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DEMOCRACY AND THE MARKET: DO POLITICAL ELECTIONS INFLUENCE THE STOCK EXCHANGE IN POLAND?

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Purpose: Although political events do not directly impact the stock exchanges, they are widely regarded as one of the significant factors determining their volatility and dynamics. This paper aims to examine the impact of political election results in Poland—specifically presidential, parliamentary, local, and European elections—on the Warsaw Stock Exchange Index WIG.
Design/methodology/approach: The objectives are achieved using an event study methodology. This approach assesses how the stock market reacts to a specific event, such as election results, by comparing actual stock price changes around the event with predicted changes if the event had not occurred.
Findings: The results do not unequivocally confirm the thesis of a significant impact of all studied types of political elections on Warsaw Stock Exchange quotations. The strongest impact was observed in the case of presidential elections, however, its intensity varied depending on the specific elections. The impact of parliamentary elections was observed only in the 1990s. In contrast, local and European Parliament elections generally did not have a statistically significant impact on the Polish stock exchange.
Research limitations/implications: Research limitations of this study include its focus solely on the WIG index, suggesting future research could explore the impact on individual companies or other market indices, acknowledging that company-specific factors might lead to varied reactions. Additionally, the study highlights the arbitrary nature of event window selection and the potential for market reactions to differ based on broader economic or political contexts, especially in emerging markets like Poland.
Originality/value: This paper contributes to the existing literature by providing empirical evidence on the influence of various types of political elections on the Warsaw Stock Exchange in Poland, covering a substantial historical period. The findings are valuable to investors, policymakers, and academics interested in the interplay between political events and emerging financial markets.
Keywords: political election, political event, stock exchange, event study.
Category of the paper: Research paper.
JEL Class: G10, G14, G18.

1. Introduction

Financial markets constitute a crucial element of every country's economy, and their stability is a significant indicator of the nation's overall economic condition. The stock exchange plays a particularly important role in the financial system, contributing to development through the efficient allocation of capital between investors and entities seeking financing. Stable development of the stock exchange and its positive results foster the inflow of both domestic and foreign investments, which consequently affects the overall competitiveness of the economy (Mishkin, 2007).

One of the critical questions facing every voter during an election is which political party possesses the most suitable strategies for supporting economic growth and the development of capital markets. The victorious party or coalition, by implementing its program, can shape future economic outcomes through economic policy tools. Depending on their ideological orientation, different political groups may adopt varying priorities in economic policy. According to Nordhaus's (1975) political business cycle theory, left-wing parties typically focus on reducing unemployment and improving social conditions, while right-wing parties tend to prioritize controlling inflation.

Although political events do not directly impact the stock exchanges, they are widely regarded as one of the significant factors determining their volatility and dynamics (Alesina, Roubini, 1997). The aim of this paper is to examine the impact of political election results – presidential, parliamentary, local, and European – on the Warsaw Stock Exchange (WSE). Based on the literature review, we formulated the following hypothesis: "The results of political elections in Poland have a statistically significant impact on the stock market". To test this hypothesis we applied the event study methodology focusing on the rate of return of the WIG index. The study covered the period from the parliamentary elections held in 1993 to the presidential elections in 2025.

The existing body of literature robustly confirms the general influence of political events on global stock markets, as evidenced by studies across various countries and methodologies (e.g., Tomić et al., 2024; Pantzalis et al., 2000; Białkowski et al., 2008). However, despite this established interest, a significant research gap persists concerning the comprehensive and up-to-date impact of diverse political elections on the WSE, particularly within a unified analytical framework. Crucially, there are no prior studies that systematically analyze the impact of all major types of Polish elections – presidential, parliamentary, local, and European – on the WSE, utilizing a consistent event study methodology across such a broad and contemporary period (1993-2025). This study directly addresses this gap by providing a unique and comprehensive assessment of how distinct electoral events shape an important emerging market. The novelty of our approach lies in its multifaceted scope, covering a full range of election types within a single coherent analysis spanning over three decades.

Our findings hold considerable significance for a diverse audience: for investors, they offer deeper insights into market behavior around political cycles; for policymakers, they inform understanding of the economic implications of electoral processes; and for academics, they contribute robust empirical evidence to the literature on political economy and financial markets in transitioning economies.

This paper consists of six sections. After the introduction the second part provides a detailed review of the literature concerning the impact of political events on the stock exchange. The third section outlines the research methodology and the characteristics of the sample. The fourth section presents results and the next one discussion. Conclusion summarizes the paper.

