



TECHNICAL ANALYSIS OF BANKING STOCK LISTED ON BSE

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Abstract

Banking Stocks are those balances of shares that are remaining at the end of a particular period in banks. The analysis is based on these closing balances of a Public Sector (State Bank of India) & a Private Sector (Axis Bank) of the year 2016 from the month of July to December. The findings has shown a very relevant change in the figures because of the most recent and most affecting crisis in the Indian Economy- the Demonetization during the months November and December.

Introduction

The Bombay Stock Exchange (BSE) is an Indian stock exchange located at Dalal Street, Kala Ghoda, Mumbai (formerly Bombay), Maharashtra, India. Established in 1875, the BSE is Asia's first stock exchange. It claims to be the world's fastest stock exchange, with a median trade speed of 6 microseconds. The BSE is the world's 11th largest stock exchange with an overall market capitalization of \$1.43 Trillion as of March, 2016. More than 5500 companies are publicly listed on the BSE. Unlike countries like the United States where 70% of the GDP is derived from larger companies and the corporate sector, the corporate sector in India accounts for only 12-14% of the national GDP. Of these, as of November 2016, there are only 7,800 listed companies of which only 4000 trade on the stock exchanges at BSE and NSE. Hence the stocks trading at the BSE and NSE account for only about 4% of the Indian economy.

Objective of the Study

- To identify trends and measure the stock's momentum by calculating moving average of 6 months.
- To find the speed at which variable change occurs in the stocks of banks using Rate of Change formula.
- To Compare the above derivations among one major bank from Public Sector (State Bank of India) and Private Sector (Axis Bank).

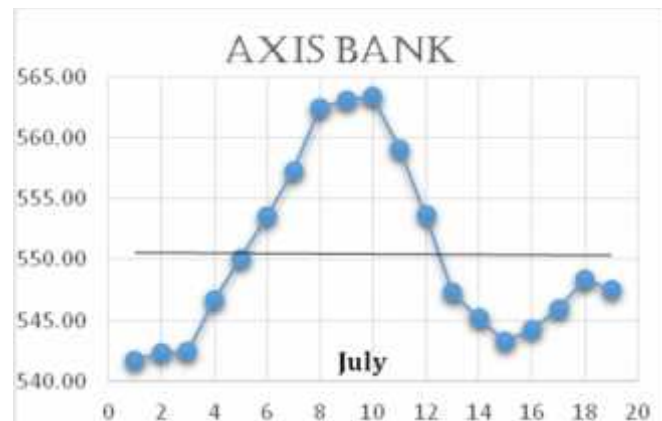
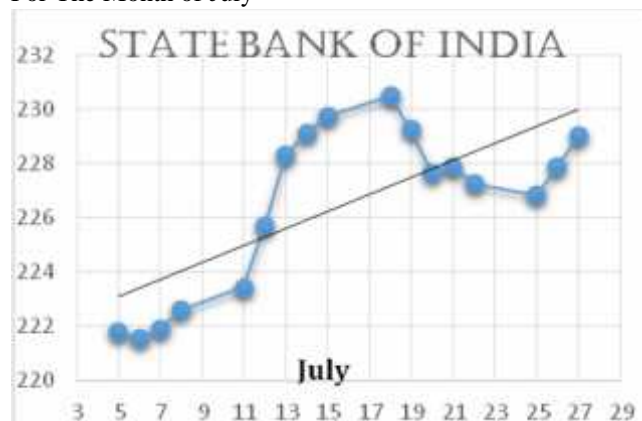
Methodology of Study

The methodology of this study includes Research design, charts and the procedures & methods of data collection. The validity of the data is only as of 2016, December. In the study only Secondary data is used and thus the accuracy of the output depends on these reliable resources. The data were taken from yahoofinance.com and moneycontrol.com. The banking details of a Public Sector (State Bank of India) and a Private sector (Axis Bank) is taken for Comparison and analysed

Analysis and Interpretation

Simple Moving Average: It is an arithmetic moving average calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods. 5yearly moving average has been calculated. Comparison between the graphs drawn from the moving average values.

