

Diversification of Capital in New York Stock Exchange Markets: Risks and Rewards

"An investment in knowledge pays the best interest." — Benjamin Franklin

Abstract

Findings of previous studies have revealed the benefits of international portfolio diversification between developed and emerging markets and this phenomenon has motivated us to carry out further research on this topic. The stock market is witnessing heightened activities and is increasingly gaining importance. In the current context of globalization and the subsequent integration of the global markets this paper captures the trends, similarities and patterns in the activities and movements of the Indian Stock Market in comparison to the New York Stock Exchange. This study includes the New York Stock Exchange (NYSE), and the National Stock Exchange of India Limited (NSE) being used as a part of Indian Stock Market to compare and analyse the effects and the growth opportunities that could have been gained if investments were diversified across these exchanges. The time period of this study includes the last 5 years. The purpose of this study is to help amateur investors to understand and co-relate as to how we should not only have a diversified portfolio within the boundaries of our financial markets but use leverage of diversification of funds into foreign markets to gain higher rewards while spreading or reducing the risk factor.

Keywords: Spread of risk, higher growth opportunities, Stock Market, Cointegration, Diversification,

1.1 Introduction:

Diversification is essentially a risk management technique which reduces risk of investment by investing in different investment tools (stocks, bonds, mutual funds, real estate, and so on) and increases the chance of making profit. According to Modern portfolio theory, investor can lessen the exposure to risk by holding more and more stocks in different foreign markets. The specific risk of holding individual stock is reduced in this case. Only the market risk cannot be avoided.

Many institutional and individual investors from all over the world are attracted by diversification benefits from exposure to emerging markets. The issue of international portfolio diversification arose in 1974 when the first investment of pension fund occurred outside the USA by Morgan Guaranty. Due to the high return in foreign capital markets, investors are attracted to invest outside the boundaries of their markets. In recent years, due to market liberalization and deregulation, there is more integration relationship among financial markets from all over the world for the purpose of greater correlation between financial markets. As a result of increasing correlation between national stock markets, the benefits from international diversification have been reduced. In other words, the benefits from international portfolio diversification are high when the correlation coefficient between markets is lower, and inversely if correlation among markets is higher, the benefit is low. Investors attempt to reduce risk by investing in more than one nation whose economic cycles are not perfectly correlated. As the economic development and timing of business cycles varies among countries, it can be used as a technique to reduce risk.

The Indian Stock Exchange hold a place of prominence not only in Asia but also at the global stage. The National Stock Exchange (NSE) is among the best in terms of sophistication and advancement of

technology. The Indian Stock Market really picked up after the opening up of the economy in the early nineties. The whole of nineties was used to experiment and fine tune an efficient and effective system. The 'badla' system was stopped to control unnecessary volatility while the derivatives segment started as late as 2000. The corporate governance rules were gradually put in place which initiated the process of bringing the listed companies at a uniform level. On the global scale, the economic environment started taking paradigm shift with the 'dot com bubble burst', 9/11, and soaring oil prices. The slowdown in the US economy and interest rate tightening made the equation more complex. However, after 2000 riding on a robust growth and a maturing economy and relaxed regulations, outside investors- institutional and others, got more scope to operate. This opening up of the system led to increased integration with heightened cross-border flow of capital, with India emerging as an investment 'hotspot' resulting in our stock exchanges being impacted by global cues like never before.

Exchanges are now crossing national boundaries to extend their service areas and this has led to cross-border integration. Also, exchanges have begun to offer cross-border trading to facilitate overseas investment options for investors. This not only increased the appeal of the exchange for investors but also attracts more volume. Exchanges regularly solicit companies outside their home territory and encourage them to get listed on their exchange. Global competition has further put a pressure on corporations to seek capital outside their home country.

1.2 Literature Review:

International portfolio diversification can facilitate the possibility of reducing risk if the degree of correlation with an economy is relatively high. In other words, to support the gains of diversification in an international portfolio, low correlation between national equity markets is usually presented as proof. Several studies have demonstrated the gains from portfolio diversification between developed and emerging markets. Markowitz (1952) has pioneered the work on this subject but since then, abundant research has been conducted on the benefits of portfolio diversification.

Early research in this area, like for instance, Grubel found that portfolio diversification at an international level was the basis of a newly-found type of universal welfare benefits from global economics. Lessard reports that the low correlation between markets of industrial countries and emerging markets presents the benefit of the portfolio diversification. Levy & Sarnat (1970) and Solnik (1974) indicate that there is the possibility of not having an attainable level of performance within a single economy, if investors add international assets to the domestic portfolio. However, a part of domestic economy risk is eliminated by spreading investment among different independent countries. Investors gain from international investment if values of cross-country correlations of returns are low.

Emerging markets of European countries such as Poland, the Czech Republic and Hungary also are studied by Gilmore and McManus (2002) which they conclude that diversifying investment portfolio in these countries promised better returns due to the absence of co-movement between these markets and the U.S market in short and long period. Fadhlou et al. (2010) also find that the new Central European markets are not cointegrated as a group as well as with the G7 developed markets. Their investigations also show that new markets can offer significant benefits from international diversification particularly for developed countries' investors

In summary, the results of past studies have demonstrated the benefit of international portfolio diversification between developed and emerging stock markets. However, studying on investment possibility in NYSE equity markets are greater in recent years. Therefore, this study seeks to examine

the benefit of international diversification in NYSE equity markets to Indian investors due to the importance of these equity markets in economic growth and its impact on financial markets to foreign investment. In order to investigate the long-run relationships among these markets, this paper employs the recent cointegration method. This study attempts to fill a gap in the knowledge by exploring the integration using more current data.

1.3 Research Gaps and Research Questions:

The aim of this research is to identify the potential diversification benefits for Indian investors in New York Stock Exchange, over the recent period from the year 2017 to 2021.

