

A study on technical analysis of s&p cnx nifty index

Dr. M. Ragupathi ^a, B. Arthi ^b

^a Assistant Professor, Department of Commerce, Government Arts College, Salem, Tamilnadu, India.

^b Assistant Professor, Department of Commerce, Kongu College of Arts and Science, Karur, Tamilnadu, India-.

ABSTRACT: Technical analysts do not attempt to measure a security's intrinsic value; instead they look at stock charts for patterns and indicators that will determine a stock's future performance. The use of past performance should come as no surprise. People using fundamental analysis have always looked at the past performance of companies by comparing fiscal data from previous quarters and years to determine future growth. The difference lies in the technical analyst's belief that securities move according to very predictable trends and patterns. These trends continue until something happens to change the trend, and until this change occurs, price levels are predictable. There are many instances of investors successfully trading a security using only their knowledge of the security's chart, without even understanding what the company does. However, although technical analysis is a terrific tool, most agree it is much more effective when used in combination with fundamental analysis. The technical analysis reveals the peaks, bottoms, trends, patterns and other factors affecting a stock's price movement and then makes buy/sell decisions based on those factors. The tools namely RSI and EMA have been used to predict the index price movement of S&P CNX Nifty

Key Words: S&P CNX Nifty, Relative Strength Index(RSI), Exponential Moving Average

INTRODUCTION:

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, past prices and volume. Technical analysis has become increasingly popular over the past several years, as more and more people believe that the historical performance of a stock is a strong indication of future. The methods used to analyze and predict the performance of a company's stock fall into two broad categories: fundamental and technical analysis. Those who use technical analysis look for peaks, bottoms, trends, patterns and other factors affecting a stock's price movement and then make buy/sell decisions based on those factors.

It is a technique many people attempt, but few are truly successful at it. The world of technical analysis is huge today. We have tried to keep this tutorial as short as possible. Our goal is to introduce you to the different types of stock charts and the various technical analysis tools available to investors.

REVIEW OF LITERATURE

For any research endeavor, a review of literature is of paramount important. Such an effort will highlight the past attempts made and provide a clear comprehension of similar studies

A composite measure of performance was first developed by Richard W. Schabacker's great work, "Technical Analysis & Stock Market Profits," is a worthy addition to any technical analyst's personal library or any market library. His "pioneering research" represents one of the finest works ever produced on Technical Analysis. And this book remains an example of the highest order of analytical quality and incisive trading wisdom.

Originally devised as a practical course for investors, it is as alive, vital and instructional as the day it was written, and it's evident excellence of intricate technical revelation makes the effort to bring it back to the analytical community worldwide.

A technical analyst believes that anything that can affect the price of a stock be it fundamental, political or psychological is reflected in its price and that no one knows anything more than the price as market prices embody in them all necessary information. An attempt has been made to understand stock market movement through start alone technical indicators and also macro economic variables. It is argued that stock price have to refer the fundamental of the economy and that is a relationship between market centralization and the gross domestic product (GDP) of a country.

Further in today's globalized environment. The India market are money in fadom with global market and it is necessary to be informed above these market too putting money in the stock market portfolio choice and for that the rate of interest in the debt market should be tracked continuously only by tacking all the above factors into consideration simultaneously can one move sense of stock market movement.

S&P CNX NIFTY

S&P CNX Nifty is a well diversified 50 Stock Index accounting for 21 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. S&P CNX Nifty is owned and managed by India Index Services and Products Ltd. (IISL), which is a joint venture between NSE and CRISIL.

STATEMENT OF THE PROBLEM:

Several investors have gained as well as lost in the stock market. One way to determine the stock price is fundamental analysis, which in turn is composed of economy, industry and company. The other way is technical analysis, which says that the past trends will repeat in the future. The question that arises here is how market index moving whether towards efficient or inefficient. So that losses and gains can be estimated with the movement of the market index. An effort has been made to determine the effectiveness of the S&P CNX Index in predicting the price movement for the future.

OBJECTIVES OF THE STUDY:

- To analysis the index price movement of S&P CNX NIFTY.
- To analysis the overbought and oversold position. .
- To find out at which is a suitable level to entry and exit the trade in S&P CNX NIFTY index.

SOURCE OF DATA COLLECTION -

The secondary data are those which have already been collected by someone else and which already had been passed through the statistical process. Weekly closing prices are taken from NSE website.

STUDY PERIOD

Period of the study is from January 2009 to December 2011.

