



A STUDY ON DEGREE OF PARITY BETWEEN FLAGSHIP AND STOCKS TRENDS

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Abstract

The integration of the Indian stock market with the global markets has caused the absorption of both domestic as well as global information into the market prices and indices. The stock markets in India i.e. (BSE, and NSE) have developed a number of indices to measure and understand market performances. This paper throws light on the trends shown by individual stocks as well as stock market's flagship indices especially in India, concerning about the fundamental codes of conduct and risks hovering over stock transactions. On one side the trends in the indices like NIFTY 50 and BSE SENSEX were analysed, while on the other side some of the individual stock trends were analysed for the purpose of understanding how an effective and efficient stock trading structure works and reflects the public information on the stock prices as well as flagship indices. The basic principle of any stock trading business is to buy at low price and sell at high price and through this analysis the given objective can be achieved effectively.

Keywords: *Flagship Indices, Stock Market, Efficient Stock, Bse Sensex, Public Information*

Introduction

The stock market, just like the price of individual stocks, tends to trend. Indices are prone to move in one general direction or another, until something causes that direction to change. Uptrends are characterized by prices making higher highs and higher lows. Downtrends are characterized by lower price highs and lower price lows. So it is very important from the point of view of the investors to get an idea about the trend take necessary actions in the form of transactions according to the current trend.

What is a Trend

A trend is the general direction of a market or of the price of an asset, and trends can vary in length from short to intermediate, to long term. As a general strategy, it is best to trade with trends, meaning that if the general trend of the market is headed up, you should be very cautious about taking any positions that rely on the trend going in the opposite direction. A trend can also apply to interest rates, yields, equities and any other market that is characterized by a long-term movement in price or volume.

Trend Analysis

By definition, trend analysis is based on historical price movements. As a result, it may seem to fit best under the jurisdiction of technical analysis. Technical analysis looks at historical trends and changes in price to determine the future direction of prices. By contrast, fundamental analysis looks at changes in the performance of an asset, such as earnings or revenue. That said, fundamental analysts can also look for trends in earnings per share and revenue growth. If earnings have grown for the past four quarters, this represents a positive trend. However, if earnings have declined for the past four quarters, it represents a negative trend. Trend analysis tries to predict a trend such as a bull market run, and ride that trend until data suggests a trend reversal, such as a bull-to-bear market. Trend analysis is helpful because moving with trends, and not against them, will lead to profit for an investor. A trend is the general direction the market is taking during a specified period of time. Trends can be both upward and downward, relating to bullish and bearish markets, respectively. While there is no specified minimum amount of time required for a direction to be considered a trend, the longer the direction is maintained, the more notable the trend. Trend analysis is the process of trying to look at current trends in order to predict future ones and is considered a form of comparative analysis. This can include attempting to determine whether a current market trend, such as gains in a particular market sector, is likely to continue, as well as whether a trend in one market area could result in a trend in another. Though an analysis may involve a large amount of data, there is no guarantee that the results will be correct.



Objectives

1. To find out the reasons for major ups and downs in the index trends.
2. To identify the reasons for major ups and downs in the individual stock trends.
3. To measure the degree of volatility of the stocks towards speculation.

Limitations

1. The whole project is totally based on historical data.
2. Here only indices like NIFTY 50 and BSE Sensex are taken into consideration. But there are many more indices related to Indian stock market.
3. Only a few stocks are taken into consideration on the basis of sampling which may or may not be sufficient to get the desired conclusion.

Literature Review

To analyse on the abovementioned objectives we have studied the various research articles and observed the following findings which are as follows:

Treynor and Ferguson (1985) has established the first theoretical model to apply technical analysis and model describes that investors choose strategies to hold a security for a particular time period either long or short in order to get benefit from it later after they receive private information at particular point of time. The model concludes that this private information is helpful only with the combination of some additional or further information.

Brown and Jennings (1989) in the article on outperformance of technical analysis says that portfolio strategies works so well when the market does not contain all relevant information and there are only few investors who are well aware of that information.

Bauman, (1996,) Fundamental analysis involves assessing a firm's equity value based on the analysis of published financial statements and other information without reference to the prices at which a firm's securities trade in the capital markets.

Penman, (1992), It has been stated that the task of research is to discover what information projects future earnings and, from a financial statement analysis point of view, what information in the financial statements does. Showing the value relevance of these non-earnings accounting numbers also indicates the importance and usefulness of financial statements despite the current earnings number's lack of timeliness.

Frankel and Froot (1990) noted that market professionals tend to include technical analysis in forecasting the market. The guiding principle of technical analysis is to identify and go along with the trend. When there is a trend, whether started by random or fundamental factors, technical methods will tend to generate signals in the same direction.

Wing-Keung Wong, Meher Manzur and Boon-Kiat Chew (2002) article discuss that the helpful principle of technical analysis is to identify trends and then go with the trend whether it is occurring randomly or due to fundamental factors.

Subramanyam and Venkatachalam, (2007) Dividend Discount Models (DDM)- The dividend model depends on a basic assumption which is the stock value is determined by discounting the expected dividends future cash .Thus, the real value of the shares is determined by the present value of the cash dividend, which is expected to be generated as a result of the ownership of the stock.

Bodie, (2009) reflects in his paper that dividend method is also a determinant to expect the value of the stock. Skogsvik (2008) investigates whether Swedish financial statement information can be used to predict changes in the medium-term (3-year) book return on owners' equity (ROE). Independent variables include past (3-year) average



ROE and 20 other accounting ratios. The results show that uni-variate prediction model based on past average ROE correctly predicted 71% of the observations in a hold-out sample. However, only 63% of the observations were correctly predicted when the other 20 accounting ratios were included in the prediction models.

Dichev and Tang (2009), who investigated the link between earnings volatility and short- and long-term earnings predictability, indicate that low-volatility earnings have much higher persistence across quintile portfolios as compared to high-volatility earnings for the short-term earnings predictability. They also find that the strength of the earnings volatility effect exceeds that of cash flows volatility, the accrual effect from Sloan (1996) and the extreme-earnings mean-reversion effect from Freeman et al.

Philips and Yu, (2010) highlighted the recent events and the discussion about policy measures have led to renewed interest in the impacts of financial markets on commodity prices and more specifically financial bubbles. A financial bubble is generally understood to occur when the price of a financial asset increases quickly and this increase is not in line with changes in the intrinsic value of the asset. This means that in a bubble the price of the asset is not driven by fundamental changes but speculation.

