A TECHNICAL VIEW ON SPECULATIVE APPROACH OF PRICE BEHAVIOUR OF SELECT BANK SCRIPTS IN BOMBAY STOCK EXCHANGE (BSE): AN EMPIRICAL STUDY

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ABSTRACT

Stock market in India has witnessed a radical change over the last decade. The reforms initiated by SEBI have made the investors to feel free in investing their money in the stock market. The primary notion of investment in the stock market is to earn superior return in short term. Since bullish & bearish trends are like two sides of a coin in the stock market, the investors tend to buy and sell the securities according to the trends. But finding the trend is not that much of easy. In order to identify the trend the concept of technical analysis has been emerged. Technical analysis is based on the belief that the history repeats itself, which means price patterns and trade volume occur again and again over a period of time. This repetition of price and volume pattern helps an investor to predict the near future price movements. Though fundamental analysis is a part of security evaluation, the research analyst, stock market professionals and academicians are habituated to use the technical analysis to predict the price behaviour of a script in the stock market. Keeping the above facts in view, an attempt is made in this paper to put forth the application of technical analysis in a practical way to identify the trends of the selected stocks of Indian banking sector in Bombay Stock Exchange (BSE) by applying the oscillators like MACD, ROC and RSI :

Keywords : BSE, Price Bevahaviour

INTRODUCTION:

Stock market in India has witnessed a radical change over the last decade. The reforms initiated by SEBI have made the investors to feel free in investing their money in the stock market. The primary notion of investment in the stock market is to earn superior return in short term. Since bullish & bearish trends are like two sides of a coin in the stock market, the investors tend to buy and sell the securities according to the trends. But finding the trend is not that much of easy. In order to identify the trend the concept of technical analysis has been emerged. Technical analysis is based on the belief that the history repeats itself, which means price patterns and trade volume occur again and again over a period of time. This repetition of price and volume pattern helps an investor to predict the near future price movements. Though fundamental analysis is a part of security evaluation, the research analyst, stock market professionals and academicians are habituated to use the technical analysis to predict the price behaviour of a script in the stock market. Keeping the above facts in view, an attempt is made in this paper to put forth the application of technical analysis in a practical way to identify the trends of the selected stocks of Indian banking sector in Bombay Stock Exchange (BSE).

OBJECTIVES OF THE STUDY:

- To identify the price behaviour of selected scripts in banking sector.
- To examine the signal of bullish trend and bearish trend of select scripts.
- To find the applicability of theory of technical analysis in practice.
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SCOPE OF THE STUDY:

This study is based on the prices of scripts of selected banks such as ICICI Bank, HDFC, AXIS Bank, Canara Bank and Oriental Bank of Commerce. Tools like MACD, ROC and RSI are applied to identify the pattern of the script price behavior. In this study an attempt is made to analyze the trends of the weekly closing price of the selected scripts for the period of 18 months. This study will bring to the light of future movements of the selected scripts.

RESEARCH METHODOLOGY:

Empirical research design is adopted to carry out this study for finding the script price movement. The sampling unit of the study belongs to Indian banking sector. Judgmental sampling technique is applied in this study by taking the weekly closing price of the selected scripts in BSE for 18 months from 2-Jan-09 to 28-Jun-10.

METHOD OF CALCULATION:

- Share prices of selected companies were taken for 18 months from 2-Jan-09 to 28-Jun-10.
- MACD is calculated by taking short term moving average of 3 days and a long-term average of 7 days.
- Rate of Change is calculated from 7 days moving average of script prices.
- Relative strength is calculated from 7 days moving average of script prices.

LIMITATIONS OF THE STUDY:

- Market price of the share is not only affected by the movement of the scripts but also the influence of the economic events, political events and fundamentals of the company plays a vital role in determining the market price of the script.
- Only 18 months data are used to analyze the study of price behavior of selected scripts
- Due to the research administrative purpose and time constraint only five scripts were taken for analysis
- Out of many oscillators the research is made-up of only three oscillator tools such as MACD, ROC and RSI.
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SCRIPT PRICE OF ICICI	MACD	ROC	RS INDEX	SCRIPT PRICE OF ICICI	MACD	ROC	RS INDEX	SCRIPT PRICE OF ICICI	MACD	ROC	RS INDEX
471.2	-	-	-	760.85	-9.47	1.01	54.76	805.75	-25.35	0.92	44.62
454.85	-	-	-	732.35	19.03	1.04	46.92	816.7	-21.61	0.92	29.29
423.95	-	-	-	773.35	34.73	1.11	62.14	831.7	-13.95	0.99	31.66
364.3	-	-	-	710.55	16.27	0.97	51.72	897.5	8.73	1.04	66.01
416.3	-	-	-	716.7	12.85	1.09	48.04	924.8	36.00	1.11	67.17
406.95	-	-	-	761.15	-6.45	1.09	68.43	930.8	54.86	1.12	82.42
434.35	-5.36	0.92	40.58	736.1	-3.60	0.97	57.28	925.6	50.95	1.15	79.57
335.95	-12.82	0.74	27.00	790.9	16.85	1.08	55.72	960.05	40.65	1.18	96.84
328.1	-21.00	0.77	27.81	867.55	33.00	1.12	71.74	984.35	34.55	1.18	97.08
269.3	-53.92	0.74	25.33	845.4	59.14	1.19	62.34	965	28.64	1.08	86.54
308.7	-55.06	0.74	40.52	904.8	69.35	1.26	83.65	919.85	12.05	0.99	56.91
322.9	-43.45	0.79	31.71	917.3	57.28	1.21	84.00	960.1	-1.08	1.03	60.10
385.2	-1.71	0.89	46.47	920.65	59.58	1.25	81.41	937.9	-11.12	1.01	51.86
360.25	26.06	1.07	37.89	928.95	40.08	1.17	90.66	921.35	-10.02	0.96	48.95
397.7	42.17	1.21	62.60	810.2	1.62	0.93	53.20	902.4	-21.01	0.92	34.56
426.4	41.86	1.58	68.49	787.2	-31.38	0.93	33.76	832	-34.55	0.86	17.29
423.6	40.94	1.37	86.77	894.65	-49.85	0.99	57.40	867.05	-38.66	0.94	30.30
477.75	43.47	1.48	87.64	918.75	-15.66	1.00	52.34	842.2	-47.63	0.88	32.99
549.1	52.05	1.43	90.15	905.3	25.42	0.98	47.99	854.65	-25.02	0.91	23.70
536.7	68.11	1.49	82.68	886.75	27.63	0.95	44.60	900.95	-8.44	0.98	41.77
672.3	88.38	1.69	95.56	872.05	20.19	1.08	41.11	868.6	7.90	0.96	39.03
729.5	101.12	1.71	95.80	825.35	-8.62	1.05	53.06	-	-	-	-
734.25	122.99	1.73	95.51	825.95	-34.43	0.92	58.59	-	-	-	-
750.3	102.32	1.57	96.47	877.65	-30.13	0.96	44.99	-	-	-	-
703.85	61.47	1.28	82.88	887.55	-4.94	0.98	39.97	-	-	-	-
698.7	28.25	1.30	76.95	842.2	9.49	0.95	33.17	-	-	-	-
729.25	-6.28	1.08	82.55	863.4	8.08	0.99	43.86	-	-	-	-
654.55	-20.18	0.90	46.22	831.6	-4.80	1.01	40.24	-	-	-	-
696.45	-16.20	0.95	42.47	832.65	-9.02	1.01	52.26	-	-	-	-

