

Market Reactions to Geopolitical Events: A Comparative Study of Pre- and Post-Conflict Periods

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Abstract

This present survey considers the impact of geopolitical events on market activity by contrasting the pre-conflict and post-conflict periods. In modern finance, the role of geopolitical events like wars, instability, and sanctions cannot be underestimated, because the modern international financial system is interdependent. Literature proves that the effect of geopolitical risk is regime-dependent and nonlinear, because market behavior changes under different economic conditions. This survey considers the impact of the realization of geopolitical events and the anticipation of geopolitical risk with respect to several transmission channels: uncertainty shock, behavioral, and liquidity. The findings show that the pre-conflict period is characterized by uncertainty and caution, while the post-conflict period is characterized by recovery from policies and adjustment. It should be stressed that the response to geopolitical risk differs geographically and economically. This research is innovative since it presents the theoretical scheme of geopolitical risk dynamics.

Keywords: Geopolitical Risk, Financial Markets, Stock Market Volatility, Conflict Phases, Investor Behavior, Market Dynamics, Safe-Haven Assets, Economic Uncertainty.

1. Introduction

Geopolitical events have recently become an important aspect of the dynamic factors that influence global financial markets by affecting prices, volatility, and behavior. The increase in the number of wars, crises, political tensions, sanctions, and the like has led to high

levels of uncertainty in the financial market. In light of the growing interdependence of economies, geopolitical shocks tend to spread from one country to another, thus making the stock market very vulnerable to geopolitical risks. Geopolitical risks are uncertainties associated with events like wars, terrorism, diplomatic crises, and political instability, which disrupt normal economic and political interaction. The impact of geopolitical risks on the financial market is multifaceted, covering changes in investors' sentiment, capital flows, and the macroeconomic environment. Research has demonstrated that the effect of geopolitical risks on the financial market is heterogeneous and non-linear; that is, risks affect the financial market differently depending on the regime and particularly during difficult economic times. Geopolitical events such as the Russia-Ukraine conflict proved that the financial market tends to respond to such events instantly with increased volatility and gradual stabilization.

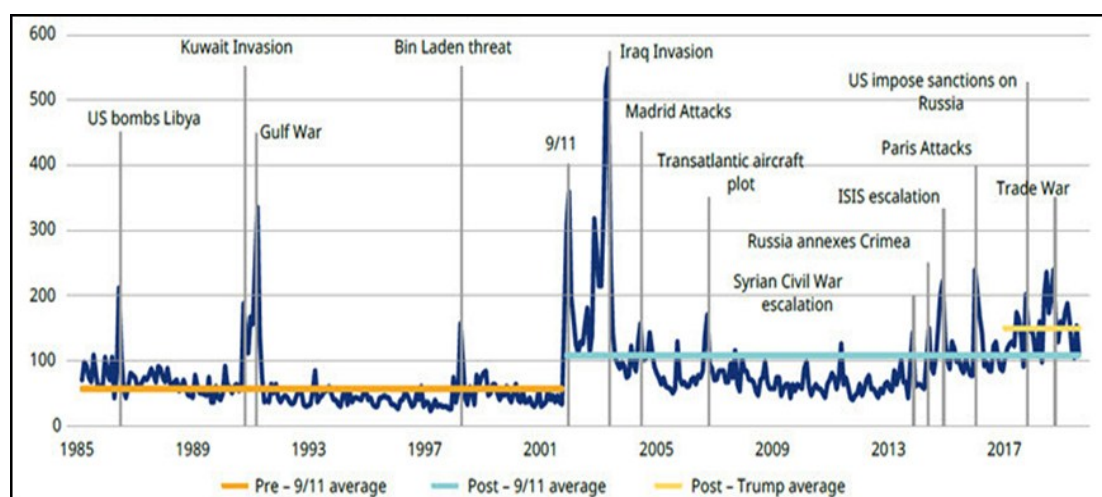


Figure 1. Geopolitical risk index and major global events [20]

Figure 1 shows the shifting levels of geopolitical risks over time with a focus on events of importance in the global arena, including wars, terrorism attacks, and policy disagreements. The peaks in the index indicate geopolitical shocks that increase uncertainty and affect financial markets.

An important distinction that needs to be made when considering the existing literature is that of the realized geopolitical event and the anticipated geopolitical threat. It is usually the case that realized events cause reactions from the markets, while anticipated threats affect perceptions and risk taking. This is important to consider because different phases have different features. The pre-conflict phase is normally marked by uncertainty and careful behavior of investors, while post-conflict phases can show recovery characteristics.