Guo Liang, Zhou Weixing (2010) performed an empirical analysis of the volume-price relation in China's stock market at microscopic level using high-frequency data and found that the price variation and trading volume are correlated and the volume-price curve is a nonlinear convex function.

Cohen (2012) argues that insiders trade their own stock for variety of reasons; therefore, each insider trading information is not informative. By using a simple empirical strategy, they decode the information in insider trades, and they show that there is predictable, identifiable "routine" insider trading that is not informative for the future of firms, whereas set of information-rich "opportunistic" trades that contains all the predictive power in the insider trading universe.

Technical Analysis: Modern Views (2016) - Technical analysis provides a framework for informing investment management decisions by applying a supply and demand methodology to market prices, CFA Institute Research Foundation.

Josip Arneric, Elza Jurun, Snjezana Pivac describes that technical analysis is done to find out the price movements whereas fundamental analysis is done to predict values by looking at the fundamentals of a particular company. They focuses on technical analysis in their article and defines that trend can be of two types on the basis of either time structure or general direction.

Veroljub says in his article that the way of investing is to sell when prices are at top and to buy when prices are at lower whatever the patterns are. In his articles he has discussed the market efficiency theory, Classical theory, confidence theory and Dow Theory. He also differentiates between the Classical and Confidence theory.

Research Methodology

For the empirical analysis the study uses daily average prices of two major market indices i.e. Nifty 50, BSE Sensex and 10 actively stocks from different indices for measuring the trends. The Techniques used for data collection is Random Sampling using actively traded stocks. The study period is of 14 months from 1.04.2016-19.05.2017. The daily prices of indices as well as stocks are taken from the secondary source i.e. website of NSE and BSE respectively.

Data Analysis

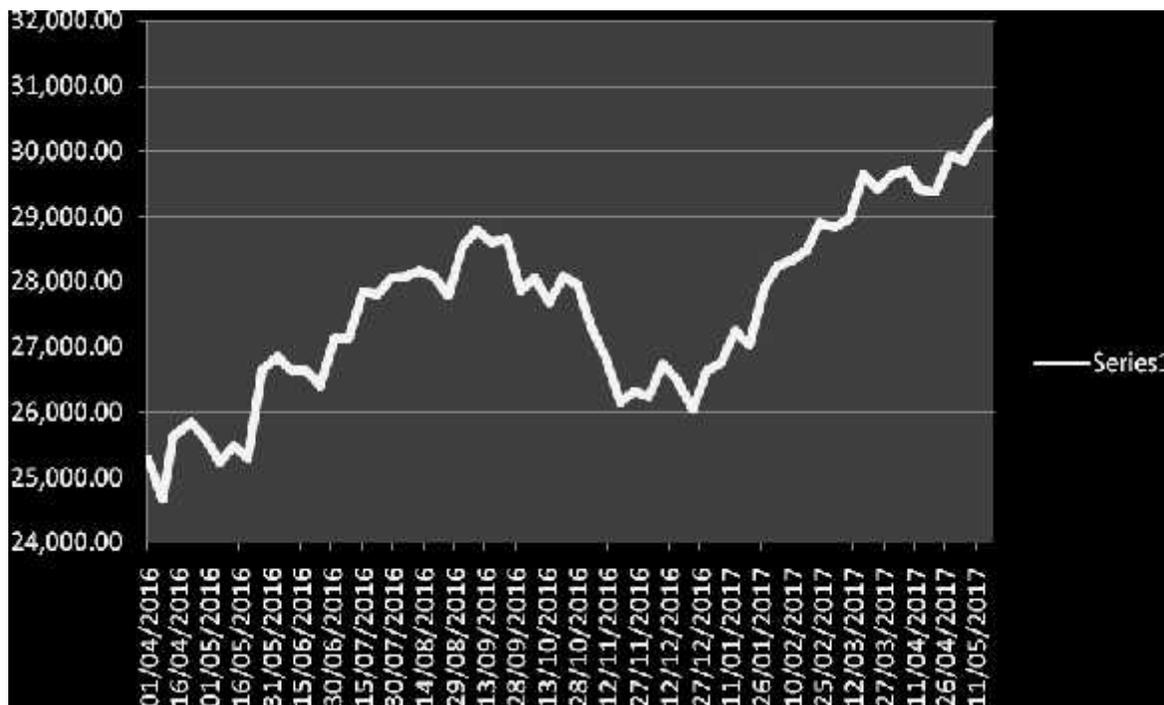
1. Taking Into Consideration 10 Actively Traded Stocks As Follows:

1. RELIANCE INDUSTRIES LIMITED
2. HDFC
3. ADANI PORTS

4. ITC
5. TCS
6. BHARAT FORGE
7. CIPLA
8. ACC
9. VEDANTA
10. HINDALCO

2.Preparation Of Line Charts Of Flagship Indices Of Bse And Nse From 1st April, 2016 To 19th May, 2017 And Making Analysis Of The Same.

BSE SENSEX



From the above table and chart we got the following information:

