

THE WORLD OF STOCK MARKET



What is SENSEX?

- Index of Bombay Stock Exchange
- Most popular stock market index in india
- First compiled in 1986
- Consists of 30 stock
- Base year 1978-79, base value 100
- Current sensex value is 16300

What is NIFTY?

- Index of National Stock Exchange
- Most widely used index in india
- First published in 1995
- Base year 1995, base value 1000
- Consist of 50 stock from 21 sectors
- Current value of Nifty is 4880

Uses of an Index

- Lead indicator of the economy
- Barometer to monitor market movement
- Benchmark for portfolios
- Use in Index funds
- Underlying asset in index derivatives
- Reflection of expectation about future

Financial Markets

- Markets for financial assets or financial claims
- 1. Money markets
- 2. Capital markets

Capital Markets

- Markets for long term funds
- Instruments like shares, debentures, etc
- 1. Primary markets
- 2. Secondary markets

Primary Markets

- Market for new issues
- Initial Public Offer (IPO)
- Qualified Institutional Placements (QIP)
- Merchant banking
- Book building

Secondary Markets

- Stock exchanges- BSE and NSE
- Trading: floor trading to electronic trading
- Dematerialization: NSDL and CDSL
- Clearing and Settlement (T+3 rolling)



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SENSEX [17,589.28 -111.85]

NIFTY [5,253.55 -28.25]

My Watch :: NIFTY :: [goTX CLASSIC] - 28 of 75

| Symbol | | Exchange | Series | %Change | BuyQty | BuyPrice | SellPrice | SellQty | LTP |
|------------|---|----------|--------|---------|--------|----------|-----------|---------|---------|
| RELIANCE | + | NSE | EQ | 1.52 | 138 | 1,104.00 | 1,104.40 | 200 | 1,104.5 |
| MARUTI | + | NSE | EQ | -0.35 | 8 | 1,455.00 | 1,456.45 | 16 | 1,456.4 |
| DLF | + | NSE | EQ | -1.16 | 149 | 374.15 | 374.20 | 1679 | 374.1 |
| FINANTECH | + | NSE | EQ | -0.19 | 1 | 1,562.30 | 1,563.00 | 15 | 1,563.0 |
| LT | + | NSE | EQ | -0.60 | 22 | 1,665.55 | 1,665.90 | 4 | 1,665.5 |
| MRF | | NSE | EQ | 2.47 | 10 | 6,245.00 | 6,248.90 | 1 | 6,241.0 |
| NAGARFERT | + | NSE | EQ | -0.98 | 19958 | 35.25 | 35.30 | 680 | 35.3 |
| SUZLON | + | NSE | EQ | -2.03 | 3323 | 91.40 | 91.45 | 2449 | 91.4 |
| ICICIBANK | + | NSE | EQ | -1.33 | 200 | 882.50 | 882.80 | 3 | 882.5 |
| RANBAXY | + | NSE | EQ | -0.11 | 4 | 525.30 | 525.40 | 5 | 525.3 |
| INFOSYSTCH | + | NSE | EQ | -2.07 | 339 | 2,529.45 | 2,529.50 | 47 | 2,529.5 |
| SOBHA | | NSE | EQ | 5.73 | 389 | 266.10 | 266.25 | 349 | 266.2 |
| ASHOKLEY | + | NSE | EQ | 2.12 | 10048 | 52.80 | 52.85 | 217 | 52.8 |
| ACC | + | NSE | EQ | 0.84 | 25 | 915.25 | 915.85 | 419 | 915.2 |
| TATAMOTORS | + | NSE | EQ | -3.70 | 45 | 783.15 | 783.20 | 64 | 783.1 |
| TATAMOTORS | | BSE | A | -3.49 | 250 | 783.35 | 783.70 | 65 | 783.7 |
| ZANDUPHARM | | BSE | B | 0.36 | 2 | 5,702.00 | 5,708.00 | 1 | 5,702.0 |
| SBT | | BSE | B | 0.11 | 1 | 562.05 | 566.00 | 10 | 562.0 |
| CALSREF | | BSE | B | 1.92 | 105000 | 0.52 | 0.53 | 2479247 | 0.5 |
| MRF | | BSE | B | 2.63 | 4 | 6,237.00 | 6,244.85 | 1 | 6,244.5 |
| SHASUNCHEM | | NSE | BE | -3.93 | 454 | 39.05 | 39.45 | 471 | 39.0 |

Type of Trading

- Investment:
- Speculation
- Gambling

Investments

- Buying for long term
- Dividend income and
- Long term capital gain

Speculation

- Taking high risk for high return
- Planned game for very short period
- Based on rumors, guess work, intelligence

Gambling

- Taking high risk for enjoyment
- Blind trading
- Greed and Panic

Type of speculators

- 1. BULL
- Expect market to go up
- Bulls buy first sell next

- 2. BEAR
- Expect market to go down
- Bears sell first buy next

Security Analysis

- Fundamental analysis
- Technical analysis
- Efficient market hypothesis

Factors to watch


- Global markets
- Macro economic factors like inflation, interest rate, GDP data etc
- General sentiment (institutional & retail)
- Company specific news
- Technical levels



