

SPECULATIONS AND SHORT TERM TRADING PRACTICES IN BSE STOCK EXCHANGE: A STUDY

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Abstract:

This study provides measurement of stocks invested by the investors by short-term trading; some stocks are penny stocks which are not liquid like normal stocks. The small investors are ready to invest in penny stock because of the low price of the stocks. And also, investor are interested in getting more insight into the performance of blue-chip company in the country, it is imperative to find out whether penny stocks are good or other stocks in India. The study uses a range of performance and descriptive research to collect preliminary information of stocks of BSE. Various graphs of six-month performance, and include the various parameters need to be observed and evaluated. The performance of each stock is evaluated by Chart Pattern Technical indicators: Overlays- Moving Average, Bollinger Bands and Oscillators- MACD, RSI, MFI.

Keywords: Short term trading, penny stocks, speculations, trading practices

Research Type: Analytical Research

INTRODUCTION

Short-term investing can be quite profitable, but can also be dangerous. A short-term deal might last anywhere between a few minutes and several days. To be successful with this trading method, you must comprehend the risks and benefits associated with each trade. You must somehow recognize short-term chances but also know how to safeguard one.

Short-term trade refers to trading tactics in the stock market or futures market where the time between entering and exiting is a few days to several weeks.

Using the brief trading strategy, we examine the stock market investment procedures, technical analysis methodologies, and chart reading approaches. We have chosen four penny stock businesses and six other companies, including mid-cap and large-cap firms. All companies utilized in the study are required to calculate six months' worth of data.

A penny stock is often a small company's stock that sells for less than \$5 per share. Though some penny stocks trade on prominent markets like the (NYSE), the majority trade through over-the-counter (OTC) transactions via the electronic OTC Notice board (OTCBB) or the privately-owned OTC Markets Organization. There really is no trading desk for over-the-counter (OTC) transactions. In addition, all quotations are done electronically.

REVIEW OF LITERATURE

Typically, in asset pricing literature, researchers tend to ignore the small, low-value stocks for examining and explaining the dynamics of risk-return. This may be one of the ways to tackle the scarcity of data related to such stocks. This problem arises mainly because, globally, penny stocks generally trade on the over-the-counter markets, such as the OTC Bulletin Board or the Pink Sheets. However, they may also trade on stock exchanges. In the United States, a significant number of penny stocks are traded on the electronic securities exchanges, their price movements and trading activities have important impacts on the whole market. In India, such penny stocks being traded on the stock exchange is very limited. The problem related to data on penny stocks in India becomes even more severe, hence there is hardly any research on Indian penny stocks. Penny stocks typically suffers with several fundamental and market microstructure-related issues. One of the most significant characteristics of penny stocks is high illiquidity. As mentioned by **Liu et al. (2011)**, usually penny stocks have fewer shareholders; they may not trade as frequently as large cap stocks, and their trading volumes are often very low. This lack of liquidity can cause high price volatility with a sudden change in demand or supply of stocks. The lack of liquidity can also make it difficult to sell a stock and liquidate the

Chad Munchbach August 2009 studied the order to develop the skills in stock market and investment, an analysis of a stock market simulation that lasted for around nine weeks utilizing two distinct trading strategies—penny stock trading and brief trading methods—was carried out. The two techniques and the results of the simulation were compared so that the differences between both the methods and tactics that are used when trading in real life could be identified. The information that was obtained is useful for making investments in the future.

Both of these strategies seemed to be successful, and various investors may use both based on how they intended to trade the market. To suggest that one strategy was superior to the other would be irresponsible and uninformed. Trading pennies in the manner depicted in the simulation is something that will only be advised to professionals.

Sean Thulin August 2007 my participation in the initiative was created to teach me on different aspects of stock market trading. It would appear that they were successful based on the amount of profit that may be earned from it. It is helpful to get started by researching the various trading methods available. After that, assistance is provided to determine the most effective strategy for producing money with such a particular organization. The most vital piece of information that it imparted was the need of keeping a careful eye on the trends. It seems that buy / sell shares depending on the price in relation to the Bollinger Bands was a very winning approach.

OBJECTIVES OF THE STUDY

- To understand fundamental Analysis of trading practices and investment in Indian stock market.
- To study about technical analysis and its indicators.
- To apply indicators of technical analysis to the selected stocks.
- To suggest best stock among the selected stocks based on the calculations made in the study
- To offer suggestions based on the results of the study.