For The Month of July

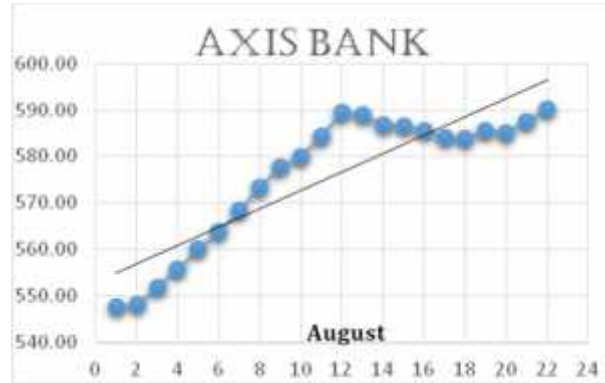
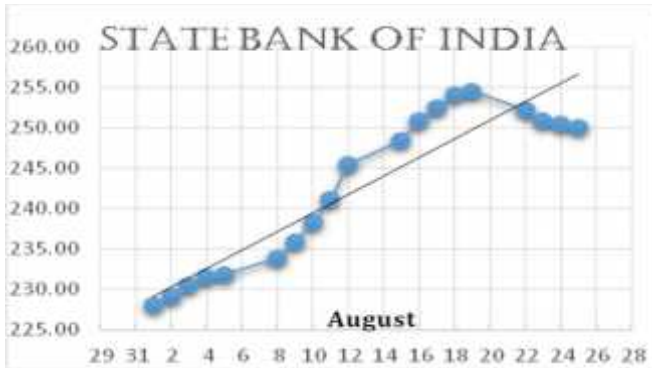




Interpretation

Though the graphs of both the Banks look similar it can be clearly noted from the Trend line derived that State Bank are having a high increase in their closing stock at the end of the month, whereas Axis Bank has a very small amount of change in their closing stock at the end of their year. Both the banks have their peak rate of transactions during the mid-term period. For the month of July State Bank has an upper hand.

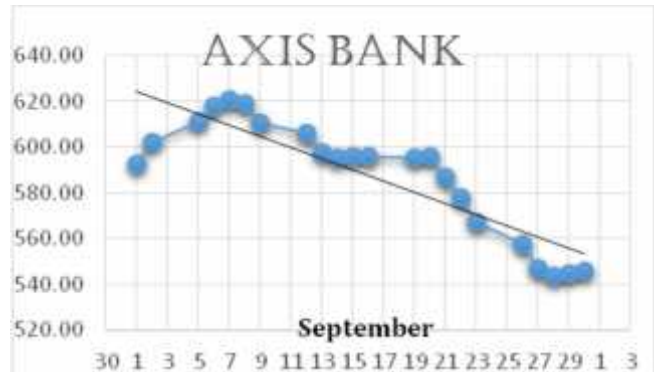
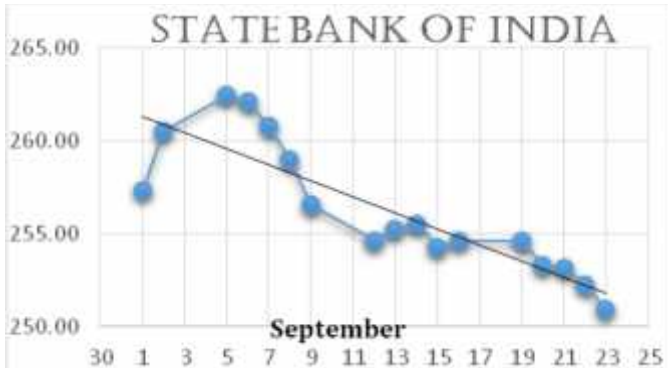
For The Month of August



