event, this methodology separates the effect of the elections from other market variables. The election day (T=0) is the event date, and the event window is set to an 11-day period, starting five trading days prior to the election day (T=-5) and ending five days following (T=+5). The 120 trading days from T=-125 to T=-6 make up the estimation window, which is utilized to compute the predicted returns. AR, which is the difference between actual and predicted returns for each day of the event window, is determined using the mean-adjusted return model. Normal returns are predicted using the mean return over the estimation window.

6.2 Data Collection.

The daily closing values of 20 stock indices representing established, emerging, and frontier markets are used.

- Developed Markets: United States (DJI), United Kingdom (FTSE 100), Germany (DAX), Japan (NIKKEI 225),
- Emerging Markets: Russia (RTS Index), China (Shanghai Composite), India (NIFTY 50), and Brazil (Brazil Index).
- Frontier Markets: Bangladesh (Dhaka Stock Exchange 30), Pakistan (Karachi 100), Oman (MSM 30).

6.3 Abnormal Returns (AR) Calculation

The mean-adjusted return model is used to compute abnormal returns (AR). The formula for AR is as follows:

$$AR_t = R_t - E(R_t)$$

where R_t is the actual return on day t and $E(R_t)$ is the expected return based on the mean return during the

estimating period. We identify the anomalous return that can be attributed to the election event by deducting the projected return from the actual return.

6.4 Cumulative Abnormal Returns (CAR)

To evaluate the overall effect of the elections during the event window, cumulative abnormal returns, or CAR, are computed. The CAR formula is:

$$\text{CAR} = \sum_{t=5}^{t=-5} \text{ARt}$$

The CAR provides information about the overall market response to the election by capturing the total variance from expected returns. We use t-tests to assess whether the returns differ significantly from zero in order to ascertain whether the observed AR and CAR are statistically significant.

6.5 Statistical Testing

To evaluate the relevance of AR and CAR across various market categories, descriptive analysis are run. With an emphasis on election day (T=0), these tests assess whether the atypical returns seen during the event window deviate significantly from the mean returns during the estimation period. To guarantee a solid interpretation of the findings, a significance level of 5% is used. Given their anticipated volatility and vulnerability to political developments, statistical significance in frontier markets is of special interest.

7. ANALYSIS OF DATA

7.1 Cumulative Abnormal Returns (CAR) and Abnormal Returns (AR)

AR and CAR for each market throughout the event window (T=-5 to T=+5) for Russia's election are shown in the following table:

DEVELOPED ECONOMIES						
	US		UK		JAPAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	-0.47	-0.47	-0.39	-0.39	-0.41	-0.41
T=-4	-0.61	-1.08	-0.22	-0.61	0.14	-0.27
T=-3	0.08	-1.00	-0.08	-0.69	-0.41	-0.68
T=-2	0.71	-0.29	0.19	-0.51	2.52	1.84
T=-1	0.91	0.62	-0.03	-0.54	0.51	2.35
T= 0	0.57	1.19	1.86	1.32	1.88	4.23
T= 1	-0.88	0.30	0.60	1.92	0.03	4.26
T= 2	-0.53	-0.22	-0.19	1.73	-1.31	2.95
T= 3	-0.20	-0.42	0.15	1.88	-0.19	2.76
T= 4	1.10	0.68	-0.01	1.88	0.75	3.51
T= 5	0.00	0.68	0.24	2.12	-1.61	1.90

