

The Cross-Border Impact of the Russia-Ukraine War on Interconnectedness among Financial Markets, Oil and Cryptocurrencies in Asia Pacific

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ABSTRACT

Purpose: This study examines how the Russia-Ukraine war impacted the interconnectedness of stock markets, cryptocurrencies, and oil return volatility among Asia Pacific economies including Hong Kong, Japan, Australia, New Zealand, South Korea, China, India, Indonesia, Taiwan, Thailand, Singapore, Malaysia, and Vietnam.

Design/methodology/approach: Daily market price data from January 1, 2011, to December 31, 2023, will be analyzed. The sample is divided into pre-pandemic (2011-2019), COVID-19 (2020-2021), and Russia-Ukraine conflict (2022-2023) periods. The methodology employs Diebold and Yilmaz's (2012) connectedness approach of Time-Varying Parameter Vector Autoregression (TVP-VAR), refined by Antonakakis et al. (2020) for dynamic estimation of evolving interdependencies.

Findings: The study demonstrated increased volatility spillovers between developed and emerging markets, growing integration of cryptocurrencies with traditional assets, and amplified impact of oil price fluctuations. The research revealed dynamic, time-varying relationships among markets, highlighting the complex nature of cross-border financial interactions in the region.

Practical implications: The findings can help with regulation by developing strategies to manage volatility transmission and risk across borders during political crises in Asia-Pacific.

Originality value: This research will make an important contribution by examining how different financial assets are impacted by geopolitical instability, especially in the Asia-Pacific region. It brings together the effects on stocks, cryptocurrency, and energy futures to fill an important gap in the literature. This gives a full picture of how political tensions affect many financial areas in this region.

Keywords: *Asia Pacific Markets, Cryptocurrency Integration, Financial Interconnectedness, Russia-Ukraine War, Volatility Spillovers*