Assessing the Impact of the Israel Palestine 2023 Conflict on the Financial Performance of Companies Listed in the Middle East

Tsoi Sai Chak

A

Thesis

in

The John Molson School of Business

Presented in Partial Fulfillment of the Requirements

for the Degree of Master of Science (Finance) at

Concordia University

Montreal, Quebec, Canada

March 2025

©Tsoi Sai Chak, 2025

CONCORDIA UNIVERSITY

School of Graduate Studies

This is to certify that the thesis

Prepared By: Tsoi Sai Chak

Entitled: Assessing the Impact of the Israel Palestine 2023 Conflict on the Financial Performance of Companies Listed in the Middle East

and submitted in partial fulfillment of the requirements for the degree of

Master of Science (Finance)

complies with the regulations of the University and meets the accepted standards with respect tooriginality and quality.

Signed by the final Examining Committee:

_____ Chair

Dr. Erkan Yonder

_____ Examiner

Dr. Erkan Yonder

_____ Examiner

Dr. Saif Ullah

_____ Supervisor

Dr. Thomas Walker

Approved by _____Graduate Program Director

Dr.

March 26th, 2025

Dean *Dr. Anne-Marie Croteau*

ABSTRACT

Assessing the Impact of the Israeli-Palestinian 2023 Crisis on the Financial Performance of Companies Listed in the Middle East

Tsoi Sai Chak

This study examines the financial impact of the 2023 armed conflict between Israel and Hamas which is a Palestinian militant group and political organization that governs the Gaza Strip on the stock markets and on specific industries in Israel, Palestine, and Saudi Arabia. We analyze three key dates in 2023: October 7th, when hundreds of Hamas-led gunmen stormed Israel's Gaza perimeter fence and attacked several nearby Israeli communities, leading Israel to declare war and conduct retaliatory airstrikes on Gaza; November 21st, when the state of Israel and the organization of Hamas agreed to a four-day pause in armed hostilities; and December 1st, when the pause in armed hostilities ended, and hostilities resumed. We use event study methodology to assess stock price reactions in the Israeli, Palestinian, and Saudi Arabian stock markets, along with industry-specific effects, and our results show that all three markets experience negative abnormal returns around October 7th. Conversely, we observe positive abnormal returns across all three stock markets on November 21st. Notably, when the conflict resumed on December 1st, the Israeli and Saudi Arabian stock markets exhibited positive abnormal returns. Additionally, our findings reveal that different industries are affected to varying degrees on these three dates. We used cross-sectional regression analyses and found that publicly traded companies with strong profitability and high market valuation were significantly more affected by the armed conflict.

Keywords: *Abnormal Returns, Cross-Sectional Analysis, Event Study, Israeli Stock Market (TASE), Palestinian Stock Market (PEX), Saudi Arabian Stock Market (TASI), War Finance*

Acknowledgements

Firstly, I am immensely grateful to my supervisor, Dr. Thomas Walker, for his unwavering guidance, support, and kindness. Being his student has been an honor, and I have learned so much from him. His willingness to answer my questions and provide insightful feedback has been invaluable in the completion of my thesis.

I would also like to extend my gratitude to my committee members, Dr. Erkan Yonder and Dr. Saif Ullah, for their time and constructive feedback on my research. Additionally, I am deeply thankful to Moein Karami, Postdoctoral Research Fellow, for his invaluable guidance throughout my thesis. His expertise and insights were a great source of inspiration and provided essential support for my research model and experiment. I also sincerely appreciate the support of all my professors at the John Molson School of Business, whose contributions have been instrumental in both my academic journey and my personal and professional development.

Finally, I recognize that this achievement would not have been possible without the unwavering support and encouragement of my beloved family and friends, who stood by me throughout this journey.

Table of Contents

List of Tables

List of Figures

1. Introduction

Military conflicts have historically had a significant impact on both regional and global economies, leading to downturns in economic activity, disruptions in trade, monetary instability, and losses in production capacity, labor, resources, and livelihoods (Khudaykulova et al., 2022). Research on the effect of armed conflicts on financial markets is well-documented, and many of these studies employ event study methodology to analyze these impacts. This method evaluates how a particular event affects a firm's value by analyzing fluctuations in its stock price within the event window. Bradford and Robison (1997) examine the abnormal returns and risk fluctuations in transportation firms following Iraq's invasion of Kuwait. Their findings reveal an abnormal return and an increase in risk, with factors such as firm size, sales to the Defense Department, leverage, liquidity, and certain dummy variables playing a significant role. Ahmed et al. (2023) explores the impact of the Russia–Ukraine crisis on European stock markets, and find that political uncertainty, geographic proximity, and the economic ramifications of newly imposed sanctions on Russia lead to a generally negative market response in Europe. Their study shows the European stocks experience a notable negative abnormal return on February 21st, 2022, when Russia recognized the autonomy of two Ukrainian regions which are Ukraine's Donetsk and Luhansk regions, highlighting the market's sensitivity to geopolitical shifts.

The Israel-Palestine conflict stems from historical disputes over land, borders, and national identity. After World War I, Britain controlled Palestine, and Jewish immigration increased, especially after the Holocaust. In 1947, the UN proposed partitioning the land, but Arab nations rejected it. Israel declared independence in 1948, leading to war and the displacement of 750,000 Palestinians (Nakba). The 1967 Six-Day War brought Gaza, the West Bank, and East Jerusalem under Israeli control. Israel later annexed East Jerusalem, while Israeli settlements in the West

Bank remain a major issue. Gaza, controlled by Hamas since 2007, faces Israeli blockades and recurring wars. The conflict persists over sovereignty, security, and territorial claims. On October 7, 2023, Hamas fighters launched an attack from Gaza, killing approximately 1,200 people in Israel and taking over 250 hostages. This led to a large-scale Israeli military offensive in Gaza. According to the Hamas-run health ministry, more than 46,700 people have been killed including civilians (BBC News., 2018) Hamas is a Palestinian militant group and political organization that governs the Gaza Strip. It is designated as a terrorist organization by the United States, the European Union, Israel, and several other countries. The group was founded in 1987 as an offshoot of the Muslim Brotherhood and has engaged in armed conflict with Israel, including rocket attacks, suicide bombings, and other military operations. Our study focuses on the financial effects of the ensuing Israeli-Palestinian conflict on the stock markets and specific industries in Israel, Palestine, and Saudi Arabia. We analyze three significant dates in the first three months of the conflict at the end of 2023: October 7th, when Hamas terrorists attacked Israel and Israel's Prime Minister Benjamin Netanyahu declared that Israel was "at war," triggering retaliatory airstrikes on Gaza; November 21st, when Israel and Hamas agreed to a four-day pause in armed hostilities; and December 1st, when the pause in armed hostilities ended and the fighting resumed. (Times of Israel, 2023) Using event study methodology, we examine stock price reactions in the Israeli, Palestinian, and Saudi Arabian markets, and highlight the industry-specific impacts caused by the conflict. The findings show that all three markets experience negative abnormal returns on October 7th, which was followed by a positive abnormal return November 21st. Interestingly, the Israeli and Saudi markets recorded positive abnormal returns when hostilities resumed on December 1st, 2023. Further cross-sectional OLS regression analysis indicated a more significant impact on publicly traded companies with high profitability throughout our event study window. We incorporate industry

and country dummy variables in the regression, with Palestine as the reference category. The results show that Israel faced a substantial negative financial impact at the onset of the war but experienced a positive financial rebound following the pause in armed hostilities. Additionally, both Israel and Saudi Arabia experienced significant positive financial effects when hostilities resumed.

The remainder of this thesis is organized as follows: Section 2 provides a detailed literature review and the development of our research hypotheses. Section 3 outlines the sample selection, data sources, and key variables used in the study, and section 4 discusses the research methodology employed. Our empirical findings are outlined in section 5, followed by concluding remarks in section 6, where we discuss the implications of our research.

2. Literature Review and Hypothesis Development

2.1. Literature Review

Financial literature suggests that stock markets tend to react sharply to geopolitical events such as terrorist attacks, wars, and conflicts (Rigobon & Sack, 2005). Numerous studies have explored the market effects of such events using empirical methods. For example, Martins et al. (2023) use an event study methodology to assess stock price responses to military conflicts between Russia and Ukraine, identifying a significant negative impact at the onset of these events. In a similar vein, Izzeldin et al. (2023) examine the 2022 Russian-Ukrainian war's effect on European and global stock markets, noting an immediate market reaction that indicates investors viewed the invasion as a major, unexpected event.

Choudhry, T. (2010) examines the potential effects and significance of World War II (WWII) events on the movement of the Dow Jones Industrial Average daily stock price index and return

volatility (risk). The findings indicate that most events identified by historians as significant are reflected in the data as turning points. For instance, key moments such as the fall of Warsaw, the attack on Pearl Harbor, the Battle of Midway, the Battle of Guam, the failed assassination attempt on Hitler, the death of President Roosevelt, and the nuclear attack on Nagasaki show notable impacts.

Eldor et al. (2012) explore the financial market consequences of terrorism during the Israeli-Palestinian conflict, showing that both economies experienced losses during the Intifada period. Israeli stock prices dropped by an average of 0.43% following terrorist attacks, with more severe attacks leading to greater declines. In contrast, the Palestinian market saw smaller, statistically insignificant drops. Both markets demonstrated bidirectional causality and were affected by U.S. stock market movements.

Building on this, Martins (2024) examines the impact of Hamas' terrorist attack on global equities, commodities, and bond markets. His findings reveal that negative abnormal returns in global equity markets were largely confined to the Middle East, while geopolitical uncertainty appeared to benefit commodities and bonds. Boungou and Yatié (2022) present the first empirical evidence of the Ukraine–Russia war's effects on global stock market returns, identifying a significant negative relationship between the conflict and global stock indices. Meanwhile, Lee (2001) investigates the economic impact of the Russo-Ukrainian war, showing that a country's reliance on Russian commodities influenced its financial market reaction. Lee's study of 73 countries finds that war-induced shocks led to lower asset returns and heightened volatility.

Other studies emphasize the geographic and market-specific effects of the Russia-Ukraine conflict. Kumari et al. (2022) examine stock market reactions to Russia's invasion of Ukraine in leading European Union markets using an event study methodology. Their findings reveal a

significant negative event-day impact, with stronger effects in markets closer to the conflict and in those with lower efficiency. Similarly, Lo et al. (2022) analyze the global economic impact of the Russo-Ukrainian war, highlighting the importance of dependence on Russian commodities. Their results show that financial markets responded with declining asset returns and increased volatility, viewing reliance on Russian commodities as a risk factor. Chowdhury and Khan (2024) further assess the financial impact of the ongoing Russia–Ukraine war on global stock markets, using daily stock market data and macroeconomic variables. Their findings show considerable volatility across all examined markets, with the U.S. economy nearing recession, the Russian economy in severe distress, and European stocks approaching technical correction territory.

The role of political uncertainty and sector-specific effects has also been studied. Ahmed et al. (2023) explore the Russia-Ukraine crisis's effects on European stock markets, emphasizing the influence of political uncertainty, geographic proximity, and sanctions. Their research shows that on February 21, 2022, when Russia recognized two Ukrainian regions as autonomous, European stock markets experienced significant negative abnormal returns, with varying impacts across industries, countries, and firm sizes. Assaf et al. (2023) assess the sensitivity of global financial markets to the Russia-Ukraine war, using an event study methodology to measure abnormal returns. Their findings show negative average abnormal returns (AARs) and cumulative average abnormal returns (CAARs) following the invasion, with regional variations in the magnitude of these effects.

Collectively, these studies underscore the immediate and significant effects of geopolitical conflicts on financial markets, with variations influenced by geographic proximity, market efficiency, and economic dependencies.

2.2. Hypothesis Development

This study enhances understanding of how war influences stock markets and industries, providing valuable insights for investors, policymakers, and corporate executives. Findings contribute to academic literature on geopolitical risks and offer practical guidance for financial stability, investment strategies, and economic policy.

Geopolitical conflicts, such as the 2023 Israel-Palestine war, create economic uncertainty, impacting stock markets and industries. Prior research suggests that such conflicts negatively affect financial markets by increasing risk perceptions and reducing investor confidence. (Ahmed et al., 2023) This study examines the financial repercussions of the conflict on the stock markets of Israel, Palestine, and Saudi Arabia, in the Israeli-Palestinian military conflict, with a focus the impact on specific industries, of three key dates in 2023; October 7th, the start of the conflict, November 21st, the first pause in armed hostilities, and December 1st, the end of the pause in armed hostilities.

Hypothesis 1: Negative Impact of War

H1: The outbreak of war, and the end of the pause in armed hostilities in Israel Palestine negatively impacted the stock markets of Israel, Palestine, and Saudi Arabia, leading to negative cumulative abnormal returns (CARs) across all industries.

Stock markets typically react to increased political, social, and financial uncertainty with heightened volatility, capital flight, and declining investor confidence, leading to falling stock prices. The impact of such uncertainty varies across industries. In the academic and educational services sector, institutional disruptions reduce enrollments and funding. Basic materials industries experience supply chain issues that raise costs, though safe-haven commodities like gold may

benefit. Consumer cyclicals, including retail, travel, and automotive sectors, suffer from reduced discretionary spending, while consumer non-cyclicals, which provide essential goods, remain more stable but face inflationary pressures. The energy sector experiences oil market volatility, affecting both producers and importers. Financial institutions face challenges as reduced lending and capital flight strain banking systems. In healthcare, demand for medical supplies may rise, but economic instability can limit overall spending. Industrials and real estate sectors are impacted by supply chain disruptions and reduced investment, slowing construction and property markets. In technology, cybersecurity companies may benefit, while the broader sector faces risk aversion. Lastly, utilities, as providers of essential services, tend to remain stable but may suffer from infrastructure damage in crisis situations.

Hypothesis 2: Positive Impact of pause in armed hostilities

H2: The pause in armed hostilities positively impacts these stock markets, leading to positive CARs across industries.

A pause in armed hostilities helps restore investor confidence, leading to increased liquidity and higher stock valuations. This stabilization has industry-specific effects across various sectors. In academic and educational services, renewed stability fosters investment and enrollment growth. The basic materials sector benefits from rising demand for construction materials as economic recovery progresses. Consumer cyclicals, including retail, travel, and luxury goods, experience a boost as consumer confidence strengthens. Similarly, consumer non-cyclicals see improved efficiency and profitability due to stabilized supply chains. The energy sector benefits from reduced geopolitical risks, promoting price stability. Financial markets experience improved credit conditions and increased investor optimism, driving market activity. In healthcare, there is greater investment in pharmaceuticals and hospital infrastructure. The industrials and real estate sectors

expand as rebuilding efforts drive growth in construction and property markets. In technology, renewed investor interest supports innovation and the digital sector. Finally, utilities benefit from stable conditions, enhancing operational efficiency and enabling expansion.

3. Data

3.1 Sample Construction

According to The Hindu (2024), three key event dates have been identified: October 7th, when hundreds of Hamas-led gunmen breached Israel's Gaza perimeter fence and launched attacks on nearby Israeli communities, prompting Prime Minister Benjamin Netanyahu to declare that Israel was "at war" and initiate retaliatory airstrikes on Gaza; November 21st, when Israel and Hamas agreed to a four-day pause in armed hostilities; and December 1st, when the pause in armed hostilities ended, and hostilities resumed. For the first key event date, October 7th, 2023, which is not a trading day for the Palestinian, Israeli, and Saudi Arabian markets, we use October 9th, 2023, as the first trading day for the Palestinian market and October 8th, 2023, for the Israeli and Saudi markets as the adjusted event date. Similarly, for the third key event date, December 1st, 2023, which is also a non-trading day for all three markets, we use December 3rd, 2023, the first trading day after December 1st, 2023, for all three markets.

Our study utilizes detailed data on publicly traded companies listed in the Palestinian, Israeli, and Saudi Arabian markets, drawing primarily on Investing.com as a source. Our sample includes 48 companies from the Palestinian market, 395 from the Israeli market, and 238 from the Saudi Arabian market. Table 1 provides a breakdown of the number of affected publicly traded companies by industry across these markets.

Insert Table 1 about here

3.1 Variables

Table 2 provides an overview of the variables used in our regression analysis. The dependent variable in the linear regression is the CARs of publicly traded companies in Palestine, Israel, and Saudi Arabia. This measure reflects deviations in stock price movements within a defined event window around the three key dates of October 7th, November 21st and December 1st, 2023. By examining CARs, we can assess investor sentiment and market volatility in reaction to individual events of each of the key dates. Additionally, we perform a regression analysis of the CARs of affected firms in relation to various major independent variables to identify those that are significant. However, the data was not winsorized, and the presence of outliers may have influenced the results. Future studies should consider addressing this issue.

The firm-specific independent variables include several key financial metrics. Return on assets measures a company's profitability relative to its total assets, highlighting how effectively the company uses its assets to generate profits. Leverage, defined as the ratio of total debt to total equity, evaluates a company's financial leverage by showing the proportion of its operations financed by debt versus equity, providing insights into its financial risk and stability. Return on common equity gauges the profitability of a company in relation to the equity held by its common shareholders, reflecting how effectively the company uses shareholder funds to generate net income. The price-to-earnings ratio measures the relationship between a company's stock price and its earnings per share, indicating how much investors are willing to pay for each dollar of the company's earnings, thus providing insight into market valuation and investor sentiment. The price-to-book ratio compares a company's market value to its book value, showing how much investors are willing to pay for each dollar of the company's net assets. Total assets growth measures the percentage increase or decrease in a company's total assets over a specific period,

reflecting the company's expansion or contraction in terms of its asset base, which can signal growth in operations, investments, or resource acquisition. Total liabilities growth assesses the percentage change in a company's total liabilities over a specified period, offering insight into the company's financial strategy and risk exposure based on the increase or decrease in its obligations. Basic earnings per share - continuing operations growth measures the percentage growth in a company's basic earnings per share from its continuing operations, excluding income from discontinued operations or extraordinary items. This metric provides insights into a company's core business performance and its ability to generate consistent growth in its earnings. Tobin's Q compares the market value of a company's assets to the replacement cost of those assets, helping to assess whether a company's stock is under- or over-valued. It also provides insights into investment decisions and market conditions. Net income margin calculates the percentage of revenue that remains as profit after all expenses, taxes, and costs have been deducted, reflecting how efficiently a company turns its revenue into profit, thus serving as a key indicator of profitability. Total asset growth measures the percentage change in a company's total assets over a specific period, indicating the company's capacity to grow its asset base, which could signal expansion, investment, or overall financial health. Lastly, the quick ratio measures a company's ability to meet its short-term obligations using its most liquid assets, excluding inventory. This ratio is critical for assessing the risk of a company defaulting on its short-term debts.

We incorporate an industry dummy variable to examine the impact of specific industries on the CAR. There are eleven industries, and we create ten dummy variables which are financials, industrials, consumer cyclicals, consumer non-cyclicals, healthcare, basic materials, real estate, energy, utilities, and academic & educational services. The technology sector serves as the reference group for comparisons with other industries. Additionally, a country dummy variable is

included to analyze the influence of specific countries on the CAR. These variables enable us to evaluate the magnitude of the effect across different industries or countries, specifically in terms of the CAR in response to the Palestine-Israel conflict.

Insert Table 2 about here

4. Methodology

4.1. Event Study

We employ the event study methodology for our empirical analysis to evaluate stock market performance surrounding the conflict between Palestine and Israel. We conduct a series of event studies around three key dates in the first two months of the armed conflict; October 7th, 2023, November 21st, 2023 and December 1st, 2023. This approach assesses the impact of a specific event on a firm's value by examining changes in its stock price during the event window. The primary objective of the analysis is to determine whether the event's effect on the firm's market value in order to quantify the direction and magnitude of this impact.

Our event study spans across three countries on the three key dates. Our hypotheses suggest that stock markets impacted by the war will exhibit either positive or negative CARs. The analysis uses event windows spanning from -1 to +5 trading days relative to the event date (day 0). For the estimation period, we define the endpoint as 20 days prior to the event[1], with a minimum duration of 150 days and a maximum of 300 days. To account for volatility, we normalize the abnormal stock returns by the standard deviation of returns within the estimation period. This normalization

[1] Because the endpoint of our estimation period is 20 days prior to each event, the positive findings for the November and December 2023 events may reflect a recovery from the first event in October. Future studies should address this issue.

facilitates comparisons across different timeframes and various stocks, providing a standardized metric to assess the event's impact. The abnormal return is calculated using the following formula:

$$AR_{i,t} = R_{i,t} - E(R_{i,t}) \quad (1)$$

Abnormal returns are calculated as the difference between a stock's actual return and its expected return, which is estimated using a chosen pricing model. An abnormal return (residual) is calculated using arithmetic percentages, as the actual return minus the return predicted by the firm's beta, based on the market return. The residual or abnormal return represents the portion of the return that is not predicted and is, therefore, an estimate of the change in firm value caused by the events. The predicted return represents the return that would be expected if no event had occurred. (Liargovas & Repousis, 2011). The abnormal return is normalized by dividing it by the standard deviation of the stock's returns during the estimation period. This process ensures that abnormal returns are expressed on a consistent scale, allowing for better comparability across stocks with varying levels of volatility.

