TRADE UNDER FIRE

THE WAR'S IMPACT ON GLOBAL MARKETS

N. L. Dalmia®
Institute of Management Studies and Research
(A School of Excellence of N. L. Dalmia Educational Society)

THE 5th EDITION

GMC
General Management Committee
... aspire to corporate-level

“For the only way in which a durable peace can be created is by world - wide restoration of economic activity and international trade”.

- James Forrestal

Trade Under Fire refers to the disruption and instability within global trade networks caused by armed conflict. Wars often lead to sanctions, embargoes, supply chain breakdowns and volatile commodity prices. This volatility creates a hostile environment for businesses that depend on international trade.

Russia's invasion of Ukraine is a prime example of how war disrupts global markets. The conflict has severely impacted the trade of energy resources, grains and fertilizers, leading to price spikes and concerns about shortages worldwide.

"The war in Ukraine has upended global trade flows, creating ripple effects across economies and highlighting the fragility of our interconnected world".

Team GMC - The General Management Committee of N. L. Dalmia Institute of Management Studies and Research (NLDIMSR), extends a unique opportunity to emerging leaders from various B - Schools. We invited them to contribute their perspectives on the compelling theme, **"Trade Under Fire: The War’s Impact on Global Markets."**

This captivating topic has inspired the creation of The General Management Committee Magazine Edition 5.0

We trust you'll find this edition enlightening. Enjoy the read!

Team GeM

The first panacea for a mismanaged nation is inflation, the second is war. Both bring temporary prosperity; both bring permanent ruin. But both are the refuge of political and economic opportunists.

- Ernest Hemingway

Prof. Dr. Seema Saini
CEO
N. L. Dalmia Educational Society
(NLDES)

In the ever - evolving landscape of global markets, we find ourselves navigating uncharted territory influenced by unprecedented events. As we confront the impact of conflict on trade, it becomes imperative to understand the intricate web that connects economies worldwide. In the realm of international trade during times of conflict, our choices and decisions will determine the course of our economic future.

In this edition of our GeM magazine, "Trade Under Fire: The War's Impact on Global Markets," we unravel the complexities of the current global scenario. We bring forth analyses, perspectives and insights from experts, examining the multifaceted effects of geopolitical events on trade and markets.

As we explore the theme of how trade faces the challenges posed by ongoing conflicts, our aim is to equip you, our readers, with a comprehensive understanding of the situation. By delving into the depths of this theme, we hope to foster informed discussions and facilitate a collective response to the challenges ahead.

Let us embark on this journey together, unravelling the complexities, seeking insights and shaping a future where resilience, adaptability and unity define our global trade landscape.

In this issue of GeM magazine, we examine how everyone benefits from a robust global economy founded on free trade and cooperation. It generates employment, propels innovation and elevates individuals out of adversity. It is imperative that we prevent the destabilizing forces of war from dismantling this delicate system. Trade serves as a bridge, not a weapon. Construct bridges rather than barriers. Collaboration, not conflict, is the way to achieve a more secure and prosperous future.

CEO’S ADDRESS

There are numerous ways in which wars can disrupt global supply channels, causing cascading effects that affect the global economy as a whole. Dangerous environments result from war and production - critical infrastructure is frequently devastated. This may result in the production of critical goods coming to a complete cessation, which would have repercussions for raw materials and finished goods alike.

Bottlenecks are caused by impaired highways, bridges, harbors and other forms of transportation infrastructure. In addition to impeding the flow of commodities within a zone of conflict, this causes further postponement of cargoes traversing international boundaries. The crisis is exacerbated by the obstruction of critical transportation routes. In order to circumvent conflict zones, businesses must reroute cargoes, which lengthens and prolongs the duration of transport. This phenomenon leads to escalated petroleum expenses and further strains logistics networks that are already under considerable strain. Populations can be displaced and labor markets can be disrupted by war. This may result in labour constraints in critical sectors, which would impede production even further and prohibit the fulfilment of existing orders.

Particular regions may have the capacity to produce substantial quantities of critical basic materials or components. generating goods. A conflict in these regions may result in a depletion of these resources, which may have repercussions on production across the globe.

Prof. Dr. M. A. Khan
Director
(NLDIMSR)

The ongoing conflict between Russia and Ukraine, for instance, has caused disruptions in the distribution of sunflower oil, wheat and specific metals. This is exemplified on the surface by the recent conflict in Ukraine, which disrupts supply chains. The Ukraine's position as a prominent exporter of wheat and sunflower oil precipitated substantial price escalations and worldwide scarcities of these indispensable commodities due to the conflict.

War can result in enduring repercussions for supply chains. It may be necessary for businesses to source raw materials from various regions and diversify their supply chains in order to reduce their reliance on a single region. This process can be both time - consuming and costly.

DIRECTOR’S ADDRESS

Finally, conflicts engender an intricate network of obstacles for worldwide supply chains. The impacts extend beyond borders and industries, encompassing resource scarcity, labour shortages, production shutdowns and transportation congestion. The process of recuperation may be protracted and demand substantial reforms from both corporations and governing bodies.

I believe that this platform will gather a variety of perspectives, contributing to a rich pool of insights from multiple viewpoints.

FACULTY ARTICLES

Trade under fire: The war's impact on global markets

Dr. Vaishali Kulkarni
HEAD: GENERAL MANAGEMENT

Indeed, the Russia - Ukraine conflict has sent shockwaves not only through the directly involved nations but also throughout the wider region and the global community. The situation underscores the importance of having robust safety nets and regional arrangements in place to mitigate the economic and humanitarian impacts of such crises.

There are potential economic consequences of the Russia - Ukraine conflict on a global scale.

The conflict has led to disruptions in the production and distribution of commodities, particularly energy resources like oil and natural gas. As a result, global prices for these commodities have surged, leading to higher costs for consumers and businesses. This increase in commodity prices contributes to inflationary pressures, which can erode the purchasing power of incomes and dampen overall demand.

The conflict has disrupted trade routes and supply chains, particularly in regions neighbouring Ukraine. This disruption has led to shortages of goods, delays in production and increased costs for businesses reliant on these supply chains. Additionally, the surge in refugee flows resulting from the conflict places additional strain on neighboring economies, further complicating economic recovery efforts.

Heightened geopolitical tensions and uncertainty surrounding the conflict can dampen business confidence and investor sentiment. This can lead to reduced investment and consumption as businesses and individuals adopt a more cautious approach in the face of uncertain economic conditions. Furthermore, tighter financial conditions and potential capital outflows from emerging markets can exacerbate economic challenges for affected countries.

In a nut shell, the Russia - Ukraine conflict is expected to have far - reaching economic consequences, including higher inflation, disrupted trade and supply chains and increased uncertainty in financial markets. Addressing these challenges will require coordinated efforts at both the regional and international levels to mitigate the impact on global economic growth and stability.

Trade under fire: The war's impact on global markets

Prof. Anand Dhutraj

In the global trade paradigm, it is the winds of chance that sometimes would turn turbulent. The present geopolitical situation has resulted in the readiness of global markets for unheard - of scenarios with a conflict possibility preventing the fine - tuned balance of international trade at any given moment. Amid the ever - changing nature of conflicts, global markets have been directly and strongly influenced; in fact, the effect has been immediate and powerful.

Trade, the pulse of the global economy, finds itself in an extremely delicate situation as geopolitical wrangling intensifies. The grey clouds of market uncertainty emerge, initiating a fresh thinking of investors since the investment risks have been dramatically increased. The global markets environment during wars can be well - described as a seismic shift from cautions to resoluteness in the wake of adversity.

