A Comparative Study on Nifty FMCG Companies Through Technical Analysis

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ABSTRACT:

The market share of FAST MOVING CONSUMER GOODS and related companies has been constantly growing in India. For an investor to invest in Fast Moving Consumer Goods (FMCG) companies and make more money, correct research and information are necessary in order for him to make the best decision. As a consequence, the study applies technical analysis, using the Relative Strength Index and Rate of Change, to NIFTY FMCG companies listed on the National Stock Exchange. ITC, HUL, BRITANNIA, NESTLE, DABUR, MARICO, COLGATE-PALMOLIVE, EMAMI, GODREJ, PROCTER & GAMBLE HYGIENE, TATA CONSUMER PRODUCTS, UNITED BREWERIES, VARUN BEVERAGES, UNITED SPIRITS, AND JUBLIANT FOODWORKS are among the companies that have undergone RSI and ROC analysis to This well-liked tactic is based on the company's closing share price. In order to assist investors in making decisions, the current research project analyses the effectiveness and volatility of stock prices and presents the share price of NIFTY FMCG companies. However, this is prominent technique depend upon closing stock of the respective company. The Present study project is volatility and effectiveness of the stock price and makes the comparison between all NIFTY FMCG companies for the purpose of investor's investment decisions.

Keywords: FMCG, NATIONAL STOCK EXCHANGE, TECHNICAL ANALYSIS.

INTRODUCTION ABOUT THE STUDY

A stock exchange is an important part of the stock market. It serves as a trading platform for financial instruments such as equities, bonds, and commodities. In India, the SEBI controls the activity on this site. Brokering, the issuance of shares by businesses, and other stock market operations are all included. When a company's securities are listed on a stock market, they have certain benefits. Only listed business shares are exchanged on a stock exchange.

Technical analysis of stock trends focuses on price charts and specialised indicators, with the goal of identifying regular trend patterns in stock movement as well as consistent correlations between price sequences that appear to interact in a predictable manner.

The FAST-MOVING CONSUMER GOODS (FMCG) industry is India's fourth-largest, with domestic and personal care products accounting for half of all FMCG sales. The sector's main growth factors have been increased awareness, greater access, and changing lifestyles. FMCG items are manufactured by a large number of firms.

Consumer packaged goods with a high turnover rate are defined as those that are advertised, distributed, produced, and consumed in a short period of time. Detergents, personal care items, toothpaste, cosmetics, and pharmaceuticals, as well as electronics, bottled beverages, and chocolates, are among the most popular FMCG products. The Indian FMCG consumer income covers 55% of the urban market in India. More than 45% of India's overall consumer goods income comes from the semi-urban and rural sectors.

OBJECTIVES OF THE STUDY

- To understand the price movements of the chosen securities using ROC and RSI.
- To predict future trends and provide sensible investment recommendations.

REVIEW OF LITERATURE

- **Patnam Nawaz Sharief**, (2017), "Forecasting Stock Prices of Selected FMCG Companies Listed in NSE India Limited Using Technical Analysis". By looking the study it tells forecasting and predicting future stock values of chosen FMCG businesses listed on the NSE India Limited. To know the change of price movements calculate the Relative Strength Index of selected FMCG sector stocks. The equity market is quite volatile, and investors believe it is a very dangerous market to invest in because of the challenges.

- **Mehta Vani Joghee**, (2021), "A Study on Technical Analysis of Selected FMCG Scripts with Reference to Annamalai Capital Services (P)

Limited, Coimbatore Main objectives of the study is to determine the buying and selling signal for the selected scripts and identify the trends and trend reversal in the selected stocks. Ascertain the resistance and support level for the selected securities. Knowing the trend of a stock provides you a strong chance of raising your success rate as well as a good possibility of increasing your earnings, allowing you to make even more accurate investing decisions.

- **Shubhangi Anil Patil**, (2019), "A Study on Equity Research of Selected FMCG Companies Listed on NSE". The main objectives of the study is the share price fluctuations of selected FMCG companies in NSE and analyse the risk involved in the share price of selected FMCG companies. This study majorly gives emphasis on the financial position of the selected companies and risk involved with the shares of those selected companies. It briefs the study is undertaken to analyze the risk involved and for the best investment option selection.