The market model establishes a relationship between the return of a security and the return of the market portfolio, expressed through the following equation:

$$R_{it} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t} \quad (2)$$

Where $R_{i,t}$ represents the return of stock *i* at time *t*, α_i is a constant term specific to stock *i* at time *t*. β_i is the market beta for stock *i* that measures the sensitivity of the stock's return to changes in the market return, $R_{m,t}$ is the market return at time *t*, and $\varepsilon_{i,t}$ is the error term.

We use the estimated parameters to calculate abnormal returns (ARs) for each day within the event windows. Afterward, these estimated parameters are matched with the actual returns observed during the event period. The daily excess return, denoted as AR_{jt} for day *t*, is then

calculated by comparing the actual returns during the event period with the expected returns, using the estimated coefficients from the estimation period, as shown in the following equation:

$$AR_{jt} = R_{jt} - \left(\hat{\alpha} + \hat{\beta} R_{mt}\right) \qquad \text{Where t = -1, ..., +5} \tag{3}$$

We aggregate the abnormal returns to compute the cumulative abnormal return (CAR), which measures the total impact of the event over the entire event window. This is done by summing the abnormal returns for each day within the event window, as shown in the following equation:

$$CAR_{i(t1,t2)} = \sum_{t=t1}^{t2} AR_{i,t} \tag{4}$$

Where t1 and t2 define the start and end of the event window respectively.

Subsequently, we compute AAR for each day *t* within the event window by averaging the abnormal returns across all *N* stocks in the sample, using the following equation:

$$AAR_t = \frac{1}{N} \sum_{i=1}^{N} AR_{i,t} \tag{5}$$

Finally, we aggregate the average abnormal returns over the event window to calculate the CAAR, using the following equation:

$$CAAR_{(t1,t2)} = \sum_{t=t1}^{t2} AAR_t \tag{6}$$

We conduct the event study analysis across four event windows: [-1, +1], [0, +1], [0, +3], and [0, +5]. This approach enables us to examine the effects of war on stock performance at different stages—before, during, and after the event—allowing us to capture both immediate and longer-term market responses.

4.2. Cross-sectional Regression Analyses

To further investigate the factors influencing the stock market's reaction to war, we employ a multivariate Ordinary Least Squares (OLS) regression model. This model allows us to analyze the relationship between the CARs and various explanatory variables, including firm-specific characteristics and macroeconomic-specific factors. By incorporating multiple independent variables, the multivariate OLS regression provides a comprehensive understanding of the determinants of stock market performance in the context of war.

We express the regression model used in our study as follows:

$$CAR_{i,k} = \alpha + \beta_1(Return\ on\ Asset) + \beta_2(Return\ on\ Common\ Equity) + \beta_3(Leverage) + \beta_4(Quick\ Ratio) + \beta_5(Price\ to\ Equity\ Ratio) + \beta_6(Price\ to\ Book\ Value) + \beta_7(Total\ Assets\ Growth) + \beta_8(Total\ Liabilities\ Growth) + \beta_9(Net\ Income\ Growth) + \beta_{10}(Net\ Income\ Margin) + \beta_{11}(Basic\ EPS\ -\ Continuing\ Operations\ Growth) + \beta_{12}(Tobin's\ Q) + \beta_{13}(Affected\ Country\ Dummies) + \beta_{14}(Industry\ Dummies) + \varepsilon_i \quad (7)$$

Where $CAR_{i,k}$ represents the cumulative abnormal return of stock *i* during event window *k*. Return on Asset is defined as the ratio of total liabilities to total shareholders' equity and is calculated by dividing net profit by total assets. Return on Common Equity is determined by dividing net income available to common shareholders by the average common equity. Leverage is measured as the ratio of total debt to shareholders' equity. The Quick Ratio is calculated as (Current Assets - Inventory) divided by current liabilities. The Price to Earnings Ratio is calculated by dividing the market price per share by earnings per share. Price to Book Value is determined by dividing the market price per share by the book value per share. Total Assets Growth is calculated as the percentage change in total assets over a given time period. It is determined by subtracting the total

assets at the beginning of the period from the total assets at the end of the period and then dividing the result by the total assets at the beginning of the period. Total Liabilities Growth is calculated similarly as the difference between total liabilities at the end of the period and total liabilities at the beginning of the period, divided by total liabilities at the beginning of the period. Net Income Growth is measured as the change in net income over a period, expressed as the difference between net income at the end of the period and net income at the beginning of the period divided by net income at the beginning of the period. Net Income Margin is calculated by dividing net income by total revenue. Basic EPS - Continuing Operations Growth is measured as the change in earnings per share from continuing operations, expressed as the difference between EPS from continuing operations at the end of the period and EPS from continuing operations at the beginning of the period) divided by EPS from continuing operations at the beginning of the period. Lastly, Tobin's Q is calculated by dividing the market value of assets by the replacement cost of assets. The affected country dummies are binary variables that assume a value of 1 if it is listed in a particular country, and 0 if it does not. Industry dummies are binary variables that assume a value of 1 if a company belongs to a particular industry, and 0 if it does not.

5. Empirical Results

5.1. Event Study Results

Event Study Results Across All Markets

Tables 3 to 5 present our event study results for the selected sample across the Palestinian, Israeli, and Saudi Arabian markets over various event days. Column 1 indicates the total number of observations (abnormal returns) recorded for each event window. Columns 2 through 5 report the mean cumulative abnormal returns for the affected stocks within the event windows [-1, +1],

[0, +1], [0, +3], and [0, +5]. These values are accompanied by z-statistics and t-statistics in parentheses, providing an average assessment of the market's response.

The mean cumulative abnormal returns across all four event windows on October 8th and 9th, 2023, are negative and statistically significant according to both the Patell-Z and cross-sectional t-statistics. This indicates that the onset of the war between Palestine and Israel on October 7th, 2023, had a significant impact on the Palestinian, Israeli, and Saudi Arabian markets. The conflict's initiation caused a downward trend in all three stock markets.

The mean cumulative abnormal returns of the Palestinian stock market on November 21st, 2023, are positive across all event windows. Notably, they are statistically significant at the 1% or 5% significant levels in the [0, +1], [0, +3], and [0, +5] windows based on the Patell-Z-statistic. This indicates that the cessation of hostilities, as a result of the pause in armed hostilities, had a positive impact on the Palestinian stock market. Similarly, the Israeli stock market also experiences positive mean CARs in the [0, +1], [0, +3], and [0, +5] windows. The returns are particularly significant at the 1% significant level for the [0, +3] and [0, +5] windows. In addition, the Saudi Arabian stock market exhibited positive mean CARs in the [-1, +1], [0, +3], and [0, +5] windows but showed a negative mean CAR in the [0, +1] window. The positive returns are significant at 5% significance level in the [-1, +1] window according to the Patell-Z-statistic. These findings highlight the overall beneficial impact of the impact of the pause in armed hostilities on regional stock markets, despite some variations among them.

On December 3rd, 2023, the mean cumulative abnormal returns of the Palestinian stock market were negative across all event windows. However, none of these returns are statistically significant at any confidence level, as determined by both the Patell-Z and cross-sectional t-statistics. In contrast, the Israeli stock market shows positive mean cumulative abnormal returns across all event

windows. These positive returns are statistically significant at the 1% or 5% levels in all windows, according to the Patell-Z-statistic. Similarly, the Saudi Arabian stock market also records positive mean CARs across all event windows. These returns are significant at the 1% or 10% levels in all windows, based on the Patell-Z-statistic. It could be because, during periods of geopolitical conflict or instability, investors may perceive markets such as Israel and Saudi Arabia as relatively stable or resilient. In times of uncertainty, capital often shifts from riskier assets to safer ones, a phenomenon known as the flight-to-quality effect. Israel's economy is highly developed, with strong technology, defense, and financial sectors, making it more resilient to external shocks. Similarly, Saudi Arabia, as the largest economy in the Middle East and a major global oil producer, benefits from vast foreign exchange reserves, government-backed financial stability, and strategic energy dominance. These factors contribute to the perception that these markets offer greater stability during turbulent times. Consequently, investors may reallocate their funds toward these economies, leading to increased stock prices, driven by confidence in their economic strength and expectations of favorable government interventions.

Insert Table 3 about here

Insert Table 4 about here

Insert Table 5 about here

Event Study Results by Industry – Palestinian industries (Tables 6-8)

On October 9th, 2023, the mean cumulative abnormal returns for the consumer non-cyclicals, real estate, and utilities industries are negative across all event windows and statistically significant at the 1%, 5%, or 10% significance levels, according to the Patell-Z-statistic. Similarly, the financials industry recorded negative mean cumulative abnormal returns across all event

windows, with significance at the 1% significance level in the [0, +1], [0, +3], and [0, +5] windows based on the Patell-Z-statistic. The technology industry also experiences negative mean cumulative abnormal returns across all event windows, with significance at the 5% or 10% levels according to the Patell-Z-statistic. This may be due to an increased demand for technology services during the conflict, such as communication tools, cybersecurity, and digital infrastructure, which are often critical for maintaining connectivity, managing crises, and ensuring information security. For other Palestinian industries, including basic materials, consumer cyclicals, healthcare, and industrials, the mean cumulative abnormal returns are not statistically significant based on the Patell-Z-statistic.

Insert Table 6 about here

On November 21st, 2023, the mean cumulative abnormal returns for the consumer non-cyclicals and financials industries are negative in the [0, +1] window but turn positive in the [0, +3] and [0, +5] windows. These positive mean cumulative abnormal returns are statistically significant at the 1% or 5% levels based on the Patell-Z-statistic. The Palestinian industrials industry records a negative mean cumulative abnormal return in the [-1, +1] window, which is statistically significant at the 1% level according to the Patell-Z-statistic. The technology industry shows a positive mean cumulative abnormal return in the [0, +1] window but a negative mean cumulative abnormal return in the [0, +3] window, with both being statistically significant at the 1% or 10% levels. The utilities industry exhibits a negative mean cumulative abnormal return in the [0, +1] window, which is statistically significant at the 1% significance level according to the Patell-Z-statistic. For other Palestinian industries, including basic materials, consumer cyclicals, and healthcare, the mean cumulative abnormal returns are not statistically significant based on the Patell-Z-statistic.

Insert Table 7 about here

On December 3rd, 2023, the mean cumulative abnormal returns of the consumer non-cyclicals industry are negative and statistically significant at the 1% significance level in the [0, +3] window. The mean cumulative abnormal returns of the Palestinian financials industry are negative and statistically significant at the 1% or 5% significance levels in the [0, +1], [0, +3], and [0, +5] windows. The mean cumulative abnormal return of the Palestinian technology industry is positive and statistically significant at the 1% significance level in the [0, +3] window. The mean cumulative abnormal return of the Palestinian utilities industry is negative and statistically significant at the 1% significance level in the [0, +3] window. For other Palestinian industries, including basic materials, consumer cyclicals, healthcare, and industrials, the mean cumulative abnormal returns are not statistically significant based on the Patell-Z-statistic.

Insert Table 8 about here

Event Study Results by Industry – Israeli industries (Tables 9-11)

On October 8th, 2023, the mean cumulative abnormal returns for the consumer cyclicals, energy, financials, healthcare, and industrials industries are negative across all event windows and statistically significant at the 1% or 5% levels based on the Patell-Z-statistic. The mean cumulative abnormal returns for the basic materials and real estate industries are negative in the [-1, +1], [0, +1], and [0, +3] windows, with statistical significance at the 1% or 10% levels according to the Patell-Z-statistic. The consumer non-cyclicals and utilities industries show negative mean cumulative abnormal returns in the [-1, +1] and [0, +1] windows, with statistical significance at the 1% or 5% significance levels. Additionally, the technology industry exhibits negative mean

cumulative abnormal returns in the [-1, +1], [0, +1], and [0, +5] windows, which are statistically significant at the 1% or 5% significance levels, according to the Patell-Z-statistic.

Insert Table 9 about here

On November 21st, 2023, the mean cumulative abnormal returns for the basic materials industry are positive in the [0, +1] and [0, +5] windows, with statistical significance at the 1% or 10% significance levels based on the Patell-Z-statistic. The mean cumulative abnormal returns for the consumer cyclicals and healthcare industries are positive in the [0, +5] window at the 5% or 10% significance levels according to the Patell-Z-statistic. The mean cumulative abnormal return for the consumer non-cyclicals industry is negative in the [-1, +1] window. Additionally, the mean cumulative abnormal returns for the energy and real estate industries are negative in the [-1, +1] and [0, +1] windows.

Insert Table 10 about here

On December 3rd, 2023, the mean cumulative abnormal returns for the basic materials industry are positive across all event windows at the 1% or 5% significance levels according to the Patell-Z-statistic. The mean cumulative abnormal return for the healthcare industry is positive in the [0, +3] window, with statistical significance at the 10% level based on the Patell-Z-statistic. The mean cumulative abnormal returns for the industrials industry are positive in the [0, +1], [0, +3], and [0, +5] windows at the 1%, 5%, and 10% significance levels according to the Patell-Z-statistic. The mean cumulative abnormal returns for the real estate industry are positive in the [0, +3] and [0, +5] windows at the 1% significance level based on the Patell-Z-statistic. The mean cumulative abnormal returns for the utilities industry are positive in the [0, +1] and [0, +5] windows at the 10% significance level according to the Patell-Z-statistic. According to All Israel

News (2024), the positive abnormal returns in several industries are likely attributed to several successful military operations by the Israel Defense Forces, which likely boosted investor confidence in the Israeli market.

Insert Table 11 about here

Event Study Results by Industry – Saudi Arabian industries (Tables 12-14)

On October 8th, 2023, the mean cumulative abnormal returns for the consumer non-cyclicals and financials industries are negative across all event windows, with statistical significance at the 1% or 5% levels based on the Patell-Z-statistic. The mean cumulative abnormal returns for the basic materials and consumer cyclicals industries are negative in the [0, +3] and [0, +5] windows at the 1% significance level according to the Patell-Z-statistic. The mean cumulative abnormal returns for the energy industry are negative in the [-1, +1], [0, +1], and [0, +3] windows at the 1% significance level according to the Patell-Z-statistic. The mean cumulative abnormal return for the real estate industry is negative in the [0, +5] window at the 1% significance level based on the Patell-Z-statistic. The mean cumulative abnormal return for the utilities industry is negative in the [0, +3] window at the 10% significance level according to the Patell-Z-statistic.

Insert Table 12 about here

On November 21st, 2023, the mean cumulative abnormal returns for the industrials industry are positive across all event windows at the 1% significance level according to the Patell-Z-statistic. The mean cumulative abnormal returns for the academic & educational services industry are positive in the [-1, +1] and [0, +3] windows at the 5% and 10% significance levels based on the Patell-Z-statistic. The mean cumulative abnormal return for the academic & educational services

industry is also positive in the [-1, +1] window, with statistical significance at the 5% level according to the Patell-Z-statistic. The mean cumulative abnormal return for the basic materials industry is negative in the [0, +1] window, with statistical significance at the 10% level based on the Patell-Z-statistic. The mean cumulative abnormal returns for the energy industry are negative in the [-1, +1], [0, +1], and [0, +3] windows at the 1%, 5%, or 10% significance levels according to the Patell-Z-statistic. The mean cumulative abnormal returns for the financials industry are negative in the [0, +1], [0, +3], and [0, +5] windows at the 1% or 5% significance levels based on the Patell-Z-statistic. The mean cumulative abnormal return for the healthcare industry is positive in the [0, +5] window at the 1% significance level according to the Patell-Z-statistic. Finally, the mean cumulative abnormal return for the real estate industry is positive in the [0, +1] window, with statistical significance at the 5% significance level based on the Patell-Z-statistic.

Insert Table 13 about here

On December 3rd, 2023, the mean cumulative abnormal returns across various industries exhibited positive values over specific event windows, with statistical significance based on the Patell-Z-statistic. For the basic materials industry, positive the mean cumulative abnormal returns were observed in the [0, +1] and [0, +3] windows, significant at the 5% or 10% level. The consumer cyclicals industry also showed positive the mean cumulative abnormal returns in the [0, +1] and [0, +5] windows, with the same levels of significance. In the financials industry, positive the mean cumulative abnormal returns were noted in the [0, +3] window, significant at the 5% or 10% significance level. The health industry recorded positive the mean cumulative abnormal returns in the [-1, +1], [0, +1], and [0, +3] windows, with significance at the 1% or 10% level. Similarly, the industrials industry showed positive the mean cumulative abnormal returns in the [0, +1], [0, +3], and [0, +5] windows, with statistical significance at the 1% or 10% level. Finally, the real estate

industry demonstrated positive the mean cumulative abnormal returns in the [0, +3] window, significant at the 1% or 10% significance level. These findings highlight consistent positive abnormal returns across multiple industries during key event windows.

Insert Table 14 about here

In summary, the event study results indicate that the onset of the war on October 7th, 2023, had a significant negative impact on the stock markets of Palestine, Israel, and Saudi Arabia. However, when Israel and Hamas announced a four-day pause in armed hostilities on November 21st, 2023, the Palestinian and Israeli stock markets experienced significantly positive mean cumulative abnormal returns. Interestingly, the resumption of hostilities on December 1st, 2023, was associated with significantly positive mean cumulative abnormal returns in the Israeli and Saudi Arabian stock markets. According to All Israel News (2024), these positive abnormal returns in certain industries can be attributed to successful military operations by the Israel Defense Forces, which likely bolstered investor confidence in the Israeli market. Additionally, Saudi Arabia's reputation as a relatively stable economic and political entity in the region may have attracted investors seeking a safer alternative amidst heightened tensions in the Middle East.

5.2. Descriptive Statistics

Tables 15 through 17 provide the descriptive statistics for the variables employed in the regression model, focusing on key dates: October 8th, 2023; October 9th, 2023; November 21st, 2023; and December 3rd, 2023. The negative mean cumulative abnormal returns across the windows [-1, +1], [0, +1], [0, +3], and [0, +5] on October 8 and October 9th, 2023 indicates that the outbreak of war had a significantly adverse impact on the stock markets in Palestine, Israel, and Saudi Arabia. In contrast, during the four-day pause in armed hostilities on November 21st,

2023, the mean cumulative abnormal returns under the [0, +3] and [0, +5] windows turn positive, reflecting a temporary rebound in market performance. Following the resumption of armed hostilities on December 1, 2023, the mean cumulative abnormal returns record on December 3rd, 2023, are positive across all observed windows, including [-1, +1], [0, +1], [0, +3], and [0, +5]. Additionally, the analysis reveals a mean price-to-earnings ratio of 10.0315, suggesting that companies in these markets may be overvalued. The profitability metrics, however, paint a less favorable picture, with a return on assets of 0.0313, return on equity of 0.0704, and a net income margin of -0.5373. These figures indicate that public companies in the stock markets of Palestine, Israel, and Saudi Arabia exhibit relatively weak profitability. Furthermore, the leverage ratio, as measured by the debt-to-equity ratio, stands at 1.6457, highlighting a heavy reliance on debt financing. This dependency raises concerns about potential solvency risks, as excessive leverage may compromise the financial stability of these companies during periods of market stress.

Insert Table 15 about here

Insert Table 16 about here

Insert Table 17 about here

5.3. Multicollinearity

Multicollinearity refers to a statistical phenomenon in which two or more independent variables in a regression model are highly correlated, making it difficult to determine their individual effects on the dependent variable. To address potential multicollinearity concerns in our study, we calculate the Variance Inflation Factor for each independent variable, as shown in Tables 18 to 20. All independent variables display a Variance Inflation Factor of less than 10, suggesting that multicollinearity is not a significant issue in our regression model. We also review the

correlation matrix in Table 21, where we find generally low to moderate correlations among most of the predictors. However, several pairs exhibited moderate to strong correlations, including the relationship between return on assets and return on common equity, return on assets and Tobin's Q, quick ratio and Tobin's Q, and net income growth and basic EPS - continuing operations growth. These strong correlations can be attributed to the shared focus of these metrics on a company's financial health, operational efficiency, profitability, and investor perception. Specifically, both return on assets and return on common equity assess profitability, but from different angles— return on assets evaluates asset efficiency, while return on common equity looks at returns on equity. Likewise, return on assets and Tobin's Q are related through the concept that profitability influences market valuation, with higher profitability generally leading to a higher market value. The correlation between the quick ratio and Tobin's Q highlights how liquidity management can boost investor confidence, which, in turn, enhances market valuation. Lastly, net income growth and EPS growth are closely linked, as both reflect a company's ability to increase earnings, thereby fostering positive investor expectations of future growth. Ultimately, these pairs of metrics are closely tied to factors such as efficiency, profitability, liquidity, and growth potential, which explains the strength of their correlations. By ensuring that the Variance Inflation Factor values remain within an acceptable range, we confirmed that multicollinearity does not undermine the robustness of our analysis.