2. Literature review

Impact of the political election results on the functioning of financial markets, including stock exchanges, has been the subject of numerous studies. Many analyses focus on the relationship between political changes and investor reactions, stock index volatility, and long-term trends in capital markets. Niederhoffer, Gibbs, and Bullock (1970) were among the first to conduct empirical research on the relationship between stock market and presidential elections in the United States. They analyzed changes in the Dow Jones Industrial Average (DJIA) both before and after elections, and during the nominations of 18 presidents over the period 1900-1968. Additionally, the authors examined one-day, one-week, and one-month changes in the DJIA following political events, as well as its fluctuations during a four-year presidential term. Ultimately, they found no statistically significant differences in stock market returns between Republican and Democratic administrations.

Impact of the political elections on stock markets remains a subject of ongoing interest within the academic community. Recently, this topic has been addressed by researchers such as Tomić, Vasić, and Todorović (2024), who employed an event study methodology to evaluate the impact of Donald Trump's elections on the financial sector. Their research showed that the financial sector responds to presidential election outcomes, and this response is consistent across various election cycles. Republican candidate victories resulted in positive abnormal returns within the financial sector, while Democratic candidate victories yielded negative abnormal returns in the same sector. All tests confirmed the presence of statistically significant returns in the post-election periods.

Research on U.S. presidential elections was also conducted by Kallianiotis (2025). His work focused on the effectiveness of public policy following elections and its impact on stock markets. He identified that changes in fiscal and monetary policy can trigger abrupt investor reactions, leading to periods of heightened market volatility.

Haas (2025) analyzed the influence of electoral expectations on stock market volatility in the United States. His research demonstrated that not only the elections themselves, but also their anticipated outcomes (election polls) can lead to significant fluctuations in the stock market. His findings indicate that strong market reactions are primarily observed during periods of high political uncertainty.

In the context of India, Jain and Gupta (2025) examined the reactions of the Indian capital market to the Lok Sabha elections in 2014, 2019, and 2024. Their research showed that the infrastructure and banking sectors are particularly susceptible to political changes, and the impact of the elections persists for several months following their conclusion.

Within a broader political context, the research of Zhong and Zhang (2025) provided evidence that firms with strong political connections often exhibit reduced innovation, consequently impacting their stock market valuation. During periods of administrative changes in China, the quotations of companies with close political ties demonstrate greater instability.

The study of the political impact on the stock exchange extends beyond single-country analyses to include cross-national comparisons. Pantzalis, Stangeland, and Turtle (2000) investigated stock market behavior in the context of political elections across 33 developed and developing countries, covering the period from 1974 to 1995. Their findings indicate that during political events, stock index returns were generally positive and statistically significant, with this impact being most pronounced from two weeks prior to the election week. It was also established that the positive stock market reaction to elections depends on the level of political freedom, economic freedom, and press freedom in the respective country, as well as the timing of the elections and the incumbent politician's re-election prospects.

Nippani and Arize (2005) investigated the impact of U.S. presidential elections on the stock markets of Canada and Mexico. They analyzed whether delays in announcing election results affect the stock exchanges of these countries and whether their reaction is similar to that observed in the U.S. market. The findings suggest that the stock markets in Canada and Mexico are strongly interconnected with the U.S. stock exchange. That study also demonstrates that investors in Canada and Mexico monitor U.S. presidential elections as closely as market participants in the United States.

Białkowski, Gottschalk, and Wiśniewski (2008) analyzed data from 27 OECD countries to examine whether national elections contribute to increased stock market volatility. Their findings revealed that stock prices exhibit a strong reaction to the final vote distribution, and a temporary increase in volatility occurs during the election period. It was established that the country-specific volatility component can even double in the week preceding the elections.

While the extensive literature confirms the general significance of political events on stock markets globally, a notable gap exists in comprehensive, up-to-date analyses specifically focused on the Polish context. Much of the existing research tends to concentrate on mature markets like the United States or on broader cross-country comparisons that may not fully capture the unique dynamics of an emerging market with a distinct post-communist transition history, like Poland. Existing studies often focus on one or two election types, or a more limited time frame, thereby providing an incomplete picture of the cumulative and differential effects.

According to what we were able to find, there are no prior studies that systematically analyze the impact of presidential, parliamentary, local, and European elections on the Warsaw Stock Exchange using a consistent event study methodology over such an extensive period (1993-2025), encompassing the full spectrum of Polish democratic development. With this, our study addresses a significant gap in the literature by providing a multifaceted and up-to-date assessment of how diverse political electoral events influence a key emerging market's stock exchange.

To summarize this section, the existing literature indicates that political elections are a key factor influencing stock market volatility. Their impact depends on the ownership structure of companies, investor expectations, and the specifics of economic policy in a given country. Consequently, the analysis of market reactions to political elections remains a significant area of economic and financial research. Based on the literature review, the following hypothesis has been formulated: “The results of political elections in Poland have a statistically significant impact on the stock market”.

