

Volatility, Geopolitics and the case for **Staying Invested**



Financial markets often react sharply to geopolitical developments, and the recent escalation has once again brought volatility back into focus for investors across the world.

Global markets have been grappling with rising energy prices, concerns around inflation and heightened uncertainty. For India, which imports a significant portion of its crude oil requirements, such developments tend to have a direct impact on investor sentiment and market movements.

As of 19 March 2026, Indian equity markets witnessed a sharp sell-off. The BSE Sensex declined ~ 2,500 points to 74,207, while the Nifty 50 fell ~ 776 points to around 23,002 in a single trading session. The fall wiped out roughly 11 lakh crore of investor wealth in one day, highlighting how quickly global events can ripple through financial markets.

The broader correction has been unfolding for several weeks. Since tensions escalated in late February, benchmark indices have slipped close to 10% from their recent peaks, bringing the market into correction territory.

During such phases, investors often ask an important question: Is this the right time to pause investments and wait for stability?

While the instinct to step back during uncertainty is understandable, long-term investing principles suggest that periods of volatility may actually strengthen disciplined investment strategies rather than weaken them.

Volatility is an inherent feature of markets

Markets have historically responded to geopolitical shocks, economic cycles and policy changes. Conflicts in energy-producing regions, interest rate shifts, or macroeconomic uncertainties can trigger short-term corrections.

However, history also shows that markets tend to stabilise and recover over time as economies adjust and growth resumes. Temporary volatility, therefore, is not unusual – it is an integral part of market cycles.

Global Event	Approx. Sensex Fall	Time Taken to Stabilise / Recover
Iraq War (2003)	~9–10% decline when the war began in March 2003	Around 1–2 months (~49 days)
European Debt Crisis (2011)	About 20–25% decline during 2011 as the Eurozone crisis escalated	Recovery phase began within months; markets recovered over the next 1–2 years
COVID-19 Pandemic (2020)	Roughly 35–38% fall from peak to March 2020 lows	Sharp recovery; markets regained most losses within 6–7 months and hit new highs in 2021

Source: BSE Historical Data. Past performance is not a reliable indicator of future performance

This pattern offers an important reminder: The challenge is not avoiding volatility altogether but navigating it with discipline and perspective.

Why systematic investing becomes even more relevant?

Systematic Investment Plans (SIPs) were designed precisely to address the challenges of market timing.

Instead of attempting to predict market highs and lows, SIPs allow investors to invest a fixed amount at regular intervals. This approach encourages disciplined participation in the market while reducing the emotional pressure that often accompanies short-term volatility.

In recent years, SIPs have become one of the most widely adopted investment routes among retail investors in India, reflecting a gradual shift toward goal-based, long-term investing.

When markets fall, investors accumulate more units

One of the most powerful yet often overlooked advantages of SIP investing becomes visible during market corrections.

Because SIPs involve investing a fixed amount regularly, declining markets allow investors to accumulate more units at lower prices.

For instance, if an investor invests ₹ 10,000 when the fund's NAV is ₹ 50, they receive 200 units. If market volatility brings the NAV down to ₹ 40, the same investment amount purchases 250 units instead of 200.

This mechanism, known as rupee cost averaging, helps smooth out the cost of investment over time.

Ironically, the periods that make investors most uncomfortable often become the periods where SIP investors accumulate the highest number of units. When markets eventually stabilise and recover, these additional units can contribute meaningfully to long-term returns.

Pausing SIPs during corrections may therefore interrupt the very mechanism designed to help investors benefit from market cycles.

Compounding rewards consistency

Another powerful force in long-term investing is compounding — the process where investment returns begin generating additional returns over time.

However, compounding requires two essential ingredients: time and consistency.

Interruptions in investments, particularly during volatile periods, can reduce the potential impact of compounding. Maintaining disciplined investments across market cycles allows compounding to work more effectively over the long term.

For investors pursuing goals such as retirement planning, children's education, or long-term wealth creation, consistency often becomes more important than reacting to short-term market developments.

Staying focused on the bigger picture

Geopolitical events such as the ongoing US-Iran tensions remind us that markets will inevitably face periods of uncertainty. Yet they also reinforce an important lesson for long-term investors: volatility is temporary, but disciplined investing can be enduring.

SIPs help investors navigate these phases by encouraging regular participation in markets while enabling them to accumulate more units when prices decline.

In the end, successful investing is rarely about predicting every market movement. More often, it is about remaining invested with patience, discipline, and a clear focus on long-term financial goals — even when the headlines are uncertain.

Source: AMFI, MFI Explorer, BSE, NSE, Bloomberg. Data as on March 19, 2026 or as latest available.

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