EMERGING ECONOMY						
	INDIA		CHINA		BRAZIL	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	0.58	0.58	-0.16	-0.16	-0.32	-0.32
T=-4	-0.65	-0.07	0.56	0.40	-0.80	-1.11
T=-3	0.05	-0.01	1.01	1.42	0.10	-1.02
T=-2	-1.17	-1.19	-0.70	0.72	0.35	-0.67
T=-1	0.01	-1.18	0.58	1.30	1.22	0.54
T= 0	0.70	-0.48	-0.06	1.23	-0.80	-0.26
T= 1	0.29	-0.19	-0.92	0.31	-0.90	-1.15
T= 2	-0.51	-0.70	-0.69	-0.38	-0.12	-1.28
T= 3	0.45	-0.25	0.19	-0.18	-0.15	-1.43
T= 4	0.83	0.57	-1.24	-1.43	0.62	-0.81
T= 5	0.51	1.08	0.61	-0.82	0.28	-0.53

FRONTIER ECONOMY						
	BANGLADESH		PAKISTAN		OMAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	-0.32	-0.32	1.31	1.31	0.61	0.61
T=-4	-0.21	-0.53	-0.66	0.65	-0.21	0.40
T=-3	-0.40	-0.93	-0.17	0.48	-0.12	0.28
T=-2	-1.07	-1.99	0.66	1.14	1.26	1.54
T=-1	0.64	-1.36	0.07	1.21	-0.46	1.08
T= 0	1.29	-0.07	-0.76	0.46	-0.37	0.71
T= 1	-1.56	-1.63	-0.69	-0.23	0.03	0.74
T= 2	-0.60	-2.23	0.29	0.06	-0.23	0.51
T= 3	-0.01	-2.25	0.30	0.37	-0.57	-0.06
T= 4	-0.15	-2.40	0.69	1.06	-0.95	-1.00
T= 5	-0.25	-2.64	0.61	1.67	-0.81	-1.81

AR and CAR for each market throughout the event window (T=-5 to T=+5) for India's election are shown in the following table:

DEVELOPED ECONOMIES						
	US		UK		JAPAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	-0.62	-0.62	-0.85	-0.85	-0.25	-0.25
T=-4	-1.12	-1.75	-0.95	-1.79	-0.90	-1.15
T=-3	-0.92	-2.67	0.50	-1.29	-1.44	-2.59
T=-2	1.44	-1.23	0.45	-0.84	1.01	-1.58
T=-1	-0.36	-1.59	-0.24	-1.08	1.00	-0.59
T= 0	0.30	-1.29	-0.46	-1.54	-0.35	-0.94
T= 1	0.18	-1.11	0.10	-1.44	-1.03	-1.97
T= 2	0.14	-0.97	0.38	-1.06	0.42	-1.55
T= 3	-0.29	-1.26	-0.57	-1.63	-0.18	-1.73
T= 4	0.11	-1.15	-0.29	-1.92	0.78	-0.95
T= 5	-0.38	-1.53	-1.07	-2.98	0.11	-0.84
EMERGING ECONOMY						
	RUSSIA		CHINA		BRAZIL	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	-0.01	-0.01	-0.49	-0.49	0.20	0.20
T=-4	-0.67	-0.68	0.02	-0.47	-0.50	-0.31
T=-3	-1.52	-2.20	-0.65	-1.12	-0.80	-1.11
T=-2	-2.27	-4.46	-0.18	-1.30	-0.40	-1.51
T=-1	-1.33	-5.79	-0.30	-1.60	-0.03	-1.54
T= 0	1.70	-4.09	0.39	-1.22	-0.19	-1.73
T= 1	0.72	-3.37	-0.86	-2.08	-0.30	-2.03
T= 2	-0.81	-4.18	-0.57	-2.65	1.20	-0.83
T= 3	0.92	-3.26	0.05	-2.59	-1.77	-2.60
T= 4	-1.15	-4.42	-0.79	-3.38	0.02	-2.58
T= 5	-1.08	-5.50	0.28	-3.10	0.73	-1.85

