

ICICI Bank Technical Analysis

submitted in the partial fulfilment of the requirements
for the award of the degree of

BACHELOR OF SCIENCE (HONOURS) IN MATHEMATICS

by

Shivani Raghav

Roll No. 1803110008

Under the supervision of

Mrs. Pooja Vats



**Department of Mathematics
School of Basic and Applied Science
K. R. MANGALAM UNIVERSITY
GURGAON SOHNA ROAD
GURGAON 122103**

July, 2021

[Signature]

[Faint stamp: K. R. Mangalam University, Gurgaon, Haryana]

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**Registrar
K.R. Mangalam University
Sohna Road, Gurugram (Haryana)**

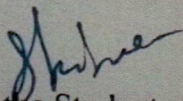
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CANDIDATE'S DECLARATION

I hereby declare that the work which is being presented here entitled, "ICICI bank Technical Analysis by shivani in partial fulfillment of requirements for the award of the degree of Bachelor of Science in Mathematics submitted in the School of Bachelor Science at K. R. Mangalam University, Gurugram, is an authentic record of my own work under the supervision of Mrs pooja Vats . The matter presented in this report has not been submitted by me (in any form) to any other University / Institute for the award of B.Sc. degree.

I hereby further declare that in case of any legal dispute in my B.Sc.(Hons) project report/dissertation, I will be solely responsible for the same.

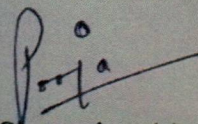

Signature of the Student

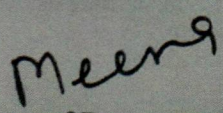
Name of the Student shivani

Roll No. 1903110008

Date: 28 July 2021

This is to certify that the above statement made by the candidate is correct to the best of my/our knowledge.


Signature of the Supervisor(s)
Name of the Supervisor


Signature of Dean (SCHOOL)
Name of DEAN

Acknowledgement

I would like to express my sincere gratitude to several individuals and organizations for supporting me throughout my Graduate study. First, I wish to express my sincere gratitude to my mentor, Mrs. Pooja Vats Mam , for his enthusiasm, patience, insightful comments, helpful information, practical advice and unceasing ideas that have helped me tremendously at all times in my research and writing of this project. His immense knowledge, experience and professional expertise has enabled me to complete this research successfully. Without his support and guidance, this project would not have been possible. I could not have imagined having a better mentor in my study.

I also thank all the faculty of Mathematics course who shared their knowledge in the classroom and followed my journey as a university student.

I also wish to express my sincere thanks to the KR Mangalam University for accepting me into the graduate program. Thank you for providing a healthy environment for all students, as well as encouraging creativity, interaction, and participation in academic activities.

A special thank of mine goes to my colleague who helped me out in completing the project, where they all exchanged their own interesting ideas, thoughts and made this possible to complete my project with all accurate information. I wish to thank my parents for their personal support or attention who inspired me to go my own way.

At last but not the least I want to thank my friends who treasured me for my hard work and encouraged me and finally to God who made all the things possible for me till the end."

Finally, last but by no means least; also to everyone in the university, it was great sharing premises with all of you during last three years.

Thanks for all your encouragement!

What is Share ?

In financial markets, a **share** is a unit used as mutual funds, limited partnerships, and real estate investment trusts.

A **share** is referred to as a unit of ownership which represents an equal proportion of a company's capital. A **share** entitles the shareholders to an equal claim on profit and losses of the company.

A company's capital is divided into small equal units of a finite number. Each unit is known as a share. In simple terms, a **share** is a percentage of ownership in a company or a financial asset. Investors who hold **shares** of any company are known as shareholders.

For **example** ; If the market capitalization of a company is Rs10 then the number of **shares** to be issued will be 1 lakh.

TYPES OF SHARE..

Generally, there are two types of shares:

1. Equity Share
2. Preference Share

Equity share: Equity shares are also known as ordinary shares. The majority of shares issued by the company are equity shares. This type of share is traded actively in the secondary or stock market. These shareholders have voting rights in the company meetings. They are also entitled to get dividends declared by the board of directors. However, the dividend on these shares is not fixed and it may vary year to year depending on the company's profit. Equity shareholders receive dividends after preference shareholders.

Preference Share: **Preference shares**, more commonly referred to as **preferred stock**, are **shares** of a company's **stock** with dividends that are paid out to shareholders before common **stock** dividends are issued. ... **Preferred stock** shareholders also typically do not hold any voting rights, but common shareholders usually do.

Preferred **shares** are a hybrid form of equity that includes debt-like features such as a guaranteed dividend .

The four main **types** of **preference shares** are:

1. callable **shares**
2. convertible **shares**
3. cumulative **shares**
4. participatory **shares**.

What is market?

