

BACHELORS WITH FINANCE (COMMERCE) AS MAJOR (CT – III)
6th SEMESTER

FIN622J3 FINANCE (COMMERCE) _ TECHNICAL ANALYSIS

CREDITS: THEORY – 04; TUTORIAL – 02

COURSE DESCRIPTION

The Course is designed to apprise the students with requisite knowledge about technical analysis. It covers both theoretical and as well practical aspects of the technical analysis.

COURSE OBJECTIVES

1. To make student acquaint with the fundamentals of technical analysis.
2. To impart basic skills among students to carry out technical analysis.

COURSE OUTCOME

The students are expected to have clear grasp about the trading mechanism in stock markets and enhance their skills of carrying out technical analysis of the securities.

UNIT-I

Technical Analysis Philosophy & Rationale. Emergence of Technical Analysis. Technical Analysis Vs Fundamental Analysis. The Basic Principle of Technical Analysis: The Trend Analysis. Technical Analysis & Random Walk Theory. Behavioural Finance & Technical Analysis. Criticism of Technical Analysis. Types of Contracts: Cash Market, Derivatives Market, & Swaps & Forward Market.

UNIT-II

Dow Theory: The Primary, Secondary & Minor Trends. Criticism of Dow Theory. Elliot Wave Theory: Impulse Waves & Corrective Waves. The Fibonacci Sequence: The Golden Ratio, Price & Time Targets. Kondratiev Business Cycle Theory. Technical Indicators: Breadth Indicators & Sentiment Indicators.

UNIT-III

Chart Construction: History & Need. Types of Charts: Line, Bar, & Candlestick. Chart Pattern Analysis: Double Top & Double Bottom, Triple Top & Triple Bottom, Ascending & Descending Triangle.

Candlestick Charts: Basic Pattern Building. Reversal Phenomenon: Hammers & Hanging Men. Dark Cloud Cover, Piercing Line, Engulfing Pattern & Stars.

UNIT-IV

Moving Averages: Length of Moving Average, & Multiple Moving Averages. Moving Average Strategies: Determining Trend, Determining Support & Resistance, & Determining Price Extremes.

Trading & Investing: Top-Down Analysis: Secular Emphasis, & Cyclical Emphasis. Bottom-Up Analysis: Stock Selection & Relative Strength.

TUTORIALS

Apart from the individual attention being given to the students, Tutorials shall include the following:

- A. Case Studies individually or in groups
- B. Group Discussions on subject specific current issues/development
- C. Assignments
- D. Project Work & Viva-Voice
- E. Field Visits & Reports
- F. Practicals wherever applicable

SUGGESTED READINGS:

1. Kirkpatrick, C. D. & Dahlquist, J. R. “*Technical Analysis: The Complete Resource for Financial Market Technicians*”, Paul Boger, New Jersey.
2. Pring, M. J., “*Technical Analysis*”, MC-Graw Hill, New York.
3. Chandra, P. “*Investment Analysis & Portfolio Management*”, MC-Graw Hill, New Delhi.

Note: Latest editions of text books may be used.