3. Data and methods

The impact of events on stock market can be investigated using regression or event study analysis. This paper examines the influence of political election results on the Warsaw Stock Exchange (WSE) by employing the latter method. Event study analysis allows for the assessment of whether, and to what extent, stock market reacts to a specific event, such as the announcement of election results. This method involves comparing the actual changes in stock prices during a defined period around the event with the predicted changes had the event not occurred. The event study methodology, first applied by Fama et al. (1969), is widely utilized to investigate how various events affect stock prices (Mackinlay, 1997; Liu et al., 2020; Singh et al., 2024). Event study analysis has also been successfully employed to examine the impact of political events on the stock market (e.g., Bailey et al., 2005; Beaulieu et al., 2006; Sajid Nazir et al., 2014).

This paper investigates the impact of the results of presidential, parliamentary, local, and European Parliament elections (only Polish results) on the rate of return of the WIG index. The election day was defined as the event for the purpose of the methodology. The study covered the period from the parliamentary elections held in 1993 to the presidential elections in 2025. The presidential election of 1990, in which Lech Wałęsa won, took place before the establishment of the stock exchange in Poland and was therefore not included in the study. A list of the election events is presented in Table 1. In total, the study considers:

- 9 parliamentary elections,
- 13 presidential elections (including second rounds),
- 14 local elections (including second rounds), and
- 5 elections to the European Parliament.

Table 1.
Selected political elections

Parliamentary	Presidential	Local	European Parliament
19.09.1993	05.11.1995	19.06.1994	13.06.2004
21.09.1997	19.11.1995	11.10.1998	07.06.2009
23.09.2001	08.10.2000	27.10.2002	25.05.2014
25.09.2005	09.10.2005	10.11.2002	26.05.2019
21.10.2007	23.10.2005	12.11.2006	09.06.2024
09.10.2011	20.06.2010	26.11.2006	
25.10.2015	04.07.2010	21.11.2010	
13.10.2019	10.05.2015	05.12.2010	
15.10.2023	24.05.2015	16.11.2014	
	28.06.2020	30.11.2014	
	12.07.2020	21.10.2018	
	18.05.2025	04.11.2018	
	01.06.2025	07.04.2024	
		21.04.2024	

Source: own elaboration.

To verify the research hypothesis, this study investigates whether, in the period surrounding the election day, the election outcome had a statistically significant impact on WIG index return. The methodology is based on the work of Sajid Nazir et al. (2014). The study is conducted in several stages:

1) calculation of the daily rate of return of the WIG index,
2) determination of the event window and the estimation window,
3) calculation of average and abnormal returns,
4) calculation of standard deviations,
5) computation of the t-Student statistic.

In the first stage, the daily rate of return of the WIG is calculated using the following formula:

$$R_t = \frac{P_t}{P_{t-1}} - 1 \tag{1}$$

where Pt is the index value in points on day t, and Pt-1 is the index value on the previous day.

The event window, which is the period directly surrounding the occurrence of the analyzed event, is set at 2, 4, 5, 6, 8, or 10 business days (i.e., days when trading takes place on the stock exchange) before and after the election day. For example, if the elections were held on October 15th (Sunday) and the event window is 2 days, then the actual rate of return is compared with the expected rate of return (calculated based on the estimation window) during the two days before the election day (October 12th and 13th, Thursday and Friday) and the two days after the election day (October 16th and 17th, Monday and Tuesday).

The expected daily rate of return is estimated within an estimation window of 100 days. Referring to the example above, the expected rate of return is estimated starting from the day preceding the commencement of the event window, which is 100 days prior to October 11th. The estimation and event windows are presented in Figure 1. Determining the appropriate length of the event and estimation windows is crucial for obtaining reliable analysis results. Excessively short windows may fail to capture the full market reaction, while excessively long windows may be susceptible to the influence of other factors.

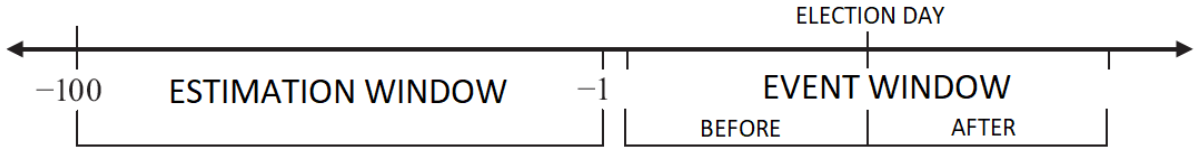

Figure 1. Estimation and event window.

The following formula is used to estimate the expected rate of return of the index:

$$\overline{R_t} = \frac{1}{T}\sum_{-100}^{-1} R_t \tag{2}$$

where T is the number of days in the estimation window, T = 100.

In the next stage, abnormal returns are calculated for each event window, defined as the difference between the actual and expected rates of return.

$$AR_t = R_t - \overline{R_t} \tag{3}$$

Furthermore, for the event window, the average abnormal return is calculated for the period before the election day and for the period after the election day.

$$\overline{AR}_{before} = \frac{\sum_{t=-n}^{t=-1} AR_{before,t}}{n} \qquad \overline{AR}_{after} = \frac{\sum_{t=1}^{t=n} AR_{after,t}}{n} \tag{4}$$

where n is the number of days in the event window. For example, if the event window is four days, then n = 4, and the average abnormal return is calculated for four days after the election day and four days before the election day.

