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Why are Indian markets unaffected by recent slump in Wall Street? Here are four likely reasons



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Strong SIP inflows, India being an anti-AI play, strong macroeconomic indicators, valuation comfort could be the reasons behind the recent resilience in Indian equity markers where every dip is being bought, said analysts

Indian stock markets have remained fairly immune to volatile global cues. This came even as Wall Street and other global peers crashed. Analysts have listed out reasons why Sensex and Nifty were resilient despite a challenging environment.

Sensex and Nifty recorded a six-session gaining streak between November 10 and November 17, before seeing some profit booking on November 18. The benchmark indices gained more than 2 percent each during the gaining streak.

Meanwhile, Wall Street indices fell for seven out of nine sessions. The American stock markets have declined

On November 19, Indian benchmark indices closed 0.6% higher.

Moneycontrol spoke to analysts who listed out possible reasons why Indian markets have shown resilience despite mixed global cues. Here are some of the possible key factors:

India -- an anti-AI play

Earlier last week, SoftBank sold stake worth \$5.8 billion in Nvidia, igniting fears that the frenzy around artificial intelligence may have peaked, which in turn push down AI stocks. Recently, Morgan Stanley and Goldman Sachs CEOs warned that stock markets could be heading to a drawdown, while hedge fund manager Michael Burry, known for shorts on the US housing market ahead of the 2008 crash, bet against Nvidia and Palantir.

The recent correction in global equity markets is being driven largely by the sharp decline in AI-focused companies, said Bajaj Broking Research Team. The brokerage noted that companies such as Nvidia, Microsoft, Amazon, Alphabet, and Meta have grown to become dominant index constituents in the Wall

Street. "Their substantial weight in the S&P 500 and Nasdaq means that a 10–20% drop in these stocks drags down the broader market, shaping overall global risk sentiment," it added.

"In contrast, the composition of the Indian equity market is fundamentally different. India does not have domestically listed, high-valuation AI pure plays comparable to Nvidia or OpenAI. Although the country boasts a large and globally competitive IT sector—represented by firms like Infosys, TCS, Wipro, and HCL Tech—these companies primarily operate as IT services and consulting providers rather than AI product creators...This structural distinction provides India with a natural buffer. Even if global AI valuations correct sharply, the impact on Indian equities is limited," the brokerage added.

An analyst said Indian equity markets could be seen as an "anti-AI play" if the present trend of AI trade fading sustains.

"An anti-AI trade is playing out in global markets now. Respected experts like Google CEO Sundar Pichai are voicing concerns about the irrationality in AI trade. Nasdaq is down 1526 points from the recent peak. Even though there are optimists who still bet on AI trade, there are concerns of a bubble formation in AI stocks. The steady decline in AI stocks, without a major crash, is good for India. FPIs are likely to start buying in India if the present trend of AI trade fading sustains for some more time. India's outperformance vis-a-vis other AI markets like South Korea and Taiwan during the last few days is an indication of this trend," said VK Vijayakumar, Chief Investment Strategist, Geojit Investments Limited.

Valuation comfort

Nifty hit an all-time high of 26,277 on September 27 last year. The benchmark index then significantly declined, around 17 percent, dropping below the 21,000-mark in March-April.

Nasdaq meanwhile gained 18 percent in the past one year, S&P 500 rose nearly 12 percent and Dow Jones gained over 6.5 percent during the period.

The index has now recovered almost all its losses and is nearing all time high levels. However, this would mean that the one-year return of Nifty remains negative. "The MSCI India Index has risen only around 6% this year, considerably lagging U.S. AI-driven indices and several emerging markets that delivered 20–35% returns. This relative underperformance has kept Indian valuations more reasonable. With fewer speculative gains priced in, Indian equities face lower correction risk because there is simply less excess to unwind," Bajaj Broking said.

Naren Agarwal, CEO of Wealth1, said that Indian stock markets is witnessing renewed foreign interest, supported by more attractive valuations in large caps and India's consistent earnings visibility compared to other emerging markets. With policy stability, a strong banking system, and sustained domestic demand, India stands out as one of the few markets where long-term conviction outweighs short-term uncertainty, he said.

