A SUMMER INTERNSHIP PROJECT

ON

TECHNICAL ANALYSIS WITH THE HELP OF CANDLESTICK CHART IN EQUITY MARKET

Under the Supervision of

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SUBMITTED BY

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BIITM (2020-22)

BIJU PATNAIK INSTITUTE OF INFORMATION TECHNOLOGY AND MANAGEMENT STUDIES, BHUBANESWAR, ODISHA-751024, INDIA

<u>CERTIFICATE</u>

This is certify that **Pritinanda Sahoo** of **Biju Patnaik institute of IT and Management studies (BIITM)**,Bhubaneswar has successfully completed the project work titled "**Technical Analysis With The Help Of Candlestick Chart In Equity Market**" of requirement for the completion of MBA course as prescribed by **Biju Patnaik institute of IT and Management studies (BIITM)** .

This project report is the record of authentic work carried out by him.

He has work under my Guidance.

Signature
Name: Dr. Ramakrushna Mishra
Project Guide

ACKNOWLEDGEMENT

It is a matter of great satisfaction and pleasure to present this report on "**Technical Analysis with the Help of Candlestick Chart in Equity Market"**.

As per **BPUT** guidelines I am thankful to my guide Proof **Rd. Ramakrushna Mishra** (Associate Prof Finance) for his kind attention and advice.

I take this opportunity to owe my thanks to all those involved in making of the report. I put on my record my sincere thanks to my college, **BIJU PATNAIK INSTITUTE OF IT AND MANAGEMENT STUDIES,** Bhubaneswar for giving me such an opportunity. I would like to thank **Ramakrishna** SIR for giving this opportunity of doing a project under his Guidance.

Pritinanda Sahoo

2006258143

DECLARATION

I do hereby declare I have undergone by a project on "**Technical Analysis with the Help of Candlestick Chart in Equity Market**" under the guidance of Prof. Dr. Ramakrushna Mishra (Associate Prof Finance) faculty of **at BIITM**.

This report is submitted by me in partial fulfilment of my degree in Master of Business administration course from **BIJU PATNAIK INSTITUTE OF IT AND MANAGEMENT STUDIES**, Bhubaneswar. The report is comprehensively prepared and submitted by me is true to be best of my knowledge. It has not been submitted & published anywhere else.

Pritinanda Sahoo

2006258143

Executive Summary

I (**Pritinanda sahoo**) have been assigned the report about the tourism industry & how the Finance strategy will help's to provided the better understanding for analysis financial data .

In this project report I have prepared some report which is based on candlestick. For this task I have collected the information through internet website, some historical data report & primary / secondary data. Basically in this report I have describe the chart which has create better knowledge for understanding the financial data analysis .

<u>Objective of the project: -</u>

- To study technical analysis with the help of Equity market.
- To Study the present behavior & predicting the future   behavior of equity in stock market.
- Obtain the knowledge about how to select the companies for investment.
- To Study the equity analysis and obtain the knowledge of equity market.

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Chapter – 1

Introduction

Candlesticks show that emotion by visually representing the size of price moves with different colors. Traders use the candlesticks to make trading decisions based on regularly occurring patterns that help forecast the short-term direction of the price.

Key Takeaways

- Candlestick charts are used by traders to determine possible price movement based on past patterns.
- Candlesticks are useful when trading as they show four price points (open, close, high, and low) throughout the period of time the trader specifies.
- Many algorithms are based on the same price information shown in candlestick charts.
- Trading is often dictated by emotion, which can be read in candlestick charts.
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Purpose of the study

Candlesticks are created by up and down movements in the price. While these price movements sometimes appear random, at other times they form patterns that traders use for analysis or trading purposes. There are many candlestick patterns. Here is a sampling to get you started.

Patterns are separated into bullish and bearish. Bullish patterns indicate that the price is likely to rise, while bearish patterns indicate that the price is likely to fall. No pattern works all the time, as candlestick patterns represent tendencies in price movement, not guarantees.

Methodology

Intraday trading is a method of investing in stocks where the trader buys and sells stocks on the same day without any open positions left by the end of the day. Hence, intraday traders try to either purchase a share at a low price and sell it higher or short-sell a share at a high price and buy it lower within the same day. This requires a good understanding of the market and relevant information that can help them make the right decisions. In the stock market, the price of a share is determined by its demand and supply among other factors.

Tools such as candlestick chart patterns offer great help to traders. We will talk about these Candlestick Charts and offer steps to help you read them.

Candlesticks are a visual representation of the size of price fluctuations. Traders use these charts to identify patterns and gauge the near-term direction of price.

Objectives of Operations Management

To study technical analysis with the help of Equity market.To Study the present behavior & predicting the future   behavior of equity in stock market.Obtain the knowledge about how to select the companies for investment.To Study the equity analysis and obtain the knowledge of equity market.

Limitation of the study

First and foremost, understand that this is not the Holy Grail...

There is no Holy Grail in trading Japanese candlestick is just a technique for you, or rather a tool that you can use in your trading to help you make better trading decisions.You can see that there are three different ways that I have come up with on how the price could potentially move!Of course, there are more than three ways, most likely countless possibilities! But a candlestick will not tell you that.A lot of times, traders look at candlestick patterns like the shooting star! bullish hammer! and stuff like that... But looking at this pattern itself, it does not tell you the big picture. If you're not careful and if you just treat these patterns in isolation, it can be disastrous. So, the thing is, if you look at a bearish pattern and go short, then you know you're going to be in for some trouble. Because you always have to take into consideration what is the trend. And this is something that no candlestick pattern will tell you. It will tell you what has happened momentarily, but it doesn't tell you what the long-term trend is. So, bear this in mind...That candlestick patterns just tells you what happened momentarily at one particular point in time. It does not tell you anything else outside of that.

Brief introduction about candlestick chart

The upper shadow shows the high price and lower shadow shows the low prices reached during the trading session.
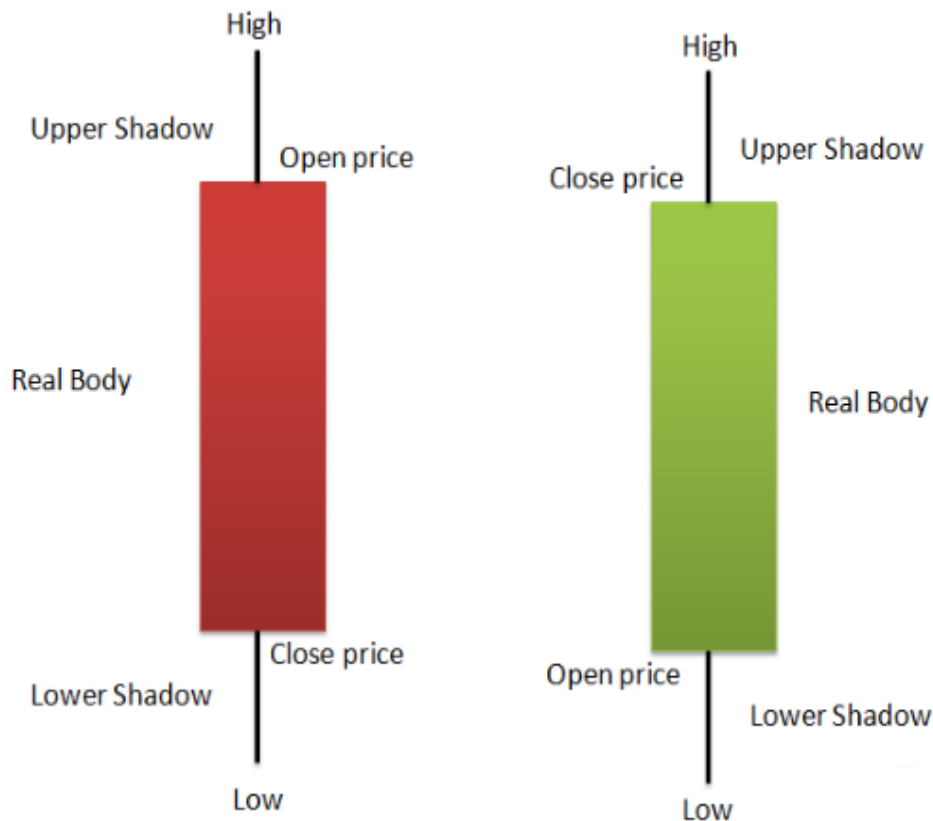
Before we jump into learning about different candlestick charts, there are few assumptions which need to be kept in mind that are specific to the candlestick charts.

1. Strength is represented by a bullish or green candle and weakness by a bearish or red candle. One should ensure that whenever they are buying it is a green candle day and whenever they are selling, ensure that it's a red candle day.

2. The textbook definition of a patterns states certain criteria, but one should state that there could be minor variations to the pattern depending on certain market conditions.

3. One should look for a prior trend. If you are looking at a bullish reversal pattern, then the prior trend should be bearish and if you are looking for a bearish reversal pattern then the prior trend should be bullish.

33 Types of Candlestick Patterns:
The candlestick patterns can be divided into:

▪ Continuation Patterns

- Bullish Reversal Patterns
- Bearish Reversal Patterns

Below is the list of **30 Types of Candlestick Patterns** which is categorised in the above categories:

Bullish Reversal Candlestick Patterns:

Bullish Reversal candlestick patterns indicate that the ongoing downtrend is going to reverse to an uptrend.

Thus, the traders should be cautious about their short positions when the bullish reversal candlestick chart patterns are formed.

Below are the different types of bullish reversal candlestick patterns:

1. Hammer:

Hammer is a single candlestick pattern that is formed at the end of a downtrend and signals bullish reversal.

The real body of this candle is small and is located at the top with a lower shadow which should be more than twice the real body. This candlestick chart pattern has no or little upper shadow.

The psychology behind this candle formation is that the prices opened and sellers pushed down the prices.

