

DOES THE STOCK MARKET HEAT UP WITH GLOBAL WARMING?

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Abstract

Studies have been published concerning various “leading indicators” for stock market indices, including temperature, sun spots, and other climatic information. With the recent attention paid to climatic change, it seems that the effects of this looming crisis would be a hot topic for investigation. While current research indicates a negative relation between temperature and stock prices, the lines of causation that would result in such a negative relation seem theoretically strained. This paper examines the relation of variations in global temperatures with the variations in global equity market indices. From this statistical evidence inference will be drawn concerning the relation between climate change, economic activity and global equity markets.