TABLE 1: SHOWS THE MACD, ROC & RS INDEX OF ICICI BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10
Source of script price: bseindia.com

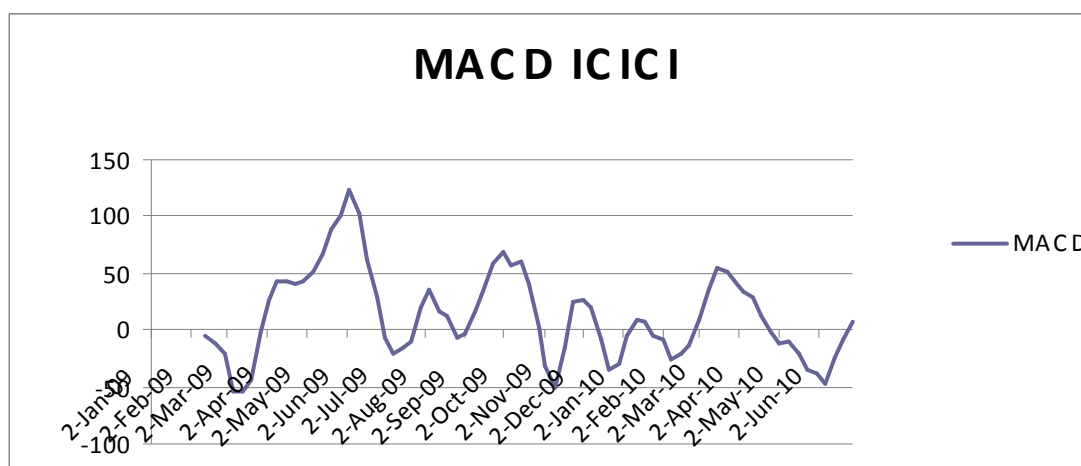**CHART 1.1: SHOWING THE MACD OF ICICI BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10**

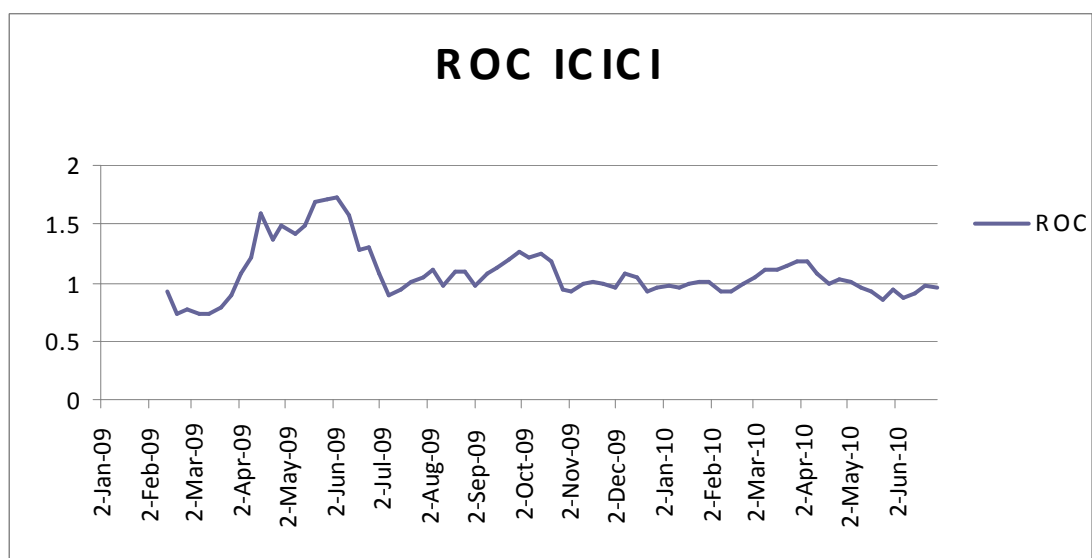**CHART 1.2: SHOWING THE ROC OF ICICI BANK SCRIPT FROM 2-JAN-9 TO 28-JUN-10**
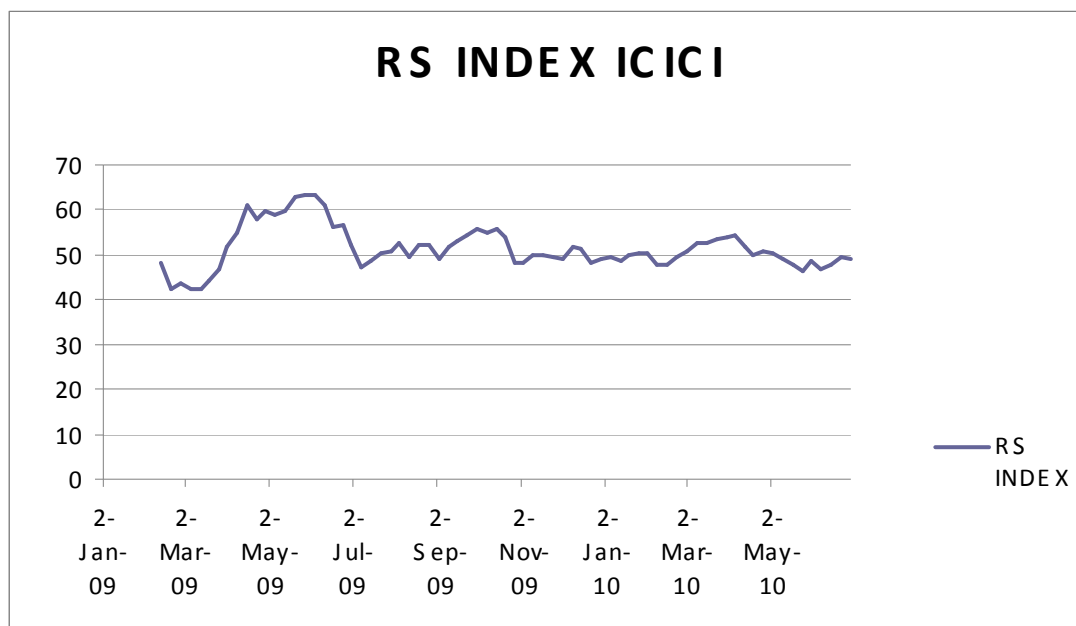
CHART 1.3: SHOWING THE RS INDEX OF ICICI BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

INFERENCE:

- MACD was at its peek on 04th June 2009 and it has touched to the extent of 22.99
- MACD was at its bottom on 13th March 2009 and it has come down to the extent of -55.06
- The bullish trend was shown from 23rd April 2009 to 04th June 2009 and also 9th September 2009 to 30th September 2009
- The signal of bearish trend of the script was shown from 16th March 2010 to 19th April 2010.
- When MACD line forms a peek at the top. It gives a signal that the market will turn bearish i.e., the representation of over bought situation. This situation occurred on 4th June 2009.
- When MACD line reaches the bottom. It gives a signal that the market will turn bullish i.e., the representation of over sold situation. This situation occurred on 13th March 2009.
- During the following intervals ROC line Increased towards its peak, which signifies bullish trend in the market.   (a) 07th May 2009 to 04th June 2009, (b) September 02nd 2009 to 23rd September 2009 & (c) 22nd February 2010 to 30th March 2010
- During the interval 26th April 2010 to 24th May 2009 ROC line decreased towards the bottom, which signifies bearish trend in the market.
- During the following period RSI line moved downwards in the 70-30 zone and it gave the clear signal that the price would decrease (sell signal)
  (a) 26th April 2010 to 17th May 2010 & (b) 10th November 2009 to 01st December 2009
- During the period 27th March 2009 to 29th April 2009 RSI line moved upwards in the 30-90 zone and it gave the clear signal that the price would increase (buy signal)

TABLE 2: SHOWS THE MACD, ROC & RS INDEX OF AXIS BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT	MACD	ROC	RS INDEX
542.6	-	-	-	861.35	20.1	1.19	69.95	1023	-1.3	1.04	59.00
485.75	-	-	-	919.2	37.7	1.26	76.49	1027.9	-4.1	1.02	57.33
444.35	-	-	-	851.4	41.4	1.10	63.99	1104.6	-3.8	1.05	63.57
384.1	-	-	-	870.55	31.2	1.00	61.63	1152.7	24.6	1.04	64.49
433	-	-	-	819.65	5.1	1.05	43.06	1115.4	52.2	1.10	51.65
402.7	-	-	-	930.95	10.6	1.18	69.15	1145.15	47.5	1.08	72.55
439.2	-22.4	0.81	31.15	889.65	2.5	1.03	61.97	1160.65	36.2	1.13	69.26
373.15	-18.2	0.77	25.10	913.4	26.4	0.99	57.00	1173.15	34.0	1.14	83.40
347.95	-16.7	0.78	27.67	907.35	20.2	1.07	48.15	1174.25	22.8	1.06	83.12
295.25	-43.4	0.77	26.70	919.85	20.5	1.06	62.92	1177.3	18.0	1.02	74.68
330.55	-50.0	0.76	40.92	981.55	27.3	1.20	68.05	1157.4	12.0	1.04	51.97
343.05	-38.7	0.85	32.60	980	28.6	1.05	81.06	1274.85	22.8	1.11	90.01
431.2	2.5	0.98	54.50	1032.1	51.6	1.16	75.42	1262.1	34.4	1.09	82.09
439.75	38.8	1.18	50.10	976.35	37.5	1.07	70.31	1249.3	52.3	1.06	74.69
444.55	62.5	1.28	65.71	928.65	18.2	1.02	53.21	1261.85	35.3	1.07	74.69
470.65	58.1	1.59	76.90	894.55	-25.8	0.97	47.59	1196.15	10.2	1.02	54.48
502.55	49.4	1.52	0.00	995.85	-30.2	1.01	60.73	1228.4	-4.1	1.06	59.35
555.65	54.3	1.62	0.00	1000.1	-9.0	1.02	53.13	1215.55	-27.8	0.95	60.92
624.55	65.4	1.45	0.00	999.85	23.3	0.97	53.36	1253.35	-5.7	0.99	44.24
637.4	80.9	1.45	0.00	1036.5	36.2	1.06	50.79	1250.05	3.3	1.00	46.60
734.95	98.4	1.65	0.00	1040.5	40.5	1.12	64.05	1262.55	17.0	1.00	53.74
782.05	102.7	1.66	0.00	958.95	22.5	1.07	55.78	-	-	-	-
734.85	97.5	1.46	86.84	967.25	-11.0	0.97	65.38	-	-	-	-
725.55	62.5	1.31	83.18	984.25	-28.1	0.98	46.18	-	-	-	-
731.9	20.6	1.17	80.47	1010	-12.4	1.01	52.85	-	-	-	-
777.3	12.9	1.22	78.74	1049.1	7.8	1.01	61.60	-	-	-	-
869.55	27.8	1.18	83.63	1104.2	38.1	1.06	64.67	-	-	-	-
783.6	38.0	1.00	57.29	1017.6	43.9	1.06	46.35	-	-	-	-
788.9	40.9	1.07	51.17	1063.35	33.8	1.10	68.80	-	-	-	-