Interpretation

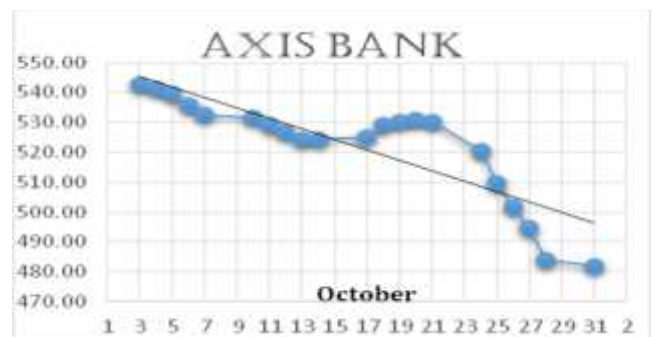
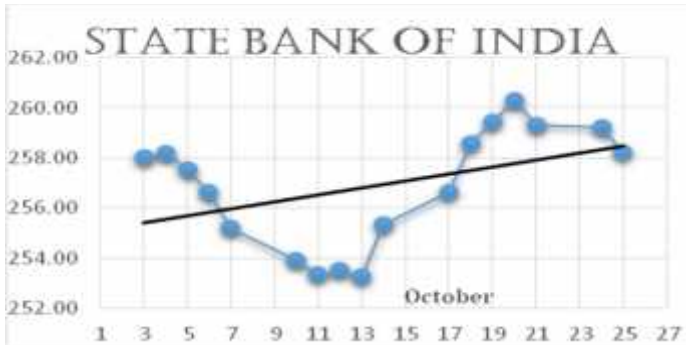
Both the banks have an increasing rate of growth but when compared State bank has a higher rate of growth than Axis Bank. During the mid-term period Axis Bank has high rate of progression whereas State bank has high rate of progression for a longer period which has caused for the increase in its linear progression line.

For The Month of September



Interpretation It has been found that in this month both the banks have faced a decline in their stock values being the mid-term there has been no much of official transactions taken that must have been the cause for the downfall.

For The Month of October:-

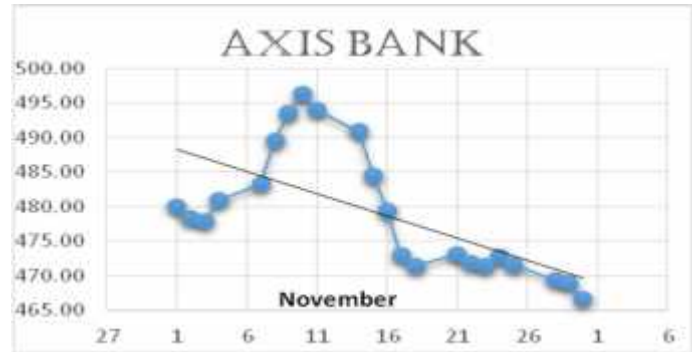
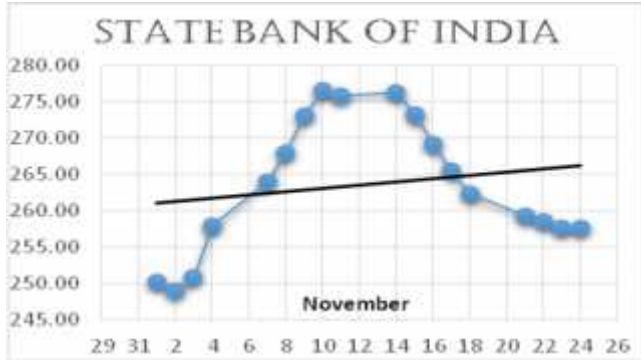




Interpretation

The graph of State Bank has shown an upward progression but Axis Bank continues to be in downfall. Even though State Bank has faced a depression situation during the mid-period it has managed to bring about an upward trend progression.

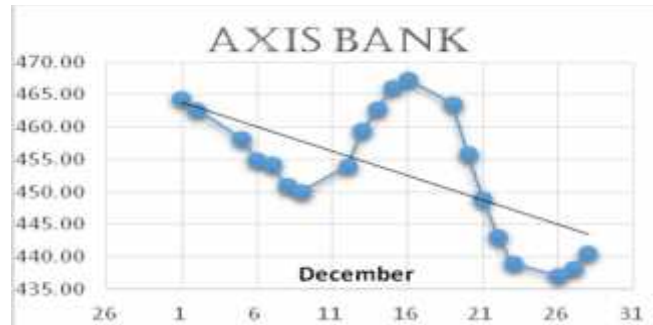
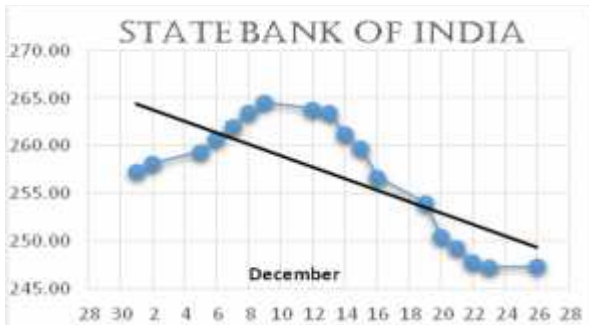
For The Month of November:-