LIMITATIONS OF THE STUDY

- The results of the study cannot be generalised as sample is restricted to a pool of 10 stocks and confined to only six months data.
- The study ignores the applicable of tax on short-term trading and also ignores the brokerages and other charges.

RESEARCH METHODOLOGY

The study uses a range of performance and descriptive research to collect preliminary information of stocks of BSE. Various graphs of six-month performance, and include the various parameters need to be observed and evaluated. The performance of each stock is evaluated by the following methods:

- i. Technical Analysis
- ii. Chart Pattern
- iii. Technical indicators:
 - a) Overlays- Moving Average, Bollinger Bands
 - b) Oscillators- MACD, RSI, MFI.

The study uses a range of performance and descriptive research to collect preliminary information of stocks of BSE. Various graphs of six-month performance, and include the various parameters need to be observed and evaluated. The performance of each stock is evaluated by the following methods:

Samples selected

- Indian Overseas Bank (IOB)
- Yes Bank Limited
- Suzlon Energy
- Bank of Maharashtra
- Titan company
- Infosys
- HDFC Bank
- Adani Group
- Bharat Heavy Electricals Limited (BHEL)

Analysis and Interpretation

INDIAN OVERSEAS BANK

Figure 1: Graphs of MACD, RSI, MFI, BOLLINGER BANDS.



In fig. 1 one could see how the MACD (blue) passing up or down its base (dashed) inside the indicator just below price graph corresponds to the two EMAs that have been added to the price graph by looking at the chart that is located above this one.

TABLE 1: Technical Indicators

22/03/21	14.60	H-17.85	16.5722	42.1521	44.9822	-0.6392
BUY		M-16.46				0.8125

		L-15.07				1.4518
07/04/21	18.00	17.85	16.2333	49.3637	68.5207	-0.2174
SELL		16.46				0.3552
		15.07				0.5726
12/04/21	15.65	17.61	16.3722	48.6998	66.9733	-0.1105
BUY		16.34				0.3635
		15.06				0.4740
13/04/21	17.85	17.81	16.6056	58.0124	77.7046	-0.0088
SELL		16.38				0.4629
		14.95				0.4718
03/05/21	15.65	17.06	15.9667	45.4327	60.2010	-0.1526
BUY		16.34				-0.0235
		15.08				0.2910
08/06/21	21.80	20.53	18.3056	84.1774	92.5500	0.5206
SELL		17.37				1.0102
		14.21				0.4896
18/06/21	19.60	22.76	20.6556	57.0590	80.9888	0.0004
BUY		18.97				1.0434
		15.18				1.0431
22/06/21	24.45	24.35	21.3222	76.6516	86.1665	0.3394
SELL		19.69				1.5106
		15.04				1.1712
24/06/21	23.00	25.02	21.9556	65.1368	75.0333	0.2748
BUY		20.35				1.5986
		15.68				1.3237
30/06/21	28.00	27.49	24.4278	74.1435	80.9591	0.5095

SELL		20.21				2.2485
		16.93				1.7390
20/807/21	23.40	28.48	25.4833	44.7700	40.7584	-0.5957
BUY		25.79				0.8505
		23.11				1.4462
23/07/21	25.50	28.20	25.2333	56.7700	44.0340	-0.4614
SELL		25.97				0.7261
		23.75				1.1875

Table 1 shows when to buy and when to sell the IOB share. On 22/03/2021 the graph indicates to buy the share at Rs. 14.60, here the BB- shows the high value-17.85, mid-value:16.46, low value; RSI- shows the 42.1521 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

YES BANK

Figure 2: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



Fig. 2 explains about all the main technical indicators. According to these indicators we invest the money, and buy the shares when the buying indication shows and sell when the selling indication shows. And that explain in above table.

TABLE 2: Technical Indicators

26/03/21	14.05	17.0434	11.40	2.6554	0.7975	0.1371
BUY		15.5300				0.5356
		14.0160				0.3985
30/03/21	16.20	17.1055	14.8778	3.0710	0.8192	0.0088
SELL		15.5575				0.3875
		14.0095				-.3963
12/04/21	14.35	16.3600	15.5278	7.7471	2.7677	-.0245
BUY		15.2175				-.1885
		14.0750				-.2130
27/04/21	14.75	16.2768	14.2944	5.7459	4.9453	-.0834
SELL		14.8425				-.4254
		13.4082				-.3419
10/05/21	13.00	15.2944	13.9389	9.2887	5.1601	-.0865
BUY		14.2150				-.4649
		13.1356				-.3780
07/06/21	14.95	14.2840	13.6444	9.7568	7.1547	.1773
SELL		13.4800				-.0358
		12.6760				-.2131
23/06/21	13.65	14.8735	13.9444	5.8383	3.5875	-.0356
BUY		13.9225				-.0098
		12.9712				-.0259
07/07/21	13.25	14.4333	13.5111	7.7664	5.2889	-.0483
BUY		13.7675				-.1408