Average – 27,624.18

Net Increase – 6,189.15

Growth Rate – 25.24%

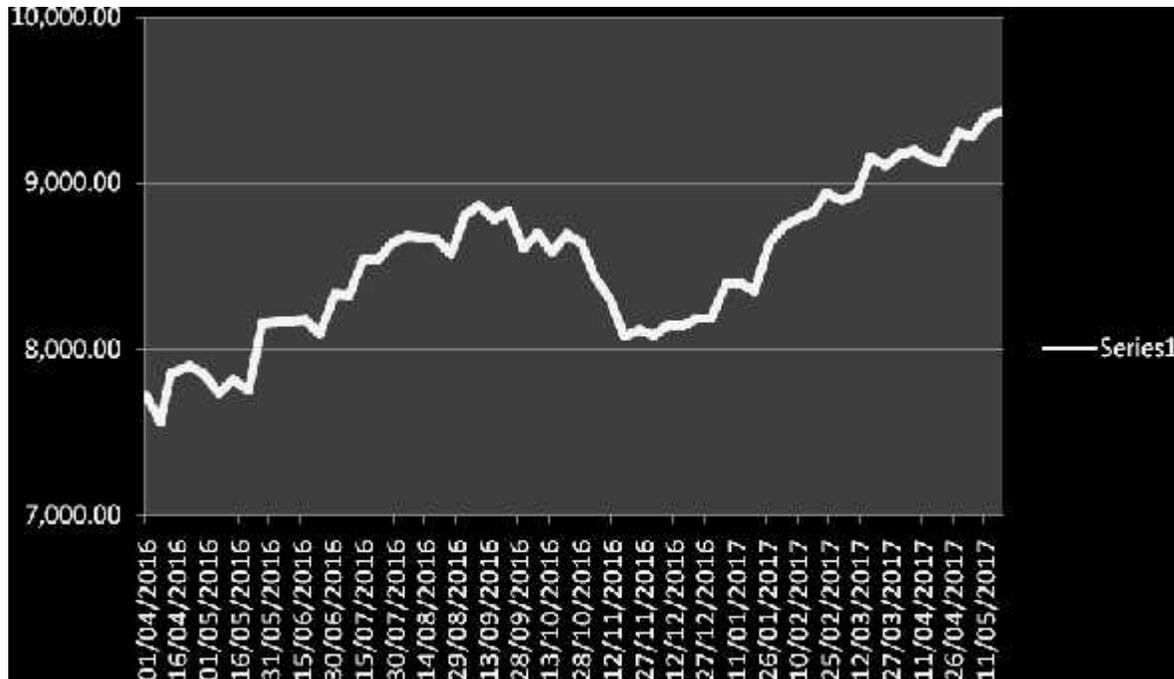
Peak Point - 30,712.35 On 19-05-2017

Trough Point – 24,523.20 ON 11-04-2016

Hence, we can see that from 1st April, 2016 to 19th May, 2017 we found that the fluctuations in BSE SENSEX are within 6,200. It started with the value of 25,269.64 and ended with the closing value of 30,464.92. The data in the above table is taken on weekly basis. At the initial stage, the value got down by around 600 points and went up by around 1,100 points. Again in the 9th week, it went through a steep rise of 1,350 points and 750 and 700 points in the 14th and 16th week respectively. In the 23rd week the value gained about 750 points but went down by 800 points in the 27th week. After crossing 30 weeks the value went drastically down in 4 consecutive weeks grossing depletion of about 2,000 points. From 37th week to 40th week there was major fluctuations in the value i.e. firstly it rose by 500 but depreciated in the next two weeks by 700 and again rising by 600. Then the value again started

growing after the 40th week rising from 26,626.46 to 30,464.92 in the 60th week showing an appreciation of around 3,800 an making the value cross the historic 30,000 mark. In the mean while there were also some downs in the value but those were not very much significant.

NSE NIFTY FIFTY



From the above table and chart we got the following information:

Average – 8,521.72

Net Increase – 2,015.75

Growth Rate – 26.82%

Peak Point – 9,532.60 On 17-05-2017

Trough Point – 7,516.85 On 11-04-2016

Hence, we can see that from 1st April, 2016 to 19th May, 2017 we found that the fluctuations in NSE NIFTY are around 2,000. It started with the value of 7,713.05 and ended with the closing value of 9,427.90. The data in the above table is taken on weekly basis. At the initial stage, the value got down by about 150 points and then rose by about 350 points. Again in the 9th week, it went through a steep rise of 400 points and 240 and 220 points in the 14th and 16th week respectively. In the 23rd week the gain in the value was about 240 points but went down by 220 points in the 27th week. After crossing 30 weeks the value went drastically down in 4 consecutive weeks grossing depletion of about 620 points. But in the 41st week it again rose by 215 points. From 44th week to 48th week there was a continuous growth in its value, rising up by around 580 points. Also there were major positive fluctuations in the value in the 51st, 57th and 59th weeks by 225, 185 and 115 respectively.

In the mean while there were also some downs in the value but those were not very much significant.

From the above analysis we can conclude that there was some relationship between the fluctuations happening in the value of BSE SENSEX and NSE NIFTY i.e. their fluctuations in values were directly proportional to each other.



3.Reasons behind the fluctuations in the value of the flagship indices of BSE and NSE from 1st April, 2016 to 19th May, 2017 are discussed below

Undisclosed income: April 2016

The Ministry of Finance announced that all tax payers or person not coming under any tax slabs have the option to give information about their undisclosed income on or before 30th September otherwise heavy penalty would be imposed on them if found guilty.

Brexit vote: June 2016

Britain voted to exit the EU with the 'Leave' camp winning with 51.9 per cent votes in a historic referendum, which was followed by the resignation of David Cameron as Prime Minister. It may take years of negotiations for the UK to disentangle from the EU law, finance, trade, foreign policy, say experts. The immediate impact was felt across currency markets with major equity indices losing 2-10 per cent. If Brexit is a precursor to a tectonic shift in the euro zone, it could eventually disintegrate the entire European Union. Then, it may impact India in the short term. But in the long run, it will help India attain prominence in the global landscape, as we would emerge as a safe haven in such times of turmoil, attracting global funds. This caused the rise of the value of the indices.

Surgical strike on Pakistan: Sept 2016

The domestic equity market went into a tailspin after the Director General of Military Operations said that Indian Army carried out surgical strikes on terror launch pads in Pakistani soil. Analysts feared that a series of such strikes in near future could rekindle tensions between the both nations, roiling markets. Some analysts on D-Street were factoring in a 10 per cent fall if the geopolitical tensions between the two nations were to escalate. However, Pakistan dismissed India's claim of 'surgical strike' as an illusion, and termed the incident as 'cross-border fire'. This led to fall in the value of indices.

Demonetisation: Nov 2016

The most effective event that risk to hit market sentiment was Prime Minister Narendra Modi's surgical strike on black money. Demonetisation has been the boldest reform of this government, which has the potential to bring long-term structural benefits to the economy, while causing pain in the short term due to a cash crunch. Demand in the consumer sector and sectors associated with it are likely to take a hit in the near term, but once the cash situation normalises, demand should bounce back, experts said. This was the reason for the steep fall in the value of the indices.

Arrival of Trump: Nov 2016

Republican Donald Trump surprised experts by beating Democrat Hillary Clinton in the US presidential election, which gave way to 'Trumponomics'. The word 'Trumponomics' refers to the bold economic plans such as cuts in personal and corporate taxes and restructuring of bilateral trade deals, as well as protectionism that can not only impact the US but economies across the world, including India. There was a threat on the Indian IT companies after the selection of Trump as the President. This resulted in the decline of the indices.