Given the fact that trade routes increasingly turn into geopolitical demerits, during the wars nations often utilize the economic arms as a way to prove their strength. With embargoes and sanctions, once used as foreign policies, now, it sounds to them as if they are working through the markets all around the world. Today's economic interdependence involves for instance risks of the downturns in one region principally provoking the decline of industries that cannot take a breath and endangering those who are involved in them everywhere.

The complex situation for multinational corporations caused by the conflict requires a multifaceted approach. Supply chains, made up of critical processes accurately designed for low costs and profits, now get hit by bottlenecks that exceed the borders. Saving on fundamental issues of availability of crucial resources, as well as the unpredictability of geopolitical events, obliges companies not only to increase risks management strategies but also to consider resource diversification as a matter of survival.

Fluctuations of currencies, often conducted by political activity, commonly place the national money - related problems straight in front of economic background. Weakened economies are pictured by investors during the crisis, hence an unfavourable trade balance acts as a deterrent. Central banks, faced with such dynamics at the hub of the mechanism, are an essential element ensuring stability while dealing with the complexity of monetary decisions fueled by geopolitical tensions.

The truth is though, tied with all the disorder, there lies places for resilience and innovation to emerge. The effect of the war will lead the merchants of Europe to reconsider the ethics of the money - making systems. One of the key motivations behind the growing interest in trade and economic diplomacy across the world is to increase indigenous production as well as approach new markets and to forge more alliances which go beyond the conventional geopolitical affinity. The heated crucible of conflict frequently brings innovation into existence, with competition being shaped and reshaped so that the adversity itself breeds the strength and dynamism needed to thrive.

Summing it up, we can say that war's consequences for global markets is a fact that global economy is the vulnerable one. On the one hand, crises occur and stubbornness is able to relinquish its seat to flexibility and openness towards changes. Globalization, underway since the 1990s, will need to be re - imagined as nations and businesses proceed with the uncertainties following the health crisis. The required collaboration, innovation and a total restructuring of global economies cannot be underestimated. The recital of trade under attack is one of extinction and transformation, where the true test outlines the ability to outlast and outmatch the challenge; nonetheless, not only to arise, but to also reflect the strength.

Trade Under Fire: The Effect of the War on International Markets

Prof. Nazia Ansari

The globe waits anxiously to see how the escalating conflict will affect the international market environment. The vital component of economies, trade, has been destroyed by disruptions, sanctions and growing unpredictability. This article explores the complex ways in which the conflict has affected trade and how these effects have spread to many industries and economies.

The Supply Chain Shrapnel: Previously an easy process, cross - border trade now faces numerous challenges. Key commercial channels have been blocked by sanctions and supply chains have been severely hampered by logistical challenges. Prices of basic goods like food and electricity have skyrocketed due to shortages, placing extreme strain on producers and customers alike. Because problems in one area ripple through entire industries and regions, the global economy's interdependence is exposed.

The Energy Squeeze: The conflict has caused chaos in the global energy security system. The disruption of vital gas and oil supplies from the battle zone has caused a sharp increase in energy prices. In turn, this has increased prices and impeded economic growth, especially in countries that rely heavily on imports. The need for countries to invest in renewable energy and diversify their energy sources has grown imperative as they attempt to escape the erratic grasp of geopolitical conflicts.

The Agricultural Angst: Millions of people's access to food is at risk due to rising fertilizer prices and disruptions to agricultural production in war - torn areas. The rapid increase in the price of wheat and other essential commodities has put disadvantaged populations at risk of malnourishment and starvation. The fragility of the world's food systems and the need for increased resilience in the face of shocks like these have been highlighted by the war.

The IT Tectonic Shift: Previously thought to be unaffected by geopolitical upheavals, the IT industry is now seeing the effects of the conflict. Sanctions have affected everything from software to semiconductors by specifically targeting high - tech exports. This has led to worries that the major technological companies may separate, with the East and West developing their own innovation ecosystems. As the war necessitates a reevaluation of digital relationships and dependence, the future of technological interconnection is in jeopardy.

Glimmers of Resilience: Resilience can be seen in the shadows. Nations are collaborating to resolve bottlenecks in the supply chain and investigate alternate trade routes. Regional trade agreements are becoming more popular because they provide access to new markets and lessen reliance on areas devastated by conflict. Technological advances are being investigated to increase the efficiency and transparency of the supply chain. These glimpses of promise provide optimism that the world trade system may adjust and overcome the obstacles brought up by the conflict.

The tale of how the war affected trade is nuanced and dynamic. The long - term effects are yet unknown, despite the obvious obstacles in the short term. The decisions that are made now by corporations, governments and people will determine how international trade develops in the future. Shall we put more emphasis on diversification and resilience or let geopolitical tensions dictate our course of action? The solution is found in our shared dedication to creating a more just and sustainable trade system that can withstand the current storms and get ready for the unpredictability of the future.

"Navigating the Risks of Deglobalization: Implications for Economic Stability"

Prof. Prakash Rathod

In the aftermath of the Ukrainian invasion, concerns surrounding deglobalization have escalated significantly. The pandemic initially prompted discussions about enhancing the resilience of supply chains, reducing dependence on imports for critical public health needs and securing the production of essential items like vaccines and antibiotics, as well as semiconductors crucial to the digital economy. The recent shift away from Asia's zero - COVID policies has further contributed to supply disruptions, offering a glimpse into potential temporary deglobalization scenarios.

While Russia faces prolonged isolation, the true impact on globalization hinges on the possibility of reduced trade between advanced economies and China - a plausible scenario in certain contexts. A substantial realignment of the global economy could have adverse effects on geopolitical stability. Historical perspectives, dating back to Montesquieu, suggest that nations engaged in trade are less prone to conflict. However, the modern nuance emphasizes that indirect trade through common partners and networks also plays a crucial role.

In the short term, deglobalization would undoubtedly present a significant negative shock to the world economy. The long - term consequences are less clear, with existing trade literature yielding relatively modest estimates. Canonical quantitative trade models suggest around a 2 - 3 % reduction in GDP for the United States and potentially 3 - 4 % for China. These estimates, though, depend on various assumptions, such as the ease with which countries can substitute domestic goods for imports or engage with alternative trade partners.

The potential for higher costs arises if deglobalization leads to increased markups by local monopolies and less "creative destruction" in the economy. Dynamic effects and positive impacts on a country's institutional development, not accounted for in existing models, further complicate the assessment. Additionally, winners and losers from deglobalization are likely to be distributed unevenly across sectors, potentially amplifying overall effects.

Turning attention to inflation, globalization has been viewed as a key factor in curbing inflationary pressures in the 1990s and 2000s. The argument is made that deglobalization could exacerbate upward inflation trends for an extended period. Recent analyses highlight persistent demographic challenges in East Asia and Eastern Europe, coupled with the end of China's disinflationary influence as factors contributing to heightened global price pressures.

Reflecting on macroeconomic strategies, it is imperative for policymakers and economists to recognize that responses to major shocks, whether financial crises, pandemics, or geopolitical events, should prioritize resilience over maximalism. The current macroeconomic landscape underscores the need for monetary and fiscal policies that account for both potential improvements and downturns following catastrophic events.

SHIKHAR 2023

Shikhar, A National Level Research Paper Presentation Competition where the finest students from the best B - Schools in India battle it out to attain supremacy in intellect and creativity. NLDIMSR - General Management Committee organized Shikhar 2023 on 26th September 2023. It focused on the theme **India's Green Growth: A Key Initiative of Amrit Kaal.**

The event was graced by Mr. Shailesh Dalmia, Honorary Secretary of NLDES, Prof. Dr. Seema Saini, CEO of NLDES, Prof. Dr. M.A. Khan, Director of NLDIMSR, faculty members and the entire Batch of PGDM 2023 - 25.

