CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Globalization has forced business organizations to expand business to the global nook and corner. As a result of dynamics of global changes and development, securities markets are rapidly responding. Therefore, nowadays securities market has become global phenomena and a basic concern of financial and economic condition of any nation. Security market index is perceived as an indicator of investor confidence to invest in securities, which obviously, represents economic pulses if that nation. As capital market is a crucial elements in national economy, its role in reinvigorating and boosting the economic activities in the country holds significantly. It helps to mobilized domestics resources as well as protects the interest of investors. Its role to provide the best investment opportunity by transferring the funds from surplus saving to deficit saving through transaction of long term financial securities cannot be ignored. Hence in a nutshell, for attainment of self-reliant growth of national economy and smooth running lf the economic activities of nation, security market's role has become paramount important.

No doubt, as a capital deficient economy, Nepal requires adequate amount of investment in productive activities for rapid economic development. Though many decades have passed since Nepal embarked on the path towards open market economy and liberalization policies, there are still a number of problems associated with it. Lack of proper commitment towards implementation of polices, rampant corruption, social business insecurity and improper coordination between government and private agencies, among a host of other factors has stained the overall performance of Nepalese economy. Despite of these problems in Nepalese economy, the capital market offers the opportunity of investor to invest in the long term venture and also imparts liquid cash to the community by increasing the predictive capacity of the country and there y accelerating the pace of economic development. In short, the growth of economy is tied with the growth of capital market in the country.

In sample sense, securities market is a place where people buy and sell financial instruments. Although securities markets are concentrated in a few locations, they refer more to mechanism, rather than to physical locations designed to facilitate exchange of securities like government bonds, corporate bonds or debentures, ordinary shares, preference share etc. Therefore securities market can be defined as a mechanism for bringing together buyers and sellers of financial assets in order to facilitate trading.

Securities market can be distinguished in diverse way such as;
      a. Primary and secondary market.
      b. Money market and capital market.
      c. Bond, stock and derivative market.

Primary market is the market in which securities are sold at the time of their initial issuance. In other words, a market for newly issue new securities is called primary market. Corporations and governmental bodies issue new securities in primary market. These securities can be offered by the method of public flotation or private placement.

Secondary market is the market in which securities are traded that has been issued at some previous points of time. In other words, where outstanding securities are traded is referred to as the secondary market deal with previously issued shares mainly traded through there is only one stock exchange called Nepal stock exchange limited. This stock exchange constitutes a market where securities issued by government and corporate sectors are traded or transferred from one hand to another at a fair price through market creditors i.e., dealers and brokers.

Here, the main concern of this study is on the secondary market. Therefore, other categories and tropes of markets are excluded.

1.2 Focus of the Study

Investing in hunch without sound judgment and study will result huge loss rather than profit. So, how do investors make investment decision and what factors should they consider prior to such decision; is really a matter of interest. Dwelling on the secondary market in Nepalese context by considering the various issues related to investors attitudes towards investment decision is the focus of the study. However, it has also been admitted here as the thrust of studies with the Technical Analyses and its significance in Nepalese context have been brought forth with a view to highlight the investment decision problems. Thus, the focus of study is on the Technical Analysis of four Commercial Banks in Nepal with investment tips. Moreover, this study attempts to explore logic behind applying Technical Analysis.

1.3 Statement of the Problem

Although Nepal's stock market has witnessed a large quantitative growth during the past decade and half there are many challenges and complexities confronting this sector. Investors are losing confidence on the performance of share due to this experience of fraudulent and scandalous activities undertaken by handful of market swindlers. Due to greed for quick gain from the share market, investors are becoming more credulous and they are ready to follow even the wrong advice from the brokers. At the same, there is no denying the fact that investor too are responsible for not having self control and self judgment in the choice of securities for investment. Thus, having lack of adequate knowledge about the securities of certain company, investors are haphazardly investing in shares.

All of these acts indicate that there is a great necessity to establish clear conceptions about return that yield from investing securities. One on the major divisions in the ranks of financial analysts is between those using fundamental analysis (known as fundamental analyst or fundamentalist) and those using Technical Analysis (known as technical analysts or technicians).

Fundamental analysis approach involves working to analyze firm's financial statements, its competitors, the condition of economy, government action that may

affect the firm and other factors that may affect the future value of firm's common stock. These are the analysts who believe that both external and internal factors affect intrinsic value of form's common stock. In contrast, technical analysts largely ignore the fundamental facts that interact in determine the intrinsic value of firm's common stock.

Technicians are security analysts who believe it is not productive to work through all the fundamental facts about the issuing corporation that company's sales, earning, product, forthcoming legislation that might affect the firm and dividend distribution. Instead technical analysts believe that these fundamental facts are analysis the price of a stock depends on simply and demand in the market place and has little relationship to intrinsic value.

The Technical Analysis theory involves the study of past volume and price data of the stocks to predict future price fluctuation. The approach studies various graphs and charts of the past share prices and deduce for analysis about the future pattern. The chartists seek to predict future movements by seeking to interpret past pattern on the assumption that history tend to repeat itself.

In essence, technicians believe that the past pattern or trends of market action will recur in the future and can therefore be used for prediction purpose. Thus, technical analysts estimate prices instead of values of the common stocks. Specifically, some other questions concerning study are as follows;

1. How well the Technical Analysis helps investors to reach at the best investment decision, about common stocks?
2. Does the "patterns" and "trend" of market repeats in the stock exchange?
3. How can charts and patterns be used to predict future prices of common stock?
4. Do investors make decision on their one or follow other's suggestion, rumor or entrust broker for security trading?
5. Which analysis is supposed to be superior to investors, Technical Analysis or fundamental analysis?
6. How long should one hold the securities to get appropriate profit?
7. What sort of investment environment is expected by investors?

These are the burning issues, which are related to investors in the stock exchange for getting return from their scarce resource (i.e. money and time). Finally, the underlying motivation for this research work is to study, examine and find out facts and give suggestions or the issues pertaining investors in the stock exchange.

1.4 Objectives of the Study

Within the periphery of the stated problems the broad objective of this study is to analyze "technically" the market price of common stocks of selected four Commercial Banks listed in the Nepal Stock Exchange (NEPSE) Ltd. and its significance in the context of Nepal. However, the specific objectives of the study are as follows;

a. To analyze the investment behavior of investors in the stock exchange and examine security analysis process.

b. To review the investment basics that are being used by strategists and experts as investment principles, guide line and strategy articulating them as investment tips.

c. To examine the common stocks price movements of four selected Commercial Banks Nabil Bank Ltd.., Nepal Investment Bank Ltd, Standard Chartered Bank Ltd. and Himalayan Bank Ltd. To know the timing of purchasing or selling the common stock of the selected four Commercial Banks on the basis of buy signals and sell signals.

d. To analyze price movement of stocks of four Commercial Banks through Technical Analysis consisting of Trend line, Japanese Candlesticks Chart, Volume Bar Chart and 5 days Moving Average.

1.5 Rational Of the Study

Investment practices and procedures in Nepal under the organized stock exchange are still in a primitive stage of development. Frequently swings in the market price of shares have been eroding the confidence of the investors. The other hand, Nepal lacks institutional investors who can properly analyze and study the market trends before taking their investment decisions.

Therefore, investment problems occurring in the stock exchange have been solved through trial and error approach. The brokers and investors are still in the process of institutionalization. In such a milieu, limited study has been made under the topic of Technical Analysis using tools like trend line, candlesticks chart, volume Bar Chart and 5 days moving average at once. Therefore, this study proves its rationality for strengthening the investor to reach the best investment decision.

1.6 Limitations of the Study

This study is not aimed for analyzing securities in the basis of fundamental facts i.e. firm's financial statement in terms of future earnings dividend etc. but the study is concerned with market price of share and volume of trading. That is why it may not represent what fundamentalists believe. Due to time and resource constraints,

The study has been conducted with the following limitations;

a. The study is primarily base on secondary source of data, Moreover; primary data is used to explore investment behavior of investors through questionnaire filled by investors.

b. This study is fully is base on the student's financial resources and is to be completed within limited time frame of submission in partial fulfillment of the requirements for master degree in business studies (MBS).

c. There are diverse tools and techniques of Technical Analysis. So, the result that brought from particular tools and techniques may not bring consistent result for same period if other tools and techniques are applied.

d. Fundamental analysis requiring full details of company's activities and progress for a long period of time is not considered.

e. All data for technical; analysis is downloaded from www.nepalstock.com. Reliability of analysis largely depends on reliability of data published on the website.

1.7 Organization of the Study

The study is organized on the standardized pattern of usual sequence of topics with introduction, review of literature, research methodology, data presentation and summary, conclusions and recommendations.

The introduction chapter includes general background, the focus of the study, statement of the problem, objectives of the study, rationality of the study and the limitations the study.

In the second chapter, theoretical framework of market price behavior is discussed under efficient market hypothesis theory, fundamental analysis and Technical Analysis, and their significance along with their limitations has been mentioned.

Similarly, the third chapter includes research methodologies used in the study. In the fourth chapter, data presentation and analysis is included.

The last chapter contains the summary, conclusions and recommendations with references and annex.

CHAPTER - II
REVIEW OF LITERATURE

Review of previous studies, journals and articles on the topics concerned is considered to be important to avoid unnecessary duplication, get insights of objectives of study, summary, conclusion, recommendation and scope of new studies on same topics. So, textbooks, articles, journals and bulletins are of great significance to review the related literatures for thesis writing in Nepalese context. Therefore in this chapter an attempt is made to review some of the basic literatures on the stock price movements. It includes conceptual/theoretical framework regarding theories on the topic and review of empirical works of previous related studies done within and outside the country.

The first section of this chapter contains a brief explanation of the theories of the share price behavior. It includes the efficient market theories, fundamental analysis theory and Technical Analysis theory. The second section provides reviews on empirical experiences of previous studies. For convenience, this section is further divided into sub-sections i.e., in context of foreign countries and Nepal respectively.

2.1 Theories of Stock Price Behavior

In board sense, there exist tree theories concerning stock price behavior. These theories explain share price fluctuation in the stock market. Market efficiency is he premise for all of the theories. The theories are;

- a- Efficient market theories.
- b- Fundamental analysis theories.
- c- Technical Analysis theory.

2.1.1 Efficient Market Theories

Black (1990), states the term efficiency may be defined in various ways allocable efficiency, operational efficiency and information efficiency. When the Finance literature speaks of market efficiency, it is generally speaking exclusively about informational efficiency in pricing the stocks. A market is said to be informational

efficient if the current market price instantaneously and fully reflect all relevant available information.

The market value of a particular share may be under or overvalued. An efficient market is one where shares are always correctly priced and where it is not possible to outperform the market consistently.

The efficient market theory says that security prices correctly and almost immediately reflect all available information and expectation thus, efficient market theory contends that in a free and prefect competitive market, stock prices always reflect all the available information and adjust instantaneously every influx of new information.

Levels of market efficiency:

There are three levels of market efficiency depending upon types of information set impounded into the price. On other wards, the forms of market are determined on the basis of how publicly available information is reflected in the market price of shares. The statement that price reflects at available information represents the highest order of market efficiency.

It is useful to distinguish three levels of market efficiency.

i. **Weak-form efficiency:**

If the pricing into the stock market has reflected all information found in the record of past prices and volume it is considered as weak form efficiency and participation of Technical Analysis approach in the market becomes futile.

ii. **Semi-strong-from efficiency:**

If current price of stocks reflects not only all information found in the record of past prices and volume but also other publicly available information, the market is semi-strongly efficient. In that market even fundamental analysis of published accounting information has no value, because it would have been discounted by participants accurately and instantaneously when they are disclosed.

iii. **Strong-from efficiency:**

> The market where stock prices fully reflect the available relevant information public as well as privates, it considered that the market hold strong-form of efficiency. In the market insider's information cannot beat the market because on single participant has monopolistic access to the kind of information.

These three levels of efficiency described above are not indifferent each other but they are serially higher order in degrees of market efficiency the market is semi-strongly efficient, it must be efficient in weak sense because the past pride date is one form of published information, which must have been impounded in the price. If the market is not efficient in a weak sense, the past price information could be used to predict the future prices to exploit abnormal profit. It implies that information contained in past prices not been reflected fully into the current prices. Similarly, for the market to strongly efficient it must also be reflecting all relevant information.

2.1.2 Fundamental Analysis Theory

Fundamental analysis approach involves working to analyze different factors such as economic influences, industry factors, governmental action, firm's financial statement, its competitor and pertinent company information like product demand, earnings, dividends and management in order to calculate an intrinsic value for firms securities. The analyst who believes fundamental facts to determine the intrinsic value of stock is popularly known as fundamental analyst or fundamentalist.

Fundamentalists forecast stock price of the basis of economic industry and company statistic. The principal decision variable ultimately takes form of earning and value with a risk return framework based upon earning power and the economic environment. "Fundamental analysts delve into company's earnings, their management, economic outlook, firm's competitor's market conditions and many other factors" (Francis, 1986).

The objective of fundamental security analysis is to appraise the intrinsic value of a security. The intrinsic value is the true economic worth of financial asset. "The

fundamentalists maintain that any paints of time every stock has an intrinsic value which should, in principal, be equal to the present value of the future stream of income from that stock discounted at an appropriate risk related rate of interest" (Bhalla, 1983). Therefore, the actual price of security is considered to be a function of a set of anticipation. Price changes as anticipation changes which in true change, as a result of new information. In other words, a new piece of news is released, securities intrinsic values will change, and the Securities market prices will adjust towards the new values.

The value of common stock is simply the present value of all the future income which the owner of the share will receive. And the actual price should reflect intrinsic value of the stock i.e., good anticipation of cash flows and capitalization rate corresponding to future time period. But in practice, first, it is not known in advance what the appropriate discount rate should be for a particular stock. Therefore, fundamentalists estimate their intrinsic value by studying in details all matters that are relevant to the company. "The study would involve examining its sales, earnings, profit margins, dividends, management proficiency, industrial and business outlook, labor competences any factor that would have a bearing on its performance in the future" (Palat, 1991).

On the basis of such a study, fundamentalists project a company's future profits and earning capacity with reasonable accuracy what the price of company's share ought to be. This estimated price is termed as intrinsic value. Thus there is difference or gap between them. Fundamentalist reaches an investment decision by comparing this value with current market value; it is believed that price will rise. In this situation, fundamentalists will acquire share as this difference presents them with an opportunity to make a profit. Alternatively, if the intrinsic value is lower than the market value, the share is overpriced and is an indication to the fundamentalists to sell. Following this rule, they believe, above average return can be attained; given that market is inefficient in pricing the share. "In the world of uncertainty, the anticipation of values cannot be known exactly, there will be disagreement about the estimation among the market participants. Then actual price fluctuates closely around the 'economic value' of share, because too far from the true value is profitable for the participants and they do to miss to exploit the situations. Over the time, with

continuous generation of new information related to company's earning prospect, the intrinsic value also changes. As a result, price of the stock adjust to find new intrinsic value" (Shrestha, 1999). Therefore the fundamental analysts work to find new information before other investor so they can get into a position to profit from price changes they anticipate.

"Fundamental analysis use different models like top-down versus bottom-up forecasting, probabilistic forecasting, econometric models, financial statement analysis etc. to estimate the value of security" (sharp 2001). Therefore, the fundamental analyst reaches an investment decision on the basis of these analytical tools.

In short, the fundamental approach works exceedingly well in determining the intrinsic value of a company. It is not such an effective tool in determining future price movements and hence it is not very dependable for short-term profits. "By nature the fundamentalist is conservative in approach and is generally unwilling to take a quick loss, he would rather adopt a buy-and-hold-policy" (Yasaswy, 1992). Therefore, fundamental analysis allows the analyst to forecast holding period yield ask of achieving that yield, but these figures alone do not necessarily prompt a buy or sell action.

2.1.3 Technical Analysis Theory

The word Technical Analysis sound likes nonsense to many. But it an alternative approach in predicting stock price behavior in the literatures of investment management. Technical Analysis in market oriented philosophy and it concentrates on the force of supply of and the demand for share. The analysts or prospective investors who analyze the security to predict the future price of a share on the basis of a study of its price movements in the past are known as technical analysts or technicians.

"The technician believes the forces of supply and demand are reflected in patterns of price and volume of trading. By examination of these patterns, he predicts whether prices are moving higher or lower, and even by how much?" (Fisher and Jordan, 2000). Therefore, the patterns or trend in prices is the basis of Technical Analysis.

Various charts are prepared to determine trends and to determine whether prices are likely to rise or fall. Technicians tends and to look backward. The technician usually attempts to predict short term price movements and thus makes recommendations concerning the timing of purchases and sales of either specific stock or groups of stocks (such as industries) or stocks in general . It is sometimes said that fundamental to answer the question when.

Palat (1991), mentioned that technical analysts maintain that the price of a share at any time (present price) is the balance struck by buyers and sellers at a point in time. Price movements take place on account of changes in buying and selling pressures. This occurs in account of diverse internal and external factors (profits, political environment, predictions and the likes). Prices stabilize when equilibrium between buyers and sellers is achieved. They believe that a record of rice movements over a period of time depicts how investors (both buyers and sellers) have acted and behaved over a period of time in the past. As the whole theory; is based on the assumptions that history repeats itself. That human nature does not change and that man is likely to repeat his pattern of past behavior in the future, it is believed that record of past movements will repeat themselves in the future.

"The technical analysts estimate pieces instead of values. They largely ignore the fundamental facts such as the firm's risks and earnings growth rates in favor of concentration on various barometers of supply and demand they have devised. "The methodology of Technical Analysis rests upon the assumption that history tends to repast itself in the stock exchange. If a certain pattern of activity has in the past produced certain results nine times out of ten, one can assume a strong likelihood of the same outcome whenever this pattern appears in the future" (Rosenfield, 1975).

In essence, technical analysts believe that past patterns of market action will recur in the future and therefore be used for predictive purposes.

2.2 Review of Investment Tips

Lasser (2001) painted Buffett's 12 investing principles;

1. Don't gamble.
2. Buy securities as cheaply as you can set a "margin of safety".
3. Buy what you know. Remain within your "circle of competence".
4. Do your homework. Try to learn everything important about a company. That will help give you confidence.
5. Be a contrarian when it's called for.
6. Buy wonderful companies, "inevitable"
7. Invest in companies run by people you admire.
8. Buy to hold and buy and hold. Don's be a gunslinger.
9. Be businesslike. Bon's let sentiment cloud your judgment.
10. Learn from your mistakes.
11. Avoid the common mistakes that others make.
12. Don't over diversify. Use a rifle, not a shotgun.

Lasser guided one can beat the index by;'

a. Moving form stocks to cash or to bonds at a time when you think stocks are overvalued, or by stocking up when you think stocks in general are cheap.

b. Concentrating on buying stocks that seem cheap because investor shares too pessimistic and impatient whereas, because of your special knowledge, you know better.

c. Concentrating on buying thriving companies that don't seem excessively expensive because investors aren't sufficiently optimistic (the growth strategy)

d. Avoiding the common, almost irresistible, psychological mistakes that other investor makes.

e. Taking advantage of other investor's misconceptions, and betting big against prevailing opinions. As Buffett once remarked, "I will tell you the secret of getting rich on Wall Street. You try to be greedy when others are fearful and you try to be very fearful when others are greedy. "Contrarian investing in a nutshell.

Lasser restated the advice from Albert Hettinger of Lazard frères that;

1. Don't use margin. If you're smart, you don't have to borrow money to make money. If you're dumb, you may go broke.

2. Buy six or seven securities you know well. Have a concentrated portfolio. But don't have only one or two securities.

3. Pay no attention to the level of the stock market. Concentrated your attention on individual stocks. Market-timing has led to David Braverman. Another person who has picked up the gauntlet is David Braverman, a senior investment officer at standard and poor's and the leading analyst who covers Berkshire.

Lasser mentioned that since Braverman began constructing such portfolios (in February, 1995), the Buffett-like stocks he has chosen have returned 255 present (without dividends or transaction costs, through January, 2001) compared with only 174 percent for the S&P 500 index. Here are the five criteria that Braverman used in screening the 10,000 stocks in the S&P Computstate data base;

1. High "owner earnings", which is essentially free cash flow net income after taxes, plus depreciation and amortization of debt, less capital expenditures. A company had to have at least $20 million in free cash flow.

