

A Study on Technical Analysis with special reference to Automobile, Banking and FMCG Company's

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Abstract: This project is based on the performance of the different companies over various sectors which is listed in BSE and NSE. There are three different sector that are Banking Sector, Fast Moving Consumer Good Sector, and Automobile Sector. On the basis of analysis of secondary data collected from website one can develop buy and sell strategy. Analysis is done based on technical tools like Relative Strength Index, Moving average Convergence Divergence and Stochastic Oscillator are the tools used for analysis. On the basis of analysis one can buy stock of Banking, Automobile and Fast Moving Consumer Goods.

Keywords – Bombay Stock Exchange, National Stock Exchange, Technical Analysis, Relative Strength Index, Moving average Convergence Divergence and Stochastic Oscillator

I. INTRODUCTION

1.1 Technical analysis is a tool or a method which is used to predict the probability of future price movement of a security such as stock or a currency pair which is based on a market data. Technical analysts do not attempt to measure a security's intrinsic value but instead of that it uses the charts and other tools to identify patterns of the market behavior that can suggest the future activities. Technical Analysis is directed towards predicting the price of the security.

1.2 The signals at which a buyer and seller both settle a deal is considered to be the one precise figure which synthesized, weighed and finalized to expresses all factors which can be Rational and Irrational, Quantifiable and Non-Quantifiable and is the only figure that counts. Thus, technical analysis provides a systematic and comprehensive picture of what is happening in the market related to the price of a security. Like a shadow or reflection, it shows the broad outline of the whole situation and it actually works in practice.

II. LITREATURE REVIEW

2.1 Pushpa BV, Sumithra C. G & Madhuri Hegde (2017) has done a research on the Investment Decision Making Using Technical Analysis: A Study on Select Stocks in Indian Stock Market. The objectives were to analyse the share price movement of select companies to find out returns, to employ various technical tools to analyze the price movements & to suggest the investors on buy hold or sell strategies based on technical indicators. The tools which were used for the study of secondary data were MA, RSI, MACD and Line Chart. It concludes that the researchers found that most of the stocks analyzed revealed technically strong position. Stock market provides great opportunity both in short term and long term only for informed investors and professionals.

2.2 T. Deva Prasad, C. Chaitanya & A. Thulasi Kumar (2018) has done a research to Study on Stock's Volatility in Banking Sector Using Technical Analysis. The objectives were to know the movements of stock prices of selected banking stocks through Technical analysis, to analyze tools of technical analysis can be used in stock prices movement, to analysis and understand trends and patterns in stock price movements. The tools which were used for the study of secondary data were Bollinger Band, RSI and Chart Pattern. It concludes result that technical indicators can play useful role in the stock market entry and exit. By technical tools brokers or investors enjoy substantial profit. Share's volatility of banking sectors differs from other sectors because banking share volatility depends upon RBI decision.

2.3 B. Nisha (2018) has done a research on Equity Analysis of Banking Sector Listed in NSE. The objective is to aims at analyzing the tools of technical analysis used for forecasting stock prices and interpreting whether to buy or sell them. The tools which were used for the study of secondary data were Relative Strength Index (RSI), Moving Average and Convergence and Divergence (MACD). It can be concluded that Technical Analysis is a technique which gives an idea about the future share prices of selected companies in which we invest. On the basis of the knowledge of technical analysis one can predict the perfect investment decision of the stock market. By using the technical indicators, the future market of securities would be known in which is invested.

III. RESEARCH METHODOLOGY

This is an analytical study based on the secondary data collected from BSE and NSE India of the Top Nodge companies based on their contribution to the GDP within country. Hence, the present study entitled as "A Study on Technical Analysis with special reference to Automobile, Banking and FMCG Company's".

3.1 Objective of Research

- To know the performance of selected Top Nodge Companies through Technical analysis.
- To identify the chart trends and patterns while identifying which indicators is more profitable.
- To know that how indicators of technical analysis are used to predict the price of future.

3.2 Research Design

There are mainly three types of research design...

- Exploratory research design
- Descriptive research design
- Causal research design

The research design for the technical analysis is descriptive research design. The descriptive research design is use in the projection because it helps to describe data to interpret the future trend.