Hammer Candlestick
Pattern

Real Body

Long Lower
Shadow

- Bullish Reversal Patterns
- Bearish Reversal Patterns
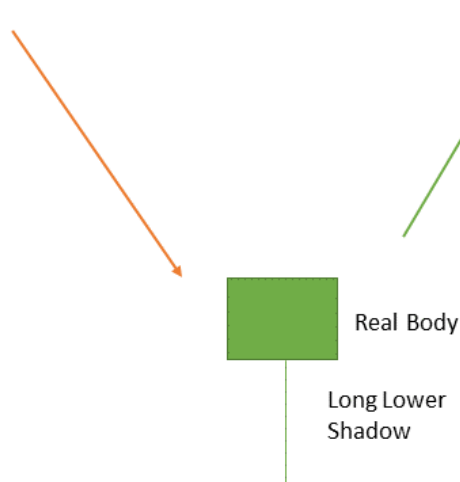
Suddenly the buyers came into the market and pushed the prices up and closed the trading session more than the opening price.

This resulted in the formation of bullish pattern and signifies that buyers are back in the market and downtrend may end.

Traders can enter a long position if next day a bullish candle is formed and can place a stop-loss at the low of Hammer.

Below is an example of Hammer candlestick pattern:

2. **Piercing Pattern:**

Piercing pattern is multiple candlestick chart pattern that is formed after a downtrend indicating a bullish reversal.
It is formed by two candles, the first candle being a bearish candle which indicates the continuation of the downtrend.

The second candle is a bullish candle which opens gap down but closes more than 50% of the real body of the previous candle which shows that the bulls are back in the market and a bullish reversal is going to take place.

Nifty 50, India, NSE:NSEI, D

Piercing Pattern Candlestick
Pattern
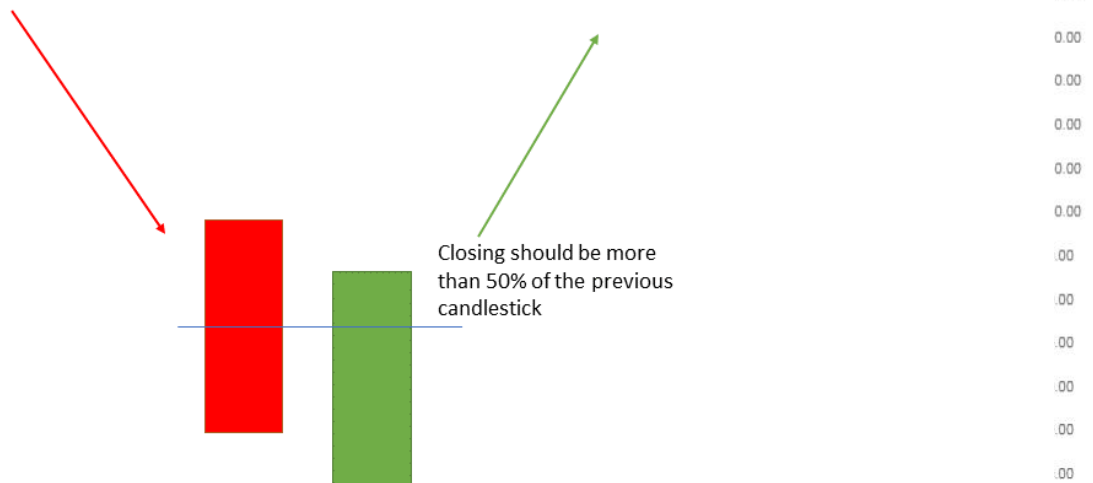
Closing should be more
than 50% of the previous
candlestick

0.00
3.80
0.00
0.00
0.00
0.00
0.00
0.00
0.00
0.00
.00
.00
.00
.00
.00
.00
.00

Traders can enter a long position if the next day a bullish candle is formed and can place a stop-loss at the low of the second candle.
Below is an example of a Piercing Candlestick Pattern:

3. **Bullish Engulfing:**

Bullish Engulfing is a multiple candlestick chart pattern that is formed after a downtrend indicating a bullish reversal.
It is formed by two candles, the second candlestick engulfing the first candlestick. The first candle is a bearish candle that indicates the continuation of the downtrend.

The second candlestick is a long bullish candle that completely engulfs the first candle and shows that the bulls are back in the market.

Traders can enter a long position if next day a bullish candle is formed and can place a stop-loss at the low of the second candle.

Below is an example of Bullish Engulfing Candlestick Pattern:

4. **The Morning Star:**

The Morning Star is multiple candlestick charts pattern which is formed after a downtrend indicating bullish reversal.

It is made of 3 candlesticks, first being a bearish candle, second a Doji and the third being a bullish candle.

The first candle shows the continuation of the downtrend, the second candle being a doji indicates indecision in the market, and the third bullish candle shows that the bulls are back in the market and reversal is going to take place.

The second candle should be completely out of the real bodies of the first and third candles.

Traders can enter a long position if the next day a bullish candle is formed and can place a stop-loss at the low of the second candle.

Below is an example of Morning Star Candlestick Charts Pattern:

5. **Three White Soldiers:**

The Three White Soldiers is a multiple candlestick pattern that is formed after a downtrend indicating a bullish reversal.

These candlestick charts are made of three long bullish bodies which do not have long shadows and are open within the real body of the previous candle in the pattern.

Three White Soldiers Candlestick
Pattern
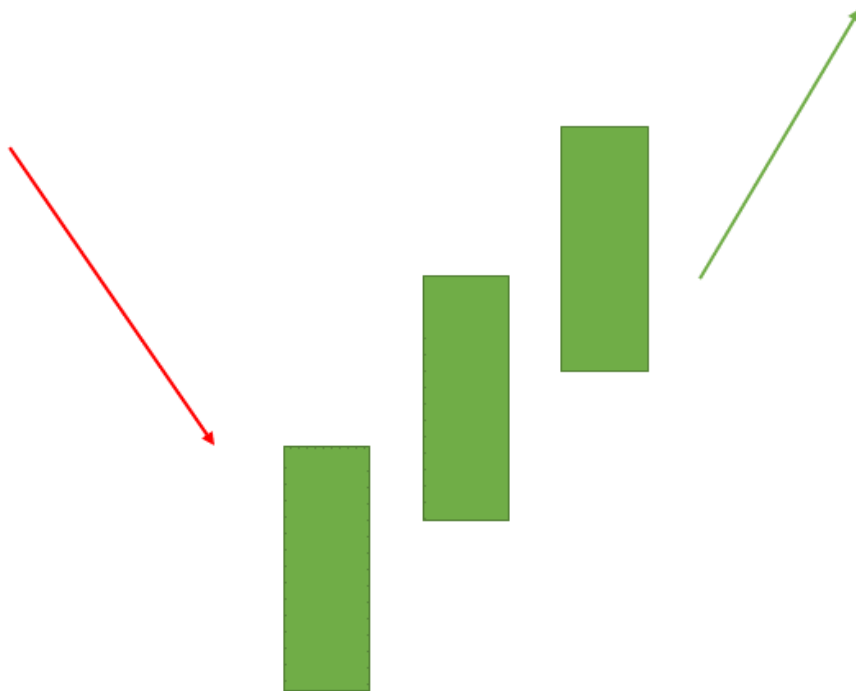
6. **White Marubozu:**

The White Marubozu is a single candlestick pattern that is formed after a downtrend indicating a bullish reversal.

This candlestick has a long bullish body with no upper or lower shadows which shows that the bulls are exerting buying pressure and the markets may turn bullish.

Marubozu Candlestick Pattern
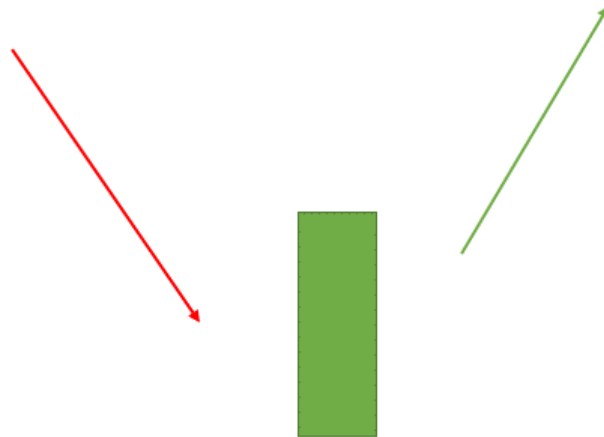
At the formation of this candle, the sellers should be caution and close their shorting position.

7. **Three Inside Up:**

The Three Inside Up is multiple candlestick pattern which is formed after a downtrend indicating bullish reversal.

It consists of three candlesticks, the first being a long bearish candle, the second candlestick being a small bullish candle which should be in the range the first candlestick.

The third candlestick should be a long bullish candlestick confirming the bullish reversal.

Three Inside Up
Candlestick
Pattern
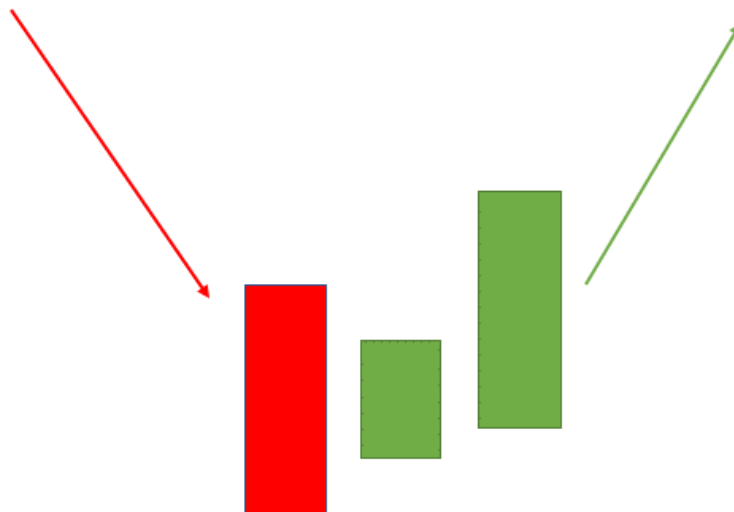
The relationship of the first and second candlestick should be of the bullish harami candlestick pattern.

