Comparative Pre/Post Covid:

Table 1.

Before Covid we cannot see short-term reversals when the stock price change is positive.

While post covid we can appreciate reversals during the first two days in most of the proxies and corresponding thresholds, except in the case of the larger threshold of proxy C, where we need to wait until the 5-days horizon, to observe such change.

When the stock price change is negative, we can appreciate price reversals in all the proxies, except for the larger threshold of proxy B where there is no evidence of reversals in any temporal horizon.

After Covid, however, we cannot appreciate any reversal in the short-term in any proxy or threshold.

Table 2.

Considering those situations where the stock price increases drastically and the market in day 0 has the same direction, we cannot appreciate any short-term reversals for any proxy and any threshold. However, the results change during and after pandemic, where we can observe these reversals during the first following two days to the change, for all the proxies, in their lower threshold. However, we only observe this reversal in the large threshold of the proxy B.

The differences between both periods are noticeable when the prices suffer a drastic decrease and the market has a positive sign during day 0.

Before covid, we observe price reversals during the first two days for all the proxies and their thresholds, except for proxy B in their large threshold, where we need to wait to see these reversals during the following 20-days period.

During and after covid, the results do not show evidence of these price reversals.

When we observe those observations where the market decreases during day 0, and the prices increases drastically before covid, we do not find statistical significance of price reversals other than during the 20 following days to the shock for proxy A and lower threshold.

However, we find significant reversals during the 5-days temporal horizon since day 0, for most of the proxies and thresholds, except for proxy B and low threshold, where this reversal takes place the first 2 days.

When both the market and the stock price decrease during day 0 before covid, we can observe price reversals in most of the proxies during the first two days after day 0, except for proxy B, where we find statistical reversals during the first 20-days period for the low threshold and no evidence for the larger threshold.

We do not find any statistically significant price reversal for this situation during and after covid.

Table 3.

-Small caps

For small caps, before covid for market increase and stock price increase, we do not find any statistically significant price reversal. For any of the proxies and thresholds.

While for the period during and after covid, we observe statistical significant price reversals during the first two days for all the proxies and their corresponding thresholds.

For the same capitalization, before covid the price decreases are corrected during the first two days when the market increase. However, this evidence is not supported by the larger threshold of proxy B. However, during and after covid, we do not find any correction in any scenario.

When the market decreases in day 0 before covid and the prices increases, there’s not price reversals. However, during and after covid, we observe price reversals during the first following five days, except for the lower threshold of proxy B, where this evidence is found in the first two days.

When the market decreases in day 0 before covid and the prices decreases, there are reversals during the first two days for most of the proxies and thresholds except for the larger of proxy B.

During and after covid, it doesn’t seem to have any kind of correction.

-Mid caps

Following the pattern of small caps, before covid for market increase and stock price increase, we do not find any statistically significant price reversal. During and after covid, we obtain similar results as before pandemic except for proxy B and lower threshold, where we observe statistically significant reversals during the first two days.

When the market increases in day 0 and the shock in the price that day is negative, before covid, we find evidence of reversals during the first five days for proxy A and C, or 20 days in the case of proxy B. All of them in the lower thresholds. We can only find that evidence in the larger threshold of proxy A, during the following 20 days to the shock.

Before covid, when the market decreases in day 0 and the shock in the price is positive, we only find reversals during the first 2 days for the larger threshold of proxy C. These results are similar during and after covid, where the reversals are only evident for proxy B in the lowe threshold.

Before covid, when the market decreases and the large price change is negative, we only find statistically significant reversals in the lower thresholds of proxy A and C for the first 20 and 2 days respectively.

These results differ from the ones found for the period during and after the pandemic, where we can observe significant reversals for all the proxies, and thresholds, in most of them during the first two days, except for the lower threshold of proxy A, where we find this change of tendency during the first five days, following the stock price change.

-Large cap

Same as in the rest of capitalizations, in large companies we do not find price reversals before covid when the market increases and the sign of the price change is positive. During and after pandemic, we only find evidence of reversals during the first 2 days in the lower thresholds of proxy A and B, and in the larger threshold for the latter.

When the market increases and the price change decrease, there are significant reversals in all the scenarios of proxy A and B for the period before covid. Similar results are found for the following period, where we find price reversals in all the proxies and thresholds, except for the larger one of proxy B.

When the market decreases before covid, we only find evidence of reversals when the price change is negative for both thresholds of proxy C during the first two days following to day 0.

For the period during and after covid, we find the same absence of significant reversals when the price change is positive, but we observe reversals when the price change is negative, for all the proxies and their corresponding thresholds, except for the larger threshold of proxy B. These reversals tend to take place during the following five days although for the lower thresholds of proxy A and B, the evidence is found during the following 2 days and 20 days respectively.

Table 1.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ❌ | ✅ | ✅ |
| Post-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |

Table 2. Market increase

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ✅ | ❌ | ✅ | ✅ | ✅ | ❌ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |
| Post-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |

Table 2. Market decrease

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ✅ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ❌ | ✅ | ✅ |
| Post-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |

Table 3. Market increase – Small caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ❌ | ✅ | ✅ |
| Post-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |

Table 3. Market decrease – Small caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ❌ | ✅ | ✅ |
| Post-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |

Table 3. Market increase – Mid caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ❌ | ❌ | ✅ | ❌ | ❌ | ❌ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ❌ | ✅ | ❌ |
| Post-Covid | ✅ | ✅ | ❌ | ❌ | ✅ | ✅ |

Table 3. Market decrease – Mid caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ✅ |
| Post-Covid | ❌ | ❌ | ✅ | ❌ | ❌ | ❌ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ❌ | ❌ | ❌ | ✅ | ❌ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |

Table 3. Market increase – Large caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ❌ | ❌ | ✅ | ❌ | ❌ | ❌ |
| Price Decrease | | | | | | |
| Pre-Covid | ✅ | ✅ | ✅ | ✅ | ❌ | ❌ |
| Post-Covid | ✅ | ✅ | ❌ | ❌ | ✅ | ✅ |

Table 3. Market decrease – Large caps

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Proxy A | Proxy A | Proxy B | Proxy B | Proxy C | Proxy C |
|  | Lower threshold | Larger threshold | Lower threshold | Larger threshold | Lower threshold | Larger threshold |
| Price Increase | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ❌ | ❌ |
| Post-Covid | ❌ | ❌ | ✅ | ❌ | ❌ | ❌ |
| Price Decrease | | | | | | |
| Pre-Covid | ❌ | ❌ | ❌ | ❌ | ✅ | ✅ |
| Post-Covid | ✅ | ✅ | ✅ | ✅ | ✅ | ✅ |