ABSTRACT

Volatility is an important factor in equity markets. Pricing of securities is dependent on volatility of asset. In this study, an attempt has been made to compare volatility patterns among a cluster of advanced markets and emerging markets. Amongst emerging markets India has been an outperformer, exhibiting high returns even in the presence of high volatility. This is especially true during the period of 2002-2009 when Indian equity markets went through rapid transformation. The financial crisis of 2008 has led to market crashes all over the world, giving rise to a period of negative returns and very high volatility, no markets being an exception, including India. The objective of this paper is to do a comparative analysis of CNX NIFTY with its global peers and observe the volatility patterns among the markets in order to see whether the current scenario is an era of high level volatility transmissions between markets and whether emerging markets do exhibit high level of volatility when compared to advance markets. The results suggest the presence

Of high volatility and low returns among emerging markets compared to advanced markets with India being the only possible exception in the given sample. The NIFTY has managed to provide high returns even under the presence of high volatility until the advent of the financial crisis.

Keywords: Volatility, advanced markets, emerging markets, financial crisis, CNX NIFTY