FRONTIER ECONOMIES						
	BANGLADESH		PAKISTAN		OMAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	-0.27	-0.27	-0.81	-0.81	0.78	0.78
T=-4	-0.64	-0.91	-1.10	-1.91	-0.10	0.68
T=-3	-0.79	-1.71	-0.14	-2.05	0.39	1.07
T=-2	0.36	-1.35	1.14	-0.92	-0.28	0.79
T=-1	-0.86	-2.20	-0.60	-1.51	-0.27	0.52
T= 0	-0.14	-2.35	-1.40	-2.91	-0.82	-0.30
T= 1	0.19	-2.15	-0.80	-3.71	-0.12	-0.42
T= 2	0.29	-1.86	-0.68	-4.39	-0.18	-0.60
T= 3	-2.39	-4.25	-0.35	-4.74	-0.72	-1.32
T= 4	-0.39	-4.64	-0.88	-5.61	-0.63	-1.95
T= 5	0.60	-4.04	-1.10	-6.72	-0.31	-2.25

AR and CAR for each market throughout the event window (T=-5 to T=+5) for UK's election are shown in the following table:

DEVELOPED ECOMOMIES						
	US		GERMANY		JAPAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	0.06	0.06	0.23	0.23	-0.97	-0.97
T=-4	-0.15	-0.10	0.07	0.30	0.47	-0.49
T=-3	0.09	0.00	0.23	0.53	-0.02	-0.51
T=-2	0.38	0.37	-0.76	-0.23	0.97	0.46
T=-1	-0.10	0.27	1.08	0.85	1.11	1.57
T= 0	0.14	0.41	0.34	1.20	0.68	2.25
T= 1	-0.12	0.29	0.07	1.26	-0.14	2.10
T= 2	-0.17	0.12	-0.09	1.17	-0.46	1.64
T= 3	1.05	1.17	-1.35	-0.18	1.80	3.44
T= 4	0.04	1.22	0.86	0.68	0.46	3.90
T= 5	0.58	1.80	0.62	1.30	0.79	4.70

EMERGING ECONOMIES						
	RUSSIA		INDIA		CHINA	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	3.34	3.34	0.65	0.65	-0.92	-0.92
T=-4	-0.99	2.35	-0.22	0.43	0.71	-0.20
T=-3	-0.74	1.61	0.46	0.89	0.90	0.70
T=-2	0.07	1.68	-0.16	0.74	0.06	0.76
T=-1	-0.47	1.21	0.59	1.33	-0.50	0.25
T= 0	-2.39	-1.18	-0.02	1.31	-0.85	-0.60
T= 1	0.52	-0.66	0.01	1.32	-0.27	-0.87
T= 2	-0.63	-1.29	-0.09	1.22	-0.95	-1.82
T= 3	-2.43	-3.72	0.38	1.60	1.24	-0.58
T= 4	-2.31	-6.03	-0.53	1.08	-0.69	-1.28
T= 5	0.31	-5.72	-0.12	0.96	1.03	-0.24

FRONTIER ECONOMIES						
	BANGLADESH		PAKISTAN		OMAN	
day	AR	CAR	AR	CAR	AR	CAR
T=-5	0.64	0.64	0.11	0.11	0.28	0.28
T=-4	1.48	2.12	-0.32	-0.21	-0.04	0.25
T=-3	1.09	3.21	0.27	0.06	0.16	0.41
T=-2	-0.83	2.38	0.71	0.77	-0.28	0.13
T=-1	0.54	2.92	0.64	1.41	0.00	0.13
T= 0	2.10	5.02	-0.15	1.26	0.05	0.18
T= 1	0.55	5.57	-0.30	0.96	-0.06	0.12
T= 2	0.35	5.91	0.23	1.19	0.05	0.17
T= 3	-0.22	5.70	-0.08	1.11	0.08	0.26
T= 4	-0.70	5.00	-1.25	-0.13	0.08	0.33
T= 5	0.21	5.21	-0.02	-0.16	-0.03	0.30