The next stage involves calculating the standard deviations of the average abnormal returns before and after the election day.

$$\sigma_{before} = \sqrt{\frac{\sum_{t=-n}^{t=-1}(AR_{before,t} - \overline{AR}_{before})^2}{n-1}}$$
$$\sigma_{after} = \sqrt{\frac{\sum_{t=1}^{t=n}(AR_{after,t} - \overline{AR}_{after})^2}{n-1}} \quad (5)$$

Subsequently, the pooled standard error is calculated as follows:

$$pSE = \sqrt{\frac{(n_1-1)\sigma_{before}^2 + (n_2-1)\sigma_{after}^2}{n_1+n_2-2}} * \left(\frac{1}{n_1} + \frac{1}{n_2}\right) \quad (6)$$

where n_1 and n_2 represent the number of days before the election day and after the election day, respectively.

In the final stage, the t-Student statistic is computed.

$$t = \frac{\overline{AR}_{after} - \overline{AR}_{before}}{pSE} \quad (7)$$

4. Results

The results are presented separately for each type of election, in the following order: parliamentary, presidential, local, and European Parliament.

Table 2 presents the t-Student statistic for different event windows with respect to parliamentary elections. Table 3 is showing the average abnormal returns, calculated using formula 4, for the periods before and after the election day. Among the nine events studied, a statistically significant impact of the elections on the stock market was found in five cases. Furthermore, in three of these cases, this impact persisted for more than two days. In the case of the 1997 election, a statistically significant impact on stock market was observed for up to 10 days after the election day. It is worth noting that in 1997, the average abnormal return was positive in the period before the election day, but negative after the voting day. In 2001, a statistically significant impact of the voting on WIG can also be observed, but here the situation was reversed – the average abnormal return was negative before the elections and positive after the voting day. In subsequent years, parliamentary elections did not exert a statistically significant impact on stock market. In the 2005 and 2023 elections, a significant impact of the elections on stock market was found only in the shortest analyzed period, i.e. two days.

These results do not allow for an unambiguous confirmation of the research hypothesis. The impact of parliamentary election results was statistically significant for the initial period of Poland's democratization, when market reactions to political events were more pronounced. The influence of parliamentary elections on stock market in Poland was mainly noticeable in

the early 1990s, i.e., the initial period of democracy. A possible explanation for this phenomenon lies in the transformational systemic changes associated with the transition from a communist to a democratic system. During this time, society showed strong engagement in the electoral process, striving to remove politicians associated with the previous (communist) system from power. As a result, the outcomes of parliamentary elections could significantly affect investor sentiment and stock market. In subsequent years, along with the stabilization of the political system and the development of a market economy, the significance of these elections for the financial market gradually diminished.

Table 2.
Parliamentary elections, t-values for different event windows

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.
19.09.1993	**-7,637**	**0,0084*****	**-1,915**	**0,0520***	-0,512	0,3113	-0,750	0,2353	-0,259	0,3998	-0,017	0,4934
21.09.1997	0,14	0,45	-1,07	0,16	**-1,80**	**0,05***	**-2,12**	**0,03****	**-1,74**	**0,05***	**-2,41**	**0,01****
23.09.2001	1,61	0,12	0,71	0,25	1,25	0,12	**1,57**	**0,07***	1,13	0,14	**1,77**	**0,05****
25.09.2005	**6,92**	**0,01****	1,44	0,10	0,56	0,30	0,63	0,27	-0,24	0,41	-0,96	0,17
21.10.2007	0,50	0,33	0,69	0,26	0,38	0,36	0,65	0,27	-0,03	0,49	-0,96	0,18
09.10.2011	0,41	0,36	0,41	0,35	0,87	0,20	0,77	0,23	0,72	0,24	0,06	0,48
25.10.2015	0,94	0,22	-0,76	0,24	-0,63	0,27	-0,06	0,48	-0,42	0,34	-0,74	0,23
13.10.2019	-0,65	0,29	-0,48	0,32	-0,70	0,25	-0,72	0,24	0,50	0,31	0,55	0,30
15.10.2023	**2,22**	**0,08***	0,01	0,50	-0,44	0,33	-0,53	0,31	-0,05	0,48	0,32	0,38

* significance at 0,1, ** significance at 0,05, *** significance at 0,01.

Source: own elaboration.