- **Khyathi V.Patel**, (2019), "A Study on Technical Analysis with Special Preference to Insurance Sector Companies with the help of MACD and RSI". The study tells identifying the buy signal & sell signals and identify which indicators is more profitable.
  To know that how indicators of technical analysis are used to predict the price of future. Technical analysis, like a shadow or reflection, gives a simple and complete image of what is going on with the security price. It displays the big picture of the issue and it actually works in practice.

- **Bynaboina & Sivakumar**, (2018), "A Study on Risk & Return Analysis of Equity Stocks on Selected FMCG Sector". The intention of the study is to analyse the risk involved in share price of selected 'FMCG' companies and inspect the fluctuations of the returns for a period of past 3 years.
  The research covers all aspects of the investor's risk-reward connection, providing them with a comprehensive picture of the stock's performance in comparison to the market index.

- **Karuna Dhutti**, (2014), a study conducted on "Stock Price Movement of IT Sector through Technical Analysis". By inspecting the above study, investigate the numerous chart patterns seen in the historical data of the chosen IT firms. To explore the relationship between IT stocks and their relative strength index and also analyse the risk and return of IT stocks with relation to CNX IT index through Beta. The CNX IT index is employed because it offers investors and market intermediaries with an adequate benchmark that represents the performance of Indian IT firms. This research is an attempt to give technical analysis of IT companies stock.

RESEARCH DESIGN

The present study is **descriptive** in design. A systematic and accurate summary of a population, circumstance, or phenomenon is the goal of a descriptive research.

DATA COLLECTION

The study used Secondary data from the NSE. Secondary data is a research information that has already been obtained and is available as secondary data.

POPULATION

The population of the research is made up of the entire number of firms listed in the NSE of FMCG sector. As a result, the population is full NIFTY FMCG (15 companies).

SAMPLE SIZE

For this Study the NIFTY FMCG COMPANIES (15 companies which is listed in NSE).

SAMPLE UNIT

Fast-Moving Consumer Goods Sector were chosen for the research such as ITC, HUL, BRITANNIA, NESTLE, DABUR, MARICO, COLGATE-PALMOLIVE, EMAMI, GODREJ, PROCTER & GAMBLIE HYGIENE, TATA CONSUMER PRODUCTS, UNITED BREWERIES, VARUN BEVERAGES, UNITED SPIRITS AND JUBILANT FOODWORKS.

TOOLS & TECHNIQUES

Relative Strength Index (RSI) is a momentum oscillator that measures the speed and change of price movements.
Rate of Change (ROC) is used to mathematically describe the percentage change in value over a defined period of time.

FORMULA FOR CALCULATING RSI

RSI = 100-(100/1+RS)

Where, RS = Relative Strength

RS = Average Gain / Average Loss

FORMULA FOR CALCULATING ROC

ROC = (Today's closing price – Previous day closing price / Previous day closing price) x 100
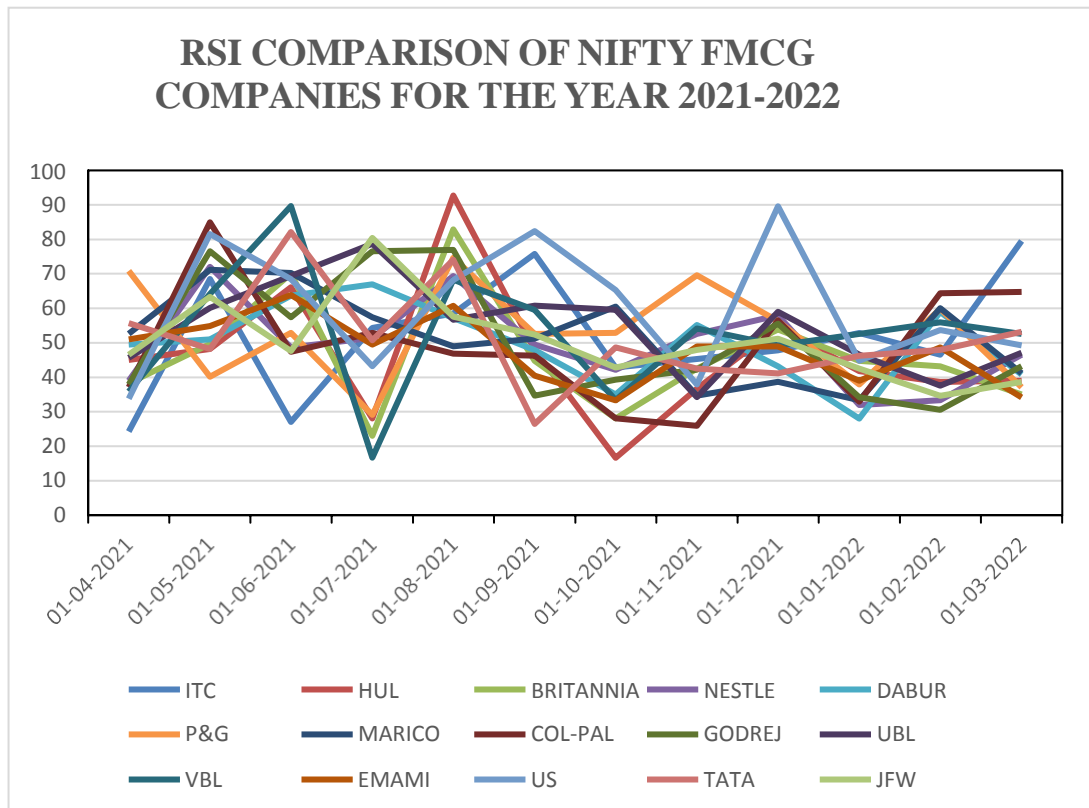
DATA ANALYSIS

