SUKUK: *International Journal of Banking, Finance, Management and Business*
Vol. 1, No. III, 2022
https://sukukjournal.org.uk/

The Impact of Economic Sanctions on Financial Market's Performances: A Reflective Study on Russia-Ukraine War

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Abstract

Economic sanctions have become a pivotal instrument in international diplomacy, significantly influencing global financial markets. This paper investigates the impact of economic sanctions imposed during the Russia-Ukraine war on financial market performance, focusing on volatility, investor sentiment, and market resilience. The study examines how sanctions targeting key sectors, such as energy, banking, and technology, have disrupted market dynamics, reshaped capital flows, and created ripple effects across global economies. Through a qualitative approach, in-depth literature review analysis and insights from financial data, policy reports, and market trends, the research identifies critical patterns and consequences. Key questions addressed include: How do sanctions influence market stability and investor behaviour? What are the long-term implications for economies heavily reliant on sanctioned sectors? Findings reveal that while sanctions effectively pressure targeted economies, they also create uncertainties in global markets, exacerbating volatility and impacting international trade and investment flows. The analysis underscores the importance of coordinated international responses to manage the unintended consequences of sanctions. Policy recommendations include enhancing regulatory frameworks to stabilise markets, fostering transparency in sanctions enforcement, and promoting alternative trade mechanisms to mitigate disruptions. This study contributes to a deeper understanding of the interconnectedness between economic sanctions and financial market performance, offering actionable insights for policymakers and market participants navigating geopolitical crises.

Keywords

Sanctions, Markets, Volatility, Trade, Resilience