Market Depth - [NSE/EQUITY] - RMEDIA (EQ)



| #Buy | Buy Price | Buy Qty | #Sell | Sell Price | Sell Qty |
|------|-----------|---------|-------|------------|----------|
| 1 | 92.50 | 2000 | 1 | 92.60 | 75 |
| 1 | 92.45 | 310 | 1 | 92.80 | 1922 |
| 3 | 92.40 | 103 | 2 | 92.85 | 110 |
| 3 | 92.30 | 421 | 7 | 92.90 | 300 |
| 4 | 92.25 | 230 | 2 | 92.95 | 285 |

| | | | | | |
|---------------|---------------|----------------|-----------------|---|--|
| Total Buy Qty | 51209 | Total Sell Qty | 211465 | Last Trd.Qty | 25 |
| High Price | 96.50 | Low Price | 92.15 | Last Trd.Price | 92.60 |
| Open Price | 96.00 | Close Price | 95.30 | Avg.Trd.Price | 94.64 |
| 52 Week High | 308.00 | 52 Week Low | 50.50 | NetChange* | -2.7 |
| Circuit High | 114.40 | Circuit Low | 76.25 | NetChange % | -2.83 |
| Volume | 707258 | Last Trd.Time | 15:29:59 |  | <input type="button" value="Refresh"/> <input type="button" value="↻"/> <input type="button" value="⬆"/> |

Derivatives

- Financial contracts
- Derived from the value of an underlying asset

Types of derivatives

- Forwards
- Futures
- Options
- Swaps

Forwards Vs Futures

| Futures | Forwards |
|------------------------|-------------------------|
| Exchange traded | Non exchange traded |
| Margin required | No margin requirement |
| Standardized contracts | Customized contracts |
| No counter party risk | High counter party risk |

Options

- Option or right to buy or sell
- No obligation to buy or sell
- Two types
- CALL option – option to buy
- PUT option- option to sell

Swaps

- Agreements to exchange one series of cash flow with another series.
- Example: plain vanilla fixed interest loan to floating interest loan

Swaptions

- Two types
- Payer swaption: pay fixed, receive floating.
Equal to a call option
- Receiver swaption: receive fixed pay floating.
Equal to a put option



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SENSEX [16687.93 86.73]

NIFTY [4980.05 27.45]

My Watch :: NEWFO :: [goTX CLASSIC] - 10 of 50

| Symbol | Exch... | %Ch... | BuyQty | BuyPri... | SellPrice | SellQty | Close | Open | High | Low | Volume | OI |
|--------------------------------------|---------|--------|--------|-----------|-----------|---------|---------|---------|---------|---------|---------|----------|
| NIFTY-31Dec2009-XX - FUTIDX | + NSE | 0.61 | 300 | 4979.00 | 4979.80 | 700 | 4948.55 | 4967.10 | 4989.90 | 4967.10 | 7423350 | 24766000 |
| NIFTY-31Dec2009-5000.00-CE - OPTIDX | NSE | 12.01 | 800 | 49.40 | 49.45 | 1000 | 44.10 | 49.45 | 54.90 | 46.50 | 4803850 | 7081150 |
| NIFTY-31Dec2009-5000.00-PE - OPTIDX | NSE | -24... | 100 | 71.95 | 72.20 | 50 | 95.60 | 76.25 | 82.00 | 68.00 | 3911750 | 4534100 |
| NIFTY-31Dec2009-5100.00-CE - OPTIDX | NSE | 5.60 | 50 | 19.75 | 19.90 | 700 | 18.75 | 21.90 | 23.60 | 18.55 | 3504000 | 6932400 |
| NIFTY-31Dec2009-4900.00-PE - OPTIDX | NSE | -30... | 200 | 34.80 | 35.10 | 50 | 50.70 | 40.25 | 44.00 | 32.50 | 3393400 | 5815450 |
| NIFTY-28Jan2010-4800.00-PE - OPTIDX | NSE | -13... | 450 | 85.55 | 86.35 | 100 | 99.85 | 90.10 | 91.50 | 82.85 | 377100 | 1260800 |
| NIFTY-28Jan2010-5200.00-CE - OPTIDX | NSE | 11.81 | 150 | 62.40 | 62.90 | 500 | 56.30 | 62.00 | 64.00 | 57.20 | 276700 | 1146000 |
| RELIANCE | + NSE | 0.43 | 10 | 1020.95 | 1021.00 | 100 | 1016.95 | 1018.20 | 1028.80 | 1011.30 | 1838447 | |
| RELIANCE-31Dec2009-XX - FUTSTK | NSE | 0.29 | 600 | 1022.55 | 1022.90 | 300 | 1019.90 | 1025.30 | 1029.50 | 1012.60 | 3161400 | 9945300 |
| RELIANCE-31Dec2009-1020.00-PA - O... | NSE | -12... | 300 | 19.00 | 19.65 | 300 | 21.90 | 22.50 | 24.50 | 17.05 | 102900 | 143700 |



Thank You

abbasvattoli@yahoo.com