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COVID-19 and Stock Market Resilience in Algeria
A Descriptive and Analytical Assessment of the Algiers Stock Exchange

[1]Dr. BOUARFA Oussama
Laboratory of Industry, Organizational Evolution of Companies and Innovation
Faculty of SECSG, University of Tissemsilt, Algeria
Email: bouarfa.oussama@univ-tissemsilt.dz
[2]Dr. MORKANE Mohamed El Bachir
Management Laboratory for Sustainable Economic Institutions - University of El Oued
Faculty of SECSG, University of Tissemsilt, Algeria
Email: morkane.elbachir@univ-tissemsilt.dz
[3]Dr. HANSAL Ibtissam
Laboratory of management and performance evaluation of companies
Faculty of SECSG, University of Saida, Algeria
Email: hansal16ibtissam@gmail.com
[4]Dr. ABDERRAHMANE Djoher
Laboratory for Applied Research to the Firm, Industry and Territory
Faculty of SECSG, University of Oran2, Algeria
Email: Abderrahmane.djoher@univ-oran2.dz
[5]Dr. SARIDI Ahmed
Laboratory of Modern Economic and Sustainable Development
Faculty of SECSG, University of Tissemsilt, Algeria
Email: Saridi.ahmed@univ-tissemsilt.dz
[6]Pr. MEZIANE Mohammed Toufik
Faculty of SECSG, University of Relizane, Algeria
Email: mohammedtoufik.meziane@univ-relizane.dz
[7]Dr. KHITER Houari
Laboratory of Modern Economic and Sustainable Development
Faculty of SECSG, University of Tissemsilt, Algeria
Email: khiter.houari@univ-tissemsilt.dz

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Abstract
The COVID-19 pandemic generated an unprecedented combination of health, economic, and financial shocks, disrupting production, consumption, investment, international trade, and financial-market activity. While the pandemic triggered severe volatility in major global financial markets, its consequences for small and relatively illiquid emerging markets require a more specific assessment. This study examines the impact of the COVID-19 pandemic on the Algerian stock market, with particular emphasis on the Algiers Stock Exchange. A descriptive and analytical approach is adopted using official market statistics and institutional

reports covering the pre-pandemic, pandemic, and post-pandemic periods. The analysis focuses on market capitalization, transaction values, trading activity, and the evolution of the DZAIRINDEX. The findings show that the pandemic was associated with a significant deterioration in trading activity during 2020. The value of stock-market transactions declined from DZD 41.30 billion in 2019 to DZD 38.86 billion in 2020, while the first-semester market statistics showed a much sharper contraction in the value traded on the main equity market and in the number of transactions. However, the aggregate market capitalization and stock index did not experience a collapse comparable to that observed in several major international markets. The post-pandemic period subsequently witnessed a substantial expansion of the Algerian financial market. The value of transactions increased to DZD 103.66 billion in 2022, DZD 192.77 billion in 2023, DZD 350.16 billion in 2024, and DZD 599.20 billion in 2025. In 2024, market capitalization increased dramatically to DZD 521.669 billion, mainly following the initial public offering of Crédit Populaire d'Algérie. The evidence suggests that COVID-19 generated a temporary disruption in market activity but did not permanently impair the development of the Algerian stock market. Nevertheless, the crisis revealed persistent structural weaknesses related to liquidity, market depth, diversification, and investor participation. The study concludes that strengthening digital infrastructure, broadening the investor base, increasing the number of listed companies, improving disclosure, and developing crisis-management mechanisms are essential for enhancing the resilience of the Algerian financial market.
Keywords: COVID-19; Algiers Stock Exchange; DZAIRINDEX; financial market; market resilience; liquidity; trading activity; Algeria.
JEL Classification: G10; G14; O55; I10.

1. Introduction

Financial markets play a central role in modern economies by mobilizing savings, allocating capital, facilitating investment, and providing mechanisms for risk sharing and price discovery. Because of these functions, disruptions in financial markets can affect not only investors but also firms, households, and governments. The experience of previous financial crises has demonstrated that unexpected shocks can rapidly alter investor expectations, asset prices, liquidity conditions, and capital flows.