2. A net profit margin of at least 15 percent.

3. A high return on equity, or net income (before payment of preferred dividends), as a percentage of the value of stock outstanding. Braverman screened for a recent quarterly ROE over 15 percent and ROE of at least 15 percent for each of the past three years. (Buffett considers profit growth relative to growth in the capital base more meaningful than just growth in earnings.)

4. A high return on reinvested earnings. Each dollar of earnings retained by the company should produce more than a dollar of market value. To meet this test, Braverman looked for companies whose growth in market capitalization surpassed growth in retained earnings over the past five year.

5. No overvalued stocks. Free cash flow was projected five years out, under the assumption that cash flow grows at the same rate as earnings. To come up with a maximum valuation, Braverman then divided the estimated free cash

flow by the current yield on the 30-years Treasury bond. Stocks selling above their projected valuations were thrown out enormous mistakes.

6. Beware of momentum. Stocks and markets tend to go to extremes both on the upside and the downside.

Lesser outlined his investment strategy in a GEICO report that;

a. "Think independently". He's skeptical of Wall Street; he reads widely and voraciously.

b. "Invest in high return business for shareholders." He wants companies making money now and promising to continue making money. He interviews management to make sure they are shareholder friendly and not out to boost their incomes or their self-esteem by creating empires.

c. "Pay only a reasonable price, even for and excellent business" even a splendid company is a bad investment, he believes, if the price is too high.

d. "Do not diversify excessively." Pick the stocks like Warrant Buffet.

Muzea (2005) stressed to use the right strategy on reasoning process evidence. There are two types of reasoning processes we use to function in life. One is linear, in which our thoughts travel from one point to another in a logical sequence similar to building a home from a set of blueprints within a given timeline. The other type of reasoning is interactive. This is more complex, whereby each separates other pieces and may not even be available at the same time. For example, if we plan to start a business, we have to know if there is a demand for our product and what the costs will be to bake it, taking into account the availability of qualified workers, the anticipated revenues, and the current and future trends of the economy.

All of these variables, and more, must be considered in we are to be successful. Many people are very good at interactive reasoning. If you are one of those people who can multitask, you would be good at interactive reasoning. However, while these talents would be useful in many business situations, they are useless in the stock market. Each piece of information required to make money in the market interacts with all the other pieces. Some of these elements include: the current Federal Reserve policy and its impact on interest rates, political events, foreign affairs, war, oil shortages,

terrorism, and the trend of the economy where you live. All of these events affect the stock market in some way. The problem is that most of them are out of your control.

Further proof that interactive reasoning is ill suited for the type of analysis required to be successful in the stock market is the record of market experts. In the past 51 years, more than 50 surveys have been made by experts forecasting their favorite stocks and industries. Expert selections underperformed the stock market 75 percent of the time!

Muzea (2005) Summarized Investment Strategy That;
   a. Everyone needs an investment strategy or style that is easy to follow and produces consistent profits.
   b. The only way to consistently make money in the stock market is to go against the grain of public opinion. The Pareto Principle works, going against the 80 percent (public) and with the 20 percent (insiders) is the answer.
   c. Since the key to this strategy is to invest in the stock market only when the vital few are buying and the Trivial Many are selling, it is obvious that you must be willing to stay out of the stock market for long periods of time. Only losers bet on every horse race. It is the sole with stocks.

Maiello (2004) wrote a book entitled buy the Rumor; sell the fact, 85 maxims of Wall Street and what they really mean. Maiello tried to uncover myths exploring reality, some of them are;

1. Cut Your Losses and Let Your Profits Run
For an investment portfolio to make money over time, the bad picks can't lose more than the good picks gain. That means that investors have enough time to limit losses by selling while making sure that the best choices have enough time to provide adequate return. It sounds simple, but a lot of investors do the opposite by selling their winners in order to take profits and holding onto the losers in the hopes of a rebound. The inevitable result to that strategy is a portfolio full of cash and losers.

The selling might be difficult, of course, since some investors see it as an admission of failure. There's also a good case to be made for holding on to stocks that have fallen on rough times, if there's some fundamental reason to believe that they will

bounce back. It's also a bad idea to overtrade the portfolio, because brokerage fees add up. But remember, there are virtues in selling losers. The capital losses on the not so good picks can eliminate capital gains on the picks that went well.

2. Don't Average Down on a Loser
"Averaging" means investing a fixed amount of money in a particular stock, over a set course of time. "Averaging down" means that the investor has specifically chosen a period of time when a stock's price is in decline. It's a tool that can be useful to value investors and bottom feeders who like to buy stocks that are out of favor. But it is rather controversial because there's always a chance that a stock is getting hammered for a reason. Obviously , and investor who wants to buy a stock as it drops, in the hopes of accumulating more shares for less money and to participate in a later upswing, has got to know the company at hand extremely well. This is a classic bet against the rest of the market, and the market is always a formidable foe.

It has been figured out that people may get benefit from averaging down but one should not average down on unknown stock.

3. Bull Markets Climb a Wall of Worry
View the market as an amalgam of different and sometimes competing minds and it makes sense that thought the overall sentiment might lead toward one outcome, powerful forces can temporarily pull it in another. The "Wall of Worry" behind every bull market is the group of bearish investors who are either shorting equities or constantly selling to make profits who can cause severe dips during a long bull run. Wall of worry represents sideline cash that might actually flow into stocks and drive the market up.

4. Bear Markets Slide down a Slope of Hope
A corollary to the wall of Worry-the "Slope of Hope"- represents all of those temporary and ephemeral market rallies that take place while the bears are ruling the market.

While in a bull market, the Wall of Worry represents sideline cash that might actually flow into stocks and drive the market up. Slope of Hope money represents cash being

tossed into a market with bad fundamentals. But investors who do so aren't necessarily suckers. Certainly, short term traders have much to fear from temporary rallies in a bear market that might inspire false hope.

5. The Trend Is Your Friend

A fundamental assumption in this book says that stock pickers make money by being right when the rest of the market is wrong. The opposing view claims safety in numbers and is summed up by the old gambler's credo "when the train comes in, everybody ride." Following the trend is a market tier's technique its flaw is that trends don't last forever and there is no organized warning before the end. The myths of Wall Street are replete with contradictions. You will hear "the trend is your friend "quite a bit, maybe because is rhymes. Folks also used to say "don't fight the tape" although the phrase as fallen into disuse because, will, who has a stock tape running out onto the floor these days? But another saying, as much Wall Street wisdom as "the trend is your friend" is that "trend is not destiny". Friendly trend gives no warning of its departure. So trends, good or bad, are unreliable friends at best.

6. The Stock Market Rises as the Bond Market Falls

Stocks and bond are assets classes in fundamental opposition to one another. Stock represents equity ownership in a company. Bonds represent a loan to a company or government. Stockholders are often borrowers and bondholders are always lenders. Borrowers and lenders exist on opposite sides of a transaction, so it makes intuitive sense that the stock and bond markets would be similarly opposed. Still, this matter might not be something that should overly concern the average investor. Reality is somehow different form conviction of average investors. Corporate bond and stock may go along. Government bond and stock may go reverse.

The stock market is best valued based on the fundamentals of stocks while the government bond market is valued based on how favorable it is to own debt of country in the face of inflation and other factors.

It's best to judge each on its own merits. Stocks are for investors who require substantial growth over a long period of time while bonds are for investors who require safety and are willing to give up return for it.

7. A Rising Tide Raises All Ships

At first glance, this maxim seems like a no-brainer, and it appears to be true. The market is, after all, an amalgam of stock prices. So for the market to be up, stock prices have to be on the rise, at least generally. When the market is up, an investor who picks stocks with darts should have an easier time than the market is in decline. But even a bull market is full of losers, and the best of times for everyone can be the worst of times for the individual.

8. Don't Invest on the Advice of a Poor Man

This seems like a self-evident piece of advice, because anyone with the secret to creating wealth would have used the secret for personal gain. This attitude doesn't have so much currency outside investing circles. Boxers have no problems hiring trainers that they could easily pound into the canvas and actors routinely take direction from people who can't carry themselves on stage. If "don't invest on the advice of a poor man "means that the best stock advice isn't available on Skid Row, it's probably true, though not necessarily. A business student working his way through graduate school poverty might well have a lot of useful advice about the stock market but no money to invest.

Evidence suggests the rich are often happy to leave their investments in the hands of poorer folk because they have better things to do with their time than to sit around watching the stock market. So it's at least true that the rich don't mind taking advice from the relatively poor.

9. The Perfect Portfolio Never Needs a Trade

The perfect portfolio is the portfolio an investor never has to worry about. The stock choices will all steadily and reasonably gain value over time and will perhaps even pay out dividends along the way. But the perfect portfolio doesn't exist. Warren Buffett has famously remarked that his preferred holding period for a stock is "forever "but that's well known for being impractical advice. Why are you investing? Clearly, to make money. Why money? Clearly, to spend money. A sock that's never sold is money that's never spent, and in the end, no matter how you look at money, the eventual spending is the reward.

It might be better stated that the prefect portfolio never needs a desperate trade because it's made up of solid companies with transparent Finances and that life deeps it free of surprises.

The perfect portfolio should also be free of excessive trading. Trading costs money. Slow and careful trading reduces brokerage fees and increases profits. Trading is also punished by the government, which taxes all capital gains. Since few of us are as skillful as warren Buffett, the perfect portfolio where every stock appreciates reasonably over a long period of time will be impossible to attain, so make the best of what you have. So, some trade might be required. So respond to reality and judge either trading is required or not, but act with the ideal in mind "the prefect portfolio never needs a trade"

It is traced out that prefect portfolio never needs a trade but a perfect portfolio is hard to achieve so it need some trade for adjustment.

10. No Tree Grows To Heaven

If it's hard to admit a mistake and to sell off bad picks for a loss, it's even harder to sell a stock that's been a boon to the portfolio. Like a gamble on a roll. It's tempting to want to hang on to a good stock just a little bit longer. Many investors fear missing opportunity more then they fear incurring losses. Of course, stocks go up and they go down. The key to making effective use of the saying is to remain a long term investor while still realizing the need to sell winners every now and then.

11. Never Buy On Margin

Most conservative investors will eschew the idea of buying stocks on a margin loan because it can involve risking more money than the investor actually has available. Your broker, wanting to pad her company's account with some interest charged to you, will at some point want to lend you money for investment purposes. Whether or not one should take the loan is up to the investors. It's vast, for reasons of control, to keep margin away from money investor will need immediately. Such money probably shouldn't be in the stock market anyway, but it certainly shouldn't be used to make leveraged purchases.

12. If Investments are Keeping You Awake at Night, Sell down to the Sleeping Point

This little nugget is more psychological advice to the investor than it is predictive of the market, but financial advisers are often in the business of telling clients how they should feel in addition to telling them what to do. Investing is an intellectual activity with uncertain outcomes, and it's important for investors to master their emotions in order to make rational choices. Obviously, a notion like this can't be measured quantitatively, but it has still been uttered over and over again by weary brokers fielding panicked calls at the end of the trading day.

If investors are buying or selling a stock because you can't sleep, then you need to step back and try to articulate a practical reason for their sale. If it's that investors can't afford such a large investment in that stock, fine. If it's that the fundamentals have changed, fine. But if investors are just spooked, then calm down.

13. If You Wouldn't Buy a Stock at That Price, Sell It

Owning an overvalued security is nearly as dangerous as buying one, since both are doomed to eventual decline. One good way of determining whether or not stocks you have already bought are overvalued is to ask yourself if you'd buy it at the moment.

If the answer is no, then it's reasonable to assume you'd have a hard time selling it at that price as well. Believing Otherwise rests on the arrogant assumption that everyone else is a sucker. The real value of this saying is that it forces investors to periodically examine their holding when they are all too often purchased and forgotten. Stock selection is a lot of word, but so is portfolio maintenance. Neither job should be neglected.

14. Mutual Funds are Safer than Individual Stocks

The best mutual funds offer smart management and instant diversification at a reasonable price. It's just common sense that a well managed, diversified portfolio is going to be safer than any one stock out there or than a portfolio of stocks that's been cobbled together with less than skillful precision.

The problem is that there are 5,000 mutual funds out there, and new ones are starting up every day (in American context). So mutual fund picking is becoming as difficult as stock picking. It's actually even more difficult, because mutual funds don't tend to

earn a lot of attention from analysts and the media. They seem more content to follow individual stocks and companies. Mutual funds are by no means risk free, and in some cases they are riskier than stocks.

15. Invest Money When You Have It

In a way, that blithe assumption is correct. Put money into a rising market and it goes right to work. Put money into a falling market and you get more shares that can appreciate during a recovery. Tossing money into a falling market can be disheartening for investor who like to look at their statements all of the time. But remember that the cash isn't evaporating; it's being converted into shares. The worst mistake the dollar cost averaging investor can make is to lose sight of that fact and do not make contributions in a falling market. Buying only when the market is on the rise increases the odds of buying at the moment when things are best and are about to crash. It's a nearly sure path toward buying high and selling low.

16. If a Trend Cannot Continue, It Will Not Continue

This one sounds like it came from a stock broker fan of Yogi Berra. But it actually has its roots with economist Herb Stein, who created what's known in economics as stein's law; "anything that can't go on, won't" what this doesn't say is when the end of a trend will show up. Without that crucial price of information, this isn't useful as a market timing device. It is stated that no one can predict future , if it cannot be assure that trend will continue ,also It cannot be confirmed that particular trend will not continue.

17. How the Market Reacts to News Is More Important Than the News

Once investors cozy up to the belief that the market represents collective knowledge and sentiment, it's hard not to accept that whatever the market chooses to believe is, at least temporarily, as good as fact. If every investor in the world decides that the sun sets in the east and they invest that way is there any point to investing otherwise based on superior data?

A lot of market reaction is nothing more than noise that tends to fade. The long term investor can't trust it and should be too busy reading financial statements to pay attention anyway.

18. Bulls and Bears Make Money, but Pigs Get Slaughtered

Bulls believe that the market is going up, and bears believe it's going down. Pigs believe that Wall Street is like the farmer with the slop bucket, on his way to pour vast amounts of money into a trough. But really, the only greed that is consistent as the greed of Wall Street professionals. Stock prices rise and fall, but brokers always get their fees.

By all means, invest to become rich. But don't expect the money all at once. Reality is, invest to become reach being bull, bear or pig but don't expect the money all at once.

19. Never Hold On To a Loser Just To Collect the Dividends

Dividends are a tricky topic, because there are two ways of looking at them. The first is in terms of cash: what is the actual cash payout that a company promises on an annual or quarterly basis? The second is in terms of the dividend yield, which is the stick price divided by the dividend , expressed as a percentage that tells the investor what guaranteed return is being promised. In a sense, it's always good when stocks pay dividends; it shows that management knows that the shareholders own the company and are thus entitled to the company's money. It also promises, for a time, a certain return. But, the return offered by capital appreciation will always outpace the return offered by dividends, so it's no good hanging on to a loser on the sole basis of dividend.

20. Buy the Stock That Splits

Companies split their stocks in order to made shares more affordable to investors. A two-for-one stock split has the result of cutting a stock's price in half. Many investors believe that after a split, the stock will soon climb back to its presplit levels. While such reasoning sounds nice, there's no reason for that statement to be true, based on the way that stocks are valued.

The only reason that a stock split would boost the stock price is that split stocks are more affordable on a price basis. There is nothing wrong with stick splits, but there is also nothing to get excited about.

21. Economists Can Predict the Future

Economists are held in high esteem by the investing public because they tend to be thoughtful, well-educated thinkers who are more like scientists or scholar than the usual profit hungry denizens of the financial world. Economists at think tanks, universities, and investment Banks have never had the same conflicts of interest that plague stock analysts. When they work for the big Banks, their prognostications about interest rates and trade deficits are used either for the bond trading desk or to give the Bank a bit of intellectual prestige. One problem with watching economists is that you are not necessarily sure what their motives are. Some of them are clearly trying to make predictions, while others are policy wonks, making recommendations.

Next, it's just that economists seem to be better at explaining the past than at predicting the immediate future, and that limitation affects their utility as dispensers of investment advice.

22. The Higher the Risk, the Higher the Return

Some investors thrive on risk, and some learn to thrive on risk because they have been told over and again that low risk investments tend to deliver lower return. It even makes sense to look at the act of investing as an attempt to collect compensation for risk endured. What's important, then, is for investors to make sure that the compensation they want to collect is adequate to the risk involved in an investment.

All these means, of course, is that risk and higher returns don't always walk hand in hand. If we adjust the myth a bit and say that riskier investments promise higher returns, we are getting closer to the truth and we have a myth that's best used backwards. Whenever investors heat a high return promise, they should immediately wonder about the risks involved. Higher risk does not yield return instead one should seek higher return for higher risk.

23. Buy the Rumor, Sell the Fact

This is an especially appealing myth because it implies that the investor, privy to the hottest and most important rumors that move the markets, has attained some special position within the financial world. It flatters the ego to imagine that you can hear about and properly determine which rumors are important and which are just noise.

But it's almost always a mistake to assume, when you are one among a community of millions, that you enjoy some special status.

The hope for this kind of investor is that the market will like the rumor and the socks price will go up. Then, when the news confirms the rumor, the price will go higher and investor could sell at a profit. Of course, everyone can't do this, because if they did, stock prices would jump in rumors and plummet on the news. Of course, the biggest risk is that an investor will act on false rumors. The first stop in verifying a rumor is to figure out its source.

Most people have become rightly skeptical of information presented in internet forums and nowhere else. But it should also be noted that it's a bad idea to ever invest in a small cap company based on a rumor. These companies are generally outside of the mainstream media's purview. So scam artists tend to believe that investors will have a hard time figuring out if rumors about such companies are false or true. Since smallcap companies are also traded thinly, a few people acting on phony information (or in concert, to make the phony tip seem true) can easily move the stock price. Scam artists are also less fearful of telling lies about small companies that might not have the money to pursue a legal claim against the liar. Not only can Microsoft's vast public relations machine dispel lies quickly, its vast term of lawyers can ruin the liar. Investors should buy true rumor only and should sell based on facts.

2.3 Review of Related Studies

There is few research studies conducted on stock market prices of Nepal as compared to the capital market elsewhere in the world. But most, if not all, of them are concentrated either to describe superficially the problems and prospects of the stock market in Nepal or to analyze the impact of certain financial variable on the stock price.

Unfortunately, till date; no specific research studies have been performed on stock price movements using Technical Analysis approach using various Technical Analysis tools in the Nepalese context. However, empirical works about stock price movements following technical approach and random walk model have been

deliberated. So in order to stock market and its price behavior and consulted and reviewed on the following pages.

Khatiwada (1996) stated some aspects of the market performance of securities in Nepal. In order to draw inference in relation to subject matter, he specified the stock market in terms of size, liquidity and concentration and presenting a comparative analysis of money market in the face of now issue market etc. along with other objectives.

Shah, (1996), States that:
  a. Issue of corporate securities shows that corporate securities consist of common stock, preference share, debenture and mutual fund/unit scheme. Among these securities, most of the companies issue common stock and hence it has high volume of coverage in Nepalese market. Likewise, we can see debentures, mutual fund/unit scheme and preferred stock has the respective position in the Nepalese security market.
  b. Issue of government securities shows that the government securities consists of treasury bill, development bonds, national saving bond, public saving card and special bonds. Among these securities government issues heavy volume of treasury bills and hence it has high volume of coverage in Nepalese market. Likewise, special bonds, national saving bonds, development bonds and public saving card have the respective position in the Nepalese market.
  c. The level of investor's awareness in the securities market was found low. Majority of the respondents replied that the investors were not aware regarding investment in security market.
  d. The market capitalization of different financial instrument shows that common stock has the coverage of trading in market. In the common stock also we can find the common stock of financial sector is high and most probably this trend will be continuing for additional couple of years.