Insert Table 18 about here

Insert Table 19 about here

Insert Table 20 about here

Insert Table 21 about here

5.4. Regression Results

We build a linear regression model for the three key dates to identify the significant independent variables affecting the dependent variable which is the mean cumulative abnormal return (CAR) over the event windows [-1,+1], [0,+1], [0,+3], and [0,+5]. For the industry dummies, we use 'Technology Industry' serves as the reference category. For the country dummies, we use “Palestine Country” as the reference category.

5.4.1. Regression Results for CAR [-1,+1]

Table 22 presents the OLS regression results for cumulative abnormal returns within the [-1, +1] window, covering the period one day before and one day after the three event dates. The return on assets is statistically significant at the 10% level on October 8th and October 9th, 2023. The return on common equity is significant at either the 5% or 1% level on October 8th, October 9th, and November 21st, 2023. Growth in total assets and total liabilities is significant at the 10% level on November 21st, 2023. Tobin’s Q is significant at the 5% level on October 8 and October 9, 2023. The healthcare industry dummy variable is significant at the 1% level on November 21st, 2023. The energy industry dummy variable is significant at the 10% level on October 8th and October 9th, 2023. The basic materials industry dummy variable is significant at the 10% level on October 8th, October 9th, and November 21st, 2023. Lastly, the Israel country dummy variable is statistically significant at the 5% significance level on October 8th and October 9th, 2023.

Insert Table 22 about here

5.4.2. Regression Results for CAR [0,+1]

Table 23 presents the OLS regression results for cumulative abnormal returns within the [0, +1] window, which captures the event day and the following day across the three event dates.

Return on Common Equity is statistically significant at the 10% significance level on October 8th and October 9th, 2023, suggesting that public companies with higher profitability experienced a greater impact at the start of the war. Debt-to-equity ratio is statistically significant at the 5% significance level on the same dates and has a negative relationship with cumulative abnormal returns, indicating that companies with higher leverage faced a lower impact from the onset of the conflict. The Price-to-earnings ratio is statistically significant at the 5% significance level on October 8th and October 9th, 2023, and has a positive relationship with cumulative abnormal returns. This suggests that overvalued public companies are more significantly affected by the war's outbreak. Net income growth is statistically significant at the 5% significance level on November 21st, 2023, with a positive relationship to cumulative abnormal returns, implying that firms with higher earnings growth were more impacted by the restart of hostilities. Net income margin is statistically significant at the 10% significance level on December 3, 2023, and positively correlated with cumulative abnormal returns, suggesting that more profitable companies are more affected by the temporary pause in armed hostilities. Tobin's Q is statistically significant at the 5% significance level on November 21st, 2023, and positively associated with cumulative abnormal returns, indicating that firms perceived by investors as having strong future growth or profitability experience a greater impact from the pause in armed hostilities. Regarding industry effects, the industrials industry dummy is statistically significant at the 5% significance level on November 21st, 2023, while the healthcare industry dummy is statistically significant at the 1% significance level on December 3rd, 2023. Additionally, the Israel country dummy is statistically significant at the 5% significance level on October 8th and October 9th, 2023, highlighting the country-specific impact of the war's initiation on stock market reactions.

Insert Table 23 about here

5.4.3. Regression Results for CAR [0,+3]

Table 24 presents the OLS regression results for cumulative abnormal returns within the [0, +3] window, which captures the event day and the three subsequent days across the three event dates. Return on common equity is statistically significant at the 5% significance level on November 21st, 2023 and December 3rd, 2023. Price-to-earnings ratio is significant at the 10% significance level on the same dates. Net income growth shows statistical significance at the 5% significance level on October 8th, October 9th, and November 21st, 2023, and at the 1% significance level on December 3rd, 2023. Net income margin is statistically significant at the 5% significance level on October 8th, October 9th, and November 21st, 2023, and at the 10% significance level on December 3rd, 2023. Basic EPS – continuing operations growth is significant at the 5% level on December 3rd, 2023. Tobin's Q is statistically significant at the 1% significance level on October 8th, October 9th, and November 21st, 2023, while it is significant at the 10% significance level on October 8th and December 3rd, 2023. Regarding industry-specific effects, the industrials industry dummy is statistically significant at the 5% significance level, while the Academic educational services industry dummy is significant at the 10% significance level on October 8th, October 9th, November 21st, and December 3rd, 2023. The healthcare industry dummy is statistically significant at the 5% significance level on December 3rd, 2023. Additionally, the academic educational services industry dummy remains significant at the 10% significance level on October 8th, October 9th, and November 21st, 2023. On a country level, both the Saudi Arabia country dummy and the Israel country dummy are statistically significant at the 5% significance level on December 3rd, 2023.

Insert Table 24 about here

5.4.4. Regression Results for CAR [0,+5]

Table 25 presents the OLS regression results for cumulative abnormal returns within the [0, +5] window, covering the event day and the five subsequent days across the four event dates. Return on common equity is statistically significant at the 5% significance level on November 21st and December 3rd, 2023. Net income growth is significant at the 10% significance level on December 3rd, 2023, while Net income margin is statistically significant at the 5% significance level on both November 21st and December 3rd, 2023. Basic EPS – continuing operations growth and Tobin's Q are both significant at the 10% significance level on November 21st and December 3rd, 2023. Regarding industry effects, the healthcare industry dummy is statistically significant at the 5% significance level on both November 21st and December 3rd, 2023. Additionally, the energy industry dummy is statistically significant at the 10% significance level on October 8th and October 9th, 2023. On a country level, the Saudi Arabia country Dummy is statistically significant at the 5% significance level on October 8th, October 9th, November 21st, and December 3rd, 2023. The Israel country dummy is statistically significant at the 10% significance level on November 21st and December 3rd, 2023.

Insert Table 25 about here

6. Conclusions

Our study examines the financial impact of the 2023 Israel-Palestine conflict on overall stock markets as well as specific industries in Israel, Palestine, and Saudi Arabia. Using event study methodology, we analyze how the stock markets in these three regions responded to key events of the conflict.

The outbreak of war on October 7th, 2023, had a significant negative impact on the stock markets of Israel, Palestine, and Saudi Arabia, leading to an overall downward trend. The pause in armed hostilities on November 21st, 2023, impacted the Palestinian and Israeli stock markets with positive financial effects. However, when the pause in armed hostilities ended on December 3rd, 2023, the Palestinian stock market showed negative mean cumulative abnormal returns across all event windows, though none are statistically significant at any confidence level. In contrast, the Israeli and Saudi Arabian stock markets exhibited positive mean cumulative abnormal returns across all event windows, with statistical significance at the 1% or 5% significance levels.

The impact of the conflict on industry-level performance varied across Palestine, Israel, and Saudi Arabia, with notable short-term disruptions and recoveries. In Palestine, the outbreak and resumption of hostilities negatively affected consumer non-cyclicals, financials, real estate, and utilities, while the technology sector experienced a positive impact. However, following the pause in armed hostilities on November 21st, 2023, consumer non-cyclicals, financials, and real estate rebounded, whereas the technology sector did not show a similar recovery. In Israel, the initial outbreak had a negative short-term impact on multiple sectors, including consumer cyclicals, consumer non-cyclicals, energy, financials, healthcare, industrials, real estate, and technology. After the pause in armed hostilities, basic materials, consumer cyclicals, energy, financials, healthcare, and industrials saw a positive rebound, while the resumption of hostilities on December 1st, 2023, led to positive financial performance in basic materials, consumer non-cyclicals, energy, healthcare, industrials, real estate, and utilities. Similarly, in Saudi Arabia, the war's initial outbreak caused short-term declines across numerous industries, including academic & educational services, basic materials, consumer cyclicals, consumer non-cyclicals, energy, financials, healthcare, industrials, real estate, technology, and utilities. While the pause in armed

hostilities led to a rebound in academic & educational services and industrials, energy, financials, and real estate faced negative financial impacts. When conflict resumed, basic materials, consumer cyclicals, consumer non-cyclicals, financials, healthcare, industrials, and real estate showed positive financial performance in the short term. These findings highlight distinct sectoral vulnerabilities and resilience patterns in response to geopolitical instability.

Cross-sectional regression analysis provides further insights into the factors influencing stock market performance during the Israel-Palestine conflict. The findings suggest that publicly traded companies with strong profitability and high market valuation are more significantly affected by the conflict. For the country dummy variable, Palestine serves as the reference category. The results indicate that Israel experienced a significant negative financial impact at the onset of the war but shows a significant positive financial impact following the pause in armed hostilities. Additionally, both Israel and Saudi Arabia exhibited a significant financial impact when the conflict resumes.

A limitation of our study is that we focus only on the short-term financial impact of the conflict between Palestine and Israel on the Palestinian, Israeli, and Saudi Arabian stock markets. Despite our focus on the three regions, the ongoing war is a global issue which should be studied both in the short-term and the long-term. Our study contributes to the existing literature by examining the financial impact of the Palestine-Israel conflict on the stock markets of Palestine, Israel, and Saudi Arabia. Our findings provide valuable insights for investors, enabling them to better understand how the conflict affects these markets both broadly and at an industry-specific level. By enhancing our knowledge of the conflict's influence on these stock markets, this research lays the groundwork for future studies exploring its global financial implications and long-term effects of armed conflicts.

References

Ahmed, S., Hasan, M. M., & Kamal, M. R. (2023). Russia–Ukraine crisis: The effects on the European stock market. European Financial Management, 29(4), 1078-1118.

All Israel News. (2024, October 28). Israeli stock market increased by 28% in 2024. All Israel News. https://allisrael.com/israeli-stock-market-increased-by-28-in-2024

Assaf, R., Gupta, D., & Kumar, R. (2023). The price of war: Effect of the Russia-Ukraine war on the global financial market. Journal of Economic Asymmetries, 28, e00328.

BBC News. (2018, May 16). Israel-Gaza violence: The conflict explained. BBC News. https://www.bbc.com/news/newsbeat-44124396

Boungou, W., & Yatié, A. (2022). The impact of the Ukraine–Russia war on world stock market returns. Economics letters, 215, 110516.

Bradford, B.M. and David Robison, H. (1997), Abnormal returns, risk, and financial statement data: the case of the Iraqi invasion of Kuwait. Journal of Economics and Business, Vol. 49 No. 2, pp. 193-204, doi: 10.1016/s0148-6195(97)81515-9.

Campbell, C. J., Cowan, A. R., & Salotti, V. (2010). Multi-country event-study methods. Journal of Banking & Finance, 34(12), 3078-3090.

Choudhry, T. (2010). World War II events and the Dow Jones industrial index. *Journal of Banking & Finance*, *34*(5), 1022-1031.

Chowdhury, E. K., & Khan, I. I. (2024). Reactions of global stock markets to the Russia–Ukraine war: An empirical evidence. Asia-Pacific Financial Markets, 31(3), 755-778.

Eldor, R. R., Hauser, S., Kroll, Y., & Shoukair, S. (2012). Financial markets and terrorism: The perspective of the two sides of the conflict. Journal of Business Administration Research, 1, 18-29.

Izzeldin, M., Muradoğlu, Y. G., Pappas, V., Petropoulou, A., & Sivaprasad, S. (2023). The impact of the Russian-Ukrainian war on global financial markets. International Review of Financial Analysis, 87, 102598.

Khudaykulova, M., Yuanqiong, H., & Khudaykulov, A. (2022). Economic consequences and implications of the Ukraine-russia war. International Journal of Management Science and Business Administration, 8(4), 44-52.

Kumari, V., Kumar, G., & Pandey, D. K. (2023). Are the European Union stock markets vulnerable to the Russia–Ukraine war? Journal of Behavioral and Experimental Finance, 37, 100793.

Kiddle. (n.d.). 2023 Israel–Hamas war. Kiddle Encyclopedia. https://kids.kiddle.co/2023_Israel%E2%80%93Hamas_war

Lee, J. W. (2001). The impact of the Korean War on the Korean economy. International Journal of Korean Studies, 5(1).

Liargovas, Panagiotis, and Spyridon Repousis. "The impact of mergers and acquisitions on the performance of the Greek banking sector: An event study approach." International Journal of Economics and Finance 3.2 (2011): 89-100.

Lo, G. D., Marcelin, I., Bassène, T., & Sène, B. (2022). The Russo-Ukrainian war and financial markets: the role of dependence on Russian commodities. Finance Research Letters, 50, 103194.

Martins, A. M. (2024). Global equity, commodities and bond market response to Israel-Hamas war. Finance Research Letters, 67, 105900.

Martins, A. M., Correia, P., & Gouveia, R. (2023). Russia-Ukraine conflict: The effect on European banks' stock market returns. Journal of Multinational Financial Management, 67, 100786.

Rigobon, R., & Sack, B. (2005). The effects of war risk on US financial markets. Journal of banking & finance, 29(7), 1769-1789.

The Hindu. (2024, January 23). One year into the Israel-Hamas war: A timeline of the major events since October 7. Retrieved from https://www.thehindu.com/news/international/one-year-into-the-israel-hamas-war-a-timeline-of-the-major-events-since-october-7/article68728192.ece

Times of Israel. (2023, October 7). *"We are at war," Netanyahu says after Hamas launches devastating surprise attack.* https://www.timesofisrael.com/we-are-at-war-netanyahu-says-after-hamas-launches-devastating-surprise-attack/

Tables and Figures

Table 1. Sample Description: Publicly Traded Firms by Country and Industry

Industry	Palestine	Israel	Saudi Arabia	Total
Academic & Educational Services	0	0	3	3
Basic Materials	5	20	46	71
Consumer Cyclicals	3	64	27	94
Consumer Non-Cyclicals	6	26	24	56
Energy	0	26	9	35
Financials	18	53	43	114
Healthcare	4	27	13	44
Industrials	1	54	21	76
Others	2	1	5	8
Real Estate	6	54	32	92
Technology	2	56	10	68
Utilities	1	14	5	20
Total	48	395	238	681

Table 2. Variable Definitions

Variable	Definition	Source
CAR	Cumulative abnormal return of the affected country's stock market price during a specific event window	Investing.com
Return on Assets	Net profit or loss over total asset ratio	Investing.com
Return on Common Equity	Net income available to common shareholders divided by the average common equity	Investing.com
Leverage	Total debt/ shareholders' equity	Investing.com
Quick Ratio	(Current assets - inventory) / current liabilities	Investing.com
Price to Earnings Ratio	Market price per share / earnings per share	Investing.com
Price to Book Ratio	Market price per share / book value per share	Investing.com
Total Asset Growth	(Total assets at end of period - total assets at beginning of period) / total assets at beginning of period	Investing.com
Total Liability Growth	(Total liabilities at end of period - total liabilities at beginning of period) / total liabilities at beginning of period	Investing.com
Net Income Growth	(Net income at end of period - net income at beginning of period) / net income at beginning of period	Investing.com
Net Income Margin	Net income / total revenue	Investing.com
Basic EPS - Continuing Operations Growth	(EPS from continuing operations at end of period - EPS from continuing operations at beginning of period) / EPS from continuing operations at beginning of period	Investing.com
Tobin's Q	Market value of assets/replacement cost of assets	Investing.com
Country Dummies	Country dummy variables: binary variables that assume a value of 1 if a firm is headquartered in a particular country, and 0 if it is not.	Investing.com
Industry Dummies	Industry dummy variables: binary variables that assume a value of 1 if a firm belongs to a particular industry, and 0 if it does not.	Investing.com

Table 3. Abnormal Stock Market Performance of the Palestinian Stock Market

		Event Window			
Event date	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
October 9, 2023	48	-1.13 -3.89*** -2.32**	-1.25 -5.27*** -2.41**	-1.26 -4.99*** -2.31**	-1.43 -5.14*** -2.25**
November 21, 2023	48	0.06 0.71 0.42	0.31 1.98** 0.79	0.52 3.99*** 0.73	0.92 5.32*** 1.26
December 3, 2023	48	-0.47 -0.30 -0.24	-0.65 -0.67 -0.61	-0.51 -1.22 -1.18	-0.67 -1.49 -1.47

The table displays the cumulative abnormal returns (CARs) of the Palestinian market across various event windows on the following dates: October 9th, 2023, November 21st, 2023, and December 3rd, 2023. The results are derived from the market model using an equally weighted market index. Column (1) indicates the number of observations. Columns (2) to (5) present the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5], respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 4. Abnormal Stock Market Performance of the Israeli Stock Market

		Event Window			
Event date	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
October 8, 2023	395	-3.36 -16.84*** -11.13***	-7.60 -20.62*** -12.10***	-2.07 -9.55*** -6.77***	-0.61 -1.76* -1.67*
November 21, 2023	395	-0.67 -2.83*** -2.73***	-0.11 0.09 -0.54	4.76 7.17*** 1.41	3.82 10.05*** 2.11**
December 3, 2023	395	0.57 2.69*** 2.43	0.41 2.40** 2.25**	2.42 4.00*** 3.53***	1.52 5.41*** 4.69***

The table displays the cumulative abnormal returns (CARs) of the Israeli market across various event windows on the following dates: October 9th, 2023, November 21st, 2023, and December 3rd, 2023. These results are derived from the market model using an equally weighted market index. Column (1) indicates the number of observations. Column (1) shows the number of observations. Columns (2) to (5) present the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5], respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 5. Abnormal Stock Market Performance of the Saudi Arabian Stock Market

		Event Window			
Event date	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
October 8, 2023	238	-0.75 -3.08*** -4.82***	-2.13 -5.72*** -7.62***	-3.55 -15.17*** -13.99***	-2.78 -9.96*** -12.15***
November 21, 2023	238	0.30 1.98** 1.78*	-0.21 -2.10** -1.69*	0.41 1.22 2.12**	0.39 0.74 1.61
December 3, 2023	238	0.34 1.92* 2.22**	0.59 3.77*** 4.27***	1.27 5.42*** 5.59***	1.29 4.63*** 5.37***

The table displays the cumulative abnormal returns (CARs) of the Saudi market across various event windows on the following dates: October 9th, 2023, November 21st, 2023, and December 3rd, 2023. These results are derived from the market model using an equally weighted market index. Column (1) indicates the number of observations. Columns (2) to (5) present the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5]; respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 6. Abnormal Stock Market Performance of Different Palestinian Industries on October 9th, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	5	-0.12 -0.21 -0.54	0.81 1.24 1.00	-0.16 -0.20 -0.52	-0.25 -0.27 -0.54
Consumer Cyclicals	3	-0.03 -0.03 -1.28	0.03 0.02 1.28	0.24 0.09 0.91	0.81 0.26 0.96
Consumer Non-Cyclicals	6	-4.22 -4.44*** -1.98**	-4.11 -5.21*** -1.95*	-3.14 -3.02*** -3.12***	-3.96 -3.21*** -2.98***
Financials	18	-0.84 -2.69*** -1.34	-1.02 -3.83*** -1.78*	-1.18 -3.33*** -1.70*	-1.23 -2.83*** -1.48
Healthcare	4	0.33 0.15 1.08	0.45 0.34 1.32	0.91 0.51 1.03	2.38 2.86*** 1.77*
Industrials	1	-0.18 -0.16 N/A	-0.12 -0.13 N/A	-0.23 -0.18 N/A	-0.35 -0.22 N/A
Others	2	0.05 0.16 1.00	0.04 0.18 1.00	-1.93 -5.44*** -1.00	-4.40 -10.10*** -1.00
Real Estate	6	-2.26 -2.52** -1.35	-3.19 -4.43*** -1.40	-3.86 -3.68*** -1.32	-4.40 -3.44*** -1.34
Technology	2	2.88 3.48*** 0.61	3.45 4.90*** 0.70	4.64 4.02*** 1.25	3.34 2.36** 1.26
Utilities	1	-6.59 -3.32*** N/A	-6.02 -3.83*** N/A	-5.83 -2.62*** N/A	-4.76 -1.75* N/A

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Palestinian market across different event windows on October 9th, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

.