The COVID-19 pandemic represented a particularly distinctive type of economic shock. Unlike conventional financial crises, its initial source was a public-health emergency rather than a financial imbalance. Nevertheless, the rapid international spread of the virus generated extensive economic consequences through lockdowns, mobility restrictions, supply-chain disruptions, declining consumption, reduced investment, and heightened uncertainty. These developments were rapidly transmitted to financial markets through changes in corporate earnings expectations, investor sentiment, risk perception, and liquidity.

The global financial system experienced significant turbulence during the first months of 2020. Stock markets in both developed and emerging economies recorded substantial movements as investors attempted to assess the economic consequences of the pandemic. The shock was also transmitted to commodity markets, particularly the oil market. For oil-exporting economies, the simultaneous decline in economic activity and oil prices created an additional layer of vulnerability.

Algeria represents an interesting case in this regard. The country entered the pandemic with a financial market characterized by a relatively limited number of listed companies and comparatively low liquidity. At the same time, the Algerian economy was strongly exposed to the international oil market. The COVID-19 pandemic therefore coincided with a sharp decline in oil prices, generating a compound shock to economic activity, public finances, external revenues, and investment. The International Monetary Fund characterized Algeria's 2020 situation as the result of two simultaneous shocks: the COVID-19 pandemic and the sharp decline in oil prices. The Fund also emphasized Algeria's structural vulnerability arising from its dependence on hydrocarbon revenues.

Against this background, the impact of COVID-19 on the Algiers Stock Exchange deserves particular attention. The relatively small size and limited liquidity of the Algerian market raise an important question: did the pandemic produce a substantial decline in stock prices, or did its principal effect occur through trading activity and liquidity?

The original version of this study focused primarily on the direct effects of COVID-19 on the Algerian stock market. The present version substantially extends that approach by incorporating updated market data and examining the evolution of the market beyond the initial pandemic shock.

1.1. Research Problem

The central research question is therefore formulated as follows: **To what extent did the COVID-19 pandemic affect the performance, liquidity, and resilience of the Algiers Stock Exchange, and how did the market evolve during the subsequent recovery period?**

This question leads to the following sub-questions:

1. How did trading activity change during the COVID-19 shock?
2. Did market capitalization and the DZAIRINDEX experience a significant deterioration?
3. Was the impact of the pandemic temporary or persistent?
4. How did the Algerian stock market evolve during the post-pandemic period?
5. What structural factors explain the observed pattern of resilience and recovery?

1.2. Research Objectives

The study aims to:

- examine the impact of COVID-19 on the activity of the Algiers Stock Exchange;
- analyze changes in market capitalization and trading activity;
- compare the pre-pandemic, pandemic, and post-pandemic periods;
- assess the extent to which the market recovered after the initial shock;
- identify the structural factors affecting financial-market resilience in Algeria;
- Formulate policy recommendations for strengthening the Algerian capital market.

1.3. Research Hypotheses

The study develops two principal hypotheses:

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H1: The COVID-19 pandemic negatively affected the trading activity and liquidity of the Algiers Stock Exchange.
H2: The impact of COVID-19 was primarily temporary, with the Algerian stock market subsequently entering a recovery and expansion phase.

1.4. Research Contribution

The contribution of this study lies in combining the analysis of the immediate COVID-19 shock with a longer post-pandemic perspective. Rather than assessing the pandemic solely through stock-price movements, the study considers several dimensions of market performance, including transaction values, market capitalization, trading activity, and market development.

This approach is particularly relevant for Algeria because a relatively stable stock index may coexist with weak liquidity and limited trading activity. Therefore, stock-market resilience should not be assessed solely through price stability.

2. Literature Review and Theoretical Background

2.1. Financial Markets and Capital Allocation

Financial markets provide mechanisms through which funds are transferred from surplus units to deficit units. Stock exchanges contribute to this process by allowing firms to obtain equity financing while providing investors with opportunities to participate in corporate ownership. A well-functioning stock market performs several economic functions: capital mobilization, investment financing, risk diversification, liquidity provision, and price discovery. These functions become particularly important during periods of economic uncertainty because financial markets can either absorb shocks or amplify them.

2.2. Market Efficiency and Information

The Efficient Market Hypothesis proposes that asset prices incorporate available information to different degrees depending on the form of efficiency considered (Fama, 1970). During a crisis, however, the arrival of new information is unusually rapid and uncertainty is exceptionally high. COVID-19 produced continuous flows of information concerning infection rates, mortality, lockdown policies, vaccines, corporate earnings, and economic forecasts. Such information influenced expectations and potentially altered investor behavior.