Source of script price: bseindia.com

CHART 2.1: SHOWS THE MACD OF AXIS BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10
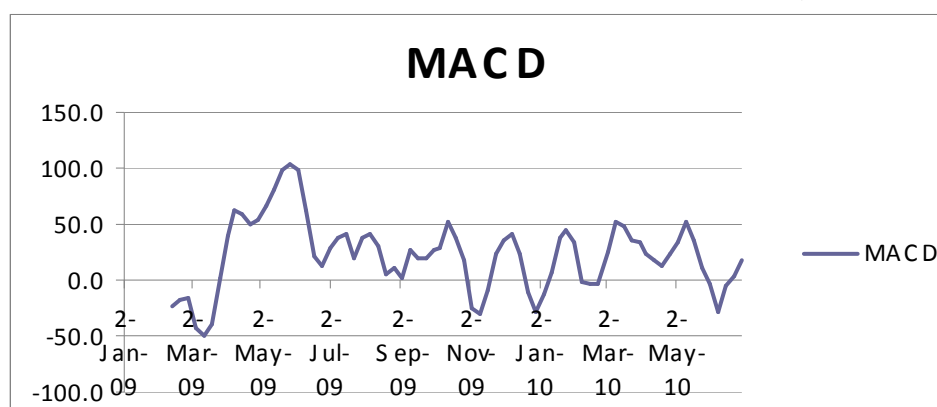
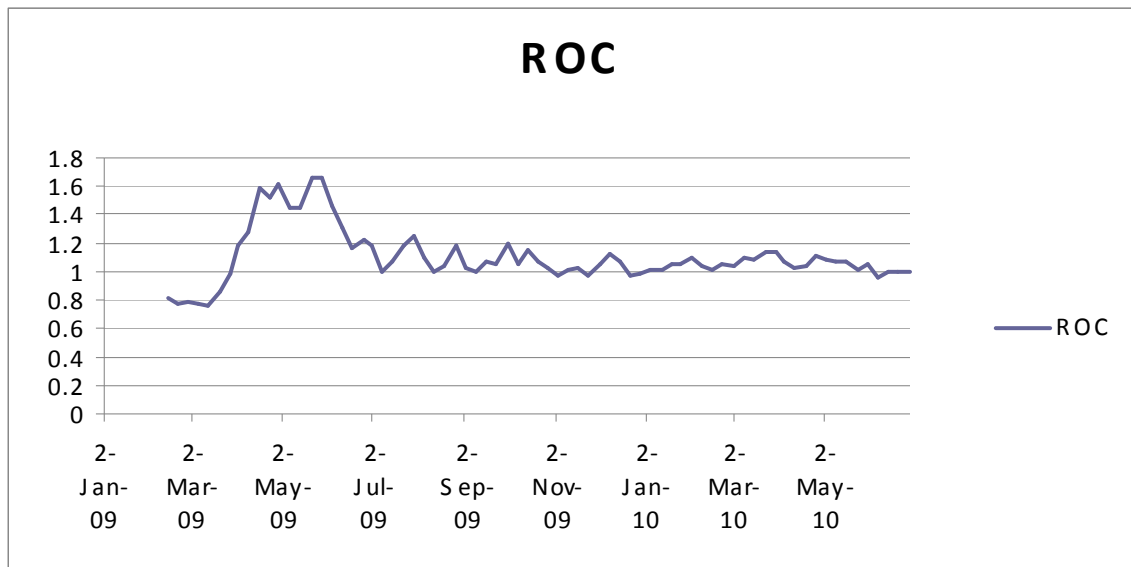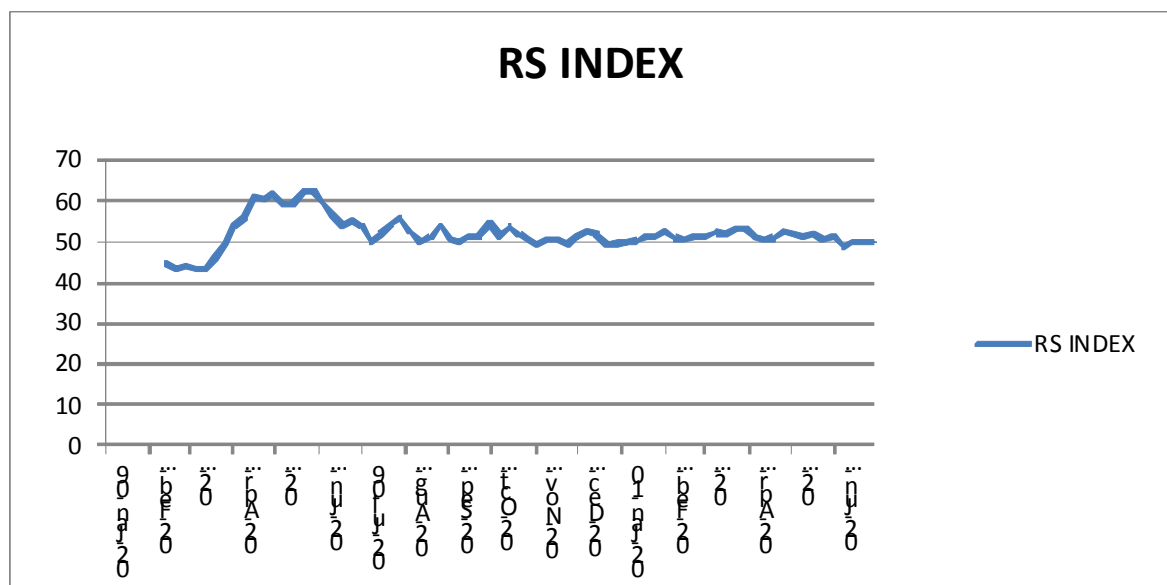**CHART 2.2: SHOWS THE ROC OF AXIS BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10**

CHART 2.3: SHOWS THE RS INDEX OF AXIS BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

INFERENCE:

- MACD was at its peek on 28-May-09 and it has touched to the extent of 102.70
- MACD was at its bottom on 6-Mar-09 and it has come down to the extent of   - 43.40
- The bullish trend was shown from 23rd April 2009 to 28th May 2009 and also 16th September 2009 to 07th October 2009
- The signal of bearish trend of the script was shown from 14th October 2009 to 3rd November 2009.
- When MACD line forms a peek at the top. It gives a signal that the market will turn bearish i.e., the representation of over bought situation. This situation occurred on 28-May-09.

- When MACD line reaches the bottom. It gives a signal that the market will turn bullish i.e., the representation of over sold situation. This situation occurred on 6-Mar-09.
- During the following intervals ROC line Increased towards its peak, which signifies bullish trend in the market.
    (a) 02nd April 2009 to 29th April 2009
    (b) September 022nd 2009 to 19th January 20
- During the interval 28th May 2009 to 18th June 2009 ROC line decreased towards the bottom, which signifies bearish trend in the market.
- During the period 07th October 2009 to 3rd November 2009 RSI line moved downwards in the 70-30 zone and it gave the clear signal that the price would decrease (sell signal)
- During the period 12th March 2009 to 16th April 2009 RSI line moved upwards in the 30-90 zone and it gave the clear signal that the price would increase (buy signal)

TABLE 3: SHOWS THE MACD, ROC & RS INDEX OF HDFC BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT	MACD	ROC	RS INDEX
1015.8	-	-	-	1446.25	-62.17	0.93	55.94	1566.65	-63.15	0.92	38.37
1012.3	-	-	-	1417.95	-29.27	0.93	30.79	1613.45	-65.77	0.95	38.12
936.6	-	-	-	1447.55	3.52	0.99	39.23	1697.2	-33.80	1.00	48.91
872.35	-	-	-	1401.8	-2.35	0.93	40.69	1744.65	18.96	0.98	54.90
924.6	-	-	-	1447.2	15.23	1.05	42.04	1811.45	80.22	1.09	53.63
898.55	-	-	-	1459.85	7.43	1.06	67.99	1804.75	95.03	1.12	71.52
945.5	-20.79	0.93	36.92	1437.3	11.27	0.99	61.23	1884.75	101.81	1.20	87.75
866.95	-18.74	0.86	28.57	1474.3	16.30	1.04	56.34	1906.4	84.92	1.18	98.10
884.85	-5.10	0.94	32.38	1514.65	20.75	1.05	70.72	1943.2	83.96	1.14	98.05
801.1	-33.88	0.92	31.67	1568.95	47.29	1.12	73.53	1950	69.60	1.12	97.48
834.55	-39.28	0.90	44.42	1642.25	68.93	1.13	92.10	1935.25	51.99	1.07	90.81
837.7	-42.58	0.93	35.01	1670.5	88.98	1.14	91.60	1990.9	42.25	1.10	90.35
996.6	8.58	1.05	61.60	1702.55	98.84	1.18	92.16	1970.95	25.49	1.05	85.27
1034.75	62.56	1.19	60.78	1659.5	72.85	1.13	86.04	1933.9	18.02	1.01	62.76
1046.05	106.43	1.18	75.84	1618.9	34.99	1.07	73.18	1929.05	-5.83	0.99	56.44
1064.4	103.38	1.33	75.87	1606.3	-10.19	1.02	66.13	1823.4	-37.90	0.94	25.52
1092.5	81.00	1.31	0.00	1701.3	-15.16	1.04	70.37	1885.4	-44.84	0.97	39.23
1100.7	61.20	1.31	0.00	1747.35	12.64	1.05	67.66	1880.2	-53.26	0.94	40.52
1176.75	50.21	1.18	0.00	1776.2	54.17	1.04	67.72	1973.05	-0.82	1.00	47.28
1164.85	50.29	1.13	93.80	1789.05	71.07	1.08	65.50	1999.45	33.12	1.03	54.27
1367.3	91.65	1.31	96.66	1829.85	74.23	1.13	80.78	1951.7	54.41	1.01	52.58
1436.2	122.40	1.35	97.13	1698.6	36.98	1.06	60.85	-	-	-	-
1388.9	150.72	1.27	86.63	1649.5	-15.71	0.97	55.35	-	-	-	-
1551.75	146.60	1.41	89.75	1697.75	-59.24	0.97	49.50	-	-	-	-
1522.65	115.14	1.29	85.25	1706.55	-50.76	0.96	43.62	-	-	-	-
1464.4	99.21	1.26	74.77	1698.65	-23.30	0.95	37.03	-	-	-	-
1502	34.46	1.10	77.80	1778.3	5.09	0.97	48.53	-	-	-	-
1376.6	-15.55	0.96	50.88	1657.45	13.35	0.98	30.66	-	-	-	-
1381.35	-35.40	0.99	44.11	1605.3	-4.44	0.97	37.28	-	-	-	-