TOOLS USED IN THE STUDY:

The following technical tools were employed in predicting the Index price movement of S&P CNX NIFTY are as follows:

❖ Relative Strength Index (RSI)

RSI helps to signal overbought and oversold conditions in a security. The indicator is plotted in a range between zero and 100. A reading **above 70** is used to suggest that a security is overbought, while a reading **below 30** is used to suggest that it is oversold. The standard calculation for RSI uses 14 trading days as the basis, which can be adjusted to meet the needs of the user.

Formula

$$RSI = 100 - 100 / (1 + RS)$$

First RS = Average Gain / Average Loss

(Average Gain = Total Gains / n, Average Loss = Total Loss / n)

❖ **Exponential Moving Average:**

The Exponential Moving Average is a type of moving average that gives more weight to recent prices in an attempt to make it more responsive to new information.

EMA equation: $EMA = (P * \alpha) + (\text{Previous EMA} * (1 - \alpha))$

P = Current Price, α = Smoothing Factor = $2 / (1 + n)$, n = Number of Time Period

DATA ANALYSIS AND INTREPRETATION

TABLE NO: 1 RSI OF S&P CNX NIFTY FOR THE YEAR 2009

DATE	CLOSE	CHANGES	GAIN	LOSS	AVERAGE GAIN	AVERAG E LOSS	RS	RSI (%)	EMA
31-Dec-08	3,046.75								
5-Jan-09	2,873.00	-173.75	0	173.37					
12-Jan-09	2,828.45	-44.55	0	44.55					
19-Jan-09	2,678.55	-149.90	0	149.9					
27-Jan-09	2,874.80	196.25	196.25	0					
2-Feb-09	2,843.10	-31.70	0	31.7					
9-Feb-09	2,948.35	105.25	105.25	0					
16-Feb-09	2,736.45	-211.90	0	211.9					
24-Feb-09	2,763.65	27.20	27.2	0					
2-Mar-09	2,620.15	-143.50	0	143.5					
9-Mar-09	2,719.25	99.10	99.1	0					2821
16-Mar-09	2,807.05	87.80	87.8	0					2788
23-Mar-09	3,108.65	301.60	301.6	0					2782
30-Mar-09	3,211.05	102.40	102.4	0					2810
6-Apr-09	3,342.05	131.00	131	0	65.68	53.92	1.21	54.75	2863
13-Apr-09	3,384.40	42.35	42.35	0	75.04	53.92	1.39	58.16	2910
20-Apr-09	3,480.75	96.35	96.35	0	78.06	41.54	1.88	65.28	2964
27-Apr-09	3,473.95	-6.80	0	6.8	84.95	38.36	2.21	68.85	3017
4-May-09	3,620.70	146.75	146.75	0	84.95	28.14	3.02	75.12	3091
11-May-09	3,671.65	50.95	50.95	0	81.41	28.14	2.89	74.3	3177
18-May-09	4,238.50	566.85	566.85	0	85.05	25.87	3.29	76.69	3282
25-May-09	4,448.95	210.45	210.45	0	118.02	25.87	4.56	82.01	3434
1-Jun-09	4,586.90	137.95	137.95	0	133.06	10.73	12.4	92.53	3598
8-Jun-09	4,583.40	-3.50	0	3.5	140.97	10.73	13.1	92.93	3746
15-Jun-09	4,313.60	-269.80	0	269.8	140.97	0.74	191	99.48	3883
22-Jun-09	4,375.50	61.90	61.9	0	133.89	20	6.69	86	3980
29-Jun-09	4,424.25	48.75	48.75	0	132.04	20	6.6	86.84	4079
6-Jul-09	4,003.90	-420.35	0	420.35	113.98	20	5.69	85.05	4174
13-Jul-09	4,374.95	371.05	371.05	0	106.66	50.03	2.13	68.05	4227