Interpretation

It has been analysed that the month has faced one of the most effective crisis that occurred in the history of the Indian Economy, the Demonetization effect that came into force on the 8th of November, this bill has a huge effect on the trend it can be seen that the transactions from November 8 onwards are relatively high but still the banks stocks remained low because most of the transits were only the exchange of the currency and there were no means of profits to the banks.

For the month of December



Interpretation:- The effect of Demonetization has been the cause for the decline in the trend line of both these banks. During this month the number of transactions were more but it involved only incoming of cash and the same amount of cash going out as the new currency this is why there is a decline in the trend progression but still the banks have the most number of transactions when compared to the previous months.

Rate of Change: The Rate of Change is the speed at which the variable change over a specific period. It is used to describe the percentage change in the value over a defined period of time. It allows investors to spot Security Momentum, depending upon the percentage the investors judge a company’s performance.

$$ROC = \frac{\text{Current Value} - \text{Previous Value}}{\text{Previous Value}} \times 100$$

For The Month of July

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
JULY			JULY		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change



July 1, 2016	219.65		July 1, 2016	542.80	
July 4, 2016	222.85	2.20%	July 4, 2016	543.90	0.10%
July 5, 2016	223.00	-0.85%	July 5, 2016	539.60	-5.30%
July 6, 2016	223.00	-1.00%	July 6, 2016	539.60	-1.00%
July 7, 2016	220.50	-3.50%	July 7, 2016	542.45	1.85%
July 8, 2016	218.40	-3.10%	July 8, 2016	546.05	2.60%
July 11, 2016	224.60	5.20%	July 11, 2016	544.35	-2.70%
July 12, 2016	226.45	0.85%	July 12, 2016	560.85	15.50%
July 13, 2016	227.20	-0.25%	July 13, 2016	556.65	-5.20%
July 14, 2016	231.75	3.55%	July 14, 2016	560.05	2.40%
July 15, 2016	231.50	-1.25%	July 15, 2016	564.75	3.70%
July 18, 2016	228.60	-3.90%	July 18, 2016	570.05	4.30%
July 19, 2016	229.70	0.10%	July 19, 2016	564.00	-7.05%
July 20, 2016	230.90	0.20%	July 20, 2016	558.45	-6.55%
July 21, 2016	225.60	-6.30%	July 21, 2016	538.25	-21.20%
July 22, 2016	223.45	-3.15%	July 22, 2016	537.55	-1.70%
July 25, 2016	229.85	5.40%	July 25, 2016	538.30	-0.25%
July 26, 2016	226.50	-4.35%	July 26, 2016	553.65	14.35%
July 27, 2016	228.65	1.15%	July 27, 2016	548.65	-6.00%
July 28, 2016	230.95	1.30%	July 28, 2016	543.30	-6.35%
July 29, 2016	229.05		July 29, 2016	546.05	

Interpretation:-The highest percentage of rate of change for State Bank has been on the 25th with a percentage of 5.40 and the lowest has been on the 21st with a percentage of (-) 6.30. Axis Bank has its highest point of change on 12th with 15.50% and its lowest has been on 21st with (-) 21.20%. When the percentages are compared Axis Bank has a higher rate of change than State bank of India in the month of July.

