

THE EFFECT OF ARMED CONFLICTS IN THE PRICE OF BRAZILIAN SHARES: AN EVENT STUDY

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- *ABSTRACT: This study researched the effect of armed conflict on shares of Brazilian stock exchange through a Event Study. Studies analyzed show that armed conflicts affect the economy of European countries and of the United States, there are no studies on the effect on the Brazilian economy. This study aimed to identify the impact of this systemic event in the national economy. The aim was to identify whether the armed conflict resulted in abnormal returns for the two major BM&FBovespa assets. The results showed that the conflicts analyzed resulted in impacts on stock returns of Petrobras and Vale. Depending on the characteristics of the conflict, the market will react positively or negatively the occurrence of such conflicts. The measurement of the relationship between armed conflict and the variation of stock prices helps to understand the behavior of the stock market, providing the opportunity to strategize investment.*
- *KEYWORDS: Event study; armed conflict; stock market; systemic event; capital markets.*

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