DOI: 10.55643/ser.2.60.2026.663

GLOBAL STOCK MARKET INDICES AS INDICATORS OF GEOECONOMIC RISKS IN INTERNATIONAL ECONOMIC RELATIONS

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ABSTRACT

In the contemporary system of international economic relations, stock markets perform not only the function of capital allocation but also act as important indicators of global economic and geopolitical instability. The intensification of geopolitical conflicts, geoeconomic competition, trade wars, sanctions regimes, and the fragmentation of the global economy generate new risks for the functioning of global financial markets. Under such conditions, the dynamics of global stock market indices increasingly reflect not only investors' macroeconomic expectations but also the reaction of financial systems to geopolitical and geoeconomic shocks. Consequently, stock market indicators are becoming an important analytical tool for assessing global economic uncertainty and transformations in the international economic environment.

The aim of the article is to substantiate the role of global stock market indices as indicators of geoeconomic risks in the system of international economic relations and to identify the mechanisms through which geopolitical factors influence the dynamics of global stock markets. The study applies a combination of general scientific and specialized methods, including the systems approach, comparative analysis, statistical analysis of financial time series, as well as correlation and index analysis.

The empirical analysis covers the dynamics of leading global stock market indices for the period 2000–2024 and examines their reactions to major geopolitical events such as international conflicts, economic sanctions, financial crises, and structural changes in the global economy. The results demonstrate that global stock markets exhibit high sensitivity to geoeconomic shocks, reflected in increased volatility, shifts in market capitalization, and changes in investor behavior.

The scientific novelty of the study lies in expanding the theoretical understanding of the role of stock markets within the system of international economic security and substantiating the use of global stock indices as tools for assessing geoeconomic risks and monitoring global economic instability.

Keywords: international economic relations, stock exchanges, global stock market indices, geoeconomic risks, economic security, financial markets, geopolitical instability

JEL Classification: F30, F51, G15, G01

Received: 05/02/2026
Accepted: 20/03/2026
Published: 27/05/2026

INTRODUCTION

Under the current conditions of global economic transformation, international economic relations are increasingly shaped by geoeconomic and geopolitical factors. The intensification of conflict within the international system, the fragmentation of global markets, the expansion of sanctions policies, trade restrictions, and competition for technological leadership create a new level of uncertainty for the functioning of the global economy. In such circumstances, the timely identification of geoeconomic risks that may transform the structure of international economic relations and affect the stability of global financial systems becomes particularly important.

Stock markets represent one of the most sensitive components of the global economic system, as they rapidly respond to changes in macroeconomic expectations, political decisions, international conflicts, and structural transformations of the world economy.

The dynamics of global stock market indices, which reflect the aggregated expectations of investors, are increasingly used as indicators of the state of the global economy, financial stability, and the level of geoeconomic tension. In conditions of growing global turbulence, stock market indices perform the function of a specific "sensor" of the international economic system, signaling changes in the structure of risks, transformations of capital flows, and shifts in investment strategies at the global level.

The relevance of the study is determined by the fact that contemporary geopolitical processes—including armed conflicts, sanctions regimes, energy crises, and the strengthening of economic protectionism—significantly affect the functioning of global stock markets. As a result, stock indices not only reflect economic trends but also become important indicators of geoeconomic risks emerging within the system of international economic relations. An analysis of their dynamics makes it possible to identify the mechanisms through which geopolitical shocks are transmitted to the financial system and to assess the scale of their impact on global capital markets.

At the same time, in modern scientific literature, the problem of using stock market indices as indicators of geoeconomic risks remains insufficiently studied. Most academic works focus on the analysis of macroeconomic factors influencing stock market development or on the study of financial crises, while the relationship between geopolitical events and the dynamics of global stock indices in the context of international economic relations requires further theoretical and empirical consideration.

The aim of the article is to substantiate the role of global stock market indices as indicators of geoeconomic risks within the system of international economic relations and to determine the characteristics of their response to geopolitical shocks. To achieve this goal, the following tasks are addressed: to examine theoretical approaches to the interpretation of stock markets within the system of international economic security; to analyze the dynamics of key global stock market indices in the context of geopolitical events; to determine the nature of the relationship between geoeconomic risks and stock market behavior; and to assess the potential use of stock market indicators for monitoring global economic instability.

The obtained research results are aimed at deepening the theoretical understanding of the role of stock markets in the system of international economic relations and at developing analytical approaches to assessing geoeconomic risks in the modern global economy. The practical significance of the study lies in the possibility of using global stock market indices as tools for the early diagnosis of economic instability and for supporting strategic decision-making in the field of national economic security.