Although the literature provides many works concerning geopolitical risks, it lacks a full comparison of market reaction to those events during pre-and post-confrontation periods. In other words, existing studies concentrate their efforts on either some particular case or on aggregated measures of risk, which makes it impossible to understand the time dynamics related to geopolitical shocks. This research is aimed at filling the mentioned gap by analyzing stock market dynamics before and after the occurrence of major geopolitical events, with special attention to the volatility level difference. With the integration of both theories and empirical analysis in this research, great insights will be provided regarding the response of financial markets to geopolitical uncertainty. These findings will prove very helpful and will provide insights on how investors and other policymakers can create risk management strategies based on geopolitical uncertainty. Below is a diagram that presents a conceptual model illustrating how geopolitics impacts financial market dynamics via two phases: pre-conflict and post-conflict. The figure shows how the positive, recovery, and rising prices in the pre-conflict phase turn into negative, uncertainty, and falling prices in the post-conflict phase. Impact assessment is important in this model as it helps to quantify the change in financial market reaction pre and post any geopolitical events as illustrated in Figure 2 below. Financial variables considered include: Stock Price Index, Foreign Currency Rates, and Commodities Price Index.

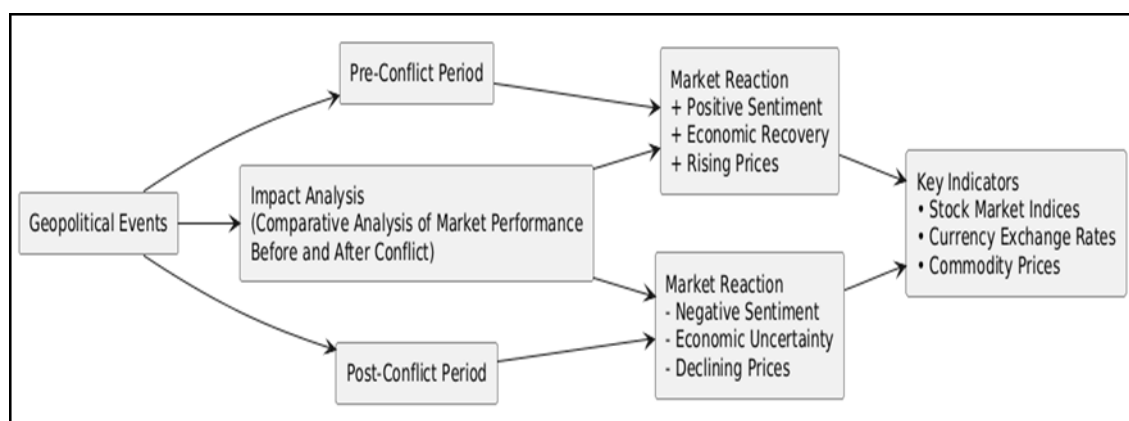


Figure 2. Conceptual framework of market reactions to geopolitical events across pre-and post-conflict periods

2. Literature Survey

Boungou and Yatié (2022) [1] studied the influence of the Russia-Ukraine war on the world's stock markets, highlighting the vulnerability of financial systems to geopolitical

disputes. With an event-study approach, they proved that the conflict led to a decrease in global stock market performance. The most impacted stock markets were those situated in Europe, mainly because of their nearness to the zones involved in the conflict. The higher degree of uncertainty led to increased caution from investors and, therefore, to the reallocation of money to safer securities, causing increased volatility and a fall in prices. Still, not all markets faced the same effect.

Acharya and Steffen (2020) [2] analyzed the financial behavior of companies during the COVID-19 pandemic, particularly related to the "fallen angel" risk. This is the risk when companies switch from investment grade to speculative grade rated because of decreased credit quality. As stated in the research, in periods of higher uncertainty, such as during global pandemics, firms usually try to accumulate as much cash as they can in order to defend themselves from financial risks. It was stated that during the pandemic crisis, firms exhibited "dash for cash" behavior, trying to raise a significant amount of liquidity via issuing debt even when there was no necessity for it.

Bash and Alsaifi (2019) [3] have conducted an event study to study the impact of sudden geopolitical shock on financial market performance through their research on the impact of the Khashoggi case on stock returns. It was found that a surprise political shock has the ability to quickly affect investor behavior and financial market performance due to fear and uncertainty created amongst investors. This reaction from investors was primarily psychological, as they considered both the economic and psychological impacts of the event.