		13.1017				-.0925
15/07/21	13.60	13.9676	13.2667	0.5702	9.2943	-.0147
SELL		13.4825				-.1721
		12.9977				-.1574
20/08/21	11.00	13.5963	11.7722	7.4138	3.7610	-.1143
BUY		12.3475				-.5048
		11.0987				-.3905

Table 2 depicts when to buy and when to sell the Yes bank share. On 2/03/2021 the graph indicates to buy the share at Rs. 14.05, here the BB- shows the high value-17.0434, mid-value:15.5300, low value-14.0160; RSI- shows the 22.6554 (it is rare case where the RSI is below 30) points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

SUZLON

Figure 3: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 3: Technical Indicators

18/03/21	5.30	6.0292	5.5667	40.6950	58.5248	.0002
BUY		5.5550				-.1179

		5.0808				-.1181
24/03/21	5.60	5.9275	5.5333	49.6465	49.3052	.0197
SELL		5.6250				-.0930
		5.3825				-.1121
9/04/21	5.05	5.8440	5.1167	41.5607	40.4328	-.0206
BUY		5.3475				-.1840
		4.8510				-.1634
27/04/21	4.70	5.4874	4.6444	42.7650	57.9757	.0047
BUY		4.9000				-.2367
		4.3120				-.2415
11/05/21	6.00	5.6750	5.1667	72.5391	89.3949	.1602
SELL		4.8850				.0975
		4.0950				-.0627
26/05/21	5.80	6.1346	5.5611	44.5554	66.6178	.0144
BUY		5.3475				-.1170
		4.5604				-.1314
09/06/21	7.10	7.3810	6.6000	69.6029	65.8638	.1358
SELL		6.0450				.4853
		4.7090				.3495
23/06/21	7.70	8.3751	7.4389	67.1791	56.8644	.0563
BUY		6.9700				.5555
		5.5649				.4993
05/07/21	9.05	8.8747	8.1000	75.2639	68.9399	.0882
SELL		7.6675				.6206
		6.4603				.5324
22/07/21	7.55	9.0611	7.9500	47.4059	35.4297	-.1792
BUY		8.1150				.1339
		7.1689				.3130

30/07/21	6.20	9.4025	7.0667	32.2175	15.2998	-.2484
BUY		7.8050				-.2602
		6.2075				-.0117
05/08/21	6.85	8.7977	6.7500	45.0651	29.4095	-.0960
SELL		7.4100				-.02627
		6.0223				-.1667

Table 3 shows when to buy and when to sell the SUZLON share. On 18/03/2021 the graph indicates to buy the share at Rs.5.30, here the BB- shows the high value-6.0292, mid-value:5.5550, low value-5.0808; RSI- shows the 40.6950 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

BANK OF MAHARASHTRA

Figure 4: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 4: Technical Indicators

19/03/21	18.90	25.5566	21.7056	42.0027	35.1424	-.7546

BUY		22.4225				.4521
		19.2884				1.2067
24/03/21	21.55	25.6361	20.7722	54.1316	59.7356	-.4711
SELL		22.1825				.2675
		18.2289				.7386
30/03/21	20.85	24.5154	20.3278	50.0634	51.8021	-.3032
BUY		21.6465				.1722
		18.2696				.4755
15/04/21	25.30	25.4849	22.8889	60.8394	70.4772	.4631
SELL		21.5575				1.0238
		17.6301				.5607
22/04/21	22.75	26.1306	23.9222	51.8662	62.4833	.0256
BUY		22.2625				.8153
		18.3944				.7897
30/04/21	24.10	26.4906	23.5056	55.4383	66.0466	-.0106
SELL		23.1825				.7165
		19.3744				.7271
17/05/21	25.25	25.8442	24.7333	60.6181	80.9264	.0411
BUY		24.1450				.7284
		22.4858				.6873
07/06/21	28.70	27.8539	25.6556	70.4229	90.0265	.3268
SELL		22.3125				.8682
		22.7711				.5363
14/06/21	26.25	28.3161	26.8000	54.0738	75.7468	.0095
BUY		25.6575				.6912
		22.9989				.6817
10/08/21	19.35	25.2038	20.9778	19.2786	13.8923	-.2078