The keynote addresser for the event was Mr. Paritosh Joshi, Principal, Provocateur Advisory, an independent Media & Communications consultancy practice.

The event was adjudged by the panel of judges like:

- Ms. Teresa John, Chief Economist & Deputy Head of Research at Nirmal Bang Equities.
- Ms. Purvi Mundhra, is a distinguished Economist with over 6 years of dedicated experience in the field and is currently making waves in the Indian capital markets.
- Ms. Chitranshi Seth, Economist, Baroda BnP Paribas Mutual Fund.

N. L. Dalmia Institute of Management Studies and Research is the first Institute who initiated the topic of India's Green Growth: A Key Initiative of Amrit Kaal. India's green growth initiative is a transformative approach that balances economic growth with a sustainable environment. The judges also proposed the participants to submit their research paper to the authorities to create an impact in the society.

Some of the key insights of the event are as follows:

- The discussions on various aspects of Green Growth. This initiative focuses on promoting environmentally friendly practices and technologies to foster economic growth while minimizing environmental impact.
- Promoting energy efficiency across various sectors, including industries, households and transportation, is essential to reduce energy consumption and optimize resource utilization.
- India's green growth initiative is a crucial step towards a sustainable and environmentally conscious future.
- By embracing renewable energy, promoting sustainable practices and protecting the environment, India can achieve economic growth while ensuring a healthy planet for generations to come.

Mr. Shailesh Dalmia, Honorary Secretary of NLDES announced the winners of the competition as mentioned below:

Winner : Team Medellín Cartel

Welingkar Institute of Management Development and Research

First Runner - up : Team Chain Visionaries

Indian Institute of Management, Bombay

Second Runner - up : Team Ashoka

N. L. Dalmia Institute of Management Studies and Research

The event was then concluded by a vote of thanks from the student coordinator, followed by the National Anthem.

CORPORATE ARTICLES

Trade under fire: The war's impact on global markets

The prevailing wisdom in economic history underscores the substantial disruptive impact that conflicts between nations can have on nati- -ons can have on economic activities, particularly international trade. The invasion of Ukraine by Russia has precipitated a dire humanitarian crisis and has cast a shadow over geopolitical stability. The resultant war has intensified concerns regarding a potential global economic downturn, surging inflation, escalating debt and a rise in poverty levels.

Citing the World Trade Organization's findings, the global economic outlook has considerably dimmed since the commencement of the Russia - Ukraine war on February 24 th, 2022, with trade growth expected to plummet from an initial projection of 4.7% to less than 3.4% (WTO, 2022). Both Ukraine and Russia hold significant roles as major commodity exporters. Ukraine, heavily reliant on sea transport for its products, has seen a drastic limitation in this mode of shipment due to the conflict. Conversely, Russia faces extensive economic sanctions, adversely affecting its domestic economy and constraining its participation in global markets.

Instability: During times of geopolitical uncertainty or armed conflict, financial markets tend to experience greater volatility. Traders and investors can become riskier, resulting in large price swings across asset classes.

Commodity prices: Commodity prices, especially those directly related to conflict (such as oil, if the conflict involves major oil - producing regions), can be significantly affected. Disruptions in the supply chain and fear of a lack of resources can contribute to price spikes.

Currency exchange rate fluctuations: There can be significant fluctuations in the currencies of countries involved in or directly affected by conflict. Investors often seek safety in more stable currencies or safe havens during times of uncertainty.

Megha Ruia
Senior Associate (AVP) at
JP Morgan Chase & Co.

Flee to safety: Investors can put their money in safer destinations such as gold, government bonds or currencies of economically stable countries. This shift to security can lead to changes in asset allocation and market dynamics.

Global economic impact: Wars can have broader economic consequences that affect global trade, production and consumption. Disruptions in supply chains and trade routes can affect several industries and thus the growth of the global economy.

Sector - specific impact: A conflict can affect some economic sectors more directly. For example, stocks in the defense sector may rise, while industries closely associated with a conflict zone may suffer.

Investor confidence: Political stability and confidence in the global economic system are essential for investor confidence. Prolonged conflicts or uncertainty about conflict resolution can undermine this confidence and affect investment decisions. It is important to note that the specific impact of a conflict on global markets can vary depending on the nature, duration and economic importance of the conflict of the participating regions.

In addition, developments in international relations, diplomatic efforts and geopolitical events can affect market sentiment. Trusted news sources are recommended for the most up - to - date and accurate information on the impact of a particular conflict on global markets, financial analysts and market reports. For Example: Some general considerations on how conflicts in the East, including those involving Israel, could affect global markets.

Oil prices: The Middle East is a major oil producer in the region and any conflict in the region may could disrupt oil production and supply. This disruption could lead to higher oil prices worldwide, affecting energy - dependent industries and fueling inflationary pressures.

Investor sentiment: Geopolitical tensions could increase uncertainty and undermine investor confidence. Investors can become risk - averse, which can increase volatility in financial markets.

Safe assets: In times of geopolitical uncertainty, investors often seek safe havens such as gold, government bonds and stable currencies. Demand for these assets may increase, affecting their prices and yields.

Currency movements: The currencies of countries directly involved in conflict or with significant economic ties to the region may change. Investors may adjust their currency positions based on geopolitical developments.

Defense stocks: Companies in the defense and security sector may see increased demand for their products and services during conflicts. This could affect the performance of defense industry stocks.

Global economic impact: If the conflict leads to major disruptions in trade or escalates into a broader regional crisis, it could have an impact on global economic growth. Supply chain disruptions and increased geopolitical risks can affect many different industries.

Trade Under Fire: The War's impact on global markets

Right now, wars are shaping how our money works around the world. One big example is in the things we buy everyday. When there's fighting in places that make oil, like what's happening in some parts of the world today, it makes the cost of oil go up. That means prices for things like gas can rise, making life more expensive.

Sunil Shrivastava
Head - Quality and Process department,
Ultratech cement, Aditya Birla Group

Even the money from different countries can change because of wars. Take the situation between Russia and Ukraine as an example. The money used in Ukraine, called hryvnia, is losing value because of the conflict. This affects how much things cost there, but it also has a ripple effect globally, making trade and business more complicated.

Our investments and stocks are also playing a part in this war story. When countries are at odds, some industries profit, especially those involved in defense. On the flip side, companies that rely on goods from different places might struggle due to disruptions in how things are made and delivered.

The way nations trade with each other is shifting too. Sanctions and limits on trade, like what's happening because of the Russia - Ukraine conflict are changing who buys what from whom. This affects the prices we pay and the availability of goods we enjoy.

War worries also make investors change where they put their money. When things get uncertain, people tend to move their cash to safer options, like gold or government bonds. Riskier investments, like some stocks, might not look as attractive during these times.

Looking at the human side, wars force people to leave their homes, creating big challenges for the places they go to for help. This affects not only the people involved but also the economies of those countries, as they need to provide support and resources.

Governments, during wars, often spend a lot on the military. This spending can create budget problems and change how countries manage their money. But, once the fighting stops, there's a chance for a fresh start. Rebuilding after a war can boost economies, offering new opportunities.

So, as we see wars unfold, it's not just about battles and conflicts; it's about how these events shape our everyday lives, our wallets and the world of money we live in. Understanding these changes helps us navigate the ups and downs, reminding us that economics and the human side of war are tightly woven together.

STUDENT ARTICLES

Impact of War on Global Markets

Sunil Jangid
PGDM Finance
NLDIMSR

Financial markets always have catastrophic effects due to macroeconomic factors, which may range from Interest rate changes, inflati--on, demographics, international and government policies, geopolitical conflicts and wars. This in turn affects various securities such as equities, bonds and commodities including gold, crude and currency markets.