Agoraki, Kouretas, and Laopodis (2022) [4] This study reveals the importance of increased geopolitical risk in affecting the financial market and enhancing uncertainty. The results of the analysis indicate that stock markets are likely to react negatively during periods of geopolitical uncertainty because of higher volatility and lower returns. It should be noted that this effect is not consistent but depends on market conditions. Therefore, geopolitical risk more strongly impacts stock markets experiencing financial instability or economic crises. Ali et al. (2023) [6] The aim of this work was to reveal the impact of geopolitical threats on equity returns and the most efficient hedging strategies during periods of market risk. In addition, uncertainty was indicated as a key transmission mechanism through which the impacts of geopolitical risk on financial market performance are delivered. Moreover, the authors emphasize that market reaction to geopolitical risk varies from one market to another depending on economic and financial development and exposure to global risks.

Gao et al. (2024) [5] examined the interlinkages between the markets for rare earths and clean energy, stressing the impact of geopolitical risk through TVP-VAR analysis. It was discovered that geopolitical risk plays a key role in increasing the interconnection of these two markets, especially during periods of global instability. Higher-order moment effects of the two markets were seen to be largely driven by geopolitical elements. This increases the spillover effect between the two markets.

The work by Niu, Wang, and Zhang (2023) [7] investigated the use of various classes of geopolitical risks in predicting the volatility of stock markets through machine learning algorithms. It was found that incorporating measures of geopolitical risk improves the forecasting performance of stock market volatility. The researchers point out that different types of geopolitical risk, whether war, political conflict, or economic sanctions, influence market dynamics in varying ways. Machine learning techniques proved to be more suited for examining such non-linear dynamics.

The study carried out by Fiorillo et al. (2024) [8] investigates the relationship between geopolitical risk and the risk of stock price crashes, also considering the impact of ESG performance. In their results, the researchers found an increased likelihood of stock price crashes due to heightened market volatility and negative investor sentiment caused by geopolitical risk. Moreover, the researchers establish that ESG performance serves as a mitigating factor for companies in dealing with such risks.

The research by Afonso, Alves, and Monteiro (2024) [9] focuses on the relationship between geopolitical tensions and sovereign risk dynamics. According to the study, the escalation of such tension leads to high levels of sovereign risk, which means increased cost of borrowing and financial instability. It has also been pointed out that such an effect differs from one country to another according to the financial stability of the economy.

Cunado, Gupta, Lau, and Sheng (2020) [10] have performed research on the time-varying influence of geopolitics on oil prices. From their research, it can be understood that geopolitics affects oil prices in varying ways depending on the economic environment and the geopolitical events that occur. They have found that during times of high geopolitical tension, there is high volatility in oil prices. This is due to supply shocks and market expectations Table 1.

Table 1. Summary of previous studies on geopolitical risk and financial markets

Author(s) & Year	Event/Risk	Market/Asset	Methodology	Key Finding	Source
Bash & Alsaifi (2019)	Khashoggi event	Stock market	Event study	Negative abnormal returns caused by uncertainty and investor fear	[3]
Acharya & Steffen (2020)	COVID-19 uncertainty	Corporate financial markets	Empirical analysis	Firms increased liquidity under heightened uncertainty	[2]
Cunado et al. (2020)	Geopolitical risk	Financial/macroeconomic markets	Empirical analysis	GPR affects financial and economic conditions	[10]
Boungou & Yatié (2022)	Russia–Ukraine War	Global stock markets	Event study	Negative impact on stock-market returns	[1]
Agoraki et al. (2022)	Geopolitical risk	Stock markets	Empirical analysis	Higher GPR associated with lower returns and higher volatility	[4]
Ali et al. (2023)	Geopolitical threats	Equity/hedging assets	Empirical analysis	Geopolitical uncertainty affects returns and hedging demand	[6]
Niu et al. (2023)	Geopolitical risk	Financial markets	Empirical analysis	GPR affects market risk and investor behaviour	[7]
Gao et al. (2024)	Geopolitical risk	Financial markets	Empirical analysis	Geopolitical shocks transmit through uncertainty channels	[8]
Fiorillo et al. (2024)	Geopolitical uncertainty	Financial markets	Empirical analysis	Market response varies with shock and market conditions	[9]
Afonso et al. (2024)	Geopolitical risk	Financial/economic markets	Empirical analysis	Multiple channels transmit geopolitical shocks	[11]

3. Conceptual Framework and Typology of Geopolitical Events

Geopolitical incidents play an essential role in influencing financial market dynamics due to the impact they create on investors' attitudes, perception of risks, and capital allocation. The theoretical approach taken in this study focuses on the relationship between geopolitical shocks and market reactions, particularly in two different stages: the pre-conflict stage and the post-conflict stage. Geopolitical incidents act as external shocks to the markets, leading to market instability and creating instant and long-run reactions in the financial markets. This is also reinforced by earlier literature which has identified the transmission of geopolitical risks via volatility spillover and investors' reactions [14], [18]. These reactions occur through important channels such as information flow, investor psychology, liquidity channel, and macroeconomic expectations. The pre-conflict stage consists of market reactions to increased geopolitical risks through volatility and conservative investments. As illustrated in Figure 3 the post-conflict stage involves reactions following the occurrence of the incident through price adjustments and other factors.