CALCULATION OF RSI COMPARISON OF NIFTY FMCG COMPANIES FOR THE YEAR 2021-22

Date	ITC	HUL	BRITANNIA	NESTLE	DABUR	P&G	MARICO
01-04-2021	24.3	45.05	38.27	39.02	49.49	70.84	52.6
01-05-2021	68.56	48.18	49.74	72.06	50.98	40.11	71.18
01-06-2021	27.01	66.11	70.14	48.7	63.76	52.83	70.23
01-07-2021	54.33	28.05	23.07	51.45	66.99	29.07	57.44
01-08-2021	58.5	92.75	82.93	69.41	57.26	74.68	48.97
01-09-2021	75.84	47.91	44.75	49.49	47.91	52.6	51.21
01-10-2021	42.85	16.67	28.05	42.19	35.06	52.83	60.47
01-11-2021	45.35	36.75	42.52	52.6	55.15	69.6	34.64
01-12-2021	47.83	54.54	53.91	57.98	43.18	56.33	38.65
01-01-2022	52.83	41.86	44.75	31.97	28.05	37.88	33.34
01-02-2022	46.52	38.65	43.18	33.33	59.01	59.83	60
01-03-2022	79.55	39.02	35.06	46.52	40.82	37.1	41.17

COL-PAL	GODREJ	UBL	VBL	EMAMI	US	TATA	JFW
37.1	37.88	45.65	35.89	50.98	33.77	55.75	46.52
84.96	76.58	60.15	64.15	54.95	81.58	48.18	63.36
47.36	57.44	69.41	89.67	63.89	68.45	82.14	47.64
52.83	76.58	78.72	16.67	49.49	43.18	50.73	80.46
46.8	76.95	56.7	68.25	60.78	68.15	74.09	57.62
46.23	34.64	60.78	59.51	40.47	82.39	26.47	52.38
28.05	39.34	59.51	33.33	33.33	65.27	48.71	42.85
25.92	42.19	34.21	54.12	48.97	37.88	42.52	47.91
56.52	55.55	59.01	49.23	48.98	89.6	41.17	51.2
32.88	34.21	46.52	52.6	39.02	44.75	46.23	42.52
64.4	30.55	37.5	55.94	48.71	53.7	47.91	34.64
64.78	43.18	47.08	52.6	34.21	49.23	53.27	38.65

ANALYSIS:

 From the above table, the report shows the closing price from April 2021 to March 2022 is extracted from NSE, the above shown table represents the 15 company's closing price of NIFTY FMCG and it is observed that all the above mentioned company's closing price are volatile in Nature. Atleast once each and every company reaches selling and buying zone. When we take the average of all companies highest and lowest closing price, the UNITED SPIRITS was the highest closing price and HUL was the lowest closing price of the year 2021-2022. The Numbers shown in the above table shows the HUL is having lowest stock price throughout the year and US having the highest stock price in 2021-2022.