Our world today is more interconnected than ever, cross - border trades have increased enormous times in the recent past to make the world one big market. So, when conflicts happen it affects the economies of many countries.

Wars have been a part of human stories for ages and these wars have always had devastating effects on the people of those nations. Historical figures show as wars outbreak, investors have a negative perspective on the equity markets and move towards safe havens like gold, bonds and currency as stable assets.

Impacts have been observed from how markets had plunged exponentially dating back from the outbreak of World War 1, World War 2 and times before that. Markets have witnessed a decline across sectors, as it resulted in a stop in trade across nations leading to disruption in the supply chain and operating activities of firms. Wars affect in the form of draining wealth, market disruption and depressed economic growth.

The conflicts have the effect of increasing inflation and rising interest rates, this primarily happens due to the increase in the gap between demand and supply. The root cause for this is the limitation in foreign trade activities causing a shortage in goods which are essentially imported by a nation.

Economies can undergo significant reorientation during wars. Military spending is on priority and a major part of the budget is allocated to this sector. However, it doesn't boost the economic growth of the nation, as the disruption that occurs due to war can have a long - lasting impact on the country and its future, in terms of infrastructure loss, human life and economic instability. The majority of the time wars are financed by domestic sources such as restructuring taxation plans and printing of money which impact the purchasing power of citizens of the country. Wars are expensive in terms of money and other resources, financially and demographically destructive and disruptive in terms of trade, resource availability and labour management.

The impact of such geopolitical tension can be explained by a ripple effect or a domino effect, wherein damage in one part of the supply chain results in the fall of pieces across all other stages and subsequently impacts the buying behaviour of people.

Crude being one of the indicators of overall demand of an economy can be used as a factor of growth in production and demand. During the period of economic distress crude prices surge affecting the exports of the oil - producing countries in a positive way. However, the importers have to allocate a subsequently higher percentage of the budget towards the import which impacts the industrial output of the economy, as these prices are a burden to the producer it results in the increase of the price of various goods, which in turn reduces the overall purchasing power of the consumer in an economy.

Parallel to this, the government raises the interest rates as its source of raising funds, which affects the borrowers as they are charged a higher rate increasing their cost of capital. Government borrowings also lead to a substantial increase in public debt.

Faced with this uncertain future, businesses may delay investments and consumers may curtail spending. This collectively led to a slowdown in economic activity, further extending the scars caused by wars.

The most recent being the Russia - Ukraine war, which had a major impact on all the developed and emerging nations, their markets and international trade. The effect of Russia's invasion of Ukraine results had damaging effects on the Russian nation. Russia had to face many adverse effects such as disrupting global trade and affecting Russia's imports and exports, Russia faced several sanctions being imposed by international communities and these sanctions directly affected the key sectors of finance, energy, defense, etc. as a result of which the Russian Ruble saw devaluation impacting the overall purchase power of individuals and businesses. Russia being rich in natural resources such as oil and natural gas, had to face a decrease in demand due to this invasion. However, Russia is yet the largest producer of energy and a source for the neighbouring regions of Ukraine. This invasion has also caused an internal conflict among citizens and government thus damaging its diplomatic relations with various other nations.

On the contrary, Ukraine had to face effects at both economic as well as humanitarian levels, wherein Ukraine faced a major impact on its financial condition, political instability, loss of infrastructure, migration of citizens to neighbouring European states and loss of lives among the major impacts faced by the defending nation. However, there have been various efforts made by other nations in support of Ukraine and provide for its domestic and military support. In the aftermath of this conflict country had to face extensive reconstruction and recovery efforts in order to build back infrastructure and homes to become a stable economy.

The Russia - Ukraine war had effects on NATO (North Atlantic Treaty Organization) countries as it raised several security concerns to the neighbouring countries, as there might be after - effects of war on these neighbouring regions of Ukraine. These member nations have come in support of Ukraine and provided assistance in the form of food supplies as well as war equipment. Other countries have also focused on increasing their defense budget considering the overall situation across the globe.

The effects of war on global markets are intricate and multifaceted. The various effects spread across include turbulence in the stock market, consequences of trade disruptions, humanitarian costs and negative impact on the economy and growth. Government, central bank and international institutions play a statutory role in shaping responses to these situations. As the world moves towards sustainable practices it is essential to impose growth with peace as a policy across the globe.

War's Echo: How Conflict Shakes The Global Economy

“The only winning move in the war is not to play it"

- By Joshua Cooper Ramo

Rishikesh Pawar
PGDM Finance
NLDIMSR

The once predictable and steady engine of the world economy becomes a rollercoaster of chaos when conflict erupts. War’s tremors are felt far beyond the battleground, shaking financial markets and trade routes, disrupting the world's economic machinery. Let’s delve into how war throws a wrench into the global economic engine, sending shockwaves that reverberate across continents.

Financial markets become the seismic barometers of war. Every outbreak of violence triggers erratic movements in stock prices, currency values and commodities like oil. Investor confidence wanes, leading to increased market volatility, rendering the once stable markets unpredictable. The vulnerability of oil to conflict becomes starkly evident. Major oil - producing regions caught in conflict see disruptions in production, causing a surge in oil prices. The global economy feels the squeeze as costs rise in transportation and manufacturing, burdening economies worldwide. Currencies become pawns in a high - stakes game during the wartime. Safe - haven currencies, notably the US dollar, soar in value while currencies of conflict - stricken nations plummet, further impeding economic activity worldwide.

Trade routes, usually bustling arteries of global commerce, face blockades and disruptions during conflict. Military actions and instability choke these routes, prompting countries to raise trade barriers or cut ties altogether, fragmenting the once interconnected global marketplace. Investment, reliant on confidence, takes a hit during wartime. Businesses hold back expansion plans, consumers tighten their budgets, postponing purchases, resulting in an overall slowdown that feeds into the cycle of uncertainty. Some industries, like defense and security, experience a surge in demand during war, while others, such as tourism and industries dependent on global supply chains, suffer setbacks, creating a stark divide in economic fortunes.

The human cost of war transcends mere economic statistics. Displacement of millions, shattered lives and the strain on resources for humanitarian aid paint a grim picture. Rebuilding shattered infrastructure takes years, compounding the true cost of war beyond monetary losses. Governments try to contain the economic fallout by implementing policies to stabilize markets and support vulnerable sectors. Central banks manipulate interest rates and stimulus packages aim to prop up struggling economies. However, these measures often fall short of fully mitigating the economic devastation caused by war.

The scars of war persist long after the guns fall silent. Damaged infrastructure, fractured trust between nations and altered trade patterns cast a long shadow on the global economic landscape. Rebuilding economies demands time, patience and international collaboration. War reshapes global economic alliances and severs old ties. Countries seek alternate sources for commodities, new trade routes emerge and economic partnerships shift in response to geopolitical changes.

In short, war is a disruptive force that shakes the global economy across various dimensions. Its reach extends from unstable financial markets to disrupted trade routes, leaving enduring consequences. Governments and financial institutions work to contain the economic aftermath, yet the real cost of war transcends mere numbers. It's the profound human suffering that lingers beyond statistics. Recognizing the economic impact of conflict is pivotal in navigating present crises and establishing a foundation for a future that's more robust and harmonious. Understanding these implications is key to building resilience and fostering peace in the times to come.

IMPACT OF WARS ON GLOBAL MARKETS

John Maynard Keynes, an economist, wrote, "War makes strange bedfellows of economics and morality; they are both sure to get strangl- -ed get strangled in the night."

