



MARKET SUSPENSION

A market suspension is when a country suspends trading on its national markets, which can include its stock, bond and forex markets. Suspensions usually refer to a trading halt that lasts longer than the guidelines set out for circuit breakers or limit ups and limit downs, and they can last for more than a day. Market suspensions are rare measures taken by the government in times of economic uncertainty and increased volatility. The suspensions are meant to prevent panic selling and to stabilise the market. During the market suspension traders are unable to open, edit or close their shares positions for equities listed on the exchange.

There are pros and cons to market suspension depending on the reasons for suspension. In general, the pros may include the following:

- Reduction in volatility and panic
- Reduction in panic selling as the market stops reacting to external factors
- Attraction of long-term investors due to reduction in the risk and speculative nature of market

The major downside of market suspension is the reduction in foreign investor participation due to loss of confidence in the market. Although market suspensions are a rare measure, some countries have suspended their markets for various reasons. Below are some examples of countries that have suspended their markets for different reasons:

- The Government of Zimbabwe suspended trading on the Zimbabwe Stock Exchange on 26 June 2020 to allow for investigations into illicit activities. ZSE was last suspended in November 2008 and the suspension lasted for four months.
- The Philippines government was the first to suspend its markets during the ongoing coronavirus pandemic, which meant that it halted all trading on nationally listed stocks. The reason for suspension was to ensure the safety of employees and traders.
- The Sri Lanka market was closed for 7 weeks under unclear circumstances. It is however reported that several missteps had happened in Sri Lanka's economic policy.
- The United States stock market closed for a week following the September 11 attacks in 2001.

It can be concluded that market suspensions are a *necessary evil*.

Upcoming AGMs

Tuesday July 7 - Ariston AGM (11am, Boardroom, 306 Hillside Road, Msasa Woodlands)

Thursday July 9

-Dawn Properties AGM (11am, Ophir Room, Monomotapa Hotel, 54 Park Lane)

-Mash virtual AGM (12pm, Boardroom, 19th Floor, ZB Life Towers, 77 Jason Moyo Avenue)

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