BUY		22.3000				-1.1924
		143962				-.9846

Table 4 shows when to buy and when to sell the BOM share. On 19/03/2021 the graph indicates to buy the share at Rs. 18.90, here the BB- shows the high value-25.5566, mid-value:122.4225, low value-19.2884; RSI- shows the 42.0027 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

TITAN COMPANY

Figure 5: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



Fig. 4 explains about all the main technical indicators. According to these indicators we invest the money, and buy the shares when the buying indication shows and sell when the selling indication shows. And that explain in below table.

TABLE 5: Technical Indicators

5/03/21 BUY	1445	1509.3961	1477.1111	45.0162	60.2003	.7411
		1467.2675				-.1402

		1425.1389				-0.8813
9/04/21 SELL	1500	1588.4070	1545.9278	65.2855	77.1623	8.2620
		1508.0550				23.5728
		1427.7030				15.3108
3/04/21 BUY	1455	1593.6153	1522.7278	41.8898	62.2326	-9.2819
		1523.0125				2.9604
		1452.4097				12.2423
9/04/21 SELL	1505	1589.4383	1502.6167	49.95664	70.9215	-5.2947
		1525.5325				-0.6423
		1461.6267				4.6524
4/05/21 BUY	1395	1594.9830	1472.3778	34.9533	42.6723	-12.5258
		1507.9775				-14.5810
		1420.9720				-2.0552
3/05/21 SELL	1570	1610.8602	1552.6889	61.8335	76.7678	13.2693
		1494.0750				24.0042
		3077.2898				10.7349
2/06/21 BUY	1580	1637.5820	1572.8667	61.8436	75.7910	9.4742
		1516.8175				28.6512
		1396.0530				19.1770
1/06/21 SELL	1730	1770.2474	1682.5833	73.4344	81.0459	14.2349
		1609.1000				60.8217
		1447.9526				46.5868
9/7/21 BUY	1710	1718.2472	1738.4500	53.2583	46.3979	-10.4346
		1739.3525				24.5665
		1698.4578				35.0011
7/9/21 SELL	2030	2031.7909	1935.3667	79.7911	61.4983	15.5870

		1884.9875				6.2725
		1738.1841				45.6854

Table 4 shows when to buy and when to sell the TITAN share. On 11/06/2021 the graph indicates to sell the share at Rs. 1730, here the BB- shows the high value-1770.2474, mid-value:1609.1000, low value-1447.9526; RSI- shows the 81.0459 points it indicates the share is in down-trend so, in future the price may decrease; MACD- shows the bearish because the MACD line crosses under the indicator line, like this all the other days values are explained.

INFOSYS

Figure 6: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 6: Technical Indicators

26/03/21BUY	1335	1411.2361	1357.6278	50.6246	51.3045	-3.7311
		1341.5975				13.7901
		1271.9589				17.5212
08/04/21SELL	1430	1434.2000	1388.8389	68.1543	56.8976	6.0437
		1375.5175				26.9324
		1360.8350				20.8887
23/04/21BUY	1325	1449.7328	1375.2500	41.5766	42.9451	-10.6813
		1380.1050				2.1482

		1310.4772				12.8295
14/05/21BUY	1305	1371.3438 1346.1375 1320.9312	1338.9667	38.6557	45.7852	-4.0255 -9.2789 -5.2534
28/05/21BUY	1400	1399.4350 1350.9225 1302.5100	1365.0000	65.9267	61.6389	8.6181 8.4376 -1.804
25/06/21SELL	1570	1572.3271 1454.3000 1336.4329	1511.3111	84.3826	89.1084	10.4905 45.3984 34.9078
19/07/21 BUY	1540	1598.9365 1558.4650 1517.9935	1559.5444	54.0353	40.4799	-7.7978 25.5893 33.3871
24/08/21SELL	1720	1764.5238 1675.3675 1582.2112	1716.8222	70.1827	67.4518	1.7746 45.2953 41.5207

Table 6 shows when to buy and when to sell the INFOSYS share. On 19/07/2021 the graph indicates to buy the share at Rs. 1540, here the BB- shows the high value-1598.9365, mid-value:1558.4650, low value-1517.9935; RSI- shows the 54.0353 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