Table 7. Abnormal Stock Market Performance of Different Palestinian Industries on November 21st, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	5	0.08 0.12 0.89	0.81 1.24 1.00	-0.53 -0.44 -0.73	0.79 0.74 1.29
Consumer Cyclicals	3	0.00 -0.05 0.02	0.03 0.02 1.28	-0.55 -0.29 -1.46	-0.44 -0.23 -1.91*
Consumer Non-Cyclicals	6	0.82 1.21 0.93	-4.11 -5.21*** -1.95*	3.09 4.10*** 1.87	1.63 2.08** 1.35
Financials	18	0.10 0.04 0.10	-1.02 -3.83*** -1.78*	0.50 3.51*** 0.32	1.07 5.27*** 0.65
Healthcare	4	-0.07 -0.13 -1.07	0.45 0.34 1.32	-0.29 -0.21 -1.08	0.39 0.19 0.81
Industrials	1	-4.98 -4.77*** N/A	-0.12 -0.13 N/A	1.88 1.56 N/A	1.80 1.21 N/A
Others	2	0.12 0.19 1.00	0.04 0.18 1.00	-0.12 -0.17 -1.00	0.01 0.01 1.00
Real Estate	6	1.24 2.64*** 0.85	-3.19 -4.43*** -1.40	1.16 2.84*** 0.46	1.94 3.35*** 0.63
Technology	2	-0.27 -0.08 -0.55	3.45 4.90*** 0.70	-1.42 -1.64* -0.57	-0.11 -0.52 -0.05
Utilities	1	-0.05 -0.03 N/A	-6.02 -3.83*** N/A	-2.91 -1.32 N/A	-2.43 -0.90 N/A

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Palestinian market across different event windows on November 21st, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 8. Abnormal Stock Market Performance of Different Palestinian Industries on December 3rd, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	5	0.23 0.30 1.08	0.81 1.24 1.00	-0.16 -0.20 -0.52	0.91 0.84 1.11
Consumer Cyclicals	3	0.14 0.01 0.48	0.18 0.06 0.66	0.24 0.09 0.91	-1.35 -0.53 -1.25
Consumer Non-Cyclicals	6	-1.96 -1.86* -2.16**	-1.54 -1.33 -1.38	-3.41 -3.02*** -3.12***	-2.05 -1.38 -1.33
Financials	18	-0.52 -1.57 -0.59	-0.71 -2.33** -0.84	-1.18 -3.33*** -1.70	-1.39 -2.37** -1.47
Healthcare	4	1.63 1.49 1.60	0.64 0.82 0.77	0.91 0.51 1.03	0.53 0.39 0.42
Industrials	1	-0.25 -0.20 N/A	-0.22 -0.22 N/A	-0.23 -0.18 N/A	-2.36 -1.36 N/A
Others	2	0.08 0.09 1.00	0.09 0.12 1.00	-1.93 -5.44*** -1.00	0.07 0.05 1.00
Real Estate	6	1.28 1.80* 1.19	0.31 0.82 0.38	-3.86 -3.68*** -1.32	0.26 0.41 0.32
Technology	2	0.07 0.57 0.04	0.42 1.08 0.20	4.64 4.02*** 1.25	1.56 1.13 1.27
Utilities	1	0.59 0.31 N/A	0.84 0.54 N/A	-5.83 -2.62*** N/A	0.17 0.06 N/A

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Palestinian market across different event windows on December 3rd, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 9. Abnormal Stock Market Performance of Different Israeli Industries on October 8th, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	54	-2.62 -3.47*** -3.10***	-2.64 -4.16*** -3.12***	-1.58 -1.74* -1.78*	-1.24 -1.47 -0.91
Consumer Cyclicals	64	-3.40 -6.66*** -4.57***	-3.40 -8.45*** -5.33***	-2.05 -4.16*** -2.36**	-2.52 -3.93*** -2.16**
Consumer Non-Cyclicals	56	-3.63 -5.04*** -3.78***	-3.25 -5.52*** -3.75***	-0.47 -0.16 -0.45	-0.73 -0.14 -0.59
Energy	53	-6.47 -7.67*** -5.45***	-5.28 -7.75*** -5.02***	-4.13 -4.18*** -4.04***	-7.29 -5.56*** -3.97***
Financials	26	-3.65 -8.32*** -6.19***	-3.74 -10.43*** -7.28***	-4.07 -7.88*** -6.22***	-4.53 -7.09*** -5.14***
Healthcare	54	-4.37 -4.33*** -2.51**	-4.03 -5.01*** -2.51***	-2.71 -2.59*** -1.55	-3.62 -2.94*** -1.92*
Industrials	20	-3.65 -7.15*** -3.98***	-3.87 -9.37*** -4.36***	-1.85 -3.31*** -1.72*	-2.86 -3.85*** -2.16**
Others	26	-2.11 -0.85 N/A	-2.47 -1.22 N/A	-1.10 -0.39 N/A	0.19 0.06 N/A
Real Estate	27	-1.99 -4.08*** -3.20***	-1.99 -5.01*** -3.68***	-1.50 -2.67*** -2.85***	0.14 0.40 0.18
Technology	14	-2.37 -3.44*** -2.53**	-2.57 -4.89*** -3.01***	-5.03 -1.43 -1.33	-1.84 -2.22** -2.02**
Utilities	1	-3.07 -2.39** -2.08**	-2.82 -2.77*** -2.41**	-0.86 -0.21 -0.63	-1.10 -0.21 -0.64

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Israeli market across different event windows on October 8th, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 10. Abnormal Stock Market Performance of Different Israeli Industries on November 21st, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	20	-0.16 -0.29 -0.17	1.12 1.66* 1.26	0.47 0.63 0.61	4.92 3.05*** 1.48
Consumer Cyclicals	64	-0.76 -1.79 -1.47	-0.29 -0.98 -0.74	0.37 0.60 0.63	1.90 2.05** 1.94*
Consumer Non-Cyclicals	26	-1.73 -1.93* -2.01**	-1.02 -1.30 -1.73	-0.13 -0.02 -0.16	1.38 1.41 1.58
Energy	26	-2.01 -3.01*** -2.60***	-1.35 -2.48** -2.64***	0.03 -0.24 0.04	1.78 0.63 1.26
Financials	53	0.78 1.60 0.90	0.92 2.74*** 1.16	2.79 4.68*** 2.77***	3.96 5.35*** 3.74***
Healthcare	27	-0.45 -0.22 -0.49	-0.13 -0.01 -0.16	1.20 1.19 1.02	2.10 1.80* 1.31
Industrials	54	-0.39 -0.76 -0.68	0.51 1.07 1.11	13.90 12.68*** 1.09	15.50 11.91*** 1.20
Others	1	1.37 0.54 N/A	2.21 1.08 N/A	4.93 1.7* N/A	11.80 3.33*** N/A
Real Estate	54	1.88 -2.64*** -2.68***	-1.03 -1.67* -1.91*	-0.57 -0.92 -0.60	0.53 1.54 0.50
Technology	56	-0.55 -0.54 -0.74	-0.31 0.05 -0.46	0.17 0.34 0.22	0.46 0.57 0.51
Utilities	14	0.39 0.65 0.37	0.80 1.23 0.85	2.74 1.42 1.44	2.49 1.22 1.35

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Israeli market across different event windows on November 21st, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 11. Abnormal Stock Market Performance of Different Israeli Industries on December 3rd, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Basic Materials	20	4.43 4.97*** 2.18**	3.31 4.20*** 2.03**	2.29 2.50** 1.56	2.25 1.99** 1.47
Consumer Cyclicals	64	-0.28 -0.86 -0.53	-0.43 -1.31 -1.20	0.40 0.55 0.69	0.92 1.36 1.30
Consumer Non-Cyclicals	26	-0.95 -1.36 -1.20	-0.15 0.06 -0.24	0.58 0.89 0.49	1.39 1.34 0.96
Energy	26	1.44 1.29 1.65*	1.49 1.60 1.85*	1.21 0.94 1.18	2.05 1.56 1.33
Financials	53	0.35 -0.24 0.71	0.41 0.17 0.99	0.36 -0.33 -0.62	1.40 1.33 2.12**
Healthcare	27	1.74 1.79* 1.55	0.73 1.03 0.95	2.14 1.89* 1.33	2.26 1.59 1.48
Industrials	54	0.21 1.12 0.37	0.44 1.67* 1.01	1.06 1.98** 1.60	2.12 2.88*** 2.62***
Others	1	2.37 0.94 N/A	3.08 1.49 N/A	3.66 1.25 N/A	5.74 1.60 N/A
Real Estate	54	0.28 1.85* 0.50	-0.24 0.45 -0.52	1.68 3.85*** 2.08**	1.99 3.75*** 1.80*
Technology	56	0.57 0.51 1.01	0.31 0.09 0.71	0.35 -0.17 -0.60	0.29 -0.12 0.35
Utilities	14	1.09 1.16 1.29	1.24 1.76* 1.41	0.70 1.20 0.44	2.06 1.79* 1.29

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Israeli market across different event windows on December 3rd, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 12. Abnormal Stock Market Performance of Different Saudi Arabian Industries on October 8th, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Academic &	3	0.53	0.02	-3.05	-3.06
Educational		0.29	0.09	-1.55	-1.31
Services		9.36***	0.02	-3.76***	-1.60
Basic Materials	46	0.44	0.03	-2.66	-2.01
		1.45	0.11	-5.44***	-3.26***
		1.36	0.08	-5.23***	-3.62***
Consumer	27	-0.21	-0.76	-3.73	-3.47
Cyclicals		-0.06	-1.19	-4.83***	-3.72***
		-0.37	-1.63	-4.63***	-4.50***
Consumer Non-	24	-1.41	-1.45	-5.30	-4.25
Cyclicals		-2.05**	-2.77***	-6.93***	-4.40***
		-2.91***	-4.19***	-10.30***	-8.41***
Energy	9	-2.16	-2.00	-3.14	-1.83
		-2.40***	-2.48***	-2.92***	-1.60
		-1.89*	-2.31**	-2.88***	-1.60
Financials	43	-1.35	-1.71	-4.80	-3.67
		-2.85***	-4.12***	-8.11***	-5.46***
		-4.18***	-5.73***	-6.32***	-6.63***
Healthcare	13	-1.11	-1.27	-3.66	-2.47
		-1.26	-1.77*	-3.62***	-2.02**
		-2.00**	-2.48**	-4.03***	-2.99***
Industrials	21	1.74	-1.78	-4.50	-3.32
		-2.38**	-2.77***	-5.18***	-3.24***
		-3.09***	-4.24***	-6.61***	-4.88***
Others	5	-0.56	-0.59	-1.78	-1.44
		-0.49	-0.63	-1.34	-0.88
		-1.00	-1.00	-1.00	-1.00
Real Estate	32	-0.20	-0.53	-1.78	-1.99
		0.30	-1.48	-1.34	-3.52***
		-0.57	-2.04	-1.00	-3.64***
Technology	10	-1.40	-1.08	-2.48	-1.65
		-1.21	-1.29	-1.78*	-1.09
		-2.55**	-2.58***	-1.89*	-1.51
Utilities	5	-1.82	-1.12	-2.67	-0.06
		-1.34	-0.88	-1.78*	-0.15
		-2.25**	-1.14	-0.89	-0.03

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Saudi market across different event windows on October 8th, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 13. Abnormal Stock Market Performance of Different Saudi Arabian Industries on November 21st, 2023

		Event Window			
Industry	(1) N	(2) [-1, +1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0, +1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0, +3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0, +5] Mean CAR (%) (z-statistic) (t-statistic))
Academic & Educational Services	3	3.70 2.13** 3.18***	1.54 1.29 0.89	3.67 1.92* 2.00	3.92 1.18 1.84*
Basic Materials	46	-0.30 -1.15 -1.04	-0.50 -1.66* -2.09**	0.23 0.39 0.73	0.27 0.58 0.25
Consumer Cyclicals	27	0.72 1.28 1.54	0.19 0.32 0.51	1.08 1.46 1.80*	1.19 1.33 1.23
Consumer Non-Cyclicals	24	0.52 0.64 0.75	-0.46 -1.00 -1.18	-0.12 -0.16 -0.24	0.65 0.84 0.71
Energy	9	0.72 4.77*** 0.77	-0.28 -2.24** -0.54	0.11 -1.92* 0.11	0.00 0.00 -3.28***
Financials	43	-0.80 -1.35 -2.78***	-0.78 -2.04** -3.45***	-1.24 -2.27** -3.70***	-1.72 -4.24*** -2.36***
Healthcare	13	1.53 1.58 4.33***	-0.05 -0.08 -0.17	1.72 1.40 1.41	2.57 2.36*** 1.90*
Industrials	21	2.32 3.59*** 2.57**	1.42 2.78*** 2.22	3.08 3.71*** 4.40***	3.11 3.75*** 3.27***
Others	5	-0.04 -0.04 -1.00	-0.32 -0.31 -1.00	-0.46 -0.31 -1.00	-0.27 -1.00 -0.15
Real Estate	32	-0.16 -0.76 -0.39	-0.53 -2.04** -1.60	-0.10 0.09 -0.27	-0.33 -0.73 -0.21
Technology	10	-0.06 -0.26 -0.12	-0.32 -0.64 -0.78	0.82 0.49 0.53	0.52 0.27 0.39
Utilities	5	1.38 1.10 2.33**	0.73 0.75 1.41	2.32 1.49 3.36***	0.64 0.74 0.20

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Saudi market across different event windows on October 8th, 2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 14. Abnormal Stock Market Performance of Different Saudi Arabian Industries on December 3rd, 2023

		Event Window			
Industry	(1) N	(2) [-1,1] Mean CAR (%) (z-statistic) (t-statistic)	(3) [0,1] Mean CAR (%) (z-statistic) (t-statistic)	(4) [0,3] Mean CAR (%) (z-statistic) (t-statistic)	(5) [0,5] Mean CAR (%) (z-statistic) (t-statistic))
Academic & Educational Services	3	1.77 0.96 1.22	0.57 0.46 0.42	1.28 0.55 1.89*	0.25 0.08 0.86
Basic Materials	46	0.52 1.31 2.06**	0.77 2.28** 2.90***	1.10 2.16* 3.10	0.69 1.10 1.57
Consumer Cyclicals	27	0.47 1.07 0.78	0.79 1.91* 1.38	0.49 1.02 0.50	1.80 2.12** 2.19**
Consumer Non-Cyclicals	24	-0.24 -0.29 -0.41	0.31 0.59 0.66	1.61 2.09* 1.85*	0.70 0.78 0.76
Energy	9	-0.12 -0.62 -0.21	-0.16 -0.66 -0.21	0.94 1.15 0.88	1.06 0.88 0.72
Financials	43	0.10 0.16 0.27	0.03 0.11 0.12	1.47 1.94* 2.30**	1.66 2.03** 2.48**
Healthcare	13	1.93 1.85* 2.10**	2.52 2.88*** 3.07***	2.39 1.84* 2.36**	1.44 0.72 1.25
Industrials	21	0.35 0.91 0.56	0.71 1.79* 1.76*	2.52 3.68*** 3.24***	4.24 5.07*** 5.30***
Others	5	-0.01 -0.01 -1.00	0.11 0.10 1.00	-0.19 -0.13 -1.00	-0.04 -0.02 -1.00
Real Estate	32	0.18 0.73 0.91	0.58 1.54 1.93*	0.77 1.65* 2.17**	0.25 0.83 0.72
Technology	10	-0.30 -0.41 -0.59	0.40 0.32 0.77	1.15 0.82 2.37**	0.99 0.61 1.42
Utilities	5	1.20 0.94 0.92	0.86 0.78 0.45	0.79 0.54 0.55	0.69 0.33 0.44

The table illustrates the cumulative abnormal returns (CARs) of various industries in the Saudi market across different event windows on December 3rd,2023. These findings are based on the market model with an equally weighted market index. Column (1) shows the number of observations. Column (2) to (5) presents the mean CARs along with the associated z-statistics and t-statistics (in parentheses) for the event window [-1,1], [0,1], [0,3] and [0,5] respectively. Significance levels are indicated by ***, **, and *, representing 1%, 5%, and 10% significance, respectively.

Table 15. Summary Statistics on October 8th,2023, and October 9th, 2023

Variables	N	Mean	Median	Min	Max	Standard Deviation
CAR [-1,1]	462	-0.0198	-0.0141	-0.2600	0.2170	0.0454
CAR [0,1]	462	-0.0202	-0.0161	-0.2630	0.2160	0.0420
CAR [0,3]	462	-0.0215	-0.0248	-0.2160	0.3770	0.0496
CAR [0,5]	462	-0.0207	-0.0222	-0.2900	0.3340	0.0560
Return on Assets	462	0.0310	0.0340	-0.5120	0.5010	0.1038
Return on Common Equity	462	0.0695	0.0940	-7.2930	4.5140	0.4649
Debt to Equity Ratio	462	1.6458	0.6565	-3.2080	205.2960	9.6786
Quick Ratio	462	1.9478	0.8500	0.1000	72.1000	5.0065
Price to Earnings Ratio	462	10.0465	9.7500	-5,882.9000	4,402.4000	352.0418
Price to Book Ratio	462	1.9742	1.4000	-18.5000	22.2000	2.4678
Total Asset Growth	462	0.0969	0.0511	-0.6889	2.1379	0.2610
Total Liability Growth	462	0.1373	0.0469	-0.8207	4.6607	0.4279
Net Income Growth	462	0.5651	0.0232	-11.4249	77.0225	5.7342
Net Income Margin	462	-0.5386	0.0738	-166.8649	56.9090	9.8228
Basic EPS - Continuing Operations Growth	462	0.3728	0.0320	-10.6476	77.1053	4.2411
Tobin's Q	462	1.0720	0.6304	0.0112	19.7363	1.5229

The table presents the summary statistics for all dependent and independent variables used in our study for the event date October 9th, 2023 (the first trading day after the Hamas incursion on October 7th, 2023).

Table 16. Summary Statistics on November 21st, 2023

Variables	N	Mean	Median	Min	Max	Standard Deviation
CAR [-1,1]	463	-0.0022	-0.0034	-0.1890	0.3690	0.0420
CAR [0,1]	463	-0.0001	-0.0020	-0.1610	0.3400	0.0357
CAR [0,3]	463	0.0053	-0.0026	-0.1680	0.3310	0.0467
CAR [0,5]	463	0.0128	0.0029	-0.1810	0.3230	0.0577
Return on Assets	463	0.0313	0.0340	-0.5120	0.5010	0.1039
Return on Common Equity	463	0.0704	0.0940	-7.2930	4.5140	0.4647
Debt to Equity Ratio	463	1.6457	0.6580	-3.2080	205.2960	9.6681
Quick Ratio	463	1.9460	0.9000	0.1000	72.1000	5.0013
Price to Earnings Ratio	463	10.0315	9.7000	-5,882.9000	4,402.4000	351.6616
Price to Book Ratio	463	1.9726	1.4000	-18.5000	22.2000	2.4653
Total Asset Growth	463	0.0968	0.0511	-0.6889	2.1379	0.2607
Total Liability Growth	463	0.1368	0.0466	-0.8207	4.6607	0.4276
Net Income Growth	463	0.5852	0.0264	-11.4249	77.0225	5.7441
Net Income Margin	463	-0.5373	0.0746	-166.8649	56.9090	9.8123
Basic EPS – Continuing Operations Growth	463	0.3771	0.0323	-10.6476	77.1053	4.2375
Tobin's Q	463	1.0713	0.6305	0.0112	19.7363	1.5214

The table presents the summary statistics for all dependent and independent variables used in our study for the event date November 21st, 2023.

Table 17. Summary Statistics on December 3rd, 2023

Variables	N	Mean	Median	Min	Max	Standard Deviation
CAR [-1,1]	463	0.0045	0.0023	0.1430	0.2780	0.0387
CAR [0,1]	463	0.0047	0.0035	-0.1430	0.2220	0.0310
CAR [0,3]	463	0.0110	0.0054	-0.1580	0.2490	0.0475
CAR [0,5]	463	0.0147	0.0064	-0.2800	0.2400	0.0555
Return on Assets	463	0.0313	0.0340	-0.5120	0.5010	0.1039
Return on Common Equity	463	0.0704	0.0940	-7.2930	4.5140	0.4647
Debt to Equity Ratio	463	1.6457	0.6580	-3.2080	205.2960	9.6681
Quick Ratio	463	1.9460	0.9000	0.1000	72.1000	5.0013
Price to Earnings Ratio	463	10.0315	9.7000	-5,882.9000	4,402.4000	351.6616
Price to Book Ratio	463	1.9726	1.4000	-18.5000	22.2000	2.4653
Total Assets Growth	463	0.0968	0.0511	-0.6889	2.1379	0.2607
Total Liabilities Growth	463	0.1368	0.0466	-0.8207	4.6607	0.4276
Net Income Growth	463	0.5852	0.0264	-11.4249	77.0225	5.7441
Net Income Margin	463	-0.5373	0.0746	-166.8649	56.9090	9.8123
Basic EPS - Continuing Operations Growth	463	0.3771	0.0323	-10.6476	77.1053	4.2375
Tobin's Q	463	1.0713	0.6305	0.0112	19.7363	1.5214

The table presents the summary statistics for all dependent and independent variables used in our study for the event date December 3rd, 2023.