Source of script price: bseindia.com

CHART 3.1: SHOWS THE MACD OF HDFC BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

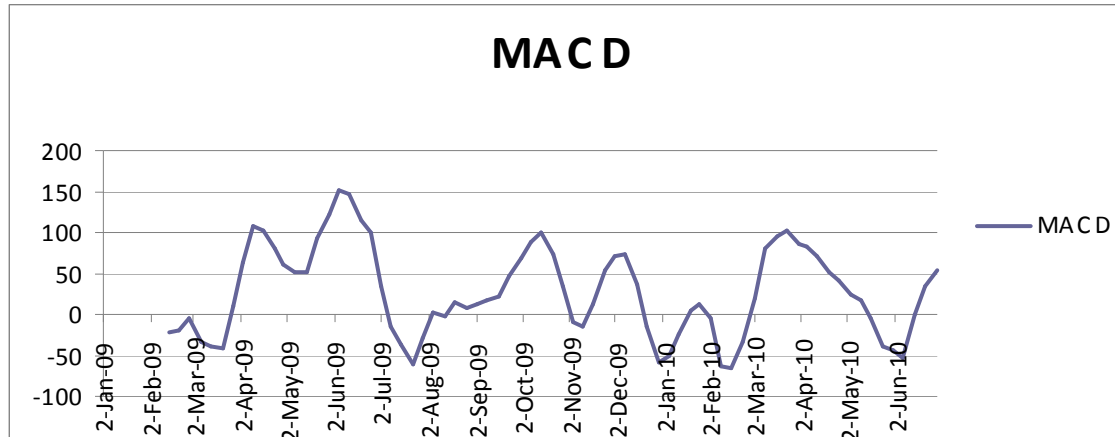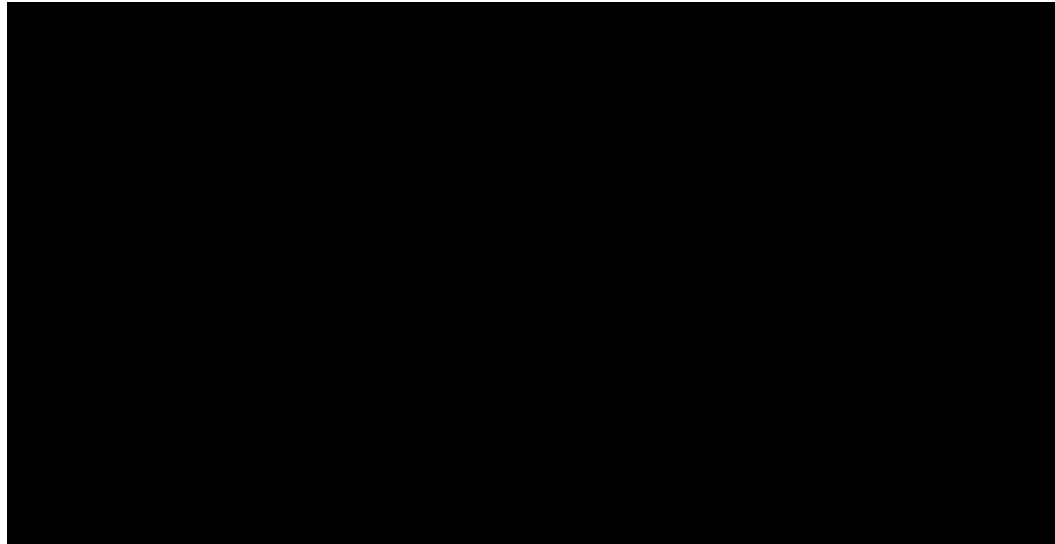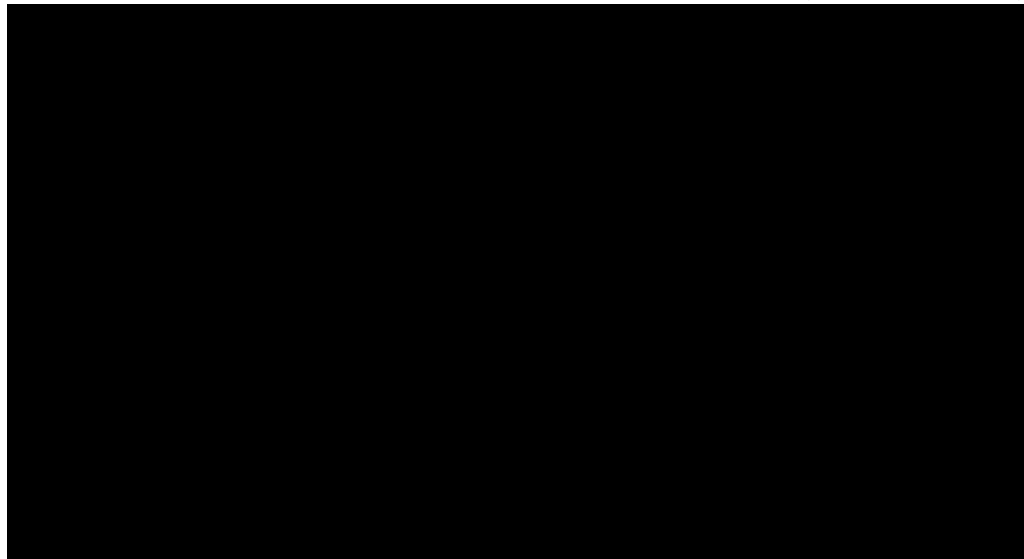**CHART 3.2: SHOWS THE ROC OF HDFC BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10**

CHART 3.3: SHOWS THE RSI OF HDFC BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

INFERENCE:

- MACD was at its peek on 4-Jun-09 and it has touched to the extent of 150.72

- MACD was at its bottom on 15-Feb-10and it has come down to the extent of   -65.77

- The bullish trend was shown from 07th May 2009 to 28th May 2009 and also 09th September 2009 to 14th October 2009

- The signal of bearish trend of the script was shown from 24th October 2009 to 3rd November 2009 and also 26th April 2010 to 24th May 2009

- When MACD line forms a peek at the top. It gives a signal that the market will turn bearish i.e., the representation of over bought situation. This situation occurred on 4-Jun-09

- When MACD line reaches the bottom. It gives a signal that the market will turn bullish i.e., the representation of over sold situation. This situation occurred on 6- 15-Feb-10.