Rupee at new low: Nov 2016

The rupee collapsed to a fresh life-time low of 68.86 against the dollar amid sustained foreign capital outflows. Foreign portfolio investors retreated from emerging markets like India towards US dollar on hopes of protectionist measures by President-elect Donald Trump. Expectations that Trump will adopt an expansionary fiscal measure lifted US bond yields and fuelled a rally in the US dollar. This has prompted FPIs to offload some of their holdings in India market.

Inflows from Foreign and Domestic investors: April 2017

The foreign institutional investors (FIIs) were net buyers in the Indian equity market on April 25, helping the major indices hit their respective record highs. The domestic institutional investors have been pouring funds in the markets for past many trading sessions. As per the data available at the NSE, FIIs poured in Rs 178.82 crore in

the markets in the month of April while DIIs also bought shares worth 998.26 crore. Thus resulted in the growth of the indices.

Monsoon: May 2017

This year there is an estimation that the monsoon will reach India early. Also India is supposed to have an excellent monsoon this year. This news will increase the expectations of the investors and hence, it led to the heavy rise in the indices in mid May.

Relief from French polls: May 2017

Relief rally was triggered in the global markets after pro-centrist and market favourite Emmanuel Macron won the first round of French Presidential elections. Macron won first round vote with 23.91%. Far-right nationalist and anti-euro candidate Marine Le Pen came in second with 21.42%, almost exactly as earlier polls predicted. Later, the French far-right presidential hopeful Marine Le Pen stepped down as leader of her National Front (FN) party to focus on gathering a large number of voters ahead of the decisive round, to be held on May 7. This resulted in appreciation in the value of the indices.

Rupee below 64/\$: May 2017

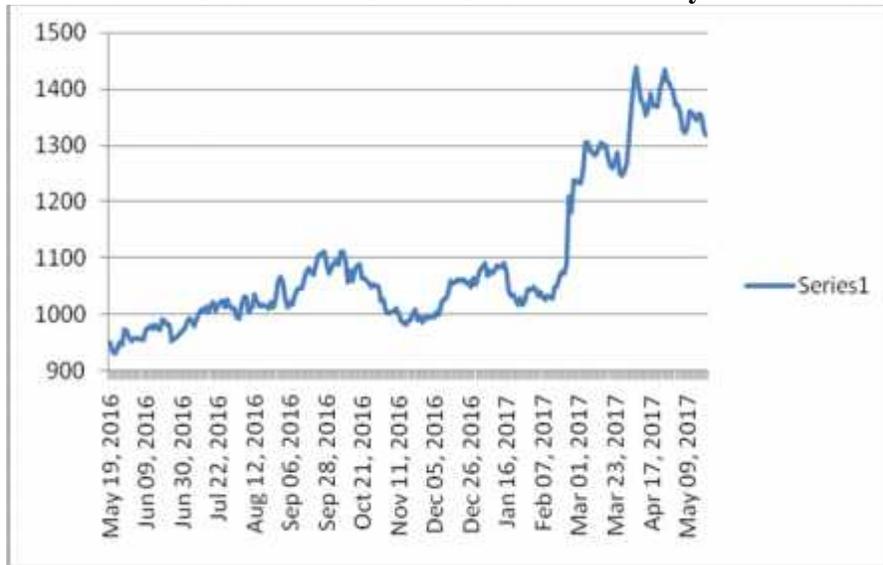
Rupee strengthened past the 64 mark against the US dollar for the first time since in over a year, tracking the gains in the global equity markets. The currency opened at 64.16 a dollar and touched a high of 63.96, a level last seen on 10 August 2015. It gained 6.4% in last 3 month becoming the best performing currency in Asia. Hence, there was steep rise in the value of the indices.

4. Individual Stock Trend Analysis

Report Card (Fundamentals) of the Stocks (as per Financial Statements 2016-17)

Stock	Face Value	Eps	Pe Ratio As On 23/05/2017	Net Profit Margin (%)	Last Dividend (%)	Return On Avg. Equity	52week High/Low Market Price	Last 52 Week Avg. Market Price
RIL	10	84.61	14.20	11.75	105.00	11.41	1465.00/925.70	1095.99
HDFC	2	56.73	27.65	20.41	475.00	16.91	582.90/1134.00	1353.53
ADANI PORTS	2	13.72	18.95	61.36	55.00	20.85	361.60/177.00	274.26
ITC	1	12.23	26.82	26.72	850.00	29.94	304.90/178.76	252.83
TCS	1	16.13	18.84	26.64	4350.00	38.87	740.00/2054.70	2414.82
BHARAT FORGE	2	30.30	46.55	16.28	375.00	19.25	1175.80/682.00	912.41
CIPLA	2	17.41	40.11	11.61	100.00	11.33	621.25/457.45	558.00
ACC	10	32.08	49.14	5.39	170.00	6.95	756.70/1256.55	1510.50
VEDANTA	1	13.22	18.45	18.35	350.00	14.20	278.10/94.05	202.75
HINDALCO	1	26.98	2.94	1.76	100.00	1.63	203.90/83.50	160.93

Graphical Representation Of The Stock Trend Of The Stocks Individually Reliance Industries Limited (Ril)



Net Increase – 347.15 Growth Rate – 35.73%

The above graph has been plotted showing the price fluctuations of the RIL stock from 19/05/2016 to 19/05/2017. The open price of the stock was 971.70 on 19/05/2016 and the price on the last day was 1318.85. It was at its trough point on 23rd May and peak point on 25th April. At the initial stage it continued to trade below 1,000 mark but rose beyond it in the middle of June. For around 5 months it was between 1,100-1,000 but there were instances where it went above 1,100 mark although it was for a short duration. Again it went below 1,000 mark during the demonetization stage but jumped back to its prior stage. Also during the last phase of February it rose drastically above 1,200 points and continued to fluctuate there till the end of the period also showing rise above 1,400. But in the month of April after reaching its high it started to fall and continued trading on 1,300 mark till the last day of the concerned period.