In the long run, wars cause severe economic damage. While it is too soon to survey the drawn - out effect of Russia's intrusion of Ukraine from mid - 2022, both Ukraine and most other European nations have previously been impacted intensely.

A way to deal with surveying the effect of the contention is to look at monetary business sectors. As a rule, inspecting how offer costs respond right give significant data about conceivable long - haul impacts of large occasions like conflicts. The examination shows areas of strength for that openness to Russia brought about a normal deficiency of 0.8 rate focuses across countries, with a middle deficiency of 0.47 rate focuses. The middle misfortune for organizations with an offshoot in Russia was 0.52 rate focuses, while the typical misfortune was 0.73 rate focuses.

INDIAN MARKETS -

Indian business sectors had one of the significant effects of the conflict was a lull in pace monetary development, when they were steadily hoping to transcend the pandemic trouble. Disturbance to 2 significant shipping lanes, Russia and Ukraine, alongside ensuing assents forced on Russia by various economies, significantly affected worldwide inventory chains. Accordingly, oil prices flooded to record highs, which thus pushed up expansion.

Notwithstanding, the Indian economy showed outrageous versatility to such outer factors and extended by 13.5% in the primary quarter of the monetary year 2022 - 23 (April - June 2022). For the following quarter July - September 2022, Gross domestic product development came in at 6.3 %. The RBI's Monetary Policy Committee (MPC) decided to keep the repo rate at its October meeting. According to Governor Shaktikanta Das of the RBI, the overall inflation outlook was hampered by uncertainties caused by the fall in kharif sowing

Mahek Samir Shah
PGDM Finance
NLDIMSR

for important crops like pulses and oilseeds, low reservoir levels and fluctuating global food and energy prices.

Assuming the Israel - Hamas struggle disturbs oil supply lines and raises costs, the expectations of RBI cutting rates will be run. Heightening of Israel's conflict with Hamas could push up expenses of imported 5G organization gear by ₹2,000/- to ₹2,500/- crore at first and dial back rollouts of cutting - edge networks by India's top telcos, say industry chiefs, brokers and examiners fault the rupee for this. A more extensive, long - drawn struggle could at first trigger around a 3 - 4% plunge in the rupee versus the US dollar. Almost 67% of telecom gear utilized in neighbourhood telephone networks is imported basically from unfamiliar merchants, for example, Nokia, Samsung and so on.

However, "For what reason is India a brilliant spot? Since one, the nation has done well to turn the digitalization that has been now moving very well into a significant driver of beating the effect of the pandemic and setting out open doors for development and occupations," Second, since India's monetary strategy has been receptive to financial circumstances. We have seen the new spending plan introduced and it flags the obligation to monetary solidification, while simultaneously gives huge supporting to capital ventures. Furthermore, third, since India didn't stay away to gain the examples from the pandemic and to execute serious areas of strength for extremely to defeat what struggles for a couple of months.

The total amount of losses is largely determined by geographic factors. Trade connections have the greatest impact on nations in East Europe, while ownership connections have the greatest impact on nations in West Europe. Due to their weaker ownership and trading ties with Russia, however, China and the United States had a relatively minor impact overall.

The Web of War: How Conflict Disrupts Global Trade and Markets

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War's impact on global markets is a tangled web, affecting economies, industries and individual comapnies in profound ways. Trade disruptions, supply chain breakdowns and heightened geopolitical tensions all fuel market volatility and uncertainty in times of conflict. Commodity prices, currency valuations and investor confidence can also fluctuate as markets adjust to the evolving situation. Beyond these immediate effects, war's long - term implications on trade agreements, international regulations and regional stability are crucial aspects to consider for understanding its impact on global markets.

Throughout history, wars have cast long shadows on global markets, leaving trails of disruption and volatility in their wake. From the Napoleonic Wars' blockades and shortages to the resource scarcity and destruction of World War II, conflicts have repeatedly sent shockwaves through the interconnected web of international trade. Even more localized wars like the Korean and Vietnam conflicts have had ripple effects, unsettling global markets with their geopolitical tensions and economic implications. As history continues to unfold, the complex dance between war and global markets will undoubtedly remain a critical area of study and concern.

Trade disruptions ripple through industries like tremors, leaving no sector untouched. From the automotive industry, where tariffs can send production costs soaring and demand plummeting, to the agricultural sector, where farmers struggle with oversupply and rock - bottom prices due to restricted access to international markets, trade disruptions leave their mark. The technology and electronics sector faces delays and potential shortages of vital components, while energy markets grapple with volatile prices as oil, gas and other commodities struggle to flow freely. Consumer goods rise in price as imports become scarce and financial services contend with volatile markets and hesitant investors. As trade disruptions spread their influence, no industry remains unscathed.

War's tremors shake not only economies but also the delicate dance of global commodities and currencies. Prices tremble as supply lines crack and geopolitical uncertainties rise, while currencies pirouette in response to investors seeking safe havens and economies reeling from conflict. Oil prices, particularly sensitive to such disruptions, can spike dramatically, sending shockwaves through energy markets and impacting consumers worldwide. Precious metals like gold and silver, sought after for their stability during volatile times, see their values fluctuate accordingly. Even agricultural commodities,

like wheat and corn, are not spared, experiencing price swings as production and distribution channels are disrupted by the war's shadow.

War's shadow disrupts the delicate dance of global supply chains, twisting and contorting trade routes in its wake. The production and flow of goods are thrown into disarray, leaving shortages and price fluctuations to echo throughout markets. Trade routes, once a similiar paths, are forced to shift and adjust, navigating around areas made inaccessible or unsafe by conflict. This upheaval ripples through commodity prices, sending them on a rollercoaster of uncertainty that impacts industries from energy and agriculture to raw materials. As countries clash, trade restrictions and sanctions become weapons in the arsenal, further disrupting the flow of goods and reshaping market dynamics. In this volatile environment, investors react with trepidation, their actions contributing to a market that dances to the unpredictable rhythm of war.

War's devastating impact on global markets extends far beyond trade disruptions, sending ripples through economies, industries and individual lives. Commodity prices dance to the rhythm of conflict and vital supply chains are twisted and contorted. To overcome these tremors, we must build resilience into our interconnected systems and a commitment to peaceful solutions. Only then can we navigate the shadows of war and pave the way for a future where markets thrive and humanity flourishes.

Market Mayhem: When War becomes the ultimate Trade Disrupter

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A world that always aspires to peace and economic growth becomes unsettled whenever a major war breaks out. International markets become unstable as a result of these disputes between important nations. Geopolitical tensions and military confrontations have increased recently, with significant repercussions in the political, humanitarian and financial spheres. The wars between Israel and Hamas and Russia and Ukraine have caused several problems for global trade. Serious economic disruptions brought about by the recent wars include strained relations between nations, the loss of human capital, resource waste, a spike in inflation, market instability and interruptions to the global supply chain.

Current Scenarios of Economic Disruptions due to Wars -

Russia Ukraine War:

The ongoing conflict between these two powerful nations began on February 24th, 2022 and has had a disastrous impact on trade and the global economy ever since. Due to its extremely fertile soil, Ukraine is known as the "Bread Basket of Europe." It is also the world's fifth - largest exporter of wheat, fourth - largest exporter of corn and barley and a leading exporter of seed oils, which account for 46% of the world's supply of sunflower oil, as well as numerous other minerals like iron, titanium, gallium, germanium, neon and krypton. Nearly sixteen percent of the world's territory is occupied by Russia, which also happens to be the world's biggest producer of diamonds, major exporter of wheat and most significantly, the world's largest supplier of natural gas and second - largest exporter of oil.

