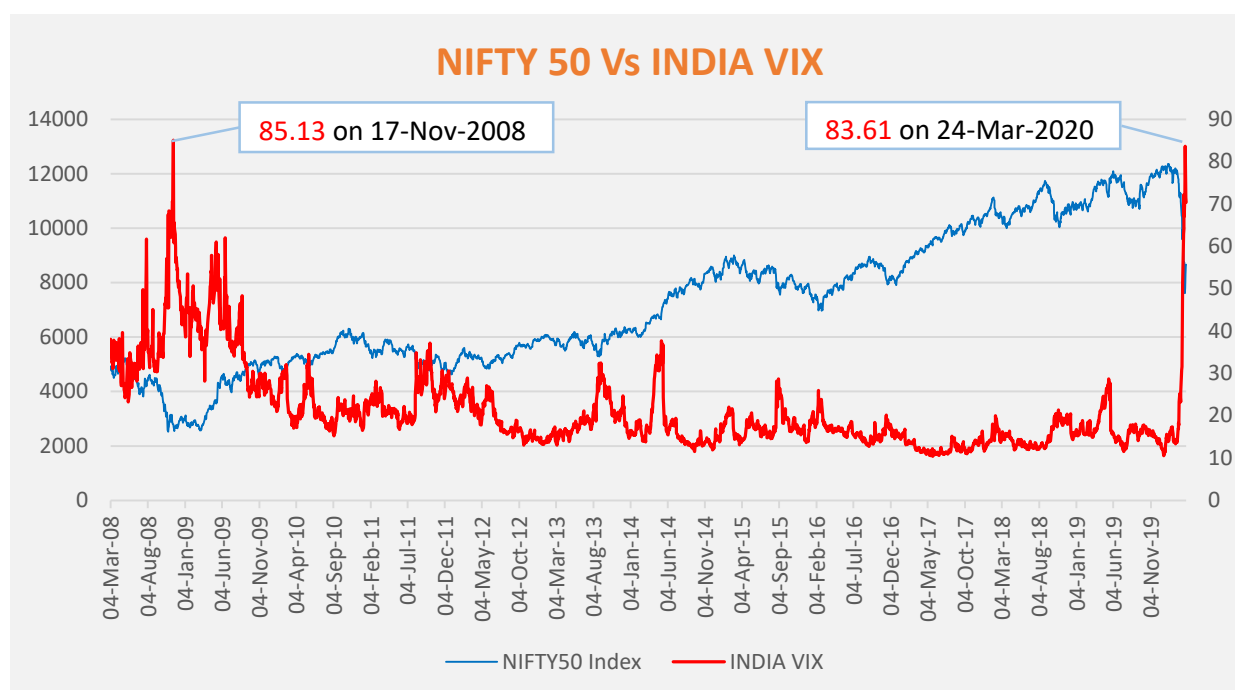


COVID-19 CRISIS :- INDIA VIX AND MARKET RETURNS

What is INDIA VIX ?

- India VIX is a volatility index based on the NIFTY Index Option prices. The index measures the expected market volatility over the next 30 calendar days.
- The India VIX reflects the expected movement in the Nifty index over the next 30-day period, which is then annualized. For example, if India VIX is 16.8025, this represents an expected annualized change of 16.8025% over the next 30 days.
- India VIX is often called the "fear gauge". Analysts and investors look at this gauge to measure sentiment while making investment decisions. India VIX has typically negative correlation with NIFTY. Every time India VIX falls, Nifty rises and when India VIX rises, Nifty is bound to fall.



Previous Peak Points		Absolute Returns of NIFTY after			
Date	INDIA VIX	1 Month	6 Months	1 Year	2 Year
17-11-08	85.13	7.70%	56.50%	87.96%	116.59%
04-10-11	37.19	1.36%	3.48%	11.31%	19.55%
03-09-13	32.49	3.10%	10.13%	36.74%	31.73%
09-05-14	37.705	4.59%	16.48%	14.71%	9.13%
24-03-20	83.6075				

*Previous Closing (INDIA VIX) values above 30 Considered
 *Investment in NIFTY after 1 week of peak point confirmation

- India VIX touched to levels of November-2008 financial crisis as Coronavirus fears continued to grip the market.
- Higher values of India VIX indicates oversold zone of NIFTY as per technical point of view. It provides better opportunity to invest in NIFTY at falling VIX levels from peak.
- As per Mean Reversion theory ,VIX will revert to mean over a period of time and that may result in good equity returns because of the negative correlations.

Source:- NSE , Bloomberg, Investopedia