INTERPRETATION:

By looking the above graph the RSI for the period were taken from April 2021 to March 2022. When the companies stock price is less than 30 which indicates to buy signal and were the stocks of companies are above 70 which indicates to sell signal. Where in, all the companies stock price was above 70 and below 30. UNITED SPIRITS made the average of 59.85 which is highest share price and HUL made the average of 46.29 which is lowest share price among the 15 companies of NIFTY FMCG. By comparing all other companies UNITED SPIRITS stands highest and HUL stands for Lowest and other companies looks average in stock market. By looking the graph it shows UNITED SPIRITS having good business rather than all other companies.
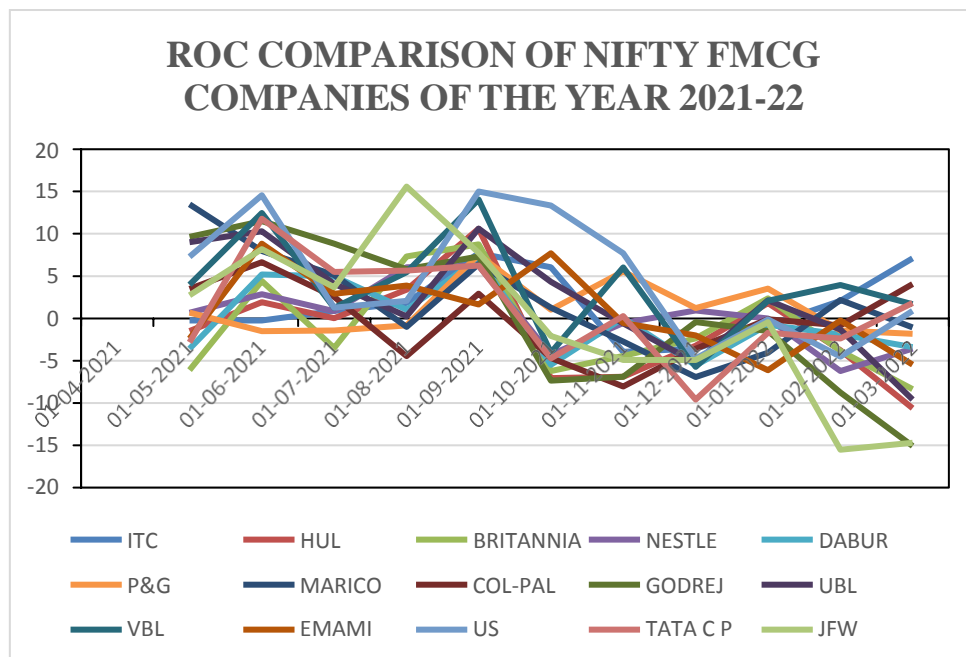
CALCULATION OF ROC COMPARISON OF NIFTY FMCG COMPANIES FOR THE YEAR 2021-22

Date	ITC	HUL	BRITANNIA	NESTLE	DABUR	P&G	MARICO
01-04-2021	-	-	-	-	-	-	-
01-05-2021	-0.25	-1.49	-6.11	0.66	-3.55	0.72	13.49
01-06-2021	-0.22	1.92	4.41	2.88	5.21	-1.5	7.97
01-07-2021	0.91	0.04	-3.49	0.86	5	-1.4	5.15
01-08-2021	1.86	3.39	7.35	6.04	1.07	-0.81	-0.98
01-09-2021	7.71	10.61	8.76	6.24	7.1	7.54	6.43
01-10-2021	6.04	-7.06	-6.21	-4.29	-5.45	1.04	1.29
01-11-2021	-3.94	-6.91	-4.44	-0.54	0.06	5.54	-2.75
01-12-2021	-3.57	-3.21	-2.34	0.92	-5.54	1.23	-6.93
01-01-2022	-0.83	1.79	2.37	0.01	-0.72	3.55	-4.04
01-02-2022	2.058	-3.74	-3.82	-6.22	-1.87	-1.39	2.18
01-03-2022	7.09	-10.61	-8.36	-3.56	-3.37	-1.8	-1.06