20-Jul-09	4,568.55	193.60	193.6	0	123.81	50.03	2.47	71.81	4302
27-Jul-09	4,636.45	67.90	67.9	0	134.61	50.03	2.69	72.9	4392
3-Aug-09	4,481.40	-155.05	0	155.05	132.58	50.03	2.65	72.6	4431
10-Aug-09	4,580.05	98.65	98.65	0	132.58	60.62	2.19	68.65	4435
17-Aug-09	4,732.35	152.30	152.3	0	129.15	60.62	2.13	68.05	4434
31-Aug-09	4,680.40	-51.95	0	51.95	136.39	60.62	2.25	69.23	4449
7-Sep-09	4,829.55	149.15	149.15	0	95.89	64.33	1.49	59.84	4486
14-Sep-09	4,976.05	146.50	146.5	0	91.52	64.33	1.42	58.68	4531
22-Sep-09	4,958.95	-17.10	0	17.1	92.13	64.33	1.43	58.84	4586
29-Sep-09	5,083.40	124.45	124.45	0	92.13	65.3	1.41	58.51	4682
5-Oct-09	4,945.20	-138.20	0	138.2	101.02	46.03	2.19	68.65	4753
12-Oct-09	5,142.15	196.95	196.95	0	96.59	55.9	1.72	63.23	4790
20-Oct-09	4,997.05	-145.10	0	145.1	107.18	55.9	1.92	65.75	4841
26-Oct-09	4,711.70	-285.35	0	285.35	107.18	36.24	2.96	74.75	4892
3-Nov-09	4,796.15	84.45	84.45	0	80.68	56.62	1.42	58.68	4906
9-Nov-09	4,998.95	202.80	202.8	0	72.88	56.62	1.28	56.14	4912
16-Nov-09	5,052.45	53.50	53.5	0	82.51	56.62	1.45	59.18	4944
23-Nov-09	4,941.75	-110.70	0	110.7	86.33	45.55	1.89	65.4	4966
30-Nov-09	5,108.90	167.15	167.15	0	799.3	53.45	15	93.73	4963
7-Dec-09	5,117.30	8.40	8.4	0	80.35	53.45	1.5	60	4978
14-Dec-09	4,987.70	-129.60	0	129.6	80.95	49.75	1.62	61.83	4981
21-Dec-09	5,178.40	190.70	190.7	0	70.3	59	1.19	54.34	4985
29-Dec-09	5,201.05	22.65	22.65	0	73.46	59	1.24	55.36	4989

Source: secondary data

Interpretation:

In this table the RSI values are shown in the ranges from 0 to 100. The 70% and 30% used as a warning signal. In this period the highest value of RSI is 99.48 on 15th June, 2009 and lowest value is 54.34 on 21st December, 2009.

The above table shows 10 days Exponential Moving Average value of S&P CNX NIFTY price. A sell signal is generated when the security price falls below its moving average and a buy signal is generated when the security price rises above its moving average. The EMA starts from 2821 and ends with 4989. The highest value of EMA is 4989 on 29th December, 2009.

