

# A STUDY ON THE EQUITY MARKET BY USING TECHNICAL ANALYSIS WITH RESPECT TO WIPRO Ltd

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**Abstract**— The equity market is market in which shares are issued and traded it is one of the most vital area in market economy and it provides companies with access to capital and investor with slice of ownership in the company and its potential gain based on company future performance. Equities have the potential to increase in value over time. It also provides the portfolio with the growth necessary to reach the long term investment goals. For in the investment equity are considered the most challenging and the rewarding when compare to other investment options. For the investment in the portfolio in the marketing equity for investment.

In this paper we have use technical analysis its mean it is a methodology of forecasting the direction of price through the study of past historical data so as to predict the future stock price behavior. About this paper express how to predict the future performance of in which we used technical analysis RSI oscillator technique to predict the future price based on the study on past historical price, to suggest investor to take a better decision about investing in WIPRO Ltd securities.

**Keywords**— moving averages, equity market, portfolio, technical analysis

## I. INTRODUCTION

The equity capital represents ownership capital. The owner equity is the combined investments of the owners and accumulation of profit or losses for the business since it began. Equity shareholders collectively own the company. They risk and enjoy the rewards of ownership of all the reforms of securities, while fixed income investment avenues may be more important. The value of equity capital is computed by estimating the current market value of ever thing owned by the company from which the total of the liabilities is subtracted. It is one of the most essential in market economy and companies provided with access to capital and investor with slice of owner ship in the company and its potential gained based on company future performance. The government of India reserve bank of India has been pushing reform in equity market. In equity market is to use of in future generation financial reforms, to developing the derives and strengthening the institutional investor base.

### A. DEFINITION:

Equity is a share in the ownership of a company. Equity represents of claims on the company's assets, earnings and liabilities. As new investor Wall Street cantle seen daunting with fancy terms that seem as foreign as green. These concepts are very important to you and can help your analyze potential stocks. As well are any small business you are your family may own or consider buying.

### B.HISTORY:

The Company was incorporated on 29<sup>th</sup> December 1945, in Mumbai in India vegetable products Limited, later abbreviated to "Wipro". It was initially set up as a manufacturer of vegetable and refined oils. The company logo still contains a sunflower to reflect products of the original business opportunities in the information technology and computing industry, which was at a nascent stage in India at the time. On 7 June 1977, the name of the company changed from western India vegetable products Limited, to Wipro products Limited. The year 1980 marked the arrival of Wipro in the information technology domain. In 1982, the name was changed from Wipro products limited to Wipro limited. Meanwhile Wipro continued to expand in the consumer products domain with the launch of Ralak a tusi-based family soap and Wipro jasmine toilet soap. Wipro limited is Indian



multinational information technology consulting and system integration Services Company headquartered in Bangalore, India. As of December 2014, the company has 153,297 employees servicing over 900 large enterprise & fortune 1000 corporations with a presence in 61 countries. Making it one of India's largest publicly traded Company and seventh largest information technology services firm globally.

**B. OBJECTIVE OF THE STUDY:**

- To find out present scenario of WIPRO Ltd in equity market.
- To know the future performance of WIPRO Ltd in equity market by using Moving averages.

**C. NEED FOR STUDY:**

This study to effect next generation of financial market reforms, the country will need to take equity market development to a higher level well as develop and deepen corporate bond markets.

**D. SCOPE OF THE STUDY:**

- The scope of the study is limited WIPRO LTD equity market. The study is done only based on the information available. In BSE market. The scope of the study includes only technical analysis and Moving averages indicator for 6 months Data in (2014).

**E. LIMITATIONS OF THE STUDY:**

- This study is limited for WIPRO LTD only.
- Predictions may or may not be accurate.

**F. DATA COLLECTION:**

Secondary Data existing data we collected data from the secondary sources only for this study. Mainly we collected from BSE india.com.

**G. TECHNICAL ANALYSIS:**

A technical analyst believes that share prices are determined by the demand and supply forces operating in the market. These demand and supply forces are influenced by a number of fundamental factors as well as certain psychological or emotional factors. A technical analyst therefore concentrates on the movement of share prices. Technical analysis is the name given to forecasting techniques that utilize historical share price data. Technical analysis does not attempt to measure a security's intrinsic value, but instead use and other tools to identify patterns that can suggest future activity.

