1. Title: The Invisible Risk: Pandemics and the Financial Markets

2. Author: Jordan Schoenfeld, Dartmouth College, Jordan.m.schoenfeld@tuck.dartmouth.edu

3. Abstract: Are pandemics systemically important to modern-day financial markets? This study uses the COVID-19 pandemic as a natural experiment for testing how large-scale pandemics affect the financial markets. Using hand-collected data at the firm level, I find that managers systematically underestimated their exposure to pandemics in their SEC-mandated risk factors, and the vast majority of firms decreased in value at the pandemic's onset. I also find that the pandemic triggered unprecedented changes in U.S. employment levels and the values of bonds, commodities, and currencies. These types of findings suggest that pandemics are systemically important to the financial markets. Overall, this study provides some of the first large-scale evidence on how pandemics affect the financial markets.

4. Data: Firms’ annual report risk disclosures and asset prices at the pandemic’s onset (U.S. data)

5. JEL Codes: E44, G01, G10, J21, M41

6. Keywords: Asset Prices; Business Risk; Coronavirus; Corporate Disclosure; Pandemic