1. **Overview of Abnormal Returns (AR)**: By computing the difference between actual and predicted returns for each trading day within the event window (T=-5 to T=+5), AR shows how the market responded to the election event.
   AR data usually demonstrates volatility before and after the election in Russia. Investor apprehension regarding the election's outcome and its possible influence on future policies is the driving force behind this.
   Important finding: When results or expectations are more obvious, the market responds to the political event, as evidenced by the notable fluctuations in AR near election day (T=0).
2. **Principal Findings from AR Analysis:**

- Positive AR before T=0: Market confidence, possibly fueled by hopes for a positive outcome, is indicated if AR is positive in the days preceding the election.
- Negative AR after T=0: Following the election, a negative AR indicates market dissatisfaction or a lack of clarity on the future course.
- Volatility: The market's vulnerability to political risk and uncertainty is highlighted by the significant daily variations in AR throughout this time.

3. **Overview of Cumulative Abnormal Returns (CAR):** The total effect of the election on the stock market during the event window is measured by CAR. CAR indicates whether the overall effect was positive or negative by adding up the AR values.

- Finding: CAR trends throughout the event window provide insight into whether the market swiftly steadied following an early reaction or if the election had a long-lasting impact.
- Positive CAR: Shows that the market generally increased during the event window, indicating that the election results were viewed favorably.
- Negative CAR: Indicates a protracted negative response, suggesting worries about political instability or the outcome of the election.

4. **Important Lessons Learned from CAR Analysis:**

- Gradual CAR Increase: Over the course of the event window, a slowly rising CAR indicates rising market confidence.
- Volatile CAR: If the CAR varies a lot, it may indicate that investors are uncertain about the election's

long-term effects.

- Post-election CAR stability: The market appears to have positively responded to the election outcome if the CAR grows or stabilizes after T=0.

7.2 DESCRIPTIVE ANALYSIS:

Descriptive Analysis for each market throughout the event window (T=-5 to T=+5) for Russia's election are shown in the following table:

DEVELOPED ECONOMIES						
	US		*UK*		*JAPAN*	
	AR	CAR	AR	CAR	AR	CAR
Mean	0.06	0.00	0.19	0.74	0.17	2.04
Standard E	0.20	0.22	0.19	0.38	0.37	0.54
Median	0.00	-0.22	-0.01	1.32	0.03	2.35
Standard D	0.67	0.74	0.61	1.25	1.23	1.79
Sample Va	0.45	0.55	0.38	1.56	1.51	3.21
Kurtosis	-1.37	-1.13	6.06	-2.33	0.20	-1.11
Skewness	0.25	0.04	2.29	-0.15	0.58	-0.45
Range	1.98	2.27	2.25	2.81	4.13	4.94
Minimum	-0.88	-1.08	-0.39	-0.69	-1.61	-0.68
Maximum	1.10	1.19	1.86	2.12	2.52	4.26
Sum	0.68	-0.01	2.12	8.11	1.90	22.44

EMERGING ECONOMIES						
	INDIA		CHINA		BRAZIL	
	AR	CAR	AR	CAR	AR	CAR
Mean	0.10	-0.17	-0.07	0.22	-0.05	-0.73
Standard E	0.19	0.22	0.22	0.28	0.20	0.17
Median	0.29	-0.19	-0.06	0.31	-0.12	-0.81
Standard D	0.63	0.72	0.73	0.92	0.65	0.57
Sample Va	0.40	0.52	0.54	0.84	0.43	0.32
Kurtosis	-0.10	-0.53	-1.27	-0.70	-0.19	1.18
Skewness	-0.89	0.16	-0.16	-0.28	0.41	1.04
Range	2.00	2.27	2.25	2.85	2.12	1.97
Minimum	-1.17	-1.19	-1.24	-1.43	-0.90	-1.43
Maximum	0.83	1.08	1.01	1.42	1.22	0.54
Sum	1.09	-1.84	-0.82	2.41	-0.52	-8.04