“Portfolio Diversification” or “International diversification” is a popular term among investors. Investors want to mitigate their financial risk by spreading their funds in different types of investment such as stocks, bonds, mutual funds, real estate, commodities, securities, etc. According to practitioners and theoretician’s, investment performance oscillates less in case of diversified portfolio. Thus, less risk is associated with it. Investors also can diversify their investment internationally by investing in other nations. According to Madura and Brien (1991) to achieve the benefit from international diversification investors need to confirm that the nation’s economic cycles are not perfectly correlated. If it is found that two countries stock market is correlated or cointegrated which means that if several countries stock market indices and return moves into the same direction that time, no benefits can be achieved from diversification. But still some sort of risk is allied with diversification, which is known as “Systematic risk”. Other name for it is “undiversified risk” or “market risk”. Wars, recession, interest rate, financial crisis all are the sources of systematic risk and affect the entire market. In this paper it has been intended to investigate whether it is possible to reduce the risk of investment by investing in the NYSE or not and the growth option that it has over and above the Indian stock market to Individual investors.

- **Does diversifying capital in NYSE yield a greater return compared to Indian Stock Market?**
- **Does diversifying capital to NYSE reduce the risk exposure for individual investor?**

1.4 Objectives:

- Growth option available in diversifying investments(capital) into NYSE markets
- Leverage earned through investing in NYSE markets over Indian Markets
- Risk to Reward ratio earned in investing in into NYSE over Indian stock market.

1.5 Project Methodology:

For the purpose of this study, I have first done my background research as a beginner investor on the behaviour and movement that has been taking place between the two in the stock markets. To be specific, the Indian indices such as NIFTY50, SENSEX with respect to NYSE indices such as NASDAQ and S&P500.

Research type and general goal: The proposed research is applied, descriptive and experimental. The proposed research is developed from quantitative point of view. With the help of financial indicators and charts from the official websites.

Population and sample: The population of the proposed research is formed by data being available on registered sites such as NSE.india, Investing.com. The population represents a sample of the entire Indices that could be appearing for evaluation process.

Methods and Techniques in this research: I used the following methods to accomplish the proposed tasks; collecting of secondary data from the registered sites. Short listing a few (sample size) for the purpose of study. The historic-logic method was used to determine the previous research about of mammography images analysis process. The synthetic-analytic method was used to process the obtained information from the specialist personnel.

Statistical processing of information: Effectiveness percent analysis of the developed algorithms. We calculated using average formula in the excel sheet.

There is an increased chance of losing money when trading in high-risk markets, including commodities and forex. This is because these markets are highly liquid and volatile, and are affected by a number of internal and external factors, including economic indicators. Other derivative products, such as futures, forwards and options, are also a risky investment, along with certain types of stocks and exchange-traded fund investments.

Certain trading strategies are also considered high risk in comparison with others. Short-term strategies such as scalping and day trading aim to make small but frequent profits from price fluctuations in volatile markets, by entering and exiting the position as quick as possible. These strategies can pay off if successful but there is an equal risk of losing a large amount of money.

1.6 Data Analysis:

Exceptional growth in the number of demat accounts being opened in FY21

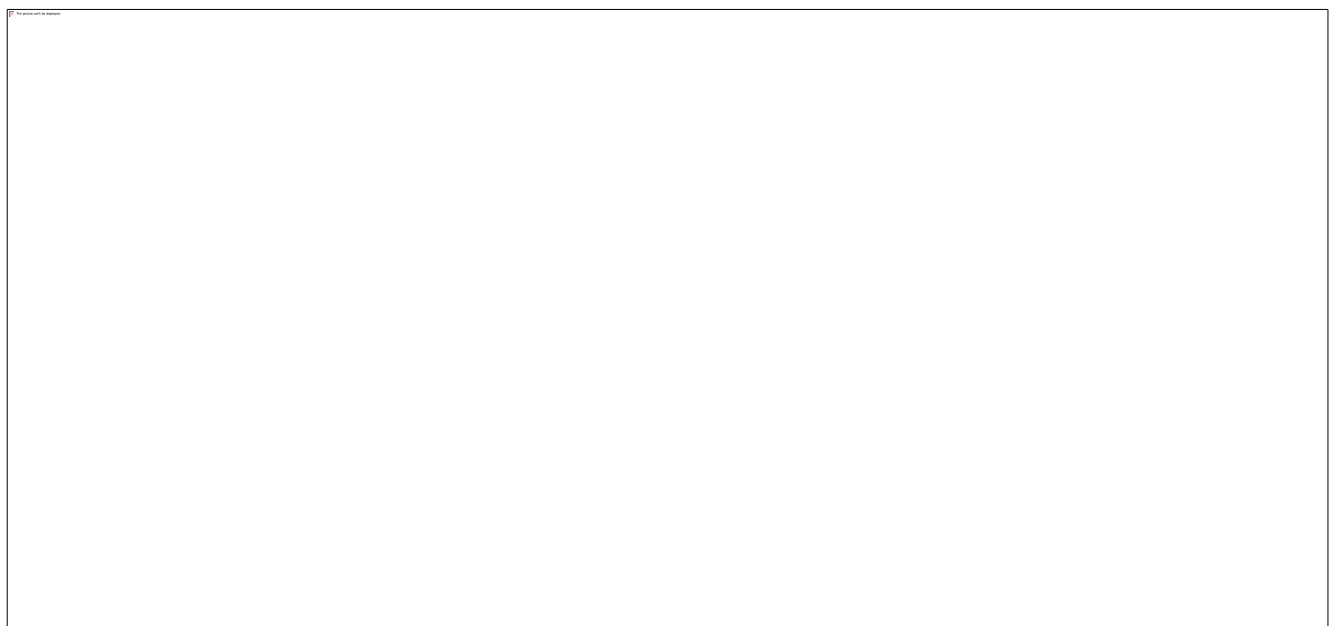
According to the data from the Securities and Exchange Board of India (SEBI), the number of new demat accounts being opened during April, 2020 and January, 2021 broke all records. The data suggested that as much as around 10.7 million new demat accounts were opened during this period.

