

A Study on Technical Analysis of Equity Stocks

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ABSTRACT

An investor in the stock market would be interested in analyzing the stock price movements. Prices in the stock market fluctuate due to continuous buying and selling in the market. There are basically two approaches used in analyzing the share price movements. They are fundamental approach and technical approach. Both these approaches have the same objective of buying at lower price and selling at a higher price to gain good return on investment.

The term "Technical Analysis" is a general heading for myriad of trading techniques. Technical analysis attempts to forecast future prices by the study of past prices and a few other related summary statistics about security trading. A technical analyst is always concerned with the direction of price movements.

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INTRODUCTION

Technical analysis involves the use of various methods for charting, calculating & interpreting graph & chart to assess the performances & status of the price. It is the tool of financial analysis, which not only studies but also reflecting the numerical & graphical relationship between the important financial factors.

The focus of technical analysis is mainly on the internal market data, i.e. prices & volume data. It appeals mainly to short term traders.

Basic premises of technical analysis:

1. Market prices are determined by the interaction of supply & demand forces.
2. Supply & demand are influenced by variety of supply & demand affiliated factors both rational & irrational.
3. These include fundamental factors as well as psychological factors.
4. Barring minor deviations stock prices tend to move in fairly persistent trends.
5. Shifts in demand & supply bring about change in trends.
6. This shift s can be detected with the help of charts of manual & computerized action, because of the persistence of trends & patterns analysis of past market data can be used to predict future prices behaviors.

Companies selected for study

1. GLENMARK
2. BHARTI AIRTEL
3. RELIANCE

Need of the study:

1. The main aim of the study is to understand the Technical Indicators and how to predict the trend of the stock before Investing.
2. Technical Analysis provides best information about best Entry and Exit points for trade.
3. On chart, the trader can see where momentum is rising, a trend is forming, a price is dipping or other events are developing that show best entry point and time for the most profitable trades.

Scope of the study:

The present study enables us to identify the opportunities available in Indian stock. The scope of study is confined to three years period and 3 stocks of nifty index available as NSE stock exchange.

Objectives of the study:

- To estimate current market position of the company.
- To help for easy decision making process to invest in the equities.
- To distinguish between profit and loss making scripts.
- To analyze the performance of selected stock.

Research methodology:

The study is based on the secondary data collected from the internet,

TECHNICAL INDICATORS:

MOVING AVERAGE
RSI (RELATIVE STRENGTH INDEX)

Limitations of the study;

- This study confined to 3 NIFTY scripts and based on three years data only.

- Based on this study we cannot estimate the actual future returns.
- Sometimes Technical Indicators may give false single.

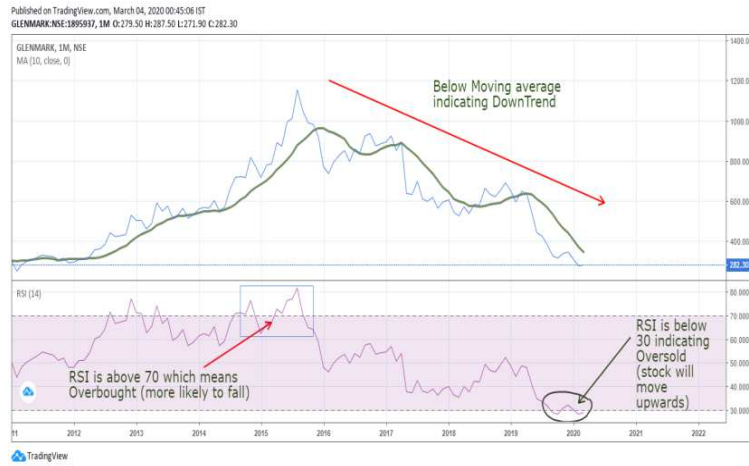
CALCULATION OF MOVING AVERAGE OF GLENMARK