- During the following intervals ROC line Increased towards its peak, which signifies bullish trend in the market.   (a) 09th
  September 2009 to 14th October 2009 & (b) 2nd March 2010 to 23rd March 2010

- During the following intervals ROC line decreased towards the bottom, which signifies bearish trend in the market.

  (a) 11th June 2009 to 08th July 2009 & (b) 08th December 2009 to 12th January 2010

- During the following periods RSI line moved downwards in the 70-30 zone and it gave the clear signal that the price would decrease (sell signal)

  a. 28th March 2009 to 16th April 2009 & b.29th July 2009 to 23rd September 2009

- During the following periods RSI line moved upwards in the 30-90 zone and it gave the clear signal that the price would increase (buy signal)

  (a) 08th December 2009 to 12th January 2010 & (b) 26th April 2010 to 24th May 2010

TABLE 4: SHOWS THE MACD, ROC & RS INDEX OF CANARA BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT	MACD	RO	RS INDEX
196.15	-	-	-	263.35	-0.15	1.08	41.69	388.4	-3.78	0.97	44.17
206.2	-	-	-	271.05	6.95	1.10	67.04	381.95	-3.80	0.94	33.07
201.4	-	-	-	285.2	10.79	1.11	71.82	382.85	-7.52	0.96	28.00
174.1	-	-	-	268.1	10.93	1.02	55.33	403.6	-2.95	1.02	52.60
180.25	-	-	-	252.65	6.39	1.06	44.66	422.6	6.82	1.08	66.08
185.3	-	-	-	262.3	-4.64	1.02	63.37	399.75	11.08	0.99	54.84
188.2	-5.65	0.96	42.93	275.95	-4.74	1.05	61.30	400.25	10.48	1.03	47.90
166.55	-5.98	0.81	31.00	287.45	3.42	1.06	63.51	412.45	3.66	1.08	64.55
165.35	-6.80	0.82	20.42	320.45	15.75	1.12	71.57	419.4	4.86	1.10	72.52
150.6	-12.07	0.87	17.85	315.05	24.51	1.18	64.11	416.7	5.50	1.03	69.92
148.95	-14.35	0.83	26.43	321.75	28.28	1.27	78.13	389	-0.23	0.92	42.06
147.45	-15.63	0.80	16.32	342.4	22.78	1.31	94.63	409.8	-1.60	1.03	43.17
167.05	-7.54	0.89	35.57	366.5	25.04	1.33	95.30	428.2	-1.83	1.07	65.94
165.05	1.14	0.99	31.44	389.4	31.39	1.35	95.65	431.2	7.82	1.05	66.87
171.1	8.37	1.03	54.87	332	21.55	1.04	63.09	426.4	11.36	1.02	58.27
190.1	12.52	1.26	69.17	329.85	8.00	1.05	53.37	407.8	6.21	0.98	43.96
189.45	15.10	1.27	88.50	376.5	-5.08	1.17	67.02	408.2	-0.24	1.05	45.46
197.55	16.97	1.34	92.71	367.85	0.28	1.07	62.63	424.4	-5.96	1.04	71.53
231.8	18.82	1.39	97.04	384.9	12.56	1.05	61.88	429	-1.64	1.00	64.55
222.35	21.89	1.35	84.78	414.2	18.31	1.06	62.95	422.75	3.99	0.98	44.94
271.5	31.33	1.59	92.03	409.25	29.28	1.23	55.97	443.7	8.64	1.04	58.70
286.9	33.16	1.51	92.57	376.95	20.20	1.14	65.93	-	-	-	-
280.75	39.67	1.48	86.80	394.9	4.48	1.05	70.74	-	-	-	-
244.95	22.90	1.24	67.53	400.95	-1.78	1.09	60.52	-	-	-	-
246.1	2.36	1.06	66.04	405.8	2.41	1.05	66.87	-	-	-	-
258	-8.97	1.16	60.16	400.1	1.98	0.97	57.52	-	-	-	-
263.8	-8.60	0.97	66.53	396.15	2.95	0.97	38.09	-	-	-	-
238.55	-6.41	0.83	33.76	390.15	0.47	1.04	37.57	-	-	-	-
256.95	-2.49	0.92	35.66	403.85	-2.13	1.02	73.11	-	-	-	-

Source of script price: bseindia.com

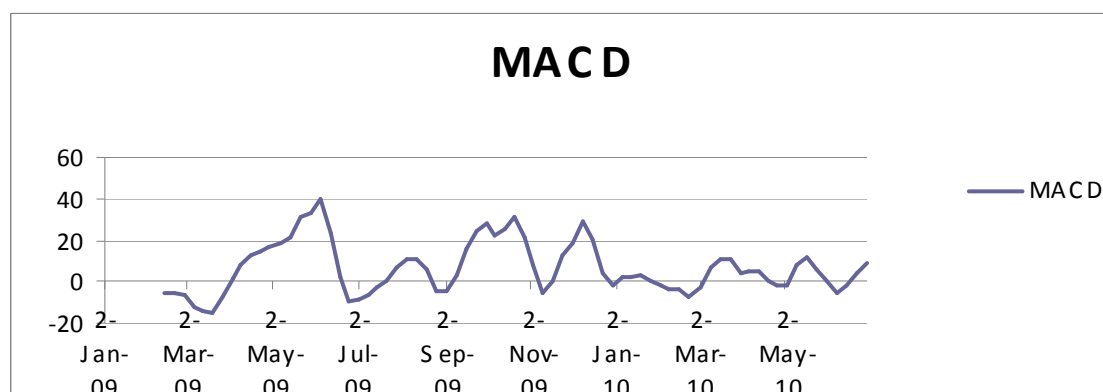**TABLE 4.1: SHOWS THE MACD OF CANARA BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10**

