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Technical Analysis of Union Bank with Special Reference to NSE

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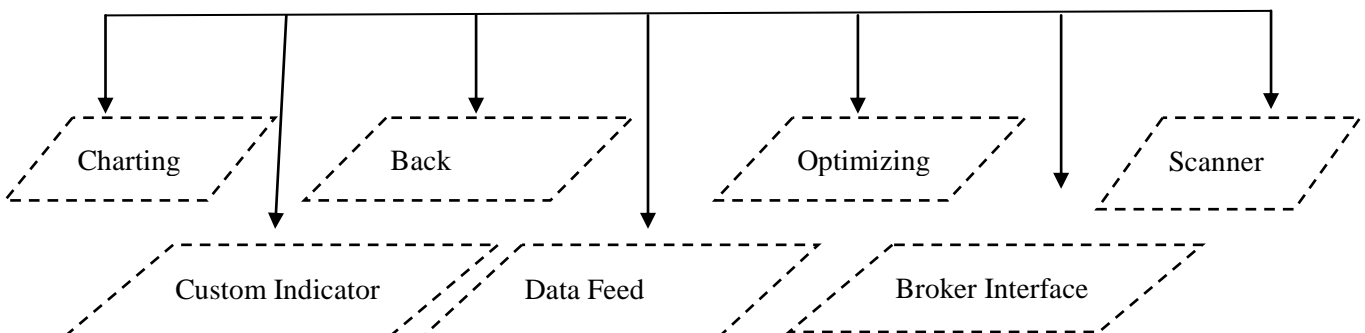
Abstract: *Technical Analysis is a study of the stock market relating to factors affecting the supply and demand of stocks. Technical analysis recommend that users fine tune these parameters according what they see suitable for their strategy. It helps in understanding the intrinsic value of shares. This is a significant technical analysis of Union bank which helps to understand the price behaviour of the shares. This paper describes about the use of technical analysis for investors while buying and selling decisions with the technical analysis done for the stocks of Union Bank. It helps investors to identify the current trend and risk. For the purpose of analysis weekly average are used for the analysis to know if the stock is technically strong or not.*

Keywords: *Stock Market, Technical Analysis, Weekly Average.*

I. INTRODUCTION

Technical analysis is the study of how securities behave and how to exploit that information to make money while avoiding losses. The technical style of trading is opportunistic. Technical analysis to predict returns among these trading rules of the moving average rules were the most popular. Technical analysis is a stock market consideration factors related to the supply and demand. Technical analysis is the study of the past market data, mainly price and volume in pursuit of a forecast of the future direction of the prices. The historic data up to date and future combines with the specific circumstances of the investor to produce trading decisions. During the process technical analysis may employ models and trading rules based on price and volume transformations, technical analysis to allowing the trader/investor. It is an approach by prediction of future price through the forces like supply and demand. It is a tool of speculation which is the skill of analyzing data and taking positions of various market situations to profits from favorable price movement.

1. The Common Features of Technical Analysis Applications



II. REVIEW OF LITERATURE

George filis 2009 This paper examines the intraday stock price reaction to substantial shifts in dividend policy. The results indicate the price reaction to be slower than that previously found by Patell and Wolfson (1984) and closer to that found with earnings announcements by Woodruff and Senchack (1988). Possible order flow imbalances are examined by looking at the proximity of transaction prices to contemporaneous bid and ask quotes. While order flow imbalances are evident for bad news announcements, this is not the case for the dividend increase sample. This is interpreted as evidence that the price reaction to major dividend increases is in general anticipated. Fifteen minute holding period returns are computed to measure the movement of equilibrium prices during the announcement period. Results show a rapid adjustment of prices to positive announcements with adjustment to negative announcements taking up to 75 minutes. Finally, fifteen minute lagged bid—ask returns are calculated to determine whether an investor could respond to the announcement and earn positive returns. These results are found to be dependent on the transaction cost assumptions being made.

Jeffrey W. Gunther 1994 An analysis of differences in the openness of interstate banking laws suggests that both regional banking difficulties and the strategic concerns of large banking organizations influenced the recent movement toward nationwide banking in the United States.

Kenneth R. French, James M. Poterba 1991 This paper asks whether market fundamentals can explain the recent run-up and decline of Japanese equity values and price-earnings ratios. Accounting differences explain about half of the long-run disparity between U.S. and Japanese *P/Es*. Similarly, we are unable to isolate changes in required stock returns or growth expectations that are large enough to explain recent Japanese stock price movements.

R. J. Limmack, C. W. R. Ward 1990 The 1987 fall in share prices worldwide provides an exceptional opportunity for testing models of security price behaviour. Using a sample of 270 companies the current study investigates the explanatory power of a number of competing models, including the market model, and a factor-based model. The companies selected for analysis all reported their annual profits within the three months preceding the analysis period. The study raises interesting questions both regarding the usefulness of finance models in explaining and predicting share price behaviour and also in revealing factors which led to the severity of share price movements in the crash period.

III. OBJECTIVES OF THE STUDY

- To study share price movements on Union Bank
- To utilize the share price movement on Union Banking
- To find out the upward and downward behavior in share price movement on banking companies

IV. RESEARCH METHODOLOGY

As the study describes the existing facts and figures given in the price movement of the Union Bank. The research design adopted for this study of price behaviour of the union Bank. The study aims at analyzing the price movement of selected company.