3.3 Period of the Study

The study covers a period of two year from 01, December 2018 to 31, November 2020.

3.4 Data Collection:

There are mainly two sources of data way to collect data that is primary source and another one is secondary source.

- Primary data defined as the data that is collected by using methods like surveys and interviews with various different way.
- Secondary data is a data that is collected from indirect sources.

Over here in this study secondary data is used for the analysis. This includes company websites, books, and BSE and NSE websites with many other different sources.

3.5 Limitation of Study

- The study only conducts the analysis of two year data from December, 2018 to December, 2020.
- The analysis is solely based on the technical analysis.
- Over here the short selling is not allowed and it is out of consideration in research.

3.6 Scope of the study

- The study helps to find out the future trends in the price of insurance sectors companies share. Valuable hints can be identified by the investors for their future buying and selling.
- The analysis involves using of limited technical tools instead of various tools.

3.7 Benefits of the study

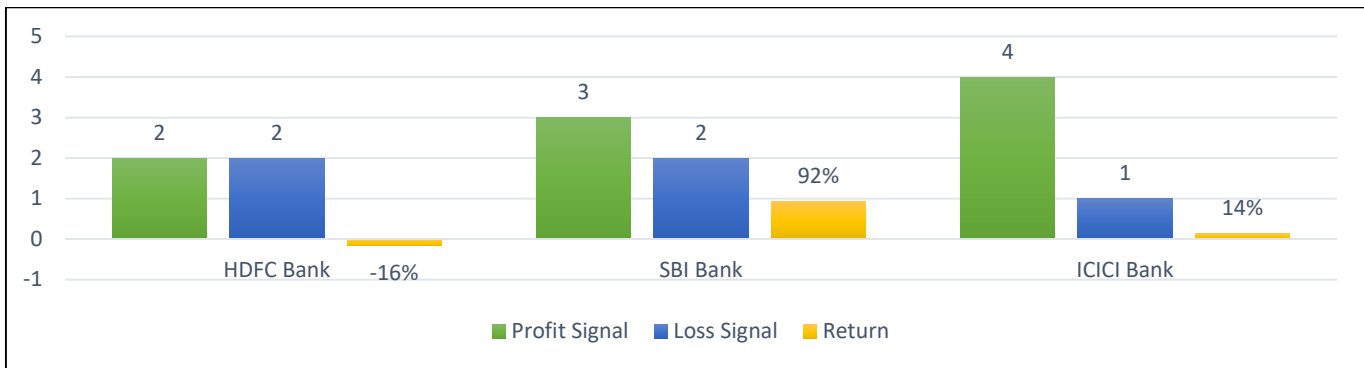
- This study can provide the insight of price movement of stock market
- This study provides us the data on returns of stock market for the top nodge companies of a nation.

IV. RESULTS AND DISCUSSION

This section deals with the presentation and discussion for the results of data analysis.