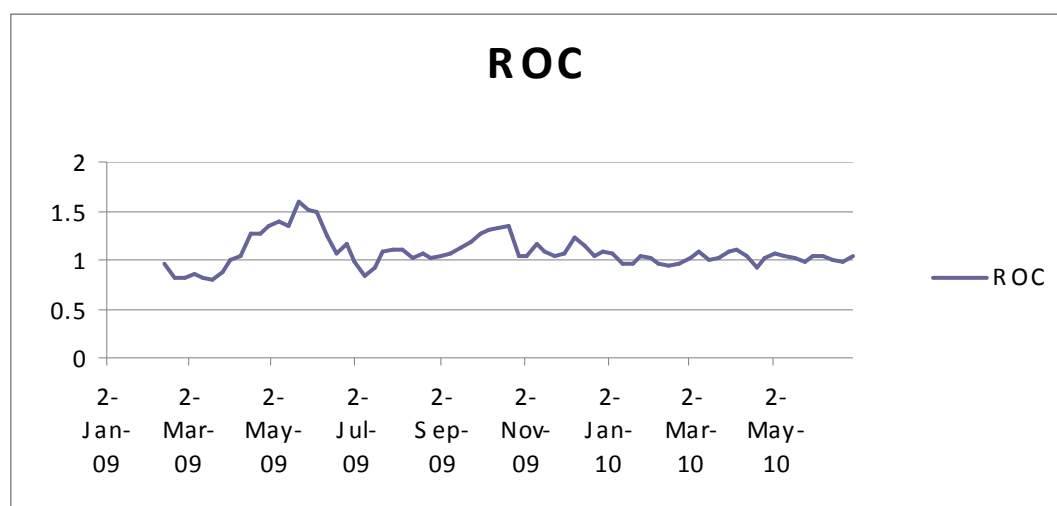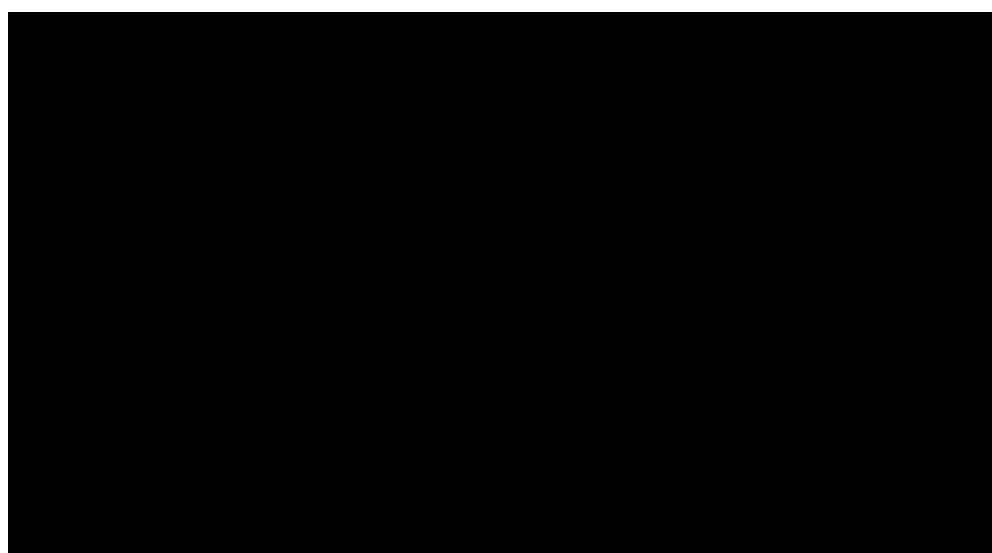**TABLE 4.2: SHOWS THE ROC OF CANARA BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10**

TABLE 4.3: SHOWS THE RSI OF CANARA BANK SCRIPT FROM 2-JAN-09 TO 28-JUN-10

INFERENCE:

- MACD was at its peek on 4-Jun-09and it has touched to the extent of 39.67
- MACD was at its bottom on 20-Mar-09 and it has come down to the extent of   -15.63
- The bullish trend was shown from 16th April 2009 to 28th May 2009 and also 09th September 2009 to 23rd September 2009
- When MACD line forms a peek at the top. It gives a signal that the market will turn bearish i.e., the representation of over bought situation. This situation occurred on 4-Jun-09
- When MACD line reaches the bottom. It gives a signal that the market will turn bullish i.e., the representation of over sold situation. This situation occurred on 6- 20-Mar-09.

- During the following intervals ROC line Increased towards its peak, which signifies bullish trend in the market.
  - (a) 09th April 2009 to 21st May 2009
  - (b) 12th August 2009 to 21st October 2009
- During the interval 28th May 2009 to 18th June 2009 ROC line decreased towards the bottom, which signifies bearish trend in the market.
- During the period 02nd April 2009 to 07th May 2009 RSI line moved upwards in the 30-90 zone and it gave the clear signal that the price would increase (buy signal)

TABLE 5: SHOWS THE MACD, ROC & RS INDEX OF ORIENTAL BANK OF COMMERCE SCRIPT FROM 2-JAN-09 TO 28-JUN-10

SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT PRICE	MACD	ROC	RS INDEX	SCRIPT PRICE	MACD	ROC	RS INDEX
166.5				162.85	-9.05	0.92	23.96	262.85	0.90	1.01	54.55
165.7				166.7	-5.59	0.94	37.22	266.25	8.25	1.01	53.97
152.85				174.8	-2.17	0.97	46.95	270.2	4.27	1.05	54.21
131.25				165.4	0.85	0.91	35.01	286.15	7.83	1.11	65.17
144.7				162.5	2.09	1.01	32.55	305.35	14.23	1.27	70.36
132.25				173.3	-0.25	1.05	64.93	291.95	14.23	1.05	73.09
129.95	-10.54	0.78	21.20	189.5	4.38	1.16	72.00	296.4	15.16	1.13	61.37
108.7	-14.28	0.66	15.88	213.7	14.18	1.28	83.70	324	12.65	1.22	84.76
115.1	-12.77	0.75	21.98	236.85	25.34	1.35	87.02	334.05	16.99	1.24	85.84
103.4	-14.55	0.79	22.27	228.35	30.64	1.38	78.14	337.85	21.15	1.18	85.81
102.8	-12.46	0.71	29.13	238.25	28.42	1.47	88.08	319.3	14.84	1.05	67.08
101	-10.91	0.76	11.33	239.4	18.28	1.38	90.95	340.4	11.95	1.17	67.71
119.25	-3.77	0.92	39.57	252.75	15.07	1.33	91.19	348.55	7.43	1.18	80.20
118.95	3.18	1.09	40.88	268.45	13.85	1.26	91.14	351	10.20	1.08	79.77
124.7	8.80	1.08	67.86	252.7	12.72	1.07	72.29	337.35	7.28	1.01	58.59
136.2	11.43	1.32	71.14	240.15	8.05	1.05	52.15	328.75	1.43	0.97	46.53
131.95	11.69	1.28	83.63	262	1.09	1.10	68.64	335.9	-3.32	1.05	48.78
131.25	9.80	1.30	83.43	270.2	2.36	1.13	68.04	333.35	-6.66	0.98	61.04
131.2	3.82	1.10	87.01	283.1	10.43	1.12	71.78	330.85	-4.60	0.95	39.40
133.15	2.24	1.12	78.37	276.6	11.89	1.03	62.76	331.7	-3.59	0.95	27.68
178.95	9.57	1.44	92.86	281.6	13.81	1.11	57.95	327.05	-2.27	0.97	20.03
189	19.65	1.39	93.27	243.4	1.91	1.01	45.58	-	-	-	-
184.7	29.90	1.40	86.14	254.85	-7.44	0.97	57.06	-	-	-	-
176.25	22.67	1.34	81.07	259.35	-14.48	0.96	48.47	-	-	-	-
177.5	12.23	1.35	82.19	262.85	-6.95	0.93	45.52	-	-	-	-
180.55	3.80	1.36	82.97	256.7	-2.56	0.93	32.47	-	-	-	-
181	-1.45	1.01	82.62	258.9	-0.18	0.92	37.54	-	-	-	-
160.4	-4.50	0.85	30.74	241.25	-1.62	0.99	25.88	-	-	-	-