It should also be noted that in the context of increasing digitalization of financial markets and the acceleration of information flows, the role of stock market indicators as instruments for assessing global risks is significantly strengthening. Modern trading platforms enable investors to respond almost instantly to political statements, international negotiations, military conflicts, or sanctions decisions, making stock indices one of the most оперативе and informative indicators of changes in the global economic environment. In this context, the analysis of the dynamics of global stock indices makes it possible not only to assess the current state of international financial markets but also to identify trends in the transformation of international economic relations in response to growing geoeconomic instability.

LITERATURE REVIEW

Research on the relationship between global stock markets and geoeconomic risks has been actively developing within the fields of international finance, political economy, and studies of global uncertainty. One of the key directions is the analysis of the impact of geopolitical factors on financial markets. In particular, Caldara and Iacoviello (2018) proposed the Geopolitical Risk Index (GPR), which is based on text analysis of news sources and allows for the quantitative assessment of geopolitical tensions. Their findings demonstrate that increases in geopolitical risk negatively affect investment activity, international trade, and the dynamics of financial markets.

A significant contribution to the study of the influence of global uncertainty on economic dynamics was made by Baker, Bloom, and Davis (2016), who developed the Economic Policy Uncertainty (EPU) Index. The authors demonstrated that an increase in political and economic uncertainty is accompanied by higher volatility in stock markets and a decline in investment activity. Subsequent studies have shown that uncertainty indices can serve as important indicators of changes in the global economic system and significantly influence investor behavior.

Within the field of international finance, considerable attention has been paid to the role of stock markets as a mechanism for transmitting global economic shocks. Bekaert, Harvey, and Lundblad (2005) demonstrated that financial integration contributes to the faster transmission of economic shocks between countries through international financial market channels. Similar results were obtained by Forbes and Rigobon (2002), who studied the phenomenon of financial contagion during crisis periods and found that shocks in major financial markets can rapidly spread to other countries through stock market indices.

Another line of research focuses on the reaction of stock markets to geopolitical events and international conflicts. Kollias, Kyrtsou, and Papadamou (2013) showed that military conflicts and terrorist attacks have a significant short-term impact on stock markets, manifested in increased volatility and declines in market indices. Similar conclusions were reached by Guidolin and La Ferrara (2010), who examined financial market responses to international conflicts and found that political instability can lead to substantial changes in the dynamics of stock market indices.

Moreover, contemporary studies emphasize the role of global financial markets as an early warning system for changes in the international economic environment. According to Pastor and Veronesi (2013), political uncertainty significantly influences investor behavior and the structure of risks in financial markets. In turn, Barro (2006) highlights that rare catastrophic event, such as wars or large-scale economic crises, can significantly affect investor expectations and stock market dynamics.

Further research has expanded the analysis of the relationship between global risks and stock markets by focusing on the systemic role of financial indicators in the international economic system. Diebold and Yilmaz (2012) developed a methodology for measuring global financial interconnectedness and risk transmission between markets, demonstrating that stock indices can act as channels for the propagation of financial shocks across countries. Their results confirm a high level of interdependence among global financial markets, which increases the sensitivity of stock indices to geopolitical events.

An important contribution to the study of the interaction between political factors and financial markets was also made by Pástor and Veronesi (2012), who demonstrated that political uncertainty can significantly affect the structure of risks in stock markets and shape investor behavior during periods of instability. The authors emphasize that financial markets often react to political events more rapidly than the real sector of the economy, which makes them an important indicator of changes in the international economic environment.

Researchers also devote considerable attention to the issue of global financial integration and its impact on the stability of stock markets. In particular, Kose, Prasad, and Terrones (2009) showed that deeper financial integration increases interdependence among national stock markets, contributing to the faster transmission of financial shocks on a global scale. As a result, stock indices of leading economies increasingly reflect not only domestic economic processes but also global geoeconomic trends.

Despite the significant number of studies, a certain research gap still exists in the contemporary academic literature. Most studies either analyze the influence of geopolitical risks on macroeconomic indicators or examine stock market behavior during crisis periods. However, insufficient attention has been paid to a comprehensive analysis of global stock market indices as indicators of geoeconomic risks within the system of international economic relations. Therefore, further research on the relationship between geopolitical processes and the dynamics of global stock indices is essential for a deeper understanding of the mechanisms underlying the functioning of the global financial system and the transformation of international economic relations under conditions of increasing geoeconomic instability.

Recent studies of financial markets increasingly focus on the role of global uncertainty as a key factor shaping investor behavior and stock market dynamics. In this context, Jurado, Ludvigson, and Ng (2015) made a significant contribution by proposing a comprehensive methodology for measuring macroeconomic uncertainty and demonstrating its substantial influence on financial markets. Similar results were obtained by Vigne, Gupta, and Wohar (2019), who, in their literature review, emphasize that uncertainty indicators play a key role in forecasting fluctuations in financial markets. Rising uncertainty is typically associated with declining investment activity and increased volatility in stock indices.