"The outflows from earlier this year have brought India back inline line with other Emerging Markets, making it a more attractive proposition given the domestic market strength, which also is helping to support them in the current environment," said Ross Maxwell, Global Strategy Lead at VT Markets.

Strong SIP inflows

Another key reason for Indian stock markets remaining resilient is the strength of India's domestic demand cycle, said Kalp Jain, Research Analyst at INVasset PMS. He noted that the depth of domestic liquidity is supporting the markets.

"Steady flows from retail and systematic investment plans have reduced reliance on foreign capital, making the market less sensitive to abrupt global risk-off phases, Jain said.

Naren Agarwal, CEO of Wealth1 also said that the depth of domestic investor participation today provides a powerful cushion against global risk-off sentiment.

"A large part of the buying today is coming from domestic investors who aren't reacting to every global headline. SIP flows are at an all-time high, banks are well-capitalised, and corporate earnings have held up considerably better than most expected. That, combined with steady GDP growth and moderating

inflation, gives you a market that can absorb global shocks without losing its footing. In short, India is not decoupled, it is just more stable at this moment, as the underlying economy is doing the heavy lifting," said Siddharth Maurya, Founder & Managing Director, Vibhavangal Anukulakara.

"The Indian markets have been resilient primarily due to the strong domestic participation, with more than Rs 6 lakh crore flowing into the markets. This has helped cushion the outflow of FIIs and help maintain the markets in positive. The stable macro environment and high retail participation have helped drive the domestic inflow," said Shravan Shetty, Managing Director, Primus Partners.

"In 2025, foreign institutional investors were mostly net sellers in India, a situation that deprived the market of foreign investments since they were shifting to the US tech stocks due to the AI mania. But on the other hand, domestic institutional investors consistently did heavy buying, especially capitalising on the strong inflow of funds via Systematic Investment Plans (SIPs) from retail investors, which did absorb the selling pressure created by the FIIs, thus not allowing the market to go down sharply.

"Moreover, the recent improvement in retail sales trends and demand assures the market of a bullish period, especially in the discretionary segments like cars and consumer durables, supported by the festive season and the positivity over GST cuts, thus reassuring the market of near-term growth. Therefore, the resilience of the Indian markets is built on the strong economic drivers from within the country, active reforms and support by govt., and financial stable corporate balance sheets that are relatively at better position than historically, even when the global economies are facing the brunt of slowdowns and policy uncertainties," said Ravi Singh, Chief Research Officer from Master Capital Services.

Strong macros

Analysts pointed out that India's strong macroeconomics are also boosting recent resilience of the markets where every dip is being bought. "India's macro indicators—such as stable inflation trends, healthy foreign exchange reserves, and steady manufacturing activity—are also contributing to a sense of economic stability at a time when several major economies are dealing with aggressive rate pressures and recession concerns," Jain said.

"Consumption trends, urban spending, and government-led capital expenditure continue to hold firm, creating a buffer against weakness in global trade and external shocks. This internal growth engine has helped Indian equities decouple to some extent from global volatility," he added.

Ross Maxwell from VT Markets also noted that the country's macro fundamentals have improved considerably over the past decade. "India's current-account deficit has narrowed, and structural reforms such as the goods and services tax and insolvency legislation have strengthened economic resilience. The central bank has proven that it is prepared to act and the government is focused on fiscal repair, which increases investor confidence and provides policy stability," he said.

"In comparison to the Wall Street and other global markets, the Indian stock markets are exhibiting an extraordinary resilience, and this is mainly due to the strong domestic fundamentals and the few key macroeconomic factors that are still in favor of Indian equities even though the global sentiment is not so great. As India's inflation rate has decreased to multi-year lows, which has given the Reserve Bank of India more room for policy support and rate cuts in case it is necessary.

"The positive monetary policy, together with the capex push in the economy, has benefited the corporates with increase in topline as well as profitability, in turn, the total economic activity. Indian corporates displayed strong performance in Q2 results with several sectors delivering double-digit profitability growth numbers. Further, sectors like auto, banking, discretionary goods and FMCG have gained from improved outlook, aided by a series of favourable measures. Conflux of favourable measures and domestic resistance has set the stage for sustained growth in the coming quarters," said Ravi Singh.