2.3. COVID-19 and Financial Markets

The COVID-19 crisis generated substantial evidence of financial-market disruption worldwide. Previous empirical studies generally found increased volatility, negative abnormal returns, and substantial changes in investor sentiment during the first phase of the pandemic. However, the magnitude of the impact differed considerably across countries. Market depth, financial integration, sectoral composition, monetary policy, fiscal support, and investor structure all contributed to different market responses. This heterogeneity is particularly relevant when examining small emerging markets. A relatively illiquid market may display a weaker price reaction simply because fewer transactions occur. In such circumstances, declining trading activity may provide a more informative measure of the shock than the aggregate stock index.

2.4. The Algerian Context

The Algerian stock market has historically faced structural constraints, including a limited number of listed companies, relatively low liquidity, a narrow investor base, and limited diversification. These characteristics were already identified in the original study. The COVID-19 crisis therefore occurred within an already shallow market structure. The central analytical challenge is consequently to distinguish between the effects of the pandemic itself and the pre-existing structural characteristics of the market.

3. Methodology

3.1. Research Design

The study uses a **descriptive and analytical research design**.

The descriptive component identifies the evolution of the main market indicators before, during, and after the COVID-19 shock. The analytical component interprets these changes in light of the pandemic, macroeconomic conditions, oil-price developments, investor uncertainty, and changes in the institutional structure of the Algerian financial market. No causal econometric model is imposed in the present version because the available source material does not provide a sufficiently documented time series of all variables required for a robust causal estimation. This methodological choice avoids presenting unsupported statistical relationships as established causal effects.

3.2. Study Period

The study covers three analytical phases:

Phase	Period	Analytical purpose
Pre-pandemic	2019	Baseline
Pandemic shock	2020	Immediate impact
Recovery and transformation	2021–2025	Post-pandemic evolution

Source: Authors' analytical framework based on SGBV, Algérie Clearing, COSOB, and IMF reports.

3.3. Data Sources

The study relies on:

- Société de Gestion de la Bourse des Valeurs (SGBV);
- Commission d'Organisation et de Surveillance des Opérations de Bourse (COSOB);
- Algérie Clearing;
- International Monetary Fund;
- official institutional publications.

The market transaction series from Algérie Clearing provide annual transaction values from 2005 onward and therefore allow the COVID-19 period to be compared with both earlier and later years.

3.4. Indicators

The main indicators are:

1. annual value of stock-market transactions;
2. market capitalization;
3. DZAIRINDEX;

4. number and value of transactions;
5. company-level trading activity;
6. post-pandemic market expansion.

4. Results

4.1. Evolution of Stock-Market Transaction Values

One of the most useful indicators for assessing the effect of COVID-19 on the Algerian market is the annual value of transactions.

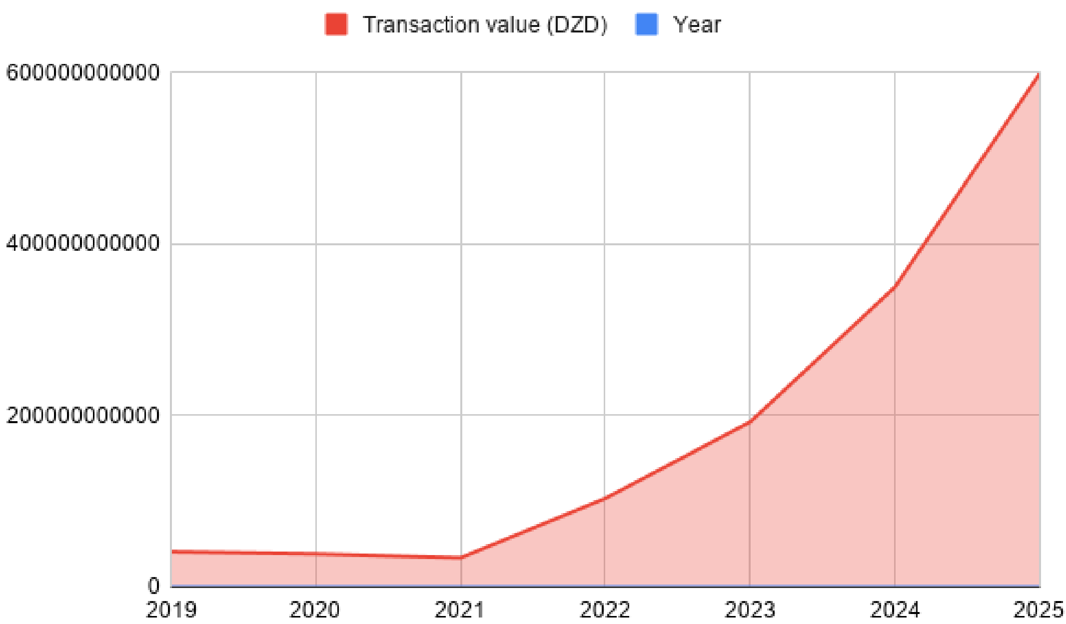
Table 1. Annual Value of Stock-Market Transactions in Algeria, 2019–2025

