Impact of corona virus on broader indices of indian stock market

Ratidev Samal[1] and Girija Nandini[2*]
[1]School of Management Studies, Jain University, Bengaluru, Karnataka, India.
[2]School of Management, Centurion University of Technology and Management, Odisha, India
*Corresponding author: girijanandini@cutm.ac.in

Abstract

Purpose- The purpose of the study is to explore the impact of coronavirus (COVID-19) on two major indices of Indian stock market i.e NIFTY and BANKNIFTY, to find suitable combination of technical indicators to catch the trend of the market, to identify the abnormal movement in indices and finding different entry-exit points and to find out probable future trend.

Design/Methodology/Approach- The data have been obtained from NSE site over a period of one year and analysis is conducted on excel with the help of selected technical indicators like EMA, MACD and BB

Findings-Using a combination of technical indicators is better than depending on any individual indicators, coronavirus has a deep impact on market but the recovery is also faster and behind any abnormal moment in the market there is a valid event.

Research Implication/Social Implication- The research captures different impetus of financial markets which enhances better decision making at the part of day and swing traders and investors. The larger part of the society which are unemployed and those having leisure time will be benefitted by earning part of their livelihood.

Originality/Value- To the author's knowledge the paper is quite unique in terms of enhancing quantitative and qualitative decision making aspects and simplest language being used for the interest of the society at larger.

Keywords- Stock market, Price, Indicators, Technical analysis, Trading, Investment

Paper Type- Technical paper

Introduction

This study focuses on technical analysis of two major indices of Indian stock market i.e. NIFTY and BANKNIFTY. The objective is to identify the trend in price movement of the two indices, and finding if any abnormalities present in the movement during the period of study. The study includes two broader indices i.e. NIFTY and BANKNIFTY. These two indices are choosen because they include all quality NIFTY 50 stocks and quality banks and the trend of the market can be judged by looking at the performance of these indices. NIFTY represents top 50 companies where as BANKNIFTY includes top 12 banks of our stock market which are subject to change by NSE based on their performance. The indicators used in this study are Exponential moving average (EMA), Moving average convergence divergence (MACD) and Bollinger Band (BB). Technical analysis is performed through different indicators in order to forecast the future price movement based on past price movement. The study aims at conducting technical analysis of indices for assisting investment decision in Indian stock market.

Indian stock market is been the major attraction centre among traders and investors across the globe. The major factors behind the attraction are large economy, consistent growth, potential for development and huge customer base. The citizenship amendment act (CAA), 2019 will further increase the population in our country there by increasing the number of potential customers.

Review of Literature

National stock exchange's, NIFTY includes top fifty companies from different sectors (Setty, Rangaswamy & Suresh, 2010; Ahmed, 2008). Juhi Ahuja (2012) made a review of Indian Capital Market & its structure. It is observed that there has been a paradigm shift in Indian capital market. There were