



The Impact of the American Stock Market on the Indian Stock Market

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Abstract:

In this dynamic world of globalisation, stock markets are very interconnected with each other. The stock market is very sensitive. Whenever something happens, positive or negative, in the world, the first reaction of that event can be seen in the related country's stock market. Among all of the global stock markets, the American stock markets are one of the most influential and dominant markets. This market includes major indices like the Dow Jones Industrial Average (DJI), S & P 500 and Nasdaq, which mostly influence the sentiments of investors and market movements in other countries.

Nifty 50 and BSE Sensex are the main indices that represent the Indian stock markets. Our Indian stock markets have a direct impact of American stock market because of huge foreign investments, global trade relations and financial integration.

The presented research shows the impact of different events on the stock market of the United States of America. As we know USA is the largest economy in the world, and global markets follow the sentiments of these markets. The same thing applies to our Indian stock market also. This study examines how changes in American stock market indices affect the performance, volatility and the behaviour of investors in the Indian stock market.

Keywords: US Stock Market, Dow Jones, Nasdaq Composite, NIFTY 50 index

Introduction:

For any country stock market plays a vital role. These markets help different types of companies for the raising of capital. With the improvement in globalisation, these financial markets have become more connected than ever before. The stock markets of the USA are the largest and most powerful financial markets in the world, as the largest economy. The United States of America has three major indicators that show its economic and financial strength and weakness. These indices include Dow Jones Industrial Average, Nasdaq Composite and S and P 500. The Dow Jones Industrial Average shows the industrial scenario of the top 30 large companies in the United States of America. The Nasdaq Composite show how the technology-related

companies are doing. These stock exchanges play a significant role in determining global financial roles. Different events that occur in the USA, like GDP data, Fed monetary policy meetings, and job data. Accordingly, the data of these events directly makes an impact on the Indian Stock Market.

India is fastest growing and a strong emerging economy for the globe from an investment perspective. The USA and China are developed country so foreign investors are looking towards India for higher returns. Nowadays, because of higher foreign institutional investments, globalisation, advanced trading systems and government supervision Indian stock market is becoming more integrated with global financial markets. Along with understanding the

Indian stock market, investors, policymakers and financial analysts also have to understand the relationship between the American and Indian stock markets. Studying this relationship helps in predicting market trends and managing the involved risk.

Objectives:

1. To study the American Stock Market.
2. To study how different events in the United States impact their own stock market and the Indian stock market.
3. To analyse the comparison of the United States of America's and India's stock market indices.

Research Methodology:

In the research design part, descriptive and analytical and descriptive research design is used for the study purpose.

For the study purpose, only secondary data is used. Some government websites and the Zerodha Kite application were the main resources for data collection.

For sample selection purposes, major stock market indices are taken from both countries.

The American Stock Market Indices used -

- Dow Jones Industrial Average
- Nasdaq Composite

The Indian Stock Market Indices used -

- Nifty 50

Scope of the Study:

1. The study analyses the strong relationship between the American and the Indian stock markets.
2. Only the Dow Jones Industrial Average, Nasdaq Composite and Nifty 50 indices are taken into consideration for the study purpose.

3. The study does not include other markets like commodity markets, currency markets or bond markets.
4. For this study, only secondary data is used.

Limitations of the Study:

1. No primary data was collected for the study.
2. The focus is given on only two stock market indices Dow Jones Industrial Average and the Nasdaq of America, and one index Nifty 50 of India.
3. During the study, the relationship between the American stock market and the Indian stock market is taken into consideration, and no other international market is considered.
4. Along with the discussed events, other events, such as global economic crisis policies, can affect the results of the study.

Discussions:

US stock markets can be called as Engine of all stock markets in the entire globe. The working scenario of Dow Jones Industrial Average and Nasdaq Composite leave large impact on the different global stock markets. American stock markets work after 8 PM (IST) till late at night as per Indian timings. So, we can see the impact of this on the next day on the Indian Stock indices. From an Indian perspective, Nifty 50 is the major index. The Nifty 50 Index shows the scenario of Indian companies. The Nifty 50 includes the top 50 Indian companies that represent the economy of India.

There are many global, economic and social events taking place on a daily basis in reference to the United States of America, like involvement in wars, job loss data, and sales data. Here, two different events are taken for the study. First, the press release of the Federal Open Market Committee (FOMC) meeting, second is

the release of Gross Domestic Product (GDP) data, and third is the unemployment rate data. The Indian stock market index, which is the Nifty 50, is compared with the Dow Jones Industrial Average and the Nasdaq Composite index.