For The Month of August

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
AUGUST			AUGUST		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change
August 1, 2016	227.45		August 1, 2016	550.20	
August 2, 2016	227.85	-0.60%	August 2, 2016	549.65	-1.55%
August 3, 2016	226.55	-2.30%	August 3, 2016	548.90	-1.75%
August 4, 2016	225.55	-2.00%	August 4, 2016	545.70	-4.20%
August 5, 2016	232.80	6.25%	August 5, 2016	565.45	18.75%
August 8, 2016	233.05	-0.75%	August 8, 2016	569.25	2.80%
August 9, 2016	234.60	0.55%	August 9, 2016	572.10	1.85%
August 10, 2016	231.50	-4.10%	August 10, 2016	567.05	-6.05%
August 11, 2016	226.95	-5.55%	August 11, 2016	568.10	0.05%
August 12, 2016	243.20	15.25%	August 12, 2016	590.75	21.65%
August 15, 2016	243.20	-1.00%	August 15, 2016	590.75	-1.00%
August 16, 2016	246.45	2.25%	August 16, 2016	583.25	-8.50%
August 17, 2016	246.25	-1.20%	August 17, 2016	589.35	5.10%
August 18, 2016	248.20	0.95%	August 18, 2016	593.00	2.65%



August 19, 2016	258.50	9.30%	August 19, 2016	588.40	-5.60%
August 22, 2016	254.95	-4.55%	August 22, 2016	580.15	-9.25%
August 23, 2016	254.60	-1.35%	August 23, 2016	582.30	1.15%
August 24, 2016	254.65	-0.95%	August 24, 2016	583.65	0.35%
August 25, 2016	250.05	-5.60%	August 25, 2016	586.40	1.75%
August 26, 2016	246.70	-4.35%	August 26, 2016	586.80	-0.60%
August 29, 2016	248.75	1.05%	August 29, 2016	588.80	1.00%
August 30, 2016	252.20	2.45%	August 30, 2016	580.15	-9.65%
August 31, 2016	252.55		August 31, 2016		

Interpretation:-The highest percentage of rate of change for State Bank has been on the 12th with a percentage of 15.25 and the lowest has been on the 25th with a percentage of (-) 5.60. Axis Bank has its highest point of change on 12th with 21.65% and its lowest has been on 30th with (-) 9.65%. When the percentages are compared Axis Bank has a higher rate of change than State bank of India in the month of August.

For The Month of September

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
SEPTEMBER			SEPTEMBER		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change
September 1, 2016	251.75		September 1, 2016	596.20	
September 2, 2016	254.35	1.60%	September 2, 2016	599.15	1.95%
September 5, 2016	254.35	-1.00%	September 5, 2016	599.15	-1.00%
September 6, 2016	259.45	4.10%	September 6, 2016	635.95	35.80%
September 7, 2016	266.55	6.10%	September 7, 2016	625.00	-11.95%
September 8, 2016	267.95	0.40%	September 8, 2016	629.20	3.20%
September 9, 2016	264.00	-4.95%	September 9, 2016	613.20	-17.00%
September 12, 2016	252.70	-12.30%	September 12, 2016	592.20	-22.00%
September 13, 2016	252.70	-1.00%	September 13, 2016	592.20	-1.00%
September 14, 2016	257.60	3.90%	September 14, 2016	602.30	9.10%
September 15, 2016	255.80	-2.80%	September 15, 2016	588.75	-14.55%
September 16, 2016	254.40	-2.40%	September 16, 2016	601.15	11.40%
September 19, 2016	255.65	0.25%	September 19, 2016	594.45	-7.70%
September 20, 2016	254.25	-2.40%	September 20, 2016	592.95	-2.50%
September 21, 2016	251.35	-3.90%	September 21, 2016	598.00	4.05%
September 22, 2016	257.35	5.00%	September 22, 2016	591.95	-7.05%
September 23, 2016	254.40	-3.95%	September 23, 2016	557.40	-35.55%
September 26, 2016	251.65	-3.75%	September 26, 2016	547.60	-10.80%
September 27, 2016	248.95	-3.70%	September 27, 2016	541.10	-7.50%
September 28, 2016	253.50	3.55%	September 28, 2016	549.15	7.05%
September 29, 2016	247.15	-7.35%	September 29, 2016	538.75	-11.40%
September 30, 2016	250.70		September 30, 2016	541.85	

Interpretation:-The highest percentage of rate of change for State Bank has been on the 22nd with a percentage of 5.00 and the lowest has been on the 12th with a percentage of (-) 12.30. Axis Bank has its highest point of change on 6th with 35.80% and its lowest has been on 23rd with (-) 35.55%. When the percentages are compared Axis Bank has a highest as well as the lowest rate of change than State bank of India in the month of September.