Table 18. Variance Inflation Factors on October 8th, 2023, and October 9th,2023

Variables	(1) [-1,+1]	(2) [0, +1]	(3) [0, +3]	(4) [0, +5]
Return on Assets	2.3278	2.3278	2.3347	2.3278
Return on Common Equity	2.6715	2.6715	2.6743	2.6715
Debt to Equity Ratio	1.5008	1.5008	1.5007	1.5007
Quick Ratio	1.0776	1.0776	1.0777	1.0776
Price to Earnings Ratio	1.0645	1.0645	1.0642	1.0645
Price to Book Ratio	2.2009	2.2009	2.1993	2.2009
Total Asset Growth	3.5864	3.5864	3.5863	3.5864
Total Liability Growth	3.1041	3.1041	3.1060	3.1041
Net Income Growth	2.6428	2.6428	2.6421	2.6428
Net Income Margin	1.2754	1.2754	1.2749	1.2754
Basic EPS - Continuing Operations Growth	2.6432	2.6432	2.6365	2.6432
Tobin's Q	1.2812	1.2812	1.2812	1.2812

This table presents the variance inflation factors (VIFs) for each independent variable in our regression model. Columns (1), (2), (3), and (4) display the VIFs calculated for regressions conducted over the event windows [-1, +1], [0, +1], [0, +3], and [0, +5], respectively on October 8th,2023, and October 9th,2023.

Table 19. Variance Inflation Factors on November 21st, 2023

Variables	(1) [-1, +1]	(2) [0, +1]	(3) [0, +3]	(4) [0, +5]
Return on asset	2.3347	2.3347	2.3347	2.3347
Return on Common Equity	2.6743	2.6743	2.6743	2.6743
Debt to Equity	1.5007	1.5007	1.5007	1.5007
Quick Ratio	1.0777	1.0777	1.0777	1.0777
Price to Earning Ratio	1.0642	1.0642	1.0642	1.0642
Price to Book	2.1993	2.1993	2.1993	2.1993
Total Assets Growth	3.5863	3.5863	3.5863	3.5863
Total Liabilities Growth	3.1060	3.1060	3.1060	3.1060
Net Income Growth	2.6421	2.6421	2.6421	2.6421
Net Income Margin	1.2749	1.2749	1.2749	1.2749
Basic EPS - Continuing Operations Growth	2.6365	2.6365	2.6365	2.6365
Tobin's Q	1.2812	1.2812	1.2812	1.2812

This table presents the variance inflation factors (VIFs) for each independent variable in our regression model. Columns (1), (2), (3), and (4) display the VIFs calculated for regressions conducted over the event windows [-1, +1], [0, +1], [0, +3], and [0, +5], respectively on November 21st, 2023.

Table 20. Variance Inflation Factors on December 3rd, 2023

Variables	(1) [-1, +1]	(2) [0, +1]	(3) [0, +3]	(4) [0, +5]
Return on asset	2.3347	2.3347	2.3347	2.3347
Return on Common Equity	2.6743	2.6743	2.6743	2.6743
Debt to Equity	1.5007	1.5007	1.5007	1.5007
Quick Ratio	1.0777	1.0777	1.0777	1.0777
Price to Earning Ratio	1.0642	1.0642	1.0642	1.0642
Price to Book	2.1993	2.1993	2.1993	2.1993
Total Assets Growth	3.5863	3.5863	3.5863	3.5863
Total Liabilities Growth	3.1060	3.1060	3.1060	3.1060
Net Income Growth	2.6421	2.6421	2.6421	2.6421
Net Income Margin	1.2749	1.2749	1.2749	1.2749
Basic EPS - Continuing Operations Growth	2.6365	2.6365	2.6365	2.6365
Tobin's Q	1.2812	1.2812	1.2812	1.2812

This table presents the variance inflation factors (VIFs) for each independent variable in our regression model. Columns (1), (2), (3), and (4) display the VIFs calculated for regressions conducted over the event windows [-1, +1], [0, +1], [0, +3], and [0, +5], respectively on December 3rd, 2023.

Table 21. Correlation Matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) Return on asset	1.000											
(2) Return on Common Equity	0.5325***	1.000										
(3) Debt to Equity	-0.0798*	0.1609	1.000									
(4) Quick Ratio	0.3130**	-0.0482	-0.263**	1.000								
(5) Price to Earning Ratio	0.2759**	0.4208***	-0.0447	0.1367	1.000							
(6) Price to Book	0.2096**	0.0467	0.0319	0.1100	0.0742	1.000						
(7) Total Assets Growth	0.0397	0.0346	0.2400**	0.2168*	-0.0033	-0.2041**	1.000					
(8) Total Liabilities Growth	0.0829	0.0567	0.2751*	0.3037**	0.1544	-0.1997**	0.8425***	1.000				
(9) Net Income Growth	0.3050**	0.3849***	-0.0714	-0.0621	0.0134	0.1899*	0.2742*	0.3078**	1.000			
(10) Net Income Margin	0.1847*	0.0284	-0.1626	0.0259	0.0134**	-0.1428	0.1521	0.0686	0.2092**	1.000		
(11) Basic EPS - Continuing Operations Growth	0.3112**	0.3781***	-0.0446	-0.0634	0.0091	-0.1976**	0.2848**	0.3279***	0.9956***	0.2043**	1.000	
(12) Tobin's Q	0.5589***	-0.0324	-0.1687*	0.6993***	-0.0117	0.3473***	-0.1671*	-0.1296	-0.2803**	-0.0372	-0.2829**	1.000

Table 22. Regression Results for CAR [-1,+1]

Variables	October 8th and October 9th, 2023	November 21st, 2023	December 3rd, 2023
Return on asset	0.0561*	0.0341	0.0341
	(1.93)	(1.33)	(1.33)
Return on Common Equity	0.0138**	-0.0169***	-0.0169
	(1.99)	(-2.76)	(-2.76)
Debt to Equity	-0.0004*	0.0002*	0.0003
	(-1.83)	(1.79)	(1.79)
Quick Ratio	0.0001	0.0000	0.0000
	(0.32)	(-0.15)	(-0.15)
Price to Earning Ratio	0.0000	0.0000	0.0000
	(-0.60)	(-0.94)	(-0.94)
Price to Book	-0.0004	0.0000	-0.0006
	(-0.42)	(-0.58)	(-0.58)
Total Assets Growth	-0.0174	-0.0218*	-0.0218
	(-1.21)	(-1.72)	(-1.72)
Total Liabilities Growth	0.0098	0.0124*	0.0124
	(1.21)	(1.72)	(1.72)
Net Income Growth	0.0000	0.0000	0.0000
	(-0.06)	(0.01)	(0.01)
Net Income Margin	0.0006	-0.0001	-0.0001
	(2.58)	(-0.50)	(-0.50)
Basic EPS - Continuing Operations Growth	-0.0002	0.0001	0.0001
	(-0.39)	(0.25)	(0.25)
Tobin's Q	0.0032**	-0.0009	-0.0009
	(2.23)	(-0.74)	(-0.74)
Financials Industry Dummy	-0.0111	-0.0009	-0.0009
	(-1.25)	(-0.12)	(-0.12)
Consumer Cyclicals Industry Dummy	0.0010	-0.0057	-0.0057
	(0.12)	(-0.75)	(-0.75)
Industrials Industry Dummy	0.0097	-0.0013	-0.0013
	(-1.08)	(-0.17)	(-0.17)
Consumer Non Cyclicals Industry Dummy	-0.0161*	-0.0057	-0.0057
	(-1.68)	(-0.67)	(-0.67)
Healthcare Industry Dummy	-0.0038	0.0262***	0.0262
	(-0.37)	(2.89)	(2.89)
Real Estate Industry Dummy	0.0011	0.0021	0.0021
	(0.12)	(0.27)	(0.27)
Energy Industry Dummy	-0.0206*	0.0154	0.0154
	(-1.71)	(1.44)	(1.44)
Academic Educational Services Industry Dummy	0.0090	0.0187	0.0187
	(0.29)	(0.68)	(0.68)
Utilities Industry Dummy	-0.0047	0.0113	0.0113
	(-0.34)	(0.92)	(0.92)
Basic Materials Industry Dummy	0.0013	0.0140*	0.0140*
	(0.15)	(1.70)	(1.70)
Saudi Arabia Country Dummy	0.0004	0.0040	0.0040
	(0.05)	(0.53)	(0.53)
Israel Country Dummy	-0.0188**	0.0065	0.0065
	(-2.25)	(0.88)	(0.88)
Constant	-0.0078	-0.0016	-0.0016
	(-0.72)	(-0.17)	(-0.17)
Observations	462	463	463
Adjusted R^2	0.1222	0.0566	0.0566

The table presents the results of an OLS regression analysis exploring the relationship between CARs of affected companies and various explanatory factors. The dependent variable is the CAR calculated over the event window [-1, +1]. The 'Technology Industry' serves as the reference category for the industry dummies, while Palestine serves as the reference category for the country dummies.

Table 23. Regression Results for CAR [0,+1]

Variables	October 8th, 2023, and October 9, 2023	November 21, 2023	December 3, 2023
Return on asset	0.0208	0.0116	0.0270
	(-0.89)	(0.48)	(1.29)
Return on Common Equity	0.0154**	0.0025	-0.0017
	(2.36)	(0.45)	(-0.36)
Debt to Equity	-0.0005**	0.0000	0.0001
	(-2.19)	(0.04)	(0.56)
Quick Ratio	0.0001	-0.0003	0.0000
	(0.48)	(-1.13)	(-0.18)
Price to Earning Ratio	0.0154**	0.0000	0.0000
	(2.36)	(0.90)	(-0.39)
Price to Book	0.0000	-0.0008	-0.0004
	(-0.12)	(-0.88)	(-0.55)
Total Assets Growth	-0.0122	0.0062	-0.0132
	(-0.91)	(0.52)	(-1.28)
Total Liabilities Growth	0.0071	0.0012	0.0055
	(0.94)	(0.19)	(0.94)
Net Income Growth	-0.0122	-0.0006	0.0006*
	(-0.91)	(-1.38)	(1.67)
Net Income Margin	0.0004	0.0005**	0.0000
	2.22	(2.70)	(0.25)
Basic EPS - Continuing Operations Growth	-0.0005	0.0006	-0.0008
	(-0.81)	(1.06)	(-1.50)
Tobin's Q	0.0032	0.0023*	-0.0013
	(2.32)	(1.90)	(-1.29)
Financials Industry Dummy	-0.0121	0.0085	-0.0039
	(-1.46)	(1.16)	(-0.61)
Consumer Cyclicals Industry Dummy	0.0004	-0.0012	-0.0071
	(0.05)	(-0.18)	(-1.14)
Industrials Industry Dummy	-0.0106	0.0124*	-0.0001
	(-1.26)	(1.67)	(-0.02)
Consumer Non Cyclicals Industry Dummy	-0.0132	-0.0019	-0.0033
	(-1.47)	(-0.24)	(-0.48)
Healthcare Industry Dummy	0.0023	0.0000	0.0167***
	(0.24)	(0.00)	(2.27)
Real Estate Industry Dummy	0.0034	-0.0023	-0.0026
	(0.40)	(-0.30)	(-0.40)
Energy Industry Dummy	-0.0121	-0.0154	0.0129
	(-1.07)	(-1.54)	(1.49)
Academic Educational Services Industry Dummy	0.0120	0.0362	0.0076
	(0.41)	(1.41)	(0.34)
Utilities Industry Dummy	0.0016	0.0109	0.0128
	(0.12)	(0.94)	(1.27)
Basic Materials Industry Dummy	0.0015	0.0040	0.0072
	(0.18)	(0.52)	(1.08)
Saudi Arabia Country Dummy	-0.0020	-0.0074	0.0095
	(-0.26)	(-1.05)	(1.56)
Israel Country Dummy	-0.0177**	0.0040	0.0069
	(-2.27)	(0.52)	(1.16)
Constant	-0.0090	0.0022	-0.0011
	(-0.89)	(0.26)	(-0.15)
Observations	462	463	463
Adjusted R^2	0.0948	0.0285	0.0249

The table presents the results of an OLS regression analysis exploring the relationship between CARs of affected companies and various explanatory factors. The dependent variable is the CAR calculated over the event window [0, +1]. The 'Technology Industry' serves as the reference category for the industry dummies, while Palestine serves as the reference category for the country dummies.

Table 24. Regression Results for CAR [0,+3]

Variables	October 8th, 2023, and October 9th, 2023	November 21st, 2023	December 3rd, 2023
Return on asset	-0.0369	-0.0369	0.0099
	(0.24)	(-1.18)	(0.31)
Return on Common Equity	0.0153**	0.0153**	-0.0081
	(2.04)	(2.04)	(-1.05)
Debt to Equity	0.0000	0.0000	0.0002
	(-0.25)	(-0.25)	(0.79)
Quick Ratio	-0.0006	-0.0006	0.0000
	(-1.55)	(-1.55)	(-0.03)
Price to Earning Ratio	0.0000	0.0000	0.0000
	(1.14)	(1.14)	(-0.95)
Price to Book	-0.0023*	-0.0023*	0.0006
	(-1.83)	(-1.83)	(0.48)
Total Assets Growth	0.0140	0.0140	-0.0124
	(0.91)	(0.91)	(-0.78)
Total Liabilities Growth	-0.0020	-0.0020	0.0031
	(-0.23)	(-0.23)	(0.35)
Net Income Growth	-0.0012**	-0.0012**	0.0018***
	(-1.99)	(-1.99)	(2.93)
Net Income Margin	0.0006**	0.0006**	0.0004*
	(2.45)	(2.45)	(1.86)
Basic EPS - Continuing Operations Growth	0.0012	0.0012	-0.0021**
	(1.47)	(1.47)	(-2.56)
Tobin's Q	0.0043***	0.0043***	-0.0027*
	(2.74)	(2.74)	(-1.66)
Financials Industry Dummy	0.0155	0.0155	0.0021
	(1.62)	(1.62)	(0.22)
Consumer Cyclicals Industry Dummy	0.0045	0.0045	0.0000
	(0.49)	(0.49)	(-0.01)
Industrials Industry Dummy	0.0240**	0.0240**	0.0053
	(2.49)	(2.49)	(0.54)
Consumer Non Cyclicals Industry Dummy	0.0072	0.0072	0.0106
	(0.70)	(0.70)	(1.01)
Healthcare Industry Dummy	0.0136	0.0136	0.0282**
	(1.23)	(1.23)	(2.48)
Real Estate Industry Dummy	-0.0016	-0.0016	0.0123
	(-0.17)	(-0.17)	(1.22)
Energy Industry Dummy	-0.0003	-0.0003	0.0058
	(-0.03)	(-0.03)	(0.44)
Academic Educational Services Industry Dummy	0.0561*	0.0561*	-0.0007
	(1.67)	(1.67)	(-0.02)
Utilities Industry Dummy	0.0179	0.0179	0.0124
	(1.18)	(1.18)	(0.80)
Basic Materials Industry Dummy	0.0070	0.0070	0.0061
	(0.70)	(0.70)	(0.59)
Saudi Arabia Country Dummy	-0.0055	-0.0055	0.0222**
	(-0.60)	(-0.60)	(2.36)
Israel Country Dummy	-0.0062	-0.0062	0.0203**
	(-0.69)	(-0.69)	(2.20)
Constant	0.0028	0.0028	-0.0128
	(0.24)	(0.24)	(-1.08)
Observations	463	463	463
Adjusted R^2	0.0349	0.0349	0.0230

The table presents the results of an OLS regression analysis exploring the relationship between CARs of affected companies and various explanatory factors. The dependent variable is the CAR calculated over the event window [0, +3]. The 'Technology Industry' serves as the reference category for the industry dummies, while Palestine serves as the reference category for the country dummies.

Table 25. Regression Results for CAR [0,+5]

Variables	October 8th, 2023, and October 9th, 2023	November 21st, 2023	December 3rd, 2023
Return on asset	0.0476	0.0328	0.0328
	(1.26)	(0.88)	(0.88)
Return on Common Equity	-0.0085	-0.0201**	-0.0201**
	(-0.94)	(-2.24)	(-2.24)
Debt to Equity	-0.0002	0.0002	0.0002
	(-0.66)	(0.87)	(0.87)
Quick Ratio	-0.0004	0.0000	0.0000
	(-0.80)	(-0.07)	(-0.07)
Price to Earning Ratio	0.0000	0.0000	0.0000
	(-0.94)	(0.80)	(0.80)
Price to Book	0.0013	0.0015	0.0015
	(0.87)	(1.01)	(1.01)
Total Assets Growth	0.0078	-0.0122	-0.0122
	(0.42)	(-0.66)	(-0.66)
Total Liabilities Growth	-0.0006	0.0073	0.0073
	(-0.06)	(0.70)	(0.70)
Net Income Growth	0.0002	0.0013	0.0013*
	(0.35)	(-0.66)	(1.90)
Net Income Margin	-0.0001	0.0006**	0.0006**
	(-0.65)	(2.38)	(2.38)
Basic EPS - Continuing Operations Growth	0.0000	-0.0016*	-0.0016*
	(-0.08)	(-1.72)	(-1.72)
Tobin's Q	0.0027	-0.0032*	-0.0032*
	(1.45)	(-1.73)	(-1.73)
Financials Industry Dummy	-0.0193*	0.0106	0.0106
	(-1.67)	(0.93)	(0.93)
Consumer Cyclicals Industry Dummy	-0.0045	0.0091	0.0091
	(-0.40)	(0.81)	(0.81)
Industrials Industry Dummy	-0.0092	0.0164	0.0164
	(-0.80)	(1.42)	(1.42)
Consumer Non Cyclicals Industry Dummy	-0.0056	0.0130	0.0130
	(-0.45)	(1.05)	(1.05)
Healthcare Industry Dummy	-0.0023	0.0329**	0.0329**
	(-0.17)	(2.48)	(2.48)
Real Estate Industry Dummy	0.0176	0.0144	0.0144
	(1.48)	(1.22)	(1.22)
Energy Industry Dummy	-0.0275*	0.0109	0.0109
	(-1.75)	(0.70)	(0.70)
Academic Educational Services Industry Dummy	-0.0148	-0.0036	-0.0036
	(-0.37)	(-0.09)	(-0.09)
Utilities Industry Dummy	0.0239	0.0167	0.0167
	(1.31)	(0.92)	(0.92)
Basic Materials Industry Dummy	-0.0002	0.0094	0.0094
	(-0.02)	(0.79)	(0.79)
Saudi Arabia Country Dummy	-0.0236**	0.0240**	0.0240**
	(-2.14)	(2.18)	(2.18)
Israel Country Dummy	-0.0145	0.0290***	0.0290***
	(1.34)	(2.69)	(2.69)
Constant	-0.0061	-0.0220	-0.0220
	(-0.44)	(-1.58)	(-1.58)
Observations	463	463	463
Adjusted R^2	0.0305	0.0225	0.0225

The table presents the results of an OLS regression analysis exploring the relationship between CARs of affected companies and various explanatory factors. The dependent variable is the CAR calculated over the event window [0, +5]. The 'Technology Industry' serves as the reference category for the industry dummies, while Palestine serves as the reference category for the country dummies.