Bhatta (1997, asserted that in order to evaluate stock price earning information was not made available timely to the investors. The investors could not identify the good and bad stocks. The only speculative behavior of the investors regarding the future stock prices led to set the stock prices in the market, lack of value judgment to

determine the stock price is the serious problem of the Nepalese stock market. This happened due to the inability of the regulatory bodies of the stock market to regulate market mechanism and failure to win the faith of investor. This problem can be solved only when the real determinants of stock prices are diagnosed and identified.

To a greater extent, his assertions may hold true but the extent of regulation of market mechanism by regulatory bodies solely might not be the factor to evaluate the stock prices. The historical trends or patterns of market prices should also be taken into account to predict future prides of shares. In such a condition, analysis of shares by means of technical tools becomes vital.

Pant, (2000), asserts that the activities of buying and selling of shares on the stock are extremely important for the allocation of capital within economies and it requires in depth analysis. No doubt, trading activities are the core of the stock exchange for allocation of capital within economies. However, the majority of the investors have not been able to reap benefit from these activities; it is a matter of serious concern.

Though pant has emphasized for in depth analyses of stock market activities, she herself has not reached to intense and in depth analysis since the data collected by her for analysis purpose are all from secondary sources. Thus, the fact remains the study does not depict a true analysis of stock market. Moreover, neglecting the primary source of data for intensive study is another imperfection of her study.

Mainalee (2005), mentioned that;

1. **Lack of Knowledge on Different Investment Analysis Methods:**
   Although investors are found in favor of analyzing the securities before taking investment decision, they lack knowledge on different security analysis approaches. They have no idea about Technical Analyses approach.

2. **Decision Madding for Purchase of Sale of Stock:**
   Many of the investors in the stock exchange buy the shares of that company, which financial position overwhelmingly depend. That means their basis for making buy in reality, the financial position sown in the balance sheet does not always reflect the clear picture about exchange sell their shares when they are

in dire need of money. All of these facts imply that investors in the secondary market are not conscious enough on timing of sell or purchase decision of the stocks.

3. **Determinants of Market Price of Shares in Nepal Stock Exchanges:**

   Nepalese stock market is similar to any primitive capital economies where the most influencing factor in determining the price exceeds the supply, the price will rise, if the supply surpasses the demand the price will fall. The supply and demand may be influenced by the rational as well as irrational factors. The irrational factors for influencing the price of shares in Nepalese stock market were found the insider information and unholy act of so called VIP shareholders.

4. **Low Investors Confidence**:

   Investor's confidence in the Neplese Stock Market is found relatively low as compared to past years. Because of stock market volitility low return on investment, inadequate infeomation disclosure to take investment decision, investors have felt unsecured in the market . Besides this , threr is general lack of investor's awareness about the operation and poential role of securities market, techniques of financial analysis and risk and rewards of holding swcurities . In fact, there are various factors affecting share trading in the stock market particularly, the falling trend of share price in the stick exchange.

5. **Inefficient Role of Broker in Nepal Stock Exchange:**

   No doubt, the function of broker is essential to the efficient operation of capital market . But in nepal the role of brokers advising their clients does not hold any significance because broker are not obliged to offer right advice to their clients and even if they advice, do not take responsibility for the quality of the advice they offer. As 80 percent of the investors claimed that investment deciseion made on the advice of brokers results on profit, it indicates that there is dearth of professionalism in brokers of Nepal Stock Exchnge .

Pradhanang (2007), Asserted that:

a. Nepalease Security Market has demonstrated the components of Dow's Thwory. From analysis of theory, primary tend, secondary trend and tertiary moves has been found.

b. From the moving average analysis NEPSE index has been proveded the several buy and sell signals of security.

c. This analysis shows that some time the Neplalese Stock Market is perimarly guided by whims and not by new information. This is a sign of market inefficiency but investors can earn handsome gain from this if they try to understand such underlying causes of market movement and act accordinly.

d. Analysis from the Line Chart and Bar Chart of security price of four Joint Venture Banks, NEPSE index shows that the security prices is in increasing trend and there is little fluctuation of share of the Bank and NEPSE index has been in incresing trend.

e. The Analysis shows the performance of sample four Joint venture Banks. Among them the performances of Standard Chartered Bank was found excellent and the performance of Himalayan Bank was not satisfactory. The other Bank Nabil Bank, Investment Bank and Standerad Chartered Bank share price performance is satisfactory. Actually these performances were categorized on the basis of closing price movement during five years.

f. The analysis of share through Technical Approach is based on actual price movement in the market and it is not based on anticipated or forecasted value. Thus analyzing time but it largely depends on the skill or expertise of analyst.

In this way, many researchers have studied about the stock market of Nepal from different angles. Obviously the conclusion that they present is also varied according to focus, size of the sample and the methodology they followed by none of the researchers have studied about the Technical Analysis using various Technical Analysis tools on Commercial Banks in Nepalese context. It is therefore, a pioneering study and a contribution to knowledge on a vital aspect concerning investment decision. In order to overcome the different of past works and to fill up the research gap, the following points will be justifiable to the study conducted on "Technical Analysis on Common Stocks of Four Commercial Banks in Nepal with Investment Tips".

CHAPTER - III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology consists of research design, population and sample, data collection techniques and analytical tools of the research study. Research is the process of arriving at dependable solution to problems through the planned and systematic collection, analysis and interpretation of data. It is most important tool for advancement of knowledge and accomplishment of propose. Research methodology, as a vital part of research study describes the various sequential steps to be adopted by researcher in studying research problem along with the logic behind such studies.

In order to draw inferences on security analysis especially through the Technical Analysis on four Commercial Banks, different measures, as described below, have been adopted while collecting and interpreting the relevant data, facts and figures. For investment tips related literature has been reviewed and primary data is analyzed.

3.2 Research Design

A research design is the arrangement of condition for collection and analyses of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is plan, structure and strategy of investigation so as to obtain answer of the research question and to control the variance.

As the title suggests, this study is carried on to get empirical results of stock price movements. Therefore while conducting the study; descriptive along with analytical approach is followed. Descriptive approach is utilized for conceptualization, problem identification, interpretation and recommendation of the research. On the other hand, analytical approach is adopted for parametric and non parametric test of the data.

3.3 The Population and Sampling

There are altogether 300 listed companies in the NEPSE as on may July, 2011 covering different sector such as Commercial Bank, Development Bank, Hydropower,

Finance, Manufacturing and Processing, Trading, Hotel, Insurance and other service industries. Though the Technical Analysis tools can be used to analyze and interest any of the stock, since it could be vague to study stocks of different sectors this study has been confined to banking sector only.

So, the study focused on Commercial Banks listed in NEPSE, therefore, the size of population is 50, the total number of Commercial Banks listed in NEPSE. To make the study more specific further four Commercial Banks listed at top in 'A' group company by Nepal stock exchange making classification of the listed companies under the listing by-law 2053 of fiscal year 2066/67. The listing is as follows;

Nepal Stock Exchange Ltd. Classification of the Listed Companies (only Commercial Banks) is listed by-Law (2053)

Table -3.1
List of "A" Group Companies (only Commercial Banks) for the F/Y 2067/68

S.No	Companies Name
1	Ace Development Bank Ltd.
2	Annapurna Bikas Bank
3	Bageshowori Dev.Bank
4	Bank of Asia Nepal Limited
5	Bank of Kathmandu
6	Birat Laxmi Devt Bank
7	Business Development Bank Ltd.
8	Chhimek Vikash Bank Ltd.
9	Citizen Bank International Ltd.
10	Clean Energy Devlopment Bank Ltd.
11	DCBL Bank Ltd.
12	Everest Bank Ltd.
13	Excel Development Bank Ltd.
14	Gandaki Bikash Bank Ltd.

15	Global Bank Ltd.
16	Gurkha Development Bank
17	Himalayan Bank Ltd.
18	Himchuli Bikas Bank Ltd.
19	Infrastructure Development Bank Ltd.
20	Kasthamandap Dev Bank Ltd.
21	KIST Bank Ltd.
22	Kumari Bank Ltd.
23	Laxmi Bank Limited
24	Lumbini Bank Ltd.
25	Machhachapuchhre Bank Ltd.
26	Malika Devt Bank Ltd.
27	Miteri Development Bank Ltd.
28	Nabil Bank Ltd.
29	Nepal Bangladesh Bank Ltd.
30	Nepal Credit & Com. Bank
31	NDEP Development Bank Ltd.
32	Nepal Industrial & Co. Bank
33	Nepal Investment Bank Ltd.
34	Nepal SBI Bank Limited
35	Nerude Laghubitta Bikash Bank
36	Nilgiri Vikas Bank Ltd.
37	Nirdhan Utthan Bank Ltd.
38	NMB Bank Ltd.
39	Pashupati Dev Bank Limited
40	Prime Commercial Bank Limited

41	Purwanchal Grameen Bikash Bank
42	Resunga Bikas Bank Ltd.
43	Sanima Vikash Bank Ltd.
44	Sewa Bikas Bank Ltd.
45	Siddhartha Bank Limited
46	Siddhartha Development Bank Limited
47	Standard Chartered Bank Ltd.
48	Subhechha Bikas Bank Limited
49	Swabalamwan Bikash Bank
50	Triveni Bikas Bank Limited

Companies Added to Category A

) The paid up capital of the company must be at least Rs. 20.00 million.

) The number of common share holders must be at least 1000.

) The company must have made the public floatation as per bye -laws 9 (Ka) sub bye laws (4).

) The company must be in profit since last three years.

) The book value per share must not be less than its paid up value.

) Submission of the financial statement within six months from the closure of the fiscal year.

Source: www.nepalstock.com.

In above table the top listed four Commercial Banks are Nabil Bank Ltd., Nepal investment Bank Ltd., Standard Charted Bank and Himalayan Bank Limited. These are the Banks selected for Technical Analysis.

Technical Analysis is designed to arrive at decision just studying short span of time, in general covering less than a year. However, such study may undertake support from trends and patterns of specific persons of different years. Technical traders may conduct trading baled on momentum, day trading, weekly review, monthly review and

quarterly review. In Nepal momentum trading and day trading cannot be practiced as "Future Stock Market" mechanism and on line trading both does not exist.

Further the frequency of transaction is also slow in comparative to International Stock Exchange. Considering all these facts data of one month is taken for study. The research period undertaken in this study is June, 2011. Next there is no custom designed software available in Nepalese market to make studies. Some of the Technical Analysis tools generated using excels worksheet of Microsoft office is used to make analysis of data collected from www.nepalstock.com. They are Trend Line, Japanese Candlesticks, Bar Chart and Moving Average.

3.4 Data Collection

In order to make the study more reliable and coherent both primary and secondary sources have been applied here while collecting data, facts and statistics.

The primary source was the questionnaire filled up by respondents. Most of the questions forwarded in questionnaire were closed in type to comprehend respondents and make the study more specific. Printed sheets of questionnaire and questionnaire for online reply were developed to cover more respondents. The questionnaire was designed to acquire three kinds of responses;

1. Yes.
2. No answer.
3. Multiple choices answer with descriptive option containing altogether eighteen questions.

Thirty copies of printed sheets of questionnaire ware distributed to prospective respondents, out of them twenty two respondents have replied.

Twenty copies of questionnaire developed for online reply is distributed to prospective respondent instructing them to fill themselves and distribute copies of blank questionnaire to their friends, relatives and coworkers if possible. But only one of them replied the questionnaire. Primary source of data is used to get insights about the investment behavior of investors in stock market.

Secondary sources of data are used to get data and statistics of Commercial Banks. Mainly 90 days stick wise price downloaded for www.nepalstick.com is used to attain June, 2011. Beside daily, monthly and annual trading reports and publications are used for references.

3.5 Data Analysis Tools

This thesis is designed to guide how to identify trends and patterns on various Technical Analysis tools. Such tools of Technical Analysis are Trend Line, Japanese Candlesticks Chart, Volume Bar Chart and 5 Days Moving Average.

a. Trend Line

A Trend line is a sloping line that is drawn between two or more prominent points and a chart. Rising trends are defined by a trend line that is drawn between two or more troughs (low points) to identify price support. Falling trends are defined by trend lines that are drawn between two or more peaks (high points) to identify price resistance.

b. Japanese Candlesticks Chart

In the 1600s, the Japanese developed a method of Technical Analyses to analyze the price of rice contracts. This technique is called Candlestick Charting. Steven Nison is credited with popularizing Candlestick Charting and has become recognized as the leading expert on their interpretation. Candlesticks display the open, high, low and closing prices in a format similar to a modern day Bar Chart, but in a manner that extenuates the relationship between the opening and closing prices. Candlestick Charts are simply a new way of looking at prices, they don't involve any calculations.

Each candlestick represents one period (e.g., day) of data. Following figure displays the elements of a candle.

Figure 3.1: Candlestick's Basics
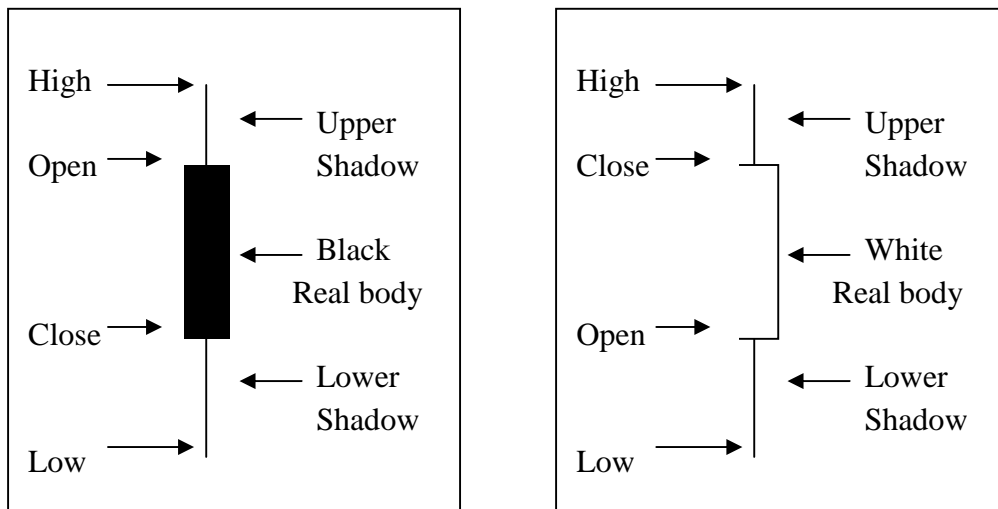
c. Volume bar Chart

Volume is simply the number of trades executed during a specified one trader buys and one trader sells and the volume is one. The volume figure usually released by the exchange is a total for all of the contract months of a given market. Most Technical analysts believe that volume is an indicator of the strength of a market trend. Because it is also a relative measure of the dominant behavior of the market, analysts regard volume as an important aspect of analysis, particularly when trading stocks.

Volume is important because it is a measurement of the market's acceptance or rejections of price at a specific level and time. There are several guidelines for using volume analysis on price charts. The first one is that if a market is increasing in price and volume is increasing, the market price is considered to be in a bullish mode and can support further price increase. The exact opposite is true for a declining market. However, if a substantial daily market price increase or decrease occurs after a long steady uptrend or downtrend and has an unusually high volume period; it is considered to be a blow off top or bottom and can signal a market turning point or trend several. Volume Bar Chart represents the volume of stock traded in bar cart from.

d. Moving Average

A moving average is an indicator that shows the average value of security's price over a period of time. When calculating a moving average, a mathematical analysis of the security's average value over a predetermined time period is made. As the price of security changes, its average price moves up or known.

There are five popular types of moving averages: Simple (also referred to as arithmetic), exponential, triangular, variable, and weighted. Moving averages can be calculated on any data series including a security's open, high, low, close, volume, of another indicator.

The only significant difference between the various types of moving averages is the weight assigned to the most recent data. Simple moving averages apply equal weight to the prices. Triangular averages apply more weight to prices. Exponential and weighted averages apply more weight to recent prices. Triangular averages apply more weight to price in the middle of the time period. And variable moving arrearages change the weighting based on the volatility of prices.

Moving average based on different periods are used to measure short term, intermediate or long term trend. For long term trend average of long period 100 to 200 days is taken to calculate moving average. For very short term trend 5 to 15 days moving average can be used. In this study 5 days simple moving average with equal weight is used.

e. Percentage

For analysis of questionnaire simple statistical tool, percentage is used for comprehensive comparison.

CHAPTER - IV
DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter aids to analyze and elucidate the collected data following the conversion of unprocessed data to understandable presentation. Thus, this chapter presents the data's in the format of table, figure, charts and interpretation thereof.

4.2 Analyses of Primary Data

Questionnaire has been used as a tool to collect primary data from investors themselves. For analysis of some information firsthand information is superior to secondary and published data. These who want to outperform using Technical Analysis must known market sentiment i.e. demand and supply pressure. Though financing decision majorly consider numerical figure, behavioral aspects of investors cannot be neglected. It is the psychology and sentiments of investors that leads them to take buy, hold or sell decision. If majority of investors are optimistic bull pressure may arise where as if majority of investors are pessimistic bear pressure will arise. Similarly the confidence of investors determines how long they can hold securities.

From these all ground it is quite clear that investment behavior of investors should be known well before anyone invests in share market. Hence, questionnaire has been developed to forward some questions related to their investment attitude, knowledge and practices to investors. Most of the questions forwarded in questionnaire were closed in type to comprehend respondents and make the study more specific. Printed sheets of questionnaire and questionnaire for online reply were developed to cover more respondents. The questionnaire was design to acquire three kinds of responses;
   a. Yes.
   b. No answer.
   c. Multiple choices answer with descriptive option containing altogether eighteen questions.

Thirty copies of printed sheets of questionnaire were distributed to prospective respondents, out of them twenty two respondents have replied. Twenty copies of

questionnaire developed for online reply is distributed to prospective respondent instructing them to fill themselves and distribute copies of questionnaires to their friends, relatives and coworkers.

But only one of them replied the questionnaire. So, altogether 23 respondents have replied questionnaire duly filled. Further to notice whether there is difference in investment behavior of investors who visits office of security broker and other investors who are found elsewhere, questionnaire replied are grouped identifying them.

For questionnaire analysis raw data has been tabulated and converted in percentage to compare what majority of investors think on particular issue.

Investors are asked which market is attractive for Nepalese investors to buy shares. On this question 9 investors found in security broker office replied primary market and 5 of them replied secondary market. On the other hand 9 investors responding elsewhere replied primary market only.

Table 4.1

Opinion about market attractiveness for Nepalese investors to buy shares

Option	SBO investors	%	Elsewhere Investors	%	Total	%
A	9	64.29	9	100	18	78.26
B	5	35.71	0	0	5	21.74
Total	14	100	9	100	23	100

Where,

A = primary market,   B = secondary market

As shown in the table 64.69 percent of investors found in security broker's office think that primary market is attractive for Nepalese investors to buy shares where as 35.71 percent think that secondary market is attractive for Nepalese investors. On the other hand, 100 percent of investors found elsewhere think that primary market is attractive to Nepalese investors to buy shares. In total 78.26 percent of investors think that primary market is attractive for Nepalese investors and 21.74 percent thins that

secondary market is attractive for Nepalese investors to buy shares. So we can conclude that investor's think primary is more attractive to buy share than secondary market.

Next, investors are sacked which market is attractive for them to buy share. On this question 8 investors found in security broker's office replied primary market and 6 of them replied secondary market. Similarly, 6 investors found elsewhere replied primary market and 3 replied secondary market.

Table 4.2

Market attractiveness foe investors to buy shares

Option	SBO investor	%	Elsewhere investors	%	Total	%
A	8	57.14	6	66.67	14	60.87
A	6	42.86	3	33.33	9	39.13
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= primary market,   B= secondary market

As shown in the table, for 57.14 percent of the investors found in security broker's office, primary market is attractive for them to buy shares and for rest of 42.86 percent of them; secondary market is attractive to buy shares. Likewise, for 66.69 percent of investors found elsewhere primary market is attractive to buy shares and for remaining 33.33 percent of investors secondary market is attractive to buy shares. In total, for 60.67 percent of the investors, primary market attractive and for 39.13 percent of investors, secondary market is attractive to buy shares. So in conclusion it can be said that for majority of investors, primary market is attractive to buy shares.