Although this data pertained to only 10 months of the financial year 2020-2021, the sheer number of new accounts opened during this year surpassed the entire total of new accounts opened during FY20 and FY19 combined. In fact, in FY20, the total number of new demat accounts opened was just around 4.7 million. This is clearly

indicative of a massive shift in the amount of retail participation in the Indian stock market.

The month of January, 2021 alone contributed to around 1.7 million new demat accounts. Thanks to this rapid growth, India's total demat account tally has grown to 51.5 million.

For the purpose of this studies various indicators and technical charts have been studied on a monthly basis to understand and evaluate stock and ETF performances over the said period.

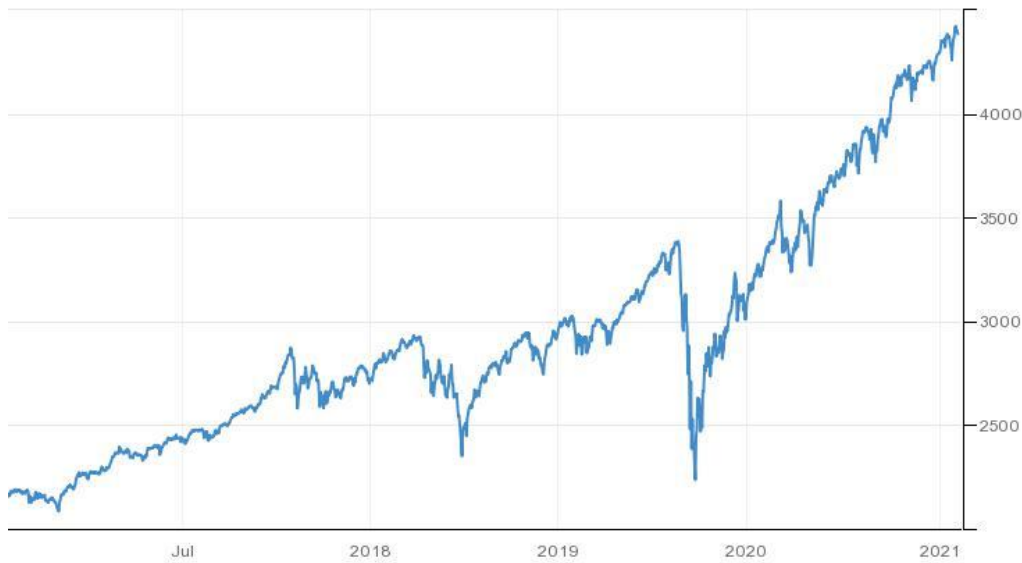


S&P500 data for the last 5 years

Date	Price	Open	High	Low	Chg%
Jul-21	4,395.26	4,304.10	4,430.20	4,232.80	2.27%
Jun-21	4,297.50	4,216.52	4,302.43	4,164.40	2.22%
May-21	4,204.11	4,191.98	4,238.04	4,056.88	0.55%
Apr-21	4,181.17	3,992.78	4,218.78	3,992.78	5.24%
Mar-21	3,972.89	3,842.51	3,994.41	3,723.34	4.24%
Feb-21	3,811.15	3,731.17	3,950.43	3,725.62	2.61%
Jan-21	3,714.24	3,764.61	3,870.90	3,662.71	-1.11%
Dec-20	3,756.07	3,645.87	3,760.20	3,633.40	3.71%
Nov-20	3,621.63	3,296.20	3,645.99	3,279.74	10.75%
Oct-20	3,269.96	3,385.87	3,549.85	3,233.94	-2.77%
Sep-20	3,363.00	3,507.44	3,588.11	3,209.45	-3.92%

Aug-20	3,500.31	3,288.26	3,514.77	3,284.53	7.01%
Jul-20	3,271.12	3,105.92	3,279.99	3,101.17	5.51%
Jun-20	3,100.29	3,038.78	3,233.13	2,965.66	1.84%
May-20	3,044.31	2,869.09	3,068.67	2,766.64	4.53%
Apr-20	2,912.43	2,498.08	2,954.86	2,447.49	12.68%
Mar-20	2,584.59	2,974.28	3,136.72	2,191.86	- 12.51%
Feb-20	2,954.22	3,235.66	3,393.52	2,855.84	-8.41%
Jan-20	3,225.52	3,244.67	3,337.77	3,214.64	-0.16%
Dec-19	3,230.78	3,143.85	3,247.93	3,070.33	2.86%
Nov-19	3,140.98	3,050.72	3,154.26	3,050.72	3.40%
Oct-19	3,037.56	2,983.69	3,050.10	2,855.94	2.04%
Sep-19	2,976.74	2,909.01	3,021.99	2,891.85	1.72%
Aug-19	2,926.46	2,980.32	3,013.59	2,822.12	-1.81%
Jul-19	2,980.38	2,971.41	3,027.98	2,952.22	1.31%
Jun-19	2,941.76	2,751.53	2,964.15	2,728.81	6.89%
May-19	2,752.06	2,952.33	2,954.13	2,750.52	-6.58%
Apr-19	2,945.83	2,848.63	2,949.52	2,848.63	3.93%
Mar-19	2,834.40	2,798.22	2,860.31	2,722.27	1.79%
Feb-19	2,784.49	2,702.32	2,813.49	2,681.83	2.97%
Jan-19	2,704.10	2,476.96	2,708.95	2,443.96	7.87%
Dec-18	2,506.85	2,790.50	2,800.18	2,346.58	-9.18%
Nov-18	2,760.17	2,717.58	2,815.15	2,631.09	1.79%
Oct-18	2,711.74	2,926.29	2,939.86	2,603.54	-6.94%
Sep-18	2,913.98	2,896.96	2,940.91	2,864.12	0.43%
Aug-18	2,901.52	2,821.17	2,916.50	2,796.34	3.03%
Jul-18	2,816.29	2,704.95	2,848.03	2,698.95	3.60%
Jun-18	2,718.37	2,718.70	2,791.47	2,691.99	0.48%
May-18	2,705.27	2,643.64	2,742.24	2,594.62	2.16%
Apr-18	2,648.05	2,633.45	2,717.49	2,553.80	0.27%
Mar-18	2,640.87	2,715.22	2,801.90	2,585.89	-2.69%
Feb-18	2,713.83	2,816.45	2,835.96	2,532.69	-3.89%
Jan-18	2,823.81	2,683.73	2,872.87	2,682.36	5.62%
Dec-17	2,673.61	2,645.10	2,694.97	2,605.52	0.98%
Nov-17	2,647.58	2,583.21	2,657.74	2,557.45	2.81%
Oct-17	2,575.26	2,521.20	2,582.98	2,520.40	2.22%
Sep-17	2,519.36	2,474.42	2,519.44	2,446.55	1.93%
Aug-17	2,471.65	2,477.10	2,490.87	2,417.35	0.05%

