A STUDY ON TECHNICAL ANALYSIS WITH REFERENCE TO AUTO MOBILE SECTOR STOCKS

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ABSTRACT

Technical analysis is a procedure that settles on purchase and sells choices utilizing market insights. It fundamentally includes considering charts demonstrating the exchanging history and measurements for whatever security is being investigated.

Technical analysis is an exchanging discipline utilized to assess speculations and distinguish exchanging openings by dissecting factual trends accumulated from exchanging action, for example, value development and volume. In contrast to principal experts, who endeavor to assess a security's characteristic worth, technical analysis centers around examples of value developments, exchanging signals and different other systematic outlining apparatuses to assess a security's quality or shortcomings.

Keywords: Market insights, Technical analysis, value developments,

INTRODUCTION

Technical Analysis can be characterized as craftsmanship and study of determining future costs dependent on an assessment of the past value developments. Technical analysis isn't soothsaying at foreseeing costs. The technical analysis depends on investigating the current interest supply of items, stocks, files, fates or any tradable instrument. Technical analysis includes putting stock data like costs, volumes and open enthusiasm on a diagram and applying different examples and pointers to it to evaluate the future value developments.

The investigation on technical analysis of chose organizations dependent on the Stratified examining system is noteworthy as it helps in understanding the inherent estimation of offers and to know whether the offers are underestimated or exaggerated or effectively valued. Further, it helps in understanding the value conduct of the offers, the signs given by them and

the significant defining moments of the market cost. The idea of analysis comes into the picture when a choice must be made on picking a specific organization's offers for speculation. Technical analysis is a security analysis strategy that asserts the capacity to gauge the future heading of costs through the investigation of past market information fundamentally cost and volume.

Apparatuses of Technical Analysis

The significant Tools and Techniques utilized right now:

1. Stock (Candlestick) graph

2. Exponential moving normal (EMA)

3. Moving normal intermingling uniqueness (MACD)

4. Relative quality record (RSI)

OBJECTIVES OF THE STUDY

- Technical analysis of selected stocks and interpret on whether to buy or sell.
- To suggesting the investors in making investment decisions in selected stock.
- To evaluate and analyze the growth and trends of the automobile sector.
- To study the equity timing of investment.

SCOPE OF THE STUDY

- Technical analysis may not hold good always.
- Technical analysis does not consider the economy of the country, performance of the company, etc.,
- The study is limited to cost and time constraints.
- To help the investor in making a decision based on the report.
- Analysis of the shares of companies.
- Studying the stock price movement of the security market.
- The analysis involves using of limited technical tools out of various tools.
- The study is related to technical analysis to predict the future behavior of the stocks.

LIMITATIONS OF THE STUDY

- The analysis is focused on five companies.

- The study is only for academic purposes.

- The study restricted to a smaller sample size because of a lack of time and resources.

- The recommendations made may not be a perfect prediction of the future as technical analysis is not an accurate practice.

- The analysis involves using of limited technical tools.

- They cannot predict the prices of the stocks for the long term.

- Technical analysis cannot apply to new companies script.

- Technical analysis may not hold good always.

RESEARCH METHODOLOGY

This is an analytical study based on the secondary data collected from NSE India of five Automobile stocks. Data was collected using historical prices of Company Stocks for the five months given in the website. The study focuses on the investors' usage of technical analysis in share trading, price fluctuations and the usefulness of it. Nonprobability sampling was used for the study and the sample selected was to the convenience of the researcher. The analysis is done based on the technical tools like Exponential Moving Average (EMA) and Relative Strength Index (RSI) and inferred based on the chart patterns formed.

The following listed companies have been used for this research:

Automobile Industry

☐ TVS motors company ltd

☐ Ashok Leyland ltd

☐ Tata motor ltd

☐ Bajaj auto ltd

☐ Force motor ltd

REVIEW OF LITERATURE

Mishra, expressed the degree to which exchanging productivity utilizing technical analysis pointers clarifies the risk premium or risk remuneration for putting resources into value showcases as against resources that are generally without risk utilizing different relapse

analysis. It is exhorted that dealers, retail speculators, and store chiefs while assessing portfolios, can depend on technical pointers based on exchanging methodologies other than key analysis.

