

## **Title: Co movement of Fear Index, Stock Returns, Brent Oil Prices in BRIC countries: The Case of Covid 19**

**Introduction:** BRIC countries are protagonists as the most promising large emerging economies in the multipolar world covering around 25% of global GDP. Simultaneously, they have also been attracting the most relevant investments. The progressive relevance of these countries embeds them to be placed as world leaders in Global Economy. Needless to say, in the unconventional and unexpected times such as Covid-19 Pandemic, these nations deserve special attention. Critical to this discussion is to test if there is presence of any long run relationship among stock market returns, increase in deaths due to Covid-19 and financial markets.

**Methodology:** The study investigates long run and short run cointegrating relationship between stock market returns, fear index (VIX), brent crude oil prices and growth in deaths due to Covid-19 pandemic for BRIC countries using daily data from 23<sup>rd</sup> January 2020 to 24<sup>th</sup> August 2020 using Autoregressive Distributed Lag Model (ARDL). CUSUM test and serial correlation test estimates point towards robustness of the model used.

**Conclusion:** The evidence reveals that for India and Brazil, with outbreak of Covid 19, decrease in crude oil prices and increase in Volatility Index, the stock returns started declining in the short run but in the long run the impact has declined and the stock returns have regained. For China, due to outbreak of Covid 19 and increase in fear index, stock returns declined in the short run but Chinese economy has recovered well due to a strong industrial and services sector. For Russia, increase in deaths due to Covid and decline in oil prices has impacted the stock returns in the long and short run. Due to decline of 53% for crude oil prices from January 2020 to May 2020, the Russian economy would face the consequences in the long run as well. The results suggest that though BRIC countries were impacted by Covid 19 death growth, but recovery trajectory and stability has resumed for all countries except Russia. Results of Granger Causality indicate bidirectional causality between VIX and stock returns for the Indian Market.