Next, investors are asked to give opinion about how Nepalese investors market a decision to purchase a share of certain company in the secondary market. Out of investors found in security broker 's office 5 have selected A,1 has selected B,3 have selected C,2 have selected D, 1 has E and 2 have selected B , 2 have selected C and 3 have selected D. This can be shown in following table.

Table 4.3

Opinion of investors about how Nepalese investors make a decision to purchase shares in the secondary market

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	5	35.71	2	22.22	7	30.43
B	1	7.14	2	22.22	3	13.04
C	3	21.43	2	22.22	5	21.74
D	2	14.29	3	33.33	5	21.74
E	1	7.14	0	0	1	4.35
F	2	14.29	0	0	2	8.70
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A = by making fundamental analysis of company,   B= consulting a broker

C= applying Technical Analysis of stocks,   D= act on whim

E= without and studies,   F= other

As shown in above table greater percentage (35.71%) of investors found in security broker's office opinioned that Nepalese investors made a decision to purchase share in secondary market by making fundamental analyses of company where as qurater percentage (33.33%) of investors found elsewhere viewed that Nepalese investors act on whim to purchase share in the secondary market. In total greater percentage (30.43) of investors believe that Nepalese investors make a decaling to buy shares in the secondary market by making fundamental analyses of the company.

Next, investors are asked how they make decision to purchase share of certain company in the secondary market. Out of investor found in security broker's office 9 have selected A, 1 has selected C and 1 have selected F. 5 of investors found elsewhere selected S, 1 has selected C, 1 has selected C, 2 have selected F. This can be shown in following table.

Table 4.4

Methods investors use to make decision of share purchase in secondary market.

Option	SBO investors	%	Elsewhere investor	%	Total	%
A	9	64.29	5	55.56	14	60.87
B	2	14.29	1	11.11	3	13.04
C	1	7.14	1	11.11	2	8.70
D	0	0	0	0	0	0
E	0	0	0	0	0	0
F	1	7.14	2	22.22	3	13.04
Total	**13**	**100**	**9**	**100**	**22**	**100**

Where,

A = by making fundamental analysis of company,   B= consulting a broker.

C= applying technical of stocks,   D= act on whim

E= without any studies,   F= other

From above table it can be said that most of investors found in security broker's office by shares in secondary market by making by making fundamental analysis of company. Similarly, most of the investor found elsewhere also buys shares in secondary market by making fundamental analysis on company.

Only 7.14 percent of investors found in security broker's office replied that they use Technical Analysis to buy stocks in secondary market and only 11.11 percent of investors found elsewhere replied that they are Technical Analysis to buy stocks in secondary market. On total only 8.70 percent of investors have said they use Technical Analyses to buy shares. These figures show that very little percentage i.e. blows 9 percent of investors use Technical Analyses. So, Technical Analysis not yet a popular tool among investors.

Next, investors are asked to express their opinion on how long one should hold share purchase to get appropriate benefit for such share purchased. On reply from investors found in security broker's office, 2 have selected C, 1 has selected E and 11 have selected F. from investors found elsewhere 1 has selected A , 2 have selected b, 2 have selected C and 4 have selected F. This can be shown in following table.

Table 4.5

Holding period to get appropriate benefit

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	0	0	1	11.11	1	4.35
B	0	0	2	22.22	2	8.70
C	2	14.29	2	22.22	4	17.39
D	0	0	0	0	0	0
E	1	7.14	0	0	1	4.35
F	11	78.57	4	44.44	15	65.22
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A = below six months,   B= six month to one year

C= one year to three years,   D= three to five years

E = above five years,   F= situational

As shown in above table most of the investors viewed that holding period for stock purchased should not be specific, it should be situational.

Next, investors are asked when people sell their securities. In response from investors found in security broker's office, 7 replied A, 2 replied B, 2 replied C, 2 replied E and 1 of them replied F. On the other hand form investors found elsewhere, 6 have replied B, 1 has replied C, l has replied C, 1 replied E and 1 replied F. It can be shown in following table.

Table 4.6

Opinion about situation at which people sell their securities

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	7	50	0	0	7	30.43
B	2	14.29	6	66.67	8	34.78
C	2	14.29	1	11.11	3	13.04
D	0	0	0	0	0	0
E	2	14.29	1	11.11	3	13.04
F	1	7.14	1	11.11	22	8.70
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= when market price rising sharply,   B= when market price declines sharply

C = when company's earnings declines,   D= when company's fails to pay dividend,

E= when cash is needed urgently,   F= other

As shown in above table 50 percent of the investors found in security broker's office believed that people sell their securities when market price is rising sharply. On the other hand 66.67 percent of investors found elsewhere believed that people sell their securities when market price is declines sharply. None of them believed that people sell their securities if company fails to pay dividend.

Next, investors are asked when investors themselves sell their securities. On this question from the investors found in securities broker's office, 1 has selected A, 1 has selected B, 1 has selected C and 1 has selected variable F. Similarly from investors found elsewhere, 4 have selected A, 1 has selected B, 2 has selected E and 2 have selected F. Following table shows these figures:

Table 4.7

Situation at which investors themselves sell their securities

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	11	78.57	4	44.44	15	65.22
B	1	7.14	1	11.11	2	8.70
C	1	7014	0	0	1	4.35
D	0	0	0	0	0	0
E	0	0	2	22.22	2	8.70
F	1	7.14	2	22.22	3	13.04
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= when market price rising sharply,   B= when market price declines sharply

C = when company's earnings declines,   D= when company's fails to pay dividend

E= when cash is needed urgently,   F= other

As shown in above table majority of investors replied that they sell their securities when market price is rising sharply. They are more tempted in earning capital gain that earnings and dividend distribution.

Next question is about whether they believe Nepalese investors receive specific training, education or guidance from expert about "investment in securities" or not. On this question form investors found in securities broker's office, 1 answered A, 1 has answered B, 11 have answered C and 1 has answered D. Similarly from investors found elsewhere 1 has answered A, 6 has answered C and 2 have answered D, This can be shown in following table.

Table 4.8

Opinion of investors about whether other Nepalese investors receive specific training, education or guidance from expert about "investment in securities"

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	1	7.14	1	11.11	2	8.70
B	1	7.14	0	0	1	4.35
C	11	78.57	6	66.67	17	73.91
D	1	7.14	2	22.22	3	23.04
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A = yes, all,   B = yes, most of them

C= yes, but only limited investors,   D= no

As shown in above table most of investors belie that only few investors receive specified training education or guidance from expert about investment in securities.

Next, investor are asked question whether investors themselves have acquired specific training from training institute about "investment in securities" or guidance form expert to invest in securities or not. 12 investors found in securities broker's office answered "no" (B) and only 2 have replied "yes" (A). Similarly from investors found elsewhere, 7 replied "no" (B) and only 2 replied "yes" (A).

So, it can be said that most of investors do not received specific training from training institute about "investment in securities" or guidance from expert to invest in securities. This can be show in following table.

Table 4.9

Acquisition of specific training by investors about "investment in securities" or guidance from expert to invest in securities

Option	SBO investors	%	Elsewhere investor	%	Total	`%
A	2	14.29	2	22.22	4	17.39
B	12	85.71	7	77.78	19	82.61
Total	14	100	9	100	23	100

Where,

A =yes,   B= no

Next, investors are inquired if they think Nepalese investors are satisfied for their investment made in share or not. On this question 5 investors found in security broker's office replied "yes" (A) and 9 have replied "no" (B). Similarly 4 investors found elsewhere replied "yes" (A) and 5 investors replied "no" (B).

Table 4.10

Opinion about satisfaction of Nepalese investors for their investment made in shares

Option	SBO investor	%	Elsewhere investors	%	Total	%
A	5	35.71	4	44.44	9	39.13
B	9	64.29	5	55.56	14	60.87
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

 A = yes,   B= no

As shown in above table majority of investors believe that Nepalese investors are not satisfied for their investment made in shares. Investors found in securities broker's office believe more on the notion that Nepalese investors are not satisfied for their investment made in share.

Next question is about satisfaction of investors on their own investment made in shares. On this question 7 investors found in securities broker's office replied "yes" (A), 6 have replied "no" (B) and 1 has not replied/similarly 5 investors found in elsewhere replied "yes" (A), 3 have replied "no" (B) and 1 has not replied. This can be shown in following table.

Table 4.11

Satisfaction of the investors on their own investments made in shares

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	7	50	5	55.56	12	57.14
B	6	42.86	3	33.33	9	42.86
C	1	7.14	1	11.11	2	9.52
Total	**14**	**100**	**9**	**100**	**21**	**100**

Where,

A = yes,   B= no,   C= unanswered

As sown in above table majority of investors are satisfied for their own investments made in shares. Investors found elsewhere are more satisfied than investors found in securities broker's office.

Next, investors are asked how far they agree on the statement that Nepalese stock market is leading towards wrong direction, so it will result financial crisis in future period. On this question 2 investors found in securities broker's office have replied A, 6 have replied B, 5 have replied C and 1 replied C. On the other hand 1 investor found elsewhere replied A, 2 have replied B, 5 have replied C and 1 did not respond.

Table 4.12

Opinion about financial crisis on stock market in future periods

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	2	14.29	1	11.11	3	13.04
B	6	42.86	2	22.22	8	34.78
C	5	35.71	5	55.56	10	43.48
D	1	7.14	0	0	1	4.35
E	0	0	1	11.11	1	4.35
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= strongly agree,   B= agree,   C= disagree,
D= strongly disagree,   E= unanswered

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As shown in the table majority (14.29%+42.86%=57.14%) of investors found in securities broker's office agreed that Nepalese stock market is leading towards wrong direction, so it will result financial crisis in future periods. On the other band majority (55.56%) of investors found elsewhere believe that financial crisis in stock market will not occur. In total there are equal people, 11 who agree and 11 who disagree, for and against the statement that Nepalese stock market is leading towards wrong direction, so, it will result financial crisis in future periods.

Next, investors are asked to select a variable that is mainly responsible for slowdown in development of Nepalese share market or to find the variables if they think multiple factors are responsible for that. In reply some investors have selected one particular variable, some have selected multiple variables without ranking and some have selected multiple variables ranking them. It can be shown in following table.

Table 4.13

Rank of factors responsible for slowdown in development of Nepalese share market

Security board organization (SBO) investors							
S.N.\variable	A	B	C	D	E	F	G
1					-	-	-
2							-
3	3	1	4	6	5	2	-
4	1	3	2	4	5	6	-
5	1	2	-	-	-	-	-
6	1	3	4	6	5	2	-
7	3	1	2	-	4	-	-
8	1	2	4	5	3	6	-
9	-	-	-	-	-	1	-
10	1	2	3	4	5	6	-
11	5	4	3	2	6	1	-
12	-	1	-	-	-	-	-
13	1	-	-	-	-	-	-
14	-	-	I	-	-	-	-
Elsewhere (E) investors							
S.NO\variable	A	B	C	D	E	F	G
1	4	1	2	5	6	3	-
2	1	-	-	-	-	-	-
3	1	-	-	-	-	-	-
4	-			-	-	-	-
5	1	4	5	6	2	3	-
6	-	1	-	-	-	-	-
7	2	1	3	5	4	6	-
8	5	1	4	3	2	6	-
9	-	-	1	-	-	-	-

Where,

A=Defective government policy,   B=Unstable government

C=Lack of security and peace,   D=Share broker's malpractices

E=Security broker's negligence,   F=Defective government policy   G=other

In above table tick mark ( ) denotes selection of variable without giving rank and dash mark (-) denotes variable is unselected. From above table it is difficult to say which variable is to be ranked first, second, third and so on. So for overall ranking one model is developed here. Rank number given is set constant as earlier; unranked selected variables are given equal weight first summing the numbers value of variable selected (Sn) and dividing it by number (n).

For example, to calculate rank value given to variables by investor given serial no. 1 of investor found in security broker's office,

No of variables selected (n) =4

Sum of number value of variable selected (Sn)= 1+2+3+4=10

Rank number for each variable (R) = Sn/n = 10/4=2.5

So, Rank number given to serial Number. 1 of SBO investors for variable A, B, C and D is 2.5 each.

Next, for the variable unselected less weight should be given. So, number value 7 is given for unselected variable. Variable G is not selected by anyone, so it will not be listed in rank. At last, all the rank number of respective variable will be summed and summed ranked number having less score will be given first rank, next higher score 2 and so on. Following table is derived using this model.

Table 4.14

Overall ranking of factors responsible for slowdown in development of Nepalese share market

SBO investors						
S.No\variable	A	B	C	D	E	F
1	2.5	2.5	2.5	2.5	7	7
2	3.5	3.5	3.5	3.5	3.5	3.5
3	3	1	4	6	5	2
4	1	3	2	4	5	6
5	1	2	7	7	7	7
6	1	3	4	6	5	2
7	3	1	2	7	4	7
8	1	2	4	5	3	6
9	7	7	7	7	7	1
10	1	2	3	4	5	6
11	5	4	3	2	6	1
12	7	1	7	7	7	7
13	1	7	7	7	7	7
14	7	7	7	7	7	7
Sum (i)	**44**	**46**	**57**	**75**	**78.5**	**69.5**
Overall rank	**1**	**2**	**3**	**5**	**6**	**4**
Elsewhere (E) investors						
S.No\variable	A	B	C	D	E	F
1	4	1	2	5	6	3
2	1	7	7	7	7	7
3	1	7	7	7	7	7
4	7	1.5	1.5	7	7	7
5	1	4	5	6	2	3
6	7	1	7	7	7	7
7	2	1	3	4	4	6
8	5	1	4	3	2	6
9	7	7	1	7	7	7
Sum(ii)	**35**	**30.5**	**37.5**	**54**	**49**	**53**
Overall rank	**2**	**1**	**3**	**6**	**4**	**5**
Sum(i+ii)	**79**	**76.5**	**94.5**	**129**	**127.5**	**122.5**
Overall rank for total	**2**	**1**	**3**	**6**	**5**	**4**

Where,

A= defective government policy,   B= unstable government

C= lack of security and peace,   D= share broker's malpractices

E= security broker's negligence,   F=defective government policy

From above table it can be said that for investors found in securities broker's office, defective government policy is mainly responsible for slowdown in development of Nepalese share market, secondly unstable government is responsible, thirdly lack of peace and security, fourthly security boards negligence, fifthly share brokers malpractices and sixthly big investors with vested interest. On the other hand for investors found elsewhere unstable government is mainly responsible for slowdown in development of Nepalese share market, secondly defective government policy, thirdly lack of peace and security, fourthly security board's negligence and fifthly big investors with vested interest and sixthly share brokers malpractices. In overall rank for all investors defective government policy is mainly responsible for slowdown of Nepalese share market, secondly unstable government, thirdly lack of peace and security, fourthly security board's negligence, fifthly share brokers malpractices and sixthly big investors with vested interest.

Next, investors are asked how fast they believe that investors should be allowed to invest in foreign securities market to bring prosperity and diversity. In reply 3 investors found in security broker's office selected variable A, 7 haves selected B, 2 have selected C and 2 have selected C. Similarly from investors found elsewhere, 4 have selected A, 3 have selected B and 2 have selected D. This can be shown in following table.

Table 4.15

Should investors allowed to invest in foreign securities market

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	3	21.43	4	55.44	7	30.43
B	7	50	3	33.33	10	43.48
C	2	14.29	0	0	2	8.70
D	2	14.29	2	22.22	4	17.39
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= strongly agree,   B= agree

C= disagree,   D= strongly disagree

As shown in above table majority of investors (30.43+43.48=73.91) believe that investors should be allowed to invest in foreign securities market to bring prosperity and diversity. Next, investors are asked how far they believe that small investors cannot reap benefit from security market. In reply 6 investors found in security brokers office selected variable B, 6 have selected C and 2 have selected D. On the other hand from investors found elsewhere, 2 have selected A, 2 have selected B and 4 have selected D. This can be shown in following table.

Table 4.16

Investor's belief that small investors cannot reap benefit from security market

Option	SBO investors	%	Elsewhere investor	%	Total	%
A	0	0	2	22.22	2	8.70
B	6	42.86	2	22.22	8	34.78
C	6	42.86	5	55.56	11	47.83
D	2	14.29	0	0	2	8.70
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= strong agree,   B= agree

C= disagree,   D= strongly disagree

As shown in the table majority of investors (47.83%+8.70%=56.52%) disagree on the statement that small investors cannot reap benefit from security market.So, investors believe that even small investors can also reap benefit from securities market.

Next, investors are asked what determines the market price of share in Nepal. 8 of the investors found in securities broker's office replied variable A, 1 has replied B, 1 has replied D, 3 have relied E and 1 has not replied. Similarly 5 of investors found elsewhere replied A, 1 has replied B, 1 has replied C and 2 have replied E.

Table 4.17

Investors view about factors determining the market price of share in Nepal

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	8	57.14	5	55.56	13	56.52
B	1	7.14	1	11.11	2	8.70
C	0	0	1	11.11	1	4.35
D	1	7.14	0	0	1	4.35
E	3	21.43	2	22.22	5	21.74
F	1	7.14	0	0	1	4.35
Total	14	100	9	100	23	100

Where,

A = demand and supply pressure of share in secondary market

B= future plans and policies of company,   C= current performance of company

D= historical returns provided by company,   E= other,   F = unanswered

As shown in above table majority of investors (56.52%) viewed that demand and supply pressure of shares in secondary market determines market pride. Only few people believed that current performance, future plans and policies of company or historical returns determines market price. Two investors who have chosen variable E replied that variable A, B and D all determines market price. Next, investors are asked whether historical information about trends and patterns of market price of stock be helpful to predict market price of share. in reply 5 of investors found in securities broker's office said 'yes ' one said 'no' and 8 said 'can't say'. This can be shown in following table.

Table 4.18

Views about usefulness of trends and patterns to predict market price of share

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	5	35.71	5	55.56	10	43.48
B	1	7.14	0	0	1	4.35
C	8	57.14	4	44.44	12	52.17
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= yes,   B= no,   C= can't say

As shown in above table majority (57.14%) of investors found in securities broker's office are not sure about usefulness of trends and patterns to predict market price of shares whereas majority of investors found elsewhere believe that trends and patterns are useful to predict market price of share. In total majority (52.17%) of investors are not sure about usefulness of trends and patterns to predict market price of share.

Next, investors are asked if it is necessary to extend stock exchange market in all development regions. 12 of the investors found in securities brokers office replied 'yes', 1 has replied 'no' and 1 has replied 'can't say'. Similarly 8 of the investors found elsewhere replied 'yes' and 1 replied 'can't say'.

Table 4.19

Necessity to extend stock exchange market in all development regions

Option	SBO investors	%	Elsewhere investors	%	Total	%
A	12	85.71	8	88.89	20	86.96
B	1	7.14	0	0	1	4.35
C	1	7.14	1	11.11	2	8.70
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

A= yes,   B= no,   C=can't say

As shown in the table most of the investors (86.96%) have replied that it is necessary to extend stock exchange market in all development regions.

Some of the questions in the questionnaire are developed to check differences and similarities of investors felling and practices in comparison or other Nepalese investors. But it is to be noted that in this research behavior of Nepalese investors is predicted based on views of respondent investors, not based on publish or unpolished statistics. So, it is about difference in selection of alternatives by respondent investors and their beliefs about Nepalese investors. First and second questions are set to identify whether individual investors believe they are different in preference on type of market or not. 11 investors found in securities broker's office replied some and 3

replied differently. Similarly 6 investors found elsewhere replied same options and 3 had replied differently. This can be shown in following table.

Table 4.20.1

Preference given on types of market to buy shares by respondent investor's vs Nepalese investors

Cases	SBO investors	%	Elsewhere investors	%	Total	%
S	11	78.57	6	66.67	17	73.91
D	3	21.43	3	33.33	6	26.09
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

S= selection of same variable in first and second question

D= selection of different variables in first and second question

As shown in above table, most of respondent investors (73.91%) feel that they select same market as a preference like that of Nepalese investors.

Third and fourth question are set to identify whether each individual respondent investors do. 5 investors found in securities broker's office replied same and 9 replied differently. Similarly 1 investors found elsewhere replied same option and 8 had replied differently. This can be shown on following table.