An important strand of research is devoted to the influence of geopolitical risks on global financial markets. Kang, Ratti, and Yoon (2017) demonstrated that geopolitical risks have a statistically significant impact on oil prices and stock markets. Similar conclusions were obtained by Balcilar, Gupta, and Miller (2017), who found that rising geopolitical tensions lead to increased volatility in stock markets. Smales (2021) also emphasizes that geopolitical events may significantly affect financial markets through mechanisms related to shifts in investor expectations and capital reallocation.

Another important area of research concerns the influence of economic policy uncertainty on financial market behavior. Brogaard and Detzel (2015) demonstrated that indicators of economic policy uncertainty have a significant impact on asset pricing in financial markets. Similar results were obtained by Gulen and Ion (2016), who showed that higher levels of political uncertainty negatively affect corporate investment. Colombo (2013) also demonstrates that economic policy uncertainty in the United States significantly influences financial markets in European countries, highlighting the global nature of such risks.

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An additional direction of research focuses on the analysis of financial shocks and their transmission across different regions of the world. Engle and Rangel (2008) developed the spline-GARCH model, which enables the evaluation of the influence of macroeconomic factors on the long-term volatility of financial markets. Similar results were obtained by Antonakakis, Chatziantoniou, and Filis (2014), who showed that economic uncertainty may cause significant fluctuations in both energy and financial markets. Balakrishnan, Danninger, Elekdag, and Tytell (2011) also demonstrated that financial shocks can rapidly spread from advanced economies to emerging markets.

A significant body of research is devoted to the relationship between energy markets and stock market indices. Kilian and Park (2009) showed that oil market shocks can have a substantial impact on the U.S. stock market. Similar findings were obtained by Wang, Wu, and Yang (2013), who established that oil shocks affect the stock markets of oil-exporting and oil-importing countries differently. Gupta, Hammoudeh, Modise, and Nguyen (2014) also confirm the existence of a significant relationship between energy markets and stock market indices.

Research on stock market reactions to global crises also occupies an important place in contemporary literature. Zhang, Hu, and Ji (2020) demonstrated that the COVID-19 pandemic caused a sharp increase in volatility across global financial markets. Bouri, Demirer, Gupta, and Pierdzioch (2020) showed that global crises and infectious diseases can significantly influence investor behavior and the dynamics of financial assets. Similar results were obtained by Baur and Smales (2020), who investigated the role of precious metals as instruments for hedging geopolitical risks.

Another line of literature examines the impact of conflicts and terrorist attacks on financial markets. Chen and Siems (2004) showed that terrorist attacks may have significant short-term effects on global financial markets. Similar conclusions were obtained by Suleman (2012), who examined stock market reactions to terrorist attacks in countries characterized by high levels of political instability. Tavares (2004) also emphasizes that political shocks can significantly influence macroeconomic indicators and financial markets.

Thus, contemporary academic literature demonstrates substantial interest in the relationship between geopolitical risks, economic uncertainty, and financial market dynamics. Most studies confirm that global stock market indices are highly sensitive to changes in the international economic and political environment. At the same time, the use of stock indices as a comprehensive indicator of geoeconomic risks within the system of international economic relations remains insufficiently explored, which determines the relevance of further research in this direction.

AIMS AND OBJECTIVES

The aim of the article is to provide a theoretical justification and empirical analysis of the role of global stock market indices as indicators of geoeconomic risks within the system of international economic relations, as well as to determine the nature of their response to key geopolitical events and economic shocks. To achieve this aim, the study addresses the following tasks:

1. To analyze theoretical approaches to the study of the relationship between geoeconomic risks, international conflicts, and the functioning of global financial markets.
2. To determine the role of global stock exchanges within the system of international economic relations and their significance for assessing global economic stability.
3. To analyze the dynamics of key global stock market indices in the context of geopolitical events and crisis phenomena in the global economy.
4. To assess the relationship between geoeconomic risks and stock market behavior using statistical and comparative methods of analysis.
5. To determine the potential for using stock market indices as a tool for the early identification of geoeconomic instability within the system of international economic relations.

The implementation of these tasks makes it possible to deepen the theoretical understanding of the role of stock markets in the global economic system and to develop analytical approaches for assessing geoeconomic risks under conditions of increasing geopolitical turbulence.

METHODS

The methodological framework of the study is based on the integration of approaches from international political economy, financial economics, and global risk analysis. Such an interdisciplinary approach makes it possible to comprehensively examine the role of global stock market indices as indicators of geoeconomic risks within the system of international economic relations.

The study employs a systems approach, which allows stock markets to be considered as a component of the global financial system that operates in close interaction with political, economic, and security processes in the international environment. This approach enables an assessment of the impact of geopolitical events, international conflicts, and economic shocks on the dynamics of global stock markets.