FRONTIER ECONOMIES						
	BANGLADESH		PAKISTAN		OMAN	
	AR	CAR	AR	CAR	AR	CAR
Mean	-0.24	-1.49	0.15	0.74	-0.17	0.27
Standard E	0.23	0.27	0.20	0.17	0.19	0.28
Median	-0.25	-1.63	0.29	0.65	-0.23	0.51
Standard I	0.76	0.90	0.67	0.58	0.63	0.94
Sample Va	0.58	0.82	0.44	0.34	0.40	0.89
Kurtosis	1.13	-1.43	-0.80	-0.82	1.65	1.49
Skewness	0.38	0.36	0.02	-0.10	1.22	-1.21
Range	2.85	2.57	2.07	1.90	2.21	3.35
Minimum	-1.56	-2.64	-0.76	-0.23	-0.95	-1.81
Maximum	1.29	-0.07	1.31	1.67	1.26	1.54
Sum	-2.64	-16.35	1.65	8.18	-1.82	3.00

Descriptive Analysis for each market throughout the event window (T=-5 to T=+5) for India's election are shown in the following table:

DEVELOPED ECONOMIES						
	US		UK		JAPAN	
	AR	CAR	AR	CAR	AR	CAR
Mean	0.32	55.78	-0.02	29.33	0.38	55.10
Standard E	0.21	0.51	0.17	0.19	0.25	0.49
Median	0.17	55.87	-0.04	29.49	0.27	55.35
Standard I	0.70	1.69	0.57	0.64	0.83	1.62
Sample Va	0.49	2.86	0.32	0.41	0.69	2.61
Kurtosis	1.75	-1.33	-1.42	0.24	-1.08	-0.48
Skewness	0.90	-0.24	0.09	-0.61	-0.15	0.10
Range	2.57	4.80	1.57	2.21	2.44	5.36
Minimum	-0.67	53.12	-0.82	28.04	-0.99	52.44
Maximum	1.90	57.92	0.75	30.26	1.46	57.81
Sum	3.50	613.59	-0.27	322.63	4.13	606.12
EMERGING ECONOMIES						
	RUSSIA		CHINA		BRAZIL	
	AR	CAR	AR	CAR	AR	CAR
Mean	-0.42	6.05	-0.25	1.59	-0.18	-3.23
Standard E	0.36	0.50	0.13	0.28	0.23	0.28
Median	-0.74	5.47	-0.27	1.78	-0.21	-3.30
Standard I	1.20	1.67	0.43	0.92	0.78	0.92
Sample Va	1.43	2.79	0.18	0.85	0.60	0.84
Kurtosis	-0.47	-0.15	-1.29	-1.26	1.36	-0.24
Skewness	0.56	0.62	0.21	-0.19	-0.27	0.51
Range	3.97	5.49	1.25	2.69	2.97	2.91
Minimum	-2.19	3.63	-0.83	0.14	-1.78	-4.43
Maximum	1.78	9.11	0.41	2.83	1.19	-1.51
Sum	-4.66	66.51	-2.80	17.53	-2.01	-35.48

FRONTIER ECONOMIES						
	BANGLADESH		*PAKISTAN*		*OMAN*	
	AR	CAR	AR	CAR	AR	CAR
Mean	-0.46	-14.29	-0.41	21.58	-0.18	2.90
Standard E	0.25	0.51	0.20	0.42	0.14	0.33
Median	-0.37	-14.06	-0.60	21.87	-0.25	2.87
Standard D	0.83	1.70	0.68	1.38	0.47	1.09
Sample Va	0.69	2.89	0.46	1.90	0.22	1.18
Kurtosis	2.97	-0.81	4.41	-0.60	0.86	-0.97
Skewness	-1.45	-0.38	1.84	-0.38	0.86	-0.60
Range	2.99	5.23	2.54	4.41	1.60	3.13
Minimum	-2.49	-16.97	-1.20	19.06	-0.79	1.04
Maximum	0.51	-11.74	1.34	23.47	0.81	4.17
Sum	-5.09	-157.17	-4.54	237.36	-1.98	31.89

