

Quote by Shravan Shetty, Managing Director, Primus Partners

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## Investors Lose Rs 5.87 Trillion In A Day As Markets Tumble. Here's Why

***Stock Market Crash: Nifty 50 has already entered a "technical correction" phase after falling over 10 per cent from its January 5 high of 26,373.***

Authored by Prateek Shukla



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### Article Content:

**Stock Market Crash:** Indian benchmark indices continued their losing streak on Friday. Equity indices slipped sharply as investors turned cautious amid escalating tensions in the Middle East and a fresh spike in Brent crude oil prices.

As of 11 am, the Nifty 50 was trading about 1.19 per cent lower at 23,356, while the BSE Sensex was down 1.07 per cent at 75,266. The sell-off wiped out nearly Rs 5.87 trillion in investor wealth. The total market capitalisation of companies listed on the Bombay Stock Exchange fell to about Rs 433.85 trillion from Rs 439.72 trillion at Thursday's close. [FOLLOW LIVE UPDATES](#)

A look at the sector indices showed that the selling pressure was broad-based. Barring the FMCG stocks, all sectoral indices were trading in the red, with metal stocks leading the losses. Banking stocks remained under heavy pressure due to inflation concerns. Leading lenders such as HDFC Bank, ICICI Bank, Punjab National Bank, and IndusInd Bank were the biggest drags.

The weakness was not limited to frontline stocks. The Nifty Midcap 150 index slipped 1.61 per cent, while the Nifty Smallcap 250 fell 1.67 per cent. This suggested a broader risk aversion among investors.

It is worth mentioning here that the Nifty 50 has already entered a "technical correction" phase after falling over 10 per cent from its January 5 high of 26,373. A technical correction in the stock markets is defined as a short-term decline of 10-20 per cent in an index.

### **Here are the key reasons behind Friday's market decline:-**

**Weak Global Cues:** Asian markets traded sharply lower on Friday as investors reacted to rising oil prices and fears that a prolonged war involving Iran, the US, and Israel could derail global economic growth.

Japan's Nikkei 225 fell nearly 2 per cent, while the broader TOPIX index declined about 1.4 per cent. South Korea's KOSPI dropped almost 3 per cent, and Hong Kong's Hang Seng Index was also in the red. Indian stock market followed their Asian peers.

The weakness in the Indian markets also came after a sharp fall on Wall Street overnight. The Dow Jones Industrial Average plunged nearly 740 points to close below the 47,000 mark for the first time this year. The S&P 500 lost about 1.5 per cent, while the Nasdaq Composite dropped per cent.

Notably, the global risk sentiment has remained fragile as investors reassess the economic fallout of rising geopolitical tensions.

**Iran War:** The Iran war entered its second week with little sign of de-escalation, keeping financial markets on edge. Iran's new Supreme Leader Mojtaba Khamenei warned of further escalation and signalled that Tehran could open additional fronts in the conflict. Meanwhile, Israeli Prime Minister Benjamin Netanyahu said Israel's attacks were aimed at weakening Iran's leadership.

The prolonged confrontation has already disrupted global energy supply routes, including the critical Strait of Hormuz, and heightened uncertainty across financial markets. Since the start of the fresh conflict on February 28, both the Nifty 50 and BSE Sensex have slipped significantly as investors trim exposure to risk assets.

**Soaring Crude Oil Prices:** Oil prices have surged amid concerns that the conflict could disrupt supplies through the Strait of Hormuz, a key route for global crude shipments. International benchmark Brent Crude went above the \$100-per-barrel mark on Friday morning after a volatile week. The US benchmark West Texas Intermediate was also trading near \$96.

Higher oil prices are a concern for India as the [country imports](#) the majority of its crude requirements. A sustained surge in crude typically widens the trade deficit, fuels inflation and pressures the rupee. All these factors tend to weigh on equities.

According to stock market analysts, investors are likely to remain cautious until there is clarity on the geopolitical situation and the trajectory of global energy prices.

Shravan Shetty, Managing Director, Primus Partners, said, "The markets are continuing to fall with nifty almost 4.5 per cent down this week. The uncertainty of the war and resulting oil shock is impacting the markets. With most supply from Middle Eastern oil producers significantly reducing production and uncertainty on when the strait of Hormuz open expect further correction as we see both lower demand and higher inflation."

According to stock market analyst Nidhi Sharma, "Foreign Institutional Investors (FIIs) have been reducing their exposure to emerging markets, including India. Global uncertainties and relatively higher yields in developed markets, particularly the United States, are attracting foreign capital away from emerging economies. Continuous FII selling often creates pressure on large-cap stocks and leads to broader market weakness."