The empirical part of the research is based on the analysis of the dynamics of leading global stock market indices that reflect the condition of the world's largest financial markets. The sample includes indices representing key regions of the global economy, namely the S&P 500 (United States), NASDAQ Composite (United States), FTSE 100 (United Kingdom), DAX (Germany), Nikkei 225 (Japan), and Shanghai Composite (China). This approach makes it possible to account for regional characteristics of financial market functioning and to assess their responses to global geoeconomic processes.

The study covers the period 2000–2024, which includes a number of major events that significantly influenced international economic relations and global financial markets, including the 2008 global financial crisis, the European sovereign debt crisis, trade conflicts between the United States and China, the COVID-19 pandemic, and the growing geopolitical tensions worldwide.

To analyze the relationship between geoeconomic events and the dynamics of stock market indices, a combination of statistical and econometric methods is applied. In particular, descriptive statistical methods are used to assess the dynamics of stock indices, correlation analysis is applied to determine the relationships between global risks and stock market behavior, and comparative analysis is used to identify differences in the responses of stock markets in different regions of the world to geopolitical shocks.

In addition, an index-based approach is employed, which involves the analysis of aggregated stock market indicators as measures of investor expectations and the level of global economic uncertainty. This approach makes it possible to consider stock indices not only as financial indicators but also as important informational signals reflecting changes in the international economic environment.

The information base of the study consists of statistical data obtained from international financial platforms and analytical databases, including Bloomberg, Yahoo Finance, and Investing.com, as well as analytical materials from international financial organizations. The use of these sources ensures the representativeness of the data and enables a comparative analysis of global financial markets.

The application of these methods allows for a comprehensive assessment of the role of global stock market indices as indicators of geoeconomic risks and helps determine their significance for analyzing the transformation of international economic relations under conditions of global instability.

In addition, the study employs the event-study approach, which involves analyzing the reactions of global stock indices to key geopolitical and economic events. This approach allows for the evaluation of changes in the dynamics of stock market indicators in the short and medium term following significant geoeconomic shocks, including international conflicts, the introduction of economic sanctions, financial crises, or global economic disturbances. The use of event analysis makes it possible to determine the sensitivity of stock markets to geopolitical factors and to identify patterns in investor responses to changes in the international economic environment.

RESULTS

This section presents the results of the empirical analysis of the dynamics of global stock market indices in the context of increasing geoeconomic risks within the system of international economic relations. The analysis aims to identify key trends in the behavior of financial markets during periods of global economic instability and heightened geopolitical tensions. Particular attention is devoted to assessing the response of the world's leading stock markets to major economic and political shocks, including financial crises, international conflicts, and other events that influence the structure of the global economy. Such an approach makes it possible to evaluate the degree of sensitivity of stock market indices to changes in the international economic environment.

DOI: 10.55643/ser.2.60.2026.663

In addition, the results of the analysis make it possible to compare the behavior of stock markets across different regions of the world and to assess the level of their interdependence under conditions of globalized financial flows. This creates a basis for further interpretation of the role of stock market indices as indicators of geoeconomic instability. For the empirical analysis, the dynamics of leading global stock market indices over the period 2000–2024 were examined. The sample includes the S&P 500, NASDAQ Composite, FTSE 100, DAX, Nikkei 225, and Shanghai Composite, which represent key financial centers of the global economy (Table 1).

Table 1. Descriptive statistics of global stock indices (2000–2024). *(Source: compiled by the author based on data from Bloomberg, Yahoo Finance, and Investing.com)*

Index	Mean	Std. Dev.	Min	Max
S&P 500	2145	1083	735	4796
NASDAQ Composite	6124	4210	1114	16057
FTSE 100	6120	987	3512	8014
DAX	8410	3915	2202	16903
Nikkei 225	17654	6872	7608	38915
Shanghai Composite	2891	892	998	6092

The obtained results demonstrate significant variability in the dynamics of global stock market indices during the analyzed period. Changes in their values reflect the complex interaction of macroeconomic factors, transformations in global financial flows, and shifts in the international economic environment. The most pronounced fluctuations in index dynamics were observed during periods of global financial crises and large-scale economic disturbances. During such phases, stock markets were characterized by sharp declines in market capitalization and increased volatility, indicating a rise in investor uncertainty and a revision of investment strategies.

At the same time, the behavior of stock indices was significantly influenced by geopolitical factors, including international conflicts, the introduction of sanctions regimes, and the intensification of economic competition among the world's leading economies. Under such conditions, financial markets react rapidly to informational signals, resulting in short-term fluctuations in stock market indicators. The results of descriptive statistical analysis confirm the high sensitivity of global stock market indices to changes in the global economic and political environment. This makes it possible to consider them as important indicators of geoeconomic risks and as an effective tool for monitoring transformations within the system of international economic relations.