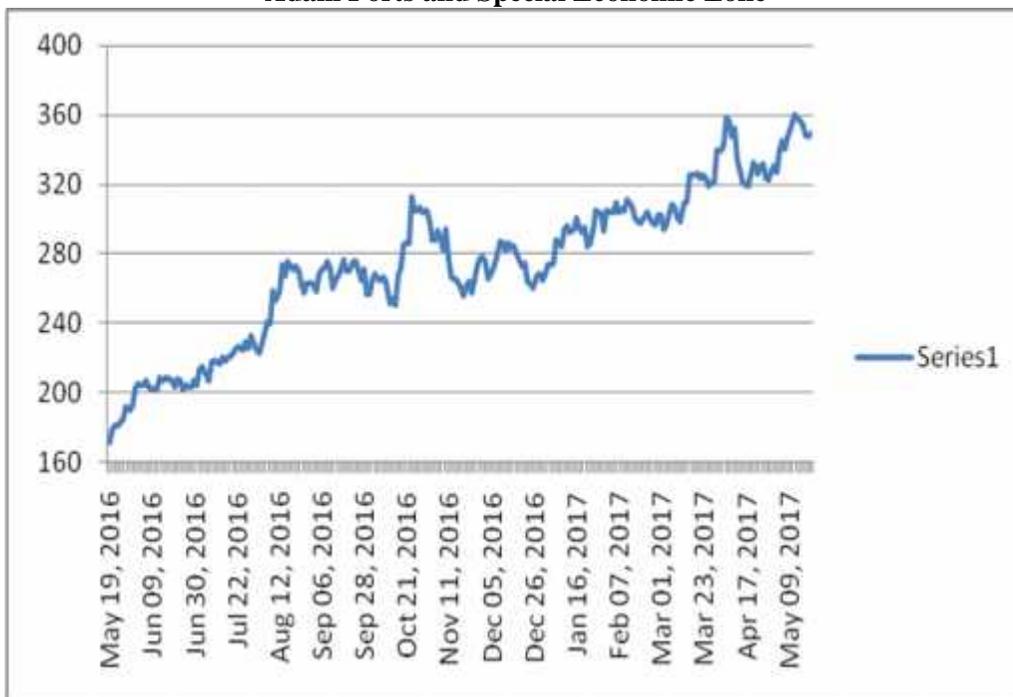
Housing Development Finance Corporation (HDFC)



**Net Increase – 312.10
 Growth Rate – 25.83%**

The above graph has been plotted showing the price fluctuations of the HDFC stock from 19/05/2016 to 19/05/2017. The open price of the stock was 1208.50 on 19/05/2016 and the price on the last day was 1520.60. It was at its trough point on 23rd May and peak point on 3rd May. At the initial stage it continued to trade around 1,200 mark and was in this trend till the first quarter of July. But it rose above 1,300 after 10th of July and maintained its position between 1,300-1,400 until the end of August, after which its value appreciated above 1,400 and continued to trade around this mark upto 1st week of November. After which the event of demonetization took place and its value depleted below 1,400 and continued to fall to 1,200 points. Again not only did it start to rise at the end of January and regained its previous position of 1,400 mark but also crossed 1,500 mark at the end of March and maintained its position there till 19th May, 2017.

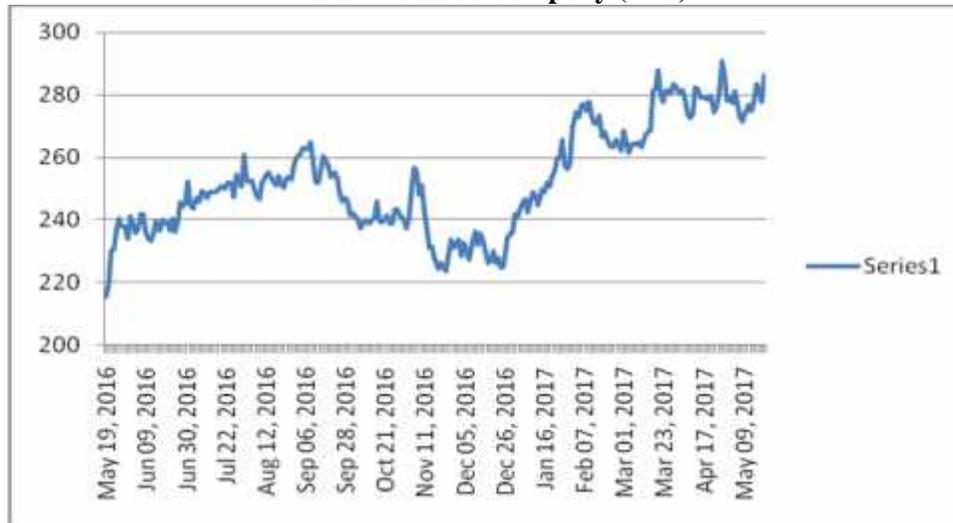
Adani Ports and Special Economic Zone



Net Increase – 177.90
Growth Rate – 103.70

The above graph has been plotted showing the price fluctuations of the HDFC stock from 19/05/2016 to 19/05/2017. The open price of the stock was 184.50 on 19/05/2016 and the price on the last day was 349.45. It was at its trough point on 19th May, 2016 and peak point on 11th May, 2017. At the initial stage it was trading below 200 points which rose above 200 in the 1st week of June. Till 10th August its trading limit was between 200-250 and passed this mark beyond this date. Later on it also crossed the 300 mark in the last week of October but it began to fall during the 1st week of November which was accelerated after demonetization due to which it fell upto 255 points. Again it started to advance slowly in the last week of November crossing 300 mark in the last week of January. It continued to trade around 300 points till 1st week of April after which it experienced a steep rise on 10th April but again fell to 320 points. After this it started to rise again in a slow rate and settled at 350 points in the end of the period.

