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EFFECTS OF SOVEREIGN CREDIT RATE ANNOUNCEMENTS ON TURKEY STOCK EXCHANGE MARKET.

Abstract:

International Credit Rating Agencies take an important place in economic, financial and commercial situation of countries. These agencies examine economic and political environment of countries, evaluate creditworthiness assessment factors and assign sovereign credit rate for each country. Leading credit rating agencies are Standard & Poor's, Moody's and Fitch, which are called as "Big Three". Their ratings play a router role in international investments. In addition, credit rate announcements may influence financial markets. In this study, effects of Turkey's sovereign credit ratings, given by Big Three, on the main stock exchange index (BIST100) will be examined. Within this framework, event study methodology will be used to analyse the impacts of announcements. The aim of the study is to research effects of sovereign credit rate announcements on stock exchange markets.

Keywords:

Credit Rating Agencies, Sovereign Credit Rating, Stock Exchange Market, Event Study Methodology

JEL Classification: G14, G10, G00