Table 4.20.2

Methods applied to buy shares in secondary market; respondent investor's vs. Nepalese investors

Case s	SBO investors	%	Elsewhere investors	%	Total	%
S	5	35.71	1	11.11	6	26.09
D	9	64.29	8	88.89	17	73.91
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

S = section of same variable in third and fourth question

D = selection of different variable in third and fourth question

As shown in above table most of the investors (73.91%) viewed that they apply different method to make a decision to purchase share of certain company than what Nepalese investors do.

Next, in sixth and seventh question, methods supposed to be used by Nepalese investors to sell securities and methods used by respondent investors themselves are identified. Combining answer of these two question difference assumed by respondent investors about method used to sell securities comparative to Nepalese investors can be traced out.

7 investors found in securities broker's office replied same variable and 7 replied different variables. On the other hand 2 investors found elsewhere replied same variable and 7 replied different variables.

Table 4.20.3

Methods used to sell securities; respondent's investor's vs. Nepalese investors

Cases	SBO investors	%	Elsewhere investors	%	Total	%
S	7	50	2	22.22	9	39.13
D	7	50	7	77.78	14	60.87
Total	14	100	9	100	23	100

Where,

S = selected of same variable in sixth and seventh question

D= selection of different variable in sixth and seventh question

As shown in above table there are equal number of people who believe they use same method as Nepalese investors do to sell securities broker's office. On the other hand most of the investors (77.80%) found in elsewhere believe that they use different method to sell their securities than what other Nepalese investors.

At last, in 10th and 11th question, expected satisfaction of Nepalese investors and satisfaction of investors themselves is identified. Combining answers of these two question difference or similarities assumed by respondent investors about satisfaction can be traced out. 11 investors found in securities broker's office replied same variable and 3 replied different variables. Similarly, 6 investors found elsewhere

replied same variable and 3 replied different variables. This can be shown in following table.

Table No: 4.20.4

Satisfaction from share investment: respondent investor's vs. Nepalese investors

Cases	SBO investors	%	Elsewhere investors	%	Total	%
S	11	78.57	6	66.67	17	73.91
D	3	21.43	3	33.33	6	26.09
Total	**14**	**100**	**9**	**100**	**23**	**100**

Where,

S = selected of same variable in tenth and eleventh question

D= selection of different variable in tenth and eleventh question

Above table shows that most of the investors (73.91%) feel that they are satisfied or unsatisfied consistently like other Nepalese people.

4.2.1 Major Findings of Primary Data

1. 64.69% of investors found in security broker's office think that primary market is attractive for Nepalese investors to buy shares where as 35.71 % think that secondary market is attractive for Nepalese investors. On the other hand, 100 % of investors found elsewhere think that primary market is attractive to Nepalese investors to buy shares. In total 78.26% of investors think that primary market is attractive for Nepalese investors and 21.74 % think that secondary market is attractive for Nepalese investors to buy shares. So, we can conclude that investors think primary market is more attractive to buy shares than secondary market.

2. For 57.14% of the investors found in security broker's office, primary market is attractive for them to buy shares and for rest of 42.86% of them; secondary market is attractive to buy shares. Likewise, for 66.69% of investors found elsewhere primary market is attractive to buy shares and for remaining 33.33 % of investors secondary market is attractive to buy shares. In total, for 60.87% of the investors, primary market attractive and for 39.13% of investors, secondary market is attractive to buy shares. So in conclusion it can

be said that for majority of investors. Primary market is attractive to buy shares.

3. There are more investors who believe that Nepalese investors make a decision to buy shares in the secondary market by making fundamental analysis of the company.

4. Most of investors replied that they use fundamental analysis to buy shares in secondary market. There are very few investors who use Technical Analysis. So, Technical Analysis is not yet a popular tool among investors.

5. Most of the investors viewed that holding period of stock should not be specific, it should be situation.

6. 50% of the investors found in security broker's office believed that people sell their securities when market price is rising sharply. On the other hand 66.67 % of investors found elsewhere believed that people sell their securities when market price is declines sharply. None of them believed that people sell their securities if company if fails to pay dividend

7. Most of the investors replied that they sell their securities when market price is rising sharply.

8. Most of the investors do not receive any guidance form expert or specific training from training institute to invest in securities.

9. Major of investors believe that Nepalese investors are not satisfied for their investment made in shares. Buy majority of investors themselves are satisfied for their own investments made in shares.

10. In overall ranking of investors defective government policy is mainly responsible for slowdown of Nepalese share market, secondly unstable government, thirdly lack of peace and security, fourthly security board's negligence, fifthly share brokers malpractices and sixthly big investors with vested interest.

11. Majority of the investors believe that investors should be allowed to invest in foreign securities market to bring diversity and prosperity.

12. Majority of the investors believe that even small investors can run reap benefit from securities market.

4.3 Analysis of Secondary Date

4.3.1 Technical Analysis on Stock of Nabil Bank Ltd.

4.3.1.1 Trend Line of Nabil Bank Ltd.

Table 4.21

Closing price and trend value by least squire methods of Nabil Bank limited for the month of June, 1011.

Date	Closing price (y)Rs.	Trend value (yc)Rs.
01	1080	968.40
02	1056	976.52
05	1060	985
06	1055	993.48
07	1045	1001.96
08	1020	1010.44
09	1023	1018.92
12	965	1027.40
13	933	1035.88
14	868	1044.36
15	817	1052.84
16	898	1061.32
19	987	1069.8
20	1085	1078.28
21	1193	1086.76
23	1310	1095.24
26	1228	1103.72
27	1106	1112.2
29	1123	1120.68
30	1140	1129.16

Source: www.nepalstock.com and trend value from annex -1

Above table shows closing price of Nabil Bank Ltd. for month of June, 2011. From data of above table following figure has been drawn.

Figure 4.1
**Closing price and trend value of Nabil Bank Limited for the month of
June, 1011**.
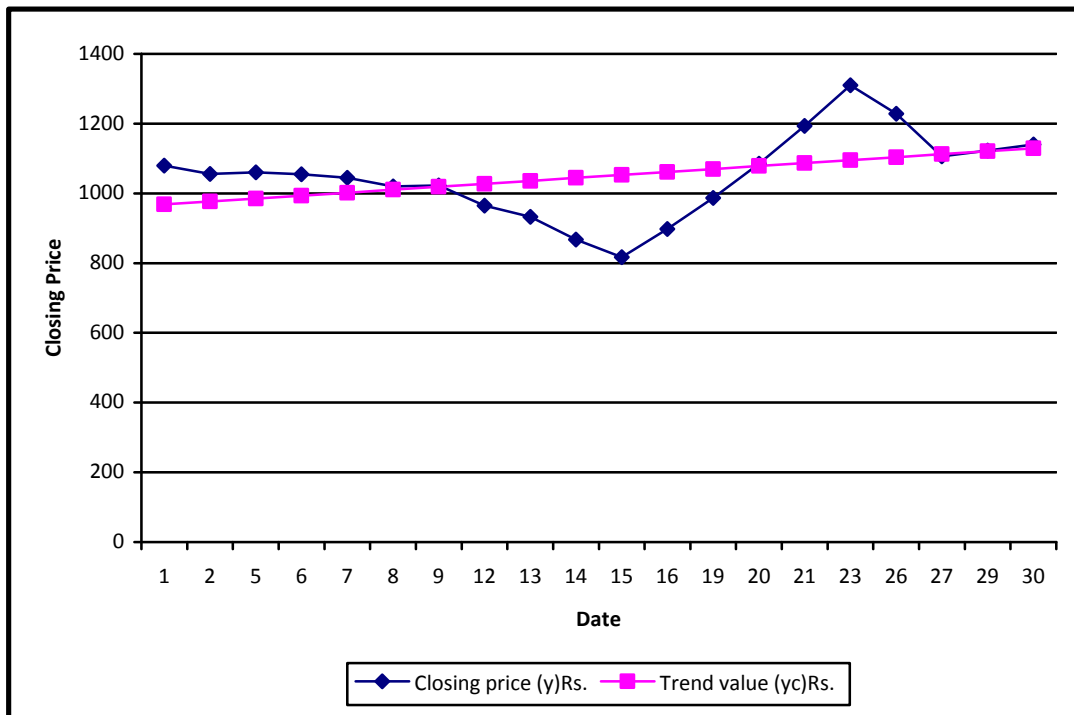
Above figure shows trend line of closing price of Nabil Bank Ltd. the trend line shows that the share price of Nabil Bank is decreasing. The share price of Nabil Bank Ltd. has decline from Rs.1080 to Rs.817 in the June 1st, 2011 to June 15th, 2011 and then increase to Rs.1140 at the end on the June 30, 2011. The trend line is increase trend in the month of June, 2011. Since there is no signal of reversal trend it will continue same direction in next month i.e. share price may increase above Rs.1140.

4.3.1.2 Japanese Candlesticks Chart of Nabil Bank Ltd.

Table 4.22

Open, maximum, minimum and closing price of Nabil Bank Ltd. for the month of June, 1011.

Date	Open price Rs	Max prices Rs	Min price Rs.	Closing price Rs.
01	1122	1122	1060	1080
02	1101	1101	1040	1056
05	1050	1060	1030	1060
06	1060	1060	1020	1055
07	1034	1045	1000	1045
08	1025	1025	985	1020
09	1025	1025	966	1023
12	1003	1003	932	965
13	955	955	903	933
14	915	915	855	868
15	860	860	790	817
16	815	898	803	898
19	915	987	915	987
20	1006	1085	1006	1085
21	1106	1193	1106	1193
23	1216	1312	1216	1310
26	1336	1375	1179	1228
27	1219	1219	1106	1106
29	1084	1140	1024	1123
30	1101	1140	1060	1140

Source: www.nepalstock.com

Above table shows opening price, maximum price, minimum price and closing price of stock of Nabil Bank Ltd. for the month of June, 2011. Based on these data following figure is drawn.

Figure 4.2

Japanese Candlesticks Chart of Open, maximum, minimum and closing price of Nabil Bank Ltd. for the month of June, 1011.
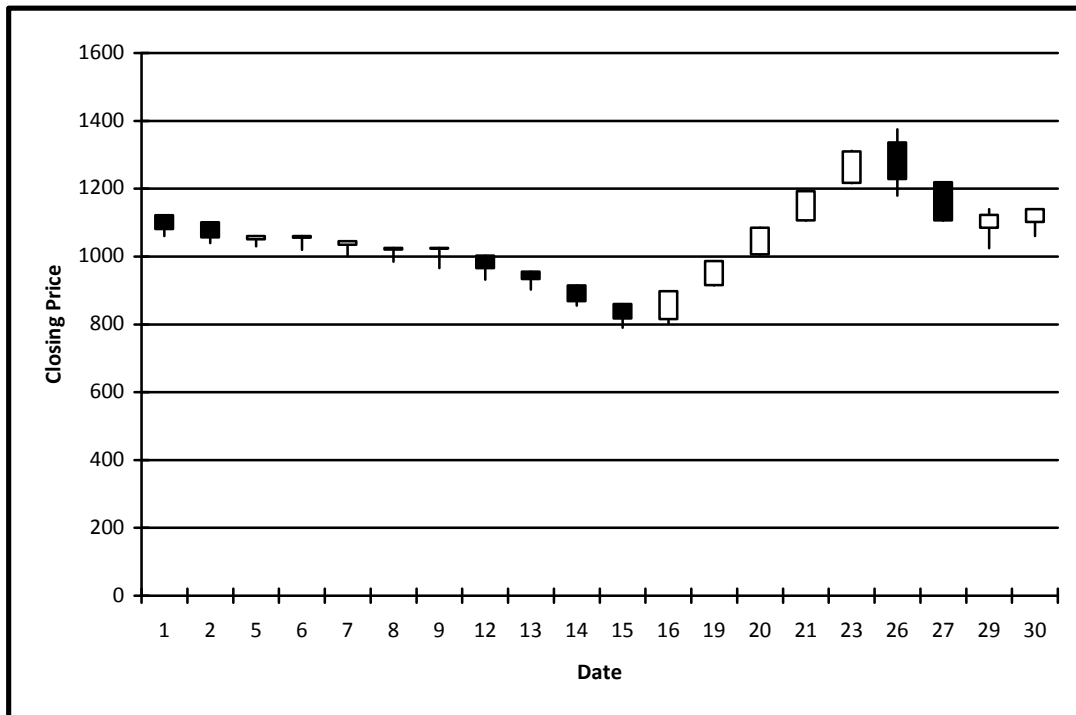

Above figure shows candlesticks chart of Nabil Bank Ltd. for the month of June, 1011. On June 1st the shape of candlestick is long. It means there is huge volatility in the market. The candle shapes like Hammer or Hanging Man but there is not any indication whether this pattern occurred after significant uptrend or significant downtrend, it is difficult to predict price based on this pattern. On June 16th there is big white candlestick which means there is buy pressure during trading day. On June 1, a spinning top pattern formed as the candlestick with relatively small distance between the high and low, and between the open and close is evident. Spinning top is neutral pattern so on following day stock price was traded within this range. There was not any specific clear pattern formed in June, 2011. At the end of the month most of the candlesticks are back so it signaled the dominance of bearish pattern but the bodies of black candlesticks are long. So, at the end of the month the bear pressure is (sells pressure) is strong.

4.3.1.3 Volume Bar Chart of Nabil Bank Ltd.

Table 4.23

Volume of shares traded of Nabil Band Ltd. for the month of

June, 2011

Date	Total traded shares (N)
01	338
02	1912
05	665
06	1052
07	236
08	1212
09	338
12	632
13	2673
14	1716
15	1931
16	1980
19	1362
20	1974
21	3475
23	3749
26	3966
27	552
29	1583
30	1898

Source: www.nepalstock.com

Above table shows volume of shares traded of Nabil Bank Ltd. during the month of June, 2011. Based on this following Bar Chart is prepared.

Figure 4.3

Volume Bar Chart of number of share traded of Nabil Bank Limited for the month of June, 2011
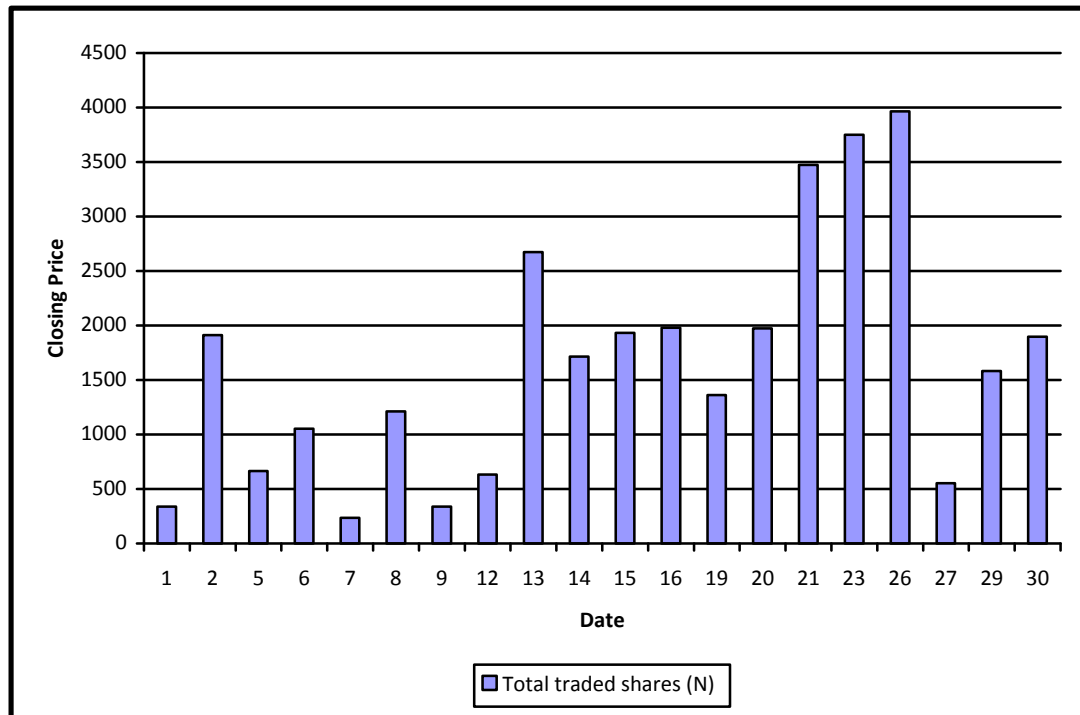
As shown in figure x-axis represents the total shares traded during a particular day and y- axis shows the trading data. On June 1st share is long volume bar indicates that trend of that particular day will persist longer. The candlesticks chart of Nabil Bank Ltd. Shows bearish pattern on June 1st. So, bearish trend could be expected after June 1st. The volume Bar Charts are gradually getting shorter and shorter till the end of month. This indicates that the decreasing trend line shown in the figure of trend line of Nabil Band Ltd. Is getting weaker i.e. the bear pressure is getting weaker.

Combining volume Bar Chart and candlesticks chart of Nabil Bank Limited following chart has drawn.

Figure 4.4

Volume Bar Chart with Japanese Candlestick chart of Nabil Bank for the month of June, 2011
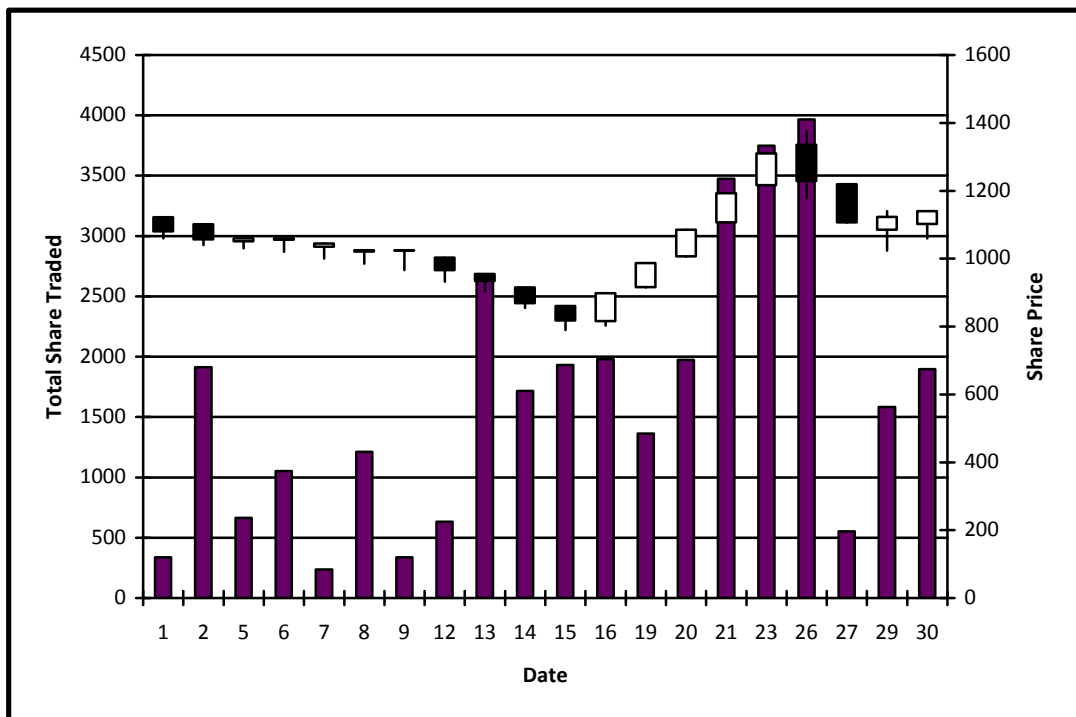
Above figure shows volume Bar Chart combined with Japanese candlesticks chart of Nabil Bank Ltd. on June first there was high volume are traded with back candlesticks. This showed there is sales pressure on that day. Due to sales pressure on following day share price declined. On 7th June the volume of stock traded is high with white candlestick. This showed there is buy pressure on that day. After June 7th share price is increased due to buy pressure created on that day. Next, on June 13th there was high volume of stock trade with black candlestick. This has signaled sales pressure resulting declined in share price on following days.