United States Stock Market Index (US500)

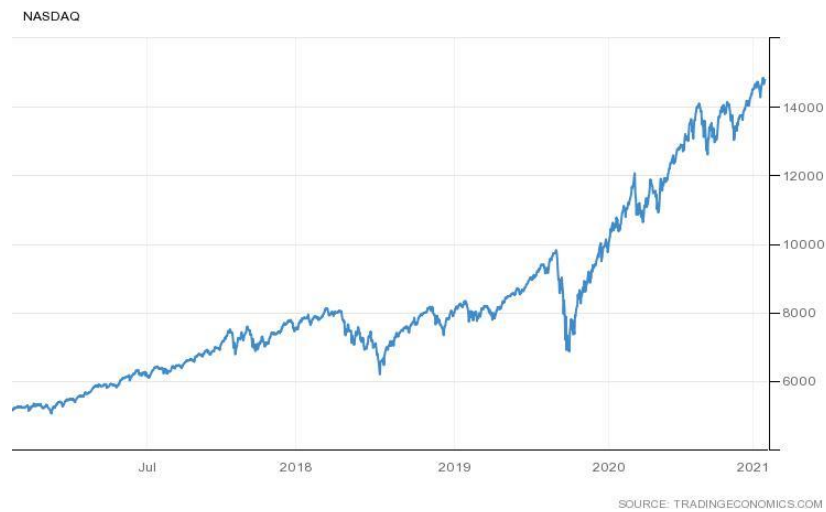


SOURCE: TRADINGECONOMICS.COM

NASDAQ data for the last 5 years

Date	Price	Open	High	Low	Volume	Chg%
Jul-21	14,959.90	14,530.63	15,142.35	14,455.07	2.65B	2.78%
Jun-21	14,554.80	13,764.27	14,582.30	13,469.85	3.75B	6.34%
May-21	13,686.51	13,923.04	13,955.00	12,967.18	3.76B	-1.26%
Apr-21	13,860.76	13,268.88	14,073.48	13,255.82	3.66B	5.88%
Mar-21	13,091.44	13,106.02	13,301.62	12,208.39	5.48B	1.41%
Feb-21	12,909.44	13,067.65	13,879.78	12,758.12	3.70B	-0.12%
Jan-21	12,925.38	12,950.22	13,563.70	12,537.42	4.21B	0.29%
Dec-20	12,888.28	12,387.62	12,925.53	12,226.13	4.33B	5.05%
Nov-20	12,268.32	11,152.48	12,306.71	10,957.11	4.16B	11.00%
Oct-20	11,052.95	11,554.96	12,204.75	10,960.02	4.13B	-3.20%
Sep-20	11,418.06	12,203.36	12,439.48	10,677.85	5.60B	-5.72%
Aug-20	12,110.70	11,018.02	12,167.46	10,855.06	3.71B	11.05%
Jul-20	10,905.88	10,160.41	11,069.26	10,142.75	4.12B	7.37%
Jun-20	10,156.85	9,526.43	10,306.90	9,489.58	5.12B	6.29%
May-20	9,555.53	8,791.88	9,573.55	8,665.40	4.08B	6.17%
Apr-20	9,000.51	7,582.78	9,025.82	7,423.97	4.97B	15.19%
Mar-20	7,813.50	8,569.91	9,000.46	6,771.91	7.88B	-7.66%
Feb-20	8,461.83	9,033.52	9,736.57	8,133.85	3.97B	-5.89%
Jan-20	8,991.51	8,802.22	9,272.37	8,713.89	3.44B	2.96%
Dec-19	8,733.07	8,409.87	8,811.10	8,167.35	3.18B	3.92%

