

## **Industrial Portfolios and COVID-19**

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### **Abstract**

This study investigates the effect of the COVID-19 pandemic on the weekend effect and market efficiency across ten industry stock portfolios from the NYSE, AMEX, and NASDAQ between March 2016 and March 2021. Using statistical techniques, it examines shifts in Monday return patterns and tests the random walk hypothesis to evaluate changes in weak-form market efficiency during the pandemic.

The study reveals that the COVID-19 pandemic significantly altered Monday return patterns across ten industry sectors, with distinct structural breakpoints identified for each, indicating sector-specific responses. While prior research found little evidence of a weekend effect, this pattern persisted. Notably, variance ratio tests show that post-pandemic returns became predictable, marking a clear violation of weak-form market efficiency. These findings align with recent studies highlighting a decline in market efficiency during the crisis.

These results offer important implications for investors, portfolio managers, and policymakers by highlighting how the pandemic disrupted return behavior and market efficiency across sectors. The findings support more informed risk management, diversification, and regulatory oversight during periods of financial uncertainty.

### **Keywords**

Weekend effect, Market Efficiency, Industrial portfolio, COVID-19.