4.3.1.4 Moving Average of Nabil Bank Ltd.

Table 4.24

Closing price and 5 days moving average of Nabil Bank Ltd. For the month of June, 1011

Date	Closing price Rs.	5 days moving Average Rs.
01	1080	-
02	1056	-
05	1060	1059.2
06	1055	1107.2
07	1045	1040.6
08	1020	1021.6
09	1023	997.2
12	965	961.8
13	933	921.2
14	868	896.2
15	817	900.6
16	898	931
19	987	996
20	1085	1094.6
21	1193	1160.6
23	1310	1184.4
26	1228	1192
27	1106	1181.4
29	1123	-
30	1140	-

Source: www.nepalstock.com & 5 days moving Average from Annex - 1

Above table shows closing price of Nabil Bank Ltd. from 1st June to 30th June, 2011. Based on this data, 5 days moving average is calculated for the month of June, 2011 as shown in last column of the table. Using this data following figure is drawn.

Figure 4.5

Trend line of Closing price and 5 day's moving average of Nabil Bank Limited for the month of June, 2011
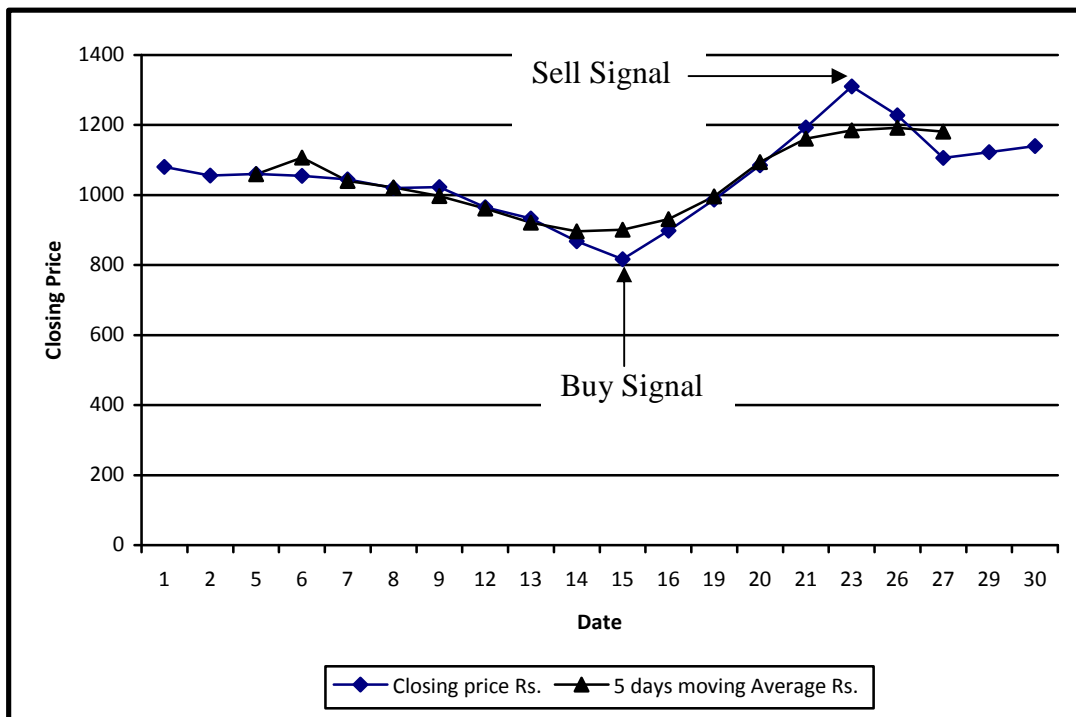
Above figure shows 5 days moving average of Nabil Bank Limited based on closing price. On 6th and 7th June as the closing price rose above the moving average. On 8th day the closing price is below the moving average value. On 9th to 13th June the close price is above the moving average method. On 14th to 20th June the closing price is below the moving average value. On 21st to 26th June the closing price rose above the moving average trend value. On 27th June the last closing price is below the moving average value. According to the above calculation of the sock should be purchase on the lowest price on 15th June on Rs.817 and sell on highest price on 23rd June at Rs.1310. This shows that merely using moving average may give misleading result. So, other factors should also be considered before buying the stock.

4.3.2 Technical Analysis on Stock of Nepal Investment Bank Ltd..

4.3.2.1 Trend Line of Nepal Investment Bank Limited

Table 4.25

Closing price and trend value by least square methods of Nepal Investment Bank Limited for the month of June, 2011

Day	Closing price(y) Rs.	Trend value (yc)Rs.
01	497	454.18
02	497	454.40
05	485	454.62
06	478	454.84
07	460	455.06
08	440	455.28
09	430	455.50
12	425	455.72
13	401	455.94
14	384	456.16
15	378	456.38
16	415	456.60
19	448	456.82
21	492	457.04
23	541	457.26
26	494	457.48
27	446	457.70
29	475	457.92
30	481	458.14

Source: www.nepalstock.com & Trend Value from Annex - 1

The above table shows closing price of Nepal Investment Bank Ltd. for the month of June, 2011. From data of above table following figure has been drawn.

Figure 4.6

Trend line of Closing price and trend value of Nepal Investment Bank Limited for the month of June, 2011
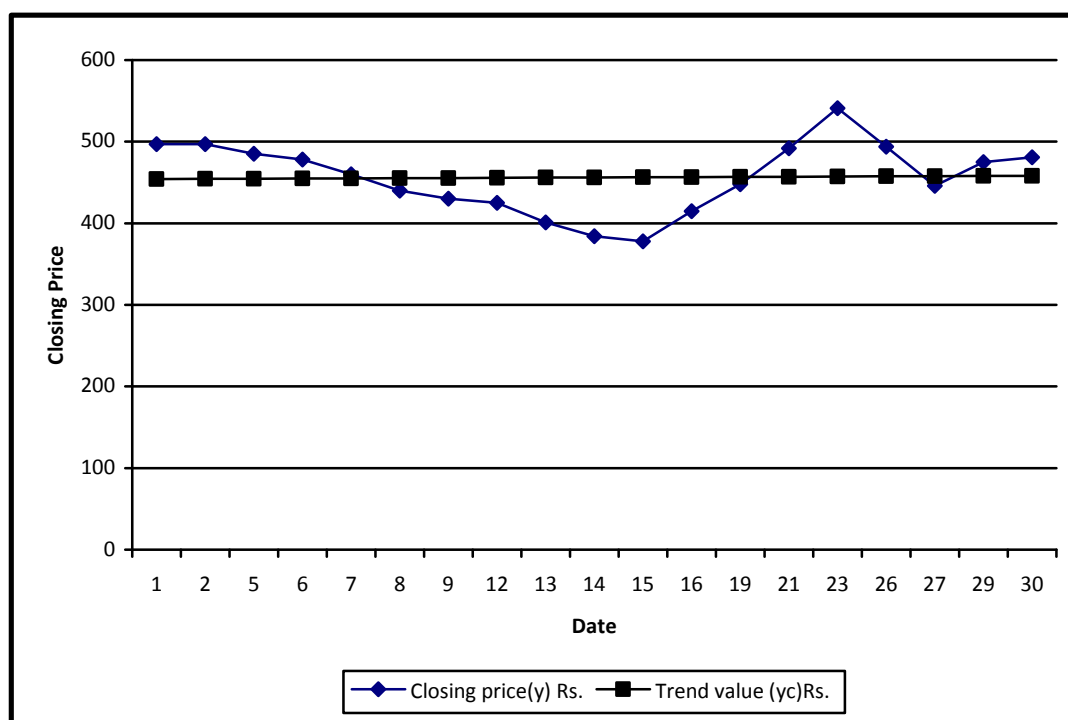
The above figure shows the trend line of closing price of Nepal Investment Bank Ltd. The trend line shows that the share price of Nepal Investment Bank is increasing. The share price of Nepal Investment Bank Ltd. has declined from Rs.497 to Rs.378 on June 1st to June 15th then increase to Rs.541 on June 23rd. But the closing also decrease after 23rd June. The trend line is slightly increased because the trend value is increase Rs.454.18 to Rs.458.14.

4.3.2.2 Japanese Candlesticks Chart of Nepal Investment Bank Ltd.

Table 4.26

Open, maximum, minimum and close price of Nepal Investment Bank Ltd. for the month of June, 2011

Day	Open price Rs.	Max. price Rs.	Min. price Rs.	Close price Rs.
01	498	498	492	497
02	500	500	490	497
05	500	500	490	485
06	490	490	472	478
07	473	473	460	460
08	453	453	440	440
09	432	432	430	430
12	422	425	422	425
13	425	425	401	401
14	401	401	380	384
15	377	378	365	378
16	385	415	380	415
19	423	448	423	448
21	457	492	457	492
23	501	541	501	541
26	551	595	494	494
27	485	485	446	446
29	438	481	432	475
30	484	489	471	481

Source: www.nepalstock.com

The above table sows opening price, maximum price, minimum price and closing price of stock of Nepal Investment Bank Ltd. for the month of June, 2011. Based on these data following figure is drawn.

Figure 4.7

Japanese Candlesticks Chart of Open, maximum, minimum and close price of

Nepal Investment Bank Limited for the month of June, 2011
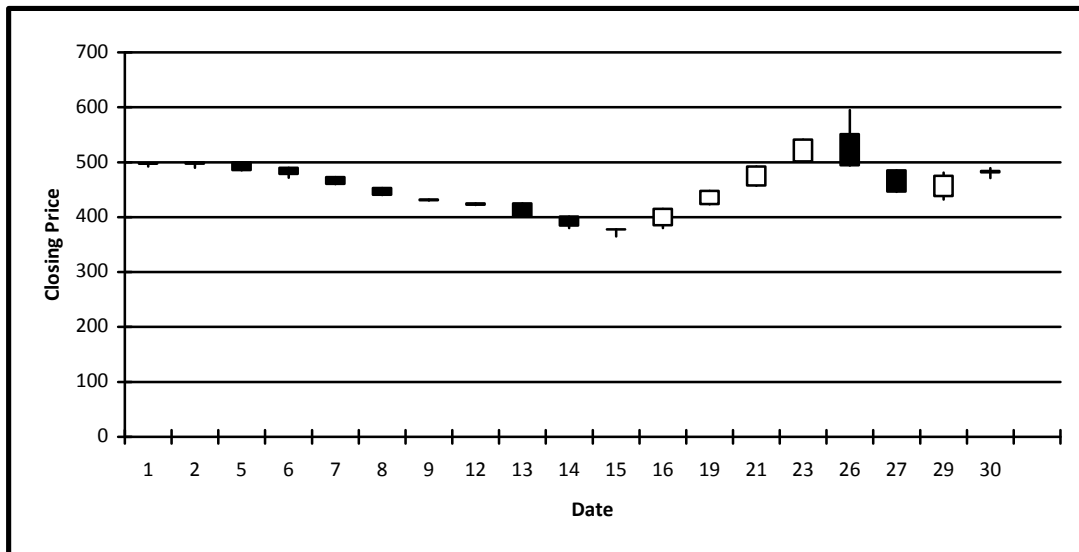
The above figure shows candlesticks chart of Nepal Investment Bank Limited for the month of June, 2011. In the figure black candlesticks have more long body than white candlestick. This shows there is more sell pressure than buy pressure. On 1st June to 14th June the big candle does not have shadow. This occurs when opening price is equal to highest price and closing price and low are also same. This is a Black Marubozu. These shows there are greater supply of shares and less number of buyers in the market trading that trading day. Due to supply pressure share price is consistently decreased for market opinion to market closing on June 20th the candlestick shaped lied reverse T with equal opening, minimum and closing price and high maximum price. It is called Gravestone doji. appearance of Granestone Doji after increasing trend signals bearish market. Bearish market began after this signal.

4.3.2.3 Volume Bar Chart of Nepal Investment Band Ltd.

Table 4.27

Volume of shares traded of Nepal Investment Bank Ltd. for the month of June, 2011

Date	Total traded no of shares (N)
01	304
02	245
05	778
06	579
07	897
08	1378
09	522
12	134
13	1025
14	2634
15	1398
16	1200
19	820
21	820
23	7166
26	4703
27	419
29	2604
30	1210

Source: www.nepalstock.com

The above table shows volume of shares traded of Nepal Investment Bank Ltd. during the month of June. Based on this following Bar Chart is prepared.

Figure 4.8

Volume Bar Chart of number of shares traded of Nepal Investment Bank Ltd.
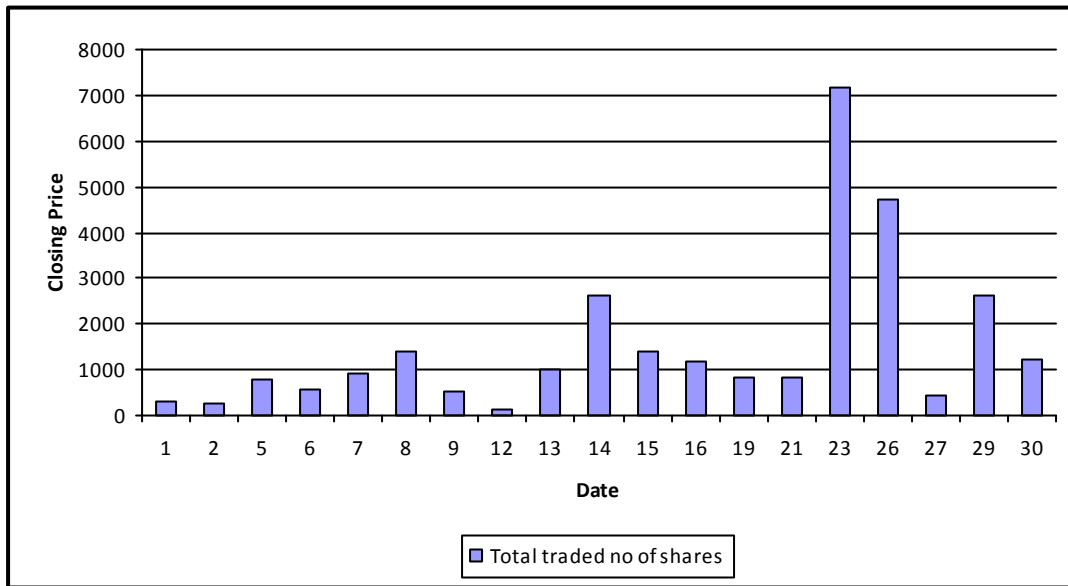
for the month of June, 2011

Above figure shows volume Bar Chart of Nepal Investment Bank Ltd. for the month of June, 2011. On June 14th and June 29th the highest no. of shares are traded and June 12th lowest shares are traded. When the price decreases the demand pressures are increase and when the price increases the demand pressure decreases.

Combining volume Bar Chart and candlesticks chart Of Nepal Investment Bank Ltd. following chart has drawn

Figure 4.5

**Volume Bar Chart with Japanese Candlestick chart of Nepal Investment Bank
for the month of June, 2011**
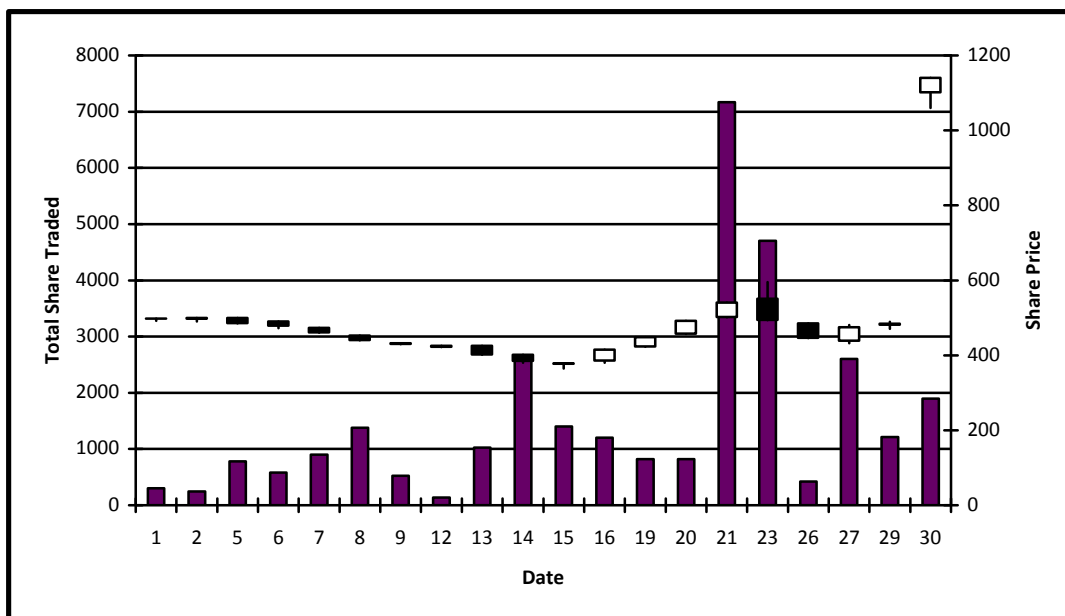
As shown in above figure on June 1st the volume of share traded in high with white candlestick. This indicates buy pressure. Yet the price did not rise on following days. But after some days the price rebounded to some level. Tough on June 3rd, 4th and 5th the share price declined but with low volumes of shares. This signaled low sales pressure resulting pumps in share price. On 5th and 6th June share price increased with high volume of shares traded. This indicated buy pressure so market sustained to that level even on next day. Similarly on June 13th, volume of stock traded high when share price was falling. This indicated sales pressure resulting further decline in share price in next days. Even at the end of the month, on June 29th and 30th volume of shares traded is quite high but the candlesticks are bearish black candlestick. This signaled share price may further decline in next days.

4.3.2.4 Moving Average of Nepal Investment Bank Ltd.

Table 4.28

Closing price and 5 days moving average of Nepal Investment Bank Ltd.

For the month of June, 2011

days	Close price	5 days moving average Rs.
01	497	-
02	497	-
05	485	483.40
06	478	472
07	460	458.6
08	440	446.6
09	430	431.20
12	425	416
13	401	403.6
14	384	400.6
15	378	405.2
16	415	423.4
19	448	454.8
21	492	478
23	541	484.2
26	494	489.6
27	446	487.4
29	475	-
30	481	-

Source: www.nepalstock.com & 5 days moving average from Annex - 1

Above table shows closing price of Nepal Investment Bank Limited from June 1st to June 30, 2011. Based on this data, 5 days moving average is calculated for the month of June as shown in last column of the table. Using this data following figure is drawn.

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Figure 4.8

Trend line of Closing price and 5 days moving average of Nepal Investment Bank Limited for the month of June, 2011
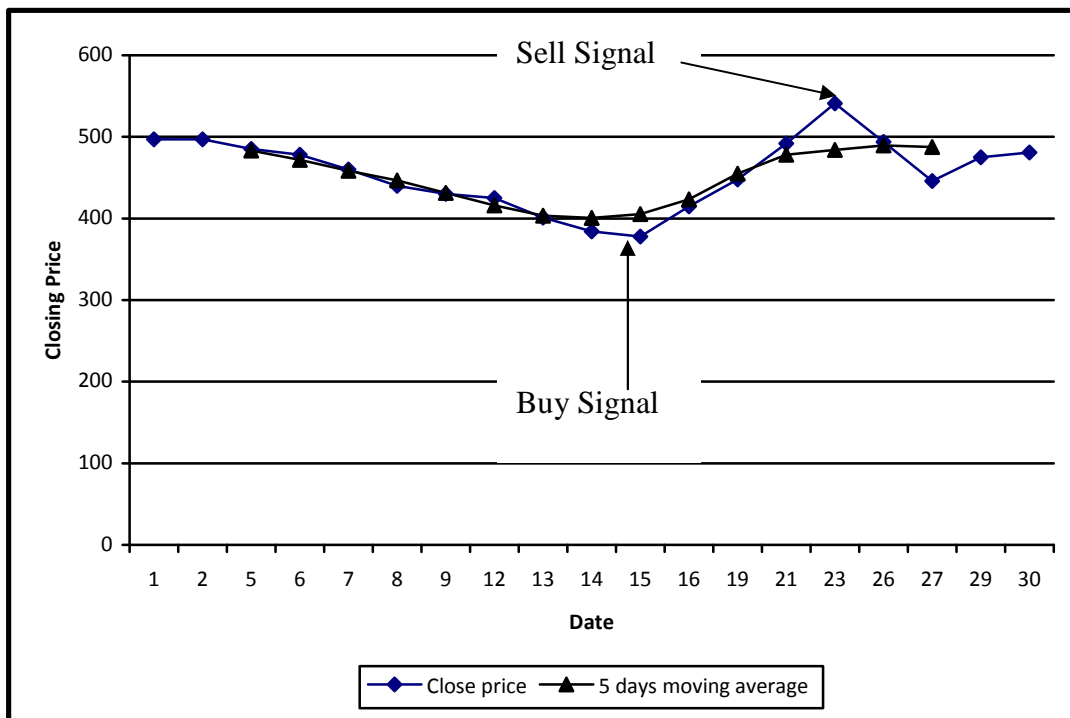
Above figure shows the closing price and 5 days moving average trend value of Nepal Investment Bank Ltd. for the month of June, 2011. Up to 7th June the closing price above moving average and goes down on 8th and 9th day. On 12th June a single day the closing price over the moving averages value and then the price down the moving average value sell signal at the price Rs.378. If the investors have executed transaction baled on this buy and sell signal, they could not benefit for this transaction rather they have to suffer loss. Since sell signal papered lower that the price level of buy signal, the market is bearish in nature.