DATE	CLOSE	AVERAGE	DATE	CLOSE	AVERAGE
31/1/2017	893.95		31/7/2018	581.75	572.905
28/2/2017	925.5		31/8/2018	665.65	577.7
31/3/2017	852.1		30/9/2018	632.15	584.505
30/4/2017	894.95		31/10/2018	621.5	587.18
31/5/2017	636.65		30/11/2018	653.15	591.875
30/6/2017	632.8		31/12/2018	693.05	606.725
31/7/2017	697.05		31/1/2019	651.65	619.26
31/8/2017	609.1		28/2/2019	596.55	621.745
30/9/2017	598.3		31/3/2019	647.2	632.87
31/10/2017	617.7	735.81	30/4/2019	638.4	638.105
30/11/2017	564.1	702.825	31/5/2019	545.35	634.465
31/12/2017	594.75	669.75	30/6/2019	443.35	612.235
31/1/2018	606.2	645.16	31/7/2019	426.05	591.625
28/2/2018	544.55	610.12	31/8/2019	384.3	567.905
31/3/2018	526.3	599.085	30/9/2019	325.05	535.095
30/4/2018	571.7	592.975	31/10/2019	315.4	497.33
31/5/2018	535.95	576.865	30/11/2019	337.3	465.895
30/6/2018	586.05	574.56	31/12/2019	347.45	440.985

CALCULATION OF RSI OF GLENMARK

DATE	CLOSE	CHANGE	GAIN	LOSS	AVG GAIN	AVG LOSS	RS	RS+1	RSI
31/1/2017	893.95								
28/2/2017	925.5	31.55	31.55						
31/3/2017	852.1	-73.4		73.4					
30/4/2017	894.95	42.85	42.85						
31/5/2017	636.65	-258.3		258.3					
30/6/2017	632.8	-3.85		3.85					
31/7/2017	697.05	64.25	64.25		46.216667	111.85	0.413202	1.413202	29.23872
31/8/2017	609.1	-87.95		87.95	53.55	105.875	0.505785	1.505785	33.58946
30/9/2017	598.3	-10.8		10.8	53.55	86.86	0.616509	1.616509	38.13831
31/10/2017	617.7	19.4	19.4		41.825	90.225	0.463563	1.463563	31.67361
30/11/2017	564.1	-53.6		53.6	41.825	82.9	0.504524	1.504524	33.53377
31/12/2017	594.75	30.65	30.65		38.1	39.05	0.975672	1.975672	49.38432
31/1/2018	606.2	11.45	11.45		20.5	50.78333	0.403676	1.403676	28.75848
28/2/2018	544.55	-61.65		61.65	20.5	53.5	0.383178	1.383178	27.7027
31/3/2018	526.3	-18.25		18.25	20.5	36.075	0.568261	1.568261	36.23509
30/4/2018	571.7	45.4	45.4		29.166667	44.5	0.655431	1.655431	39.59276
31/5/2018	535.95	-35.75		35.75	29.166667	42.3125	0.689316	1.689316	40.80443
30/6/2018	586.05	50.1	50.1		35.65	38.55	0.924773	1.924773	48.04582
31/7/2018	581.75	-4.3		4.3	47.75	29.9875	1.59233	2.59233	61.42467
31/8/2018	665.65	83.9	83.9		59.8	29.9875	1.994164	2.994164	66.6017
30/9/2018	632.15	-33.5		33.5	59.8	22.95	2.605664	3.605664	72.26586
31/10/2018	621.5	-10.65		10.65	67	21.05	3.182898	4.182898	76.09313
30/11/2018	653.15	31.65	31.65		55.216667	21.05	2.62312	3.62312	72.39948
31/12/2018	693.05	39.9	39.9		51.816667	16.15	3.208462	4.208462	76.23835
31/1/2019	651.65	-41.4		41.4	51.816667	22.4625	2.306808	3.306808	69.75935
28/2/2019	596.55	-55.1		55.1	35.775	35.1625	1.017419	2.017419	50.43172
31/3/2019	647.2	50.65	50.65		40.733333	35.1625	1.158431	2.158431	53.67005
30/4/2019	638.4	-8.8		8.8	40.733333	28.9875	1.405203	2.405203	58.42347
31/5/2019	545.35	-93.05		93.05	45.275	49.5875	0.913033	1.913033	47.72697
30/6/2019	443.35	-102		102	50.65	60.07	0.843183	1.843183	45.74603
31/7/2019	426.05	-17.3		17.3	50.65	52.94167	0.956713	1.956713	48.89389
31/8/2019	384.3	-41.75		41.75	50.65	53	0.95566	1.95566	48.86638
30/9/2019	325.05	-59.25		59.25	50.65	53.69167	0.943349	1.943349	48.54245
31/10/2019	315.4	-9.65		9.65	50.65	47.4	1.068565	2.068565	51.65732
30/11/2019	337.3	21.9	21.9		21.9	53.83333	0.406811	1.406811	28.91725
31/12/2019	347.45	10.15	10.15		16.025	45.99	0.348445	1.348445	25.84052

