

The Impact of Bitcoin on Stock Market Performance

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Abstract : This study will analyse the relationship between Bitcoin price movements and the Johannesburg stock exchange (JSE). The aim is to determine whether Bitcoin price movements affect the stock market performance. As crypto currencies continue to gain prominence as a safe asset during periods of economic distress, this raises the question of whether Bitcoin's prosperity could affect investment in the stock market. To identify the existence of a short run and long run linear relationship, the study will apply the Autoregressive Distributed Lag Model (ARDL) bounds test and a Vector Error Correction Model (VECM) after testing the data for unit roots and cointegration using the Augmented Dicker Fuller (ADF) and Phillips-Perron (PP). The Non-Linear Auto Regressive Distributed Lag (NARDL) will then be used to check if there is a non-linear relationship between bitcoin prices and stock market prices.

Keywords : bitcoin, stock market, interest rates, ARDL

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