

FIFA World Cup: How does it relate to the stock markets?

DIGITAL ENGAGEMENT TEAM

1 NOVEMBER 2022

TRADING MATTERS SERIES: NEWS FOCUS

*The summary and impact of
a major news event*

What is FIFA World Cup?

The Fédération Internationale de Football Association (FIFA) World Cup is an international association football competition contested by 32 national teams once every four years.¹ The month-long competition will be held between 20 Nov to 18 Dec this year, with Qatar as the host country.² This year's edition is expected to break records and be watched by 5 billion people around the globe, more than half the global population.^{3,6}



How does it affect the global stock markets?

Several studies have been done on the impact of the FIFA World Cup and its associated “World Cup effect” on investor behaviour and stock markets.⁷ These studies highlight reduced attention on the stock markets,⁴ an impact on trading volumes,⁴ as well as stock market movements and price formation linked to investor emotions and match outcomes during past World Cup soccer matches.^{4,5,7}

When it comes to market liquidity

As many soccer matches are being played during trading hours globally,⁴ investors may be present at their desks during matches but be distracted as the action unfolds.⁴ Evidence shows reduced stock market activity during World Cup matches, with the number of trades further influenced by match events such as when goals are scored.⁴ The decline in trading activity is also accompanied by a lower level of activity by market makers and influenced by whether the national team is playing. During the 2010 World Cup, the median number of trades dropped by 45% if the national team was playing, with a drop in volume by 55% and drop in number of offered quotes by 30% compared to normal market circumstances.⁴ Although the magnitude of the effect differed across countries, this fall in trading activity was identified across every stock exchange studied.⁴

When it comes to prices and returns

Studies also show the “World Cup effect” has an impact on investor emotions and sentiment,^{5,7} with a more pronounced effect on a small stock index than a large stock index.⁵ When a nation lost an international soccer match, national stock markets earned a statistically and economically significant negative return of 49.4 basis points.⁵ From the results gathered from 1973 to 2004, the elimination games in the final stages of soccer competitions had the greatest mood impact, and losing an international soccer match could lead to lower next-day returns on that national stock market.⁵



S&P 500 Index

Below are the **biggest equity index movers** based on their % Change from 01 Jan 2022 – 25 Oct 2022

Price Chart



Top leaders

Here are the biggest index leaders year-to-date, to show in more detail which companies have fluctuated the most in this period

Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
OXY UN	Occidental Petroleum Corp	70.83	+145.87%	9/9/2022	0.04	73.50	3.77%
HES UN	Hess Corp	136.26	+85.90%	16/9/2022	1.00	138.14	1.38%
MRO UN	Marathon Oil Corp	29.47	+81.21%	16/8/2022	0.18	32.05	8.75%
DVN UN	Devon Energy Corp	75.24	+80.62%	9/9/2022	1.97	80.08	6.43%
COP UN	ConocoPhillips	125.14	+80.26%	28/9/2022	1.95	129.84	3.76%
XOM UN	Exxon Mobil Corp	106.60	+79.68%	11/8/2022	3.49	108.58	1.86%
MPC UN	Marathon Petroleum Corp	111.46	+77.61%	16/8/2022	2.32	123.93	11.19%
CEG UW	Constellation Energy Corp	87.58	+77.26%	12/8/2022	0.14	95.07	8.55%
VLO UN	Valero Energy Corp	129.22	+76.97%	3/8/2022	3.92	139.00	7.57%
SLB UN	Schlumberger NV	52.15	+76.11%	6/12/2022	0.50	55.43	6.29%

Top laggards

Here are the biggest index laggards year-to-date, to show in more detail which companies have fluctuated the most in this period

Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
ALGN UW	Align Technology Inc	211.39	-67.83%	N/A	N/A	317.09	50.00%
MTCH UW	Match Group Inc	42.54	-67.83%	N/A	N/A	75.60	77.72%
GNRC UN	Generac Holdings Inc	113.28	-67.81%	N/A	N/A	188.00	65.96%
SIVB UW	SVB Financial Group	232.01	-65.79%	N/A	N/A	339.83	46.47%
META UW	Meta Platforms Inc	129.72	-61.43%	N/A	N/A	203.09	56.56%
VFC UN	VF Corp	27.86	-60.73%	9/9/2022	1.98	39.53	41.87%
AMD UW	Advanced Micro Devices	58.70	-59.21%	N/A	N/A	90.68	54.49%
CCL UN	Carnival Corp	8.22	-59.15%	N/A	N/A	10.58	28.72%
SWK UN	Stanley Black & Decker Inc	75.94	-58.89%	30/11/2022	2.98	102.73	35.28%
NVDA UW	NVIDIA Corp	125.99	-57.13%	7/9/2022	0.16	196.23	55.75%



Hang Seng Index

Below are the **biggest equity index movers** based on their % Change from 01 Jan 2022 – 25 Oct 2022

Price Chart



Source: Bloomberg

Top leaders

Here are the biggest index leaders year-to-date, to show in more detail which companies have fluctuated the most in this period

Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
883 HK	CNOOC Ltd	9.85	+45.07%	6/9/2022	0.55	14.63	48.52%
941 HK	China Mobile Ltd	48.80	+14.13%	6/9/2022	3.34	72.77	49.12%
688 HK	China Overseas Land	19.10	+8.80%	16/9/2022	1.21	27.71	45.10%
386 HK	China Petroleum & Chemic	3.39	+7.72%	8/9/2022	0.47	4.37	29.03%
857 HK	PetroChina Co Ltd	3.35	+5.95%	9/9/2022	0.23	5.13	53.10%
2388 HK	BOC Hong Kong Holdings	25.85	+5.23%	15/9/2022	1.13	35.45	37.15%
267 HK	CITIC Ltd	7.29	+2.51%	21/9/2022	0.61	9.12	25.06%
3988 HK	Bank of China Ltd	2.61	+1.30%	7/7/2022	0.22	3.68	41.11%
1093 HK	CSPC Pharmaceutical Group	8.28	+0.26%	8/9/2022	0.15	12.22	47.56%
288 HK	WH Group Ltd	4.50	-4.97%	29/8/2022	0.023	7.76	72.53%

Top laggards

Here are the biggest index laggards year-to-date, to show in more detail which companies have fluctuated the most in this period