For The Month of October

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
OCTOBER			OCTOBER		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change
October 3, 2016	255.20		October 3, 2016	550.95	
October 4, 2016	259.25	3.05%	October 4, 2016	546.80	-5.15%
October 5, 2016	260.55	0.30%	October 5, 2016	535.70	-12.10%
October 6, 2016	256.85	-4.70%	October 6, 2016	530.95	-5.75%
October 7, 2016	258.25	0.40%	October 7, 2016	533.35	1.40%
October 10, 2016	256.00	-3.25%	October 10, 2016	531.40	-2.95%
October 11, 2016	256.00	-1.00%	October 11, 2016	531.40	-1.00%
October 12, 2016	256.00	-1.00%	October 12, 2016	531.40	-1.00%
October 13, 2016	249.70	-7.30%	October 13, 2016	518.75	-13.65%
October 14, 2016	251.90	1.20%	October 14, 2016	520.65	0.90%
October 17, 2016	253.10	0.20%	October 17, 2016	518.85	-2.80%
October 18, 2016	256.90	2.80%	October 18, 2016	532.30	12.45%
October 19, 2016	254.80	-3.10%	October 19, 2016	535.35	2.05%
October 20, 2016	259.95	4.15%	October 20, 2016	538.80	2.45%
October 21, 2016	258.40	-2.55%	October 21, 2016	526.60	-13.20%
October 24, 2016	262.85	3.45%	October 24, 2016	521.30	-6.30%
October 25, 2016	261.30	-2.55%	October 25, 2016	529.05	6.75%
October 26, 2016	259.05	-3.25%	October 26, 2016	486.50	-43.55%
October 27, 2016	255.05	-5.00%	October 27, 2016	485.25	-2.25%
October 29, 2016	257.85	1.80%	October 29, 2016	486.60	0.35%
October 31, 2016	257.85		October 31, 2016	486.60	

Interpretation:-The highest percentage of rate of change for State Bank has been on the 18th with a percentage of 2.80 and the lowest has been on the 13th with a percentage of (-) 7.30. Axis Bank has its highest point of change on 18th with 12.45% and its lowest has been on 26th with (-) 46.55%. State Bank of India has a very low progression in the rate of change for the month of October.

For the month of November

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
NOVEMBER			NOVEMBER		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change
November 1, 2016	258.40		November 1, 2016	475.45	
November 2, 2016	251.30	-8.10%	November 2, 2016	475.70	-0.75%
November 3, 2016	245.65	-6.65%	November 3, 2016	475.55	-1.15%
November 4, 2016	242.85	-3.80%	November 4, 2016	478.10	1.55%
November 7, 2016	252.70	8.85%	November 7, 2016	484.40	5.30%
November 8, 2016	252.60	-1.10%	November 8, 2016	490.80	5.40%
November 9, 2016	259.75	6.15%	November 9, 2016	487.75	-4.05%
November 10, 2016	281.60	20.85%	November 10, 2016	506.55	17.80%



November 11, 2016	272.90	-9.70%	November 11, 2016	498.40	-9.15%
November 14, 2016	272.90	-1.00%	November 14, 2016	498.40	-1.00%
November 15, 2016	278.10	4.20%	November 15, 2016	479.15	-20.25%
November 16, 2016	277.15	-1.95%	November 16, 2016	472.05	-8.10%
November 17, 2016	277.65	-0.50%	November 17, 2016	474.40	1.35%
November 18, 2016	275.70	-2.95%	November 18, 2016	473.45	-1.95%
November 21, 2016	257.75	-18.95%	November 21, 2016	465.85	-8.60%
November 22, 2016	257.40	-1.35%	November 22, 2016	471.30	4.45%
November 23, 2016	258.75	0.35%	November 23, 2016	480.45	8.15%
November 24, 2016	261.70	1.95%	November 24, 2016	468.00	-13.45%
November 25, 2016	260.95	-1.75%	November 25, 2016	471.35	2.35%
November 28, 2016	253.60	-8.35%	November 28, 2016	472.80	0.45%
November 29, 2016	252.95	-1.65%	November 29, 2016	465.30	-8.50%
November 30, 2016	258.40		November 30, 2016	469.75	