A set up where two or more parties engage in exchange of goods, services and information is called a market. Ideally a market is a place where two or more parties are involved in buying and selling. The two parties involved in a transaction are called **seller and buyer**. The seller sells goods and services to the buyer in exchange of money. There has to be more than one buyer and seller for the market to be competitive.

Market size is directly proportional to two factors:

- Number of sellers and buyers
- Total money involved annually

Types of market:

- i. **Physical Markets** - Physical market is a set up where buyers can physically meet the sellers and purchase the desired merchandise from them in exchange of money. Shopping malls, department stores, retail stores are examples of physical markets.
- ii. **Non Physical Markets/Virtual markets** - In such markets, buyers purchase goods and services through internet. In such a market the buyers and sellers do not meet or interact physically, instead the transaction is done through internet. Examples - Rediff shopping, eBay etc.
- iii. **Auction Market** - In an auction market the seller sells his goods to one who is the highest bidder.
- iv. **Market for Intermediate Goods** - Such markets sell raw materials (goods) required for the final production of other goods.
- v. **Black Market** - A black market is a setup where illegal goods like drugs and weapons are sold.

- vi. **Knowledge Market** - Knowledge market is a set up which deals in the exchange of information and knowledge based products.
- vii. **Financial Market** - Market dealing with the exchange of liquid assets (money) is called a financial market.

Financial market

Financial market is a link between the savers and the borrowers. This market transfer the money or capital from those who have surplus money to those who are in need of investment . Financial market act as a link between surplus and deficit unit and bring together the borrower and lender. Financial markets are of following types:

1. **Stock Market** - A form of market where sellers and buyers exchange shares is called a stock market.
2. **Bond Market** - A market place where buyers and sellers are engaged in the exchange of debt securities, usually in the form of bonds is called a bond market. A bond is a contract signed by both the parties where one party promises to return money with interest at fixed intervals.
3. **Foreign Exchange Market** - In such type of t, parties are involved in trading of currency. In a foreign exchange market (also called currency market), one party exchanges one country's currency with equivalent quantity of another currency.
4. **Predictive Markets** - Predictive market is a set up where exchange of good or service takes place for future. The buyer benefits when the market goes up and is at a loss when the market crashes.

STOCK MARKET

The stock market refers to the collection of markets and exchanges where regular activities of buying, selling, and issuance of shares of publicly-held companies take place. Such financial activities are conducted through institutionalized formal exchanges or over-the-counter (OTC) marketplaces which operate under a defined set of regulations. There can be multiple stock trading venues in a country or a region which allow transactions in stocks and other forms of securities. While both terms - stock market and stock exchange - are used interchangeably, the latter term is generally a subset of the former. If one says that she trades in the stock market, it means that she buys and sells shares/equities on one (or more) of the stock exchange(s) that are

part of the overall stock market. A stock market is a similar designated market for trading various kinds of securities in a controlled, secure and managed environment. Since the stock market brings together hundreds of thousands of market participants who wish to buy and sell shares, it ensures fair pricing practices and transparency in transactions. While earlier stock markets used to issue and deal in paper-based physical share certificates, the modern day computer-aided stock markets operate electronically.

How the Stock Market Works In a nutshell, stock markets provide a secure and regulated environment where market participants can transact in shares and other eligible financial instruments with confidence with zero-to low-operational risk. Operating under the defined rules as stated by the regulator, the stock markets act as primary markets and as secondary markets.

As a primary market, the stock market allows companies to issue and sell their shares to the common public for the first time through the process of initial public offerings (IPO). This activity helps companies raise necessary capital from investors. It essentially means that a company divides itself into a number of shares (say, 20 million shares) and sells a part of those shares (say, 5 million shares) to common public at a price (say, \$10 per share). To facilitate this process, a company needs a marketplace where these shares can be sold. This marketplace is provided by the stock market. If everything goes as per the plans, the company will successfully sell the 5 million shares at a price of \$10 per share and collect \$50 million worth of funds. Investors will get the company shares which they can expect to hold for their preferred duration, in anticipation of rising in share price and any potential income in the form of dividend payments. The stock exchange acts as a facilitator for this capital raising process and receives a fee for its services from the company and its financial partners. Following the first-time share issuance IPO exercise called the listing process, the stock exchange also serves as the trading platform that facilitates regular buying and selling of the listed shares. This constitutes the secondary market. The stock exchange earns a fee for every trade that occurs on its platform during the secondary market activity.

The stock exchange shoulders the responsibility of ensuring price transparency, liquidity, price discovery and fair dealings in such trading

activities. As almost all major stock markets across the globe now operate electronically, the exchange maintains trading systems that efficiently manage the buy and sell orders from various market participants. They perform the price matching function to facilitate trade execution at a price fair to both buyers and sellers. A stock exchange also supports various other corporate-level, transaction-related activities. For instance, profitable companies may reward investors by paying dividends which usually comes from a part of the company's earnings. The exchange maintains all such information and may support its processing to a certain extent.