Year	Transaction value (DZD)	Approx. change
2019	41,304,489,879.92	—
2020	38,857,089,703.54	-5.92%
2021	34,222,462,228.89	-11.92%
2022	103,660,896,673.98	+202.92%
2023	192,771,178,657.16	+85.99%
2024	350,160,560,169.50	+81.65%
2025	599,197,645,674.96	+71.12%

Source: Authors' calculations based on Algérie Clearing official statistics.

For further clarification regarding the table above, we refer to the following Figure:

Figure 1. Annual Value of Stock-Market Transactions in Algeria, 2019–2025



Source: Prepared by the authors using Google Sheets.

The data reveal three distinct phases.

First, transaction values declined from DZD 41.30 billion in 2019 to DZD 38.86 billion in 2020. This represents a decline of approximately 5.92%.

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Second, the decline continued in 2021, when transaction values reached DZD 34.22 billion. This suggests that the effect of the pandemic was not completely reversed immediately after the first year of the crisis.

Third, the market entered a pronounced expansion phase from 2022 onward. Transaction values increased to more than DZD 103.66 billion in 2022 and continued to rise to DZD 192.77 billion in 2023, DZD 350.16 billion in 2024, and DZD 599.20 billion in 2025.

This evolution supports the interpretation that COVID-19 generated a **temporary disruption rather than a permanent contraction** in aggregate market activity.

4.2. Immediate Impact during the First Half of 2020

Annual figures can underestimate the intensity of the initial pandemic shock because COVID-19-related restrictions became particularly pronounced during the second quarter of 2020.

Official SGBV data indicate that market capitalization fell from DZD 47.65 billion in the first half of 2019 to DZD 44.26 billion in the first half of 2020, representing a decline of 7.12%.

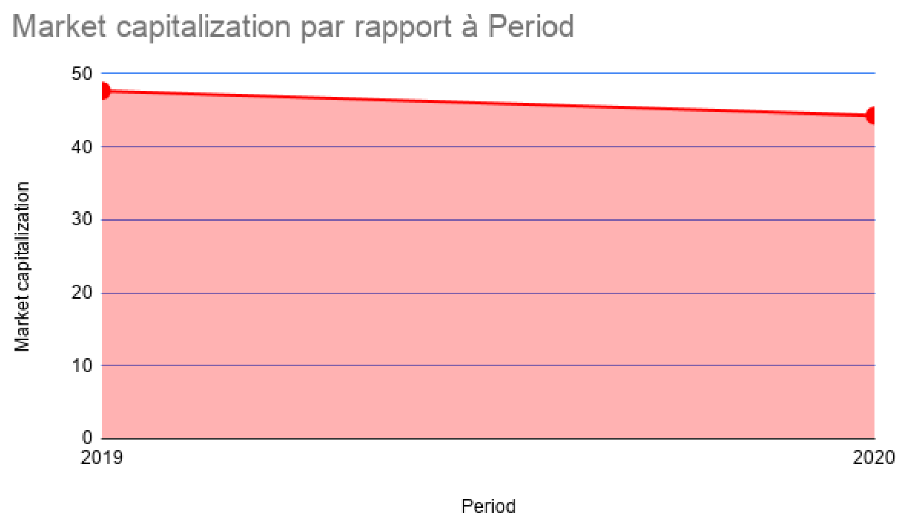
Table 2. Market Capitalization before and during the Initial COVID-19 Shock

Period	Market capitalization	Change
H1 2019	DZD 47.65 billion	—
H1 2020	DZD 44.26 billion	-7.12%

Source: SGBV, *First-Semester Report 2020*.