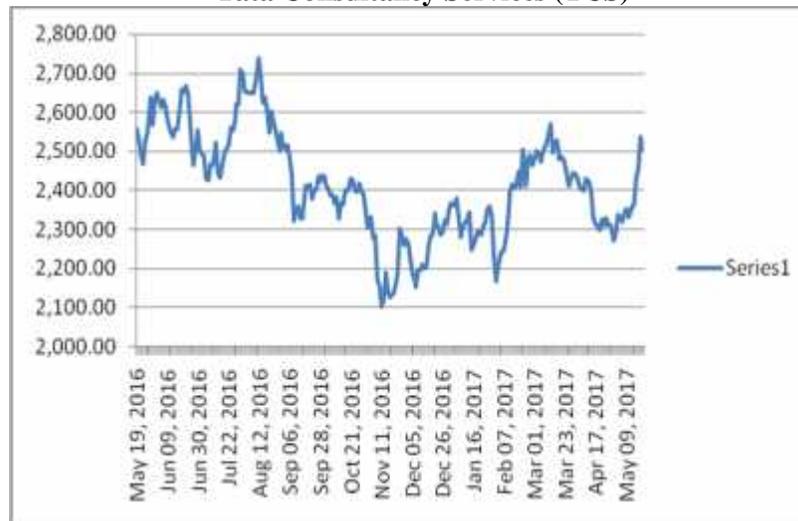
Indian Tobacco Company (ITC)



Net Increase – 70.84
Growth Rate – 32.89%

The above graph has been plotted showing the price fluctuations of the ITC stock from 19/05/2016 to 19/05/2017. The open price of the stock was 215.36 on 19/05/2016 and the price on the last day was 286.20. It was at its trough point on 19th May, 2016 and peak point on 19th May, 2017. At the initial stage it continued to trade it was trading at 215 points which rose to 240 after one week. Then it continued to trade between 230-250 but suddenly rose to 260 on 2nd August and then fell down to 250. It continued to be around there till 1st week of September where it again reached 260 mark and then again started to fall, going below 240 this time. In the 1st week of November, it again started to fall, going below 225 on 23rd November. During the starting of January it again rose to 240 and continued to rise upto 270-280 mark, ending on 286 at the end of the period.

Tata Consultancy Services (TCS)

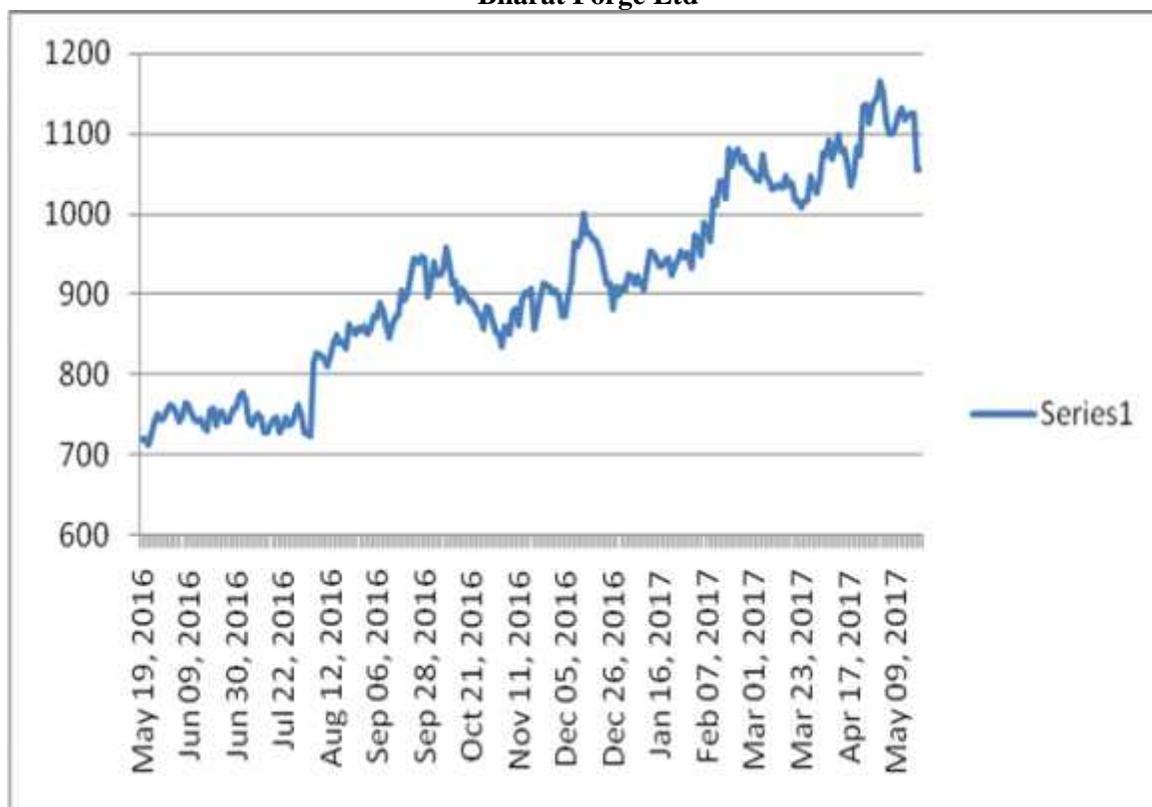


Net Increase – (-47.85)
Growth Rate – (-1.87)

The above graph has been plotted showing the price fluctuations of the TCS stock from 19/05/2016 to 19/05/2017. The open price of the stock was 2,555.00 on 19/05/2016 and the price on the last day was 2,507.15.

It was at its trough point on 12th August and peak point on 15th November, 2017. At the initial stage it quick fall of around 100 points. Then it kept its position between 2,650-2,550 till 24th June after which it fell upto 2460 mark. Afterwards it fluctuated between 2,550-2,450 till last week of July and then suddenly rose to 2,700 and continued to hover around it. Again in the last week of August it shifted downwards to 2,500 mark and continuously fell upto 2320 in the mid September. Later on it traded around 2,400 mark until the event of demonetization after which it fell to 2,100. Then it stood around/below 2,300 for 7 weeks. After this it again fell below 2200 on 1st February and then it rose beyond 2500 and stood around it till mid March. Then it also fell below 2300 on 19th April and then rose beyond 2500 mark on 18th May settling at 2507 at the end of the period.