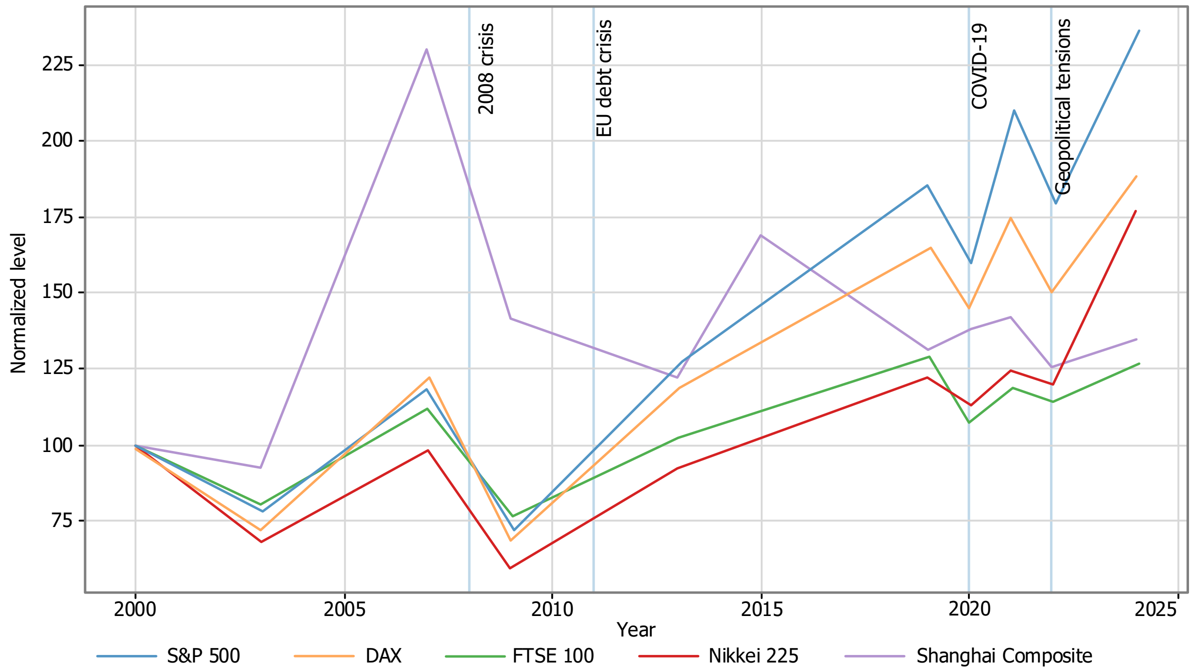

Figure 1. Dynamics of global stock indices (2000–2024). *(Source: compiled by the author based on data from Bloomberg, Yahoo Finance, and Investing.com; visualization created using Python software)*

The analysis of the dynamics of global stock market indices makes it possible to trace the general trends in the development of global financial markets during the study period. As shown in Figure 1, stock markets demonstrate a clear cyclical pattern associated with phases of economic expansion and recession in the global economy. Following the initial fluctuations of the early 2000s, most indices exhibited gradual growth until the onset of the global financial crisis.

The most significant decline in the indices was observed in 2008–2009, when the global financial crisis led to a substantial contraction in the capitalization of stock markets. Almost all of the analyzed indices demonstrated a synchronized decrease, confirming the high level of interdependence among global financial systems. At the same time, after the crisis period, markets gradually recovered, accompanied by increased investment activity and stabilization of macroeconomic indicators.

The subsequent dynamics of the indices indicate that global financial markets remain sensitive to geopolitical and economic shocks. In particular, during the COVID-19 pandemic in 2020, a short-term but relatively sharp decline in stock market indicators was observed. However, due to large-scale monetary and fiscal support measures aimed at stabilizing the economy, market recovery occurred relatively quickly.

Particular attention should also be paid to differences in the dynamics of indices across different regions of the world. U.S. stock market indices demonstrate a more stable long-term growth trend, which is associated with the dominant role of the United States in the global financial system and the high level of development of the technological sector. At the same time, European and Asian indices are characterized by more moderate dynamics and greater sensitivity to regional economic factors.

The results of the time-series analysis of stock indices confirm that financial markets respond rapidly to changes in the global economic and political environment. This makes it possible to consider stock market indices as an important tool for assessing geoeconomic risks and monitoring transformations within the system of international economic relations.

Additional insight into the nature of interactions among global stock markets is provided by correlation analysis, the results of which are presented in Table 2. The analysis of the correlation matrix makes it possible to assess the degree of synchronization in the dynamics of stock indices across different regions of the world and to determine the level of integration of international financial markets. As shown in Table 2, a high level of statistical relationship is observed among most of the analyzed indices, indicating strong interdependence among the world's leading financial centers. Such interaction increases the speed of transmission of financial shocks between markets and confirms the growing role of global stock market indices as indicators of geoeconomic risks in the modern system of international economic relations.