For further clarification regarding the table above, we refer to the following Figure:

Figure 2. Market Capitalization before and during the Initial COVID-19 Shock



Source: Prepared by the authors using Google Sheets.

The decline in market capitalization was relatively moderate compared with the contraction in trading activity. This distinction is important because it indicates that the pandemic's impact was more visible in market participation and liquidity than in aggregate stock valuations.

4.3. Trading Activity during the Pandemic

The first-semester data provide stronger evidence of the immediate disruption.

Table 3. Main Equity-Market Trading Indicators, H1 2019–H1 2020

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Indicator	H1 2019	H1 2020	Change
Value traded on main equity market	DZD 101.98 million	DZD 42.90 million	-57.93%
Number of transactions	275	97	-64.73%
Market capitalization	DZD 47.65 bn	DZD 44.26 bn	-7.12%

Source: SGBV, *First-Semester Report 2020*.

The results are striking. While market capitalization declined by only 7.12%, the value traded fell by 57.93% and the number of transactions decreased by 64.73%.

This divergence suggests that the immediate effect of the pandemic was concentrated on **market liquidity and investor participation**.

Several mechanisms may explain this result. First, investors faced substantial uncertainty regarding the duration of the pandemic and the economic consequences of containment measures. Second, the closure or restriction of many economic activities reduced income and investment capacity. Third, the already limited liquidity of the Algerian market may have amplified the decline in trading activity.

5. DZAIRINDEX and Price Resilience

A central finding of the analysis is that the DZAIRINDEX did not experience a collapse comparable to that observed in several major international markets during the first phase of the pandemic.

During the first half of 2020, the DZAIRINDEX increased by approximately 0.93%, reaching around 1,527 points.

Table 4. Selected Stock-Market Price Indicators during H1 2020

Indicator	H1 2020
DZAIRINDEX change	+0.93%
Approximate closing level	1,527 points
Market capitalization change	-7.12%
Main equity-market trading value change	-57.93%

Source: SGBV market statistics, authors' compilation.

The coexistence of a relatively stable stock index with a sharp contraction in trading activity leads to an important analytical conclusion: **price stability should not be equated with full market resilience**.

A market may maintain relatively stable prices while experiencing a substantial reduction in liquidity. In a small market with limited transactions, price indicators may not fully capture changes in investor participation and market functioning.

6. Company-Level Evidence

Company-level data further illustrate the heterogeneous effect of the pandemic.

Table 5. Annual Trading Value of Selected Listed Companies

Company	2019 (DZD)	2020 (DZD)	2021 (DZD)	2024 (DZD)	2025 (DZD)
Biopharm	215,779,904	63,589,050	67,787,903	187,564,859	187,564,859
Saidal	8,777,396	4,931,329	17,876,290	5,605,040	8,612,356
Alliance Assurances	10,044,002	6,160,895	38,352,460	33,841,239	108,110,373

EGH El Aurassi	9,792,246	2,452,690	3,885,518	1,342,075	21,840

Source: Authors' compilation from Algérie Clearing official statistics.

The company-level evidence demonstrates that the pandemic did not affect all listed securities equally.

Biopharm's trading value decreased sharply between 2019 and 2020, from DZD 215.78 million to DZD 63.59 million. Trading subsequently remained relatively stable in 2021 before recovering significantly in later years.

Saidal also experienced a decline from DZD 8.78 million in 2019 to DZD 4.93 million in 2020, followed by a substantial recovery in 2021.

Alliance Assurances recorded a similar initial contraction, from DZD 10.04 million in 2019 to DZD 6.16 million in 2020, followed by considerably stronger activity in subsequent years.

These observations reinforce the argument that the pandemic shock was associated with a substantial reduction in market activity, but that the magnitude and speed of recovery varied across companies.

7. The Macroeconomic Context: COVID-19 and the Oil Shock

The effects of COVID-19 on the Algerian stock market cannot be analyzed independently of the country's macroeconomic structure.