COL-PAL	GODREJ	UBL	VBL	EMAMI	US	TATA C P	JFW
-	-	-	-	-	-	-	-
3.5	9.63	9.03	4	-2.4	7.3	-2.79	2.74
6.66	11.51	10.33	12.46	8.84	14.56	11.8	8.21
2.58	8.86	4.13	1.27	2.9	1.27	5.52	3.69
-4.43	5.82	0.24	5.48	3.9	2.09	5.67	15.6
2.94	7.32	10.63	14.07	1.67	15.01	6.26	7.78
-4.66	-7.35	4.33	-4.01	7.7	13.36	-4.7	-2.04
-8.03	-6.89	-0.56	6.04	-0.54	7.7	0.29	-4.9
-3.55	-0.43	-5.2	-5.71	-2	-4.73	-9.57	-4.87
-0.07	-1.5	2.16	2.1	-6.12	-0.13	-1.69	-0.42
-0.81	-8.74	-1.31	3.97	-0.23	-4.52	-2.34	-15.5
4.06	-15.08	-9.57	1.69	-5.45	0.9	1.84	-14.68

ANALYSIS:

The table tells that the ROC has been analyzed with the range of below 0 and above 0. The above shown table represents the 15 company's closing price of NIFTY FMCG and it is observed that all the above mentioned company's closing price are volatile in Nature. The NIFTY FMCG Company's ROC has been reached above 0 and below 0, when the stock price of the ROC is above 0 it indicates buy signal and when it's below 0 it indicates sell signal. When comparing with NIFTY FMCG the average ROC of HUL has the lowest stock price is -1.38 and the highest is 4.80 of UNITED SPIRITS LIMITED. The Numbers shown in the above table shows the HUL is having lowest stock price throughout the year and US having the highest stock price in 2021-2022.

INTERPRETATION:

Using a range value between 0 and 1, the above graph shows the ROC analysis for the period were taken from April 2021 to March 2022. When compare to all 15 companies of NIFTY FMCG the average stock price of UNITED SPIRITS was having the maximum overbought zone and HUL was having the maximum oversold zone. UNITED SPIRITS made the average of 4.80 and HUL made the average of -1.38. By comparing all other companies UNITED SPIRITS stands highest and HUL stands for Lowest and other companies looks average in stock market. By looking the graph it shows UNITED SPIRITS having good business rather than all other companies.

FINDINGS:

- The study highlights the Relative strength index of UNITED SPIRITS is having highest share price and HUL shows the lowest share price when compare to all NIFTY FMCG companies.

- It is found that the Rate of change of UNITED SPIRITS is having maximum overbought region and HUL has the maximum oversold region when compare to all NIFTY FMCG companies.

- The study highlights the Relative Strength Index is above the level 70 during the month of August, the review explains the selling signal for HUL.

- Rate of Change graph of HUL are in overbought region in the month of September 2021-22.

- The Study highlights the Relative Strength Index is above the level 70 during the month of December, the review explains the selling signal for UNITED SPIRITS.

- Rate of Change graph of UNITED SPIRITS are in overbought region in the month of September 2021-22.

SUGGESTIONS:

- The investor will depend upon RSI analysis of UNITED SPIRITS scrips for selling decisions as price move upwards.

- The investor will depend upon ROC analysis of UNITED SPIRITS scrips for buying decisions as price move upwards.

- The investor have to analyze and take information of RSI about the HUL scrips for buying decisions as price move downwards.

- The investor have to analyze and take information of ROC about the HUL scrips for selling decisions as price move downwards.

- HUL needs to improve upon effectiveness to control on fluctuation of price movements.

CONCLUSION:

The study places a strong emphasis on technical analysis to evaluate NIFTY FMCG firms' performance in relation to Rate of change and Relative Strength Index. Comparing all 15 companies, UNITED SPIRITS comes out on top while HUL comes in last. United Spirits is at a selling signal, indicating increased profitability for the business. When compared to the other NIFTY FMCG firms, HUL is seen as being weaker. The following companies are in the moderate zone: ITC, BRITANNIA, NESTLE, DABUR, MARICO, COLGATE-PALMOLIVE, EMAMI, GODREJ, PROCTER & GAMBLE HYGIENE, TATA CONSUMER PRODUCTS, UNITED BREWERIES, VARUN BEVERAGES, and JUBLIANT FOODWORKS. Making independent investing decisions in HUL is riskier and more dangerous.

The United Spirits is seen to be the best option for investors when making investing selections. According to the conclusions of the current investigation, UNITED SPIRITS would be a better investment for the time being than any other NIFTY FMCG companies. Therefore, the technical analysis would be a useful instrument to execute stock performance.

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