TECHNICAL CHART OF GLENMARK



INTERPRETATION:

Moving Average is indicating present trend DOWNTREND, but the Average price is below the current market price which means the Downtrend is going to end and stock tends to go up. Relative Strength Index is in Oversold Zone, indicating more buyers are buying at less price, so the stock will go up in future.

CALCULATION OF MOVING AVERAGE OF BHARTI AIRTEL

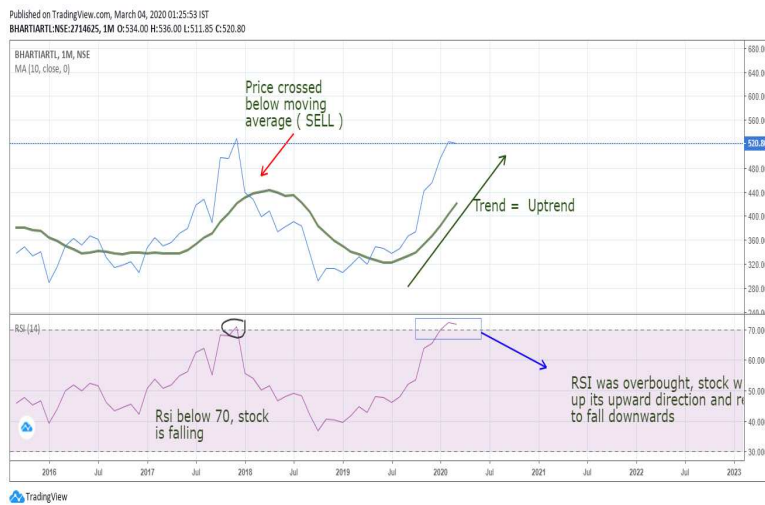
DATE	CLOSE	AVERAGE	DATE	CLOSE	AVERAGE
31/1/2017	348.2		30/6/2018	381.95	434.495
28/2/2017	365.15		31/7/2018	390.6	434.61
31/3/2017	350.05		31/8/2018	383.85	423.275
30/4/2017	355.5		30/9/2018	338.55	407.485
31/5/2017	371.55		31/10/2018	292.35	383.755
30/6/2017	379.7		30/11/2018	313.5	371.12
31/7/2017	418.95		31/12/2018	312.5	359.515
31/8/2017	427.7		31/1/2019	306.4	350.285
30/9/2017	389.45		28/2/2019	318.05	341.135
31/10/2017	497.2	390.345	31/3/2019	333.1	337.085
30/11/2017	496.45	405.17	30/4/2019	320.3	330.95
31/12/2017	529.65	421.62	31/5/2019	348.8	326.74
31/1/2018	439.85	430.6	30/6/2019	346.65	323.02
28/2/2018	428.55	437.905	31/7/2019	337.6	322.925
31/3/2018	398.7	440.62	31/8/2019	346.8	328.37
30/4/2018	409.55	443.605	30/9/2019	367.05	333.725
31/5/2018	373.6	439.07	31/10/2019	347.2	337.195
30/6/2018	381.95	434.495	30/11/2019	442.45	350.8
31/7/2018	390.6	434.61	31/12/2019	455.8	364.575