CHART NO: 1 RSI OF S&P CNX NIFTY FOR THE YEAR 2009

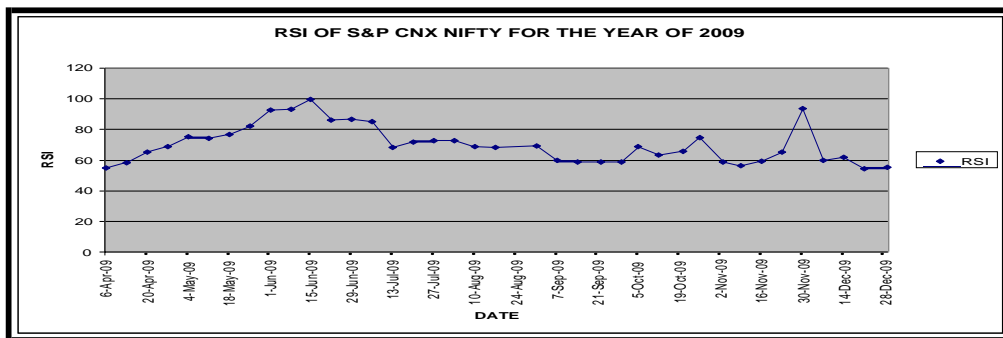


CHART NO: 2 EMA OF S&P CNX NIFTY FOR THE YEAR 2009

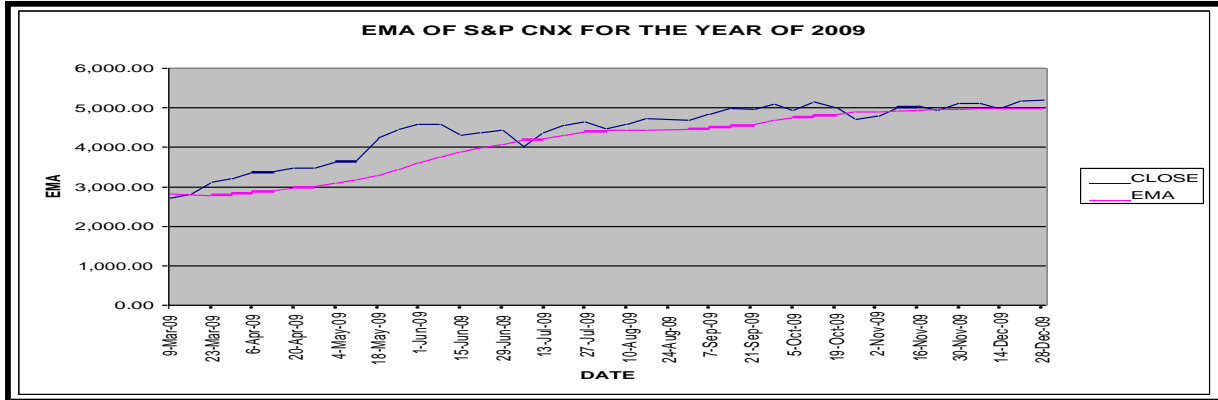


TABLE NO: 2 RSI OF S&P CNX NIFTY FOR THE YEAR 2010

DATE	CLOSE	CHANGES	GAIN	LOSS	AVERAGE GAIN	AVERAGE LOSS	RS	RSI (%)	EMA
31-Dec-09	5,201.05								
4-Jan-10	5,244.75	43.70	43.7	0					
11-Jan-10	5,252.20	7.45	7.45	0					
18-Jan-10	4,826.85	-425.35	0	425.35					
25-Jan-10	5,007.90	181.05	181.05	0					
1-Feb-10	4,899.70	-108.20	0	108.2					
8-Feb-10	4,760.40	-139.30	0	139.3					
15-Feb-10	4,844.90	84.50	84.5	0					
22-Feb-10	4,922.30	77.40	77.4	0					
2-Mar-10	5,088.70	166.40	166.4	0					
8-Mar-10	5,137.00	48.30	48.3	0					5005
15-Mar-10	5,262.80	125.80	125.8	0					4998
22-Mar-10	5,282.00	19.20	19.2	0					5000
29-Mar-10	5,290.50	8.50	8.5	0					5003
5-Apr-10	5,361.75	71.25	71.25	0	54.45	48.06	1.13	53.05	5050
12-Apr-10	5,262.60	-99.15	0	99.15	59.54	48.06	1.24	55.36	5085
19-Apr-10	5,304.10	41.50	41.5	0	56.42	55.14	1.02	50.49	5121
26-Apr-10	5,278.00	-26.10	0	26.1	58.85	55.14	1.07	51.69	5176
3-May-10	5,018.05	-259.95	0	259.95	58.85	26.62	2.21	68.85	5219
10-May-10	5,093.50	75.45	75.45	0	45.92	45.19	1.02	50.49	5228
17-May-10	4,931.15	-162.35	0	162.35	51.31	37.46	1.37	57.80	5229
24-May-10	5,066.55	135.40	135.4	0	51.31	39.11	1.31	56.74	5208
31-May-10	5,135.50	68.95	68.95	0	54.94	39.11	1.4	58.33	5189
7-Jun-10	5,119.35	-16.15	0	16.15	54.34	39.11	1.39	58.16	5174

14-Jun-10	5,262.60	143.25	143.25	0	42.45	40.26	1.05	51.22	5157
21-Jun-10	5,269.05	6.45	6.45	0	49.23	40.26	1.22	54.95	5147
28-Jun-10	5,237.10	-31.95	0	31.95	40.71	40.26	1.01	50.25	5148
