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Evaluating the Economic Impact of COVID-19 Pandemic

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Guest editors' introduction

Welcome to this special issue of the *Journal of Chinese Economic and Foreign Trade Studies*. In this special issue authors from around the world present early analysis of a variety of impacts, forecasts, key problems and future policy implications all arising from the COVID-19 pandemic. These research papers represent one of the first collections of economic and social research into the pandemic to appear in an international academic journal. As guest editors, we sincerely hope that these papers will inspire other researchers to further examine the topics presented here and that these will raise further research questions to be investigated in future. It would be impossible to cover every economic aspect of COVID-19 in one special issue; however, the papers selected provide a wide range of perspectives which include impacts on growth in China, effects on trade, on SME's, management and investment, stock market performance and financial indices. These are examined across a range of developed and developing economies.

In the paper by Gunay *et al.*, the focus is on forecasting China's economic growth as a result of the pandemic in comparison with the previous economic "shock", the financial crisis of 2008. Using MIDAS regression, the authors show that a large and significant impact can be expected on GDP growth and that this has already been and will be more significant than under the global financial crisis. This is not just of importance for China economic policy going forward but also for the rest of the world given China's already pivotal and integrated role on global GDP development and trade. This paper offers many elements for the readers and researchers to consider.

The paper by Elhini and Hammam focusses on the effect of the pandemic specifically within the US economy via an examination of the S&P 500 index. The analysis demonstrates a very significant negative impact on daily returns across a very wide range of US economic sectors across the first six months of the pandemic. As with the first paper in this issue the implications for the rest of the world are very important – this time we are dealing with the US economy. Both of these papers offer insights into what might still be in store for the global economy given what has already happened and what may still happen to the two largest economies in the world.

In the paper by Obayelu *et al.*, the focus is on Africa. The authors focus on what already occurred with African trade in the first seven months of the pandemic both between African economies and in relation to China, the EU and the USA. They offer a very insightful analysis of what the future trade effect could be on African economies and provide a welcome discussion of the social impacts the pandemic is having and will continue to have unless bold policies are implemented domestically and in terms of trade relations. Because Africa contains many of the poorest and most vulnerable (to economic shocks) countries in the world this paper represents an excellent start point for future research.

Insaideoo *et al.* consider the effects of the pandemic on the Ghana Stock Market as a case study and show that volatility in stock returns, because of the pandemic, has risen to 823%! The authors argue that such volatility is also partly related to a number of "rigidities" in the way the Ghana Stock Market operates and also in other sub-Saharan African stock markets. This is a strong lesson to stock exchange authorities and governments to reconsider the regulatory framework governing stock market operations. The pandemic has effectively exposed these problems even although they have been there for many years.



Aftab *et al.* present an analysis of the plight of SME's impacted by the pandemic in Pakistan. The paper examines these impacts in terms of shortages of goods, substantial demand reductions and other issues that are particularly important for SME's not just in Pakistan but across the world. The authors emphasise, however, that with 40% of Pakistan's GDP generated by SME's the "hit" to the economy is extremely worrying. Although the paper focusses on just one economy and its SME sector, the analysis and the implications for many countries are obvious and will continue to be of real concern into the future.

The sixth and final paper selected for this special issue by Naheed *et al.* presents a very interesting analysis of the relation between managerial ability and sound financial judgement during a crisis. Using data from Chinese firms registered in the Shenzhen and Shanghai Stock Exchanges, the authors provide a detailed analysis of how managerial "talent" has a significant impact on the outcomes for firms during an economic crisis. The value of this paper is that it is not concerned with the COVID-19 pandemic but is focussed on the global financial crisis in 2008. The paper demonstrates that in this crisis the availability of "talented" managers had a strong impact on firms' financial health. There are lessons here for business, management training and recruitment especially for future economic crises.

Many papers were submitted for this special issue, and we wish to thank the numerous reviewers who gave their time, expertise and commentary on all of them. This special issue is intended to foster interest and further research into the future economic and social impacts of the pandemic. Such research will be essential because these impacts will continue long after COVID-19 is either eliminated or suppressed enough to allow a return to some form of economic normality.

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