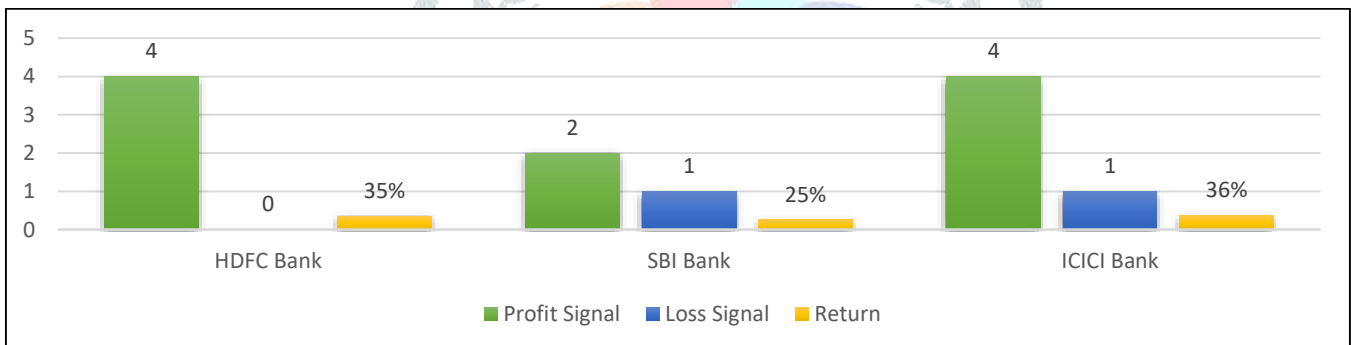
4.1 Banking Sector

COMPANY NAME	Relative Strength Index			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
HDFC Bank	4	2	2	-16%
SBI Bank	5	3	2	92%
ICICI Bank	5	4	1	14%
	14	9	5	90%



The above interpretation is of relative strength index for overall banking sector and their company performance over a specific period. The above chart and table interpret that ICICI Bank has highest profit signal than the rest of the two companies also the SBI bank and HDFC Bank has the most loss signal then the ICICI Bank over here also the performance is remarkable as it has only one loss signal. The other thing to notice is that since ICICI has the one loss signal their return is only 14% which is low from the investor point of view whereas SBI Bank has a highest return then the rest of the two. This indicate that the SBI stock is more volatile but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would not go for the HDFC securities as the return is showed under the loss statement.

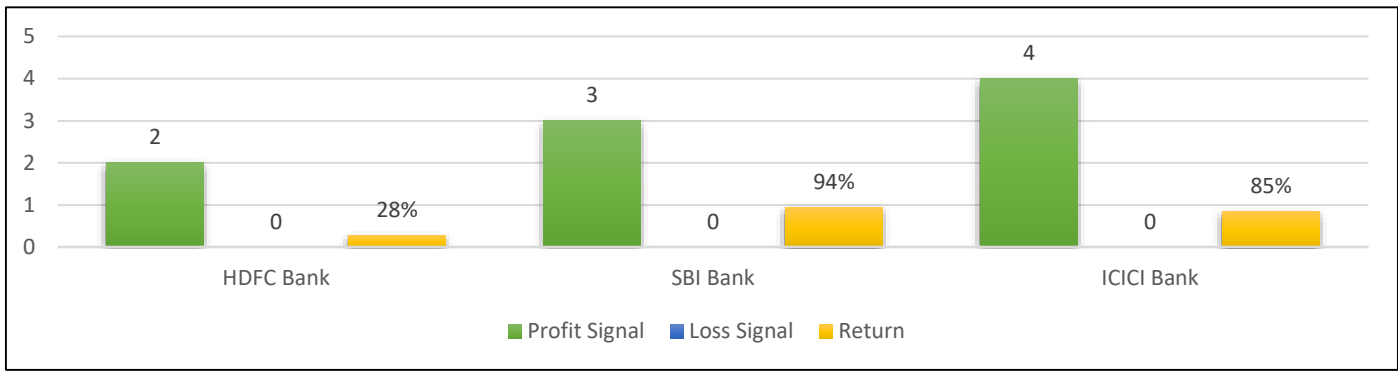
COMPANY NAME	Moving Average Convergence Divergence			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
HDFC Bank	4	4	0	35%
SBI Bank	3	2	1	25%
ICICI Bank	5	4	1	36%
	12	10	2	96%



The above interpretation is of moving average convergence divergence for overall banking sector and their company performance over a specific period. The above chart and table interpret that ICICI Bank and HDFC Bank has highest profit signal than the rest of the one company also the SBI bank and ICICI Bank has the most loss signal then the HDFC Bank over here also the performance is remarkable as it has only one loss signal.

The other thing to notice is that since ICICI Bank and SBI Bank has the one loss signal their return is only 36% and 15% whereas HDFC Bank has a good return then the rest of the two. This indicate that the ICICI stock is more volatile but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would go for the HDFC securities as the return is showed under the profit statement without any loss signal.