Table 3.
Average abnormal returns for parliamentary elections

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	before	after	before	after	before	after	before	after	before	after	before	after
19.09.1993	**0,19%**	**-8,27%**	**-2,25%**	**-6,55%**	-3,38%	-4,78%	-1,46%	-3,75%	-1,63%	-2,40%	-1,68%	-1,73%
21.09.1997	0,12%	0,21%	0,22%	-0,19%	**0,30%**	**-0,56%**	**0,36%**	**-0,49%**	**0,25%**	**-0,36%**	**0,44%**	**-0,28%**
23.09.2001	-2,02%	0,12%	-0,42%	0,41%	-0,62%	0,54%	**-0,99%**	**0,34%**	-0,78%	0,00%	**-0,91%**	**0,10%**
25.09.2005	**-0,73%**	**0,54%**	-0,77%	-0,11%	-0,24%	0,12%	-0,06%	0,31%	0,09%	-0,03%	0,16%	-0,35%
21.10.2007	-0,42%	0,52%	-0,50%	0,14%	-0,25%	0,04%	-0,29%	0,11%	-0,05%	-0,07%	0,22%	-0,25%
09.10.2011	1,14%	1,74%	0,63%	1,19%	0,20%	1,20%	0,20%	0,95%	0,31%	0,83%	0,75%	0,80%
25.10.2015	0,05%	0,19%	0,02%	-0,36%	-0,01%	-0,27%	-0,08%	-0,10%	0,06%	-0,07%	-0,02%	-0,22%
13.10.2019	0,57%	-0,10%	0,41%	0,18%	0,33%	0,05%	0,42%	0,17%	0,01%	0,22%	-0,13%	0,08%
15.10.2023	**-0,03%**	**3,03%**	0,76%	0,77%	0,97%	0,41%	0,83%	0,28%	0,62%	0,58%	0,22%	0,45%

Source: own elaboration.

Next, the results from the presidential elections are presented. The same presentation format is maintained, i.e., first, table 4 shows the value of the t-Student statistic, and then table 5 presents the average abnormal returns. Among the thirteen events, a statistically significant impact of voting results on the stock market returns can be indicated in seven of them. The presidential elections in 2000 and 2015 (first round) exerted a statistically significant impact on the rate of return of the WIG for an event window of up to 5 days. In contrast, the election in 2005 (second round), 2010, and 2015 (second round) influenced the stock market for event windows of 8 and 10 days. It cannot be unequivocally stated whether the average abnormal returns were generally positive or negative in the periods before and after the elections. The results were varied depending on the specific vote. For example, in 2000, the average abnormal returns were negative both before and after the voting. Conversely,

in 2015, in the first round, they were positive before the voting day and negative after the election day. The most recent elections, held in 2025, did not seem to exhibit a statistically significant impact on the rate of return of the Polish stock exchange.

The results of the presidential election suggest a stronger impact between election outcomes and stock market quotations compared to parliamentary elections. However, not all presidential elections exhibited a significant impact on stock market. Therefore, it cannot be conclusively confirmed that presidential elections always have a significant impact on the Polish stock market. In the case of presidential elections, the impact of elections on the stock market was more varied over time and was not concentrated solely around the first elections in the analyzed period.

Table 4.
Presidential elections, t-values for different event windows

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.
05.11.1995	-1,73	0,11	-0,87	0,21	-0,84	0,21	-1,09	0,15	-0,78	0,22	-0,36	0,36
19.11.1995	-1,22	0,17	-0,37	0,36	-0,38	0,36	-0,13	0,45	-0,20	0,42	-0,41	0,34
08.10.2000	**-2,66**	**0,06***	**-1,67**	**0,07***	**-2,20**	**0,03****	-0,46	0,33	0,03	0,49	0,39	0,35
09.10.2005	1,34	0,16	0,40	0,35	-0,02	0,49	-0,09	0,47	-0,21	0,42	-0,22	0,41
23.10.2005	-0,08	0,47	-0,06	0,48	-0,12	0,46	0,30	0,38	**1,63**	**0,06***	1,23	0,12
20.06.2010	0,74	0,27	-0,31	0,38	-0,47	0,32	-0,46	0,33	**-1,57**	**0,07***	-0,80	0,22
04.07.2010	0,10	0,46	0,89	0,20	0,93	0,19	1,09	0,15	**1,90**	**0,04****	**1,43**	**0,08***
10.05.2015	-1,03	0,21	**-1,46**	**0,10***	**-1,67**	**0,07***	-1,31	0,11	-0,74	0,23	-1,25	0,11
24.05.2015	**-2,31**	**0,07***	-1,07	0,16	-1,20	0,13	-1,14	0,14	**-1,40**	**0,09***	**-2,01**	**0,03****
28.06.2020	0,46	0,35	1,02	0,17	1,08	0,16	1,22	0,13	0,76	0,23	0,55	0,29
12.07.2020	-0,73	0,27	0,59	0,29	0,10	0,46	0,71	0,25	-0,09	0,47	-0,22	0,41
18.05.2025	0,05	0,48	-1,27	0,13	**-1,96**	**0,04****	-0,73	0,24	-0,76	0,23	-0,71	0,24
01.06.2025	0,58	0,31	-0,14	0,45	-0,89	0,20	-0,41	0,35	0,25	0,40	-0,09	0,47

* significance at 0,1, ** significance at 0,05, *** significance at 0,01.