**H. DEFINITION OF TECHNICAL ANALYSIS:**

The second approach security analysis is called technical analysis. It is an alternative approach to the of stock price behavior. The term technical analysis is a complicated sounding name for a very basic approach to investing simply put technical analysis is the study prices, with being the primary tool.

The roots of modern-day technical analysis stem from the Dow Theory developed around 1900 by Charles Dow. Stemming either directly or indirectly from the Dow Theory, these roots include such principles as the trending nature of prices discounting all known information, confirmation and divergence, volume mirroring changes in price, and support resistance. And of course, the widely followed Dow Jones Industrial Average is direct offspring of the Dow Theory.

Identify the trend reversal in advance to forecast to the price movement of share or market to the particular decision of buy or sell is called technical analysis.

**I. MOVING AVERAGES:**

The Moving averages of a number specified historical time periods from the point on chart. Moving averages offer an indicator of the clear directions and scope of the trend in the market.

There are two types of moving averages.

- Simple moving averages.
- Exponential moving averages.

SIMPLE MOVING AVERAGES are two types.

- Short term moving averages (SMA) are calculated for 10 to 15 day's period.
- A long term moving average (LMA) is calculated by 60 days to 125 days period.

**J. CALCULATION PROCESS:**

The calculation of an moving averages the data for required days will taken and simple averages will calculated by dividing sum of days for which moving averages has to be calculated by number of days.

Then averages will be floated in the graph and it can be compare the index moving averages or stock price identified the buy or sell signal. In the same manner index moving averages (BSE, NSE) has to be calculated the both have to be shown in the graph.

**II. DECISIONS MAKING**

If stock prices moving averages interpret the index moving averages from below and goes in upward direction, buy signal can be identified investor can buy at movement. If stock price intercepts the index moving averages form and falls below sell signal can be identified.

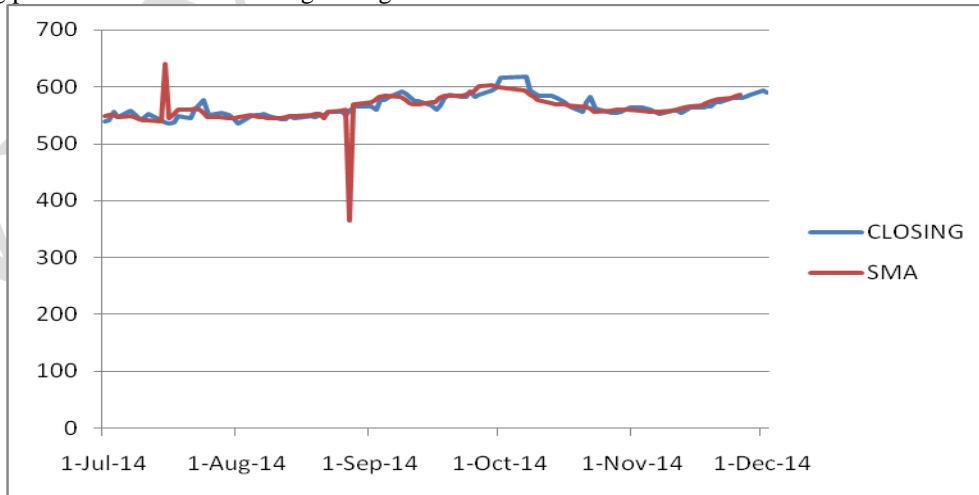
Investor sells the shares of the company on this movement. Moving averages can also be compared with stock closing prices.

**A. LONG TERM MOVEING AVERAGES & SHORT TERM MOVEING AVERAGES:**

Long term moving averages and short term moving averages can also compared for buy or sell signal decisions.