Month Taken for the Study: May to December 2012

Name of the Bank : Union Bank

Sources of Data

The study is based on secondary data. The main sources of data are websites, In-finance, newspapers, journals etc.

V. ANALYSIS AND INTERPRETATION

Bank wise distribution of descriptive Statistics regarding the Weekly Average for each of the Stock Price Movement

In this section the Weekly Average of Current market price, Yearly high, Yearly low, Last completed financial year value, Sales, Operating profit margin, Net profit, Equity, Earning per share, Book value, Factor value, Dividend and Price Earnings for the public sector bank of Union bank.

1. Weekly movement of Current market price

The performances of Current market price of the public sector and private sector banks are analyzed in this section. The Weekly movement of Current market price of the Union Bank is analyzed and the result is given in Table 1.

Table 1 - Weekly movement of Current Market Price –Public Sector Banks

Week	Current market price	
	Union bank	
	Mean	SD
1st Week	347.4	29.3
2nd Week	341.4	31.5
3rd Week	346.6	31.6
4th Week	341.4	20.4
5th Week	345.2	.

In Union bank the mean and Standard Deviation of Current market price shows that among the five weeks, the highest mean score (347.4 ± 29.3) which is obtained for the 1st week whereas, the lowest mean score (341.4 ± 31.5) which is was obtained for 3rd Week.

2. Weekly movement of Yearly high

The performances of Yearly high of the public sector and private sector banks are analyzed in this section. The Weekly movement of Yearly high of the Union Bank sector banks is analyzed and the result is given in Table 2

Table 2 - Weekly movement of Yearly high –Public Sector Banks

Week	Yearly high	
	Union bank	
	Mean	SD
1st Week	400	35
2nd Week	403	34
3rd Week	405	34
4th Week	406	34
5th Week	368	.

In Union bank the mean and Standard Deviation of Yearly high shows that among the five weeks, the highest mean score (406 ± 34) which is obtained for the 4th week whereas, the lowest mean score (368 ± 0.00) which is was obtained for 5th Week.

3. Weekly Movement of Yearly low

The performances of Yearly low of the public sector and private sector banks are analyzed in this section. The Weekly movement of Yearly low of the Union Bank is analyzed and the result is given in Table.3

Table 3 - Weekly Movement of Yearly low –Public sector Banks

Week	Yearly low	
	Union bank	
	Mean	SD
1st Week	228	19
2nd Week	230	18
3rd Week	231	20
4th Week	233	22
5th Week	210	.

In Union bank the mean and Standard Deviation of Yearly low shows that among the five weeks, the highest mean score (233 ± 22) which is obtained for the 4th week whereas, the lowest mean score (210 ± 0.00) which is was obtained for 5th Week.

4. Weekly Movement of Earning Per Share

The performances of Earning per share of the public sector and private sector banks are analyzed in this section. The Weekly movement of Earning per share of the Union Bank is analyzed and the result is given in Table.4

Table 4- Weekly movement of earning per share –Public sector Banks

Week	Earnings per share	
	Union bank	
	Mean	SD
1st Week	42.18	1.95
2nd Week	42.18	1.95
3rd Week	41.83	1.82
4th Week	41.19	1.73
5th Week	44.20	.

In Union bank the mean and Standard Deviation of Earning per share shows that among the five weeks, the highest mean score (44.20 ± 0.00) which is obtained for the 5th week whereas, the lowest mean score (41.19 ± 1.73) which is was obtained for 4th Week.

VI. FINDING

- ✓ In Union bank the mean and Standard Deviation of Current market price shows that among the five weeks, the highest mean score which is obtained for the 1st week whereas, the lowest mean score which is was obtained for 3rd Week.

- ✓ In Union bank the mean and Standard Deviation of Yearly high shows that among the five weeks, the highest mean score which is obtained for the 4th week whereas, the lowest mean score which is was obtained for 5th Week.
- ✓ In Union bank the mean and Standard Deviation of Yearly low shows that among the five weeks, the highest mean score which is obtained for the 4th week whereas and the lowest mean score which is was obtained for 5th Week.
- ✓ In Union bank the mean and Standard Deviation of Earning per share shows that among the five weeks, the highest mean score which is obtained for the 5th week whereas, the lowest mean score which is was obtained for 4th Week.

VII. SUGGESTIONS

- ✓ The banking sectors should have knowledge regarding the stock market terms so that they can take maximum return from maximum investment

VIII. CONCLUSION

Banking Sector is a back bone of the Indian economy. The financial market goes through risk changes; investor should look for right opportunities in market environment. Technical analysis gives a better understanding of the stocks. The shares play a proactive role in banking sector. Small investor should educate the technical analysis price movement of banking sector share. The investors have to concentrate on all information of shares, not in weekly average alone.

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A. Jayakumar being M.Com. in May 1979, M.Phil. in August 1986 from Madras University, he was awarded Ph.D by University of Madras in May 2003 on the thesis "Credit Rating In India (A Study on Instruments in Certain Selected Financial, Banking and Non Banking Finance Companies). Presently he is working as Professor, Department of Commerce and Former Controller of Examinations, Periyar University, Salem-636011, Tamilnadu. His area of Specialization is Finance and Organizational Behavior. He completed UGC Major Project "A Study on Value Added Tax Implementation in India". He travelled widely abroad viz., Srilanka, UK, (London) and Bangladesh.



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