Figures

Figure 1. Mean Abnormal Return of the Palestinian Stock Market on October 9th, 2023, from Day -1 to Day +5

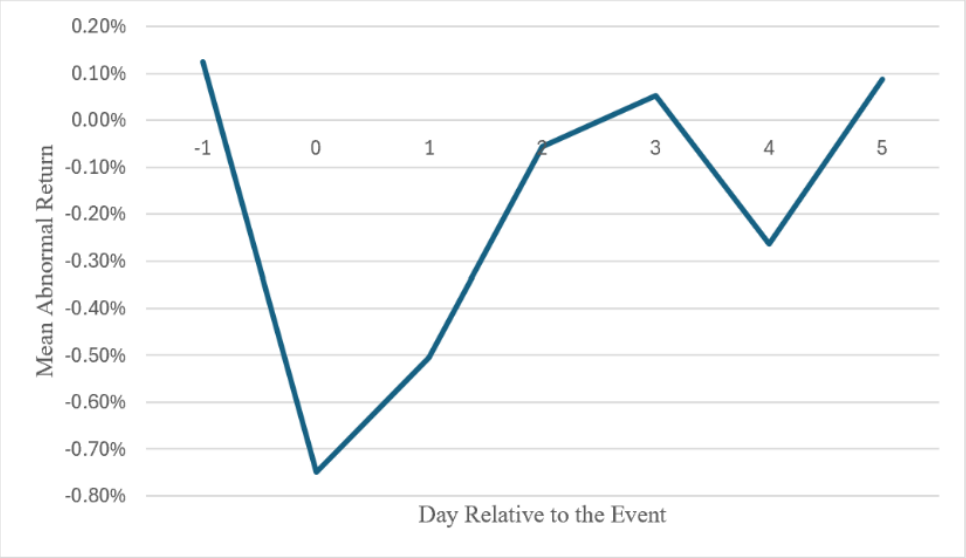


Figure 2. Mean Abnormal Return of the Palestinian Stock Market on November 21st, 2023, from Day -1 to Day +5

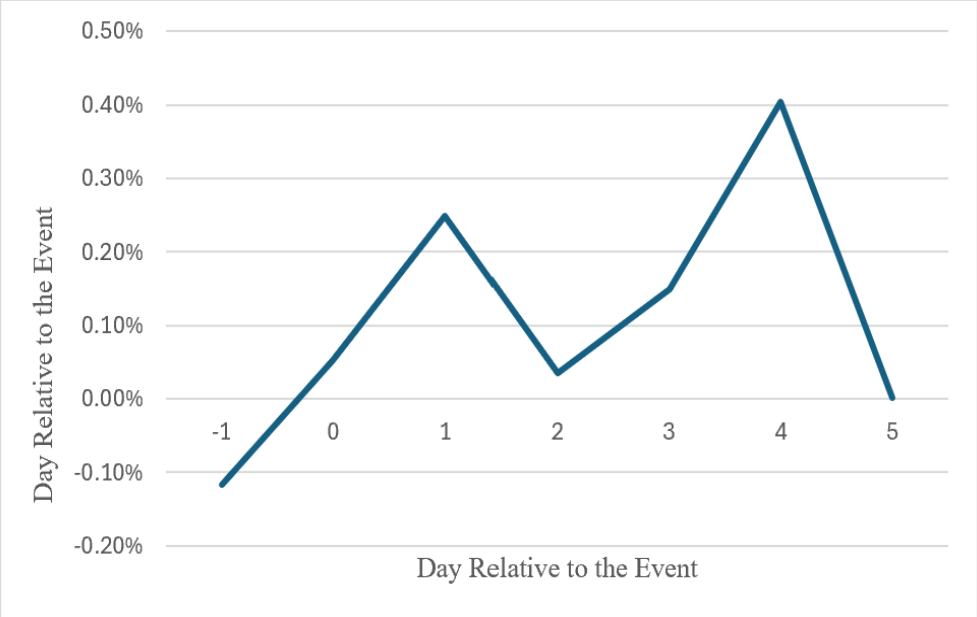


Figure 3. Mean Abnormal Return of the Palestinian Stock Market on December 3rd, 2023, from Day -1 to Day +5

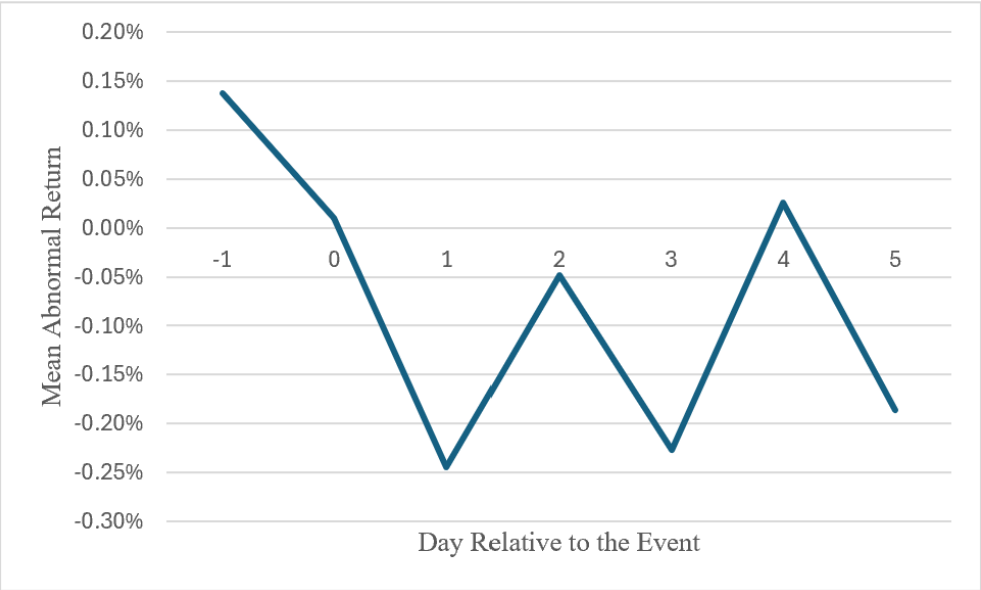


Figure 4. Mean Abnormal Return of the Israeli Stock Market on October 8th, 2023, from Day -1 to Day +5

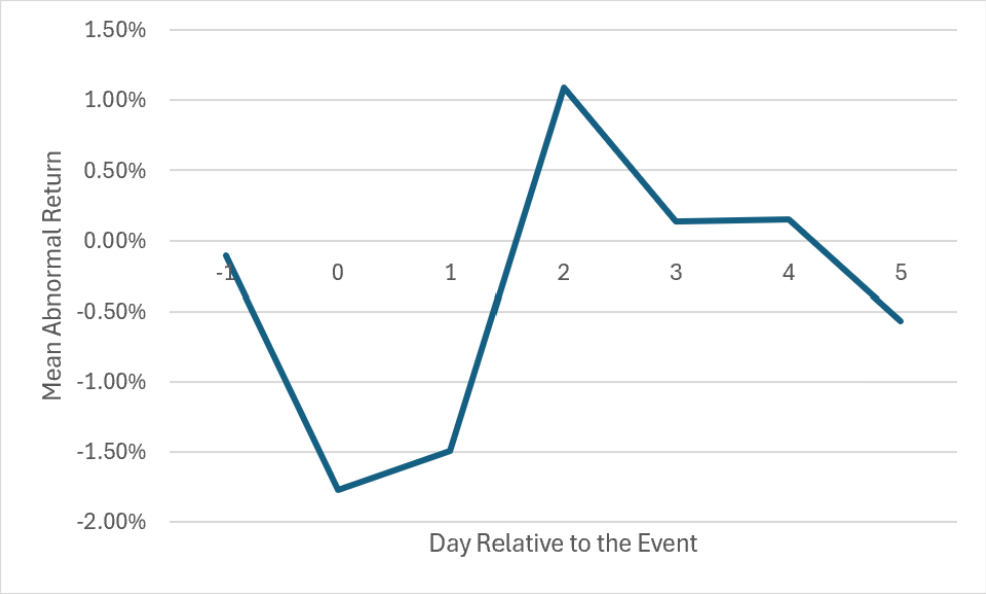


Figure 5. Mean Abnormal Return of the Israeli Stock Market on November 21st, 2023, from Day -1 to Day +5

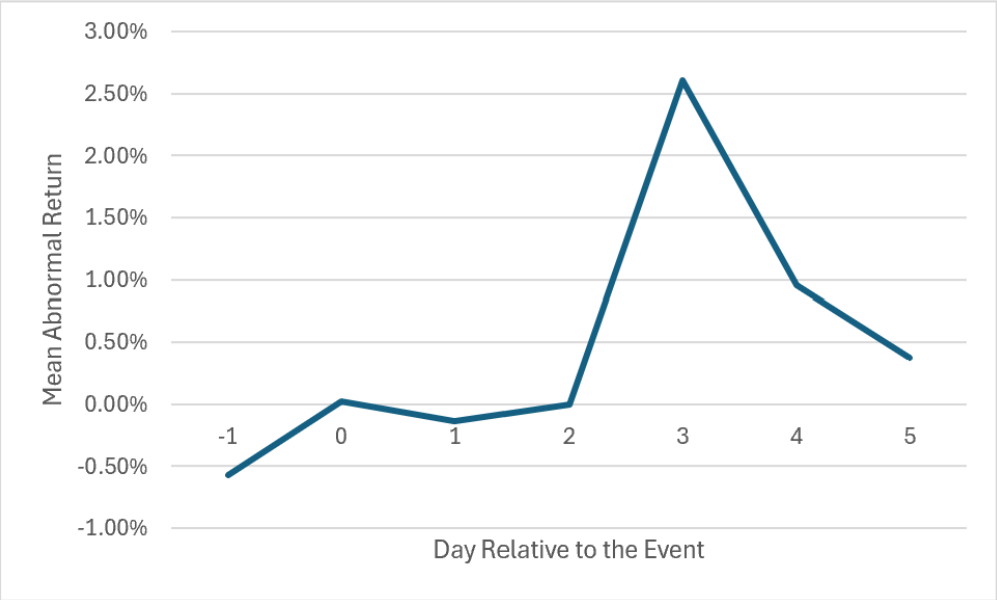


Figure 6. Mean Abnormal Return of the Israeli Stock market on December 3rd, 2023, from Day -1 to Day +5

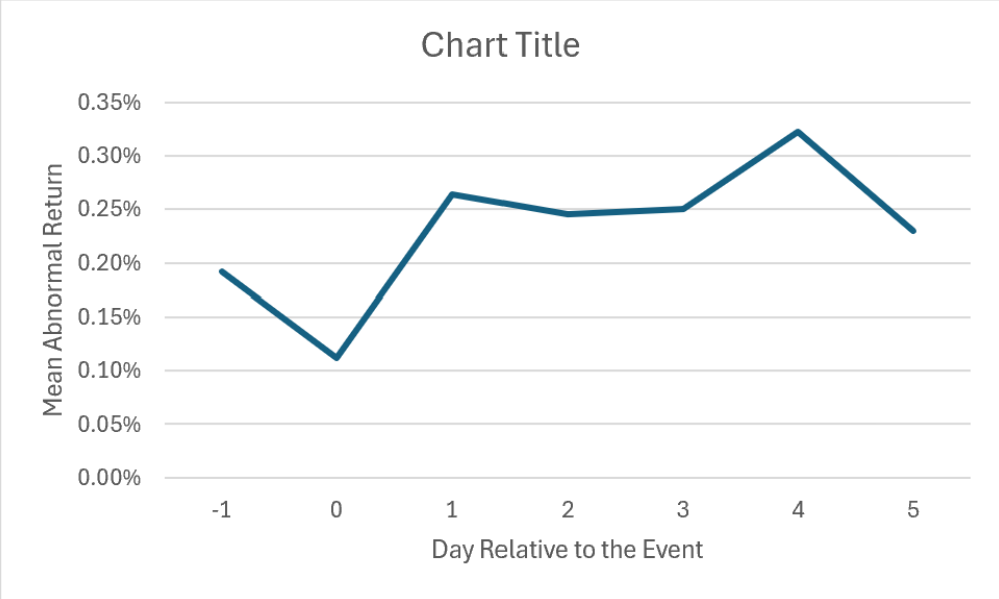


Figure 7. Mean Abnormal Return of the Saudi Arabian Stock Market on October 8th, 2023, from Day -1 to Day +5

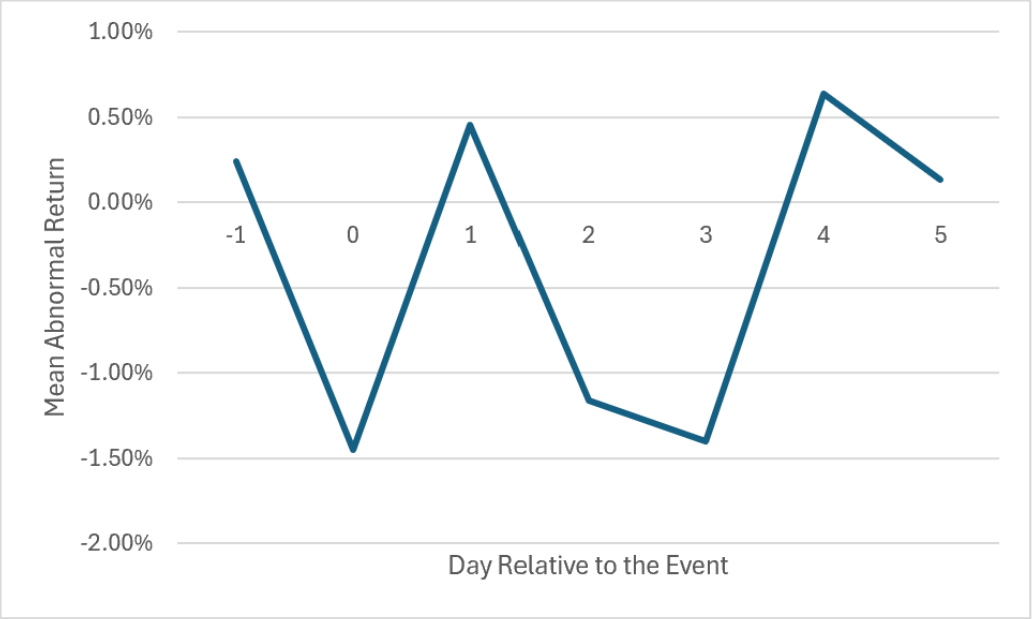


Figure 8. Mean Abnormal Return of the Saudi Arabian Stock market on November 21st, 2023, from Day -1 to Day +5

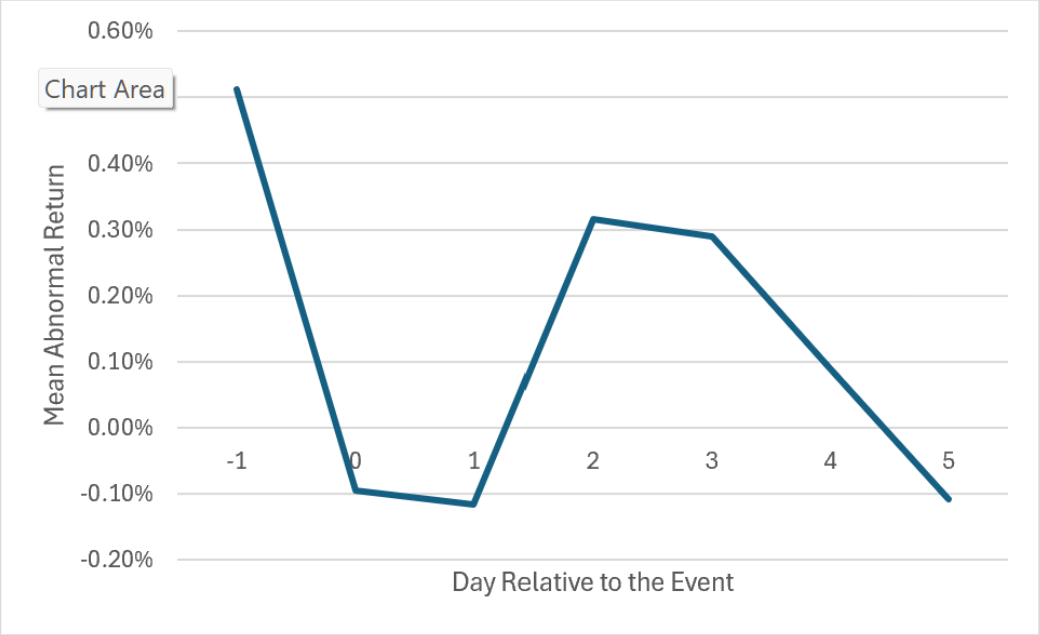
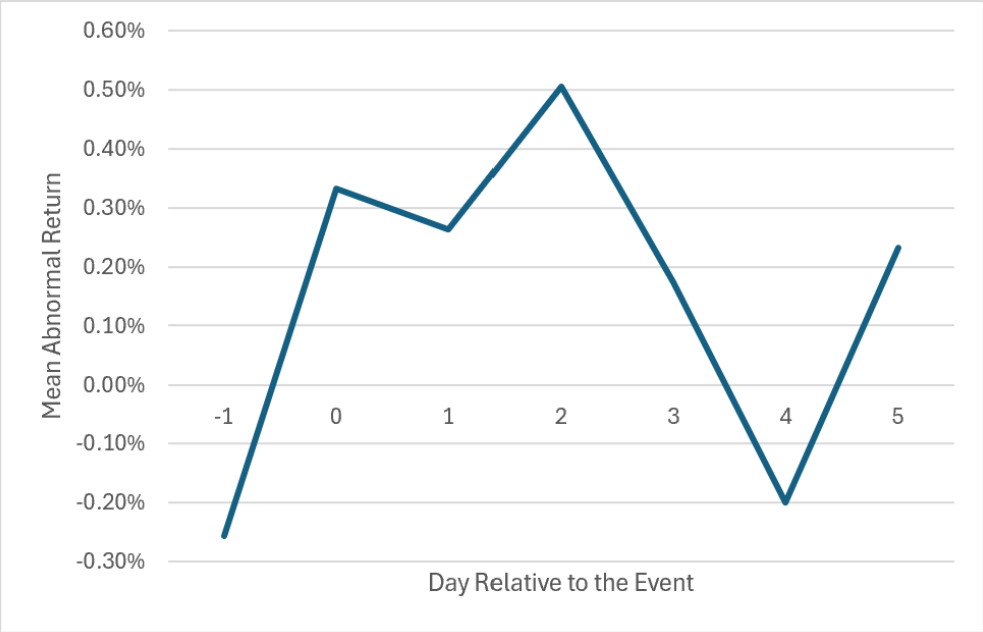


Figure 9. Mean Abnormal Return of the Saudi Arabian Stock Market on December 3rd, 2023, from Day -1 to Day +5



Appendix

Figure A1. Distribution of residuals for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023 from Day -1 to Day +1

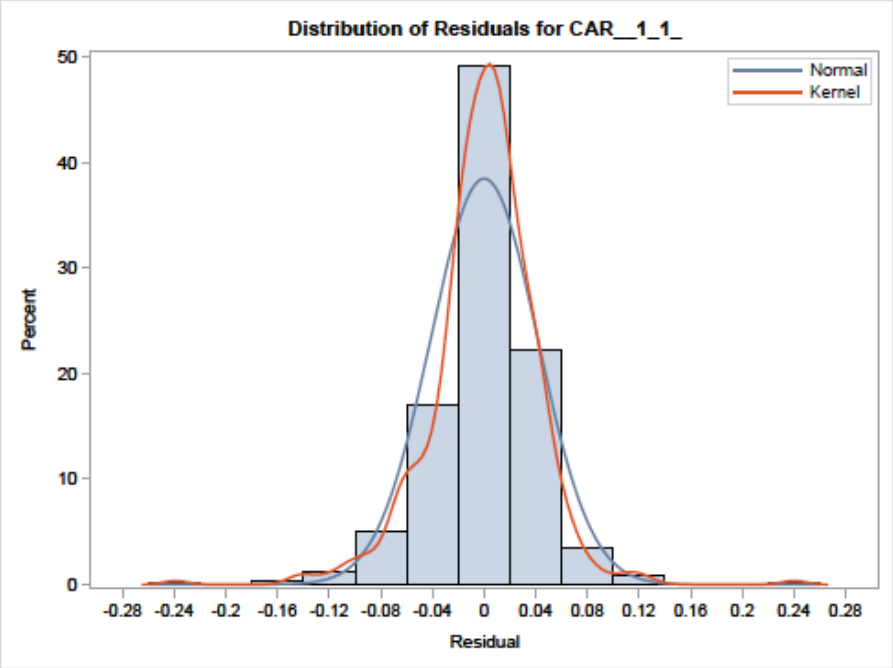


Figure A2. Distribution of residuals for cumulative abnormal returns on November 21st, 2023, from Day -1 to Day +1