Interpretation:-The highest percentage of rate of change for State Bank has been on the 10th with a percentage of 20.85 and the lowest has been on the 21st with a percentage of (-) 18.95. Axis Bank has its highest point of change on 10th with 17.80% and its lowest has been on 15th with (-) 20.25%. The highest rate of change for both the banks are on 10 as it was on that Sunday that the Banks had functioned due to the Demonetization effect and therefore is the cause for the increase in the rate of change.

For The Month of December

STATE BANK OF INDIA (Under BSE)			AXIS BANK (Under BSE)		
DECEMBER			DECEMBER		
DATE	Balance	Rate of Change	DATE	Balance	Rate of Change
December 1, 2016	255.75		December 1, 2016	465.90	
December 2, 2016	259.75	3.00%	December 2, 2016	459.80	-7.10%
December 5, 2016	256.70	-4.05%	December 5, 2016	461.00	0.20%
December 6, 2016	259.15	1.45%	December 6, 2016	456.70	-5.30%
December 7, 2016	255.35	-4.80%	December 7, 2016	447.55	-10.15%
December 8, 2016	259.75	3.40%	December 8, 2016	449.50	0.95%
December 9, 2016	266.00	5.25%	December 9, 2016	456.30	5.80%
December 12, 2016	263.40	-3.60%	December 12, 2016	444.60	-12.70%
December 13, 2016	265.50	1.10%	December 13, 2016	452.35	6.75%
December 14, 2016	262.70	-3.80%	December 14, 2016	466.95	13.60%
December 15, 2016	265.00	1.30%	December 15, 2016	477.10	9.15%
December 16, 2016	262.70	-3.30%	December 16, 2016	472.75	-5.35%
December 19, 2016	261.40	-2.30%	December 19, 2016	461.60	-12.15%
December 20, 2016	254.55	-7.85%	December 20, 2016	457.90	-4.70%
December 21, 2016	255.15	-0.40%	December 21, 2016	448.45	-10.45%
December 22, 2016	249.75	-6.40%	December 22, 2016	438.45	-11.00%
December 23, 2016	249.25	-1.50%	December 23, 2016	438.45	-1.00%
December 26, 2016	244.10	-6.15%	December 26, 2016	431.75	-7.70%
December 27, 2016	248.70	3.60%	December 27, 2016	437.45	4.70%
December 28, 2016	247.25	-2.45%	December 28, 2016	439.50	1.05%
December 29, 2016	247.55	-0.70%	December 29, 2016	444.15	3.65%
December 30, 2016	249.75		December 30, 2016	450.00	



Interpretation:-The highest percentage of rate of change for State Bank has been on the 9th with a percentage of 5.25 and the lowest has been on the 20th with a percentage of (-) 7.85. Axis Bank has its highest point of change on 14th with 13.60% and its lowest has been on 19th with (-) 12.15%. The month of December has mostly shown only negative rate of change which means the rate of transactions were less but the cash flow was high, these can be a cause of the Demonetization since November 8th.

Findings

It has been found that State Bank of India shows good progress in terms of the trend analysis as most of its graphs show upward movement, but Axis Bank shows dull performance since the month of September. Both the banks show a downfall on November and December because of the Demonetization effect.

When using the rate of change method the rate of change for most of the transactions of Axis Bank is higher when compared to those of State Bank of India. State Bank being a Public Sector bank has a large base of customers than that of Axis Bank. The rate of transactions are low in State Bank whereas in Axis Bank it is relatively high. The Closing Balance maintained by both the bank also differs where State Bank keeps a minimum or base balance as 200.00 but Axis Bank has its base balance as 400.

Conclusion

Technical Analysis provides useful suggestions on how to develop the performance of an Organization or even a whole sector. Using trend as a base for analysis can help them analyst know the rate at which the Organization is progressing. The use of rate of change analysis the analyst can say the relative change and derive the momentum it has gained during a certain period or between two definite periods.

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