Exports from Russia and Ukraine are essential to many nations worldwide in order to meet their needs and close the gap. Due to Russia's suspension of important exports to a number of nations throughout this war, there has been a global uptick in prices, strained geopolitical ties and interruptions to commerce. Other nations are beginning to substitute their imports of Russian and Ukrainian goods, which presents a number of chances for other nations, including India. Long - term effects include an impact on critical industries including the chemical, oil and gas, defense, information technology and aviation sectors.

Israel Hamas War:

On October 7,th 2023, Israel came under attack by Hamas, a terrorist organization designated by the United States that represents Palestinians. Israel was hit by almost 5,000 rockets fired by Hamas. Israel is one of the most powerful countries in the Middle East and has long been an important player in international commerce. Israel is a significant oil exporter worldwide and as a result of the War, oil prices reached an all - time high in October 2023, taking into account the post - COVID - 19 pandemic era. It affected international trade with numerous countries, including India.

Particularly, the other major Middle Eastern nations- Iran, Saudi Arabia, Egypt are responding to this war with great force and severe measures. Attacks on ships travelling through the Suez Canal by rebel groups backing Palestine and Hamas have increased recently. Such incidents are compelling maritime

operators to boycott the Suez Canal and choose traditional shipping routes that circumnavigate the African continent, as 12% of all international trade passes via the Suez Canal. This will have a negative effect on global supply chains as it would increase fuel and labour expenses and cause a two - week delay in the delivery of products. This conflict has mostly resulted in unstable political ties, a spike in oil prices, uncertainty in global markets and interruptions in international trade.

In summary, I am of the view this sort of man - made crisis has caused unstable financial markets, swings in the price of commodities and currencies, hiccups in the global supply chain and long - term economic repercussions. This economy disruptions has cumulatively resulted into Global Economic slowdown for the year 2023. Finally, as the globe struggles with the effects of war, financial markets turn into their own front lines of conflict. The way the international economy develops as it tries to recover and rebuild after a conflict will be greatly influenced by how resilient global markets are.

Battlefield to Boardroom: The Intriguing Dance of Wars and Global Markets in the Marketing Arena

Wars, throughout history, have had far - reaching consequences, extending beyond the battlegrounds to influence various aspects of societies, including the global market. From altering consumer behaviour to reshaping economic landscapes, the impact of wars on the market is a multifaceted phenomenon that deserves attention. This article explores the historical instances of wars significantly impacting global markets from a marketing perspective.

1. World War II: The Birth of Consumerism -

World War II marked a turning point in global marketing. The war effort required massive production and resource mobilization, leading to increased industrialization. Post - war, the surplus capacity was redirected towards consumer goods, giving rise to the era of consumerism. This shift in production laid the foundation for a new marketing landscape, as companies adapted to cater to a growing consumer market.

2. The Cold War: Ideological Marketing Battles -

The ideological rivalry between the United States and the Soviet Union during the Cold War extended into the marketing realm. Both superpowers engaged in a battle for hearts and minds, using marketing strategies to promote their respective ideologies. This era witnessed the emergence of iconic brands as symbols of Western capitalism, while the Eastern Bloc developed state - sponsored marketing campaigns to bolster socialist ideals.

3. Gulf War and Oil Markets -

The Gulf War in 1990 - 1991 had profound implications for global oil markets. The conflict disrupted oil supplies from the Middle East, leading to fluctuations in oil prices. This instability impacted industries worldwide, particularly those heavily reliant on oil. Marketing strategies had to adapt to the changing economic landscape, with companies emphasizing energy efficiency and alternative resources.

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4. Trade Wars: Modern Economic Warfare -

In recent times, trade wars have emerged as a new form of economic conflict. The trade tensions between the United States and China have resulted in tariff impositions and shifting global supply chains. Companies engaged in international trade had to reassess their marketing strategies, considering geopolitical factors and navigating the complexities of protectionist measures.

Wars, whether hot or cold, leave an indelible mark on the global market. The historical examples mentioned highlight how conflicts have shaped marketing landscapes, influencing consumer behaviour, industrial production and international trade. Understanding these impacts is crucial for marketers to navigate the complexities of a world often shaped by geopolitical events. In a world where geopolitical tensions persist, marketers must remain vigilant and adaptable, recognizing that wars and conflicts can have far - reaching consequences on consumer preferences, market dynamics and the overall business environment.

By learning from historical instances and staying attuned to global developments, marketers can better position themselves to navigate the challenges posed by the ever - changing landscape of war and peace.

Trade under fire: The war's impact on global markets

The ongoing war in Ukraine has casted a long shadow over the global economy, disrupting supply chains, spiking energy prices & triggering widespread uncertainty. Its impact on international trade, a lifeblood of modern world has been profound & multifaced The following report delivers into the wars ripple effects on global markets, highlighting, its immediate & long term consequences.

Chirag Bhatter
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Slowing Global Rate

The war's drag on global economic growth has emerged as a dominant theme. Europe faces an acute energy crisis and broader cost - of - living squeeze. The euro zone economy narrowly avoided a contraction in the third quarter and forecasts for 2023 indicate muted growth at best.

Several Bellwether economies like Germany & Italy appeared for recession. Beyond Europe the conflict Exacerbates food insecurity & financial stability risks among emerging Global Markets. The war adds to inflationary headwinds from lingering pandemic supply chain troubles & China's weakened economy. As a result, the outlook for the global economy is most uncertain in decades.

2. The Cold War: Ideological Marketing Battles -

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By learning from historical instances and staying attuned to global developments, marketers can better position themselves to navigate the challenges posed by the ever - changing landscape of war and peace.

WAR'S GRIP ON GLOBAL TRADE

The world's interconnectedness isn't just about social media or shared trends. It's starkly evident in the economic tremors echoing from distant battlefields. As the shadows of the Russia - Ukraine war lengthen and the Israel - Palestine conflict continues to simmer, their impacts are being felt far beyond the immediate zones of conflict, reshaping the global market in profound ways.