COMPANY NAME	Stochastic Oscillator			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
HDFC Bank	2	2	0	28%
SBI Bank	3	3	0	94%
ICICI Bank	4	4	0	85%
	9	9	0	207%

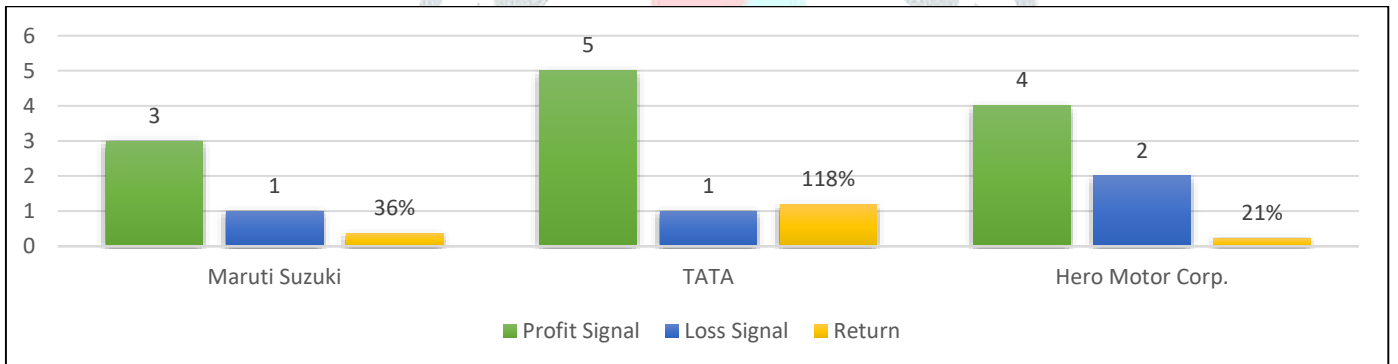


The above interpretation is of stochastic oscillator for overall banking sector and their company performance over a specific period. The above chart and table interpret that ICICI Bank has highest profit signal than the rest of the two companies also none of the companies has generated loss signal.

Over here none of the companies has generated the loss signal so all the securities will provide you good return but SBI Bank and ICICI has good return as compared to the HDFC Bank. The one would go for the SBI securities as the return is showed under the profit statement with highest return and though ICICI is generating the good amount of return but it is more volatile in nature than the SBI.

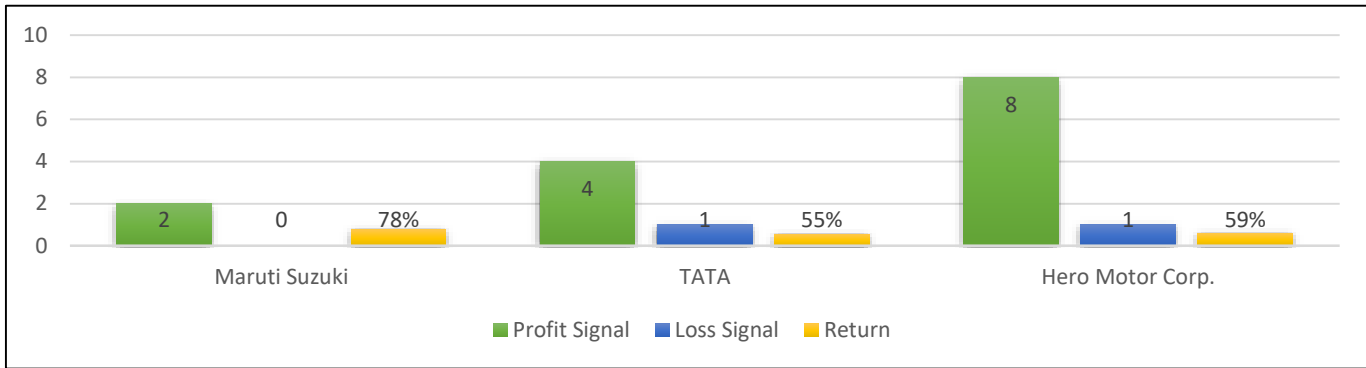
4.2 Automobile Sector

COMPANY NAME	Relative Strength Index			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Maruti Suzuki	4	3	1	36%
TATA	6	5	1	118%
Hero Motor Corp.	6	4	2	21%
	16	12	4	175%



The above interpretation is of relative strength index for overall automobile sector and their company performance over a specific period. The above chart and table interpret that TATA has highest profit signal than the rest of the two companies also the Hero Motor Corp has the most loss signal then the other two companies whereas the TATA performance is remarkable as it has only one loss signal. The other thing to notice is that since TATA has the one loss signal their return is 118% which is very good return from the investor point of view. This also indicate that the TATA stock is more volatile in nature but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would not go for the Hero Motor Corp securities as the return is showed is low then the other two companies and also have generated two loss signals.

