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RESEARCH INSIGHTS

PRICE EFFICIENCY IN EMERGING EQUITY MARKETS DURING RECENT CRISES PERIODS: EMPIRICAL EVIDENCE FROM EQUITY MARKETS IN BRICS COUNTRIES

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EXECUTIVE SUMMARY

This study examines the impact of increased systematic risk on the efficiency of equity markets in emerging countries, focusing on the BRICS market (Brazil, Russia, India, China, and South Africa). We measure market efficiency by analyzing the spot and futures prices of indices in these markets using the futures-spot arbitrage test over recent crisis periods. Our findings suggest that mispricing existed among the major indices of the BRICS market before the crises, but that the crises exacerbated the extent of mispricing. We also find that there are noteworthy variations amongst the BRICS markets in terms of how market efficiency changed during the downturns, highlighting the need for heterogeneous investment strategies for each individual market.



KEYWORDS

- International investment
- BRICS
- Market efficiency
- Emerging market

RESEARCH RELEVANCE

- Understanding crisis impact: The study provides empirical evidence on how global crises—such as the COVID-19 pandemic, the Russia-Ukraine war, and trade tensions—affect market efficiency in BRICS economies.
- Practical investment guidance: Findings help investors and fund managers design country-specific strategies that reduce risk and improve portfolio diversification during turbulent times.
- Policy implications: Policymakers can use the results to strengthen financial market resilience and improve crisis-response mechanisms in emerging economies.
- Market development insight: Highlights how ETF trading and liquidity influence price efficiency, informing the design of more transparent and stable emerging equity markets.

BIBLIOGRAPHIC INFORMATION

Lee, S., McCann, L., & Amanulla, A. (2025). Price efficiency in emerging equity markets during recent crises periods: empirical evidence from equity markets in BRICS countries. *Review of World Economics*. Advance online publication. <https://doi.org/10.1007/s10290-025-00611-6>

“During times of global uncertainty, BRICS markets exhibit unique inefficiency patterns—underscoring the need for tailored investment strategies and stronger market stabilization policies in emerging economies.”

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