MARKET SCOOP

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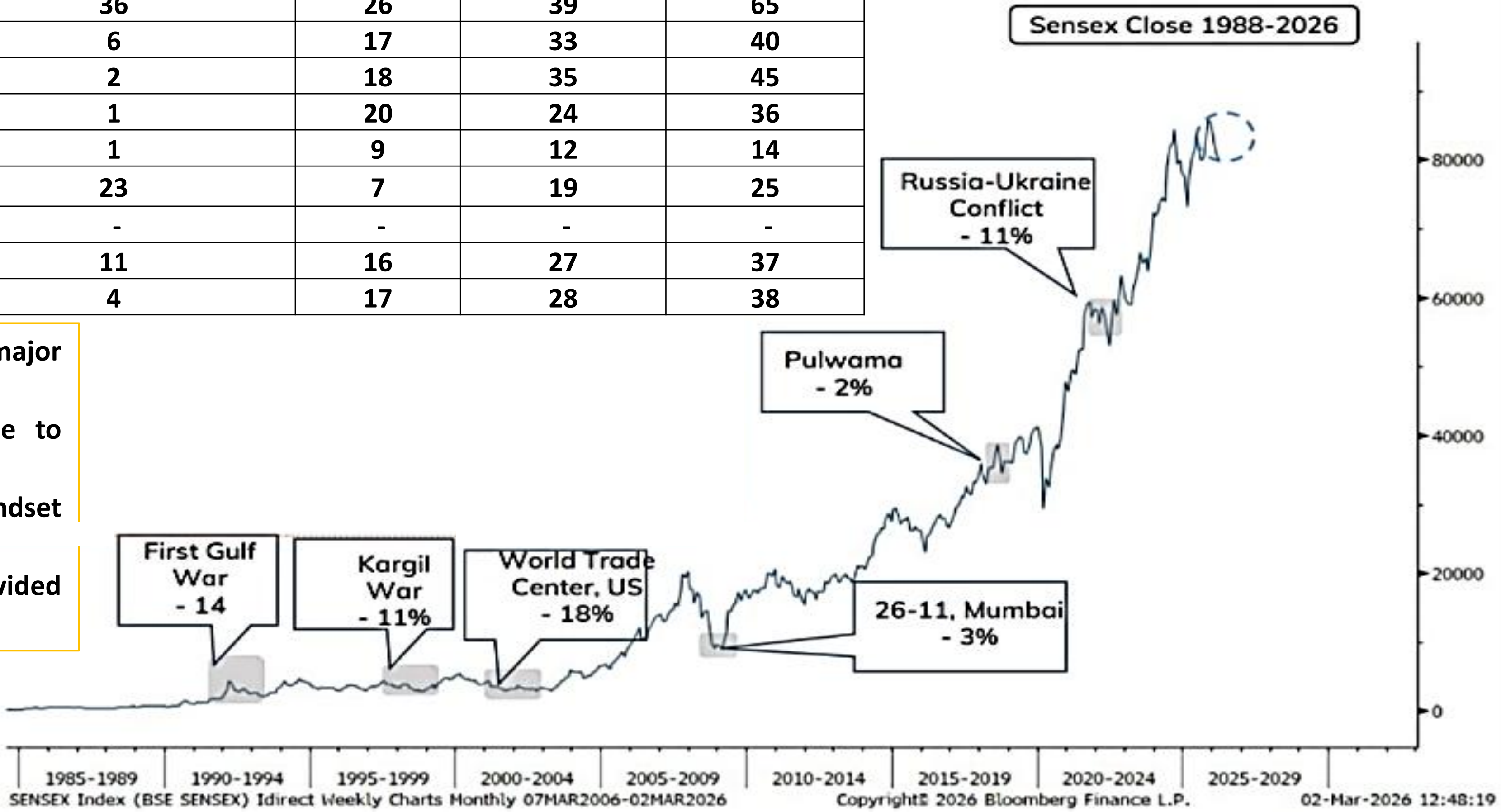
MARKET BEYOND NOISE – Risk, Return and Emotions

10th March, 2026

Geopolitical Event	Date	Correction (%)	Correction Duration (weeks)	Forward Returns from Correction low		
				1 Month (%)	3 Months (%)	6 Months (%)
Iraq War	02-08-1990	-14	36	26	39	65
Kargil War	03-05-1999	-11	6	17	33	40
9/11 Terror Attack	11-09-2001	-18	2	18	35	45
26/11 Mumbai Attack	26-11-2008	-3	1	20	24	36
Pulwama Attack	14-02-2019	-2	1	9	12	14
Russia–Ukraine Conflict	24-02-2022	-11	23	7	19	25
Iran–Israel/US Conflict	01-03-2026	-5	-	-	-	-
Average		-9	11	16	27	37
Median		-11	4	17	28	38

- In the last four decades, there have been six major geopolitical escalations.
- Each occasion formed a major market bottom due to heightened anxiety.
- Investing during periods of panic with a long-term mindset has historically been rewarding.
- The same may hold true in the current scenario, provided history repeats again.