Table 2. Correlation matrix of global stock indices. *(Source: compiled by the author based on data from Bloomberg, Yahoo Finance, and Investing.com)*

Index	S&P500	DAX	FTSE	Nikkei	Shanghai
S&P500	1.00	0.89	0.86	0.74	0.42
DAX	0.89	1.00	0.82	0.70	0.39
FTSE	0.86	0.82	1.00	0.66	0.35
Nikkei	0.74	0.70	0.66	1.00	0.41
Shanghai	0.42	0.39	0.35	0.41	1.00

The results indicate a high level of correlation between the stock markets of the United States and Europe. The strongest relationship is observed between the S&P 500 and DAX ($r = 0.89$), which indicates a high level of integration of transatlantic financial markets. The obtained results of the correlation analysis demonstrate a high degree of synchronization among the world's leading stock markets. Particularly strong relationships are observed between American and European indices, which can be explained by the high level of financial integration between the economies of these regions, as well as by the active participation of transnational financial institutions in shaping global capital flows.

High correlation values between the S&P 500, DAX, and FTSE 100 indicate that the stock markets of advanced economies respond almost simultaneously to global economic and political events. During periods of financial crises or geopolitical shocks, this leads to the rapid transmission of negative signals across markets, amplifying the effects of global financial instability.

At the same time, Asian stock markets demonstrate a somewhat lower level of correlation with American and European indices. In particular, the Shanghai Composite Index shows relatively weaker statistical relationships with other markets, which may be associated with the institutional characteristics of China's financial system, as well as the greater role of state regulation in the functioning of the stock market.

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The results of the correlation analysis confirm that global stock markets form a highly integrated system in which financial shocks can quickly spread across different regions of the world. This once again highlights the importance of using global stock market indices as indicators of geoeconomic risks within the system of international economic relations.

Geopolitical events play an important role in shaping the dynamics of global financial markets, as they directly influence investor expectations, international capital flows, and the level of global economic uncertainty. Rising political tensions, international conflicts, or the implementation of sanctions policies often lead to a sharp revision of investment strategies and an increase in the volatility of stock indices. Under such conditions, financial markets function as a mechanism for rapid response to changes in the international political environment.

Stock markets are particularly sensitive to events of a global scale that can affect the functioning of the world economy. Such events include financial crises, global pandemics, energy shocks, or military conflicts between key economic centers. As a rule, in the short term, these events lead to a decline in stock indices and an increase in volatility, reflecting heightened levels of risk and uncertainty in investor behavior.

In order to assess the impact of key geopolitical events on global stock markets, the average level of decline in stock indices during periods of the most significant economic and political disturbances was analyzed. The summarized results of this analysis are presented in Table 3, which demonstrates the scale of stock market reactions to major global crises and geopolitical events.

Table 3. Stock market volatility during major geopolitical events. *(Source: compiled by the author based on data from Bloomberg, Yahoo Finance, and Investing.com)*

Event	Average index decline
Global financial crisis (2008)	−38%
European debt crisis (2011)	−17%
COVID-19 pandemic (2020)	−32%
Geopolitical tensions (2022)	−14%

The results indicate that the most significant decline in stock markets occurred during the 2008 global financial crisis. Even political conflicts have a direct impact on stock market dynamics, increasing their volatility. The analysis of the data presented in Table 3 shows that the largest stock market downturns occur during systemic crises of a global nature. Such events are typically accompanied by a sharp decline in investment activity, increased uncertainty, and the redistribution of financial flows across different regions of the world.

At the same time, the results demonstrate that even events not directly related to the financial system can have a substantial impact on stock markets. Geopolitical conflicts, sanctions restrictions, or energy shocks generate additional risks for international economic relations, which are quickly reflected in changes in investor behavior and fluctuations in stock market indices. The presented findings confirm that global stock markets are highly sensitive to changes in the international political and economic environment. This emphasizes the importance of using stock market indicators as tools for the early detection of geoeconomic risks and for assessing potential instability within the system of international economic relations.

The obtained results confirm that global stock indices are highly sensitive to changes in the geopolitical and geoeconomic environment. Their dynamics reflect not only economic processes but also the reaction of financial markets to international conflicts, sanctions regimes, and global crises.

The high level of correlation between the stock markets of leading economies indicates increasing financial integration and the strengthening of mechanisms for the transmission of global risks. In this context, stock market indices may be considered an important indicator of geoeconomic instability and can be used to monitor transformations within the system of international economic relations.

An important aspect of the obtained results is that stock indices reflect not only the current state of financial markets but also the expectations of economic agents regarding the future development of the global economy. Investors respond rapidly to changes in macroeconomic conditions, political decisions, and international conflicts, leading to quick adjustments in the value of financial assets. As a result, stock market indices become a kind of informational signal reflecting the level of confidence in the global economic system.