Functions of a Stock Market

- ❖ **Fair Dealing in Securities Transactions:** Depending on the standard rules of demand and supply, the stock exchange needs to ensure that all interested market participants have instant access to data for all buy and sell orders thereby helping in the fair and transparent pricing of securities. It should also perform efficient matching of appropriate buy and sell orders. ____ For example, there may be three buyers who have placed orders for buying Microsoft shares at \$100, \$105 and \$110, and there may be four sellers who are willing to sell Microsoft shares at \$110, \$112, \$115 and \$120. The exchange (through their computer operated automated trading systems) needs to ensure that the best buy and best sell are matched, which in this case is at \$110 for the given quantity of trade.
- ❖ **Efficient Price Discovery:** Stock markets need to support an efficient mechanism for price discovery, which refers to the act of deciding the proper price of a security and is usually performed by assessing market supply and demand and other factors associated with the transactions. ____ Example ; A U.S.-based software company is trading at a price of \$100 and has a market capitalization of \$5 billion. A news item comes in that the EU regulator has imposed a fine of \$2 billion on the company which essentially means that 40 percent of the company's value may be wiped out. While the stock market may have imposed a trading price range of \$90 and \$110 on the company's share price, it should efficiently change the permissible trading price limit to accommodate for the possible changes in the share price, else shareholders may struggle to trade at a fair price.

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- ❖ **Liquidity Maintenance:** While getting the number of buyers and sellers for a particular financial security are out of control for the stock market, it needs to ensure that whosoever is qualified and willing to trade gets instant access to place orders which should get executed at the fair price.
- ❖ **Security and Validity of Transactions:** While more participants are important for efficient working of a market, the same market needs to ensure that all participants are verified and remain compliant with the necessary rules and regulations, leaving no room for default by any of the parties. Additionally, it should ensure that all associated entities operating in the market must also adhere to the rules, and work within the legal framework given by the regulator.
- ❖ **Balanced Regulation:** Listed companies are largely regulated and their dealings are monitored by market regulators, like the Securities and Exchange Commission (SEC) of the U.S. Additionally, exchanges also mandate certain requirements – like, timely filing of quarterly financial reports and instant reporting of any relevant developments - to ensure all market participants become aware of corporate happenings. Failure to adhere to the regulations can lead to suspension of trading by the exchanges and other disciplinary measures.
- ❖ **Support All Eligible Types of Participants:** A marketplace is made by a variety of participants, which include market makers, investors, traders, speculators, and hedgers. All these participants operate in the stock market with different roles and functions. For instance, an investor may buy stocks and hold them for long term spanning many years, while a trader may enter and exit a position within seconds. A market maker provides necessary liquidity in the market, while a hedger may like to trade in derivatives for mitigating the risk involved in investments. The stock market should ensure that all such participants are able to operate seamlessly fulfilling their desired roles to ensure the market continues to operate efficiently.

STOCK MARKET PARTICIPANTS

Along with long-term investors and short term traders, there are many different types of players associated with the stock market. Each has a unique role, but many of the roles are intertwined and depend on each other to make the market run effectively.

1. Stockbrokers, also known as registered representatives in the U.S., are the licensed professionals who buy and sell securities on behalf of investors. The brokers act as intermediaries between the stock exchanges and the investors by buying and selling stocks on the investors' behalf. An account with a retail broker is needed to gain access to the markets.
2. Portfolio managers are professionals who invest portfolios, or collections of securities, for clients. These managers get recommendations from analysts and make the buy or sell decisions for the portfolio. Mutual fund companies, hedge funds, and pension plans use portfolio managers to make decisions and set the investment strategies for the money they hold.
3. Investment bankers represent companies in various capacities, such as private companies that want to go public via an IPO or companies that are involved in pending mergers and acquisitions. They take care of the listing process in compliance with the regulatory requirements of the stock market.
4. Custodian and depot service providers, which are institution holding customers' securities for safekeeping so as to minimize the risk of their theft or loss, also operate in sync with the exchange to transfer shares to/from the respective accounts of transacting parties based on trading on the stock market.
5. Market maker: A market maker is a broker-dealer who facilitates the trading of shares by posting bid and ask prices along with maintaining an inventory of shares. He ensures sufficient liquidity in the market for a particular (set of) share(s), and profits from the difference between the bid and the ask price he quotes.

Examples of Stock Markets

The first stock market in the world was the London stock exchange. It was started in a coffeehouse, where traders used to meet to exchange shares, in 1773. The first stock exchange in the United States of America was started in Philadelphia in 1790. The Buttonwood agreement, so named because it was signed under a buttonwood tree, marked the beginnings of New York's Wall Street in 1792. The agreement was signed by 24 traders and was the first American organization of its kind to trade in securities. The traders renamed their venture as New York Stock and Exchange Board in 1817.