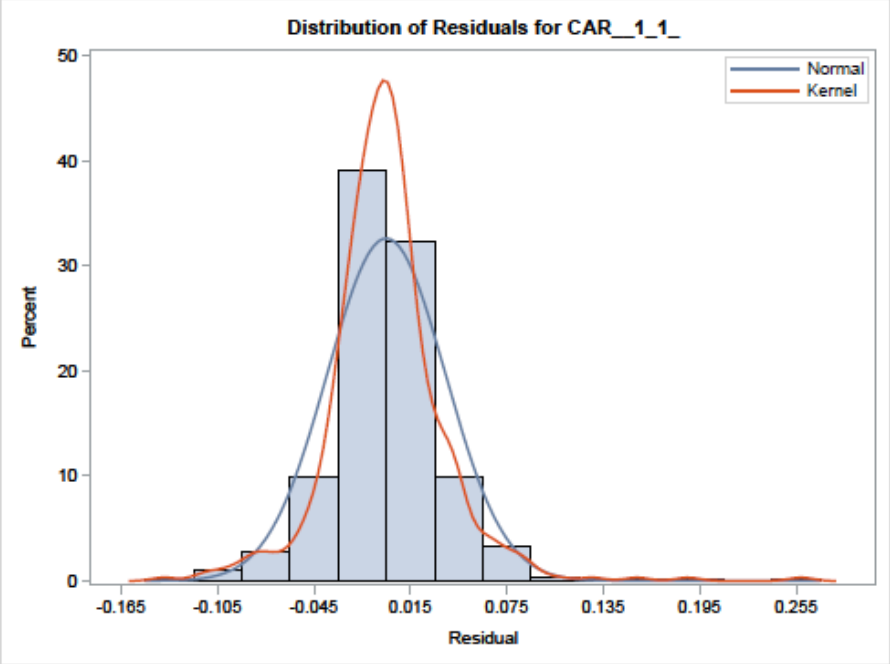


Figure A3. Distribution of residuals for cumulative abnormal returns on December 3rd, 2023, from Day -1 to Day +1

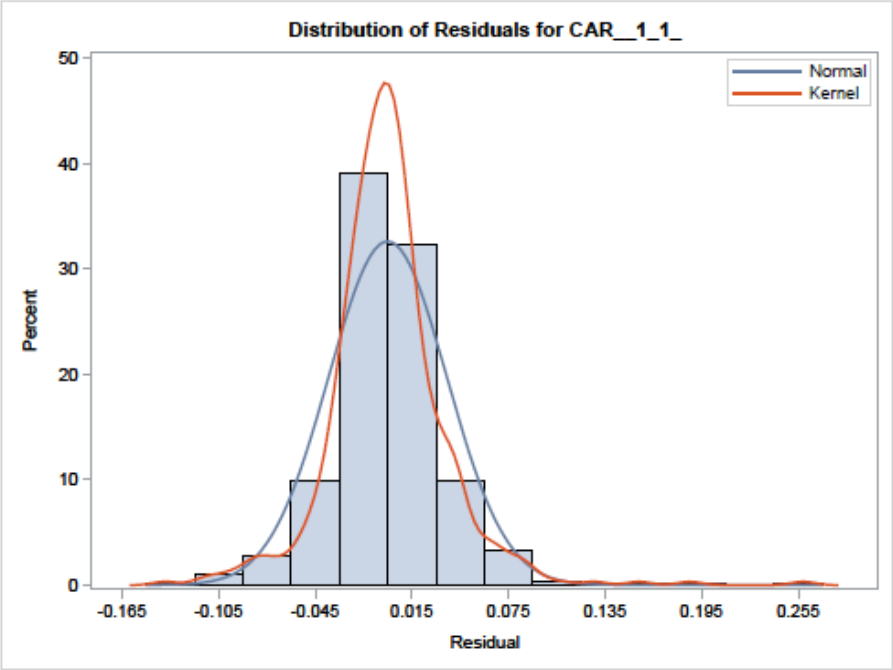


Figure A4. Distribution of residuals for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +1

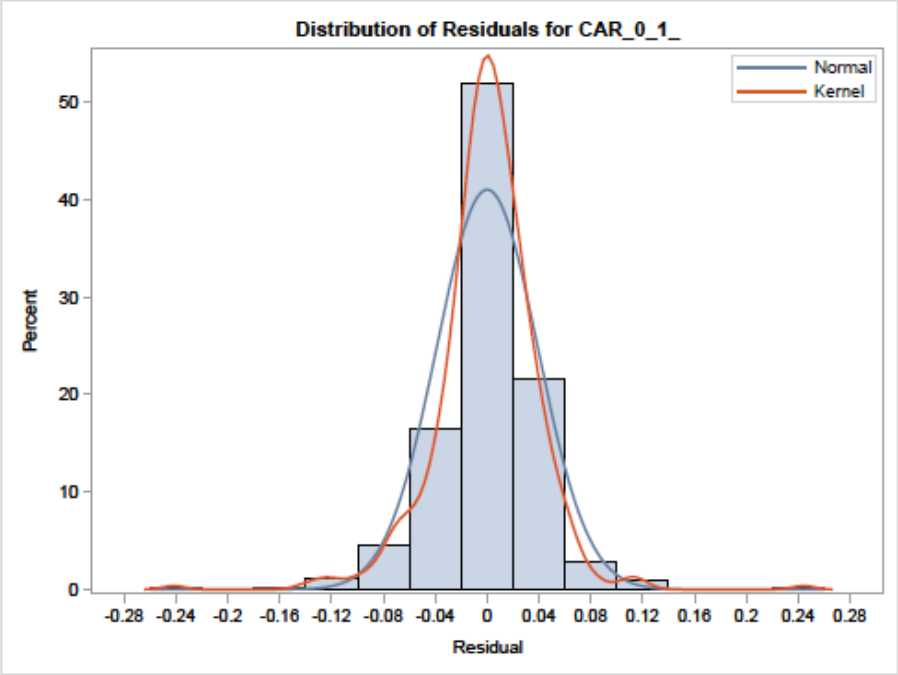


Figure A5. Distribution of residuals for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +1

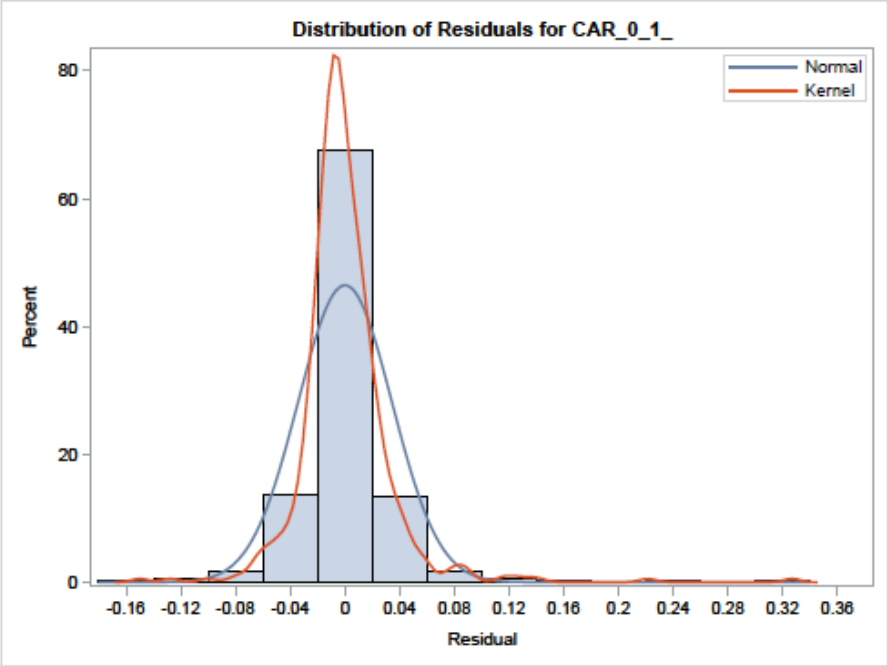


Figure A6. Distribution of residuals for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +1

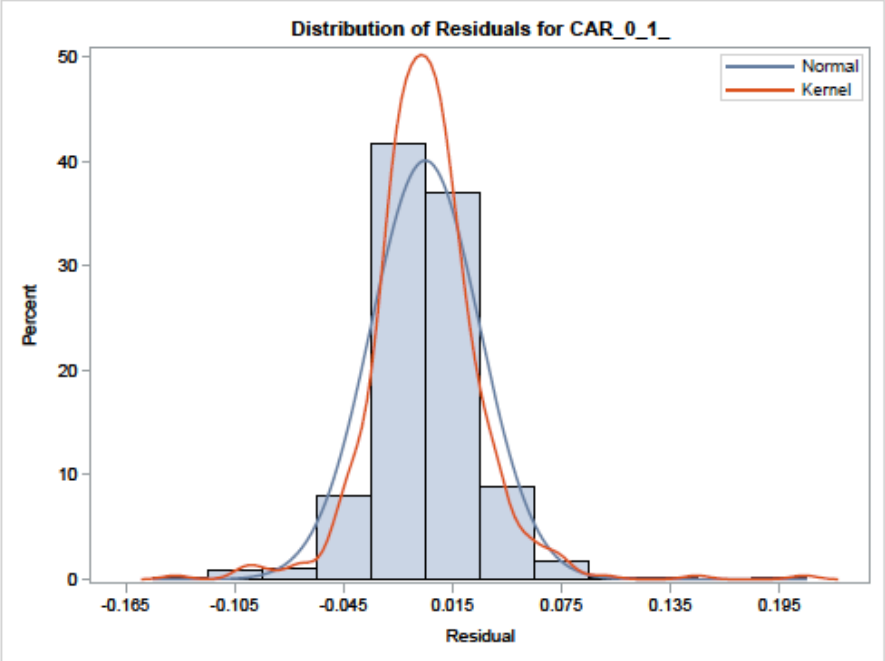


Figure A7. Distribution of residuals for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +3

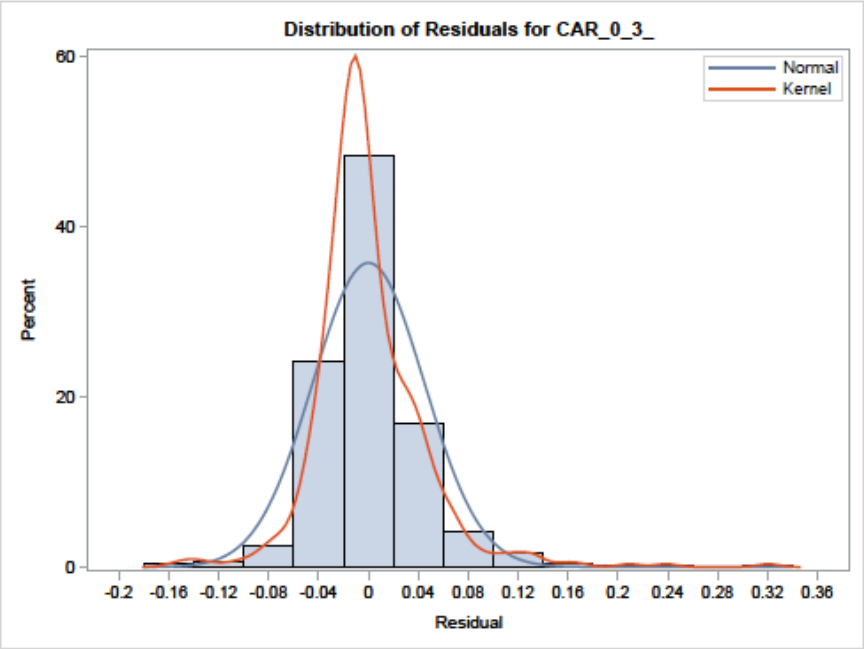


Figure A8. Distribution of residuals for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +3

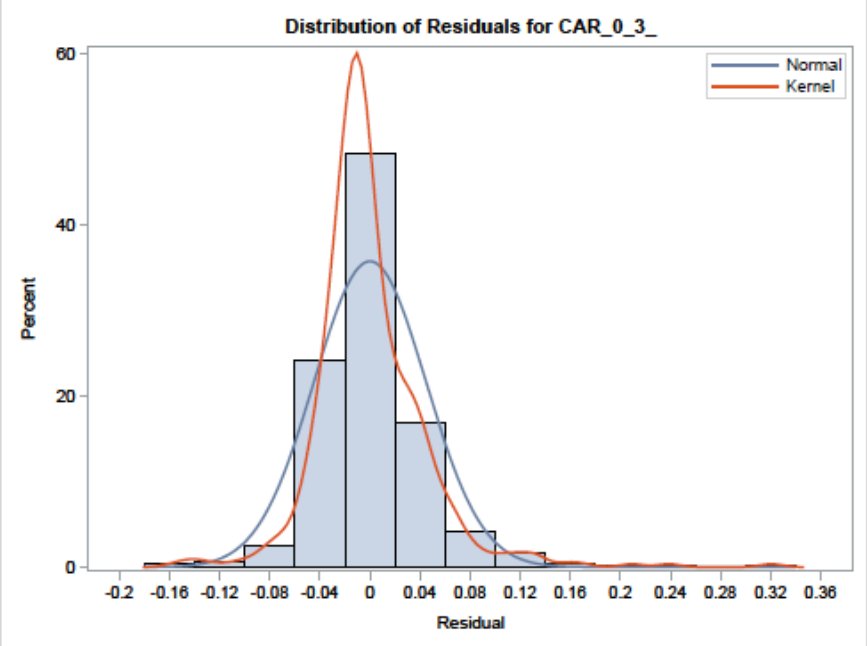


Figure A9. Distribution of residuals for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +3

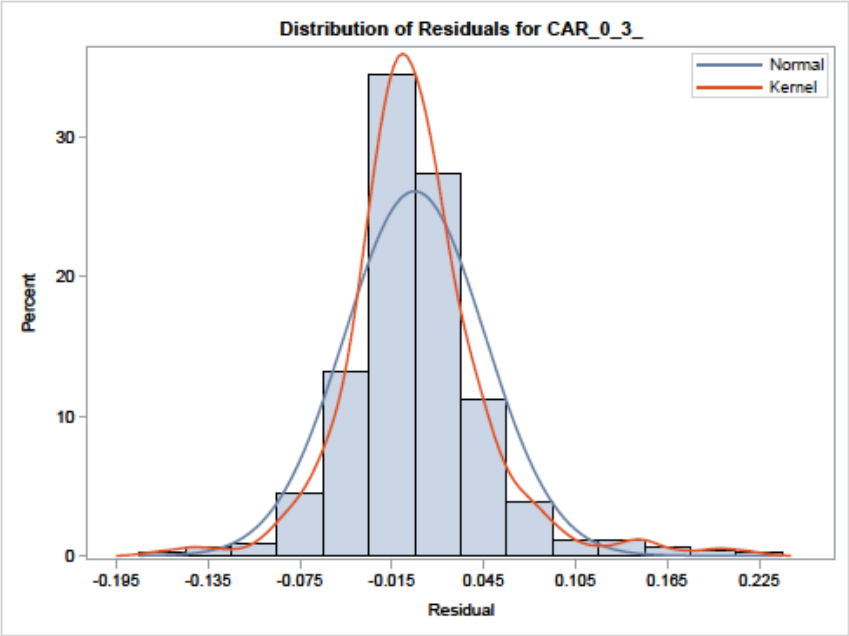


Figure A10. Distribution of residuals for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +5

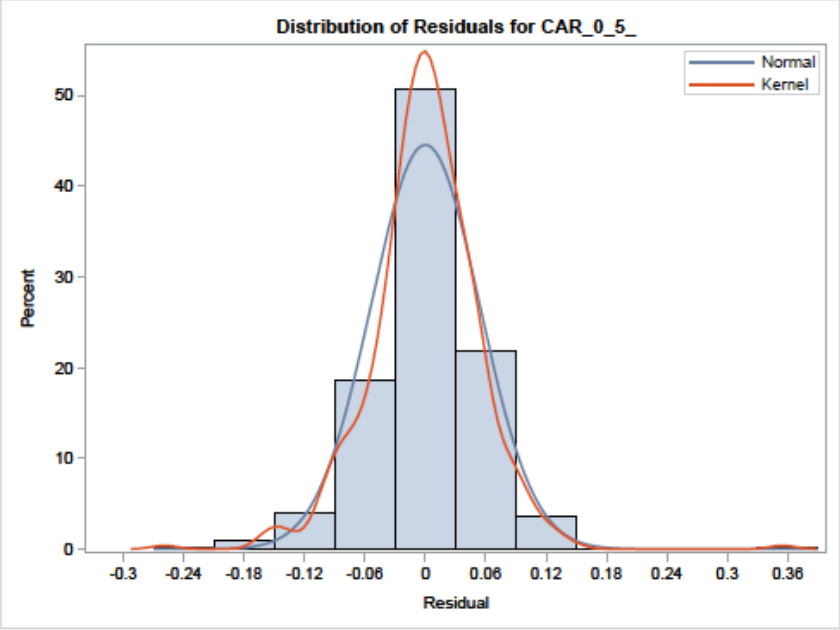


Figure A11. Distribution of residuals for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +5

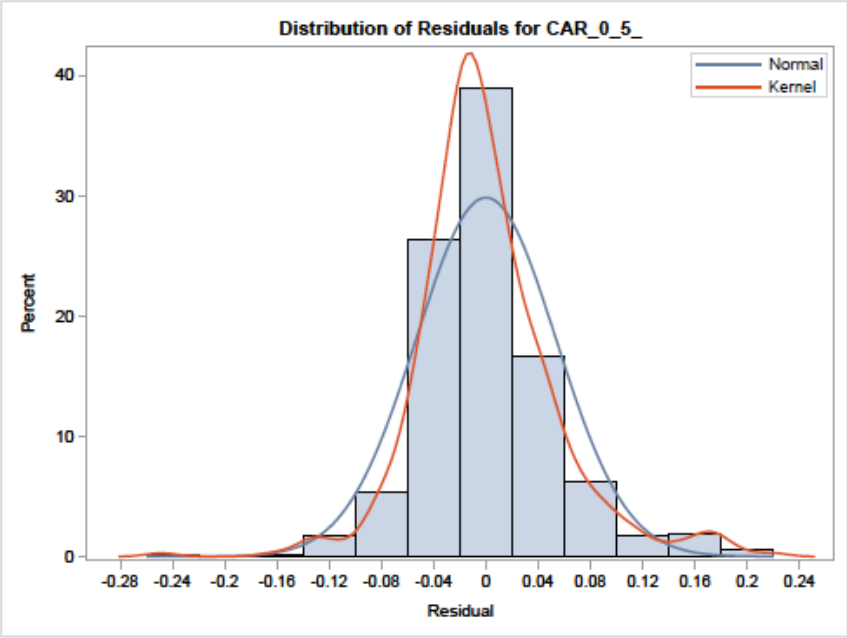


Figure A12. Distribution of residuals for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +5

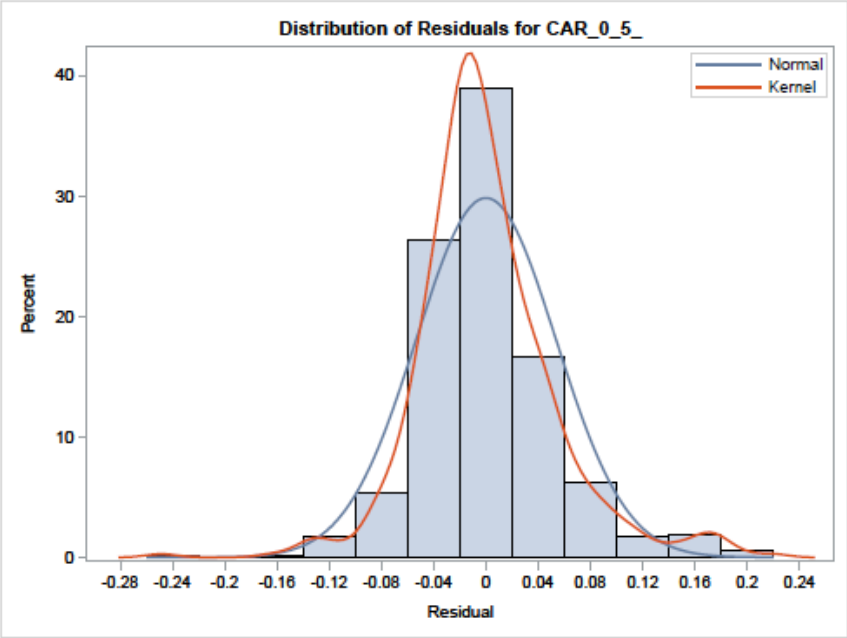


Figure A13. Fit diagnostics for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day -1 to Day +1