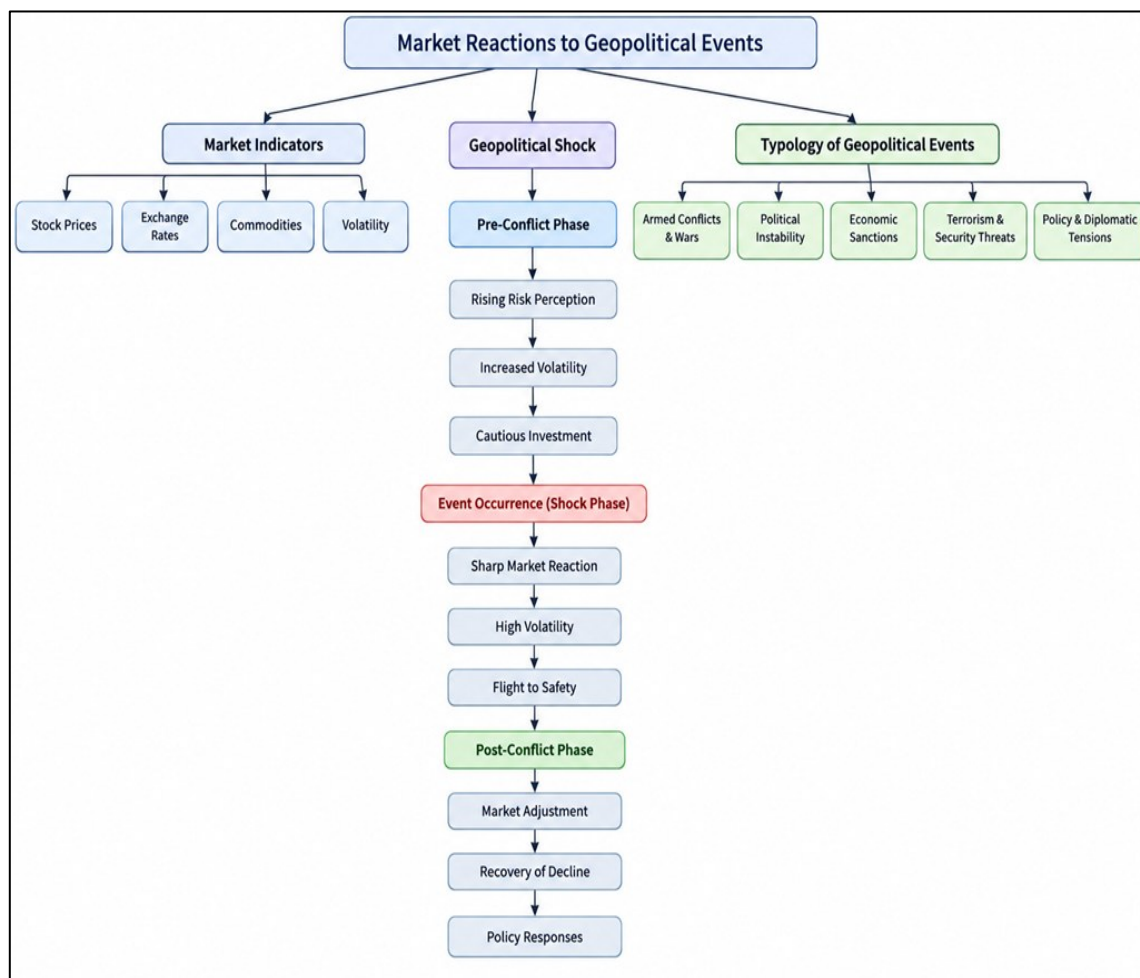


Figure 3. Framework and typology of geopolitical events

The model adopts the concept of comparative analysis, where market performance is gauged in terms of measures like stock return, volatility, exchange rate, and commodity price throughout the two stages. This will enable the identification of market anticipation, response, and recovery trends. The model also includes moderating variables like economic stability, market structure, and international exposure that affect the extent of market responses as shown in Figure 3.

3.1 Typology of Geopolitical Events

Geopolitical events can be organized into categories depending on their nature, strength and economic impact on financial markets. Such an organization makes it possible to identify the effect of various types of geopolitical disturbances on market behavior.

3.1.1 Armed Conflicts and Wars

These include conflicts involving the military, wars in different regions, and major international conflicts. These affect global energy and trade, creating economic instability and causing stocks to fall.