Bharat Forge Ltd

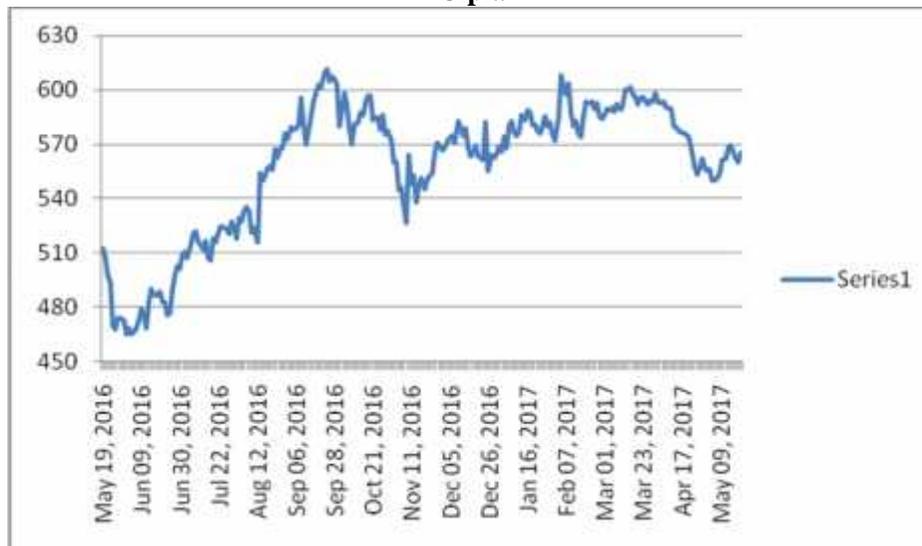


Net Increase – 320.95

Growth Rate – 43.67%

The above graph has been plotted showing the price fluctuations of the Bharat Forge stock from 19/05/2016 to 19/05/2017. The open price of the stock was 735.00 on 19/05/2016 and the price on the last day was 1055.95. It was at its trough point on 24th June and peak point on 3rd May, 2017. At the initial stage it continued to trade below 750 mark but rose beyond on 26th May. It continued to stay around 750 but below 800 till 1st week of August, where it crossed the 800 mark and again jumped 850 points at the end of the month. During the last half of September it crossed 900 mark and continued its existence around it but it fell down to 830 points in the 1st week of November. Again it rose to 880 points in the 2nd week and stayed strong during the event of demonetisation but again fell to 850 on 3rd week of November. On 9th December it jumped across 960 points, again retreating to 880 in the end of the month. Then it started to rise slowly and crossed 1,000 mark in the 1st week of February and maintained its position till the end of April where it rose above 1,100 points but fell to 1055 at the end of the period.

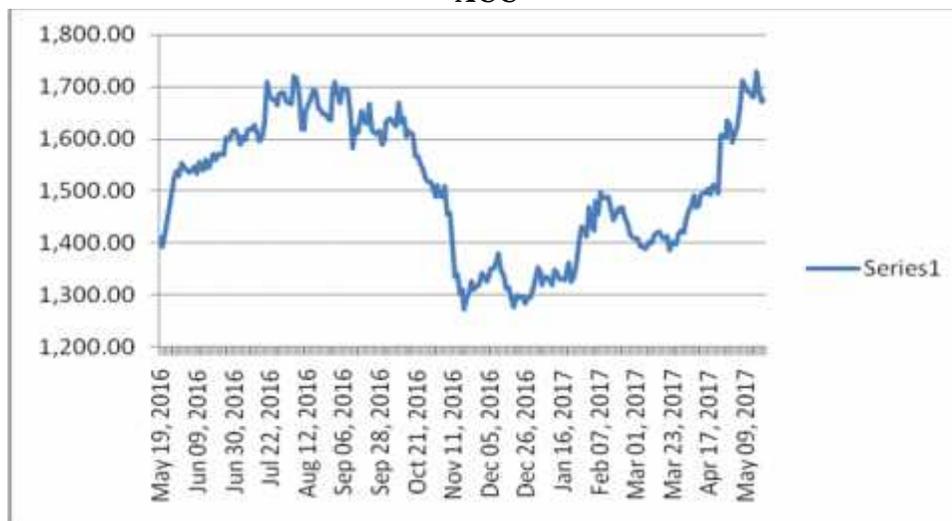
Cipla



Net Increase – 40.85
Growth Rate – 7.79%

The above graph has been plotted showing the price fluctuations of the RIL stock from 19/05/2016 to 19/05/2017. The open price of the stock was 524.10 on 19/05/2016 and the price on the last day was 564.95. It was at its trough point on 25th May, 2016 and peak point on 6th February. At the initial stage continued to stay between 450-500 points till the end of June after which it again reached 500 mark and continued trading around and above it. In the middle of August and September it crossed 550 mark and 600 mark respectively but fell below 600 at the beginning of October and started to fall steeply in the 1st week of November. It also stayed strong during demonetisation phase by rising almost everyday upto 6th of December. It maintained its position between 550-600 till 1st week of February and moved across 600 points there. It maintained its state around 600 till 20th April after which it fell to 550 and ended the period at 565.