Moreover, the growing interdependence between stock markets across different regions of the world increases the importance of global financial indicators for assessing systemic risks. Under contemporary conditions of globalization, financial flows are characterized by high mobility, and changes in one key market can quickly spread to other economies. This increases the role of stock indices as tools for monitoring potential crisis phenomena in the international economic system.

Thus, the results of the conducted analysis confirm that global stock market indices can be used not only to assess the condition of financial markets but also as an analytical instrument for studying geoeconomic processes. Their dynamics make it possible to identify structural changes in international economic relations and to evaluate the level of global economic instability and potential risks for the development of the world economy.

DISCUSSION

The obtained results confirm that global stock market indices are sensitive to changes in the geoeconomic and geopolitical environment. The dynamics of stock markets demonstrate a clear dependence on global economic crises, international conflicts, and periods of heightened political uncertainty. These findings are consistent with the results of Caldara and Iacoviello (2018), who demonstrated that an increase in geopolitical risk negatively affects economic activity and financial markets. In addition, Baker, Bloom, and Davis (2016) showed that indicators of economic policy uncertainty can serve as important predictors of fluctuations in stock markets.

The results also confirm a high level of integration among the world's leading stock markets. Correlation analysis demonstrates a strong relationship between the stock indices of the United States and Europe, which corresponds to the findings of Forbes and Rigobon (2002) and Bekaert, Harvey, and Lundblad (2005), who emphasized the role of financial integration in the transmission of economic shocks between countries. Similar conclusions were obtained by Diebold and Yilmaz (2012), who showed that global financial markets form a complex system of interconnected networks in which financial risks can quickly spread across different economies.

At the same time, the results of the study indicate that stock markets respond to geopolitical events more rapidly than macroeconomic indicators of the real sector of the economy. This finding is consistent with the conclusions of Pastor and Veronesi (2013), who demonstrated that political uncertainty significantly influences investor behavior and the structure of risks in financial markets. Similar results were obtained by Brogaard and Detzel (2015), who found that changes in economic policy may lead to substantial fluctuations in financial asset prices.

Moreover, the results of the analysis confirm the significant influence of global crises on stock market behavior. The decline in stock indices during periods of global crises is consistent with the findings of Zhang, Hu, and Ji (2020), who showed that the COVID-19 pandemic caused a sharp increase in volatility in global financial markets. Similar conclusions were obtained by Bouri, Demirer, Gupta, and Pierdzioch (2020), who demonstrated that global crises and infectious diseases may significantly influence financial markets through mechanisms associated with rising uncertainty.

It is also important to note the impact of energy shocks and oil price fluctuations on stock market behavior. The study by Kilian and Park (2009) showed that changes in energy markets can have a significant influence on the dynamics of stock market indices. Similar results were obtained by Wang, Wu, and Yang (2013), who demonstrated that oil shocks affect the stock markets of energy-exporting and energy-importing countries differently. In turn, Gupta, Hammoudeh, Modise, and Nguyen (2014) also emphasize the strong relationship between energy markets and stock market indices.

Considerable attention in the contemporary literature is also devoted to the impact of geopolitical risks on financial markets. Kang, Ratti, and Yoon (2017) showed that geopolitical tensions may lead to increased volatility in financial markets. Similar results were obtained by Balcilar, Gupta, and Miller (2017), who found that geopolitical risks can have a significant influence on the dynamics of stock indices. Smales (2021) also emphasizes that geopolitical events may cause significant fluctuations in financial markets through mechanisms related to changes in investor expectations.

Thus, the results of the conducted study confirm the key conclusions of contemporary academic literature regarding the role of global financial markets as indicators of geoeconomic risks. Global stock market indices reflect not only the current state of financial markets but also investor expectations regarding the future development of the global economy. This makes it possible to use them as an effective tool for monitoring global economic instability and analyzing transformations within the system of international economic relations.

CONCLUSIONS

Under contemporary conditions of increasing geopolitical tensions and the transformation of international economic relations, the study of factors influencing the stability of global financial markets has become particularly important. Within

DOI: 10.55643/ser.2.60.2026.663

the framework of this research, the dynamics of leading global stock market indices were analyzed, and their role as indicators of geoeconomic risks was assessed. The obtained results indicate that stock markets are highly sensitive to changes in the international economic and political environment.

The analysis demonstrates that global financial crises, geopolitical conflicts, and other large-scale economic shocks significantly affect the dynamics of stock market indices. The most substantial fluctuations in stock markets were observed during the 2008 global financial crisis and the COVID-19 pandemic, which confirms the high sensitivity of financial markets to systemic economic disturbances. During such periods, a sharp increase in the volatility of stock indices and a decline in investment activity can be observed, reflecting an elevated level of global economic uncertainty.

The conducted correlation analysis also confirmed a high level of integration among the stock markets of the world's leading economies. The strongest relationships are observed between the stock markets of the United States and Europe, indicating a high degree of financial integration between these regions. At the same time, Asian stock markets demonstrate a somewhat lower level of correlation with American and European indices, which may be related to institutional characteristics of the financial systems in certain countries.