3.1.2 Political Instability

Political instability is caused by occurrences like government changeovers, uncertain election outcomes, coups, and civil unrest. This leads to market instability and a loss of investor confidence, resulting in changes in asset prices.

3.1.3 Economic Sanctions

Sanctions and trade restrictions levied between nations influence cross-border trade, capital movements, and logistics. Such sanctions have considerable effects on certain industries, namely energy production and manufacturing.

3.1.4 Terrorism and Security Threats

Market movements resulting from terrorist activities or security threats are due to fear and risk aversion. These activities normally cause temporary market volatility as a result of immediate falls in financial markets. Diplomatic crises, trade talks, and policy risks affect market expectations. The effects of such issues are usually gradual but can cause persistent market volatility.

3.2 Integrated Framework for Market Reaction

3.2.1 Pre-Conflict Phase: Anticipation and Risk Formation

This is the stage where geopolitical events have not yet reached their peak, but there is a hint of them taking place in the form of political conflict or policy uncertainties. At this stage, investors will increase their surveillance of information flow and change their expectations due to the risks involved. The markets become risky and are characterized by moderate volatility and prudent investment. This might result in portfolio adjustment as investors start moving away from risk and toward more secure sectors.

3.2.2 Shock Phase: Realization of Geopolitical Risk

It is only then that the effects of the geopolitical event will become apparent. The market response to any news about the change will be immediate, causing price fluctuations. Prompted by fear and anxiety, investors will react extremely quickly, causing panic selling or portfolio readjustment. Investors will tend to engage in "flight to safety," putting their money into safe assets like gold, bonds, and currencies. There may be increased trading activity.

3.2.3 Post-Conflict Phase: Adjustment and Market Stabilization

The second stage occurs after the initial shock, whereby markets adjust to the effects of the geopolitical event. This particular stage entails stabilization as a result of implemented policy measures. Markets may stabilize, partly stabilize, or even fall further, depending on the shock and the measures taken. These measures can include either fiscal policy, which may be put in place by the government, or monetary policy, implemented by the Central Bank.

4. Pre-Conflict Market Dynamics

The pre-conflict phase is the period when warning signals of geopolitical tensions influence the market before any significant event. In this phase, the market is affected by expectations rather than shocks. Political disagreements, conflicts, and uncertainty create an environment where market participants increasingly react to their surroundings. A sense of risk becomes a characteristic of the pre-conflict phase as investors try to protect themselves by reducing risky operations. This leads to increased volatility and price changes. In contrast to the shock phase, market changes occur progressively due to growing anticipation of a coming event. Additionally, the market is highly sensitive during the pre-conflict phase; even small

amounts of information prompt a market reaction as investors try to estimate risks and consequences. Exchange rates and commodity market prices are quite unstable, especially in the energy market and stock market indices.

5. During-Conflict Market Dynamics

The conflict stage involves the actual occurrence of a political event that affects the financial markets. This stage is characterized by the rapid response of financial markets to events because risks become actual. Investors respond to rapidly occurring changes, thus causing rapid and often extreme changes in asset prices. One of the most immediate consequences during conflict is increased market volatility. Stock markets tend to fall quickly due to weakening investor confidence. Fear, uncertainty, and re-evaluation of economic expectations cause this decline.

This is accompanied by a flight-to-safety behavior, which refers to the act of moving funds from riskier investments such as stocks to safer ones including gold, government bonds, or sound currency. Empirical evidence of geopolitical shocks includes heightened volatility and industry-specific effects, particularly in the defense and energy sectors [16], [17]. Consequently, the value of safe haven investments increases, while that of stocks decreases. However, commodity prices such as oil will increase.

6. Post-Conflict Market Adjustments

The post-conflict phase is a time during which financial markets start to reorganize following the shock effects of geopolitics. The difference from the conflict phase is that at this stage, there is no panicked reaction to news but rather a calm one, due to the fact that the markets have received new information regarding their surroundings. This stage is characterized by price stabilization even though prices may not reach pre-conflict levels at once. There might be different patterns of recovery in stock markets in which temporary profits are accompanied by corrections. It signifies the shift from reacting to acting upon new economic expectations. Another key feature of this stage is the process of normalizing investment strategies. Market players start changing their approach from focusing on avoiding threats to pursuing opportunities, making targeted investments in areas that are resilient and/or attractive. Furthermore, there is low demand for safe havens, which results in stable prices rather than falling prices. Adjustments in macroeconomics have an equally important part to

play during this phase. It has also been found from previous studies that geopolitical risk continues to affect financial decisions like capital structure and investments despite the conflict stage [19].

