Macroeconomic Factors Affecting Stock Market Returns: An Analysis on the Stock Exchange Indices of the Eurasian Countries

Ph.D. Candidate Yiğit Han Gazel (Beykent University, Turkey)
Ph.D. Candidate Mehmetcan Suyadal (Beykent University, Turkey)
Ph.D. Candidate Melih Sefa Yavuz (Beykent University, Turkey)

Abstract

Stocks are important investment tools. They are also considered as an indicator for the country's economies. The dynamic relationship between stock returns and macroeconomic variables is quite suitable for studies that will bring new approaches to this subject. In addition, the countries examined within the scope of this study have many economic potentials. These are all important points for the contribution of the study. The aim of this study is analyzing the relationships between the stock market index returns of Eurasian countries (Russia, Turkey, Kazakhstan, Ukraine) and selected macroeconomic variables. In this context, stock market index data and macroeconomic data for Russia, Turkey, Kazakhstan and Ukraine were obtained from Thomson Reuters database. The analysis covers the period 2009: Q3-2021: Q1. The relationships between the stock market indices of the countries and the selected macroeconomic variables such as GDP growth rate, inflation, exchange rate, import, export and interest rate are analyzed within the specified period. Panel regression model was used for this analysis. The results of the study show that the relationships between stock market index returns and macroeconomic variables are in different directions and dimensions. In addition to the value and volume of the markets, it is extremely important to determine other factors that affect these markets. All these situations concern Eurasian countries closely due to their economic potential. It is expected that the findings of the study will be useful to academicians and country managers responsible for economic policies.