Source: own elaboration.

Table 5.
Average abnormal returns for presidential elections

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	before	after	before	after	before	after	before	after	before	after	before	after
05.11.1995	2,57%	0,78%	1,12%	0,27%	0,66%	-0,11%	0,63%	-0,19%	0,45%	-0,02%	0,13%	-0,07%
19.11.1995	-0,28%	-2,24%	0,07%	-0,42%	-0,10%	-0,49%	-0,32%	-0,43%	-0,30%	-0,42%	-0,07%	-0,30%
08.10.2000	**0,40%**	**-0,95%**	**-0,35%**	**-1,58%**	**-0,44%**	**-1,76%**	-0,23%	-0,75%	-0,42%	-0,40%	-0,28%	0,03%
09.10.2005	-1,77%	0,42%	-1,45%	-0,97%	-0,93%	-0,95%	-0,60%	-0,68%	-0,65%	-0,81%	-0,40%	-0,54%
23.10.2005	0,57%	0,50%	-0,28%	-0,33%	-0,10%	-0,19%	-0,22%	-0,03%	**-0,77%**	**0,33%**	-0,53%	0,18%
20.06.2010	-0,40%	0,29%	-0,13%	-0,32%	0,06%	-0,19%	0,04%	-0,16%	**0,26%**	**-0,41%**	0,08%	-0,23%
04.07.2010	0,53%	0,64%	-0,37%	0,33%	-0,30%	0,28%	-0,19%	0,38%	**-0,39%**	**0,41%**	**-0,25%**	**0,30%**
10.05.2015	0,34%	-0,12%	**0,23%**	**-0,30%**	**0,26%**	**-0,23%**	0,18%	-0,16%	0,00%	-0,17%	0,10%	-0,17%
24.05.2015	**-0,20%**	**-1,24%**	-0,20%	-0,66%	-0,11%	-0,55%	-0,09%	-0,44%	**-0,18%**	**-0,54%**	**-0,17%**	**-0,58%**
28.06.2020	-0,65%	-0,06%	-0,34%	0,69%	-0,25%	0,61%	-0,12%	0,70%	-0,04%	0,37%	0,05%	0,37%
12.07.2020	0,31%	-0,38%	-0,19%	0,17%	0,08%	0,14%	0,10%	0,50%	0,46%	0,42%	0,34%	0,25%
18.05.2025	-0,56%	-0,53%	-0,32%	-0,81%	**-0,25%**	**-0,86%**	0,15%	-0,35%	0,28%	-0,12%	-0,06%	-0,41%
01.06.2025	-1,43%	-1,02%	-0,45%	-0,56%	0,08%	-0,67%	-0,11%	-0,42%	-0,38%	-0,23%	-0,40%	-0,45%

Source: own elaboration.

Next, the analysis focuses on local elections. Table 6 presents the values of the t-Student statistics, and table 7 shows the average abnormal returns. Among the fourteen elections studied, the impact of election results on the stock market can be indicated in six of them.

However, the elections in 2006, 2010, and 2018 show a very weak impact of the elections on the stock market, occurring only for a single event window. It can be stated that only the elections in 1994, 1998, and the second round of the 2002 elections exerted a statistically significant impact on stock market, although not in all the analyzed event windows either. It cannot be stated whether the average abnormal returns were generally positive or negative in the periods before and after the elections.

The results for local election do not confirm the hypothesis of a significant impact of these elections on stock market. Statistically significant impact was observed only in a few cases, and these were not consistent over time. Possible reasons for this may stem from the lower importance of local elections compared to parliamentary or presidential elections, as well as the greater diversity of interests represented by local authorities.

