Abstract

Terrorism generally induces negative mood in the society. Financial markets performance exhibits the contingency on the mood of their trading participants. The thesis enhances the understanding of this interrelated entities by analysing the situation from 2000 to 2015 at the 20 world largest markets. Their composite indices are put under scrutiny employing a multifactor model, a difference equation and a logit model. The impact is confirmed and further discussed, while the logit model provides a simple framework for forecasting index returns just after an attack with more than 25 casualties.

Keywords

global financial markets, terrorism, multifactor model, difference equation, logit model