Nov-19	8,403.68	8,121.95	8,445.61	8,111.73	3.04B	3.96%
Oct-19	8,083.83	7,782.82	8,119.73	7,463.57	3.32B	4.31%
Sep-19	7,749.45	7,634.03	7,975.33	7,584.82	3.36B	0.76%
Aug-19	7,691.00	7,866.60	8,000.94	7,356.27	3.91B	-2.01%
Jul-19	7,848.78	7,816.56	8,027.18	7,735.67	3.46B	2.32%
Jun-19	7,671.08	7,110.34	7,772.53	6,936.68	3.82B	7.62%
May-19	7,127.96	7,828.14	7,851.03	7,125.97	4.24B	-8.40%
Apr-19	7,781.46	7,450.81	7,851.98	7,422.44	3.43B	5.46%
Mar-19	7,378.77	7,152.08	7,505.41	6,940.72	4.21B	3.96%
Feb-19	7,097.52	6,872.73	7,161.73	6,836.70	3.48B	2.76%
Jan-19	6,906.84	6,198.67	6,936.34	6,139.40	4.64B	9.11%
Dec-18	6,329.96	7,106.84	7,107.00	5,895.12	4.69B	-8.91%
Nov-18	6,949.01	6,980.79	7,205.96	6,442.36	4.36B	-0.26%
Oct-18	6,967.10	7,673.00	7,700.56	6,574.75	4.87B	-8.66%
Sep-18	7,627.65	7,629.34	7,657.80	7,400.99	3.48B	-0.35%
Aug-18	7,654.55	7,269.20	7,691.10	7,221.35	3.34B	5.84%
Jul-18	7,231.98	6,979.54	7,511.39	6,969.16	3.27B	2.72%
Jun-18	7,040.80	7,010.08	7,309.99	6,950.23	3.93B	1.05%
May-18	6,967.73	6,592.93	7,016.42	6,539.87	3.58B	5.48%
Apr-18	6,605.57	6,528.23	6,856.96	6,322.60	3.70B	0.37%
Mar-18	6,581.13	6,862.94	7,186.09	6,410.04	4.34B	-3.99%
Feb-18	6,854.42	6,910.57	7,003.13	6,164.43	4.03B	-1.38%
Jan-18	6,949.99	6,431.59	7,022.97	6,417.75	3.55B	8.65%
Dec-17	6,396.42	6,325.61	6,522.70	6,234.22	3.30B	0.48%
Nov-17	6,365.56	6,274.26	6,426.04	6,194.58	3.32B	1.87%
Oct-17	6,248.56	5,988.96	6,258.42	5,955.83	3.21B	4.50%
Sep-17	5,979.30	6,001.82	6,012.95	5,839.89	3.11B	-0.16%
Aug-17	5,988.60	5,900.64	5,995.44	5,750.50	3.27B	1.84%

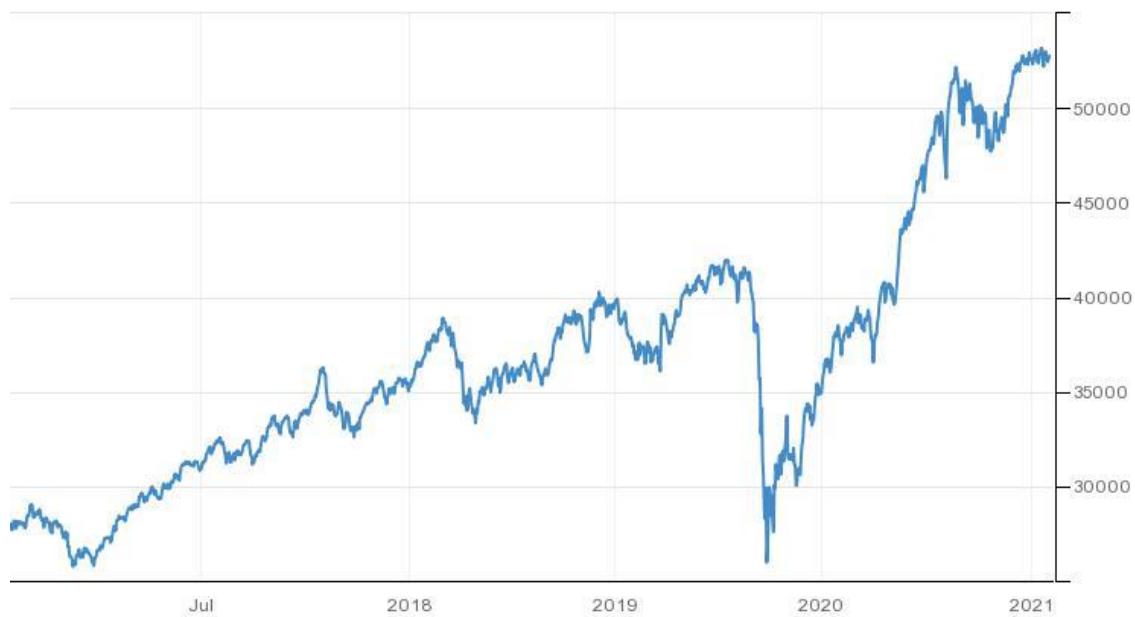


SENSEX data for the last 5 years

Date	Price	Open	High	Low	Volume	Chg%
Jul-21	52,586.84	52,631.41	53,283.49	51,809.90	9.93M	0.20%
Jun-21	52,482.71	52,067.51	53,126.73	51,450.58	260.15M	1.05%
May-21	51,937.44	48,356.01	52,013.22	48,028.07	276.68M	6.47%
Apr-21	48,782.36	49,868.53	50,375.77	47,204.50	249.49M	-1.47%
Mar-21	49,509.15	49,747.71	51,821.84	48,236.35	293.12M	0.83%
Feb-21	49,099.99	46,617.95	52,516.76	46,433.65	439.70M	6.08%
Jan-21	46,285.77	47,785.28	50,184.01	46,160.46	349.72M	-3.07%
Dec-20	47,751.33	44,435.83	47,896.97	44,118.10	390.45M	8.16%
Nov-20	44,149.72	39,880.38	44,825.37	39,334.92	410.33M	11.45%
Oct-20	39,614.07	38,410.20	41,048.05	38,410.20	323.06M	4.06%
Sep-20	38,067.93	38,754.00	39,359.51	36,495.98	309.87M	-1.45%
Aug-20	38,628.29	37,595.73	40,010.17	36,911.23	381.93M	2.72%
Jul-20	37,606.89	35,009.59	38,617.03	34,927.20	442.93M	7.71%
Jun-20	34,915.80	32,906.05	35,706.55	32,348.10	541.98M	7.68%
May-20	32,424.10	32,748.14	32,845.48	29,968.45	544.06M	-3.84%
Apr-20	33,717.62	29,505.33	33,887.25	27,500.79	346.46M	14.42%
Mar-20	29,468.49	38,910.95	39,083.17	25,638.90	702.01M	-23.05%
Feb-20	38,297.29	40,753.18	41,709.30	38,219.97	213.43M	-5.96%
Jan-20	40,723.49	41,349.36	42,273.87	40,476.55	208.88M	-1.29%
Dec-19	41,253.74	41,072.94	41,809.96	40,135.37	538.20M	1.13%
Nov-19	40,793.81	40,196.07	41,163.79	40,014.23	711.06M	1.66%
Oct-19	40,129.05	38,813.48	40,392.22	37,415.83	858.91M	3.78%