5-Jul-10	5,352.45	115.35	115.35	0	39.34	42.55	0.92	47.92	5141
12-Jul-10	5,393.90	41.45	41.45	0	46.97	42.55	1.1	52.38	5148
19-Jul-10	5,449.10	55.20	55.2	0	44.84	42.55	1.05	51.22	5186
26-Jul-10	5,367.60	-81.50	0	81.5	48.78	35.46	1.38	57.98	5221
2-Aug-10	5,439.25	71.65	71.65	0	45.82	41.29	1.11	52.61	5265
9-Aug-10	5,452.10	12.85	12.85	0	50.94	39.42	1.29	56.33	5302
16-Aug-10	5,530.65	78.55	78.55	0	51.85	20.85	2.49	71.35	5334
23-Aug-10	5,408.70	-121.95	0	121.95	52.08	20.85	2.49	71.35	5375
30-Aug-10	5,479.40	70.70	70.7	0	52.08	17.97	2.9	74.36	5390
6-Sep-10	5,640.05	160.65	160.65	0	47.46	17.97	2.64	72.53	5411
13-Sep-10	5,884.95	244.90	244.9	0	54	17.97	3	75	5451
20-Sep-10	6,018.30	133.35	133.35	0	71.5	16.81	4.25	80.95	5504
27-Sep-10	6,143.40	125.10	125.1	0	70.79	16.81	4.21	80.81	5567
4-Oct-10	6,103.45	-39.95	0	39.95	79.27	16.81	4.71	82.49	5636
11-Oct-10	6,062.65	-40.80	0	40.8	79.27	17.38	4.56	82.01	5710
18-Oct-10	6,066.05	3.40	3.4	0	71.03	20.3	3.5	77.78	5772
25-Oct-10	6,017.70	-48.35	0	48.35	68.31	20.3	3.37	77.12	5834
1-Nov-10	6,312.45	294.75	294.75	0	64.37	23.75	2.71	73.04	5882
8-Nov-10	6,071.65	-240.80	0	240.8	85.42	17.93	4.76	82.64	5973
15-Nov-10	5,890.30	-181.35	0	181.35	80.3	35.13	2.29	69.61	6032
22-Nov-10	5,751.95	-138.35	0	138.35	79.38	48.08	1.65	62.26	6057
29-Nov-10	5,992.80	240.85	240.85	0	73.77	57.97	1.27	55.95	6044
6-Dec-10	5,857.35	-135.45	0	135.45	90.98	49.25	1.85	64.92	6041
13-Dec-10	5,948.75	91.40	91.4	0	85.93	58.93	1.45	59.19	6013
20-Dec-10	6,011.60	62.85	62.85	0	80.98	58.93	1.37	57.81	5997
27-Dec-10	6,134.50	122.90	122.9	0	67.98	58.93	1.15	53.49	5992