7. Empirical Case Illustration: The 2026 Iran Conflict

To enhance the comparative basis created in this research, the 2026 Iran conflict along with the interference to the Strait of Hormuz can serve as a contemporary demonstration of the channel through which geopolitical risk is transmitted into financial markets. The conflict commenced on February 28, 2026, while the Strait of Hormuz transformed into an important transmission path as it transports around 20% of global oil and about 25% of global liquefied gas trade.

This particular case is crucial for this research as it connects geopolitical risk and stock prices, commodity prices, exchange rates, and safe haven requests. The reaction of the commodities market produced a precise numerical value of the shock. As stated by Reuters, Brent oil at the closing price of February 27, 2026 was approximately \$72.48 while it reached its highest price level at \$126.41. Taking these numbers into account, the growth from the pre-conflict price to the maximum price makes about 74.4 %. This result may be presented in the formula as follows: Oil Price Shock (%) = $[(P_{\text{peak}} - P_{\text{pre}})/P_{\text{pre}}] \times 100$. Hence, the transition from the price \$72.48 to the price \$126.41 stands for significant repricing of the geopolitical and supply risk rather than small daily market price fluctuation. The shock of this price hike was not just limited to the onset [20].

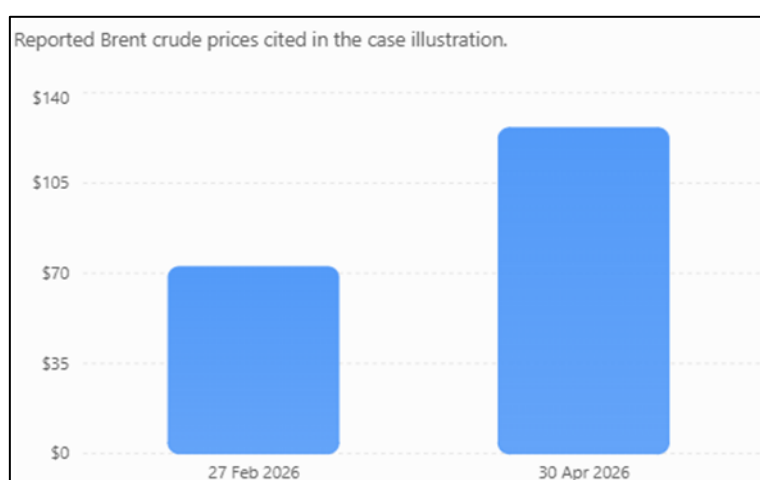


Figure 4. Brent crude: pre-conflict benchmark and subsequent shock.

Figure 4 illustrates the movement in Brent crude prices and provides a corresponding illustration of the commodity-market response to geopolitical disruption. The increase from the pre-conflict benchmark to the subsequent shock period is consistent with the study's discussion of supply shocks and market expectations as important drives of oil-price volatility.

7.1 Quantitative Assessment of Market Transmission

The 2026 Iran conflict can also be examined using relatively simple quantitative measures, without the need for a highly complex econometric model. These measures can help demonstrate how financial markets responded before, during, and after the geopolitical shock.

Daily asset returns can be calculated using the logarithmic return formula:

$$R_t = \ln\left(\frac{P_t}{P_{t-1}}\right) \times 100 \quad (1)$$

where P_t represents the closing price of the asset on day t . Market volatility can then be estimated using the standard deviation of daily returns:

$$\sigma = \sqrt{\frac{\sum (R_t - \bar{R})^2}{n - 1}} \quad (2)$$

By comparing average returns and volatility across three periods a pre-conflict period, the conflict period, and a post-shock period the analysis can provide a straightforward quantitative assessment of the anticipation shock adjustment framework proposed in this study. This approach makes it possible to identify whether market uncertainty increased during the conflict and whether market conditions subsequently moved toward stabilization.

An event-oriented approach can provide an additional perspective. A simple dummy-variable model may be specified as:

$$R_t = \alpha + \beta_1 D_{\text{conflict},t} + \beta_2 \Delta Oil_t + \beta_3 \Delta FX_t + \varepsilon_t \quad (3)$$

A statistically significant β_1 would indicate that the conflict period is associated with an abnormal change in market returns after accounting for oil-price and exchange-rate movements. A significant β_2 would indicate the extent to which oil-price changes influence market returns, while β_3 captures the effect of exchange-rate movements.