Sep-19	38,667.33	37,181.76	39,441.12	35,987.80	618.94M	3.57%
Aug-19	37,332.79	37,387.18	37,807.55	36,102.35	564.23M	-0.40%
Jul-19	37,481.12	39,543.73	40,032.41	37,128.26	458.88M	-4.86%
Jun-19	39,394.64	39,806.86	40,312.07	38,870.96	320.97M	-0.80%
May-19	39,714.20	39,036.51	40,124.96	36,956.10	408.67M	1.75%
Apr-19	39,031.55	38,858.88	39,487.45	38,460.25	322.52M	0.93%
Mar-19	38,672.91	36,018.49	38,748.54	35,926.94	327.94M	7.82%
Feb-19	35,867.44	36,311.74	37,172.18	35,287.16	353.41M	-1.07%
Jan-19	36,256.69	36,161.80	36,701.03	35,375.51	439.94M	0.52%
Dec-18	36,068.33	36,396.69	36,554.99	34,426.29	380.93M	-0.35%
Nov-18	36,194.30	34,650.63	36,389.22	34,303.38	412.11M	5.09%
Oct-18	34,442.05	36,274.25	36,616.64	33,291.58	455.02M	-4.93%
Sep-18	36,227.14	38,915.91	38,934.35	35,985.63	315.59M	-6.26%
Aug-18	38,645.07	37,643.87	38,989.65	37,128.99	271.29M	2.76%
Jul-18	37,606.58	35,545.22	37,644.59	35,106.57	281.83M	6.16%
Jun-18	35,423.48	35,373.98	35,877.41	34,784.68	331.13M	0.29%
May-18	35,322.38	35,328.91	35,993.53	34,302.89	246.59M	0.46%
Apr-18	35,160.36	33,030.87	35,213.30	32,972.56	234.71M	6.65%
Mar-18	32,968.68	34,141.22	34,278.63	32,483.84	250.53M	-3.56%
Feb-18	34,184.04	36,048.99	36,256.83	33,482.81	353.44M	-4.95%
Jan-18	35,965.02	34,059.99	36,443.98	33,703.37	394.29M	5.60%
Dec-17	34,056.83	33,247.66	34,137.97	32,565.16	260.50M	2.74%
Nov-17	33,149.35	33,344.23	33,865.95	32,683.59	740.17M	-0.19%
Oct-17	33,213.13	31,537.81	33,340.17	31,440.48	216.18M	6.17%
Sep-17	31,283.72	31,769.34	32,524.11	31,081.83	241.07M	-1.41%
Aug-17	31,730.49	32,579.80	32,686.48	31,128.02	248.69M	-2.41%

