

**Fostering Innovation, Integration and Inclusion Through  
Interdisciplinary Practices in Management****A Study on Moving Average of Selected Stocks in  
Banking Sector using Technical Analysis****Mr. Krishnat H. Chougale**

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**ABSTRACT**

The study is about analysis of moving average of shares in banking sector by using technical analysis. The technical analysis shows the turning points, which predicts when to buy or sell the stock. This paper helps to know which bank performs better compared to other banks based on the price fluctuation by using technical analysis.

**KEYWORDS:** Moving Average & Technical Analysis**I. INTRODUCTION**

Shares are one of the best saving mechanism to get maximum returns in future compare to any other instrument like bank deposits, debentures, gold etc., but shares have high risk involved. Most of the investors fear about stock market because they don't know the full pledge knowledge in stock market. In share market only our investment make double or triple within a short period when compare to other instrument. (Chandra, 2008)

**II. Technical Analysis**

Technical Analysis is the prediction of future stock price movements based on past price movements. It can help investors to anticipate what possible can happen to the prices over time. It helps to present trends for buying and selling. It shows the historical movements and key areas of support and resistance. It indicates the probable future action of the market by projection. Technical analysis is to generate returns by chart patterns decide when to enter and when to exit in the security. (Pandian, p. 2010)

**III. Moving Average**

Moving averages are one of the most popular and easy to use tools available to the technical analyst. They smooth a data series and make it easier to spot trends, something that is especially helpful in volatile markets. They also form the building blocks for many other technical indicators and overlays. (Moving Averages)

**IV. Research Methodology**

In this study, the researcher has focused on the subject of technical analysis. It is a method of evaluating the securities by analyzing past market data such as share price movement, graph etc. It is a broad topic, so the researcher has just selected few banks and analysis their moving average to understand the price movement of the stocks. Data for this study was collected from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018 (Weekly closing prices).

**V. Scope of the Study**

This study mainly focused on investment decisions by predicting futures stock price movements through the use of Technical analysis. This study was based on five selected banks from those listed on the National Stock Exchange.

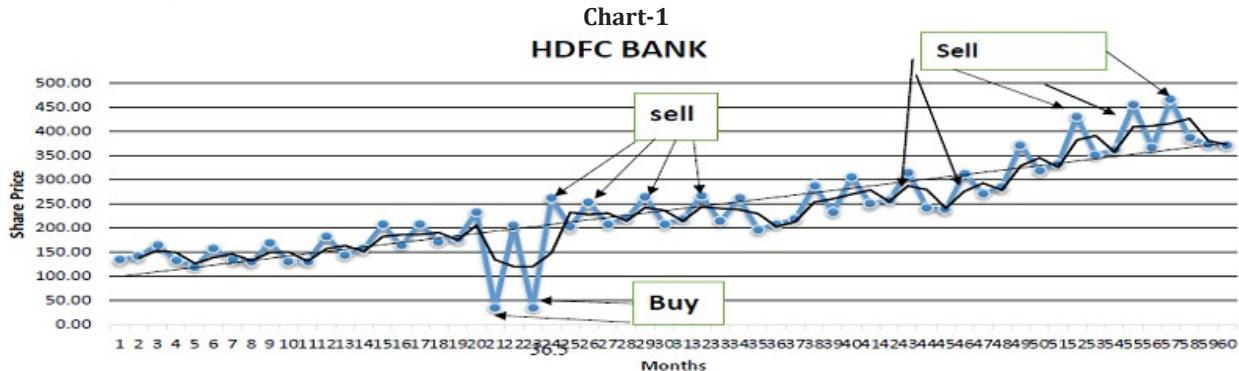
**VI. Objectives of the Study**

1. To know the movements of stock prices of selected banking stocks through technical analysis.
2. To study how future behavior of the market is predicted by using moving averages.

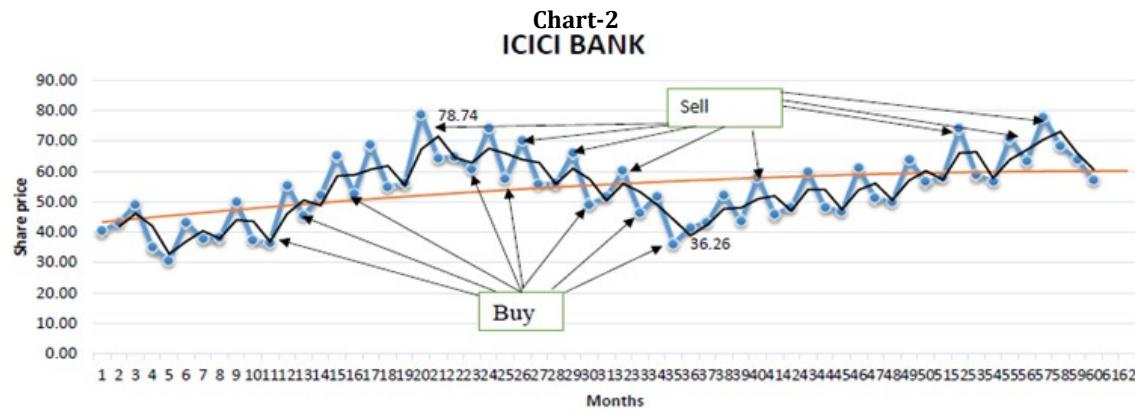
**VII. Chart Pattern**

Charts reveal a certain pattern that is of predictive value. They are used as a supplement to other information and as confirmation of signals provided by trend lines. Charts are valuable and easiest of tools used in technical analysis. The graphic presentation of data helps the investors to find out the trend of prices without any difficulty.

