MScFE690 Capstone Peer Review of Group 02 Project Proposal

Reviewed By

Group 01

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# Introduction

The Project Proposal is titled: **Statistical Characteristics of South African Capital Markets.** The research aims at making an assessment of the effects of the COVID-19 pandemic on the South African (SA) Financial Markets.

The researchers’ objective to model the SA Financial Market, understand its statistical and econometric characteristics for the periods before and during the pandemic. This will form a basis of comparison. They intend to use Machine Learning Neural Networks and Monte Carlo Methods to carry out the assessments

# SWOT Analysis

## Strengths

The use of a number of input features presents the possibility of developing a good model to make analysis of the marked movements. Incorporating Neural Networks in the design and analysis presents an opportunity to have a model with better prediction and learning capabilities.

## Weaknesses

The researchers should consider the weaknesses that might be presented with their model:

* The data for the pandemic might not be complete as the effects of the pandemic are still being felt;
* Due to the point above, the research might not be able to conclude the how long the shocks of the pandemic would have lasted;
* This presents also an opportunity to update the studies in future with updated data.

## Opportunities

This research presents an opportunity of building a model that can be extended and be used in other markets and in different market regimes. The use of Neural Networks can be exploited for development of a model that can work with other data.

## Threats

The research faces a threat of other factors affecting the markets and not necessarily the pandemic during this period. The researchers should try to identify any other factors that might affect the market apart from the pandemic during the period of pandemic and take that into consideration in the analysis.

# Summary

A few observations and comments on the research as it is developed:

* The research is specific to assessment of the effects of COVID-19: This should be reflected in the title of the project;
* It will be important to also identify other market regimes during the period under consideration;
* An analysis can also be made on the performance of different classes of stocks maybe classified based on Market Cap or sector. The performance of sector based maybe important because we will find that there are sectors which have thrived as a result of the pandemic while others have gone done.