

Dynamic Market Dependence between the Indian Market and Other Asia–Pacific Markets: Evidence from Multivariate DCC GARCH and Copula Model

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Abstract: The study examines the dynamic dependence structure between the Indian market and other emerging and developed Asia-Pacific markets, a symbol of India's growing economic connectivity with the global. We used the Copula-based Multivariate GARCH model to analyze the Conditional Correlation by Multivariate Generalized Autoregressive Conditional Heteroskedastic (MGARCH) and copula models to determine dependency. The study considered daily indices data from March 04, 2003, to December 31, 2023. The study found that there is a significant dynamic dependency among the Indian market and other Asia-Pacific markets. Compared to findings obtained from static models, our results offer investors interested in the Indian market with more timely recommendations for risk management, international asset allocation, and portfolio diversification.

Keywords: Dependence Structure, Indian Market, Asia–Pacific Market, Copula

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