CALCULATION OF RSI OF BHARTI AIRTEL

DATE	CLOSE	CHANGE	GAIN	LOSS	AVG GAIN	AVG LOSS	RS	RS+1	RSI
31/1/2017	348.2								
28/2/2017	365.15	16.95	16.95						
31/3/2017	350.05	-15.1		15.1					
30/4/2017	355.5	5.45	5.45						
31/5/2017	371.55	16.05	16						
30/6/2017	379.7	8.15	8.15						
31/7/2017	418.95	39.25	39.25		17.16	15.1	1.136424	2.136424	53.19281
31/8/2017	427.7	8.75	8.75		15.75833	15.1	1.043598	2.043598	51.0667
30/9/2017	389.45	-38.25		38.25	15.52	26.675	0.581818	1.581818	36.78161
31/10/2017	497.2	107.75	107.75		30.89167	38.25	0.807625	1.807625	44.6788
30/11/2017	496.45	-0.75		0.75	35.98	19.5	1.845128	2.845128	64.8522
31/12/2017	529.65	33.2	33.2		39.42	19.5	2.021538	3.021538	66.90428
31/1/2018	439.85	-89.8		89.8	47.2375	42.93333	1.100252	2.100252	52.38667
28/2/2018	428.55	-11.3		11.3	49.9	35.025	1.424697	2.424697	58.75773
31/3/2018	398.7	-29.85		29.85	70.475	33.99	2.073404	3.073404	67.46279
30/4/2018	409.55	10.85	10.85		50.6	32.925	1.536826	2.536826	60.58066
31/5/2018	373.6	-35.95		35.95	22.025	33.53	0.656874	1.656874	39.6454
30/6/2018	381.95	8.35	8.35		17.46667	41.725	0.418614	1.418614	29.50866

31/7/2018	390.6	8.65	8.65		9.283333	41.725	0.222489	1.222489	18.19964
31/8/2018	383.85	-6.75		6.75	9.283333	20.9625	0.442854	1.442854	30.69293
30/9/2018	338.55	-45.3		45.3	9.283333	29.4625	0.31509	1.31509	23.95957
31/10/2018	292.35	-46.2		46.2	9.283333	33.55	0.276701	1.276701	21.67315
30/11/2018	313.5	21.15	21.15		12.71667	33.55	0.379036	1.379036	27.48559
31/12/2018	312.5	-1		1	12.71667	24.8125	0.51251	1.51251	33.88476
31/1/2019	306.4	-6.1		6.1	14.9	21.07	0.707167	1.707167	41.42341
28/2/2019	318.05	11.65	11.65		16.4	21.07	0.778358	1.778358	43.76835
31/3/2019	333.1	15.05	15.05		15.95	24.65	0.647059	1.647059	39.28571
30/4/2019	320.3	-12.8		12.8	15.95	16.525	0.965204	1.965204	49.1147
31/5/2019	348.8	28.5	28.5		19.0875	6.633333	2.877513	3.877513	74.21027
30/6/2019	346.65	-2.15		2.15	18.4	5.5125	3.337868	4.337868	76.9472
31/7/2019	337.6	-9.05		9.05	18.4	7.525	2.445183	3.445183	70.97396
31/8/2019	346.8	9.2	9.2		16.1	8	2.0125	3.0125	66.80498
30/9/2019	367.05	20.25	20.25		18.25	8	2.28125	3.28125	69.52381
31/10/2019	347.2	-19.85		19.85	19.31667	10.9625	1.762068	2.762068	63.79524
30/11/2019	442.45	95.25	95.25		38.3	10.35	3.700483	4.700483	78.72559
31/12/2019	455.8	13.35	13.35		34.5125	10.35	3.334541	4.334541	76.92951

TECHNICAL CHART OF BHARTI AIRTEL:



DATA INTERPRETATION:

Moving Average is below the current market price, Trend is in Short Uptrend. RSI is completely Over Bought Zone, which means buyers are exiting from their current position expecting the stock is going to fall in near future.