4.3.3 Technical Analysis on Stock of Standard Chartered Bank Ltd.

4.3.2.1 Trend Line of Standard Chartered Bank Limited

Table 4.29

Closing price and trend value by least squire methods Standard Chartered Bank Limited for the month of June, 2011

Date	Closing price (y) Rs	Trend value(yc) Rs
01	1551	1439.12
02	1557	1446.85
05	1560	1454.58
06	1541	1462.31
07	1474	1470.04
08	1400	1477.77
09	1351	1485.50
12	1368	1493.23
13	1355	1501
14	1334	1508.69
15	1300	1516.42
16	1430	1524.15
19	1573	1531.88
20	1698	1539.61
21	1750	1547.34
23	1801	1555.07
26	1620	1562.80
27	1458	1570.53
29	1570	1578.26
30	1560	1585.99

Source: www.nepalstock.com & Trend Value from Annex-1

Above table shows closing price of Standard Chartered Bank Ltd. for the month of June, 2011. Form data of above table following figure has been drawn.

Figure 4.9

Trend line of Closing price and trend value of Standard Chartered Bank Limited for the month of June, 2011
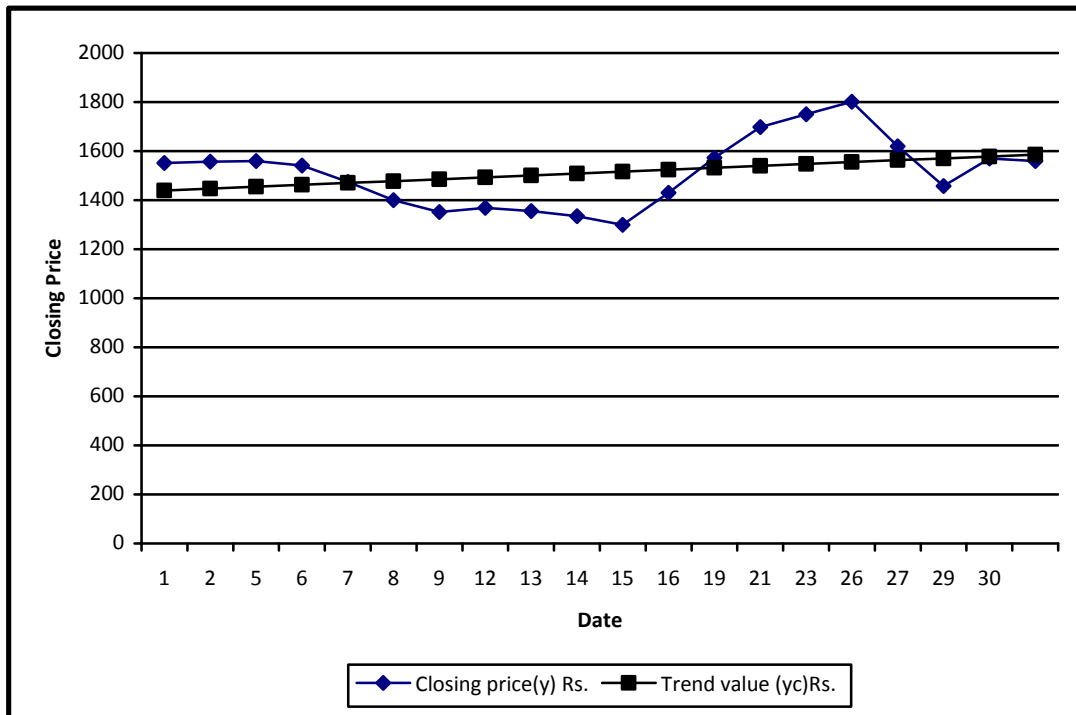
Above figure shows trend line of closing price of standard chartered Bank Ltd. The trend line shows that the share price of standard chartered Bank is increasing. The Share price of standard chartered Bank Ltd. increased form Rs.1439.12 to Rs.1585.99 during the month of June, 2011.

4.3.1.2 Japanese Candlesticks Chart of Standard Chartered Bank Ltd.

Table 4.30

Opening, maximum, minimum and closing price of Standard Chartered Bank Ltd. for the month of June, 2011

Date	Open price Rs	Max. price Rs	Min. price Rs	Close price Rs
01	1632	1632	1551	1551
02	1582	1586	1550	1557
05	1530	1560	1490	1560
06	1529	1541	1490	1541
07	1511	1511	1452	1474
08	1475	1475	1400	1400
09	1428	1428	1347	1351
12	1350	1368	1340	1368
13	1356	1356	1340	1355
14	1340	1340	1315	1334
15	1315	1315	1280	1300
16	1290	1430	1290	1430
19	1458	1573	1458	1573
20	1565	1716	1561	1698
21	1700	1750	1700	1750
23	1785	1801	1750	1801
26	1836	1836	1620	1620
27	1588	1588	1458	1458
29	1429	1576	1370	1570
30	1551	1561	1513	1560

Source: www.nepalstock.com

Above table shows opening price, maximum price, minimum price and closing price of stock of standard Bank Ltd. for the month of June, 2011. Based on these data following figure is drawn.

Figure 4.10

Japanese Candlesticks chart of the Opening, maximum, minimum and closing price of Standard Chartered Bank Ltd. for the month of June, 2011
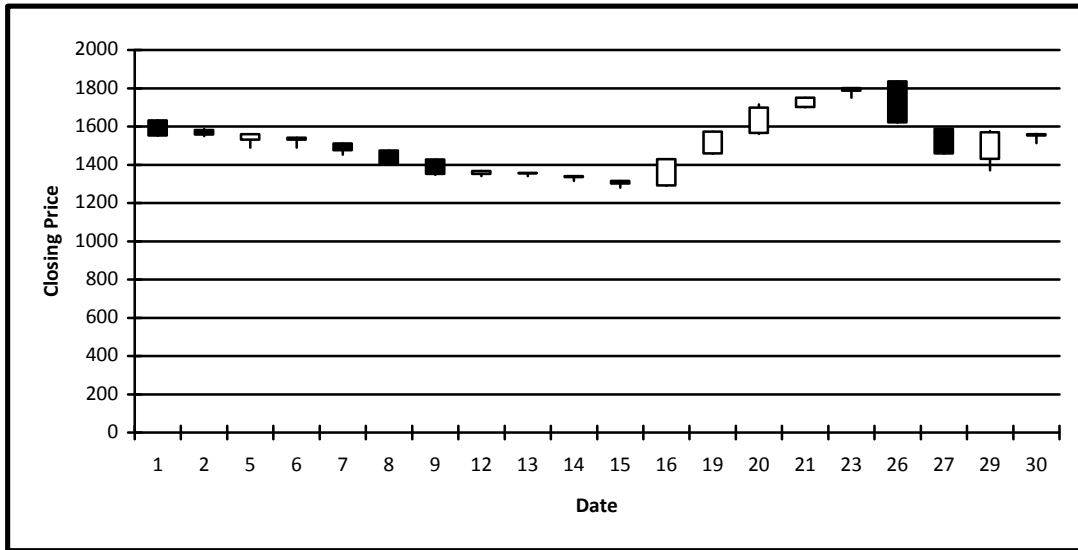
The above figure shows the Candlesticks Chart of Standard Chartered Bank for the month of June, 2011. On white candle with long shadow is formed. This showed that there was great volatility on that trading day. Next the white candlesticks have small body where as black candlesticks have long body. This shows that sales pressure is stronger that buy pressure. On June, on June 1, 8, 9, 26 and 27 black marbuzu candlesticks formed. This showed that there was sales pressure on those days and share price consistently decline during the day.

4.3.3.3 Volume Bar Chart of Standard Chartered Bank Ltd.

Table 4.31

Volume of shares traded of Standard Chartered Bank Ltd. for the month of

June, 2011

Date	No of shares traded
01	388
02	1379
05	3508
06	1182
07	420
08	1764
09	2003
12	1468
13	1453
14	1120
15	1151
16	1596
19	2217
20	4785
21	4412
23	6599
26	4486
27	1941
29	506
30	1381

Source: www.nepalstock.com

Above table shows volume of shares traded of standard chartered Bank Ltd. during the month of June. Based on this following Bar Chart is prepared.

Figure 4.11

Volume Bar Chart of Volume of shares traded of Standard Chartered Bank Ltd.

for the month of June, 2011
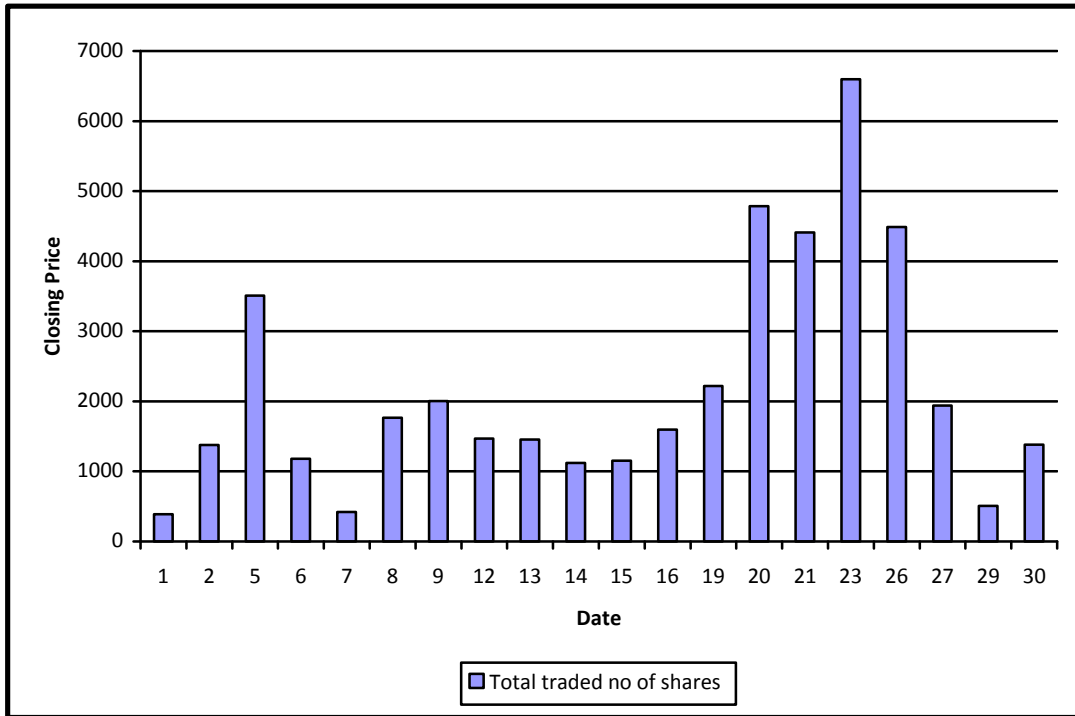
Above figure shows volume Bar Chart of standard chartered Bank limited for the month of June, 2011. June 1st few no of share traded and then the traded shares are increase to 3508 shares on June, 5th. The no of share are haphazardly increase and decrease during the month of June, 2011. On June 23 the highest no of shares 6599 shares are traded.

Combining volume Bar Chart and candlesticks chart of Standard Chartered Bank following chart has drawn.

Figure 4.5

Volume Bar Chart with Japanese Candlestick chart of Standard Chartered Bank for the month of June, 2011
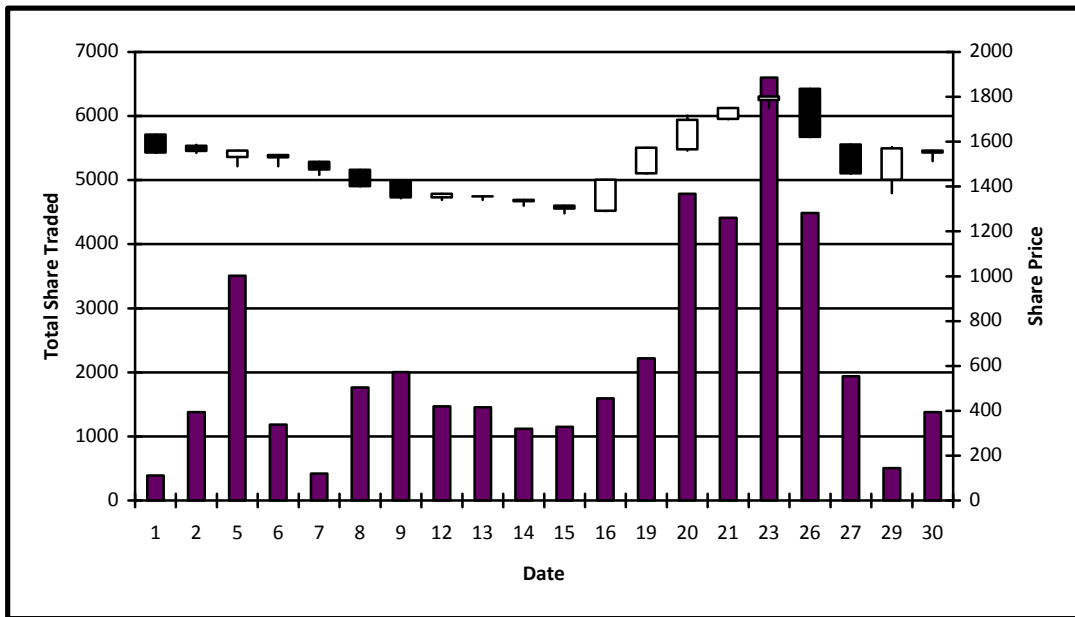
Above figure shows Volume Bar Chart with Japanese candlesticks chart of standard chartered Bank Ltd. on June 1st high volume is accompanied on white candle. So on that day bull pressure ruled the market. Next day on 2nd June though back candlestick formed, there was still huge no of share traded. This showed that again sales pressure ruled the market. On June 9th again the high volume sustained with black candlestick. This showed sales pressure resulting decline in price on next trading days. On June 29th also the volume of shares traded picked up on down traded market. This has signaled further decline in price in next days.

4.3.3.4 Movingly Average of Standard Chartered Bank Ltd.

Table 4.32

Closing price and 5 days moving average of Standard Chartered Bank Ltd. for the month of June, 2011

Date	Closing price Rs	5 days movingly average Rs
01	1551	-
02	1557	-
05	1560	1536.6
06	1541	1506.4
07	1474	1465.2
08	1400	1426.8
09	1351	1389.8
12	1368	1361.6
13	1355	1341.6
14	1334	1357.4
15	1300	1376.4
16	1430	1467
19	1573	1550.2
20	1698	1650.4
21	1750	1688.4
23	1801	1665.4
26	1620	1639.8
27	1458	1601.8
29	1570	-
30	1560	-

Source: www.nepalstock.com & 5 days movingly average from Annex-1

Above table shows closing price of standard chartered Bank limited for the month of June, 2011. Based on this data, 5 days moving average is calculated for the month of June as shown in last column of the table. Using this data following figure is drawn.

Figure 4.12

Trend line of Closing price and 5 days moving average line of Standard Chartered Bank Ltd. for the month of June, 2011
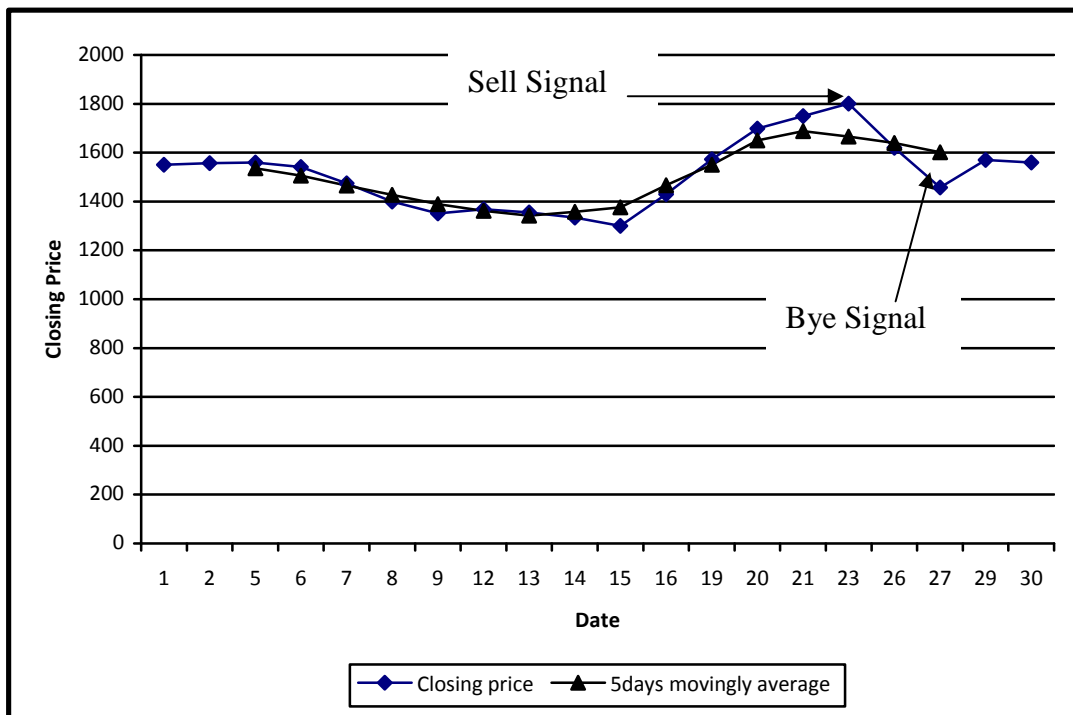
Above figure shows closing price and 5 days moving average of standard chartered Bank limited. As shown in the figure, sell signals is pointed at the price when closing price moved below moving average and buy signal is pointed when closing price moved above moving average. Like other share analyzed before based of 5 days moving average, there was not bit and condition of profit opportunity based of signals.

4. 3. 4 .2 Technical Analysis of Stock of Himalayan Bank Ltd.

4.3.2.1 Trend line of Himalayan Bank Limited

Table 4.33

Closing price and trend value by least squire methods Himalayan Bank Limited for the month of June, 2011

Date	Closing price (y) Rs	Trend value(yc) Rs
01	520	463.49
02	495	461.87
05	488	460.25
06	470	458.63
07	466	457.01
08	451	455.39
09	435	453.77
12	427	452.15
13	402	450.53
14	385	448.91
15	385	447.29
16	399	445.67
19	414	444.05
23	430	442.43
26	473	440.81
27	455	439.19
29	500	437.57
30	500	435.95

Source: www.nepalstock.com & Trend Value from Annex-1

Above table shows closing price of Himalayan Bank Ltd. for the month of June, 2011. Form data of above table following figure has been drawn.