First Event: Federal Open Market Committee (FOMC):

The central bank of the USA, which is the Federal Reserve System, also known as FED declared a 25-basis point rate cut in the interest rates on 10th December, 2025.

the Dow Jones Industrial Average (DJ)	12/10/2025	1.02%
the Dow Jones Industrial Average (DJ)	12/11/2025	1.29%

Chart No. 1

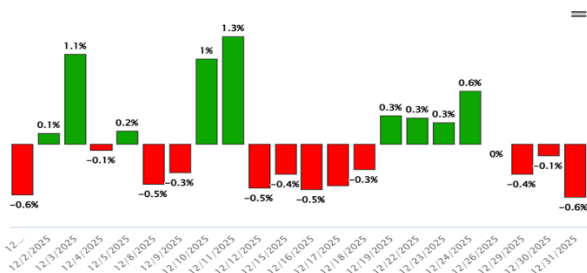


Chart No. 2

Chart No. 1 and Chart No. 2 showed that the Dow Jones Index jumped over 1 % on 11th December, 2025. The decrease in interest rates cheered up the market. Due to a cut in the interest rate, more funds will be available to the people. So, this created positive sentiments in the Dow Jones Industrial Average index.

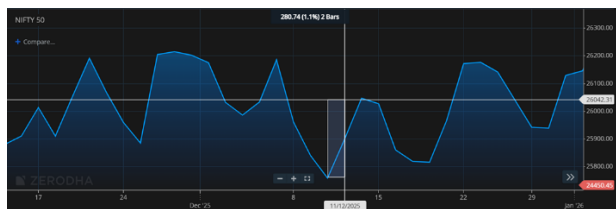


Chart No. 3

The above chart shows that there is a gain of 1.1 % in the Indian stock market index Nifty 50.

The reason behind this was the jump in the Dow Jones index on 10th December.

Second Event: Release of Gross Domestic Product Data:

This GDP data was published by the Bureau of Economic Analysis (BEA) on 20th February, 2026 (Friday). This was quarterly data for the fourth quarter of 2025 (October, November and December) for the USA. The market expected GDP to increase by 2.5%, but it actually rose by only 1.4%. The USA market got nervous because of this negative data. So, the American Nasdaq showed a negative performance on the next working day, 23rd February, 2026.

Nasdaq Composite
INDEXNASDAQ: .IXIC

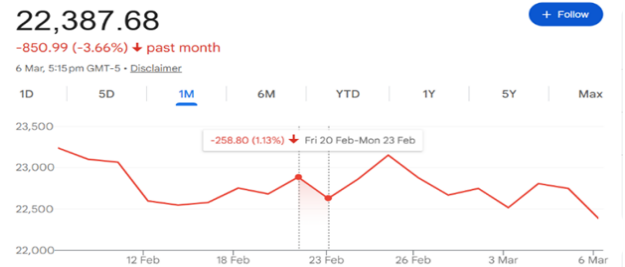


Chart No. 4

The above chart shows that on the 23rd of February, 2026 Nasdaq Composite Index was nearly 258. 80 points, i.e. 1.13% down.

Now, comparing with the Nasdaq index, the Indian stock market index, that is Nifty 50, also showed a negative reaction on the same day.



Chart No.5

The above chart shows that on 24th February 2026, the NIFTY 50 index also went down by 288 points, which is 1.12 % approximately.

The reason was that the GDP data published was not meeting the expectations of the stock market.

Third Event: Release of Unemployment Data:

On 6th March, 2026, the unemployment-related data was released by the Bureau of Labour Statistics (.gov) in the United States. During this event, the unemployment rate came to 4.4%, which was 4.3% in February 2026. This data discouraged the markets.

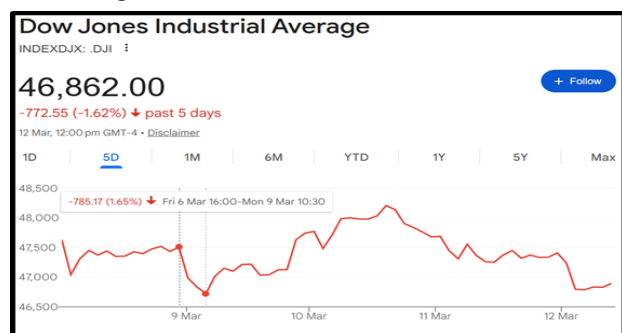


Chart No. 6

The chart shows that on Friday, 6th March, 2026, the Dow Jones index is down by 772 points, which is 1.62% approximately.



Chart No. 7

The chart shows that the Nifty 50 index of India is down by 488 points, which is 2%.

On 6th March, US markets collapsed. On the next working day, Monday, 9th March 2026, the Indian Nifty 50 index opened at a low point. This shows the impact of the US market on the Indian stock market.

Conclusion:

The above study was conducted on the impact of the US stock market on the Indian stock market. In conclusion, the table shows the exact impact of the US stock markets on the Indian stock markets. Whenever there is an increase in the US stock market, there is an increase in the Indian stock market. But in reality, the closing of the US stock market affects the opening of the Indian stock market, and the whole working day's fluctuations depend on the current situation.

Sr No.	Event Name	US Market Situation	Impact on the Indian Market
1.	Declaration of Federal Open Market Committee (FOMC) Minutes	1.29% Increase	1.10% Increase
2.	GDP data of the USA	1.12% Downfall	1.13% Downfall
3.	Unemployment Data	1.62 % Downfall	2% Downfall

Reference:

- <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251210a.html>
- <https://www.bea.gov/data/gdp/gross-domestic-product>

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