7.2 Market Dynamics Across Pre-, Conflict-, and Post-Conflict Phases

The case of 2026 gives a case study to extend the model presented in this article. First, in the pre-conflict stage, expectations and uncertainties arise from investors. during the conflict phase, supply and security risks have been realized, causing a fast market adjustment. The subsequent stage involves such changes as reduction of stocks, creation of alternative sources of supply and the application of various policies. The analysis made by the IMF shows that the first oil shock was partially absorbed through the decline in demand, increase in output outside the Gulf, and inventory depletion. Therefore, it is possible to understand the fact that prices on oil fell far from the April level despite the lingering geopolitical equilibrium.

In conclusion, the study since it shows that geo-political shocks reach the recipients via numerous interconnected financial channels, not just stock prices. The reported developments in crude price, equity indices, gold price, exchange rates, and shipping activity represent valid indicators for subsequent empirical analysis. It is important to note that the figures presented here provide a description of separate processes that occurred. Comparative Analysis of Pre-, During-, Post-Conflict Phases.

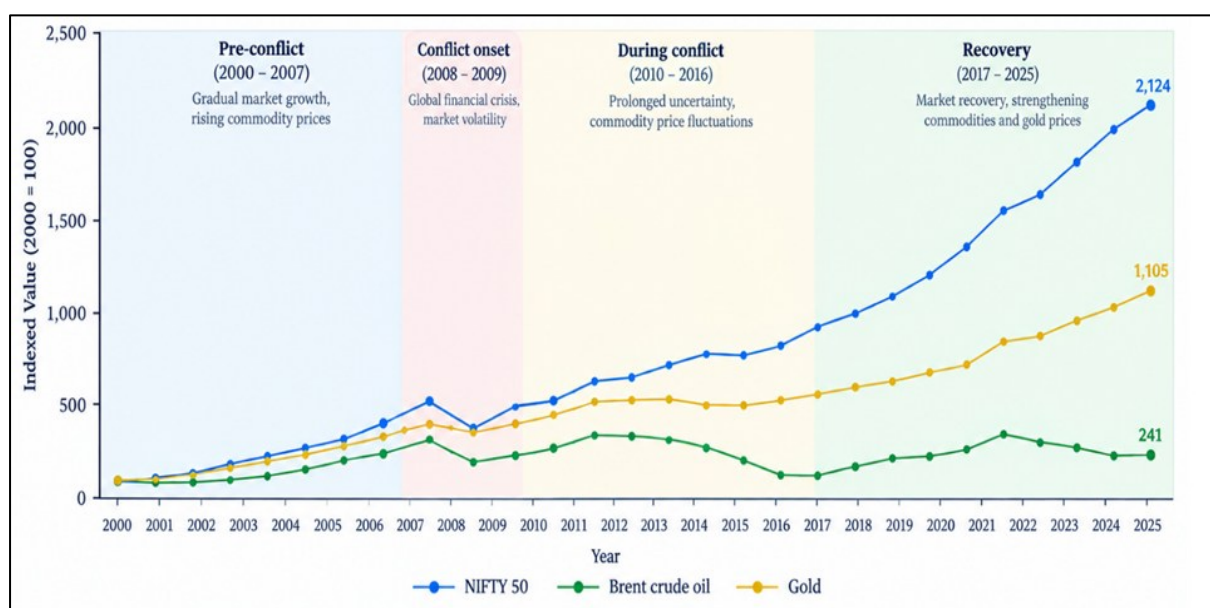


Figure 5. Annual market response of NIFTY 50, Brent crude oil, and gold:2000-2025. [22]

Figure 5 illustrates the long-term movement of the NIFTY 50, Brent crude oil, and gold markets over the 2000-2025 period. To facilitate comparison across different asset classes, the series are indexed to 2000 = 100. The figure divides the stu

dy period into four broad phases Pre-conflict (2000-2007), Conflict onset (2008-2009), During conflict (2010-2016), and Recovery (2017-2025) to provide a contextual interpretation of market movements. The NIFTY 50 shows substantial long-term growth but also pronounced fluctuations during periods of heightened uncertainty. Brent crude oil exhibits comparatively stronger cyclical movements, while gold demonstrates a sustained upward trajectory, consistent with its role as a potential safe-haven asset. The figure therefore provides a historical context for examining how equity, energy, and precious-metal markets behave across different periods of geopolitical and economic uncertainty [22].