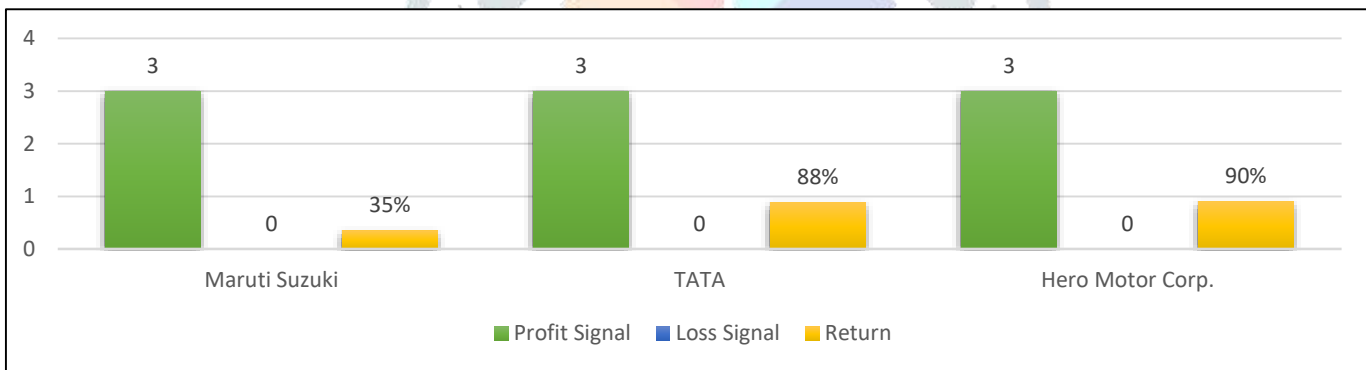
COMPANY NAME	Moving Average Convergence Divergence			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Maruti Suzuki	2	2	0	78%
TATA	5	4	1	55%
Hero Motor Corp.	9	8	1	59%
	16	14	2	192%



The above interpretation is of moving average convergence divergence for overall automobile sector and their company performance over a specific period. The above chart and table interpret that TATA and Hero Motor Corp has highest profit signal than the rest of the one company also the TATA and Hero Motor Corp has the one loss signal then the Maruti Suzuki over here the performance is remarked as it is low in volatile nature with good returns.

This indicate that the Maruti Suzuki stock is less volatile but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would go for the Maruti Suzuki securities as the return is showed under the profit statement without any loss signal.

COMPANY NAME	Stochastic Oscillator			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Maruti Suzuki	3	3	0	35%
TATA	3	3	0	88%
Hero Motor Corp.	3	3	0	90%
	9	9	0	213%