**INTERPRATION 1:**

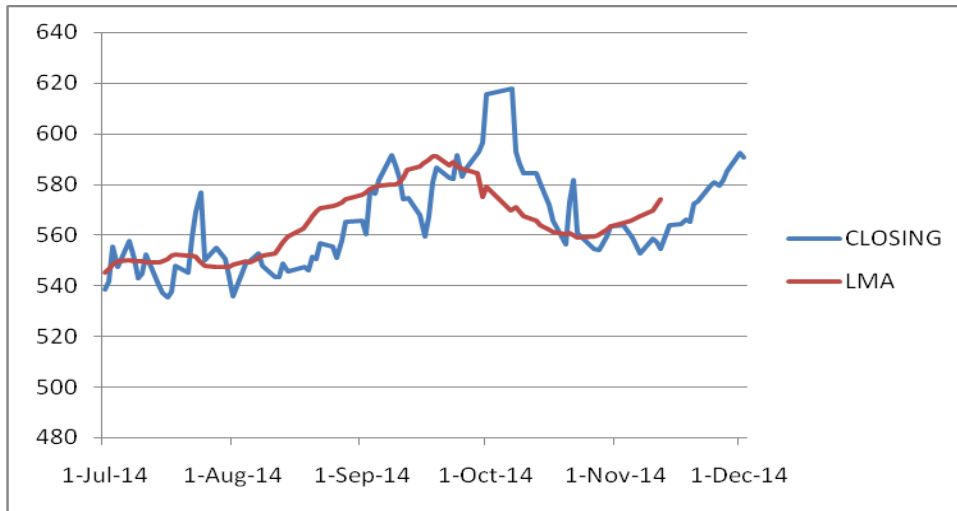
If short term moving averages intercept the term moving averages from above table it shows downward direction and it can be generated 'sell ' signals in these movements the share holders will be sold their stocks. Graph1: represents the performance WIPRO ltd closing price and short term moving averages for the last 6 months as on 5-Jun-2014 to 5-Nov-2014.



**INTERPRETATION 2:**

The above graph represents that, stock term moving averages (SMA) intercept the index prices from 5 November 2014 to June 2014, it shows upward direction and parley equal in the month of September, and the closing SMA both is down ward in the month of June2014.

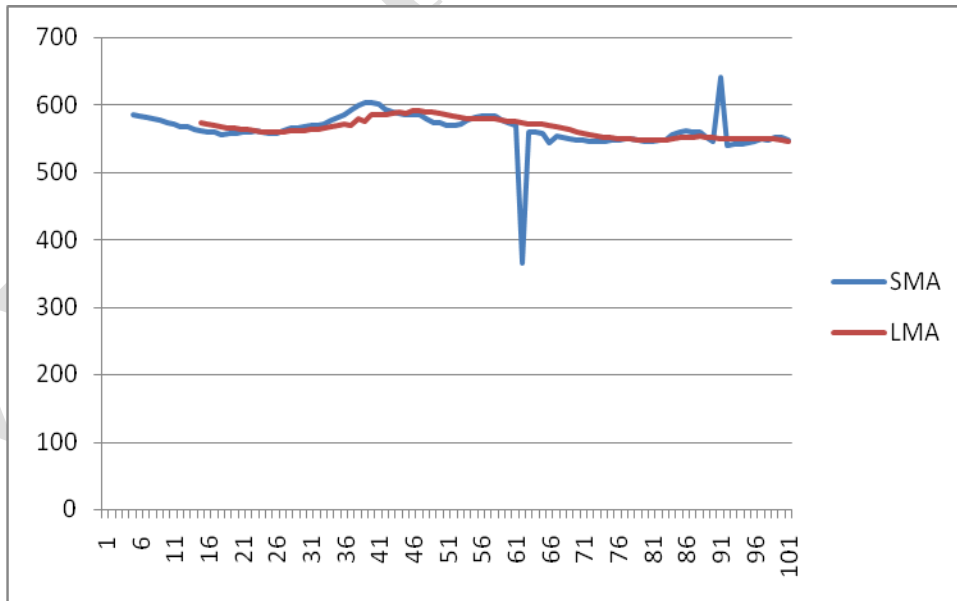
*Graph2:* represents the performance of the WIPRO LTD closing price and long term moving averages the last 6 months as on 5-Jun-2014to 5-Nov-2014.



**INTERPRETATION 3:**

The above graph represents that, long term moving average (LMA) intercepts the index prices from below and moves in upward direction, which represents buy signal inventors to suggest buying and existing investors need to hold the stocks.

*Graph 3:* Represents the performance of WIPRO LTD short term moving averages and long term moving averages for the last 6 months as on 5-Jun-2014 to 5-Nov-2014.



*INTERPRETATION 4:*

In this graph represents the both the parties where as short term moving average and long term moving averages, it represents the from below and moves in upward direction and it intersect the in October month 2014 and comes under the same direction in June2014.

III. CONCLUSION

During the study it observed that performance of WIPRO LTD closing price is volatile between 5-Jun-2104 to 5-Nov-2014 still share prices are moving upward and downward direction in SMA and LMA and it both intersect to the month of June by using SMA and LMA technique it is suggested to invest in WIPRO LTD.

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