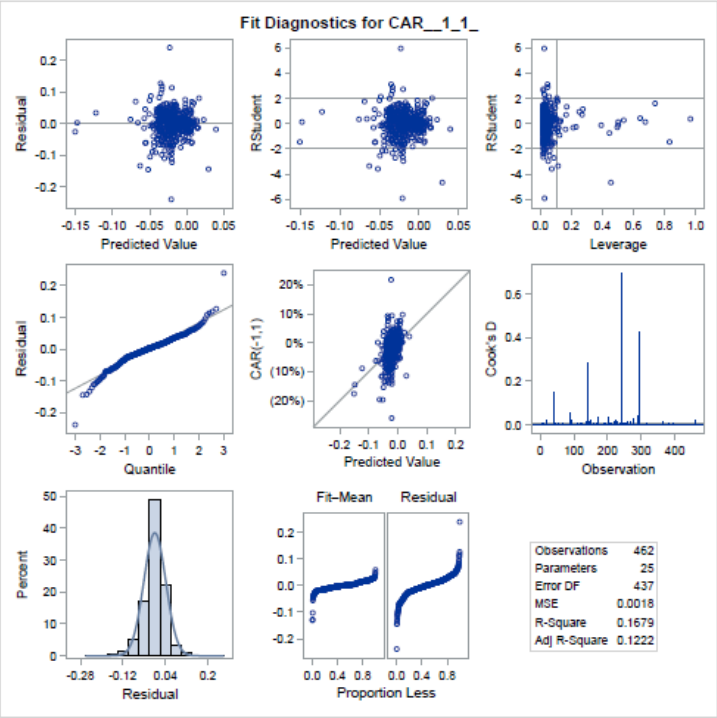


Figure A13. Fit diagnostics for cumulative abnormal returns on November 21st, 2023, from Day -1 to Day +1

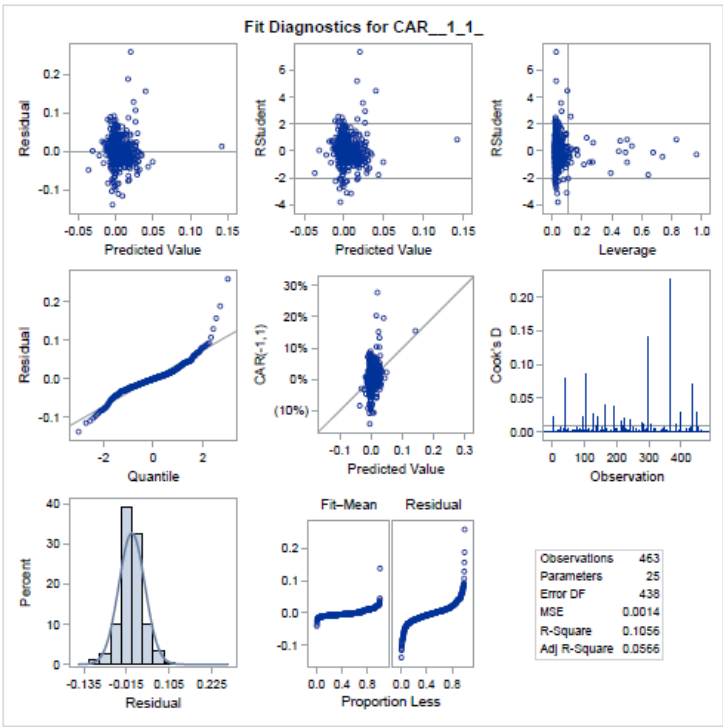


Figure A14. Fit diagnostics for cumulative abnormal returns on December 3rd, 2023, from Day -1 to Day +1

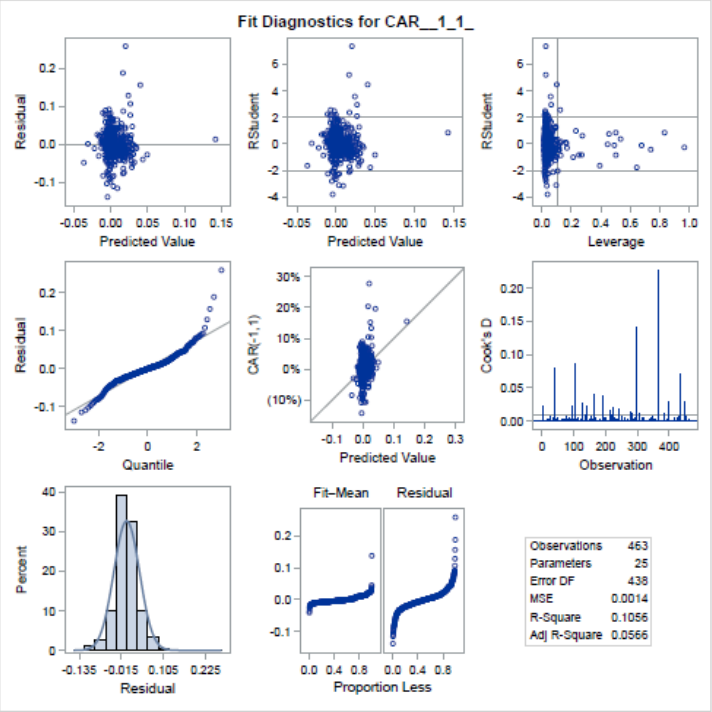


Figure A15. Fit diagnostics for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +1

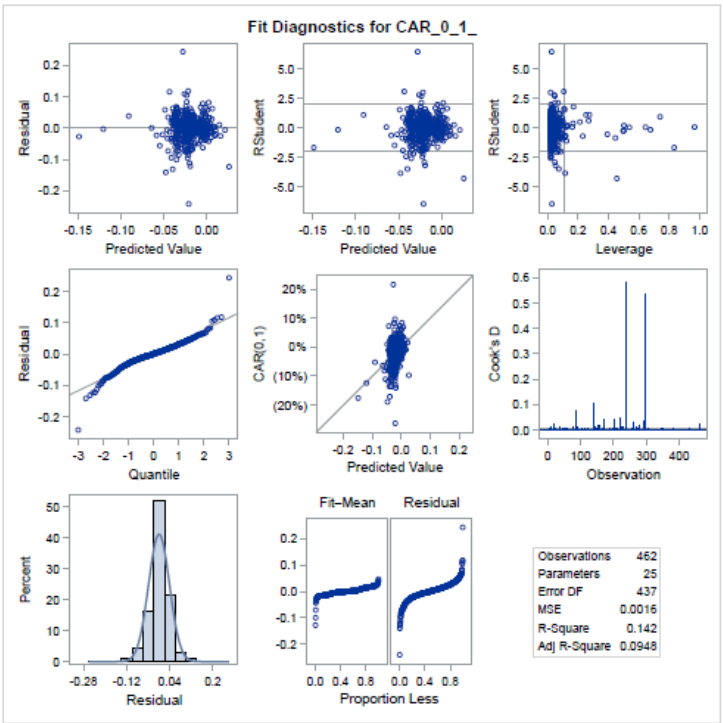


Figure A16. Fit diagnostics for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +1

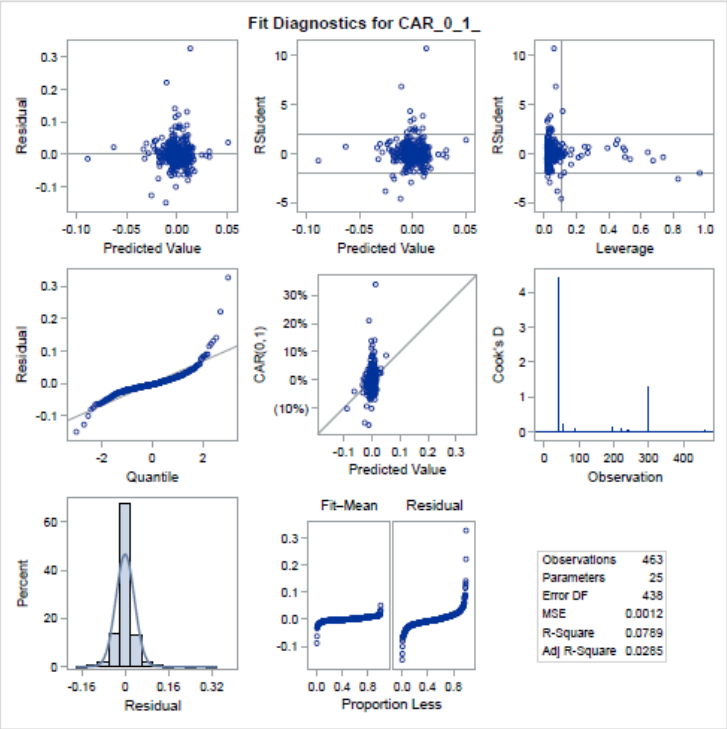


Figure A17. Fit diagnostics for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +1

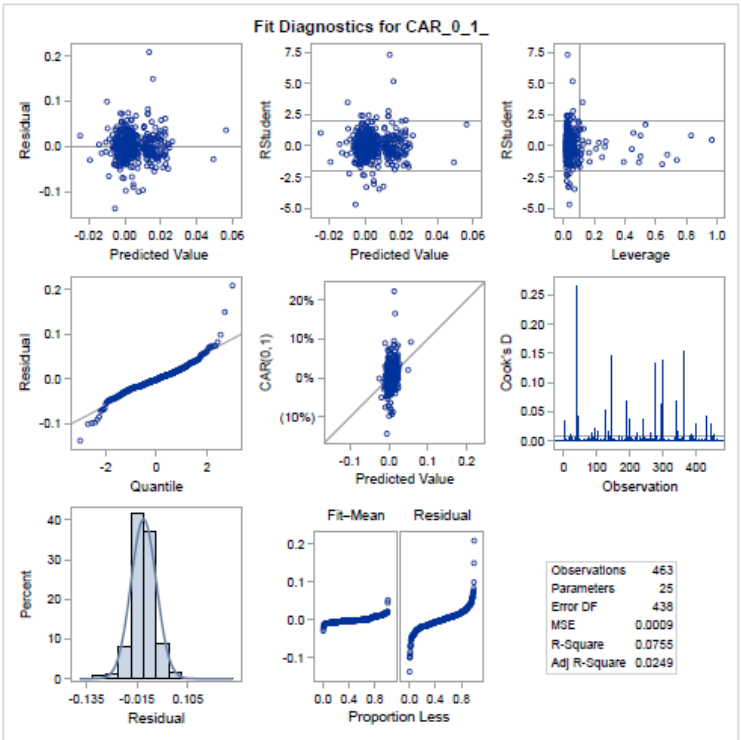


Figure A18. Fit diagnostics for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +3

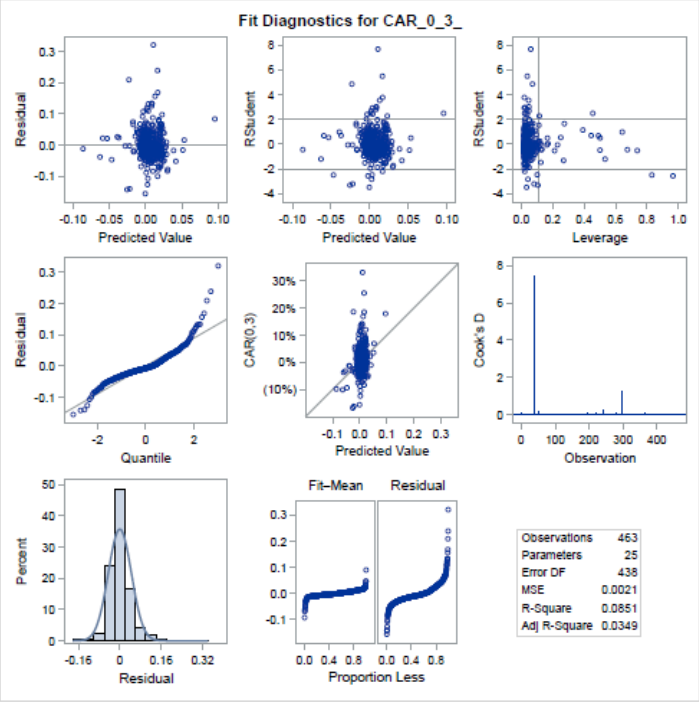


Figure A19. Fit diagnostics for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +3

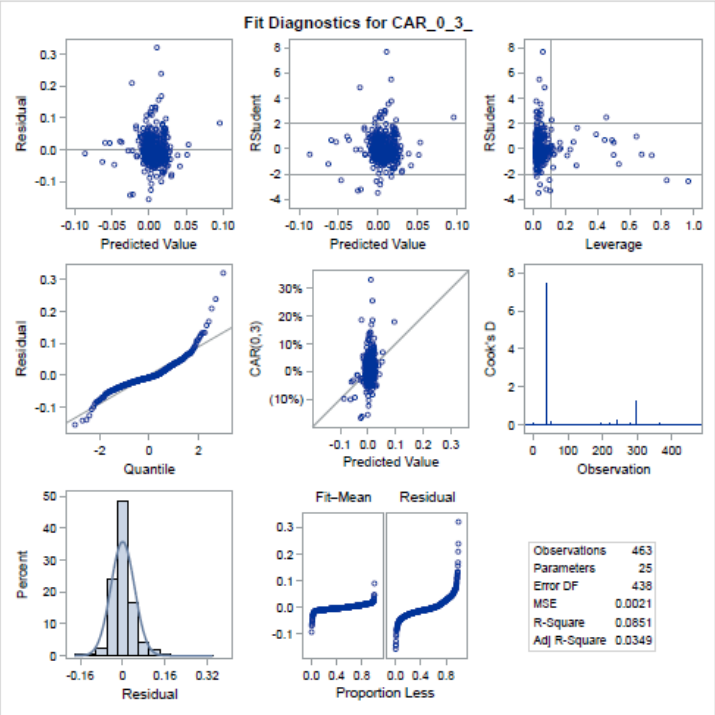


Figure A20. Fit diagnostics for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +3

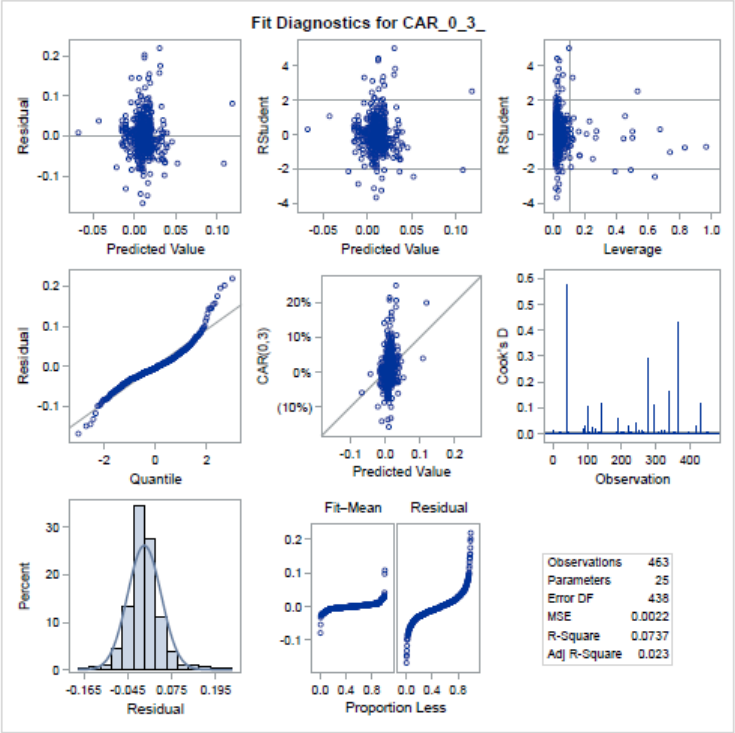


Figure A21. Fit diagnostics for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +5

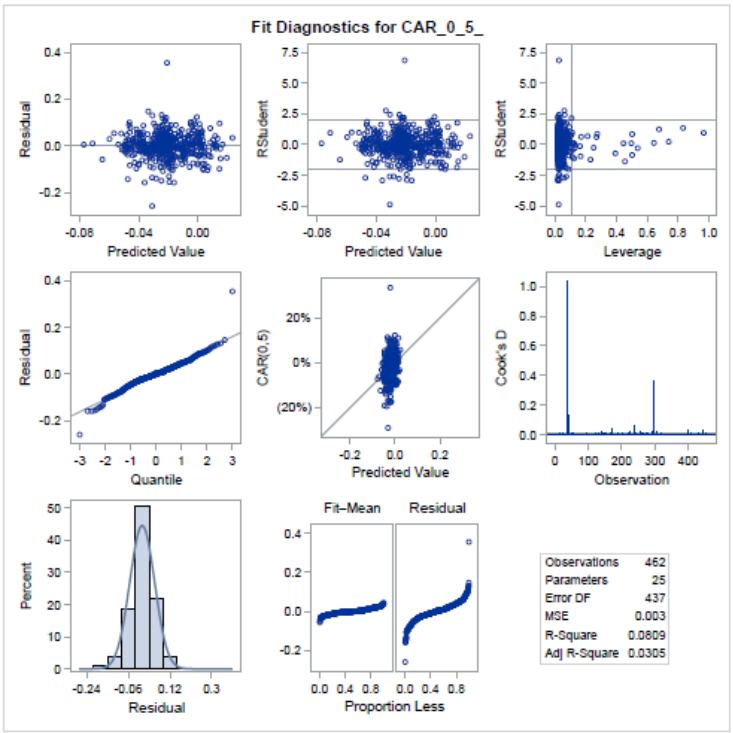


Figure A22. Fit diagnostics for cumulative abnormal returns on October 8th, 2023, and October 9th, 2023, from Day 0 to Day +5

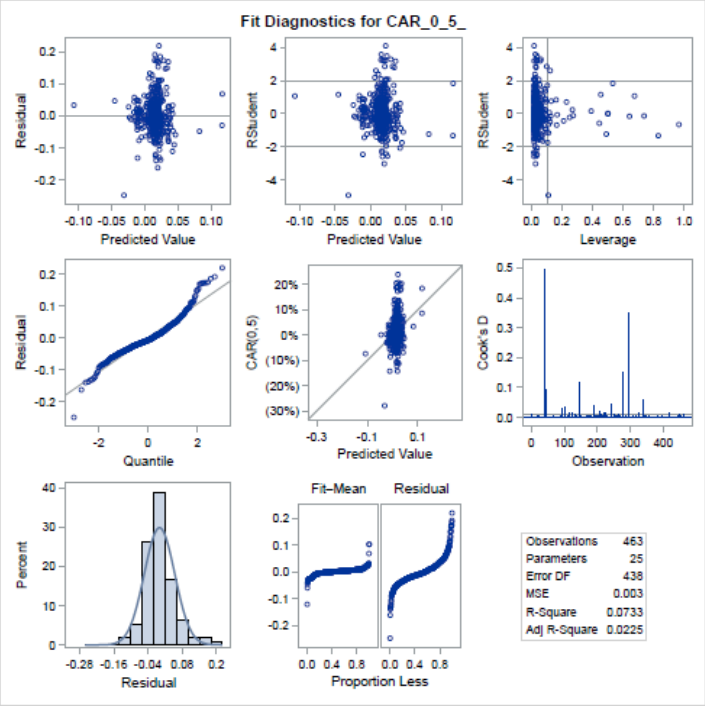


Figure A23. Fit diagnostics for cumulative abnormal returns on November 21st, 2023, from Day 0 to Day +5

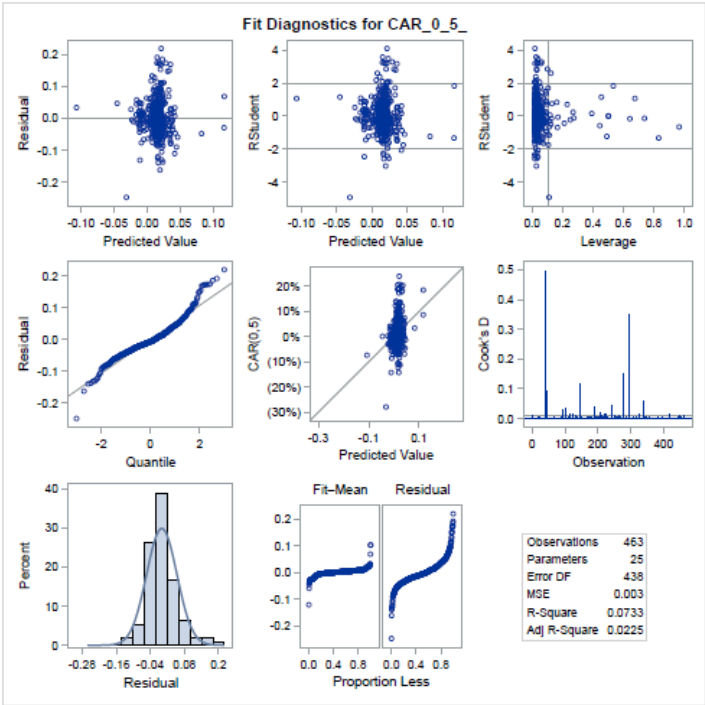


Figure A24. Fit diagnostics for cumulative abnormal returns on December 3rd, 2023, from Day 0 to Day +5