Source of script price: bseindia.com

CHART 5.1: SHOWS THE MACD ORIENTAL BANK OF COMMERCE SCRIPT FROM 2-JAN-09 TO 28-JUN-10
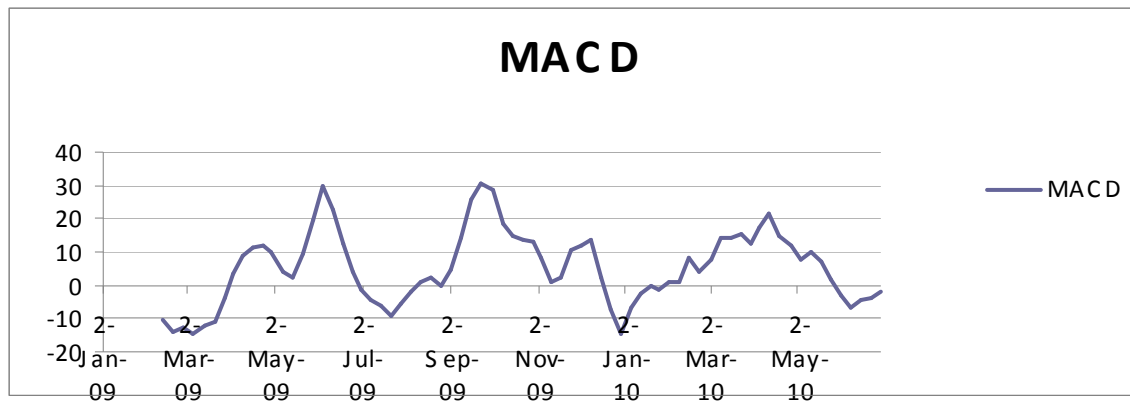

CHART 5.2: SHOWS THE ROC ORIENTAL BANK OF COMMERCE SCRIPT FROM 2-JAN-09 TO 28-JUN-10
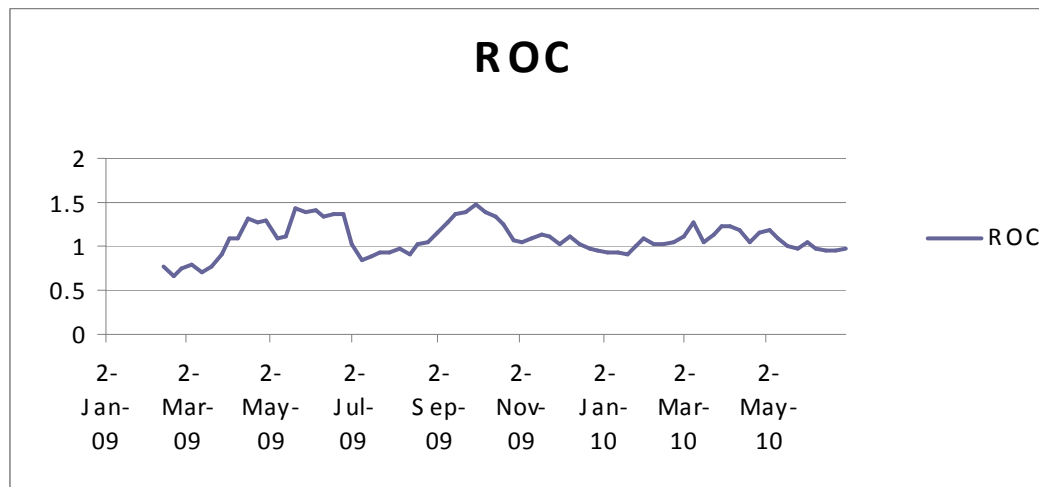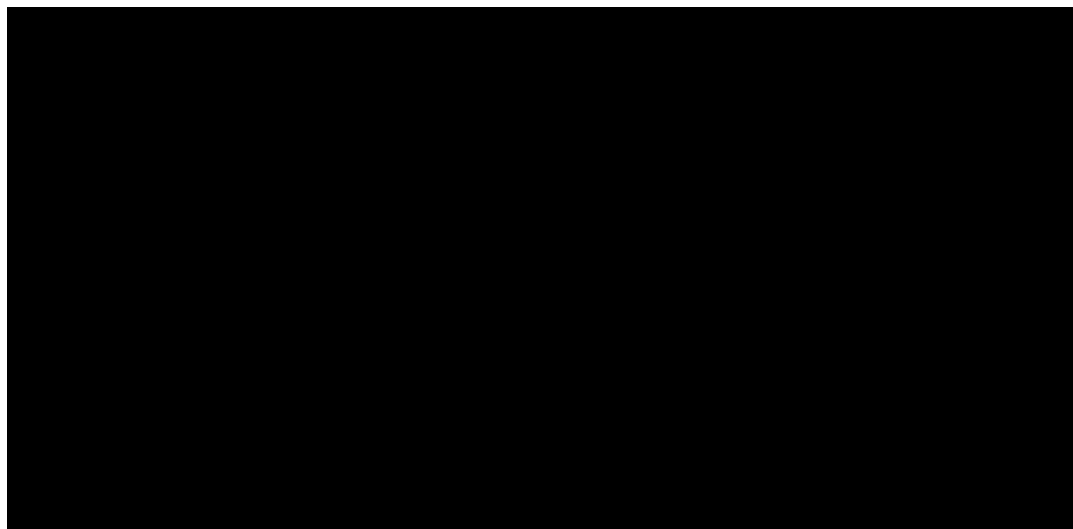

CHART 5.3: SHOWS THE ROC ORIENTAL BANK OF COMMERCE SCRIPT FROM 2-JAN-09 TO 28-JUN-10

INFERENCE:
- MACD was at its peek on 23rd September 2009and it has touched to the extent of 30.64
- MACD was at its bottom on 06th -Mar-09 and it has come down to the extent of   -14.55
- The bullish trend was shown from 17th November 2009 to 8th December 2009 and also 22nd February 2010 to 23rd March 2010
- When MACD line forms a peek at the top. It gives a signal that the market will turn bearish i.e., the representation of over bought situation. This situation occurred on 23rd September 2009
- When MACD line reaches the bottom. It gives a signal that the market will turn bullish i.e., the representation of over sold situation. This situation occurred on 6- 06th -Mar-09.
- During the following intervals ROC line Increased towards its peak, which signifies bullish trend in the market.
  - (a) 19th August 2009 to 30th September 2009
  - (b) 22nd February 2010 to 09th March 2010
- During the interval 8th December 2009 to 05th January 2010 ROC line decreased towards the bottom, which signifies bearish trend in the market.
- During the period 27th March 2009 to 29th April 2009 RSI line moved upwards in the 30-90 zone and it gave the clear signal that the price would increase (buy signal).

CONCLUSION:

From the study it is concluded that the scripts of ICICI Bank, HDFC Bank and AXIS Bank have shown bullish and bearish trend at different intervals making these scripts to be more speculative in nature where as the scripts of canara bank and oriental bank of commerce have shown consistent bullish and bearish trend at uniform intervals make the scripts to be more defensive in nature. Consequently during the period of this study ICICI Bank, HDFC Bank and AXIS Bank scripts have performed as highly speculative scripts in comparison to the scripts of canara bank and oriental bank of commerce.

List of abbreviations:

BSE – Bombay Stock Exchange

MACD – Moving Average Convergence and divergence

ROC – Rate of Change

RSI/RS INDEX – Relative Strength Index

HDFC – Housing Development Finance Corporation

ICICI – Industrial Credit Investment Corporation of India

SEBI – Securities Exchange Board of India

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