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Technical Analysis on Selected Stock

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ABSTRACT

Technical stock analysis uses past price and trading volume or both to predict future price. A broad range of techniques such as chart analysis, moving average, and other filters and Oscillator can be used to identify predictable pattern in stock prices . This notes provide an overview of some common Analytical tools for identifying trading opportunity. This research paper aim to examine the stocks that give good opportunity to gain profits. The conventional wisdom is the stock price pattern emerge from systematic psychological behavior of market participants. This research provides an overview of some common analytical tools for identifying trending opportunities.

KEY WORDS – financial price, past price, prediction securities chart , price behaviour, price prediction

INTRODUCTION

Technical analysis is a trading disciplineemployed to evaluate investment and identify trading opportunities by amazing statistical trends gathered from trading activity, such as price movement and volume. Unlike fundamental analysis, which attempts to evaluate a security's value based on business results as sales and earnings, technical analysis focuses on the study of price and volume. Technical analysis is a method of evaluating securitieshyanalysingthe statistics generated by market activity, such as past price and volume. Technical analysts do not attempt to measure a security's intrinsic value , but instead use chart and other tools to identify pattern that can suggest future activity.

Technical analysis is the short term analysis . Despite all the exotic tools it includes, technical analysis really just studies supply and demand in a market in an attempt to determine what direction or trend, will continue in the future. It attempts to understand the emotion in the market by studying the market by studying the market itself as opposed to it's components. If you understand the benefits and limitation of technical analysis, it can give you a new set of tools or skills that will enable you to be a better traders.

LITERATURE REVIEW

A literature review discusses published information in a particular subject area, and something information in a particular subject area within a certain time period.A literature review is a survey and discussion of the literature in a given area of study. It is a concise overview of what has been studied, argued , and estaestablished about a topic., and it is usually organized thematically. A literature review is written in essay format. It is not an annotated bibliography, because it groups related works together and discuss trends rather then focusing on one itself at a time. few of them are quoted below:

Bhupesh—suggest a hybrid approach consisting of Self –organizing maps and selective technical indicator for stock picking and access point investing in stock**.**

Boolean - conducted out technical analysis on the share of industry selected firms to aid investment decision in the market . The study of technical analysis would not provide absolute forecast about the future In term of forecasting.

Hon-siner - studied the right approach to make valuation of stock and to the predicting the moment in which investor should take action buying and selling decision by using different approaches and method during certain period of time**.**

OBJECTIVES

1. To study the relevance of technical analysis in Indian capital market.
2. To analysis the performance of select companiesin Indian stock market and to predict the future trends in the share price through technical analysis.

3.   To suggesting the investors in making investment decisions in selected stocks
4.   Explain the types of charting that are used in technical analysis.
5.   Technical analysis on selected stock and interpret on whether to buy or sell

RESEARCH METHODOLOGY

For the study , 5 companies were selected from nifty. There are following step in methodology :

Use of technical tools I.e. simple moving average, exponential moving average, relative strengthen index and moving average convergence and divergence. Preparation of stock chart, line chart, bar chart and candle stick chart showing the price and volume of the stocks over the period of time and interpret chart. Identification of pattern and trend in the stock price movement. Technical analysis is a set of methods for predicting market movement by using past transaction market movement by using past transaction data to develop buy and sell signals, in order to obtain economic profits on a risk – adjusted basis.

SOURCE OF DATA :

The data has to be collected from the records and published annual report of the company website, journal, etc.
- Data collection from blog .
- Technical tools.
- Data collected from various magazine and report , newspaper.
- Chart Data collected from trendline website.
- Information provided by brokerage centre's from various places.

LIMITATIONS :
- This strategy can be used only for short term decision making.
- Technical researchonly for three year in undertaken: from this data we can't predict price accuracy.
- For doing this research the researcher has taken into consider only limited parameters may not be enough to predict the future price movement.

CHART ANALYSIS & INTERPRETATION

1.   **HDFC LIFE INSURANCE COMPANY LTD.**

Hdfc life insurance company is engaged in carrying on the business of life insurance. The company offers a range of individual and group insurance solution. The portfolio comprises of various insurance and investment products such as protection, pension, saving.

Key notes from the chart :
- Trent shift has been confirmed as market structure has officially changed to lower highs and lower lows on the weekly/monthly timeframe.
- The doesn't means we go short now, because we are at strong support and momentum indicator are extremely oversold.
- We could also potentially trend up from here, re-test current lows, and after some accusation ultimate trend higher.
- Looking for potential lower highs to get into short positions for lower low

RECOMMENDATIONS

Currently the trend is down, and unless that changes, I will be looking for lower prices, anything below 500 is a steal from an investment perspective because the stock's fundamental haven't changed.

2.   TATA STEEL

Tata steel Ltd is Asia's first integrated private steel company setup in 1907. The company has presence across the entire value chain of steel manufacturing from mining and processing iron and coal to producing and distributing finished products. The company has a target to increase domestic steel making capacity.

KEY NOTES FOR CHART:

- A good trend line break out.
- Sideways rectangle breakout.
- A good volume breakout.
- A good Retracement after the breakout.
- Above the 50 days ma.

RECOMMENDATIONS

You can go for a long.

3.   TATA CONSULTANCY SERVICES

Tata consultancy services is the tech company and a part of Tata group. It is an it services, consulting and business solution organization that has been partnering with many of the world's largest businesses in their transformation journey for over 50 years. Tcs offers a consulting led cognitive powered, integrated portfolio of business technology and engeenering services and solution..

KEY NOTES FOR CHART:

High probability trade. It has been talking support . What was resistance .now acting as support.

RECOMMENDATIONS

You should buy this stock

4.   KOTAK MAHINDRA BANK LTD.

Kotak mahindra bank is a diversified financial services group providing a wide range of banking and financial services including retail banking, treasury and corporate banking, investment banking, stock broking, vehicle finance, advisory services, asset management, life insurance and general insurance.

KEY NOTES FROM THE CHART

Kotak bank weekly support and resistance if break support further down . Fall might happen.

RECOMMENDATIONS

You should short this stock

5.CIPLA LTD

Cipla is engaged in the business of pharmaceutical. Leading pharma company. It was established in 1935 as chemical industrial & pharmaceutical laboratories Ltd and changed to it's current name in 1984. Cipla is the third -largest pharma company in the india, third largest in the private pharma market of South Africa and the largest Indian exporter to emerging markets and also amongst the most dispensed generic players in the us.

KEY NOTES FOR THE CHART

- 850 zone was tested several times and acted as a strong support.
- From 24th jan bull Run/extended move was seem. Correction was yet to be come after such move.
- It was into consolidation from last 4 days i. e from 1 stfeb.
- Also bottoming tail bar, shakeout bar, no range body bar is seen in consolidation.

RECOMMENDATIONS

Entry will be above 959 & Stop loss will be below the bottoming tail I. E @938

CONCLUSION

Technical analysis is a technique which gives an idea about future share price 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 price the technical indicator the future market of securities would be know in which to invest. The more accurate predictions of stock price of selected companies the investor to carry out fundamental analysis of stock price, they can predict of future trend of stock price.

This paper provides an overview of technical analysis and stressing out the importance and role of technical analysis in invested decision. Though technical analysis is based on the past price and past events of the securities.

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