THE IMPACT ON GOLD SPOT AND FUTURES PRICES VOLATILITY DURING THE COVID-19: AN EVENT STUDY

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ABSTRACT
This paper investigates the volatility of the gold spot and futures prices during the COVID-19 pandemic period. Events affecting gold price volatility were selected using the Bai–Perron structural break test. The study period was divided into the first wave and second wave, for a sample period from 1st April 2020 to 31st March 2022. The results of the GARCH and T-GARCH modelling frameworks reveal that the returns series for the gold spot and futures demonstrate greater volatility spikes during the COVID-19 outbreak. The results during the COVID-19 outbreak confirm investors' view of gold as a safe-haven asset during periods of great uncertainty.

1. Introduction
During this pandemic, the global financial crisis began. The world's financial markets daily operations were interrupted. Because only vital goods were allowed to be exchanged on the financial markets, investors' interest in the gold market has risen drastically. Gold has become an essential component of investment diversification as a safe-haven commodity that holds its value even when stock markets generate negative returns. Because of its lack of link with other sorts of investments, gold is frequently regarded as a safe haven for investors during times of acute uncertainty and market collapse. Having this distinct volatility behaviour shows a distinct volatility behaviour in which gold price surges may signify past or future instability, signalling more volatility for gold prices. As a result, the price of gold has risen, attracting an increasing number of investors. On the other hand, economic and political factors have led to repeated financial crises in recent decades, resulting in increased volatility in financial markets. As a result, gold markets have seen significant price movements and hence increased volatility, prompting investors to become interested in analyzing and grasping this trend. Christie–David, Chaudhry, & Koch (2000) Stated that there are many macroeconomic announcements like GDP, CPI, and Unemployment rate by the government which will have an impact on gold and silver prices. "When information becomes available about a cataclysmic event – like a terrorist or military attack – investors often flee the market in search of safer financial instruments and panic selling ensues" Chen & Siems, (2004). The purpose of this study is motivated by a lack of studies focused on reexamining the phenomenon of gold spot and futures volatility during the COVID-19 outbreak represents an interesting period to include in our sample because coronavirus lockdowns were initiated throughout the world, increasing the fear of economic loss and stimulating the demand for gold as a safe-haven uniqueness of this market using GARCH modelling frameworks.

2. REVIEW OF LITERATURE
There is existing literature which will show that event study and its results, Why and Where to use GARCH models in financial data. Lean, Halim, & Wong (2005) this study, which looked at whether or not the Asian Financial Crisis will affect stock market returns or exchange rates, shows that there is a considerable influence in countries other than a limited number of them. Stock prices and foreign currency exchange rates are equally affected by financial crises. In the same case, Chauhan & Kaushik,