SENSEX



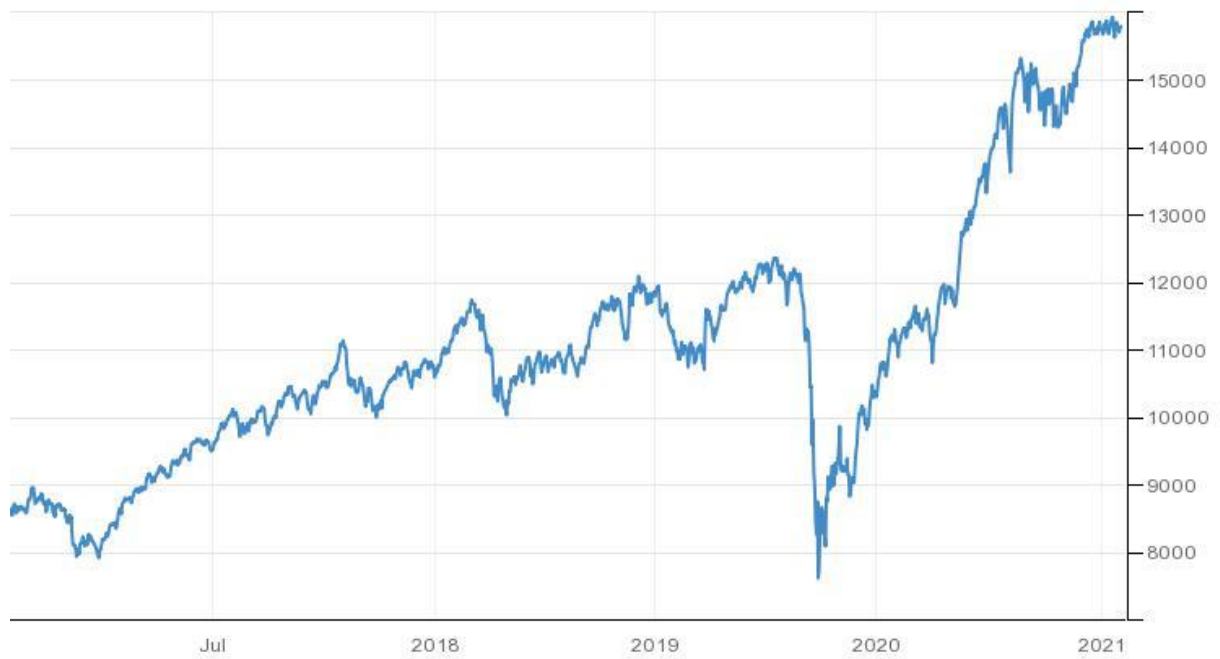
SOURCE: TRADINGECONOMICS.COM

NIFTY50 data for the last 5 years

Date	Price	Open	High	Low	Volume	Chg%
Jul-21	15,763.05	15,750.05	15,960.50	15,514.65	400.02M	0.26%
Jun-21	15,721.50	15,617.15	15,904.05	15,452.20	7,201.27B	0.89%
May-21	15,582.80	14,481.05	15,606.35	14,416.25	10,269.75B	6.50%
Apr-21	14,631.10	14,798.40	15,044.35	14,151.40	9,640.13B	-0.41%
Mar-21	14,690.70	14,702.50	15,336.30	14,264.40	11,356.83B	1.11%
Feb-21	14,529.15	13,758.60	15,431.75	13,661.75	14.31B	6.56%
Jan-21	13,634.60	13,996.10	14,753.55	13,596.75	13.02B	-2.48%
Dec-20	13,981.75	13,062.20	14,024.85	12,962.80	12.08B	7.81%
Nov-20	12,968.95	11,697.35	13,145.85	11,557.40	13.11B	11.39%
Oct-20	11,642.40	11,364.45	12,025.45	11,347.05	11.60B	3.51%
Sep-20	11,247.55	11,464.30	11,618.10	10,790.20	13.45B	-1.23%
Aug-20	11,387.50	11,057.55	11,794.25	10,882.25	14.04B	2.84%
Jul-20	11,073.45	10,323.80	11,341.40	10,299.60	14.64B	7.49%
Jun-20	10,302.10	9,726.85	10,553.15	9,544.35	16.78B	7.53%
May-20	9,580.30	9,533.50	9,598.85	8,806.75	13.68B	-2.84%
Apr-20	9,859.90	8,584.10	9,889.05	8,055.80	12.74B	14.68%
Mar-20	8,597.75	11,387.35	11,433.00	7,511.10	21.30B	#####
Feb-20	11,201.75	11,939.00	12,246.70	11,175.05	11.19B	-6.36%
Jan-20	11,962.10	12,202.15	12,430.50	11,929.60	11.93B	-1.70%
Dec-19	12,168.45	12,137.05	12,293.90	11,832.30	12.55B	0.93%
Nov-19	12,056.05	11,886.60	12,158.80	11,802.65	13.18B	1.50%

Oct-19	11,877.45	11,515.40	11,945.00	11,090.15	15.62B	3.51%
Sep-19	11,474.45	10,960.95	11,694.85	10,670.25	12.21B	4.09%
Aug-19	11,023.25	11,060.20	11,181.45	10,637.15	11.15B	-0.85%
Jul-19	11,118.00	11,839.90	11,981.75	10,999.40	9.99B	-5.69%
Jun-19	11,788.85	11,953.75	12,103.05	11,625.10	6.79B	-1.12%
May-19	11,922.80	11,725.55	12,041.15	11,108.30	8.65B	1.49%
Apr-19	11,748.15	11,665.20	11,856.15	11,549.10	6.52B	1.07%
Mar-19	11,623.90	10,842.65	11,630.35	10,817.00	6.86B	7.70%
Feb-19	10,792.50	10,851.35	11,118.10	10,585.65	7.46B	-0.36%
Jan-19	10,830.95	10,881.70	10,987.45	10,583.65	7.43B	-0.29%
Dec-18	10,862.55	10,930.70	10,985.15	10,333.85	6.74B	-0.13%
Nov-18	10,876.75	10,441.70	10,922.45	10,341.90	6.79B	4.72%
Oct-18	10,386.60	10,930.90	11,035.65	10,004.55	8.14B	-4.98%
Sep-18	10,930.45	11,751.80	11,751.80	10,850.30	6.03B	-6.42%
Aug-18	11,680.50	11,359.80	11,760.20	11,234.95	5.41B	2.85%
Jul-18	11,356.50	10,732.35	11,366.00	10,604.65	5.29B	5.99%
Jun-18	10,714.30	10,738.45	10,893.25	10,550.90	4.83B	-0.20%
May-18	10,736.15	10,783.85	10,929.20	10,417.80	5.50B	-0.03%
Apr-18	10,739.35	10,151.65	10,759.00	10,111.30	4.95B	6.19%
Mar-18	10,113.70	10,479.95	10,525.50	9,951.90	4.52B	-3.61%
Feb-18	10,492.85	11,044.55	11,117.35	10,276.30	4.53B	-4.85%
Jan-18	11,027.70	10,531.70	11,171.55	10,404.65	4.84B	4.72%
Dec-17	10,530.70	10,263.70	10,552.40	10,033.35	3.61B	2.97%
Nov-17	10,226.55	10,390.35	10,490.45	10,094.00	4.79B	-1.05%
Oct-17	10,335.30	9,893.30	10,384.50	9,831.05	4.64B	5.59%
Sep-17	9,788.60	9,937.65	10,178.95	9,687.55	4.29B	-1.30%
Aug-17	9,917.90	10,101.05	10,137.85	9,685.55	4.30B	-1.58%