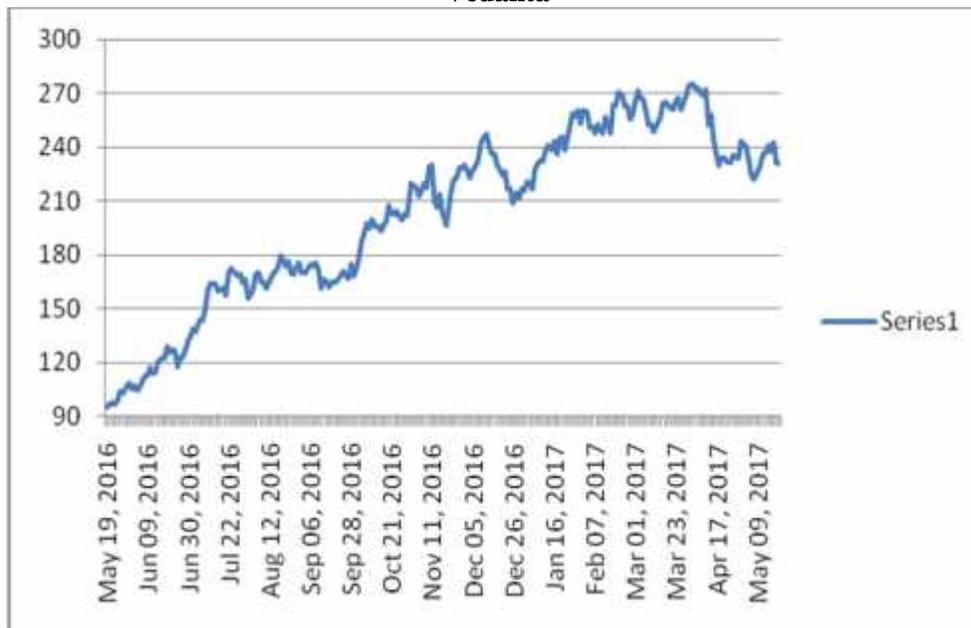
ACC



Net Increase – 240.40
Growth Rate – 16.75%

The above graph has been plotted showing the price fluctuations of the RIL stock from 19/05/2016 to 19/05/2017. The open price of the stock was 1409.85 on 19/05/2016 and the price on the last day was 1675.40. It was at its trough point on 22nd November and peak point on 8th May, 2017. At the initial stage it continued to trade around 1,400 mark. It rose steeply in the last week of May crossing 1,450; 1,500 and 1,550 mark simultaneously. It stayed around it and crossed 1,600 on the last day of June. At the end of July it rose again trading between 1,670-1,710, maintaining this till 19th August and fell to 1,630 at the end of the month. Again it rose above 1,700 on 1st of September but fell beyond 1,600 in the 2nd week. Then it rose slowly and fell again. At the beginning of October it traded strongly above and around 1,600 but then fell sharply below 1,500 reaching to 1,270 during the demonetisation phase. Again it started to rise crossing 1,300 at the end of November and continued to grow but again falling below 1,280 in the middle of December. It stayed 1,250-1,350 till 23rd January after which it crossed 1,400 points and then 1,500 points in mid April and then 1,600 points during the last part of the month. It maintained its good run crossing 1,700 in the 1st week of May, ending at 1,675.

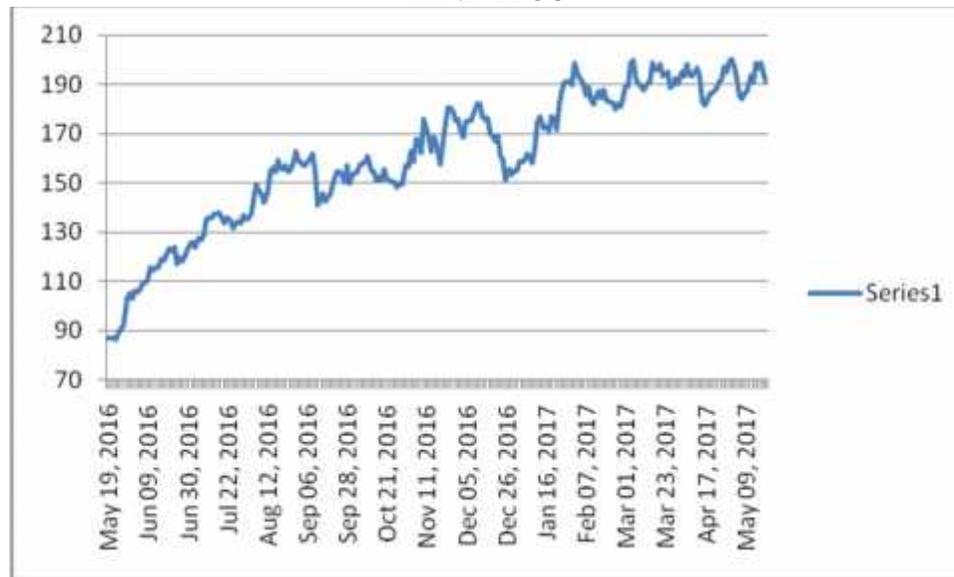
Vedanta



Net Increase – 131.55
Growth Rate – 133.15%

The above graph has been plotted showing the price fluctuations of the RIL stock from 19/05/2016 to 19/05/2017. The open price of the stock was 98.80 on 19/05/2016 and the price 230.35 on the last day was. It was at its trough point on 24th May, 2016 and peak point on 31st March, 2017. At the initial stage it was around 100 points which rose above 120 on 15th June and 140 on 7th July. The whole month of August and parts of July and September were high time for the stock as it was always above 160 mark during this period. In the month of October it experienced a steep rise in the price, reaching the 200 mark and maintaining it. During the demonetisation phase it kept its position strong crossing the 220 mark but fell below 200 on 21st November. Again it started to rise and moved pass 240 in the 1st week of December but fell below 210 points at the end of the month. After this it rose drastically crossing 260 mark and maintained its position at around 245-275 range till 2nd week of April then falling below 230 and 220 on 18th April and 8th May respectively. Again it witnessed a rise for a few days then falling and closing at 230.50 points.

HINDALCO



Net Increase – 102

Growth Rate – 114.54%

The above graph has been plotted showing the price fluctuations of the RIL stock from 19/05/2016 to 19/05/2017. The open price of the stock was 89.05 on 19/05/2016 and the price 191.00 on the last day was. It was at its trough point on 24th May, 2016 and peak point on 28th April, 2017. At the initial stage it traded below 90 after which it started to rise crossing 100 and 110 mark simultaneously. It continued trading around 110-120 till 2nd week of July after which it moved passed 135 points. It also crossed the 140, 150 and 160 marks on 8th, 16th and 30th August simultaneously. On 12th September it fell below 140 mark but rose again and kept its position between 150-160 till 1st week of November. It maintained it strong in the demonetisation phase, crossing 170 and 180 mark on the go. After the 2nd week of December it started to fell steeply moving down to 150 and then again rose back, trading strong and crossing 190 mark at the end of January. It continued to trade between 180 -200 till the end of the period closing at 191.00.

Conclusion

The various representations show that the out of the 10 stocks taken into consideration 6 stocks have shown the similar trend in relation to the trend in the flagship indices trends. Hence, we can say that most of the individual stocks are in unison with the indices trend and after having proper analysis about the indices trends we can have an idea about the individual trends and make a prediction about the ups and downs in the stock prices to earn sufficient profits minimising the risk factor.

Thus, the trend analysis in the stock market but just a skill of a trader/investor to earn huge profits taking calculated risk by predicting the future movement of the stock prices through fundamental analysis and technical analysis. Hence the more precise the prediction in the stock market, the better profit a trader will make. As rightly said by Peter Lynch, “If you don’t study any companies you have the same success buying stocks as you do in a poker game if you bet without looking at your cards.”

Most of the people in our country are unaware of these trends in the stock market. But in actual scenario one who analyses and predicts future fluctuations in the stock market is the real winner. He uses his own knowledge and experience to earn profits unlike the gamblers, who are totally on the luck factor as rightly said by Philip Fisher, “The stock market is filled with individuals who know the price of everything, but the value of nothing.”



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