### VIII. Data Analysis



The chart 1 depicts the prices and moving average of HDFC Bank on monthly basis from 1 April 2013 to 31 March 2018. The above chart explains the point when to buy the share and when to sell it. In a second year means in the months of 21 and 23 the share prices are fall, it best time to buy the share to investors (i.e. at Rs 36.5) and also price is the below the moving average line it meant that the stock was in a weak position. When the stock prices are above the line then it is strong position i.e. in the last year 2018, so it is time to sell the share or execute the short sell position. The technical analysis of HDFC bank shows that upward trend.



The chart 2 revels that price and moving average of ICICI bank on monthly basis from 1 April 2013 to 31 March 2018. The above chart indicates that point when to buy the share and when to sell it. In a first year and second year that was in the months of 11, 30 and 36 the share price was fall. It was good time to buy the share and also price is the below the moving average line it means that the stock was in a weak position. When the stock price was above the line then it was strong position i.e. in the last year 2018. So it was time for sell the share or executes the short sell position. Because after two year prediction shows that market will be decline.



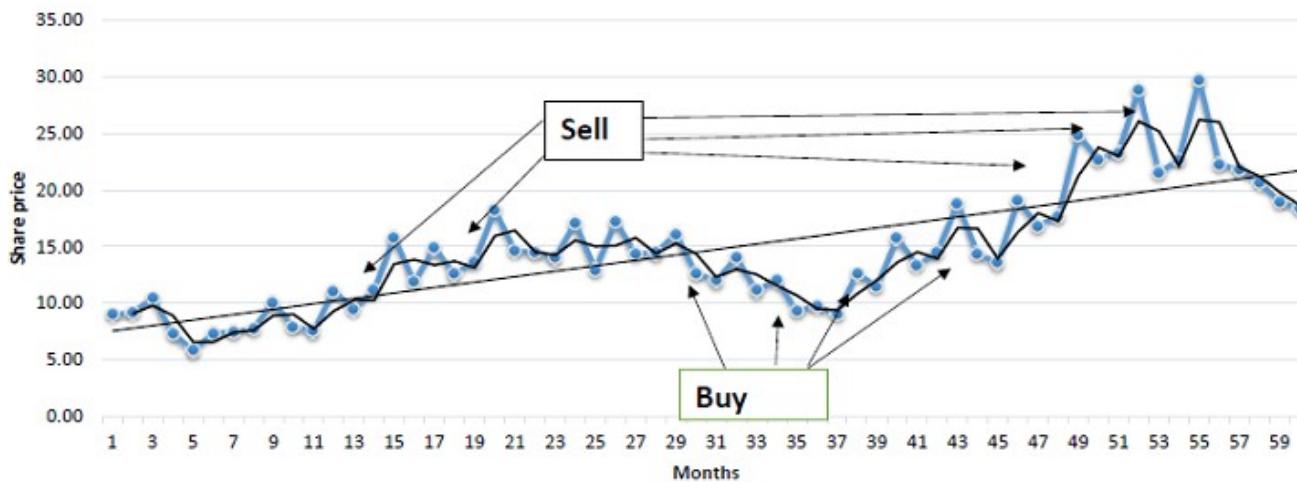
The chart-3 indicates that, price and moving average of SBI bank on monthly basis from 1 April 2013 to 31 March 2018. The above technical analysis explains that when to buy the share and when to sell it. In a first year and second year a mean that is in the month of 11, 30 and 36 the share prices are fall. It was best time to invest in this company share and also price was the below the moving average line it means that the stock was in a weak position. When the stock price was above the line then it was strong position i.e. in the last year 2018. So it was time to sell the share or execute the short sell position. Because after two years prediction shows that market will be falling.

**Chart-4  
AXIS Bank**



The above analysis revels that price and moving average of AXIS bank on monthly basis from 1 April 2013 to 31 March 2018. The above chart explains that when to buy the share and when to sell it. Best time to buy the share when price was the below the moving average line it means that the stock was in a weak position. When the stock price was above the line then it was strong position so, it was time to sell the share or execute the short sell position. Because after two years prediction shows that market will be decline.

**Chart-5  
FEDERAL**



The above chart indicates that the price and moving average of FEDEAL bank on monthly basis from 1 April 2013 to 31 march 2018. The above chart explains that when to buy the share and when to sell it. In a third year means in the month of 31 to 40 the share price was decline. It was best time to buy the share. Furthermore when price was below the moving average line it means that the stock was in a weak position. When the stock price was above the line then it was strong position so, it was time to sell the share.

## **IX. Conclusion**

The study shows that all banks are earning normal profits. Technical analysis is tool to predict the future direction of individual securities. There are more number of tools to analysis the securities, but technical analysis is one of the best tools to provide practical exposure to investors. Researcher concluded from the result that technical indicators can play useful role in the timing stock market entry and exit. By applying technical tools brokers or investors enjoy substantial profit. Shares volatility of banking sectors differ from other sectors because banking share volatility depends upon RBI rules & regulations.

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