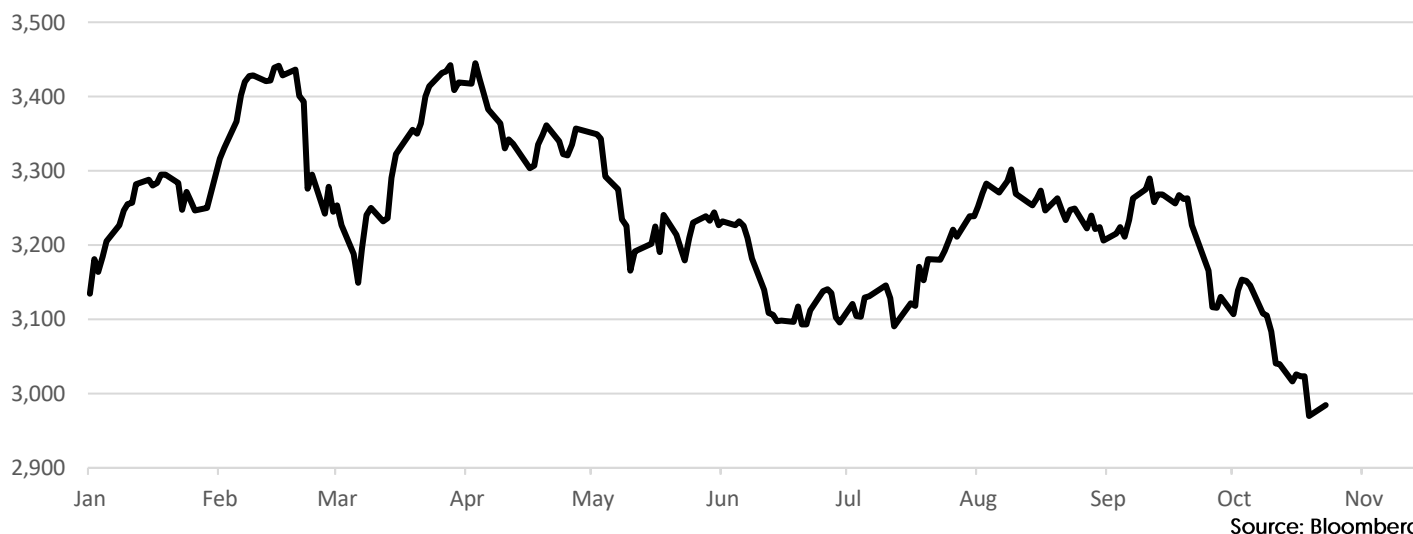
Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
6098 HK	Country Garden Services	8.47	-81.66%	1/6/2022	0.30	27.30	222.33%
2007 HK	Country Garden Holdings	1.32	-80.43%	14/9/2022	0.31	2.92	120.83%
2382 HK	Sunny Optical Technology	71.45	-70.75%	27/5/2022	0.91	127.09	77.88%
2313 HK	Shenzhou International	57.15	-61.10%	7/9/2022	1.48	108.30	89.51%
175 HK	Geely Automobile Holdings	8.92	-57.54%	2/6/2022	0.17	20.87	133.95%
2269 HK	Wuxi Biologics Cayman Inc	39.95	-56.83%	N/A	N/A	102.22	155.87%
1810 HK	Xiaomi Corp	8.73	-53.81%	N/A	N/A	13.41	53.56%
960 HK	Longfor Group Holdings Ltd	16.84	-52.21%	24/11/2022	1.70	37.00	119.70%
3968 HK	China Merchants Bank Co	28.20	-51.72%	7/7/2022	1.52	57.88	105.25%
700 HK	Tencent Holdings Ltd	213.40	-51.64%	20/5/2022	1.60	409.25	91.77%



Straits Times Index

Below are the **biggest equity index movers** based on their % Change from 01 Jan 2022 – 25 Oct 2022

Price Chart



Top leaders

Here are the biggest index leaders year-to-date, to show in more detail which companies have fluctuated the most in this period

Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
YZJSGD SP	Yangzijiang Shipbuilding	1.19	+80.89%	12/5/2022	0.045	1.40	17.98%
JCNC SP	Jardine Cycle & Carriage Ltd	31.21	+57.86%	29/8/2022	0.52	35.03	12.25%
SCI SP	Sembcorp Industries Ltd	2.79	+42.72%	15/8/2022	0.05	4.01	43.55%
KEP SP	Keppel Corp Ltd	6.59	+35.79%	8/8/2022	0.33	8.79	33.32%
CIT SP	City Developments Ltd	7.31	+12.87%	19/8/2022	0.08	9.58	31.08%
OCBC SP	Oversea-Chinese Banking Corp	11.70	+7.43%	12/8/2022	0.53	14.18	21.21%
ST SP	Singapore Telecommunication	2.43	+6.69%	3/8/2022	0.093	3.24	33.33%
GENS SP	Genting Singapore Ltd	0.79	+4.52%	26/8/2022	0.01	0.95	19.87%
CD SP	ComfortDelGro Corp Ltd	1.40	+4.43%	19/8/2022	0.042	1.70	21.50%
DBS SP	DBS Group Holdings Ltd	32.76	+3.59%	15/8/2022	1.20	39.55	20.73%

Top laggards

Here are the biggest index laggards year-to-date, to show in more detail which companies have fluctuated the most in this period