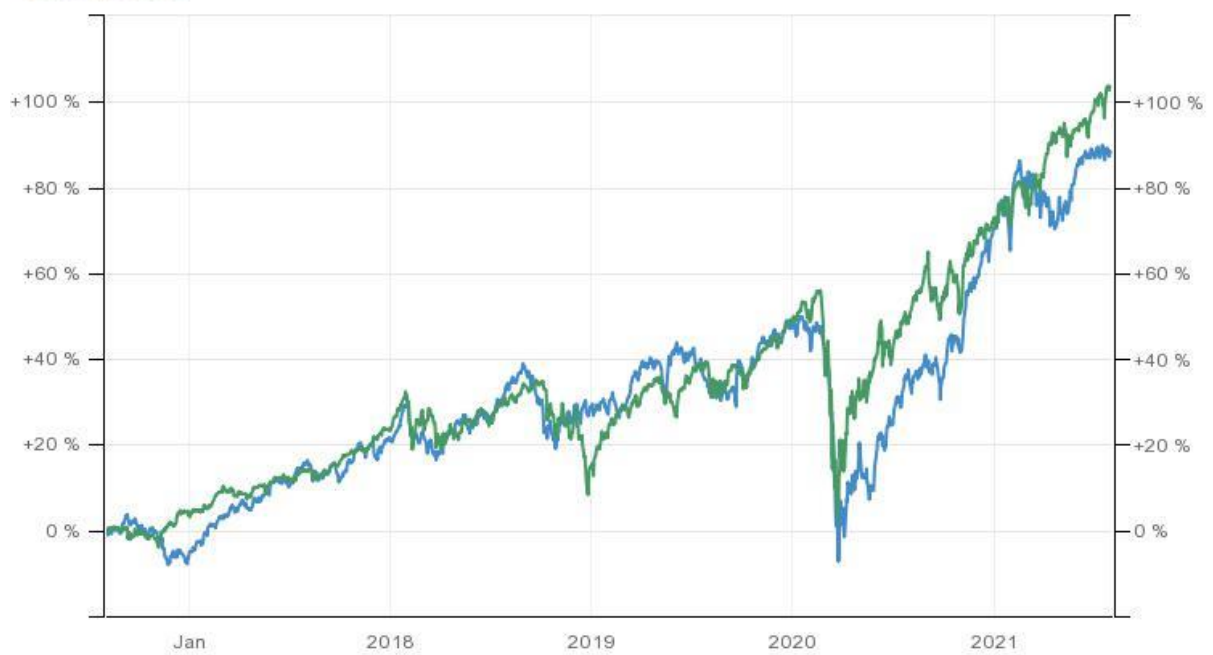
NSE Nifty 50 Index



SOURCE: TRADINGECONOMICS.COM

Comparative analysis of the NYSE indices with respect to Indian indices in the form of line graph showing the performance and movement change in terms of percentage.

SENSEX | US500



SOURCE: TRADINGECONOMICS.COM



1.7 Findings:

The study and data strongly support the objectives and portraits that by diversifying capital in NYSE yielded far better returns to Indian investors during the course of the studied period. The data provided and gathered shows significant increase of about approximately 20% and 16% comparing the indices.

The global average growth rate for the period was 3.31%. In the years NYSE had the highest growth rate of 5.17%. During the last 5 years was growing at an annual average rate of 5.03%, which is far ahead of the global average growth rate. The Gross Domestic Product (GDP) in NYSE was worth 1,126 billion US dollars in 2019, according to official data from the World Bank and projections from Trading Economics. The GDP value represents 4.93 percent of the world economy. The GDP is growing steadily during recent past. The ever-expanding market size and increasing purchasing power of the consumers in the country is an attraction for the FDI.

The risk of expropriation encompasses all discriminatory measures taken by a host government which deprive the investor of its investment without any adequate compensation; and also includes events of embargo, change of (legal) regime and denial of justice, and the probability of a negative change in attitude towards foreign investments. The average value for NYSE during the period of study is 3 for each year from 2017 to 2021. Which indicates that expropriation risk is low in NYSE.

Investors risk to reward ratio was 1:3 as shown in tables 6 and 7 this gives Indian investors the leverage to use this gained profit on initial capital and stomach risks and gain higher returns in the long run in the domestic markets.

1.8 Conclusions:

On the basis of the three research questions, three issues were analysed: Growth option available in diversifying investments(capital) into NYSE market. Leverage earned through investing in NYSE markets over Indian Markets. Risk to Reward ratio earned in investing in into NYSE over Indian stock market.

The significant gain in terms of percentage has been shown and derived at through the study, similarly understanding the relation between the two markets give the Indian investors the advantage to manage their capital in a much better and effective manner where they could stomach more risks and stay hold on their positions when the market hit a reversal period in one and up trend in the other. NYSE stock markets have been showing promising gains over the study period. Risk to reward ratio

This study examines the international portfolio/capital diversification opportunities to Indian investors in NYSE equity markets. By this liberalization, international investors can be attracted to invest in these markets which cause the high degree of international capital flow to these countries. The findings of unit-root technique reveal that each stock index has non-stationary feature over time, but becomes stationary in its first difference. The results show that there is lack of long- term relationship between these markets and the developed markets of the United States. In the short-term, there is unidirectional causality exists between the markets. The short run relationship among the equity markets was due to several reasons, one of which could be the closeness of their economic ties by way of intra-ASEAN trade and investment that has brought about the indirect linkage of their stock. Another reason could be the growing interdependence between both emerging and developed equity markets post 1987. Following the 1997 Asian Financial Crisis there was even greater interdependence among these countries. As a result, the minimizing of risk in international portfolio diversification was curtailed post the 1987 Stock Market Crash. However, this research suggests that the Indian markets were not impacted by the U.S market and vice-versa, consequently American investors can gain from portfolio diversification in these markets in both the long- and short-time horizon. We leave for further research to investigate along these lines and check whether it would be beneficial for Indian investors to invest in other emerging stock markets. The benefits of international portfolio diversification are not only limited to the U.S. investors but also to other markets' investors under study. research methodology helps to learn how to use libraries and other information resources, enables critical evaluation of literature; develops special interests and skills. Helps to understand attitude of others and creates awareness of special needs of research process. Describes and analyse methods, throw light on their limitations and resources, clarify their presupposition and consequences, relating their potentialities to the twilight zone at the "frontiers of knowledge".

1.9 Managerial Implications:

This paper indicates the importance to fund managers, financial advisors and brokers in the markets that equal attention must be given to diversification of capital into such fast growing and advanced markets. The study has implications both for the investment of long term and short-term investments in the NYSE markets. First, what are lacking are studies devoted to the future thinking needed in using the leverage of the movements that take place in the NYSE markets. Focusing on the goal/ horizon of the investor based of their risk management's strategy.

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THANK YOU