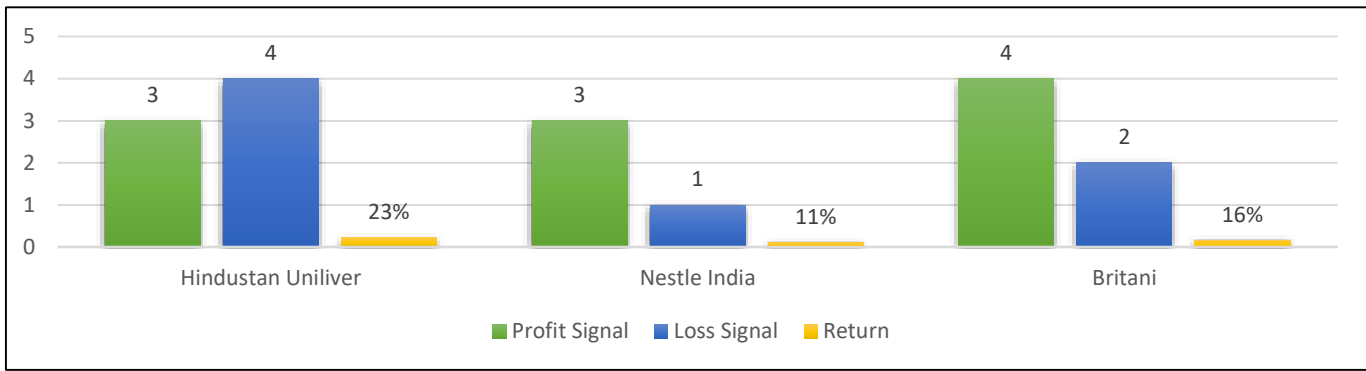


The above interpretation is of stochastic oscillator for overall automobile sector and their company performance over a specific period. The above chart and table interpret that all the companies have highest profit signal also none of the companies has generated loss signal.

Over here none of the companies has generated the loss signal so all the securities will provide you good return but TATA and Hero Motor Corp has good return as compared to the Maruti Suzuki. The one would go for the Hero Motor Corp and TATA securities as the return is showed under the profit statement with highest return and though Maruti Suzuki is generating the good amount of return but it is more moderate in nature than the rest of the two.

4.3 Fast Moving Consumer Goods Sector

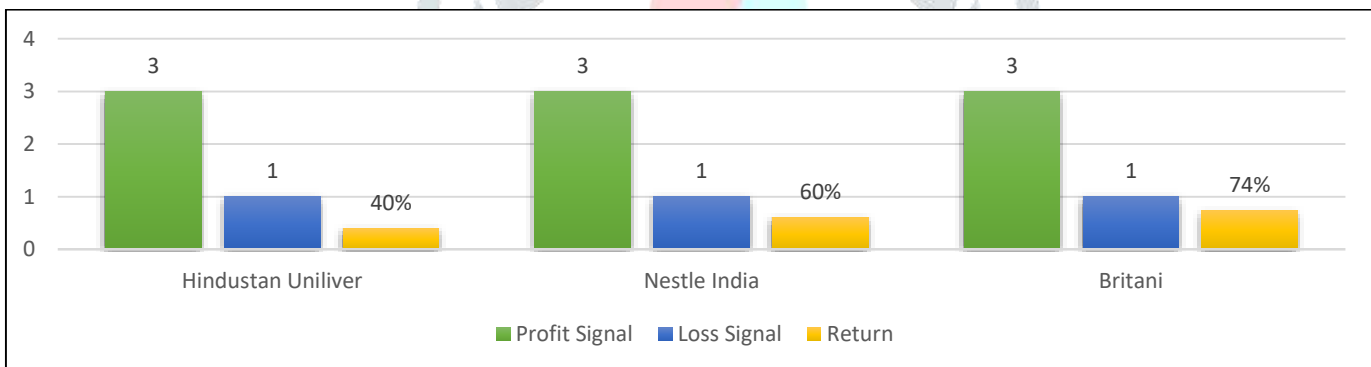
COMPANY NAME	Relative Strength Index			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Hindustan Uniliver	7	3	4	23%
Nestle India	4	3	1	11%
Britani	6	4	2	16%
	17	10	7	50%



The above interpretation is of relative strength index for overall fast-moving consumer goods and their company performance over a specific period. The above chart and table interpret that Britannia has highest profit signal than the rest of the two companies also the Hindustan Uniliver has the most loss signal then the rest of the two companies.

The other thing to notice is that since Hindustan Uniliver has the most loss signal their return is 23% which is high than the other as they have the low amount of loss signal. This indicate that the Hindustan Uniliver stock is more volatile but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would not go for the Britannia securities as the return is showed under the loss statement and is also more volatile in nature.