Descriptive Analysis for each market throughout the event window (T=-5 to T=+5) for UK's election are shown in the following table:

DEVELOPED ECONOMIES						
	US		*GERMANY*		*JAPAN*	
	AR	CAR	AR	CAR	AR	CAR
Mean	0.16	0.51	0.12	0.65	0.43	1.64
Standard E	0.11	0.18	0.21	0.17	0.24	0.57
Median	0.06	0.29	0.23	0.68	0.47	1.64
Standard D	0.37	0.61	0.69	0.56	0.78	1.89
Sample Va	0.14	0.37	0.48	0.32	0.61	3.57
Kurtosis	2.25	0.44	1.03	-1.28	-0.01	-1.07
Skewness	1.56	1.21	-0.89	-0.35	-0.14	0.12
Range	1.22	1.90	2.43	1.53	2.77	5.67
Minimum	-0.17	-0.10	-1.35	-0.23	-0.97	-0.97
Maximum	1.05	1.80	1.08	1.30	1.80	4.70
Sum	1.80	5.61	1.30	7.11	4.69	18.09
EMERGING ECONOMIES						
	RUSSIA		INDIA		CHINA	
	AR	CAR	AR	CAR	AR	CAR
Mean	-0.52	-0.76	0.09	1.05	-0.02	-0.44
Standard E	0.50	0.97	0.11	0.11	0.26	0.24
Median	-0.63	-0.66	-0.02	1.08	-0.27	-0.58
Standard D	1.66	3.22	0.38	0.35	0.85	0.80
Sample Va	2.77	10.35	0.14	0.12	0.72	0.64
Kurtosis	2.06	-0.90	-0.98	-0.61	-1.72	-0.48
Skewness	1.06	-0.58	0.21	-0.28	0.37	0.02
Range	5.77	9.37	1.18	1.17	2.19	2.58
Minimum	-2.43	-6.03	-0.53	0.43	-0.95	-1.82
Maximum	3.34	3.34	0.65	1.60	1.24	0.76
Sum	-5.72	-8.41	0.95	11.53	-0.24	-4.80

FRONTIER ECONOMIES						
	BANGLADESH		PAKISTAN		OMAN	
	AR	CAR	AR	CAR	AR	CAR
Mean	0.47	3.97	-0.01	0.58	0.03	0.23
Standard E	0.26	0.54	0.16	0.19	0.04	0.03
Median	0.54	5.00	-0.02	0.77	0.05	0.25
Standard I	0.88	1.78	0.53	0.64	0.14	0.09
Sample Va	0.77	3.17	0.28	0.42	0.02	0.01
Kurtosis	-0.11	-0.94	2.26	-2.05	2.04	-0.69
Skewness	0.25	-0.61	-1.00	-0.08	-0.47	0.43
Range	2.93	5.27	1.96	1.62	0.56	0.29
Minimum	-0.83	0.64	-1.25	-0.21	-0.28	0.12
Maximum	2.10	5.91	0.71	1.41	0.28	0.41
Sum	5.21	43.68	-0.16	6.37	0.29	2.56

These statistics, which offer information on average performance and volatility, include mean, standard deviation, minimum, and maximum values.

- Mean AR and CAR: A positive AR mean indicates that, on average, the market reacted favorably to the election. An overall pleasant reaction during the event window is indicated by a positive CAR.
- The standard deviation A high standard deviation indicates that the market was erratic, exhibiting significant swings in reaction to uncertainties surrounding the election.
- Minimum and Maximum Values: These figures show the extremes of market responses to particular election-related news, such as notable market rallies or losses.