HDFC BANK

Figure 7: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 7: Technical Indicators

2	2/03/21	1475	1612.4056	1518.2222	38.7785	32.3668	-11.334
	BUY		1540.1950				-12.5282
			1467.9844				-1.1947
3	0/03/21	1550	1594.4061	1493.3667	55.3646	41.9325	-1.1797
	S ELL		1523.3400				-11.3094
			1452.2739				-10.1296
1	2/04/21	1365	1565.4998	1454.7500	31.9006	19.5394	-10.4989
	BUY		1478.6050				-31.2363
			1391.7102				-20.7374
29	04/21	1471	1520.9612	1429.1000	53.2498	58.0231	9.2923
	SELL		1439.2550				-13.8141
			1357.5480				-23.1064
14	05/21	1390	1463.7069	1403.4222	41.2933	39.4418	.3919
	BUY		1416.7550				-16.9726
			1369.8031				-17.3645

24/05/21	1505	1505.0832	1445.0111	60.7364	55.0308	12.6421
SELL		1432.5550				7.6921
		1360.0268				-4.9499
11/06/21	1480	1532.7812	1496.4222	52.7357	47.5732	-2.5928
BUY		1487.0475				11.5798
		1441.3138				14.1725
07/07/21	1535	1530.8381	1506.6889	64.1051	57.4595	2.9019
SELL		1494.6025				10.7032
		1458.3669				7.8013
26/07/21	1435	1551.7911	1476.0222	36.8137	44.1078	-9.4303
BUY		1491.9375				-10.5409
		1432.0839				-1.1105
02/09/21	1585	1595.3929	1562.4278	71.9955	76.6116	6.0416
SELL		1532.3225				23.6079
		1469.2521				20.5663

Table 7 shows when to buy and when to sell the HDFC share. On 26/07/2021 the graph indicates to buy the share at Rs. 1435, here the BB- shows the high value-1551.7911, mid-value:1491.9375, low value-1432.0839; RSI- shows the 44.1078 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

ADANI ENTERPRISES

Figure 8: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 8: Technical Indicators

17/3/21 BUY	865	954.3399	900.4278	67.9873	59.0606	-10.4758
		860.3350				62.1471
		766.3301				72.6229
6/4/21 SELL	1210	1170.8334	1065.2500	83.3014	84.2465	15.9298
		976.2225				91.2951
		781.6116				75.3653
12/4/21 BUY	1100	1249.8749	1126.3778	15.1612	68.0429	2.2061
		1025.2425				87.9174
		800.6101				85.7113
11/5/21 SELL	1305	1334.7082	1257.7550	72.8532	71.9840	3.0438
		1196.6850				70.0117
		1058.6618				66.9679
28/5/21 BUY	1305	1362.5886	1308.8056	58.5646	61.2046	-7.1522
		1285.6000				44.8048

		1208.6114				51.9570
4/6/21 SELL	1530	1584.7008	1421.9222	83.4736	81.6103	31.1266
		1352.2175				96.5470
		1119.7342				65.4204
17/7/21 BUY	1380	1741.3614	1547.2556	44.9857	44.9863	-24.9809
		1467.2250				59.9580
		1193.0886				84.9388
7/9/21 SELL	1575	1609.2476	1547.4778	61.1012	77.8884	10.1724
		1488.1225				36.0518
		1366.9974				25.8794

Table 8 shows when to buy and when to sell the ADANI ENTERPRISES share. On 12/04/2021 the graph indicates to buy the share at Rs. 1100, here the BB- shows the high value-1249.8749, mid-value:1025.2425, low value-800.6101; RSI- shows the 68.0429 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

BHEL

Figure 9: Graphs of MACD, RSI, MFI, BOLLINGER BANDS



TABLE 9: Technical Indicators

17/03/21	49.90	59.9532	53.8944	55.1353	79.1799	0.5949

BUY		48.8225				-.7959
		37.6918				-1.3908
26/03/21BUY	48.40	56.4958	65.6611	49.2167	55.7929	-.9952
		51.8675				1.5412
		47.2392				2.5364
9/4/21SELL	51.45	55.2034	70.7056	56.6772	52.0664	-.3099
		51.1175				.8181
		47.0316				1.1281
13/4/21BUY	46.15	54.9480	61.9056	43.8434	46.9661	-.7248
		50.2875				.0624
		45.6270				.7871
14/5/21SELL	68.10	71.8946	49.1944	90.3785	87.2990	2.3590
		53.2900				5.3616
		34.6854				3.0026
18/6/21BUY	63.90	78.9581	49.8667	41.2332	62.4160	-1.8672
		71.9325				0.8482
		64.9069				2.7154
7/7/21SELL	67.30	73.5774	50.9778	52.2090	57.0294	-.1859
		67.0975				-.6443
		60.6176				-.4584
23/8/21BUY	51.45	63.1880	53.7111	27.5744	34.8498	-.2935
		56.8450				-3.0449
		50.5020				-2.7514