CALCULATION OF MOVING AVERAGE OF RELIANCE:

DATE	CLOSE	AVERAGE	DATE	CLOSE	AVERAGE
31/1/2017	522.6		30/6/2018	972.45	922
28/2/2017	619.03		31/7/2018	1186	962.51
31/3/2017	660.45		31/8/2018	1241.65	992.59
30/4/2017	697.6		30/9/2018	1257.95	1026.23
31/5/2017	670.35		31/10/2018	1061.25	1040.25
30/6/2017	690		30/11/2018	1167.55	1060.875
31/7/2017	807.6		31/12/2018	1121.25	1077.545
31/8/2017	797.25		31/1/2019	1227.15	1111.99
30/9/2017	780.9		28/2/2019	1231.05	1138.765
31/10/2017	940.85	718.663	31/3/2019	1363.22	1182.952
30/11/2017	921.55	758.558	30/4/2019	1392.8	1224.987
31/12/2017	921.05	788.76	31/5/2019	1363.25	1242.712
31/1/2018	961.3	818.845	30/6/2019	1253.1	1243.857
28/2/2018	954.55	844.54	31/7/2019	1166.25	1234.687
31/3/2018	882.7	865.775	31/8/2019	1248.55	1256.417
30/4/2018	963.3	893.105	30/9/2019	1332.25	1269.887
31/5/2018	921.35	904.48	31/10/2019	1464.35	1304.197
30/6/2018	972.45	922	30/11/2019	1551.15	1336.597
31/7/2018	1186	962.51	31/12/2019	1514.05	1364.897

CALCULATION OF RSI OF RELIANCE:

DATE	CLOSE	CHANGE	GAIN	LOSS	AVG GAIN	AVG LOSS	RS	RS+1	RSI
31/1/2017	522.6								
28/2/2017	619.03	96.43	96.43						
31/3/2017	660.45	41.42	41.42						
30/4/2017	697.6	37.15	37.15						
31/5/2017	670.35	-27.25		27.25					
30/6/2017	690	19.65	19.65						
31/7/2017	807.6	117.6	117.6		62.45	27.25	2.291743	3.291743	69.62096
31/8/2017	797.25	-10.35		10.35	62.45	18.8	3.321809	4.321809	76.86154
30/9/2017	780.9	-16.35		16.35	53.955	17.98333	3.000278	4.000278	75.00174
31/10/2017	940.85	159.95	159.95		83.5875	17.98333	4.648054	5.648054	82.29479
30/11/2017	921.55	-19.3		19.3	99.06667	18.3125	5.409784	6.409784	84.39885
31/12/2017	921.05	-0.5		0.5	99.06667	11.625	8.521864	9.521864	89.49785
31/1/2018	961.3	40.25	40.25		105.9333	11.625	9.112545	10.11254	90.11129
28/2/2018	954.55	-6.75		6.75	100.1	10.65	9.399061	10.39906	90.38375
31/3/2018	882.7	-71.85		71.85	100.1	22.95	4.361656	5.361656	81.34905
30/4/2018	963.3	80.6	80.6		93.6	24.6	3.804878	4.804878	79.18782
31/5/2018	921.35	-41.95		41.95	60.425	28.07	2.152654	3.152654	68.28069
30/6/2018	972.45	51.1	51.1		57.31667	30.2625	1.893983	2.893983	65.44555
31/7/2018	1186	213.55	213.55		96.375	40.18333	2.398382	3.398382	70.57424
31/8/2018	1241.65	55.65	55.65		100.225	40.18333	2.494193	3.494193	71.38109
30/9/2018	1257.95	16.3	16.3		83.44	56.9	1.466432	2.466432	59.45561
31/10/2018	1061.25	-196.7		196.7	83.44	119.325	0.699267	1.699267	41.15109
30/11/2018	1167.55	106.3	106.3		88.58	119.325	0.742342	1.742342	42.606
31/12/2018	1121.25	-46.3		46.3	88.58	121.5	0.729053	1.729053	42.16489
31/1/2019	1227.15	105.9	105.9		99.54	121.5	0.819259	1.819259	45.03257
28/2/2019	1231.05	3.9	3.9		57.61	121.5	0.474156	1.474156	32.16459
31/3/2019	1363.22	132.17	132.17		72.914	121.5	0.600115	1.600115	37.5045
30/4/2019	1392.8	29.58	29.58		75.57	121.5	0.621975	1.621975	38.34678
31/5/2019	1363.25	-29.55		29.55	75.57	37.925	1.992617	2.992617	66.58443
30/6/2019	1253.1	110.15		110.15	67.8875	62	1.09496	2.09496	52.26638
31/7/2019	1166.25	-86.85		86.85	67.8875	75.51667	0.898974	1.898974	47.33998
31/8/2019	1248.55	82.3	82.3		61.9875	75.51667	0.820845	1.820845	45.08045
30/9/2019	1332.25	83.7	83.7		81.9375	75.51667	1.085025	2.085025	52.03895
31/10/2019	1464.35	132.1	132.1		81.92	75.51667	1.084794	2.084794	52.03362
30/11/2019	1551.15	86.8	86.8		96.225	75.51667	1.274222	2.274222	56.02892
31/12/2019	1514.05	-37.1		37.1	96.225	78.03333	1.233127	2.233127	55.21974