Principal Findings from Descriptive Analysis:

- Uncertainty in the market is indicated by high volatility (standard deviation) both before and after the election. This is common in emerging markets, where heightened political risk perceptions can lead to significant price fluctuations.
- Maximum AR near T=0: The largest market reaction occurs on or near election day, when a high AR reflects investor emotions as significant political news or results become more apparent.
- Minimum AR values after the election: After T=0, a decline in AR values may indicate market dissatisfaction or worries about upcoming governance or policy.
- Positive Mean CAR: Indicates that, despite possible volatility, the market's overall response to the election was favorable.

7.3 Market Type-Based Analysis

- Developed Markets: The minor swings in AR values during the event window indicate comparatively lesser susceptibility to political events in developed economies like the US, UK, Japan and Germany. A consistent favorable response to the election results is shown by CAR values that stay positive during the event timeframe.
- Emerging Markets: The AR fluctuates more in emerging markets like Russia and India, with notable peaks and troughs, suggesting heightened susceptibility to political risk. Compared to mature markets, these markets' CAR values are more erratic.
- Frontier countries: The most volatile AR is found in frontier countries like Oman and Croatia. Given their perceived political instability and market uncertainty, the CAR values for these markets exhibit notable fluctuations, indicating that political events have a more noticeable and long-lasting effect on these economies.

7.4 Statistical Significance of AR and CAR

T-tests show that, in the majority of markets, especially in frontier economies, the AR on T=0 is statistically significant. Furthermore, both emerging and frontier countries' CAR values deviate significantly from zero, indicating that elections have a long-lasting effect on the performance of the stock markets in these areas.

8. TESTING HYPOTHESIS

H1 Testing: The 2024 elections cause notable abnormal returns in all markets, especially on election day (T=0), according to the t-tests for AR values. H1 is therefore supported.

H2 Testing: The idea that different markets respond to political events to differing degrees is supported by the difference in AR and CAR between developed, emerging, and frontier markets. H2 is supported by the most volatile frontier markets.

H3 Testing: The elections have a long-lasting effect on emerging and frontier economies, as seen by the CAR values in these areas being substantially different from zero. H3 is compatible.

9. INTERPRETATION

According to the data, stock market performance was significantly impacted by the 2024 national elections in Russia, India, and the UK, with differing responses in various market types. In contrast to emerging and frontier markets, developed markets showed greater resilience, with lower levels of abnormal returns and cumulative abnormal returns. High levels of volatility were seen in frontier markets in particular, indicating that investors are more at risk from political unpredictability in these nations. The findings support the idea that markets at different stages of development react to political events in different ways, with frontier markets being particularly susceptible to shocks brought on by elections.

10. RESEARCH FINDINGS

1. Stock market performance in major, emerging, and frontier markets was significantly impacted by the 2024 national elections in Russia, India, and the United Kingdom.
2. Because of their economic stability and investor confidence, developed markets showed less volatility, as seen by their smaller abnormal returns (AR) and cumulative abnormal returns (CAR).
3. With higher AR and CAR values and higher volatility, emerging and frontier markets are more susceptible to political unpredictability.
4. Elections appear to have a more noticeable and long-lasting impact on frontier and emerging markets, based on the statistical significance of AR and CAR in these regions.

11. RESEARCH IMPLICATIONS

- **For Investors**: Because frontier and emerging markets are more volatile during election seasons, investors should take political risk into consideration when making investments in these areas. Diversifying a portfolio among established and stable markets could help reduce these risks.
- **For Policymakers**: To boost investor confidence and provide more stable market conditions during election seasons, governments in frontier and emerging markets should endeavor to lessen political unpredictability.

12. CONCLUSION

This paper offers factual proof that stock market performance, especially in emerging and frontier nations, was significantly impacted by the 2024 elections in Russia, India, and the UK. Emerging and frontier markets displayed notable abnormal returns, indicating their sensitivity to political risk, whereas developed markets demonstrated greater stability and less volatility. These results add to the body of knowledge on how stock markets respond to political developments and emphasize the significance of controlling political risk in international portfolios. The effects of other significant political events on stock markets in other economic circumstances should be further investigated in future studies.

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