The Algerian economy was hit by two simultaneous shocks in 2020: the pandemic and the sharp decline in international oil prices. The IMF explicitly identified this combination as a major source of economic stress.

The transmission mechanism can be summarized as follows:

COVID-19 → containment measures → lower economic activity → weaker corporate expectations → reduced investment and trading activity

At the same time:

COVID-19 → lower global energy demand → lower oil prices → lower hydrocarbon revenues → macroeconomic pressure → increased uncertainty

The two mechanisms reinforced one another.

The IMF's financial-system assessment also highlighted Algeria's vulnerability to external shocks due to the importance of hydrocarbon revenues and identified weaknesses in liquidity management and the need to strengthen digital payments and financial inclusion.

Consequently, the decline in stock-market activity during 2020 should not be interpreted as a consequence of COVID-19 alone. It reflected the interaction between the health crisis, the oil shock, domestic restrictions, and the structural characteristics of the Algerian economy.

8. Post-COVID Recovery and Transformation

The most important development revealed by the updated data is that the Algerian financial market subsequently entered a period of substantial expansion.

Table 6. Evolution of Stock-Market Transaction Values and Post-COVID Recovery

Year	Transaction value (DZD billion)	Change from previous year
2019	41.30	—
2020	38.86	-5.92%
2021	34.22	-11.92%

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2022	103.66	+202.92%
2023	192.77	+85.99%
2024	350.16	+81.65%
2025	599.20	+71.12%

Source: Authors' calculations based on Algérie Clearing.

The post-pandemic recovery is particularly clear from 2022 onward. The value of transactions in 2025 was approximately **15.4 times** the 2020 level.

However, this increase should not be interpreted entirely as a direct consequence of post-COVID recovery. Major structural changes in the Algerian capital market also occurred during this period.

The most important was the initial public offering of **Crédit Populaire d'Algérie (CPA)** in 2024. According to the COSOB's 2024 annual report, the IPO raised DZD 112 billion from more than 42,000 investors and contributed substantially to the increase in market capitalization from approximately DZD 71 billion in 2023 to DZD 521 billion in 2024.

Table 7. Major Transformation of the Algerian Financial Market in 2024

Indicator	**2023**	**2024**	**Development**
Market capitalization	≈ DZD 71 bn	DZD 521.669 bn	Strong increase
Value traded	—	DZD 2.76 bn	+440%+
Volume traded	—	≈1.3 million securities	+35%
Major IPO	—	CPA	DZD 112 bn raised
New investor participation	—	>42,000 investors	Major expansion

Source: COSOB, *Annual Report on the Activity of the Securities Market 2024*.

The 2024 figures therefore represent more than a simple post-pandemic recovery. They reflect a **structural transformation of the Algerian capital market**.

The entry of CPA, the country's first listed bank, substantially increased market capitalization and broadened investor participation. COSOB also reported regulatory and technological reforms aimed at modernizing the financial market.

9. Discussion

The empirical evidence allows several conclusions to be drawn.

First, COVID-19 produced a clear short-term disruption in the activity of the Algiers Stock Exchange. The decline in annual transaction value between 2019 and 2020, combined with the much sharper contraction observed during the first half of 2020, indicates that the pandemic affected investor participation and market liquidity.

Second, the pandemic did not produce an equivalent collapse in the aggregate stock index. The DZAIRINDEX remained relatively stable during the first half of 2020. This suggests that the effect of COVID-19 cannot be assessed solely through stock-price performance.

Third, the crisis revealed the importance of the structural characteristics of the Algerian market. A market with limited liquidity and a small number of listed companies can absorb a shock through a reduction in trading rather than through a large adjustment in prices.

Fourth, the post-pandemic data demonstrate that the disruption was not permanent. Transaction values began a strong upward trajectory after 2021, reaching DZD 599.20 billion in 2025.

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Nevertheless, the subsequent expansion cannot be attributed exclusively to COVID-19 recovery. The 2024 IPO of CPA represents a structural turning point and explains a large part of the dramatic increase in market capitalization.

Therefore, the appropriate interpretation is that COVID-19 caused a **temporary market-activity shock within a broader structural transformation of the Algerian capital market**.