Source: secondary data

Interpretation:

The table.no.2 shows the 14 days value of RSI and they are shown in the ranges from 0 to 100. The 70% and 30% used as a warning signal. In this period the highest value of RSI is 82.49 on 4th October, 2010 and lowest value is 47.92 on 5th July, 2010.

The above table shows 10 days Exponential Moving Average value of S&P CNX NIFTY price. In the above table the EMA Value starts from 5005 and ends with 5992. The highest value of EMA is 6057 on 22nd November, 2010.

CHART NO: 3 RSI OF S&P CNX NIFTY FOR THE YEAR 2010

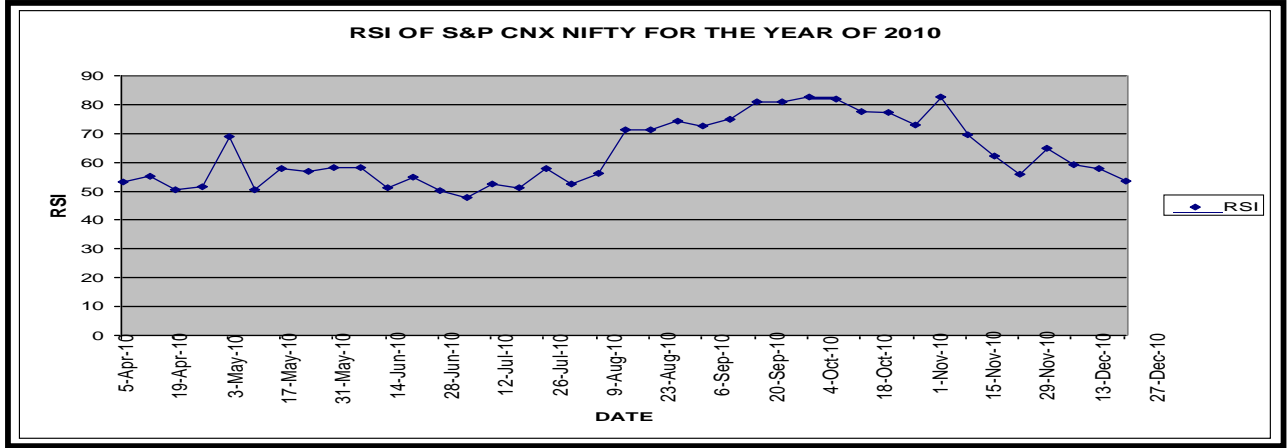


CHART NO: 4 EMA OF S&P CNX NIFTY FOR THE YEAR 2010

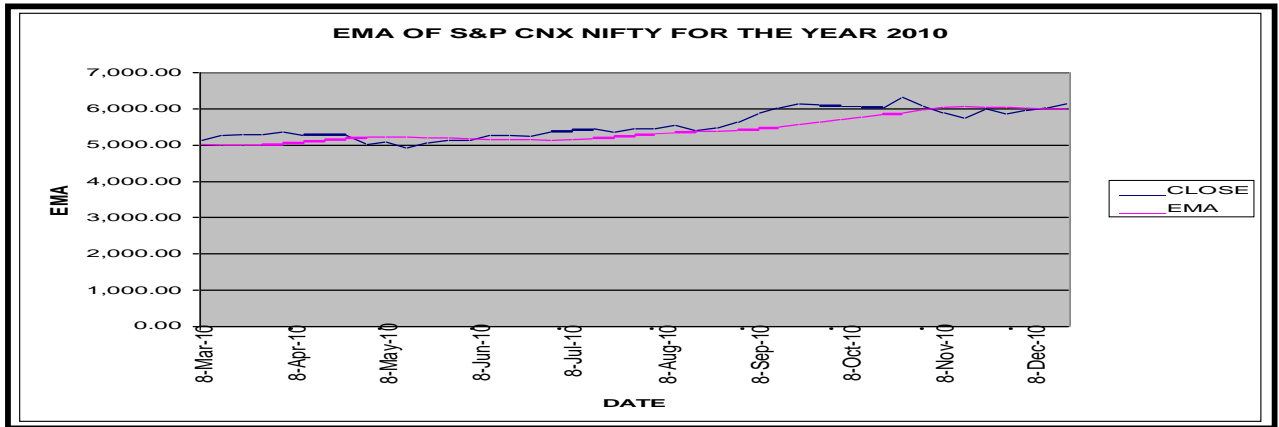


TABLE NO: 3 RSI OF S&P CNX NIFTY FOR THE YEAR 2011

DATE	CLOSE	CHANGES	GAIN	LOSS	AVERAGE GAIN	AVERAGE LOSS	RS	RSI (%)	EMA
31-Dec-10	6,134.50								
3-Jan-11	5,904.60	-229.90	0	229.9					
10-Jan-11	5,654.55	-250.05	0	250.05					
17-Jan-11	5,696.50	41.95	41.95	0					
24-Jan-11	5,512.15	-184.35	0	184.35					
31-Jan-11	5,395.75	-116.40	0	116.4					
7-Feb-11	5,310.00	-85.75	0	85.75					
14-Feb-11	5,458.95	148.95	148.95	0					
21-Feb-11	5,303.55	-155.40	0	155.4					
28-Feb-11	5,538.75	235.20	235.2	0					
7-Mar-11	5,445.45	-93.30	0	93.3					5591

14-Mar-11	5,373.70	-71.75	0	71.75					5522
21-Mar-11	5,654.25	280.55	280.55	0					5469
28-Mar-11	5,826.05	171.80	171.8	0					5469
4-Apr-11	5,842.00	15.95	15.95	0	62.75	84.75	0.7	42.53	5482
11-Apr-11	5,824.55	-17.45	0	17.45	63.88	84.75	0.8	42.86	5515
18-Apr-11	5,884.70	60.15	60.15	0	63.88	69.6	0.9	47.92	5558
25-Apr-11	5,749.50	-135.20	0	135.2	68.18	51.74	1.3	56.9	5615
2-May-11	5,551.45	-198.05	0	198.05	65.18	61.4	1.1	51.46	5644
9-May-11	5,544.75	-6.70	0	6.7	65.18	62.38	1	50.98	5669
16-May-11	5,486.35	-58.40	0	58.4	65.18	54.54	1.2	54.34	5670