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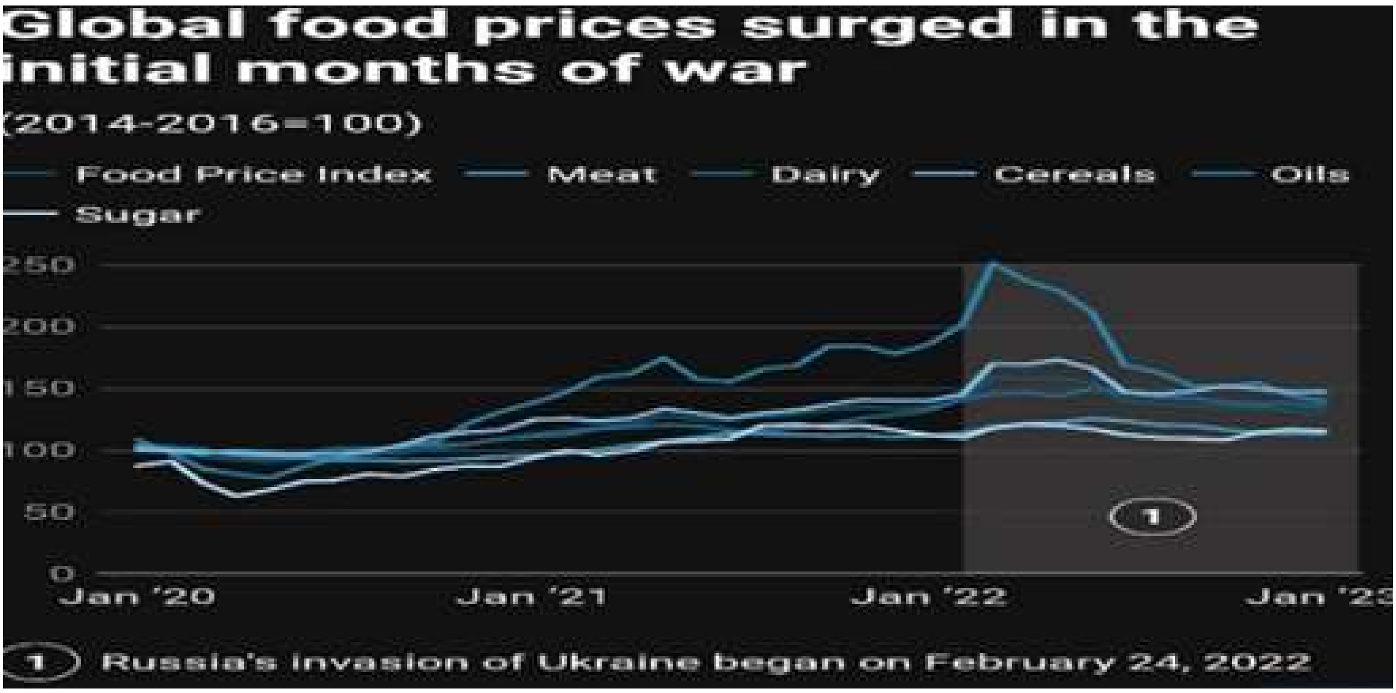
Imagine a delicate web, intricate and vital. Each strand represents a nation, industry, or commodity. Now, picture two sharp stones thrown into this web – the grinding gears of war. The impact sends ripples outward, tugging at every thread, some snapping, others stretching thin. This is the image we must hold as we delve into the complex tapestry of how these conflicts are unravelling and reweaving the fabric of the global market. From surging energy prices and disrupted supply chains to the Specter of food insecurity and the recalibration of geopolitical alliances, the consequences are multi - layered and far - reaching.

Russia - Ukraine war impacting globally

A year into the war, rising debt among emerging markets and an increased risk of 'geo - economic fragmentation' are causes for concern However, rising oil prices and supply chain disruptions have largely eased. One of the most visible signs of the war was its effect on food grain prices. Before the war, Ukraine was the fourth - largest exporter of corn and wheat, accounting for 8.9 % of global wheat exports. The country was also the largest exporter of sunflower oil, which accounts for 9 % of vegetable oil. Together, Ukraine and Russia exported as much as 23 % of the world's wheat. They were also responsible for 63.6 % of the world's sunflowers and seeds.



Israel - Palestine war impacting globally

The fallout of Israel - Hamas war on the global economy may take time to become clear but would become more severe if the conflict spreads to the rest of the Middle East, especially Iran, which is both a major oil producer and supporter of Hamas. “A major channel of impact on the global economy would be via oil prices which have already risen near to $90 level. Further escalation of the conflict towards other Middle Eastern nations which are key oil producers poses a bigger threat and needs a very close watch given that the global economy is currently facing a ‘higher for longer’ interest rate scenario". The issue is that if the war persists for long, then the oil dynamics will change. Brent had crossed the $90 mark but then retreated. Now we can use the 90 number to be the threshold beyond which there is trouble for the world economy. India can get affected if the price remains high due to further supply disruptions.

Conclusion

The Russia - Ukraine war's global impact has been a ripple of devastation, shaking food markets, fuel inflation and displacing millions. Its tremors reach even distant shores, leaving a world more divided, insecure and grappling with a renewed hunger crisis. The long - term echoes of this conflict - in political alliances, energy dependence and the shadow of nuclear threat - will loom for years to come. The Israel - Hamas war has spooked equity markets all over with investors shifting towards safe - haven assets. Investors remain cautious and watchful of the global events with risk - off sentiment grappling the market.

Trade under fire: The war's impact on global markets

The first casualty when war comes is truth, the second is fair dealing and the third is economic stability.

- By George F. Kennan

Wars have adverse effects for trade. When nations fight, it's not just the soldiers who suffer. Businesses also face trouble. The impact of war extends beyond immediate casualties, with the widespread destruction of infrastructure and industry wreaking havoc on a country's long - term economic stability. Imagine a big puzzle of trade - goods moving, money flowing and people working together. War breaks that puzzle, factories get damaged, roads and ports get blocked, ships can't sail and trucks can't drive safely. People become scared to buy and sell things and try hoarding on things. It becomes hard to trust others from different countries. Prices go up and disappear. So, war is like a storm that hits the smooth sea of trade, making it rough, unpredictable and tough for everyone involved. During periods of conflict, investors tend to become more risk - averse, leading to fluctuations in financial markets. Stock markets experience volatility and safe - haven assets such as gold see increased demand.

Let's see how recent wars have affected the global markets:

1. Russia - Ukraine war - Russia's first full - scale attack on Ukraine in February 2022 felt particularly brutal. Following are the impact felt during recent months of this war:

Global food insecurity has hit developing and emerging economies the hardest. (Food inflation rose to 24% YoY in Nigeria), The severe economic sanctions on Russia have triggered further increases in energy prices in the international market, Substantial fall in share prices (Moscow's MOEX index dropped almost 9%), the increased fuel costs are causing inflation and is resulting in higher freight rates.

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The global conflict has undeniably impacted both worldwide enterprises and consumers. Analysis of stock market data indicates that companies closely connected to Russia, either through trade or ownership, witnessed a significant decline in their stock prices in the aftermath of the invasion. Furthermore, the threat of deglobalization has escalated considerably since the Ukraine invasion. The departure from Asia's zero - COVID policies is contributing to growing disruptions in the supply chain, offering a preview of the potential effects of temporary deglobalization. A substantial reconfiguration of the global economy is unlikely to bode well for geopolitical stability.

2. Israel - Palestine war - The impact of the Israel - Hamas war on the world economy may take time to become apparent but it would worsen if it spread to the Middle East, notably Iran, a major oil producer. The global economy would be affected by rising oil prices near $90. Escalating violence in the Middle East will likely add to factors already throttling trade growth, including higher interest rates. The World Trade Organization's director - general Ngozi Okonjo - Iweala warned that the ongoing Israel - Hamas conflict will impact global growth if it spills over to the wider Middle East region.

War severely disrupts trade through damage to infrastructure like ports and rail that enables the flow of goods; increased costs and risks of shipping through conflict zones; reduced production capacity as factories are destroyed or retooled for military uses; economic sanctions that deliberately limit trade; distortions to normal supply and demand patterns; capital flight and divestment from insecure areas; and added trade controls on sensitive goods. Trade suffers from outbreaks of war through obstructed trade routes, hampered production, distorted markets, lack of financing and restricted exports / imports. Reconstructing broken trading ties often takes years after fighting ceases. Overall, the effects of war on international trade are overwhelmingly negative.

Trade under fire: The war's impact on global markets

The entire world is witnessing a surge of violence and instability as the whole world is observing a lot of uncertainty and distuban--ces. War always brings destruction, damage, harm and whatnot. It not only affects human lives to a significant extent but also other living and non - living things. And if we talk about the economy, that is also not left by the effect of wars. All these problems come in the form of economic distress in the world. The after - war effects are no lesser than the war itself. Starvation, poverty, effects on mental and physical health, education, the economy everything pays the price of the war. Wars like these have always global implications and one of the major aspects of the global economy is markets, global markets. The share market is one of the topmost things that we remember when we talk about global markets and we all know it plays a significant role in any economy. Share markets is a speculative market and that's why they get influenced by every news that may happen in the future. The things the markets are expecting to happen also play a major role in influencing stock markets.