Source: ICICI Securities

What History Says About Market Recoveries

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When the Nifty stagnated for 18 months, how did the next 12 and 36 months perform ?

Start Date	End Date	18M Return	Next 12M Return	Next 36M Return
31-Jul-01	31-Dec-02	1.92%	72%	159%
31-Aug-01	31-Jan-03	-1.13%	74%	188%
31-Oct-01	31-Mar-03	0.65%	81%	248%
31-Jan-07	30-Jun-08	-1.03%	6%	40%
31-Mar-08	31-Aug-09	-1.53%	16%	13%
30-Apr-08	30-Sep-09	-1.59%	19%	12%
28-Feb-11	31-Jul-12	-1.95%	10%	63%
30-Apr-11	30-Sep-12	-0.80%	1%	39%
31-May-11	31-Oct-12	1.07%	12%	44%
31-Dec-14	31-May-16	-1.48%	18%	46%
30-Jun-15	30-Nov-16	-1.72%	24%	47%
30-Sep-21	28-Feb-23	-1.78%	27%	48%
31-Oct-21	31-Mar-23	-1.76%	29%	47%
31-Aug-24	31-Jan-26	0.34%	?	?

Source: Edelweiss AMC

History shows that periods of weak market performance are often followed by strong recoveries.

Historically, periods of weak 18-month market performance have been followed by strong recoveries, with the Nifty delivering 30% average returns over the next year and 76% over the next three years.

What History Says About Stagnation Phases

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Market Performance during Stagnation Phase and the recovery that followed

	18 M Stagnation Period		18 M Stagnation period + the following 36 M	
Stagnation Period	Nifty Absoulte Return (18M)	SIP XIRR (18M)	Nifty Absolute Return (18M + Next 36M)	SIP XIRR (18M + Next 36M)
Jul-01 – Dec-02	2.03%	8.63%	182.40%	36.57%
Aug-01 – Jan-03	0.47%	2.10%	208.90%	38.58%
Oct-01 – Mar-03	9.80%	-6.07%	307.90%	43.21%
Jan-07 – Jun-08	2.53%	-15.18%	48.37%	11.29%
Mar-08 – Aug-09	0.20%	38.64%	17.07%	7.17%
Apr-08 – Sep-09	9.23%	47.31%	26.90%	10.43%
Feb-11 – Jul-12	-1.47%	0.06%	66.60%	16.38%
Apr-11 – Sep-12	0.03%	12.67%	44.37%	12.49%
May-11 – Oct-12	0.73%	10.66%	49.80%	12.91%
Dec-14 – May-16	0.00%	1.46%	52.07%	13.02%
Jun-15 – Nov-16	-0.40%	2.90%	51.90%	12.09%
Sep-21 – Feb-23	3.00%	0.63%	50.17%	10.63%
Oct-21 – Mar-23	0.63%	0.76%	51.13%	10.64%
Aug-24 – Jan-26	2.97%	4.75%	—	—

Source: Internal Analysis, Advisory Khoj

Absolute return indicates the total gain over the investment period, while XIRR represents the annualized return that accounts for the timing of multiple investments such as SIPs.

Market stagnation phases are a natural part of equity market cycles. Historically, periods of weak 18 months market performance have been followed by strong recoveries with the Nifty delivering median returns of 51% over the next 36 months following stagnation phase.

Median SIP XIRR during stagnation phases was modest at 2.50%, but increased to 12.5% when investors remained invested through the subsequent recovery period (18-month stagnation followed by the next 36 months)

Key Takeaways for an Investor

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- Markets are uncertain, unpredictable and move through cycles, often testing investor conviction. Periods of stagnation or corrections can make investors question their decisions and wonder whether they should have chosen a different asset class, booked profits earlier, or avoided investing altogether.

- Such emotional thoughts are natural during difficult market phases. However, reacting to short-term discomfort can lead investors to make decisions driven by emotion rather than a disciplined long-term investment approach, which can ultimately result in poor long-term outcomes.

- Equity markets rarely move in straight lines. Phases of uncertainty and weak returns are a natural part of the journey before the next cycle of growth begins.

- For SIP investors, these phases can actually be beneficial. Continuing disciplined investments during market weakness allows investors to accumulate more units, positioning them better for the eventual recovery.

- History consistently shows that patient and disciplined investors tend to benefit from market recoveries. Those who stay invested through cycles are often better positioned to capture long-term wealth creation.

- Ultimately, successful investing is as much about behavior as it is about markets. Staying disciplined, patient, and committed to your investment plan is often the most important factor in achieving your financial goals and producing successful long-term outcomes.