Traders can take a long position after the completion of this candlestick pattern.

8. **Bullish Harami:**

The Bullish Harami is multiple candlestick chart pattern which is formed after a downtrend indicating bullish reversal.

It consists of two candlestick charts, the first candlestick being a tall bearish candle and second being a small bullish candle which should be in the range of the first candlestick.

The first bearish candle shows the continuation of the bearish trend and the second candle shows that the bulls are back in the market.

Bullish Harami
Candlestick Pattern
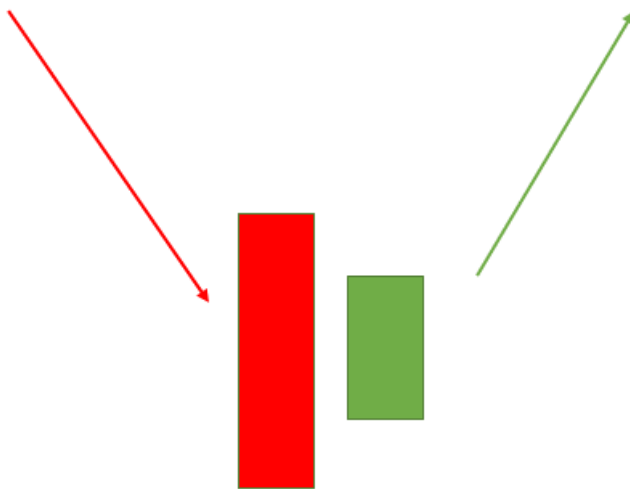
Traders can take a long position after the completion of this candlestick pattern.

9. **Tweezer Bottom:**

The Tweezer Bottom candlestick pattern is a bullish reversal candlestick pattern that is formed at the end of the downtrend.

It consists of two candlesticks, the first one being bearish and the second one being bullish candlestick.

Both the candlesticks make almost or the same low.When the Tweezer Bottom candlestick pattern is formed the prior trend is a downtrend.

Tweezer Bottom
Candlestick Pattern
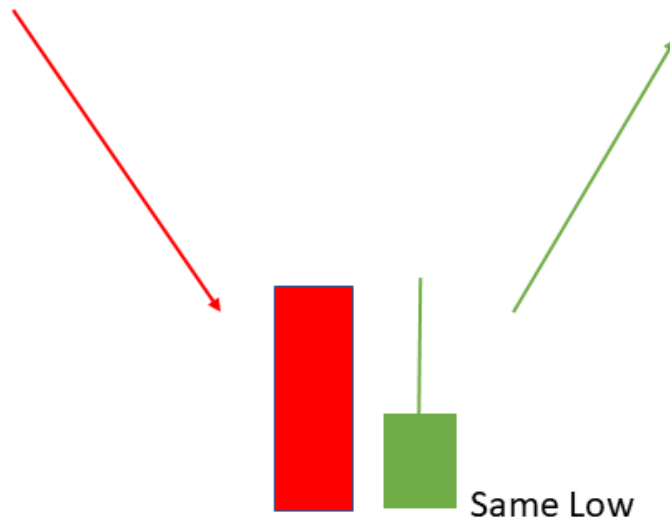
Same Low

A bearish tweezer candlestick is formed which looks like the continuation of the ongoing downtrend. On the next day, the second day's bullish candle's low indicates a support level.

The bottom-most candles with almost the same low indicate the strength of the support and also signal that the downtrend may get reversed to form an uptrend. Due to this the bulls step into action and move the price upwards.

This bullish reversal is confirmed the next day when the bullish candle is formed.

10. **Inverted Hammer:**

An Inverted Hammer is formed at the end of the downtrend and gives a bullish reversal signal. In this candlestick, the real body is located at the end and there is a long upper shadow. It is the inverse of the Hammer Candlestick pattern.

This pattern is formed when the opening and closing prices are near to each other and the upper shadow should be more than twice the real body.

Inverted Hammer
Candlestick Pattern
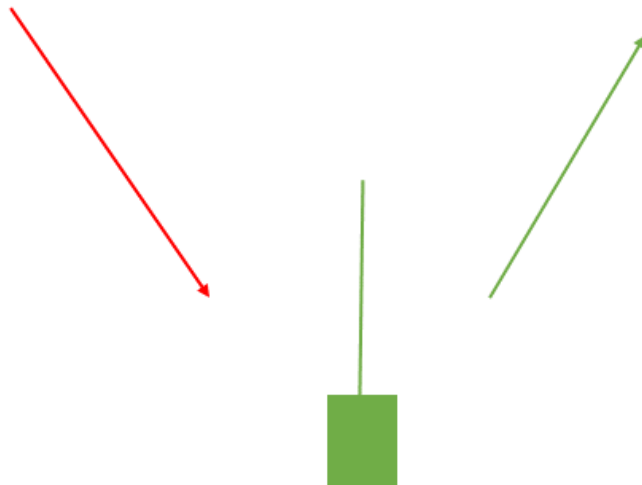
11. Three Outside Up:

The Three Outside Up is multiple candlestick pattern which is formed after a downtrend indicating bullish reversal.

It consists of three candlesticks, the first being a short bearish candle, the second candlestick being a large bullish candle which should cover the first candlestick.

The third candlestick should be a long bullish candlestick confirming the bullish reversal.

Three Outside Up
Candlestick Pattern
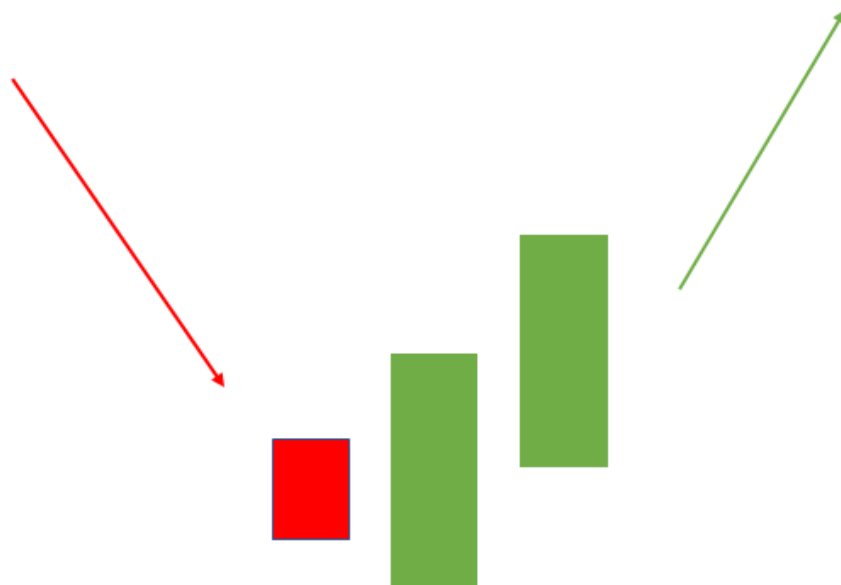
The relationship of the first and second candlestick chart should be of the Bullish Engulfing candlestick pattern.

Traders can take a long position after the completion of this candlestick pattern.

12. **On-Neck Pattern:**

The on neck pattern occurs after a downtrend when a long real bodied bearish candle is followed by a smaller real bodied bullish candle which gaps down on the open but then closes near the prior candle's close.

The pattern is called a neckline because the two closing prices are the same or almost the same across the two candles, forming a horizontal neckline.

On-Neck
Candlestick Pattern
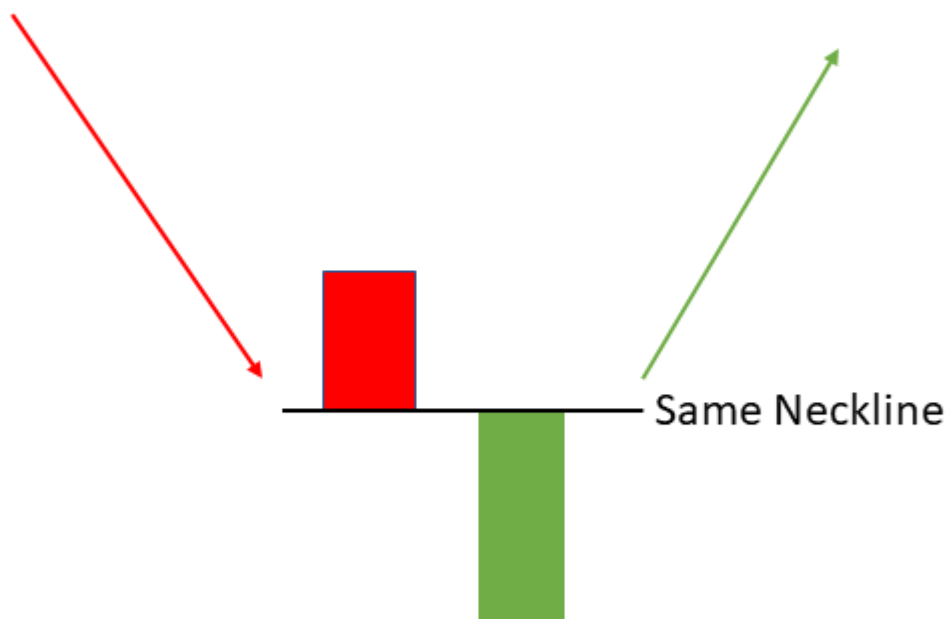
13. Bullish Counterattack-

The bullish counterattack pattern is a bullish reversal pattern that predicts the upcoming reversal of the current downtrend in the market. This candlestick pattern is a two-bar pattern that appears during a downtrend in the market. A pattern needs to meet the following conditions to be a bullish counterattack pattern.

