

The effect of population mobility on economy during the Coronavirus pandemic: Evidences of stock index movements

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ABSTRACT

During the COVID-19 pandemic, government restrictions caused substantial shifts in travel patterns and population movement. This research examines the relationship between travel behavior and stock market responses across 11 countries, by observing the impact of population mobility on stock market returns and volatility. The Google Community Mobility Index is used to gauge the population mobility to 6 destinations. The daily data are observed during the February 2020 – October 2022. The research finds a noteworthy impact of travel intensity on stock market volatility. Specifically, the results clearly indicate that the level of population mobility has significantly affected the stock market volatility at the industry level. In addition, when considering the stay-at-home restrictions during the severe outbreak period, the results confirm the significant relationship between population mobility and stock market volatility. These findings help investors in the stock market minimize the risks of asset allocation, particularly during the period of market uncertainty.

Keywords: Google Community Mobility Index, Stock markets, COVID-19