Ticker	Name	Price	YTD % Change	Ex Date	Latest Dividend Amount	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
SATS SP	SATS Ltd	2.54	-34.70%	N/A	N/A	4.04	58.86%
KDCREIT SP	Keppel DC REIT	1.66	-29.98%	1/8/2022	0.01	2.15	29.40%
DFI SP	DFI Retail Group Holdings Ltd	1.96	-29.27%	18/8/2022	0.095	2.67	36.12%
FLT SP	Frasers Logistics & Commercial	1.09	-26.22%	13/5/2022	0.077	1.48	35.78%
YZJFH SP	Yangzijiang Financial Holding	0.47	-24.19%	N/A	N/A	0.74	57.45%
HKL SP	Hongkong Land Holdings Ltd	3.88	-21.90%	18/8/2022	0.22	5.95	53.32%
MLT SP	Mapletree Logistics Trust	1.46	-20.78%	28/7/2022	0.088	1.85	26.71%
MPACT SP	Mapletree Pan Asia Com	1.58	-17.41%	19/7/2022	0.095	1.98	25.00%
MINT SP	Mapletree Industrial Trust	2.16	-16.99%	1/8/2022	0.138	2.81	30.23%
JM SP	Jardine Matheson Holdings Ltd	45.07	-14.76%	18/8/2022	2.00	64.17	42.37%

REFERENCES

1. Wikipedia, "FIFA World Cup", *Wikipedia*, 21 Oct 2022
2. Wikipedia, "2022 FIFA World Cup", *Wikipedia*, 21 Oct 2022
3. Abigail Gentrup, "FIFA expects 5B viewers for Qatar World Cup", *Front Office Sports*, 24 May 2022
4. Michael Ehrmann and David-Jan Jansen, "The pitch rather than the pit investor inattention during FIFA world cup matches", *European Central Bank*, Feb 2012
5. Alex Edmans, Diego Garcia and Oyvind Norli, "Sports sentiment and stock return", *The Journal of Finance*, Dec 2005
6. Lizzy Davies, "UN warns against alarmism as world's population reaches 8bn milestone", *The Guardian*, 18 Oct 2022
7. Malcolm McCabe, "The FIFA World Cup Effect on Stock Markets", *Medium*, 07 Apr 2021

DISCLAIMER

The information provided herein is a compilation or summary of materials and data based from external sources available to OCBC Securities Private Limited ("OSPL"), and does not represent OSPL's view on the matters mentioned. Whilst we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee its accuracy or completeness, and you should not act on it without first independently verifying its contents.

Trading in capital markets products and borrowing to finance the trading transactions (including, but not limited to leveraged trading or gearing) can be very risky, and you may lose all or more than the amount invested or deposited. Where necessary, please seek advice from an independent financial adviser regarding the suitability of any trade or capital markets product taking into account your investment objectives, financial situation or particular needs before making a commitment to trade or purchase the capital markets product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the capital markets product is suitable for you. You should consider carefully and exercise caution in making any trading decision whether or not you have received advice from any financial adviser. You should also read the relevant prospectus and/or profile statement (a copy of which may be obtained from the relevant fund manager or any of its approved distributors), prior to any trading or investment decision. Please refer to the prospectus of the relevant fund for the name of the fund manager and the investment objectives of the fund. In relation to collective investment schemes, the value of the units and the income accruing therefrom, if any, may rise or fall. For funds that are listed on an approved exchange, investors cannot redeem their units of those funds with the manager, or may only redeem units with the manager under certain specified conditions. The listing of the units of those funds on any approved exchange does not guarantee a liquid market for the units.

No representation or warranty whatsoever (including without limitation any representation or warranty as to accuracy, usefulness, adequacy, timeliness or completeness) in respect of any information (including without limitation any statement, figures, opinion, view or estimate) provided herein is given by OSPL and it should not be relied upon as such. OSPL does not undertake an obligation to update the information or to correct any inaccuracy that may become apparent at a later time. OSPL shall not be responsible for any loss or damage howsoever arising, directly or indirectly, as a result of any person acting on any information provided herein.

The information provided herein is intended for general circulation/discussion purposes only and may not be published or circulated in whole or in part without our written consent. All trademarks, registered trademarks, product names and company names or logos mentioned herein are the property of their respective owners, and you agree that you will not do anything to infringe or prejudice those rights. Reference to any products, services, processes or other information, does not constitute or imply endorsement, sponsorship or recommendation thereof by OSPL.