23-May-11	5,476.10	-10.25	0	10.25	65.18	52.59	1.2	55.35	5674
30-May-11	5,516.75	40.65	40.65	0	54.55	53.32	1	50.5	5684
6-Jun-11	5,485.80	-30.95	0	30.95	57.45	42.22	1.4	57.63	5670
13-Jun-11	5,366.40	-119.40	0	119.4	40.65	44.43	0.9	47.64	5636
20-Jun-11	5,471.25	104.85	104.85	0	40.65	46.3	0.9	46.81	5589
27-Jun-11	5,627.20	155.95	155.95	0	48.13	41.17	1.2	53.92	5553
4-Jul-11	5,660.65	33.45	33.45	0	39.24	41.17	1	48.72	5527
11-Jul-11	5,581.10	-79.55	0	79.55	29.36	41.17	0.7	41.52	5519
18-Jul-11	5,633.95	52.85	52.85	0	28.21	46.85	0.6	37.5	5522
25-Jul-11	5,482.00	-151.95	0	151.95	32	45.61	0.7	41.18	5530
1-Aug-11	5,211.25	-270.75	0	270.75	27.7	56.46	0.5	32.89	5530
8-Aug-11	5,072.95	-138.30	0	138.3	27.7	66.14	0.4	29.58	5504
16-Aug-11	4,845.65	-227.30	0	227.3	27.7	61.87	0.5	31.03	5459
22-Aug-11	4,747.80	-97.85	0	97.85	27.7	77.63	0.4	26.74	5395
29-Aug-11	5,040.00	292.20	292.2	0	27.7	80.45	0.3	25.37	5333
5-Sep-11	5,059.45	19.45	19.45	0	48.57	79.72	0.6	37.89	5290
12-Sep-11	5,084.25	24.80	24.8	0	47.05	79.72	0.6	37.1	5233
19-Sep-11	4,867.75	-216.50	0	216.5	48.82	77.51	0.6	38.65	5176
26-Sep-11	4,943.25	75.50	75.5	0	48.82	84.44	0.6	36.71	5104
3-Oct-11	4,888.05	-55.20	0	55.2	46.73	84.44	0.6	35.48	5035
10-Oct-11	5,132.30	244.25	244.25	0	35.59	88.38	0.4	28.57	4976
17-Oct-11	5,049.95	-82.35	0	82.35	50.65	88.38	0.6	36.3	4968
24-Oct-11	5,360.70	310.75	310.75	0	50.65	88.58	0.6	36.3	4966
31-Oct-11	5,284.20	-76.50	0	76.5	69.07	88.85	0.8	43.82	5017
8-Nov-11	5,168.85	-115.35	0	115.35	69.07	83.2	0.8	45.35	5071
14-Nov-11	4,905.80	-263.05	0	263.05	69.07	72.1	1	48.98	5084
21-Nov-11	4,710.05	-195.75	0	195.75	69.07	81	0.9	45.94	5068
28-Nov-11	5,050.15	340.10	340.1	0	69.07	78.75	0.9	46.52	5031
5-Dec-11	4,866.70	-183.45	0	183.45	93.36	71.76	1.3	56.52	5049
12-Dec-11	4,651.60	-215.10	0	215.1	72.49	84.86	0.9	45.94	5041