Lawrence Blume, David Easley, and Maureen O'Hara right now title "Market measurements and Technical Analysis: The Role of Volume" analyst investigate that job of volume and its application for technical analysis. Analyst additionally shows that how volume, data, and cost are related with one another and shows that how volume and cost are illuminating and shows that dealer who utilizes data contained in advertise insights show improvement over brokers who don't.

Darshan Shiva and Gadag and Manas Mayur right now "Technical analysis and securities exchange return" specialist study that moving normal and moving normal hybrid is the significant technical analysis apparatus for any file and stock. This instrument serves to a financial specialist to perceive the present trend and the risk worried in stock or file.

DATA ANALYSIS AND INTERPRETATION

1. Statement Showing TVS Motor Company Limited 3rd September 2019 to 1st February 2020

Where,

Returns = close price-previous price

RSI = 100-100/(1+avg gain/avg loss)

Interpretation: From the above table represented the Relative Strength Index of a TVS MOTOR COMPANY LIMITED from a period of 6 months from 03-09-2019 to 01-02-2020 this company has more buying pressure because more number of days shown less than 30 and less number of days it have buying pressure in the stock.

2. Statement Showing Ashok Leyland Limited 3rd September 2019 to 1st February 2020

Interpretation: From the above table represented the Relative Strength Index of an ASHOK LEYLAND COMPANY LIMITED from a period of 6 months from 03-09-2019 to 01-02-2020 his company has more buying pressure because of either selling or either buying.

3. Statement Showing Tata Motors Limited 3ʳᵈ September 2019 to 1ˢᵗ February 2020

Interpretation: From the above table represented the Relative Strength Index of a TATA MOTOR LIMITED from a period of 6 months from 03-09-2019 to 01-02-2020 his company has more buying pressure because it is above 70 so buying pressure is more.

4. Statement Showing Bajaj Auto Limited 3ʳᵈ September 2019 to 1ˢᵗ February 2020

Interpretation:

From the above table represented the Relative Strength Index of a BAJAJ AUTO LIMITED from a period of 6 months from03-09-2019 to 01-02-2020 this company has holding the stock because it has above 70 so it is selling pressure in the stock.

5. Statement Showing Force Motor Limited 3ʳᵈ September 2019 to 1ˢᵗ February 2020

Interpretation:

From the above table represented the Relative Strength Index of a FORCE MOTORS LIMITED from a period of 6 months from 03-09-2019 to 01-02-2020 this company has more buying pressure because more number of days shown less than 30 and less number of days it have buying pressure in the stock.

FINDINGS:

- The TVS Motor Company Limited having an above 70 of RSI.TVS Motor Company has buying pressure because it has above 70 having a buying pressure.
- The Ashok Leyland Limited having a below 30 of RSI. Ashok Leyland Limited has selling pressure and above 70 having a buying pressure the investor can invest in this company.
- Tata Motors Limited having an above 70. So this Tata Motor Limited have buying pressure.
- Bajaj Auto Limited having a holding and selling pressure because it has 30 to 70 above RSI. So it is in holding pressure.
- The Force Motors Limited having a below 70 so it in buying pressure in this company investors can invest in this company.

SUGGESTIONS:

Technical analysis will improve the investment decision.

- Technical analysis is simple and more reliable then fundamental analysis because the information required for technical analysis is freely available as compared to fundamental analysis.
- An investor should know the market terms so that they can take a maximum return from the maximum investment.
- In case a trader entering new industries first he has to select a stock to buy in new industries after making careful study prospects and charts of the stock.
- Technical analysis is enough for deciding on stock market simultaneous usage of both fundamental and technical analysis will reduce errors in forecasting future prices.

CONCLUSION:

• In India, the vast majority of the ventures require an enormous measure of speculation. Assets are raised for the most part through the issue of the offer. A financial specialist is fulfilled from the sensible return from an interest in shares.

•Speculation includes higher risks to get return then again venture includes no such risks and returns will be reasonable. A speculator can prevail in his venture just when he can choose the correct offers.

•The speculators ought to distinctly watch the circumstances like market value, economy, organization progress, returns, and the risk associated with an offer before taking choice on a specific offer. This examination made will enable the speculators to know the conduct of offer costs and accordingly can succeed.

• The present investigation had finished with the technical analysis of five Automobile organizations utilizing the technical apparatuses RSI and EMA. From the examination, it is discovered that after the Recession the Automobile organizations gave momentary speculation increase to its financial specialists.

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