TECHNICAL CHART OF RELIANCE:



DATA INTERPRETATION:

Moving Average is below above the current market price, indication the price is going to fall. RSI is in Over Bought Zone, which is indicating that sellers are selling at the high price expecting the stock may not go further up in the near future.

FINDINGS

Glenmark:

TECHINCAL TOOLS	PRICE
MOVING AVERAGE	440.985
CURRENT MARKET PRICE	347.45
INDICATION	MOVING AVG > CMP
TREND	UPTREND
RSI	28.85
ZONE	OVERSOLD

Moving Average is indicating present trend DOWNTREND, but the Average price is below the current market price which means the Downtrend is going to end and stock tends to go up (UPTREND)

Relative Strength Index is in Oversold Zone, indicating more buyers are buying at less price, so the stock will go up in future.

Bharti Airtel:

TECHINCAL TOOLS	PRICE
MOVING AVERAGE	364.575
CURRENT MARKET PRICE	455.88
INDICATION	MOVING AVG < CMP
TREND	DOWNTREND
RSI	76.9
ZONE	OVER BOUGHT

Moving Average is below the current market price, Trend is in Short Uptrend.

RSI is completely Over Bought Zone, which means buyers are exiting from their current position expecting the stock is going to fall in near future.

Reliance:

TECHINCAL TOOLS	PRICE
MOVING AVERAGE	1364.897
CURRENT MARKET PRICE	1514.05
INDICATION	MOVING AVG < CMP
TREND	SHORT UPTREND
RSI	55.2
ZONE	DOWNTREND

Moving Average is below above the current market price, indication the price is going to fall.

RSI is in Over Bought Zone, which is indicating that sellers are selling at the high price expecting the stock may not go further up in the near future.

SUGGESTIONS:

Glenmark:

It is suggested to BUY for long term.

Bharti Airtel:

There is no clear Trend even it is in overbought zone.

Reliance:

Exit from the Existing positions as it tends to fall.

CONCLUSION

It is better to invest in Glenmark

Bharti airtel is going sideways, no position can be taken until where a clear trend is formed

Reliance is going to fall, not a buy the stocks and exit if already holding.