- There must be a strong downtrend in the market for the formation of the bullish counterattack pattern.
- The first candle must be a long black candle with a real body.

- ▪ The second candle must also be a long (ideally, equal in size to the first candle) but a white candle with a real body. The second candle must close near the close of the first candle.

Bearish Candlestick Pattern:

Bearish Reversal candlestick patterns indicate that the ongoing uptrend is going to reverse to a downtrend.

Thus, the traders should be cautious about their long positions when the bearish reversal candlestick patterns are formed.

Below are the different types of bearish reversal candlestick chart patterns:
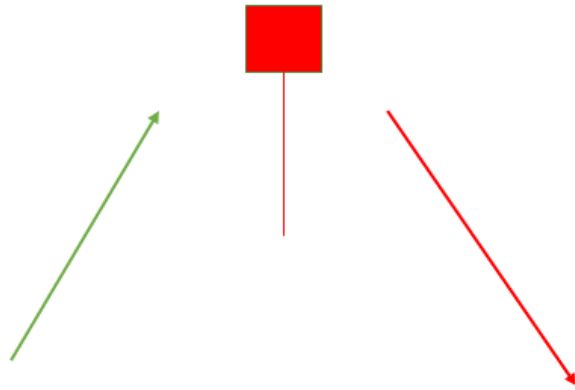
14. Hanging man:

Hanging Man is a single candlestick pattern which is formed at the end of an uptrend and signals bearish reversal.

The real body of this candle is small and is located at the top with a lower shadow which should be more than the twice of the real body. This candlestick pattern has no or little upper shadow.

The psychology behind this candle formation is that the prices opened and seller pushed down the prices.

Suddenly the buyers came into the market and pushed the prices up but were unsuccessful in doing so as the prices closed below the opening price.

Hanging Man
Candlestick Pattern

This resulted in the formation of bearish pattern and signifies that seller are back in the market and uptrend may end.

Traders can enter a short position if next day a bearish candle is formed and can place a stop-loss at the high of Hanging Man.
Below is an example of Hanging Man Candlestick Pattern:
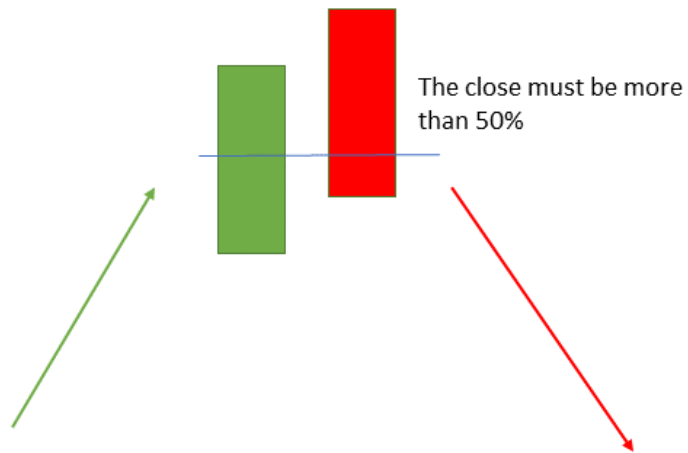
Nifty 50, India, NSE:NSEI, D

15. **Dark cloud cover:**

Dark Cloud Cover is multiple candlestick pattern which is formed after the uptrend indicating bearish reversal.

It is formed by two candles, the first candle being a bullish candle which indicates the continuation of the uptrend.

The second candle is a bearish candle which opens gap up but closes more than 50% of the real body of the previous candle which shows that the bears are back in the market and bearish reversal is going to take place.

Dark Cloud
Candlestick Pattern

The close must be more
than 50%

Traders can enter a short position if the next day a bearish candle is formed and can place a stop-loss at the high of the second candle.

Below is an example of a Dark Cloud candlestick pattern:;

Sun Pharmaceutical Industries Ltd., India, NSE:SUN, D

16. **Bearish Engulfing:**

Bearish Engulfing is a multiple candlestick pattern that is formed after an uptrend indicating a bearish reversal.

It is formed by two candles, the second candlestick engulfing the first candlestick. The first candle being a bullish candle indicates the continuation of the uptrend.

The second candlestick chart is a long bearish candle that completely engulfs the first candle and shows that the bears are back in the market.

Bearish Engulfing
Candlestick Pattern
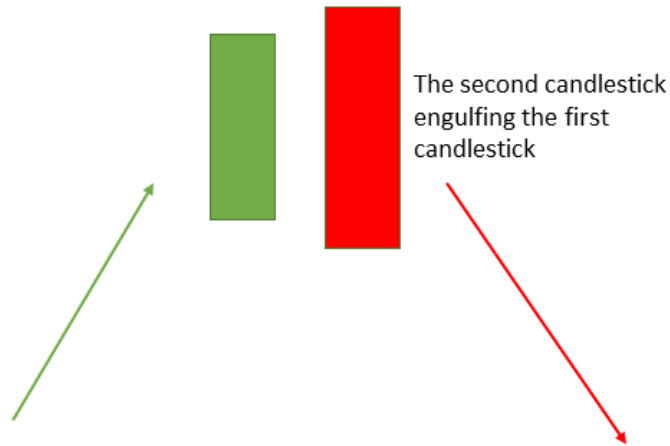
The second candlestick
engulfing the first
candlestick

Traders can enter a short position if next day a bearish candle is formed and can place a stop-loss at the high of the second candle.

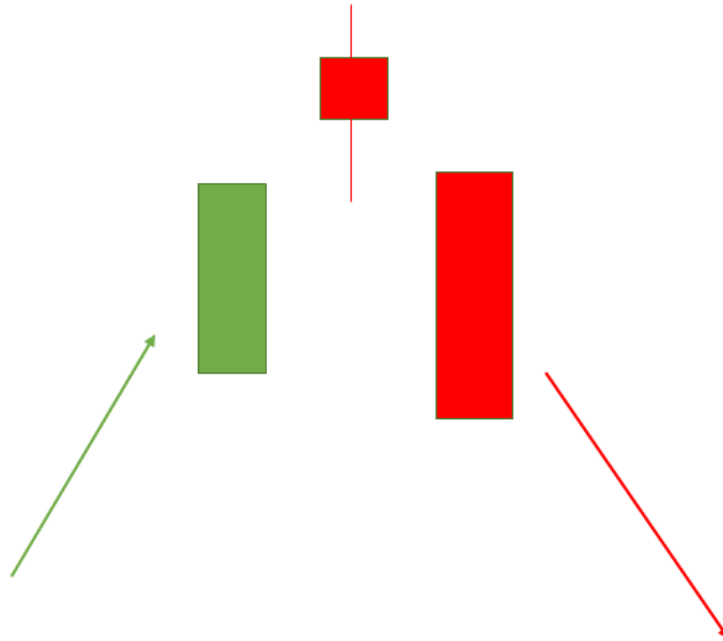## 17. **The Evening Star:**

The Evening Star is multiple candlestick pattern which is formed after the uptrend indicating bearish reversal.

It is made of 3 candlesticks, first being a bullish candle, second a doji and third being a bearish candle.

The first candle shows the continuation of the uptrend, the second candle being a doji indicates indecision in the market, and the third bearish candle shows that the bears are back in the market and reversal is going to take place.

The second candle should be completely out of the real bodies of first and third candle.

Evening Star
Candlestick Pattern

Traders can enter a long position if next day a bearish candle is formed and can place a stop-loss at the high of the second candle.

Below is an example of Evening Star Candlestick Pattern:

Nifty 50, India, NSE:NSEI, D

Evening Star

Uptrend

Downtrend

18. **Three Black Crows:**

The Three Black Crows is multiple candlestick pattern which is formed after an uptrend indicating bearish reversal.

These candlesticks are made of three long bearish bodies which do not have long shadows and open within the real body of the previous candle in the pattern.
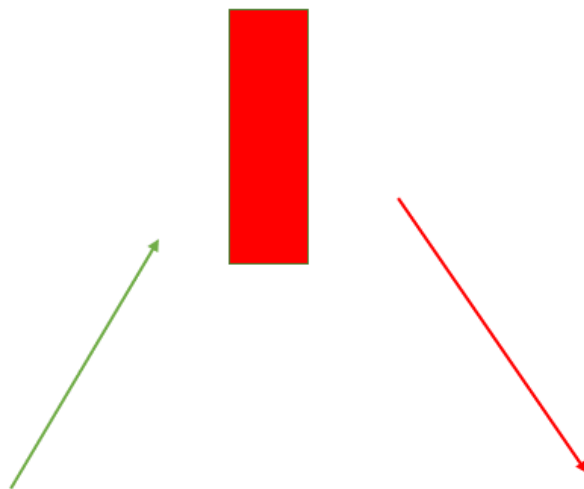
Three Black Crows
Candlestick Pattern
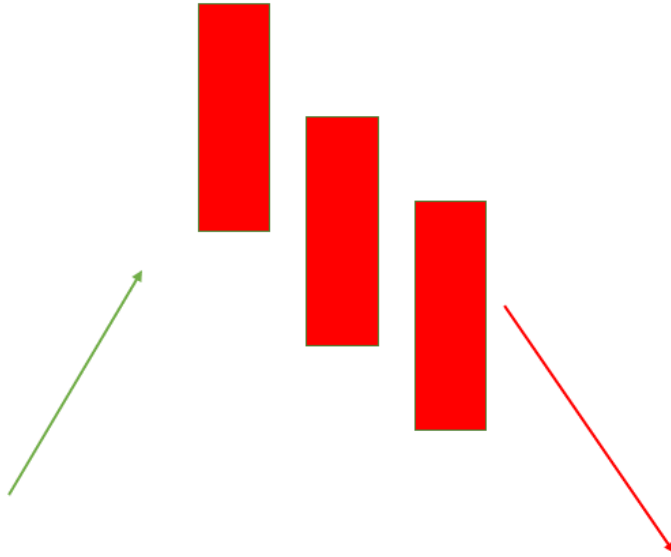
19. Black Marubozu:

The Black Marubozu is a single candlestick pattern which is formed after an uptrend indicating bearish reversal.