Table 6.
Local elections, t-values for different event windows

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.
19.06.1994	-0,55	0,32	0,55	0,30	0,91	0,20	1,11	0,15	**1,90**	**0,04****	**2,30**	**0,02****
11.10.1998	1,62	0,12	1,03	0,17	1,30	0,12	**1,49**	**0,08***	**2,41**	**0,02****	**2,54**	**0,01****
27.10.2002	1,38	0,15	0,95	0,19	1,29	0,12	0,17	0,43	-0,30	0,38	-0,71	0,24
10.11.2002	0,69	0,28	**1,63**	**0,08***	1,25	0,12	1,26	0,12	**1,77**	**0,05****	**1,44**	**0,08***
12.11.2006	0,42	0,36	-0,52	0,31	-1,16	0,14	**-1,40**	**0,10***	-0,61	0,27	-0,09	0,46
26.11.2006	-0,62	0,30	-0,36	0,37	-0,17	0,43	0,59	0,28	0,80	0,22	0,92	0,19
21.11.2010	0,13	0,46	**1,57**	**0,08***	1,33	0,11	0,54	0,30	0,90	0,19	1,19	0,13
05.12.2010	-0,27	0,41	-1,32	0,12	-0,57	0,29	-0,07	0,47	-0,12	0,45	-0,08	0,47
16.11.2014	0,04	0,48	-0,32	0,38	0,41	0,35	0,36	0,36	0,87	0,20	0,35	0,37
30.11.2014	0,66	0,29	-0,06	0,48	0,39	0,35	-0,16	0,44	-0,48	0,32	-0,76	0,23
21.10.2018	-0,93	0,22	-1,22	0,13	-1,59	0,07*	**-1,57**	**0,07***	-0,04	0,49	0,67	0,26
04.11.2018	-1,42	0,15	-0,81	0,22	-0,19	0,43	-0,26	0,40	0,07	0,47	-0,06	0,48
07.04.2024	-0,31	0,39	-0,44	0,34	-1,13	0,15	-1,12	0,14	-1,03	0,16	-0,99	0,17
21.04.2024	0,68	0,28	0,08	0,47	0,27	0,40	0,72	0,24	0,45	0,33	0,82	0,21

* significance at 0,1, ** significance at 0,05, *** significance at 0,01.

Source: own elaboration.

Table 7.
Average abnormal returns for local elections

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	before	after	before	after	before	after	before	after	before	after	before	after
19.06.1994	-2,12%	-6,27%	-5,15%	-2,58%	-4,98%	-1,58%	-5,18%	-1,77%	**-5,29%**	**-0,57%**	**-4,66%**	**0,12%**
11.10.1998	-2,27%	2,41%	-0,65%	1,31%	-0,32%	1,71%	**-1,00%**	**1,23%**	**-1,95%**	**1,16%**	**-1,38%**	**1,54%**
27.10.2002	-0,05%	1,55%	0,22%	0,87%	0,18%	0,86%	0,47%	0,57%	0,37%	0,22%	0,59%	0,28%
10.11.2002	-0,09%	0,20%	**-0,63%**	**0,17%**	-0,34%	0,27%	-0,20%	0,33%	**-0,12%**	**0,69%**	**0,18%**	**0,89%**
12.11.2006	-0,72%	-0,45%	-0,16%	-0,56%	0,25%	-0,55%	**0,38%**	**-0,43%**	0,31%	0,01%	-0,01%	-0,05%
26.11.2006	-0,34%	-0,43%	0,42%	0,15%	0,32%	0,21%	0,11%	0,45%	-0,10%	0,33%	-0,17%	0,24%
21.11.2010	-0,52%	-0,44%	**-0,79%**	**-0,15%**	-0,78%	-0,31%	-0,59%	-0,40%	-0,48%	-0,11%	-0,36%	0,05%
05.12.2010	0,65%	0,55%	0,75%	0,20%	0,41%	0,15%	0,16%	0,13%	0,16%	0,12%	0,04%	0,01%
16.11.2014	0,15%	0,18%	-0,04%	-0,16%	-0,14%	0,00%	-0,15%	-0,05%	-0,19%	0,00%	-0,07%	0,00%
30.11.2014	-0,04%	0,45%	0,04%	0,01%	-0,02%	0,12%	0,11%	0,05%	-0,06%	-0,21%	0,01%	-0,19%
21.10.2018	-0,19%	-1,00%	0,22%	-0,58%	0,09%	-0,90%	**0,27%**	**-0,65%**	-0,25%	-0,27%	-0,28%	0,09%
04.11.2018	1,63%	0,61%	1,13%	0,67%	0,45%	0,28%	0,33%	0,15%	-0,03%	0,01%	-0,01%	-0,04%
07.04.2024	0,33%	-0,10%	0,14%	-0,18%	0,38%	-0,31%	0,35%	-0,22%	0,26%	-0,33%	0,36%	-0,18%
21.04.2024	0,39%	0,88%	-0,10%	-0,02%	-0,03%	0,18%	-0,18%	0,31%	-0,23%	0,02%	-0,19%	0,25%

Source: own elaboration.

The final type of elections examined were the elections to the European Parliament. The findings are presented in tables 8 and 9. It cannot be stated that the elections to the European Parliament in Poland exerted a statistically significant impact on stock market. Only the 2014 elections, within the 5 and 6-day event windows, exerted a statistically significant impact on the stock market returns.

