

THE IMPACT OF TERRORIST ATTACKS ON SELECTED STOCK MARKETS

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Abstract

Terrorism has a major impact on the world's economy and financial markets. This research will study and analyze the impact of ten terrorist attacks around the world and how they have influenced seven markets in different regions. It will also examine the integration between these markets and the scale of consequences. Below is the list of selected terrorist attacks:

Al-Dalwah Attack in Al-Ahsa – Saudi Arabia – Monday, November 3, 2014
Bardo National Museum Bomb in Tunisia – Wednesday, March 18, 2015
Bombing a mosque in Qatif – Saudi Arabia – Friday, May 22, 2015
Bombing a mosque in Kuwait – Friday, June 26, 2015
Bombing a mosque in Abha – Saudi Arabia – Thursday, August 6, 2015
Airplane Bombing in Egypt – Saturday, October 31, 2015
Series of terrorist attacks in Paris – France – Friday, November 13, 2015
Airport Attack in Istanbul – Turkey – Sunday, June 26, 2016
Shooting Attack in Orlando – USA – Sunday, June 12, 2016
Attack in Nice – France – Thursday, July 14, 2016

This research reveals that 37% of the markets changed during the event periods which matched the assumptions of the study. This means that the reactions were abnormal responses and resulted from the effect of terrorism on these selected markets. However, markets were behaving normally in 63% of the overall changes involved, despite the occurrence of the events. The result of the examination of nine selected markets shows that some markets have stronger reactions than others. Some financial markets demonstrated resilience and a capacity to return to normalcy quickly. The considered markets were in different locations including Europe, North America, Far East and GCC.

Keywords: Saudi Arabia, Financial Market, Terrorism.