This candlestick chart has a long bearish body with no upper or lower shadows which shows that the bears are exerting selling pressure and the markets may turn bearish.

At the formation of this candle, the buyers should be caution and close their buying position.

Black Marubozu
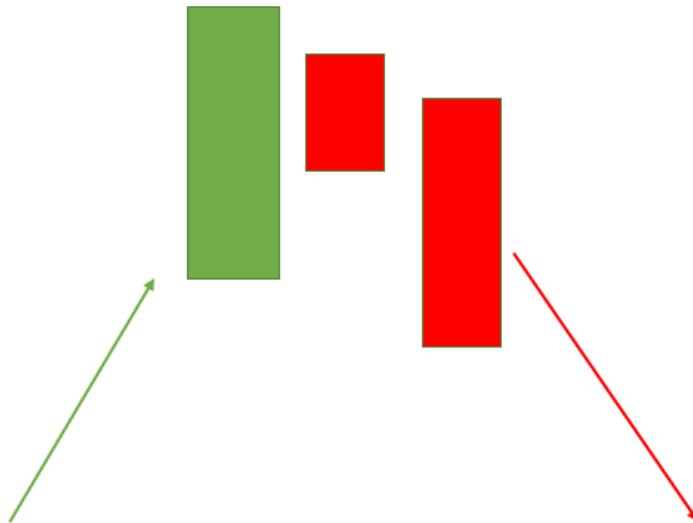Candlestick Pattern

20. **Three Inside Down:**

The Three Inside Down is multiple candlestick pattern which is formed after an uptrend indicating bearish reversal.

It consists of three candlesticks, the first being a long bullish candle, the second candlestick being a small bearish which should be in the range the first candlestick.

The third candlestick chart should be a long bearish candlestick confirming the bearish reversal.

The relationship of the first and second candlestick should be of the bearish Harami candlestick pattern.

Three Inside Down
Candlestick Pattern

Traders can take a short position after the completion of this candlestick pattern.

21. **Bearish Harami:**

The Bearish Harami is multiple candlestick pattern which is formed after the uptrend indicating bearish reversal.

It consists of two candlesticks, the first candlestick being a tall bullish candle and second being a small bearish candle which should be in the range of the first candlestick chart.

The first bullish candle shows the continuation of the bullish trend and the second candle shows that the bears are back in the market.

Bearish Harami
Candlestick Pattern
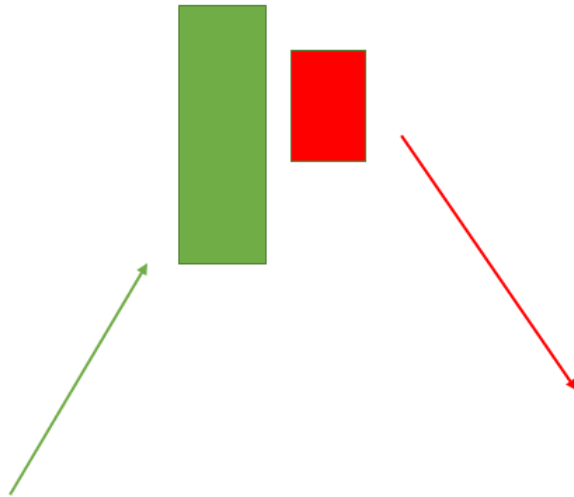
Traders can take a short position after the completion of this candlestick pattern.

22. **Shooting Star:**
Shooting Star is formed at the end of the uptrend and gives bearish reversal signal.
In this candlestick chart the real body is located at the end and there is long upper shadow. It is the inverse of the Hanging Man Candlestick pattern.

Shooting Star
Candlestick Pattern
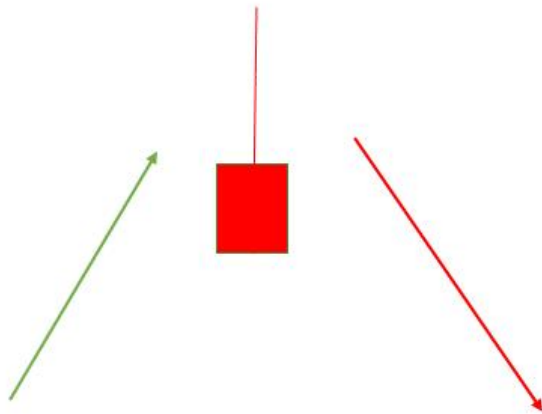
This pattern is formed when the opening and closing prices are near to each other and the upper shadow should be more than the twice of the real body.

23. **Tweezer Top:**

The Tweezer Top pattern is a bearish reversal candlestick pattern that is formed at the end of an uptrend.

It consists of two candlesticks, the first one being bullish and the second one being bearish candlestick. Both the tweezer candlestick make almost or the same high.

When the Tweezer Top candlestick pattern is formed the prior trend is an uptrend. A bullish candlestick is formed which looks like the continuation of the ongoing uptrend.
On the next day, the high of the second day's bearish candle's high indicates a resistance level.
Bulls seem to raise the price upward, but now they are not willing to buy at higher prices.

Tweezer Top
Candlestick Pattern
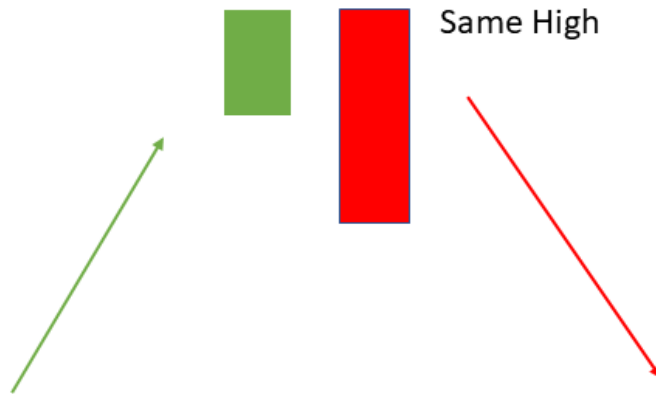
Same High

The top-most candles with almost the same high indicate the strength of the resistance and also signal that the uptrend may get reversed to form a downtrend. This bearish reversal is confirmed on the next day when the bearish candle is formed.

## 24. **Three Outside Down:**

The Three Outside Down is multiple candlestick pattern which is formed after an uptrend indicating bearish reversal.

It consists of three candlesticks, the first being a short bullish candle, the second candlestick being a large bearish candle which should cover the first candlestick.

The third candlestick should be a long bearish candlestick confirming the bearish reversal.

Three Outside Down
Candlestick Pattern
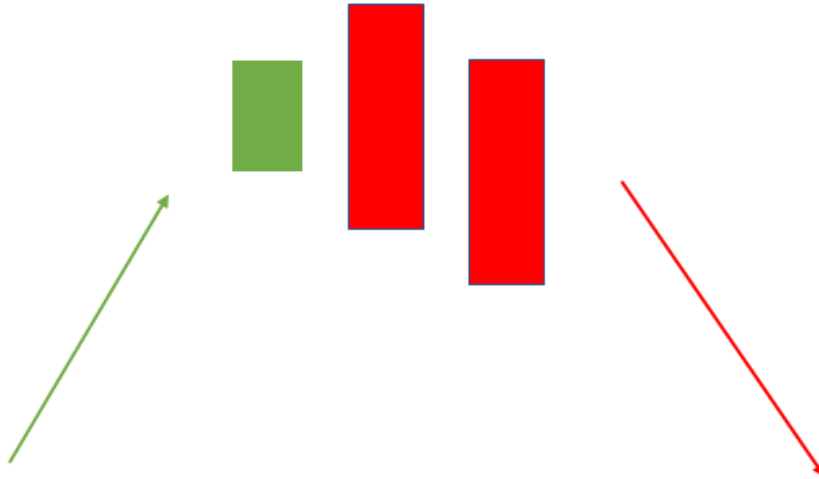
The relationship of the first and second candlestick should be of the Bearish Engulfing candlestick pattern.

Traders can take a short position after the completion of this candlestick pattern.

25. Bearish Counterattack–

The bearish counterattack candlestick pattern is a bearish reversal pattern that appears during an uptrend in the market. It predicts that the current uptrend in the market will make and the new downtrend will take over the market.

Continuation Candlestick Patterns:

26. Doji:

Doji pattern is a candlestick pattern of indecision which is formed when the opening and closing prices are almost equal.

It is formed when both the bulls and bears are fighting to control prices but nobody succeeds in gaining full control of the prices.

Doji
Candlestick Pattern

Opening and closing
prices are almost
same.

The candlestick pattern looks like a cross with very small real body and long shadows.

27. **Spinning Top:**

The spinning top candlestick pattern is same as the Doji indicating indecision in the market.

The only difference between spinning top and doji is in their formation, the real body of the spinning is larger as compared to Doji.

