**An analysis of the effects of aging society on global stock markets**

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**Abstract**

Purpose  
The primary purpose of this study is to explore the effects of demographic transition toward aging populations on the performance of stock market indices across various economic developments. The research aims to provide valuable insights into the life-cycle hypothesis on savings patterns, investment behavior and the potential reverberations on global financial markets.

Design/methodology/approach  
The study adopts a comprehensive global perspective, scrutinizing the effects of aging populations on stock market indices across developed, developing and transitional economies through the panel data analysis. Using annual data spanning the period from 1991 to 2020, encompassing a sample of 10 countries from each economic development level, the study employs the panel autoregressive distributed lag (ARDL) model with fixed effect estimation.

Findings  
The findings unveil a statistically significant positive impact of the elderly population proportion on global stock market indices. However, the magnitude and contours of this impact exhibit considerable heterogeneity across different country groups. Specifically, the study finds that while the aging population significantly influences stock market performance in developed nations, its effect is overshadowed by other economic factors, such as consumer price indices and interest rates, in developing countries and economies in transition.

Originality/value  
The originality and value of this study lie in its comprehensive global perspective, which encompasses a diverse array of economies at varying developmental stages. The research contributes to an understanding of the effects of demographic transitions on stock market performance on a global scale. The insights derived from this study hold significant implications for policymakers, financial institutions and investors seeking to navigate the challenges and opportunities posed by aging societies in an increasingly interconnected global economy. Additionally, the findings highlight the need for specific strategies and policies that account for the unique economic characteristics and developmental stages of different nations..

**Keywords:** Cointegration, Autoregressive distributed lag model, Aging population, Stock market.

JEL Classification —A10, C01, F30.

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**Further reading**

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