This distinction improves upon the conclusion of the original version of the study, which focused primarily on a negative relationship between COVID-19 indicators and some measures of market activity. The updated evidence shows that the relationship is more nuanced: the immediate shock was negative, but the medium-term trajectory was characterized by recovery and, subsequently, strong market expansion.

10. Policy Implications

10.1. Increasing Market Liquidity

The pandemic demonstrated the vulnerability of a market characterized by limited trading activity. Policies should encourage broader participation by institutional investors, households, and private companies.

10.2. Expanding the Number of Listed Companies

The concentration of market activity among a limited number of listed firms remains an important structural constraint. Increasing the number of listed companies would improve sectoral diversification and reduce concentration risk.

10.3. Strengthening Digital Infrastructure

The pandemic highlighted the importance of continuity of financial services during periods of restricted mobility. Digital trading, electronic disclosure, online investor services, and remote access to market information should therefore be strengthened.

10.4. Improving Financial Disclosure

Timely and reliable disclosure becomes particularly important during periods of uncertainty. Listed companies should provide investors with transparent information concerning financial performance, risk exposure, liquidity, and crisis-management measures.

10.5. Developing Investor Education

Investor education should focus on risk management, portfolio diversification, financial analysis, and behavioral biases. This is particularly important in periods characterized by rapidly changing information and heightened uncertainty.

10.6. Developing Crisis-Management Mechanisms

The authorities should establish explicit business-continuity mechanisms covering:

- trading-system continuity;
- remote access;
- market communication;
- liquidity monitoring;
- investor protection;
- emergency trading procedures;
- coordination between COSOB, SGBV, intermediaries, and issuers.

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10.7. Diversifying the Algerian Economy

The financial-market shock also reinforces the importance of reducing the Algerian economy's dependence on hydrocarbons. The IMF has repeatedly emphasized diversification as a central component of Algeria's post-pandemic growth strategy.

11. Conclusion

The COVID-19 pandemic constituted an exceptional shock to the global economy and financial system. In Algeria, its effects were reinforced by the simultaneous collapse in international oil prices, exposing the country's dependence on hydrocarbons and increasing uncertainty throughout the economy.

This study examined the consequences of the pandemic for the Algiers Stock Exchange using a descriptive and analytical approach and updated the analysis to include the post-pandemic period.

The findings demonstrate that the pandemic had a significant short-term effect on market activity. The value of stock-market transactions declined from DZD 41.30 billion in 2019 to DZD 38.86 billion in 2020 and further to DZD 34.22 billion in 2021. More detailed first-semester data show that the value traded on the main equity market fell by 57.93%, while the number of transactions decreased by 64.73%.

However, the pandemic did not generate a comparable collapse in the DZAIRINDEX. The index remained relatively stable during the first half of 2020, indicating that the most visible effect of the crisis was on market liquidity and participation rather than on aggregate stock prices.

The subsequent evolution of the market provides evidence of significant resilience. Transaction values increased dramatically after 2021, reaching DZD 103.66 billion in 2022, DZD 192.77 billion in 2023, DZD 350.16 billion in 2024, and DZD 599.20 billion in 2025.

The year 2024 represented a particularly important turning point. The IPO of Crédit Populaire d'Algérie raised DZD 112 billion and contributed to an increase in market capitalization from approximately DZD 71 billion in 2023 to DZD 521.669 billion in 2024.

The evidence therefore supports the interpretation that COVID-19 caused a **temporary disruption rather than a permanent deterioration** of the Algerian stock market. Nevertheless, the crisis revealed structural weaknesses in liquidity, market depth, diversification, and investor participation.

Accordingly, financial-market resilience in Algeria should not be evaluated solely according to the stability of the DZAIRINDEX. A resilient market must also maintain sufficient liquidity, provide reliable information, support continuous trading, offer diversified investment opportunities, and remain operational during systemic crises.

The experience of COVID-19 should therefore be considered an opportunity to accelerate the modernization of the Algerian financial market. The subsequent expansion of the market, particularly following the CPA IPO, demonstrates that significant development is possible when institutional reforms, technological modernization, and broader investor participation occur simultaneously.

Future research could extend the present analysis by constructing a daily-frequency dataset and applying event-study, volatility, or GARCH-family models. Such approaches would make it possible to distinguish more precisely between the effects of the pandemic, oil-price shocks, domestic containment measures, and other macroeconomic factors.

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