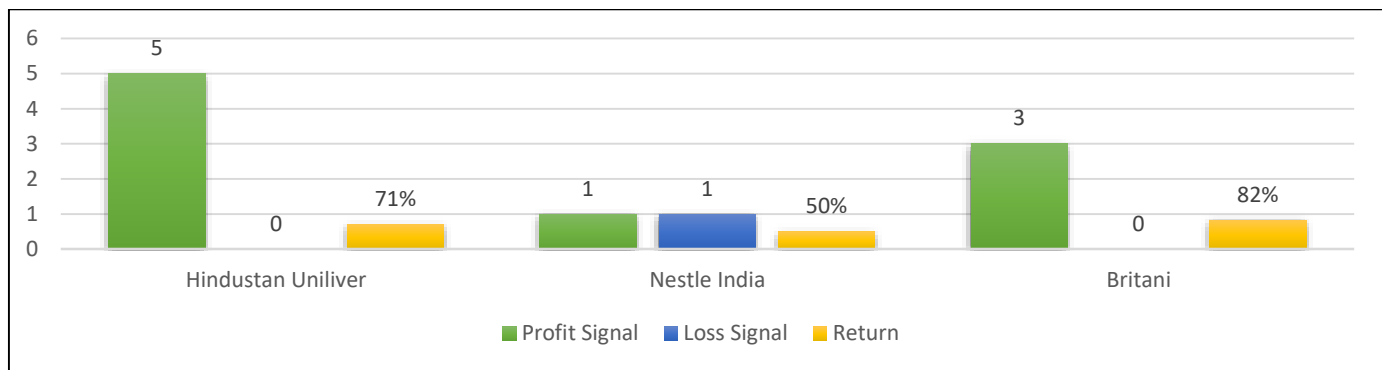
COMPANY NAME	Moving Average Convergence Divergence			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Hindustan Uniliver	4	3	1	40%
Nestle India	4	3	1	60%
Britani	4	3	1	74%
	12	9	3	174%



The above interpretation is of moving average convergence divergence for overall fast-moving consumer goods and their company performance over a specific period. The above chart and table interpret that all of them has highest profit signal also of them has the equal amount of loss signal.

The other thing to notice is that since all of them has the loss signal there has been good returns from all the companies. This indicate that the all stock is moderate in nature but can provide good returns if exit and entry in the market is been taken place at good point of the time. The one would go for the Britannia as the return is showed under the profit statement with highest returns.

COMPANY NAME	Stochastic Oscillator			
	CONSIDERATION			
	Buy & Sell Signal	Profit Signal	Loss Signal	Return
Hindustan Uniliver	5	5	0	71%
Nestle India	2	1	1	50%
Britani	3	3	0	82%
	10	9	1	203%



The above interpretation is of stochastic oscillator for overall fast-moving consumer goods and their company performance over a specific period. The above chart and table interpret that Hindustan Uniliver has highest profit signal than the rest of the two companies also Nestle has generated loss signal.

Over here Nestle has generated the loss signal so all the securities will provide you good return except one company. But Hindustan Uniliver and Britannia has good return as compared to the Nestle. The one would go for the Britannia securities as the return is showed under the profit statement with highest return and though Hindustan Uniliver is generating the good amount of return but it is more volatile in nature than the Britannia.

V. CONCLUSION

- After the analysis it can be studied that among all the three indicator the Stochastic Oscillator is the best instrument to analyse of trend and what the market is actually suffering whereas the other two instrument is also quite accurate but it get you through a more volatile market and come up with the shorter trend pattern as they have only one main line where they can analyse the factor as of the Stochastic Oscillator has two min line to work on the fast line and the slow line which help one to know both the term short and long term of the trend which help one to know the different factor which are affecting the market trend.
- In current scenario, if you are from the one who relies on the fundamental analysis, brokers advice, newspaper articles or business channels for your investing or trading decision you are the one who is going through a painful experience in the market.
- So, this study on technical analysis will help the investors in analysis of the scripts based on the technical tools to earn fruit full investment.
- The buying and selling pressure is often equal in most of the companies after getting analysis done through the several indicators. Buying and selling of the stock is not a cup of tea for every one if you want to make money while trading.
- Millions of the investors have lost their money in past trying guessing stock price movements. In order to consistently make money in the stock market, investors should have to be right over 70% of the time as any uncertainty can get you in the loop hole and lots of money drill can get busted behind the base less trading.
- As such technical analysis help one to predict the future market of the security since there is no such way one can get the full track record of market as there is lot of uncertainty over the price fluctuation so one should not emphasized on any kind of fix situation to get you all in the market it will lead down.

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