Spinning Top
Candlestick Pattern

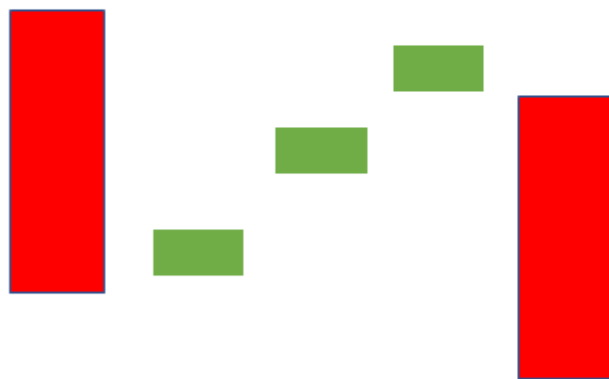### 28. **Falling Three Methods:**

The "falling three methods" is a bearish, five candle continuation pattern which signals an interruption, but not a reversal, of the ongoing downtrend.

The candlestick pattern is made of two long candlestick charts in the direction of the trend i.e downtrend at the beginning and end, with three shorter counter-trend candlesticks in the middle.
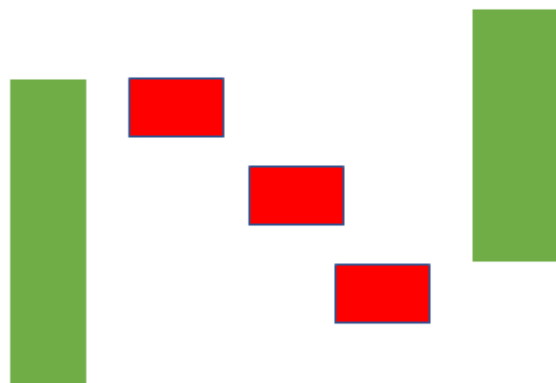
Falling Three Methods
Candlestick Pattern

The candlestick pattern is important as it shows traders that the bulls still do not have enough power to reverse the trend.

29. **Rising Three Methods:**

The "rising three methods" is a bullish, five candle continuation pattern which signals an interruption, but not a reversal, of the ongoing uptrend.

The candlestick pattern is made of two long candlesticks in the direction of the trend i.e uptrend in this case. at the beginning and end, with three shorter counter-trend candlesticks in the middle.

Rising Three Methods
Candlestick Pattern

The candlestick pattern is important as it shows traders that the bears still do not have enough power to reverse the trend.

30. **Upside Tasuki Gap:**

It is a bullish continuation candlestick pattern which is formed in an ongoing uptrend.

This candlestick pattern consists of three candles, the first candlestick is a long-bodied bullish candlestick, and the second candlestick is also a bullish candlestick chart formed after a gap up.

The third candlestick is a bearish candle that closes in the gap formed between these first two bullish candles.
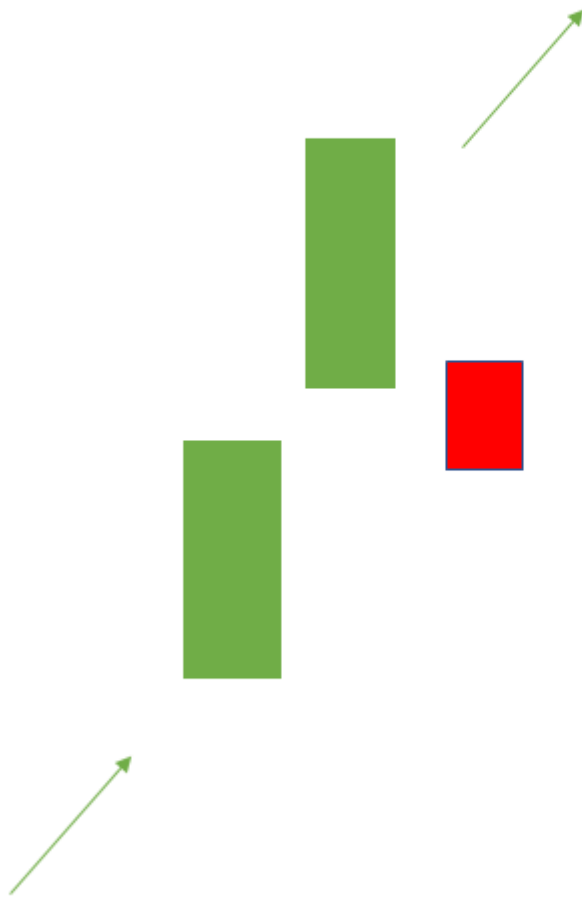
Upside Tasuki
Candlestick Pattern

31. **Downside Tasuki Gap:**

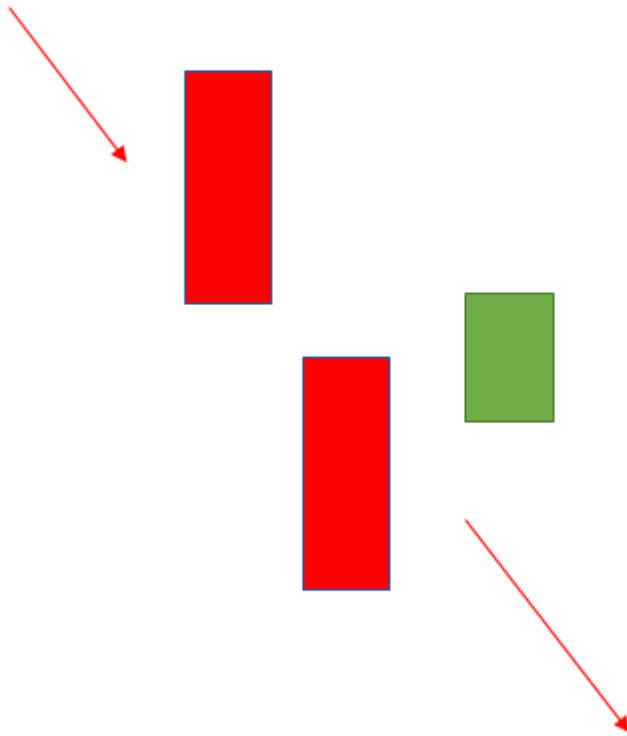It is a bearish continuation candlestick pattern which is formed in an ongoing downtrend.

This candlestick pattern consists of three candles, the first candlestick is a long-bodied bearish candlestick, and the second candlestick is also a bearish candlestick formed after a gap down.

The third candlestick is a bullish candle that closes in the gap formed between these first two bearish candles.
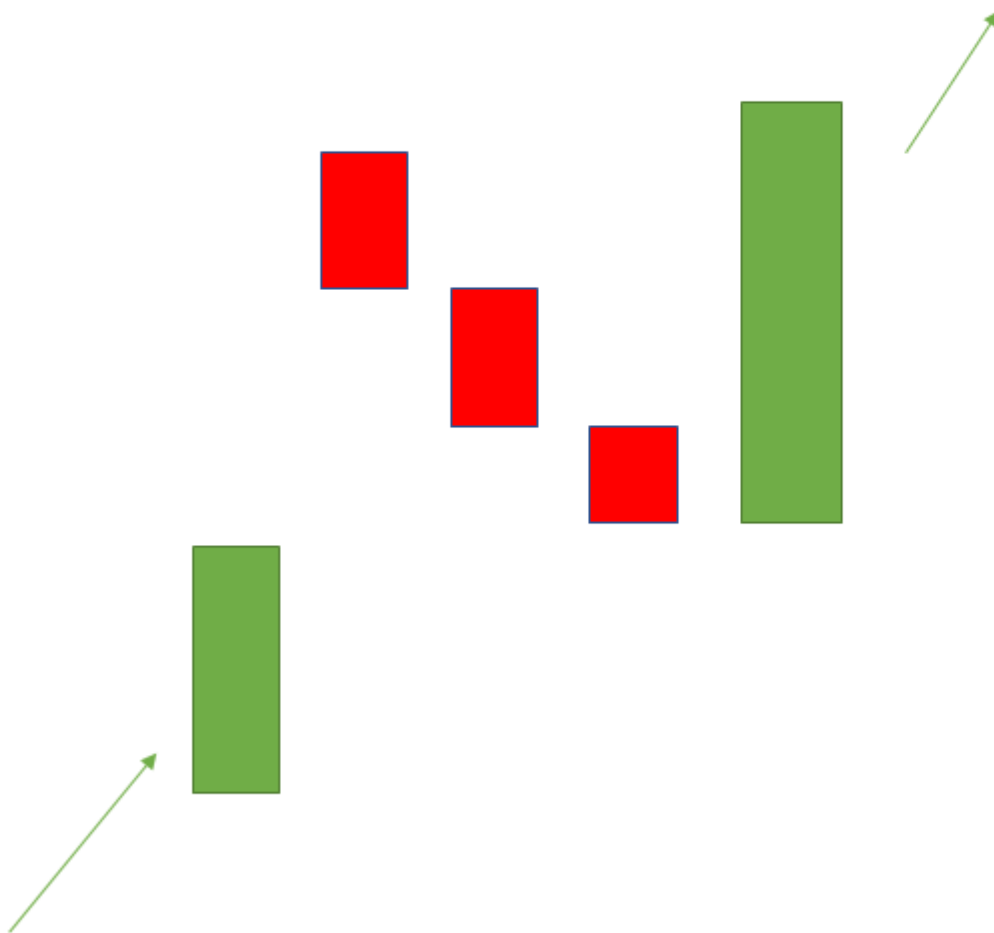
Downside Tasuki
Candlestick Pattern

32. **Mat-Hold-**

A mat hold pattern is a candlestick formation indicating the continuation of a prior trend.

There can be either bearish or bullish mat hold patterns. A bullish pattern begins with a large bullish candle followed by a gap higher and three smaller candles which move lower.

Mat Hold
Candlestick Pattern

These candles must stay above the low of the first candle. The fifth candle is a large candle that moves to the upside again. The pattern occurs within an overall uptrend.

33. Rising Window-
The **rising window** is a candlestick pattern consisting of two bullish candlesticks with a gap between them. The gap is a space between the high and low of two candlesticks that occurs due to high trading volatility. It is a trend continuation candlestick pattern indicating strong strength of buyers in the market.