Table 9 shows when to buy and when to sell the BHEL share. On 17/03/2021 the graph indicates to buy the share at Rs. 49.90, here the BB- shows the high value-59.9352, mid-value:48.8225, low value-37.6918; RSI- shows the 79.1799 points it indicates the share is in uptrend so, in future the price may increase; MACD- shows the bullish because the MACD line crosses the above signal line, like this all the other days values are explained.

SUMMARY OF FINDINGS

The current project effort focuses on the many stocks that have been illustrated. The conclusions and a summary of the information that were acquired were displayed through the utilization of a variety of charts and tables that were calculated. An explanation of the pros and cons of purchasing and selling individual stocks is provided in this analysis with the purpose of assisting investors in making choices that are most appropriate for them. For the aim of engaging in short-term trading, the study is applied to both penny stocks as well as other equities traded on the NSE. Technical indicators, such as Upper band, MACD, MFI, RSI, and moving average, are used to examine the performance of stocks, and the charts that represent these indicators are used in the analysis of the companies' performance.

- The Bollinger are an extremely well-known trading strategy. Many market participants believe that the market is more overbought as prices move closer to the top end, and that the market is more oversold as prices move closer to the lower band. The success of the company is represented by the upper band, the median band, and the lower band, respectively, in this example.
- A bullish sign is indicated when the RSI rises above the horizontal reference level of 30, and a bearish sign is indicated when the RSI falls below the horizontal reference level of 70. If we look at it another way, RSI numbers of 70 or higher might be interpreted to show that an asset is becoming overheated or overpriced and may be ready for a bullish divergence and corrective price downturn. A value of 30 or lower for the Relative Strength Index (RSI) implies an oversold or discounted state.
- The MACD has a particular benefit (illustrated by the neutral zone inside the lesser chart) when the 12-period Environment agency (indicated by red line just on price chart) should be above the 26-period European medicines agency (illustrated by the neutral zone in the price chart), and it has a negative number whenever 12-period Environment agency is below scoring method EMA. The further the MACD is up or down its baseline, which shows that the gap between two EMAs is expanding, the more extreme the divergence will be.
- The levels at which the market is considered to be "overbought" or "oversold" are also utilized to signal potential chances for trading. It is unusual for a move to occur below 10 or above 90. Traders keep an eye out for MFI to go back above 10 in order to indicate a long bet, and they keep an eye out for MFI to dip below 90 in order to indicate a short trade.
- In the course of this research, we came to the conclusion that the aforementioned indicators do not function properly for penny stocks due to their high level of volatility. This also holds true for certain other stocks that have a high degree of variation in their stock price as well as other aspects of their performance.

SUGGESTIONS

In accordance with the study's findings, the following recommendations are made:

- The Stock exchange should carefully monitor (such as risk-based supervision) and conduct surveillance on firms' speculative trading on the floor of the Bombay Stock Exchange (BSE) in order to reduce the incidence of share price manipulations and ensure that stock prices reflect

forces of demand and supply. Additionally, companies may work towards establishing solid fundamentals that may have a beneficial effect on the stock price.

- Investors and investment analysts must exercise extreme caution while establishing the optimal investment decisions by analyzing the project alongside other technical indicators plus fundamental study.

Short-term trading is likewise not suggested for novices due to its inherent high degree of risk. The long-term commitment is advised due to its low risk and large return, but it must be undertaken slowly.

CONCLUSION: The analysis of data suggests that the market condition for penny stocks as well as other stocks is optimal. The purpose of the six-month study was to examine the stock market. One deficiency in the objectives was the short-term trade. This was due to the fact that the simulation was just not long enough to adequately simulate short-term trading. The investor was successful in short-term trading, but he's not able to develop a sound strategy and a method for identifying stocks that matched that plan.

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