19-Dec-11	4,714.00	62.40	62.4	0	71.1	100.23	0.7	41.52	5018
26-Dec-11	4,624.30	-89.70	0	89.7	73.79	100.23	0.7	42.53	4976

Source: Secondary data

Interpretation:

The table no.3 shows the 14 days RSI value of S&P CNX NIFTY price and they are shown in the ranges from 0 to 100. The 70% and 30% used as a warning signal. In this period the highest value of RSI is 57.63 on 06th June, 2011 and lowest value is 25.37 on 29th August, 2011.

The above table is shows 10 days Exponential Moving Average value of S&P CNX NIFTY price. In the above table EMA value starts from 5591 and ends with 4976. The highest value of EMA is 5684 on January 30th May, 2011.

CHART NO: 5 RSI OF S&P CNX NIFTY FOR THE YEAR 2011

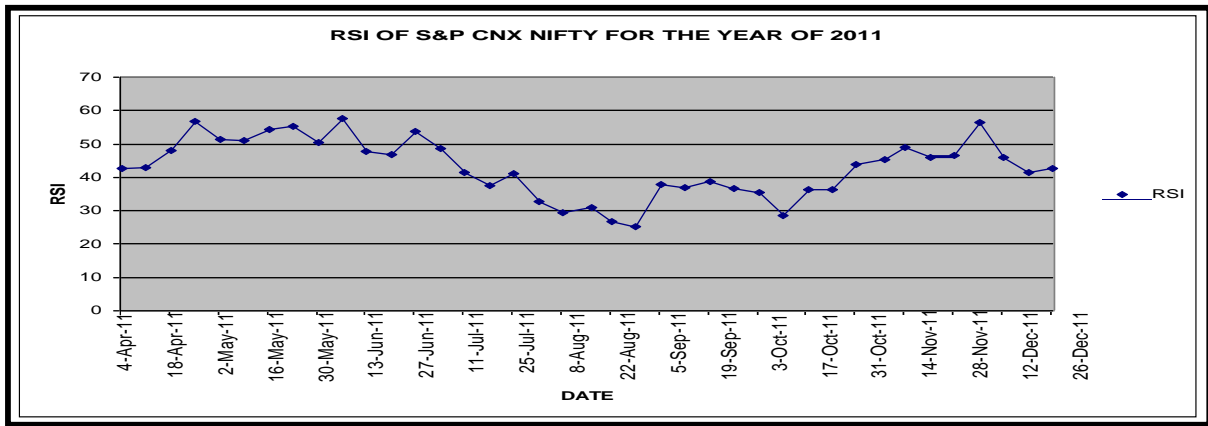
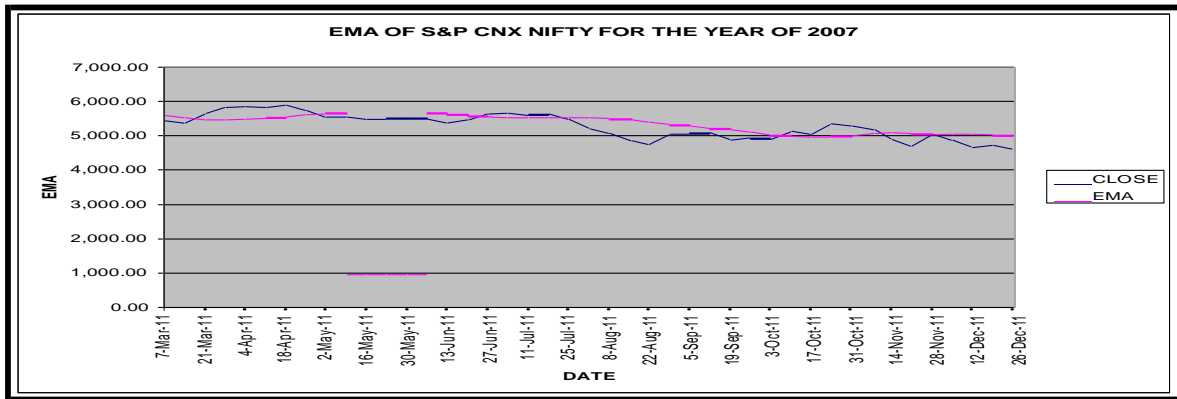


CHART NO: 6 EMA OF S&P CNX NIFTY FOR THE YEAR 2011



FINDINGS

Relative Strength Index (RSI)

RSI values 70 and above indicate an overbought market. This is considered as a selling point. RSI values 30 and below indicate an oversold market. This is considered as a buying point.

DATE	SIGNAL	DATE	SIGNAL
18-May-09	Sell Signal	26-Oct-09	Sell Signal
15-Jun-09	Sell Signal	30-Nov-09	Sell Signal

6-Jul-09	Sell Signal	30-Aug-10	Sell Signal
20-Sep-10	Sell Signal	11-Oct-10	Sell Signal
4-Oct-10	Sell Signal	25-Oct-10	Sell Signal
8-Aug-11	Buy Signal	8-Nov-10	Sell Signal
22-Aug-11	Buy Signal	10-Oct-11	Buy Signal

Exponential Moving Average (EMA)

A sell signal is generated when the security's price falls below its moving average and a buy signal is generated when the security's price rise above its moving average. When a moving average is heading upward and the price is above it, the security is in an uptrend. Conversely, a downward sloping moving average with the price below can be used to signal a down trend.

DATE	SIGNAL	DATE	SIGNAL
16-Mar-09	Sell Signal	19-Jul-10	Buy Signal
3-Nov-09	Sell Signal	20-Sep-10	Buy Signal
20-Apr-09	Buy Signal	18-Oct-10	Buy Signal
15-Jun-09	Buy Signal	16-Aug-11	Sell Signal
29-Sep-09	Buy Signal	19-Sep-11	Sell Signal
17-May-10	Sell Signal	11-Apr-11	Buy Signal
13-Dec-10	Sell Signal	24-Oct-11	Buy Signal

SUGGESTIONS

- ◆ Index Price movements do not only depend on technical analysis and the Fundamental factors also affect the index movements. So the investor considers this factor before going to take investment decision.
- ◆ The investor buys the nifty shares at support level and sells at resistance level.
- ◆ To maintain a strict stop loss to reduce the level of loss.
- ◆ The trader must know what the trend of market is and then place the order.
- ◆ Don't buy the share when the market is high point that leads to difficulty to book the profit.
- ◆ The traders should not enter, when the market possess volatility condition.

CONCLUSION

Technical Analysis is a method of evaluating securities by analyzing the past market price. This study concentrated on tools such as RSI, EMA and MFI used to find the buying and selling position of Index Future market in the Equity Market. This study focus the forecasting of future price movements based on an examination of past price movements.

All tools are tested yearly wise for the S&P CNX NIFTY index closing price from January 2009 to December, 2011. The price movement plotted on the graph is based on calculated data and it is used for predictions. Technical Analysis does not give absolute predictions about the future. Instead it can be used as an anticipatory tool.

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