34. Falling Window-
The **falling window** is a candlestick pattern that consists of two bearish candlesticks with a gap between them. The gap is a space between the high and low of two candlesticks. it occurs due to

high trading volatility. It is a trend continuation candlestick pattern and it is an indication of the strong strength of sellers in the market.
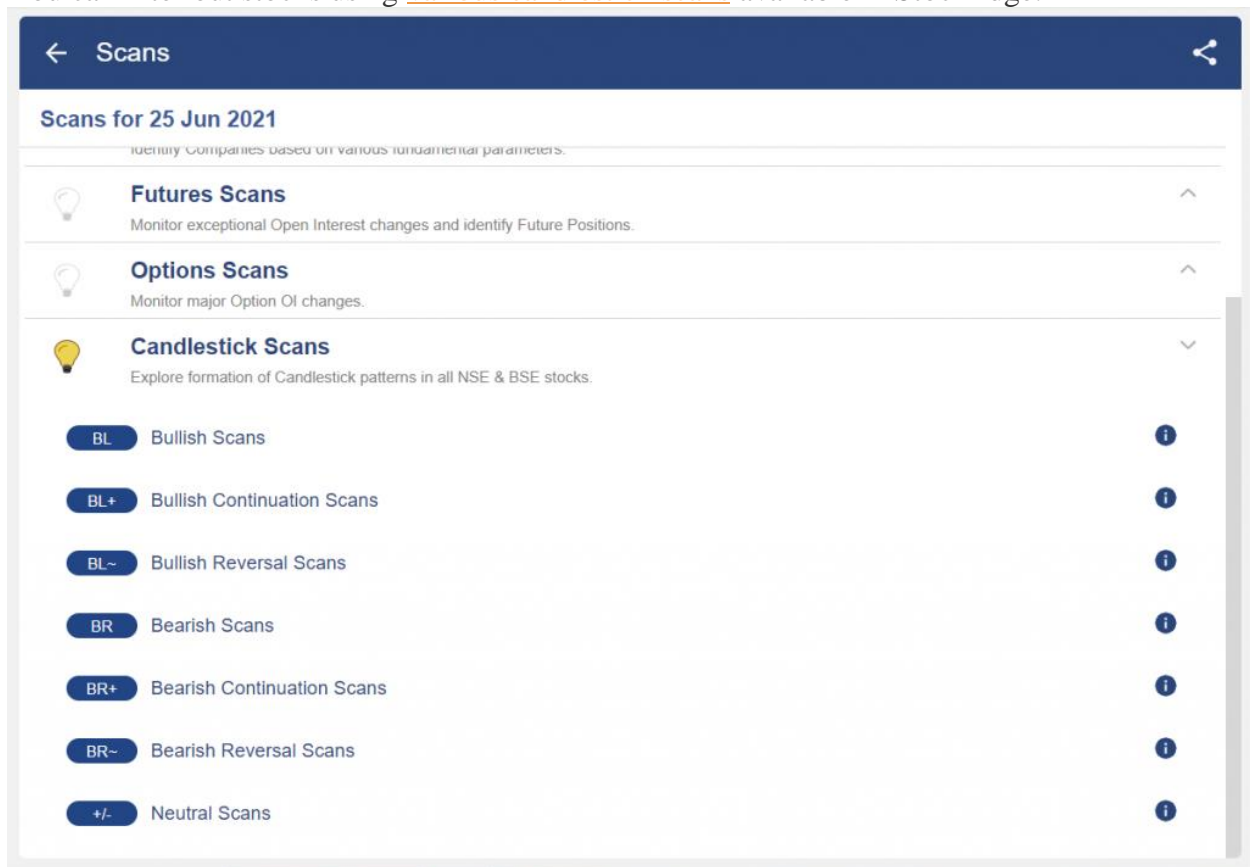
35. High Wave-

The high wave candlestick pattern is an indecision pattern that shows the market is neither bullish nor bearish. It mostly occurs at support and resistance levels. This is where bears and bulls battle each other in the effort of trying to push the price in a given direction. Candlesticks depict the pattern with long lower shadows and long upper wicks. Likewise, they have small bodies. The long wicks signal there was a large amount of price movement during the given period. However, the price ultimately ended up closing near the opening price.

You can also download our Ebook on Technical Analysis which has all candlestick patterns pdf

Filter Stocks with Specific Candlestick Chart Patterns using StockEdge:

You can filter out stocks using various candlestick scans available in StockEdge:

For example below we can see a list of stocks in which Bullish Engulfing pattern was formed:

Short Online Courses on Candlestick Patterns:

Below are some courses on candlestick that will help you in learning about these patterns:

1. Candlestick Made Easy-

As we have discussed above, With the help of the candlestick charts, traders can take trading decisions like when to enter or exit the stock by analysing them in the technical charts.

In this course, Candlestick Made Easy traders will understand various candlestick patterns and how to use them in trading.

2. Candlestick training in Hindi-

If you are interested in learning about different candlestick patterns in Hindi, then you can also check this course, Candlestick training in Hindi.

3. Candlestick Analysis in Tamil–

If you are interested in learning about different candlestick patterns in Tamil, then you can also check this course, Candlestick Analysis in Tamil

4. Master Of Technical Analysis–

You can also learn about other technical tools like indicators, chart patterns, along with the other candlestick patterns in this course, Master Of Technical Analysis.

Short Online Webinars on Candlestick Patterns:

Below are some webinars on candlestick that will help you in learning about these patterns:

1. Trade better with Candlestick-

In this webinar the trainer, Mr. Piyush Chaudhry will help you in understanding candlesticks, spotting candlestick patterns differentiating between reversal and continuation patterns and understanding when are they reliable and when they are not.

2. Psychology behind Candlestick Pattern –

In this webinar Ms. Jyoti Budhia will help you in understanding the psychology behind the formation of these candlestick patterns.

3. Identifying trading opportunities using candlesticks analysis-

In this webinar the trainer, Mr. Umesh Sharma will help you in Identifying trading opportunities using candlesticks analysis.

4. Trading made easy with Candlesticks in Tamil –

The webinar will cover how to understand and effectively use candlesticks to trade for indices/stocks in Tamil.

Bottomline:

One should remember that the candlestick patterns that we have discussed above should always be used with other technical indicators as sometimes the signals generated by these patterns can be false.

Happy Investing!

Tags: basic

Chapter 2

Company analysis

SANGUINE CAPITAL MARKET

Introduction

o It was incorporated in 2017 by Mr. Jayant Kwatra, Ms. Aarti Khatri & Mr. Vishal Gupta. o It is India's best advisory firm that offers Education as well as Advisory Services Of Financial Market.

o It is headquartered in Faridabad, Hariyana. o It is a diversified financial services company in India offering brokerage services across the asset classes of equities, commodities & wealth management, distribution of third party financial products. o It is a member of all the leading equity, commodities, derivatives, currency & spot commodity exchange of India.

MARKET SEGMENT:

The securities market has 2 independent segments.

1) Primary market

2) Secondary market

Primary Market-

- It is the channel for creation of new securities that issued by public limited companies or government agencies.
- In the primary market, the resources are mobilized either through public issue or private placement route.
- It is a public issue if everybody can apply for this, but when it is available to the selected group of person then called private placement.
- The new securities issued in the primary market are traded in the secondary market.

Secondary Market-

- The secondary market enables participants who hold securities to adjust their holdings in response to changes in their assessment of risk and return.
- The secondary market operates through 2 medium-

  (A) OTC(Over-the-counter) : Informal market where trades are negotiated.

  (B) Exchange Traded Market: Here trade uses the infrastructure provided by the stock exchange.

SANGUINE CAPITAL MARKET POSITION:

o It is India's one of the best advisory firm which offers Education & Advisory Services of Financial Market. o Sanguine Capital's credit is defined by it's mission to succeed, passion for professionalism, excellent work ethics and customer centric values. o Services that Sanguine capital constantly upgrade and improve are because of company's skill in leveraging technology. o It's success is due to the faith reposed in company by valued investors and customers all over the country.

o As it's network touches every corner of the country, the most remote investor can easily access Sanguine capital's services and benefit from it's expert advice.

VISION STATEMENT:

o Company's vision is very crystal : - " To Educate & Empower our clients and help them achieve Financial Independence".

o Company believes in creating long term relationship & become the financial advisor for the generation.

ADVANTAGES IN TRADING WITH SANGUINE CAPITAL:

o   Research support and timely advice by our high-tech research wing. o A perfect blend of latest technology and rich experience of over 10 years. o Transparency and fairness you can find here. o Personalized solution and attention offered to each investor.

o   An extensive network of branch offices across the country.

Product & Services Provided by Sanguine Capital

Sanguine capital provides some key products like :

- Equity Trading
- Commodity Trading
- Depositary Services
- Portfolio Trackers
- Portfolio Management

INDUSTRY ANALYSIS

ENVIRONMENTAL ANALYSIS (PESTEL):

PESTEL Stands for Political , Economic, Social, Technological, Environmental & Legal Factors.

POLITICAL FACTORS:

- Intellectual property protection.
- Favoured trading partners.
- Level of corruption especially levels of regulation in service sectors.
- Pricing regulations
- Mandatory employee benefits.
- Product labelling and other requirements in security & protection services.
- Industrial safety regulations in the service sector.
- Trade regulation and tariff related to services.
- Taxation- Tax rates and incentives.

ECONOMIC FACTORS:

- Exchange rates & stability of host country currency.
- Comparative advantages of host country and services sectors in the particular country.
- Educational level in the economy.
- Economic growth rate.
- Infation & Intrest rates.
- Unemployment rate.
- Labor costs and productivity in the economy.
- Infrastructure quality in security & protection services industry.
- Government intervention in the free market and related services.

SOCIAL FACTORS:

- Demographic and skill level of the population.
- Leisure interest.
- Entrepreneurial spirit and broader nature of the society.
- Educational level and education standard in this security.

