

STOCK MARKET CONTAGION: A STUDY OF 10 COUNTRIES FROM STANDPOINT OF INDIA

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ABSTRACT

This dissertation makes an attempt to ensure that national stock markets are correlated, interdependent on each other and transmission of shock from one market to another. Among sample there are eight Asian and two non-Asian markets, using the daily returns (computed from change of indices values) data, VAR analysis showed that there exists significant correlation and interdependence among markets. Impulse responses showed that shocks live for short time i.e. two to five days. Indian market takes more time to absorb the shocks in the foreign market, while other absorbs the same quickly.