All these started on February 24th, 2022, when Russia invaded the Ukraine. The major markets that were first affected by this war were the European stock markets and the Moscow Exchange. MOEX index dropped almost 9% in the week following the invasion.

- Across advanced economies, more than half (including the United States and the euro area) had inflation rates of over 5% even before hostilities, so the war made an already demanding situation worse.
- Russia is a major supplier of fossil fuels, especially to Europe. Disruptions to supplies of these commodities drove up prices.

Also, recent research evidence from the Centre for Economic Performance (CEP) reveals that firms with strong ties to Russia through trade or ownership experienced a substantial decrease in their cumulative return following the invasion.

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Another deadly war that the world has witnessed, or I should say the world is still witnessing is the Israel - Hamas War. There are still no records of how many people have lost their lives, jobs, families, etc. and nobody can ever be able to find the actual records that would show the truth of lost lives. In the conflict between Israel and Palestinian militants, on October 7th, 2023, the S&P 500 sank briefly on the first trading day following these tragic events. But as the Israeli army and air force responded and the S&P rose over the following week. Since the conflict involves the Middle East, with the potential for other regional interests to enter the conflict, the price of oil rose moderately from around $83 to $86 per barrel. Iran being the major oil - producing country can be affected majorly as the World Bank has already said that the oil prices may soar up to $150 a barrel in the current quarter. India is also facing a challenge as the FDIs have slowed down because global investors still have doubts regarding the ongoing wars. India's Foreign Trade (exports and imports) has slowed down in the last quarter leading to a downward trend in the economy's growth. Also, in the European economy. The European commodity markets also got impacted with Brent crude oil and European natural gas prices increasing by 9% and 34% respectively. Till the wars would not stop, the devastation and destruction will continue to shake the world.

TRADE UNDER FIRE: THE WAR'S IMPACT ON GLOBAL MARKETS

Trade Under Fire: The War's Impact on Global Markets delves at the complex ways in which regional or international conflicts have a major impact on trade stability and global markets. The impact of increased geopolitical tensions is felt more strongly on supply chains, investor confidence, economies and market stability. The investigation attempts to look at the various ways that war affects trade, emphasizing how turbulent periods of warfare can cause disruptions, adjustments and long - lasting changes in international markets.

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Gaining an understanding of these rationales is essential to understanding the complex effects of war on international markets. The war has significantly impacted economies, causing a precarious recovery and highlighting sectors that were heavily reliant on pre - existing vulnerabilities. The financial trajectories of developed and developing economies have diverged, with developing nations being disproportionately impacted by rising import costs and inflationary pressures. The potential for "debt traps" to emerge in vulnerable regions is being explored, with the role of international financial institutions in mitigating this risk. The cascading effects of price hikes in critical commodities like food, energy and raw materials are being mapped, with case studies of specific commodities tracing their origin through disrupted supply chains to pinpoint critical chokepoints and analyze the ripple effects on global markets.

The war has disrupted supply chains, causing delays and cost increases for businesses. The war has reshaped global trade partnerships, leading to the emergence of new regional trading blocs and alternative hubs. This has led to potential winners and losers in geopolitical reshuffling and long - term implications for established trade patterns. Additionally, the war - induced uncertainty has impacted inventory management strategies, leading to the rise of "just - in - time" Vs "just - in - case" approaches, which could impact long - term supply chain resilience and shifts in manufacturing locations and stockpiling practices.

The text explores 3 key areas of focus: Hunger on the Horizon, Energy Squeeze and Resilient Entrepreneurs. Hunger on the Horizon focuses on food insecurity scenarios due to disrupted agricultural production and export restrictions, highlighting the impact on vulnerable populations and international aid efforts. Energy Squeeze examines the impact of rising energy costs on household budgets and essential services in vulnerable regions, exploring policy interventions like energy subsidies and fuel rationing. Resilient Entrepreneurs showcase inspiring stories of entrepreneurs adapting and thriving in the face of adversity, highlighting innovative solutions for navigating supply chains, finding new markets and supporting local communities.

The potential acceleration of sustainable and localized trade practices following war - induced disruptions, focusing on consumer preferences and policy changes. It discusses the benefits and challenges of this shift, including the impact on global interconnectedness and the need for balancing local and global initiatives.

It also discusses the role of multilateral organizations and global cooperation in mitigating the economic fallout of the war, fostering a more stable and equitable trading system and highlighting successful examples of international cooperation.

In addition to outlining opportunities and challenges, the text examines how cutting - edge technologies like blockchain, artificial intelligence and digital trade platforms can improve supply chains, lower risks, maximize trade and improve traceability.

The war's impact on the global market is complex, causing disruptions in supply chains, volatile commodities, investor jitters and protectionism. The human cost is deepened inequality and hunger. Collective action is needed to diversify supply chains, invest in sustainable solutions and rebuild trust. The war offers an opportunity for a resilient, equitable and sustainable future.

Trade under fire: The war's impact on global markets

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Every war or even a conflict in that respect, is primarily a humanitarian catastrophe, as people lose lives, on both sides. Moreover, the financial ramifications are far more in the globalized world.

While engaging in international trades, Suez Canal, a body of water, clogged between the African coast and the Middle Eastern coast, plays an instrumental role as it helps cut the travel time substantially for the ships to sail from Asia to Europe. However, the ubiquitous geo - political intent makes it prone to attacks.

Notably, the very recent Israel - Hamas war has grabbed a lot of attention across the globe because of the chain reaction that every war follows. One of the quite recent dire aftermaths of this war was a ship of the world's largest shipping carrier, MSC, having to face the brunt of being attacked in the Red sea which was about to traverse through the Suez canal. Sailing through this water body, albeit cuts the travel time, is now being abandoned due to the problem that, this time, seems to stem from one of the countries along this coastline, Yemen. Hamas being partially backed by the Houthi Rebels of Yemen, unofficially termed as a militant organization, have taken up the Palestinian cause and are launching attacks on ships sailing the Red sea. Consequently, if you're a freight company, sailing these waters, you'd be wary of the fact that an attack on the ship could cost the lives of the crew as well as the goods worth billions onboard. Having to turn towards the pre - Suez canal era alternative would mean turning back to the long route, which takes, approximately, extra 2 weeks, exposing you, as a freight company, to incur extra costs for a host of reasons, like the 'War risk premium' charged by the insurance companies, crew compensation, increased fuel requirement, etc.

As it prevails presently, the supply chains are dispersed globally. And hence a dispute in any nook of the globe potentially disrupts the supply chains. Supply chain disruptions are a major contributing factor to inflation. Elucidatorily, the international price increase in wheat and oilseeds due to Ukraine being invaded, spiked the inflation in commodities worldwide. Similarly, Russia being sanction - hit and the recent attacks on ships carrying oil tankers in the Red sea have shot the international oil prices up. This strongly depicts a war's footprint on a globally dispersed supply chain.

Moreover, for the global economy, wherein the fuel and food shortages caused by the war were exacerbating post - pandemic inflation that had already reached multi - decade highs in most parts of the world and amidst the economic distress around the world, the central banks, as a resultant, gets assigned with an additional task to not only clear up the menace caused by the pandemic, but also maneuver out of the turmoil caused by these geopolitical events. This potentially brings in a great deal of turbulence to emerging countries, countries in perpetual crisis like Argentina who is in the midst of adopting Dollarization as the inflation there normally hovers around 142% and the war - torn countries like Ukraine which is now in a state of severe economic distress.

On the contrary, with Russia being sanction - hit and India emerging as a bellwether by exporting the oil, imported at a discount from Russia to Europe, delineates how the reverberations of a conflict between two nations could, at times, also turn out as an opportunistic handshake between other nations.

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