TECHNOLOGICAL FACTORS:

- Impact on cost structure in security and protection servicesw industries.
- Technology's impact on product offering. ✓ Rate of technology diffusion.
- Recent technology developments by SMC Global securities ltd.

ENVIRONMENTAL FACTORS:

- Weather
- Changes in climate
- Recycling
- Waste management in service sectors
- Laws related to environment pollution ✓ Attitudes through "green" or ecological product
- Support for renewable energy

LEGAL FACTORS:

- Discrimination law
- Employment law
- Health and safety law
- Data protection
- Consumer protection and e-commerce
- Anti-trust law in security and protection services industry

COMPETITOR ANALYSIS

Sanguine capital has so many competitors. Out of them 3 major competitors are:

1) Zerodha

2) ICICI Securities

3 Sharekhan

(1) ZERODHA :

- Zerodha Broking Limited is an Indian Financial service company.
- It provides currencies, retail brokerage mutual funds, bonds etc.
- It is the largest retail stockbroker in India having active client base of 5 million

O ABOUT :

- Type – Private
- Industry- Stockbroker
- Establishment – August 15, 2010
- Headquarters: Banglore, Karnatak
- URL – www.zerodha.com • Users- 5 million above

O PRODUCTS:

- Equities – Investment in stocfks of listed companies
- IPOs- Investment in Initial public offerings
- MFs- Investment in mutual funds including equity, tax savings, hybrids etc.
- Derivatives – speculate on the price movement of stocks or index through its derivative products.

O SERVICES:

- Delivery trades in equity are free of cost.

- For industry trades of any size, a flat fee of Rs. 20 or 0.03% per executed order is charged across all segments.

O **RECOGNITION:**

- Largest retail stockbroker in India
- It won the bse – Dun & Bradstreet Emerging equity Broking House Award In 2014 & 2015
- NSE Retail Broker Of The Year in 2018
- Economic Times Startup Awards 2020
- Bootstrap Champ Award 2016

(**2**)**ICICI SECURITIES:**

- It is a technology based firm offering a wide range of financial services like investment banking, retail broking, institutional broking etc.
- It is also associated with financial product distribution activities like dealing in securities and corporate advisory services in the united states.
- It is the 2nd largest non bank mutual fund distributor.

⊙ ABOUT:

- Type- Private
- Industry- Financial services
- Establishment- 9 March 1995
- Headquarter- Mumbai
- URL- www.icicidirect.com
- Parent organization- ICICI Bank

⊙ PRODUCTS & SERVICES:

- ICICI offers 3-in-1 account for the most convenient way to invest in share market in India.
- The 3-in-1 account is the combination of 'ICICI Bank Saving Account', 'ICICIDirect Demat And Trading Account'.
- IPOs- invest in Initial Public Offering
- Bonds, NCDs & Corporate FDs- Invest in fixed income instruments like bonds, NCDs, Corporate funds etc.
- Derivatives- Sppeculate on the prICe moVEMENt of stocks or Index through its derivative products viz. Futures and Options.
- ETFs- Invest in Exchange traded funds.
- SIPs- Systematic investment plan that allows automated investments.

⊙ RECOGNITION:

- It won the Gold Award in the 'Retail Broker Of The Year'at the Outlook Money Conclave 2020.
- It was awarded the 'Workplace Excellence Award' under the Corporate Real Estate category by iNFHRA. • It won the Bronze Award at the Advertising Club Banglore's Bing Bang Awards for mesdia & wellness.

(3)SHAREKHAN:

- It was founded by Mumbai based entrepreneur Shripal Morakhia in 2000.
- It pioneered the online retail brokerage industry and leveraged on the first wave of digitalization, when demat of securities came into effect.
- The company has 1.4 million customer base and executes more than 4 lakh trades per day.
- It is present over 575 cities through 153 branches.

O **ABOUT**:

- Type- Private
- Industry- Financial Services
- Establishment- February 2000
- Headquarter- Mumbai
- CEO- Jaideep Arora
- URL- www.sharekhan.com

O PRODUCTS & SERVICES:

- IPOs- invest in Initial Public Offering

- Bonds, NCDs & Corporate FDs- Invest in fixed income instruments like bonds, NCDs, Corporate funds etc.

- Derivatives- Sppeculate on the prICe moVEMENt of stocks or Index through its derivative products viz. Futures and Options.

- ETFs- Invest in Exchange traded funds.

- SIPs- Systematic investment plan that allows automated investments.

- Equities- Invest online in stocks of listed companies.

- Mutual Funds- Invest in MFs like equity, hybrid, tax saving or debt schemes from asset management companies.

- Small cases- Invest in accurate basket of stocks based on a market trend.

O RECOGNITION:

- It is the largest standalone retail brokerage in the country and the 3rd largest in terms of customer base after ICICI Direct & HDFC Securities.

- It woned NSE Market Achievers Award in 2018.

- NSDL Star performer Award in 2018.

- Best Commodity Retail Broking House Award in 2018 & 2019.

CUSTOMER ANALYSIS

ABOUT CUSTOMERS:

- Customers of Sanguine Capital can be anyone.

- Anyone can invest in equities but basically business organization and salaried employees arec major customers of mutual fund.

- Almost 3.7% of people have already invested in equity market and rest 96.3% are unaware about its benefits.

- The focus of this entire service is in the satisfaction level of customers.

- Some most prominent stockbrokers in the list are ICICI securities (15.80 lakh clients), Angel Broking(15.64 lakh clients), HDFC Securities(9.57 lakh securities), Groww(7.80 lakh clients) etc.

- For attracting more and more customers you have to always update your website, recontact old customers, offer new customers discounts and promotions etc.

CHAPTER: 3

REVIEW OF LITERATURE

A SYSTEMATIC REVIEW OF TECHNICAL ANALYSIS OF STOCK MARKET PREDICTION

Isaac Kofi Nti, Adebayo Felix Adekoya, Benjamin Asubam Weyori

The stock market is a key pivot in every growing and thriving economy in which numerous studies have been conducted by using technical and fundamental analysis through various soft computing techniques and algorithms.The result revealed that 66% of documents reviewed were based on technical analysis while 23% and 11% were based on fundamental analysis and combined analysi respectively.

HOW REWARING IS TECHNICAL ANALYSIS?
Evidence from Singapore stock market

Wing-Keung Wong, Meher Manzur, Boon-Kiat Chew

This paper focuses on the role of technical analysis in signaling the timing of stock market entry and exit. It is found that member firms of Singapore Stock Exchange (SES) tend to enjoy substantial profits by applying technical indicators. This could be the reason why most member firms do have their own trading teams that rely heavily on technical analysis.

APPLICATION OF NEURAL NETWORK TO TECHNICAL ANALYSIS OF STOCK MARKET PREDICTION

Hirotaka Mizuno, Michitaka Kosaka, Hiroshi Yajima, Norihisa Komoda

This Paper presents a neural network model for technical analysis of stock market and its application to a buying and selling timing prediction system for stock index.

TECHNICAL ANALYSIS AND STOCK MARKET PROFITS

Richard Schabacker

Richard W. Schabacker's great work, Technical analysis and stock market profits is a worthy addition to any technical analyst's personal library or any market library. Richard presents technical analysisas a totally organized subject and comprehensively lays out the various important patterns, formations, trends, support and resistance areas and associated supporting technical detail.

TECHNICAL ANALYSIS OF STOCK TRENDS

Robert D Edwards, John Magee, WH Charles Bassetti

Technical analysis of Stock Trends help investors make smart, profitable trading decisions by providing proven long and short term stock trend analysis.

IS TECHNICAL ANALYSIS PROFITABLE ON A STOCK MARKET WHICH HAS CHARACTERISTICS THAT SUGGEST IT MAY BE INEFFICIENT?

Ben R Marshall, Rochester H Cahan

This paper considers the returns to technical analysis on the New Zealand stock market. The return to technical analysis in New Zealand follow a similar pattern to those in large offshore markets.

HOW REWARDING IS TECHNICAL ANALYSIS IN THE INDIAN STOCK MARKET?

Subrata Kumar Mitra

This paper analyses the profitability of moving average based trading rules in the Indian Stock market using four stock index series. The study finds that most of the technical trading rules are able to capture the direction of market movements well and gives significant positive returns both in long and short positions. Profit opportunities from technical analysis continue to remain an interesting and debatable issue in the Indian Stock Market.

THE USE OF TECHNICAL ANALYSIS IN THE FOREIGN EXCHANGE MARKET

Mark P. Taylor

Technical analysis of financial markets involve providing forecasts or trading advice on the basis of largely visual inspection of past prices. This paper reports the results of a questionnaire survey, conducted on behalf of the Bank Of England among the chief foreign exchange dealers based inj London.

CHAPTER

CONCLUSON

To be a successful investor in stock market, it requires complete understanding of the Indian Stock Market and also the psyche of the small investors. It is observed that many people have fear in investing their money in stock market because they feel their money will not be secure here because it deals with a lot of risk and uncertainty. So they need the knowledge of Stock market and terms related to it. Many people have not yet invested in stock market due to the lack of awarness and perfect knowledge although they have money to invest. Brand image plays an important role for the investment as well. People open their demat account for trading in those companies where they have faith or they are familiar with. Financial advisors also play a great role in generating lead. They can convince the investors easily by their innovative and convincing way of talking.

BIBLIOGRAPHY

1. Howells, P. and Bain, K., (2007) Financial Markets and Institutions 5th ed. England : pearson

2. Arnold, Glen. (2012) Corporate Financial Management. 5th ed. Pearson

3. Agarwal Reena, (1988), "Stock Index Futures and Cash Market Volatility", Review of Futures Market

4. Master of Stock market by Ashu Dutt.

5. Investment M anagement by Preeti Singh.