8. Comparative Analysis of Pre-, During-, Post-Conflict Phases

Table 2. Comparison of key financial market characteristics across pre-conflict, during-conflict, and post-conflict phases

Criteria	Pre-Conflict Phase	During-Conflict Phase	Post-Conflict Phase	Source
Market Drivers	Driven by expectations and early geopolitical signals. Reflects anticipatory behavior.	Driven by realized geopolitical shocks and actual events. Reflects immediate disruption.	Driven by adjustment processes and policy support. Reflects stabilization.	[14], [15]
Investor Behavior	Cautious decisions with gradual portfolio rebalancing. Focus on reducing risk.	Panic-driven reactions with strong risk aversion. Shift toward safe assets.	Gradual return to risk-taking. Focus on selective investment opportunities.	[16], [17]
Stock Market Trend	Mild fluctuations with early decline. Movement remains gradual.	Sharp and rapid decline in stock prices. Reflects loss of confidence.	Gradual recovery with possible corrections. Indicates stabilization.	[18]
Volatility	Moderate increase due to rising concerns. Markets	Extremely high volatility. Rapid and	Declining volatility. Markets move toward stability.	[19]

	become sensitive to signals.	unpredictable price changes.		
Safe-Haven Demand	Increasing demand for defensive assets. Early capital shift observed.	Peak demand for safe-haven assets. Strong flight to safety.	Stabilization or decline in demand. Risk appetite returns.	[13]
Market Sentiment	Uncertain and cautious outlook. Driven by expectations.	Fear-driven and highly negative sentiment. Dominated by panic.	Improving confidence. Sentiment becomes stable.	[14]
Risk Level	Increasing perceived risk. Anticipation of possible shocks.	Peak systemic risk. Maximum uncertainty present.	Gradual reduction in risk. Stability improves.	[15]

Table 2. reflects the comparative study of the behavior of financial markets through three phases of geopolitics: pre-war, and post-war. The evolution of important factors like market dynamics, investor behavior, stock market performance, volatility, safe-haven status, market sentiment, and risks is depicted here.

9. Key Findings and Thematic Synthesis

The study's analysis indicates specific findings regarding the effects of geopolitical events on financial markets, revealing a clear pattern of how such effects are observed at different stages of geopolitical events and economic environments. A crucial finding from this analysis is that geopolitical risks are not one-dimensional; they spread through various channels. During the pre-conflict period, anticipatory risk affects markets as investors become uncertain and behave cautiously. This phase is characterized by slow movements in asset prices and increasing volatility. In the conflict stage, market responses become extremely strong, with a major downturn in equity markets, increased volatility, and a strong tendency to seek safe-haven investments. Investors become highly sensitive and fear-driven, adjusting their portfolios accordingly. The conflict stage represents the peak impact of geopolitical risks, where uncertainty becomes reality. The post-conflict stage reveals a slow and uneven market recovery. Stabilization depends on various factors, such as policies, resilience, and investor adaptation. While volatility decreases and confidence increases, markets do not fully return to

their pre-conflict state. Market responses are also affected by the state of the economy, geographical location, and level of financial development. Developed markets show relatively calm responses to changes, whereas emerging markets tend to be more volatile and geopolitically sensitive. Another important distinction is between anticipatory and realized geopolitical risk. The former affects market expectations prior to an event's occurrence, while the latter influences market response to a crisis. This idea supports previous literature emphasizing the nonlinear and dynamic nature of geopolitical risk's effect on markets [14], [18]. This difference is crucial for understanding the timeline and intensity of market responses. Overall, the analysis stresses that markets respond through a sequence of steps, beginning with anticipation, moving to a disruptive phase, and then adjusting.

10. Limitation and Challenges

Despite the vast body of literature on the subject, significant knowledge gaps still exist regarding market reactions to geopolitical events. First, the research lacks a unifying framework of market reactions to geopolitical events throughout different stages of conflict—pre-conflict, during conflict, and post-conflict. Second, there is an underrepresentation of high-frequency data analysis in the existing literature on geopolitical risks, which primarily uses low-frequency data and may fail to capture rapid market changes. Moreover, it is unclear how regional and market differences can influence reactions to geopolitical risk. Investor sentiment is understudied from a quantitative perspective, and the impacts on particular sectors and other asset classes are not always accounted for. Finally, the effectiveness of policy responses to geopolitical risks requires empirical evaluation.

11. Conclusion

The present research focuses on analyzing the effects of geopolitical events on financial market dynamics by comparing three different periods: before, during, and after a conflict. The results demonstrate the importance of changes in market behavior and its evolution depending on the period. Before the conflict, markets exhibit a combination of expectations and increasing uncertainty, leading to investor caution and moderate volatility. During the conflict, the effect becomes more obvious, characterized by stock market losses, increased volatility, and a preference for safe-haven assets. The research also stresses that geopolitical risks are non-linear and region-dependent, among other factors. Investor sentiment, liquidity, and macroeconomic issues are key components in determining the market's reaction to geopolitical uncertainties. In

general, this research provides a systematic view of how the financial market reacts to geopolitical uncertainties at different stages of the market cycle. This information can be useful for investors, policymakers, and financial institutions in effectively managing their risks.

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