The obtained results allow us to conclude that global stock market indices can be used as an effective tool for monitoring geoeconomic risks. Their dynamics reflect not only economic processes but also the reaction of financial markets to geopolitical events, international conflicts, and changes in the global economic system. In this context, stock market indices can be considered an important analytical indicator of transformations within the system of international economic relations.

The practical significance of the study lies in the possibility of using stock market indices to assess the level of global economic instability and to forecast potential financial risks. The results obtained may be applied in the process of economic policy formation, financial risk management, and the development of strategies aimed at ensuring the economic security of states.

Prospects for further research are related to a deeper analysis of the relationship between geopolitical risks, financial markets, and international capital flows. In particular, future studies may focus on the application of more advanced econometric models to assess the influence of geoeconomic factors on the dynamics of stock markets and to investigate the mechanisms of financial shock transmission in the global economy.

In addition, the obtained results highlight that global stock markets perform the function of an indicator of changes in the global economic system. The speed with which stock indices respond to political and economic events indicates that financial markets can serve as one of the most prompt sources of information about the state of the global economy. In this context, the analysis of stock index dynamics makes it possible to identify early signals of changes in the international economic environment and to assess potential risks to the stability of the global financial system.

Furthermore, the results of the study confirm the growing role of financial markets in shaping the modern architecture of international economic relations. The processes of globalization and the digitalization of financial systems facilitate the rapid transmission of economic signals across different regions of the world, strengthening the interdependence among national economies. Under such conditions, stock market indices become an important tool for analyzing global economic processes, as they reflect not only domestic economic trends within individual countries but also structural transformations in the global economy.

Overall, the results of the conducted study indicate that the use of global stock market indices as indicators of geoeconomic risks has significant analytical potential for the study of international economic relations. The integration of financial market analysis with the examination of geopolitical and macroeconomic factors allows for a more comprehensive understanding of contemporary processes of global economic transformation and enhances the effectiveness of risk assessment within the global economic system.

ADDITIONAL INFORMATION

ACKNOWLEDGMENT

During the preparation of the manuscript, the author used artificial intelligence tools for auxiliary text processing, material structuring, and language editing. The use of such tools did not influence the scientific results of the study, their interpretation, or the conclusions presented in the article. Full responsibility for the content of the research is borne by the author.

FUNDING

The Authors received no funding for this research.

CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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Сохацька О.

ГЛОБАЛЬНІ БІРЖОВІ ІНДЕКСИ ЯК ІНДИКАТОРИ ГЕОЕКОНОМІЧНИХ РИЗИКІВ У МІЖНАРОДНИХ ЕКОНОМІЧНИХ ВІДНОСИНАХ

У сучасній системі міжнародних економічних відносин фондові ринки не лише виконують функцію перерозподілу капіталу, а й виступають важливими індикаторами глобальної економічної та геополітичної нестабільності. Посилення геополітичних конфліктів, зростання геоекономічної конкуренції, торговельні війни, санкційні режими та фрагментація світової економіки формують нові ризики для функціонування глобальних фінансових ринків. За таких умов динаміка глобальних фондових індексів дедалі більше відображає не лише макроекономічні очікування інвесторів, а й реакцію фінансових систем на геополітичні та геоекономічні шоки.

Метою дослідження є обґрунтування ролі глобальних фондових індексів як індикаторів геоекономічних ризиків у системі міжнародних економічних відносин і визначення механізмів трансмісії геополітичних факторів у динаміку світових фондових ринків. У роботі використано поєднання загальнонаукових і спеціальних методів, зокрема системний підхід, порівняльний аналіз, статистичні методи аналізу фінансових часових рядів, а також кореляційний та індексний аналіз.

Емпірична частина дослідження базується на аналізі динаміки провідних глобальних фондових індексів за період 2000–2024 рр., що дозволило простежити їхню реакцію на ключові геополітичні події, включаючи міжнародні конфлікти, економічні санкції, фінансові кризи та структурні трансформації світової економіки. Результати дослідження засвідчили високу чутливість фондових ринків до геоекономічних шоків, що проявляється в зростанні волатильності, структурних змінах динаміки ринкової капіталізації та трансформації інвестиційної поведінки.

Наукова новизна дослідження полягає в розширенні теоретичного розуміння ролі фондових ринків у системі міжнародної економічної безпеки та обґрунтуванні використання глобальних фондових індексів як аналітичного інструмента оцінювання геоекономічних ризиків і моніторингу глобальної економічної нестабільності.

Ключові слова: міжнародні економічні відносини, фондові біржі, глобальні біржові індекси, геоекономічні ризики, економічна безпека, фінансові ринки, геополітична нестабільність

JEL Класифікація: F30, F51, G15, G01