Table 8.
European elections, t-values for different event windows

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.	t	p-val.
13.06.2004	-0,02	0,49	-0,86	0,21	-0,41	0,35	0,34	0,37	0,31	0,38	0,38	0,36
07.06.2009	-0,38	0,37	0,24	0,41	-0,81	0,22	-0,78	0,23	-1,13	0,14	-1,22	0,12
25.05.2014	-1,32	0,16	-1,36	0,11	**-1,88**	**0,05****	**-1,51**	**0,08***	-1,02	0,16	-0,89	0,19
26.05.2019	0,51	0,33	0,24	0,41	0,62	0,28	0,66	0,26	0,18	0,43	1,23	0,12
09.06.2024	-0,37	0,37	0,22	0,42	0,11	0,46	0,32	0,38	1,07	0,15	1,19	0,12

* significance at 0,1, ** significance at 0,05, *** significance at 0,01.

Source: own elaboration.

Table 9.
Average abnormal returns for European elections

Election date	2 days		4 days		5 days		6 days		8 days		10 days	
	before	after	before	after	before	after	before	after	before	after	before	after
13.06.2004	-0,50%	-0,52%	-0,10%	-0,55%	-0,25%	-0,44%	-0,27%	-0,10%	-0,15%	-0,02%	-0,08%	0,05%
07.06.2009	0,48%	-0,23%	0,42%	0,69%	1,34%	0,29%	0,99%	0,12%	0,83%	-0,21%	0,56%	-0,55%
25.05.2014	0,98%	0,02%	0,66%	0,08%	**0,62%**	**-0,12%**	**0,49%**	**-0,04%**	0,36%	0,05%	0,42%	0,19%
26.05.2019	-0,41%	0,18%	0,23%	0,39%	0,11%	0,44%	0,07%	0,36%	0,13%	0,20%	-0,01%	0,38%
09.06.2024	-0,36%	-0,71%	-0,68%	-0,48%	-0,44%	-0,36%	-0,26%	-0,03%	-0,51%	0,11%	-0,47%	0,07%

Source: own elaboration.

5. Discussion

The obtained results do not unequivocally confirm the thesis of a significant impact of political elections on the Warsaw Stock Exchange. The most pronounced connection was observed in the case of presidential elections; however, its intensity varied depending on the specific election. These findings would partially corroborate earlier research (Szymański, Wojtalik, 2022). In contrast, the impact of parliamentary elections appears to be limited to the early period of Poland's democratization. Furthermore, local elections and elections to the European Parliament did not exert a statistically significant impact on the WSE.

The research presented in this paper corroborates the findings obtained by Nippani and Medlin (2002), indicating that presidential elections primarily exert a significant impact on the stock market. The presented research is also consistent with the findings of Floros (2008), who analyzed the impact of Greek parliamentary and European political elections on the Athens

Stock Exchange between 1996 and 2002. The author found no evidence indicating a significant impact of political factors on the performance of the Greek stock exchange, either before or after the Greek parliamentary and European elections.

It should be noted that the impact of political elections on the financial market is a complex phenomenon influenced by numerous factors, such as investor expectations, the economic situation, and the specifics of individual elections. The research presented in this paper has certain limitations:

- The study concerns the impact of political elections on the Warsaw Stock Exchange, specifically focusing on the main stock index – WIG – without examining the impact on individual companies or other indices. Companies may react differently to political events. Sector affiliation, company size, or its exposure to foreign markets can lead to varied reactions to the same events.
- The selection of the event window length is, to some extent, arbitrary. Different events may have different periods of impact on the market.
- Election results are often interpreted in multiple ways, and their impact may depend on the economic, social, and international context.
- The reactions of the Polish market to political events may differ from the reactions of more mature markets.

6. Conclusion

This paper investigated the impact of the results of presidential, parliamentary, local and European elections in Poland between 1991 and 2025 on the rates of return of the WIG index on the Warsaw Stock Exchange.

While an analysis of presidential elections suggests a stronger impact on the stock market compared to parliamentary, local, or European elections, the overall thesis of a significant influence of political elections on the Warsaw Stock Exchange isn't entirely confirmed by our findings. The strongest link was evident in presidential elections, but its strength was highly dependent on the particular election. Therefore, it's not possible to conclude that presidential elections invariably have a significant impact on the Polish stock market. The conclusions presented in this paper corroborate the findings of Nippani and Medlin (2002), who indicated that presidential elections primarily have a significant impact on the stock market.

In comparison to countries such as the United States, the United Kingdom, or Germany, the Polish capital market is relatively young and comparatively small in terms of capitalization and the number of active investors. Although political elections in Poland influence the local economy and investor sentiment, their impact on the market may be less pronounced than in

countries with more developed and globalized stock exchanges. In countries like the United States or Germany, political decisions often have a direct impact on global financial markets due to the immense scale of their economies and international capital linkages. In Poland, however, owing to the market's smaller weight in the global system, investor reactions may be more localized and short-term. Additionally, some foreign investment capital may treat Poland as a peripheral market, whereby their reactions to political changes are often more cautious and delayed.

It is worth emphasizing, however, that with the development of the capital market in Poland, the role of political factors may gradually increase — particularly concerning decisions affecting taxes, regulations, or the public sector.

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