Figure 4.13

Trend line of closing price and trend value of Himalayan Bank Limited for the month of June, 2011
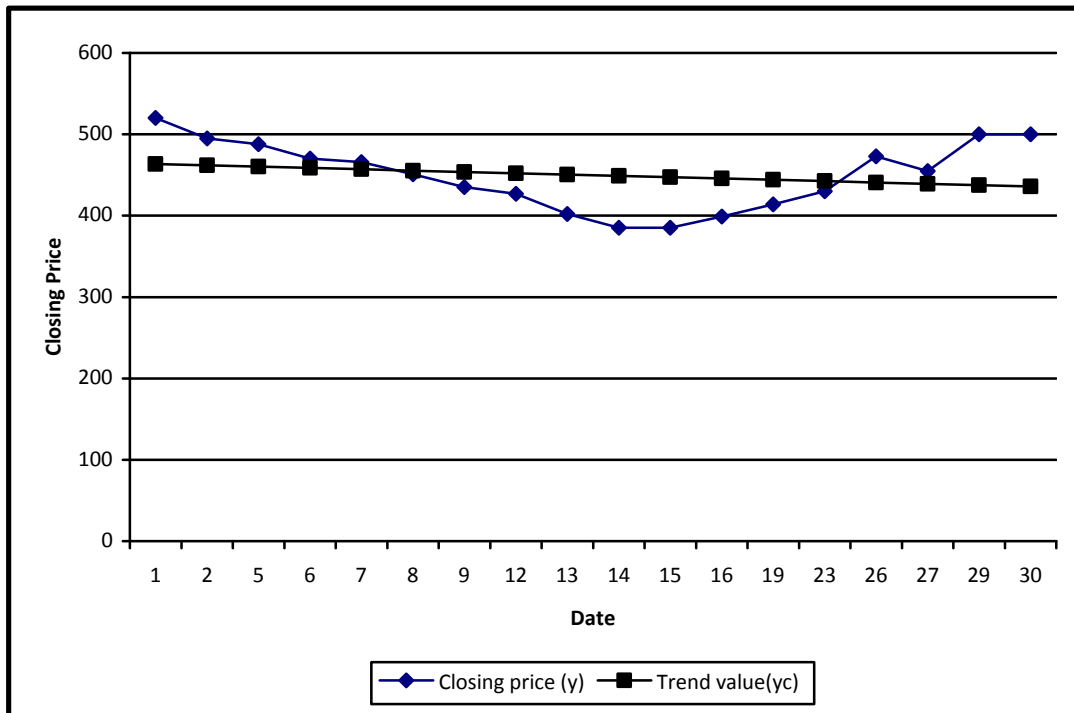
Above figure shows trend line of closing price of Himalayan Bank Ltd. The trend line shows that the share price of Himalayan Bank is slightly decreases. The share price of Himalayan Bank Ltd. decrease from Rs.520 to Rs.385 on June 15th and then increase to Rs.500 on June, 30. The trend value of closing also slightly decreases from Rs.463.49 to Rs.435.95 during the month of June, 2011. Since there is no signal of reversal trend it will continue same direction in next month i.e. share price may decline below Rs.435.95.

4.3.4.2 Japanese Candlesticks Chart of Himalayan Bank Ltd.

Table 4.34

Opening, maximum, minimum and closing price of stock of Himalayan Bank Ltd. For the month of June, 2011

Date	Open price Rs	Max. piece Rs	Min. price Rs	Close price Rs
01	530	530	520	520
02	510	510	490	495
05	491	491	488	488
06	479	479	470	470
07	475	478	466	466
08	457	460	451	451
09	442	442	435	435
12	428	428	427	427
13	419	420	402	402
14	394	395	385	385
15	385	385	380	385
16	392	399	392	399
19	406	414	406	414
23	422	430	422	430
26	438	473	438	473
27	480	480	455	455
29	450	500	450	500
30	510	520	490	500

Source: www.nepalstock.com

Above table shows opening price, maximum price, minimum price and closing price of stock of Himalayan Bank Ltd. for the month of June, 2011. Based on these data following figure is drawn.

Figure 4.14

Japanese Candlesticks of Opening, maximum, minimum and closing price of stock of Himalayan Bank Ltd. for the month of June, 2011
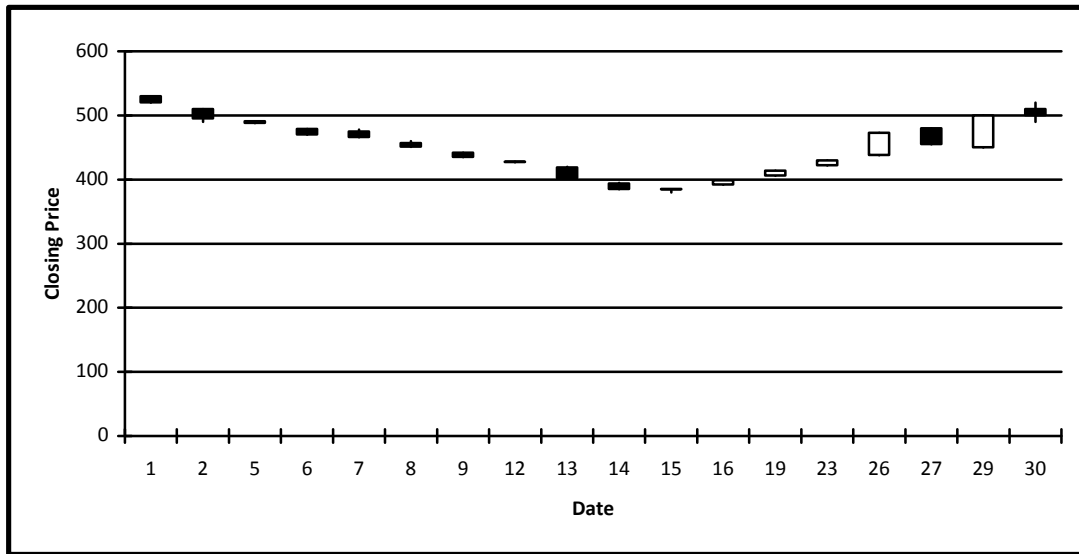
Above figure shows candlesticks chart of Himalayan Bank Ltd. In the figure most of the candlesticks are black. Next, the black candlesticks have longer body than black candlesticks. Hence, this showed bearish market. Because of supply pressure share price declined significantly.

4.3.4.3 Volume Bar Chart of Himalayan Bank Ltd.
Table 4.35
Volume of shares traded for volume Bar Chart of Himalayan Bank Ltd. for the month of June, 2011

Date	No of shares traded (N)
01	238
02	1017
05	200
06	200
07	596
08	600
09	73
12	232
13	1615
14	929
15	677
16	726
19	25
23	1643
26	289
27	1362
29	1733
30	6130

Source: www.nepalstock.com

Above table shows volume of shares traded of Himalayan Bank Ltd. during the month of June. Based on this data following Bar Chart is prepared.

Figure 4.15
Volume Bar Chart of Volume of shares traded of Himalayan Bank Ltd. for the month of June, 2011
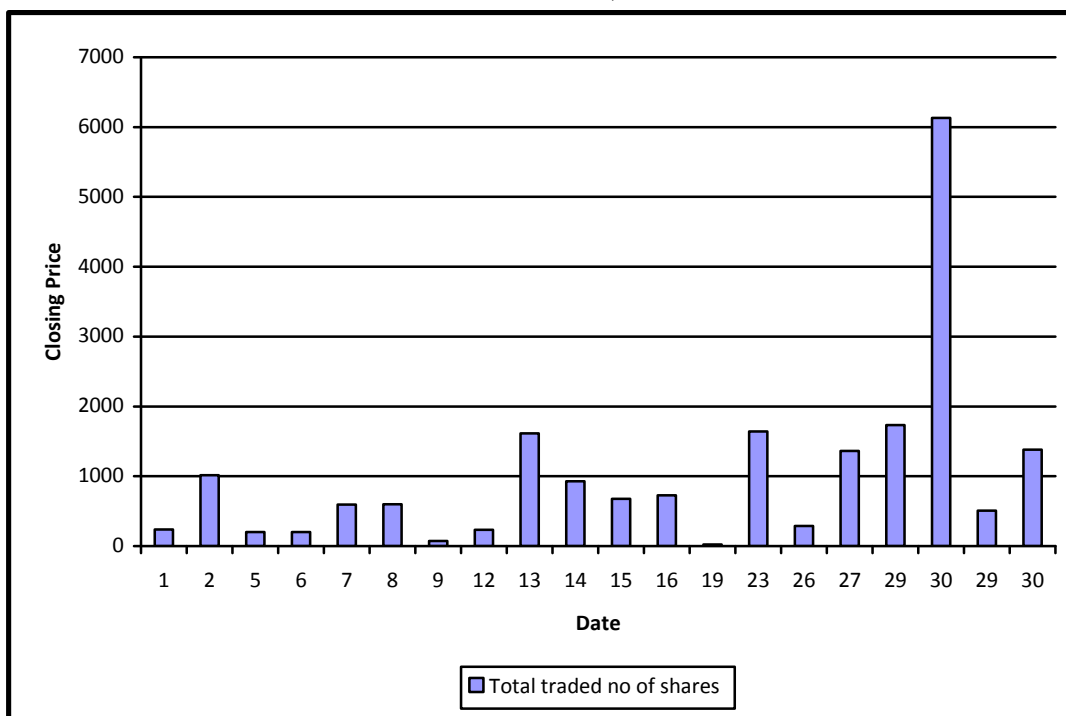
Above figure shows volume Bar Chart of Himalayan Bank Ltd. for the month of June, 2011.

Combining volume Bar Chart and candlesticks chart Of Himalayan Bank Ltd. following chart has drawn

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Figure 4.16

Volume Bar Chart with Japanese Candlestick chart of Himalayan Bank for the month of June, 2011
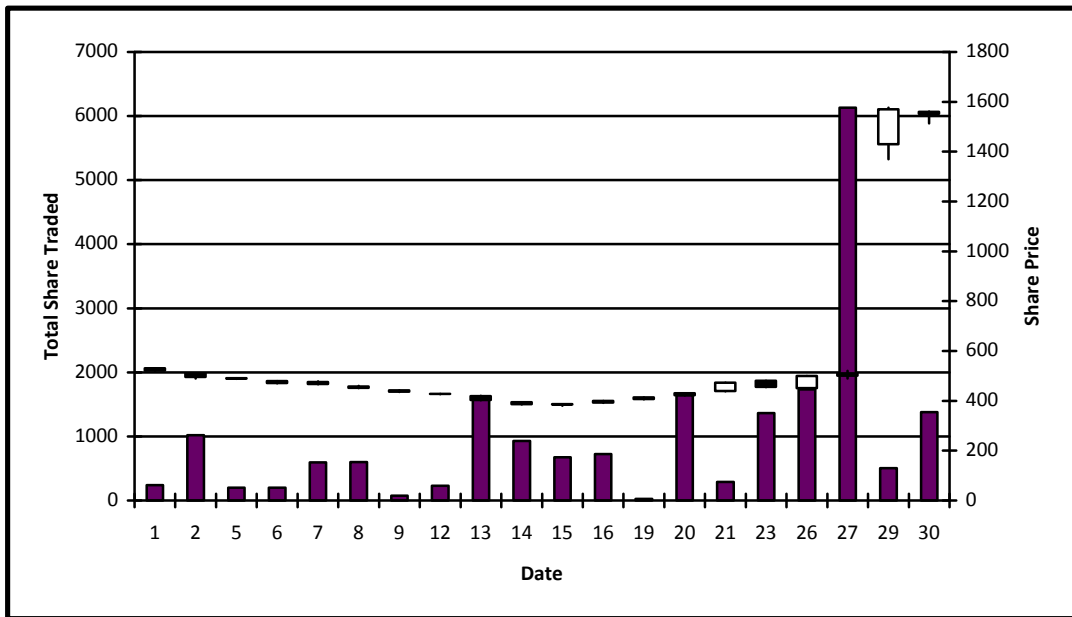
Above figure shows volume Bar Chart with Japanese candlesticks chart of Himalayan Bank Ltd. On June 1st high volume is accompanied on black candle. So, on that day bear pressure ruled the market. On June 26th and 29th white candle with high volume showed there was bullish pressure on those days. On June 13th again bear pressure signaled as black candlestick is supported by high volume of share traded. Till the end of month bear market ruled buy as volume of shares traded is low it showed weak sales pressure. So, breakout may occur and it may lead to bullish trend.

4.3.4.4 Movingly Average of Himalayan Bank Ltd.

Table 4.36

Closing price and 5 days moving average of Himalayan Bank Ltd. for the month of June, 2011

Date	Close price Rs.	5 days moving average Rs
01	520	-
02	495	-
05	488	487.80
06	470	474
07	466	462
08	451	449.8
09	435	436.2
12	427	420
13	402	406.8
14	385	399.6
15	385	397
16	399	402.6
19	414	420.2
23	430	434.2
26	473	454.4
27	455	471.6
29	500	-
30	500	-

Source: www.nepalstock.com & 5 days moving average from annex-1

Above table shows closing price of Himalayan Bank Ltd. for the month of June, 2011. Based on this data, 5 days moving average is calculated for the month of June as shown in last column of the table. Using this data following figure is drawn.

Figure 4.17

Trend line of Closing price and 5 days moving average of Himalayan Bank Ltd. for the month of June, 2011
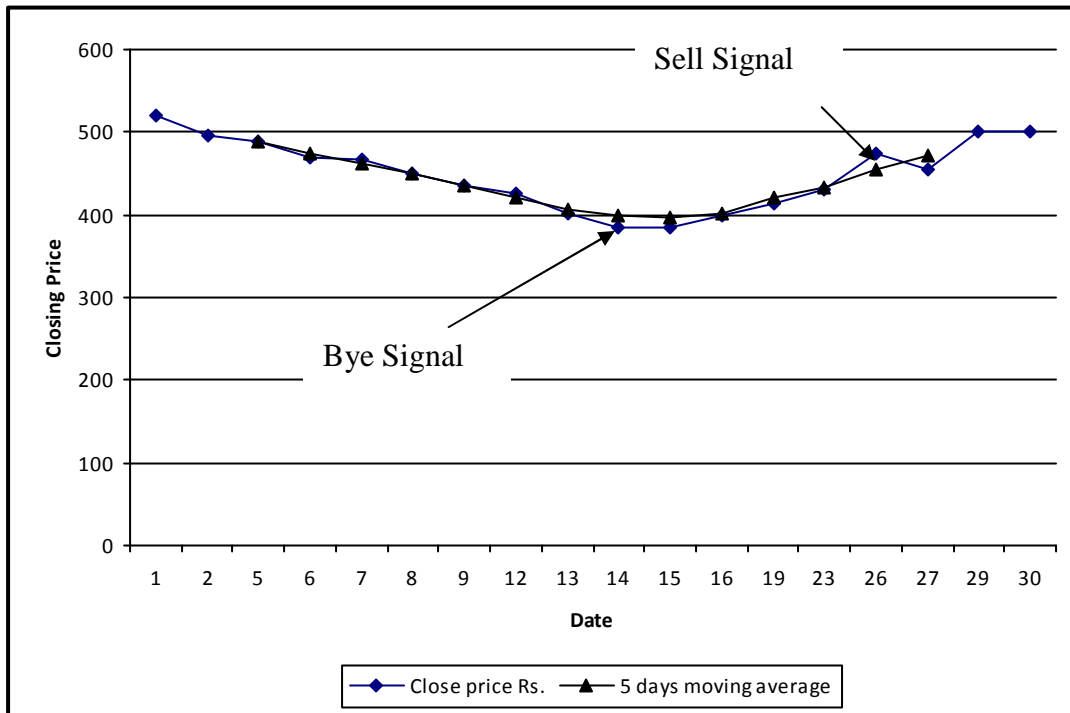
Above figure shows 5 days moving average of Himalayan Bank Ltd. for the month of June, 2011. From June 1st to June 12th the closing price are haphazardly increase and decrease then 5 days movingly average value. From 13th June to 23rd the closing price moved below the 5 days moving average and gave the sell signal at price Rs.402. The signals given here was not worthy as the transaction based on this buy and sell signal could not result profit. The sell signal is not formed at higher price than buy signal. So it showed that there is high sell pressure in the market and the market remained bearish.

4. Major Finding of Secondary Data Analysis

1. Trend line of Nabil Bank Ltd., Nepal Investment Bank Ltd. And Standard Chartered Bank Ltd. is upward slopping for the month of June, 2011 but Himalayan Band Limited is down ware slopping. Hence, three Commercial Banks have increasing trend and one Commercial Bank has decreasing trend of share price for the month of June, 2011.

2. There was not any clear specific pattern such as morning star, hammer, price line, bullish engulfing lines, evening star, shutting star, hanging man, dark cloud cover, bearish engulfing line, gravestone doji etc. evident on analysis of candlesticks chart of Nabil Bank Ltd., Nepal Investment Bank Ltd., and Standard Chartered Bank Ltd. And Himalayan Bank limited for the month of June, 2011. In the absence of bullish bearish or neutral pattern in the candlesticks chart it is difficult to prices in which direction the market will lead. Nevertheless in candlesticks charts most of the candlesticks are black and black candlesticks have longer body than white candles, so it showed there is more sales pressure resulting decline in share price.

3. Volume Bar Chart with Candlesticks Chart of the four Commercial Banks showed that when there was white candlestick with there is high volume of shares traded there was buy pressure during that day and on next day/s the stock price either increased or sustained to that price level. On the other hand, when there was high volume of shares traded there was black candlestick sales pressure during that day and on next day/s the sock price declined.

4. The 5 days moving average analysis of the four commercials Banks for the month of June, 2011 showed that sale singles were given at relative lower level than buy signals resulting loss in case if anyone has transacted based on those signal. So, 5 day moving average is not a useful tool to take any buy or sell decision in Nepalese context , it can give absurd guidance especially in the market with decreasing trend.

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents the conclusion drawn from the intensive and in-depth analysis of the study and recommendation given to improve performance of Nepalese investors. This chapter consists of four sections; the first section provides the summary of the second section draws the conclusion of the study; the third section imparts recommendations to solve the problems observed on the basis of findings and the conclusion drawn from the study. And the last section suggests potential avenues to carry on the further research in this area.

5.1 Summary

Securities market has become global phenomena and a basic concern of financial and economic condition of any nation. Security market index is perceived as an indicator of investors' confidence to invest in securities, which obviously, represents economic pulses of that nation. As capital market is a crucial element in the national economy, its role in reinvigorating and boosting the securities market can play apex role.

Each individual investor should have eagle eyes on stock market as painful studies can bring gainful result. Nepalese investors should be watchful on movement in stock price and volume of listed companies in NEPSE.

There is no one method which can predict future with certainty. So, investors should develop their own strategy tailor to their need using technique they trust based on guidance, suggestion, recommendations, research findings and review of different books, journals, articles and news. To uncover this truth, review of investment tips given in different books has been summed up.

There are mainly two conventional approaches for analyzing the securities. They are fundamental analysis approach and Technical Analysis. On this study Technical Analysis is considered. Common stocks of four Commercial Banks; Nabil Bank Ltd., Nepal Investment Bank Ltd, Standard Chartered Bank Ltd. and Himalayan Bank Ltd.

are analyzed using Technical Analysis Tools, Trend Line, Japanese Candlesticks Chart, Volume Bar Chart and 5 days moving average.

Investment tips suggested by successful investors, experts and writer are important to get success in stock market. So, various principles, strategy and practices followed by experts are reviewed.

Before any investor makes their own strategy, investment behavior of Nepalese investors should be will known to, breed success. For this the researcher has conducted survey forwarding some of question that explores behavior of Nepalese investors in stock market such as about their preference, how they buy stocks, when do they stock, when doe they sell, what sort of investment environment do they expect and what are the issue in which they feel they are similar or different in comparison to other investors.

5.2 Conclusions

On the basis of analysis and findings of the study, following conclusions are summarized up.

1. For Nepalese investors primary market is more attractive than secondary market.

2. Majority of Nepalese investors use fundamental analysis to buy stocks. Only few Nepalese investors use Technical Analysis to buy stocks.

3. Holding period of stock should be situational rather than specific.

4. Most of Nepalese investors sell stock when stock price is rising sharply.

5. Most of the Nepalese investors do not receive training related to security investment. Only few people receive such training and guidance from experts. Even evidence shows most of them are not sure about usefulness of trends and patterns for predicting share piece. So, investors should have easy access on such training to let them take rational decision than to act on hunch.

6. Majority of Nepalese investors are satisfied with their investment in shares. Nepalese investors believe that even small investors can reap benefit from market. Even more, most of Nepalese investor's demands they should be allowed to invest in foreign securities market bring prosperity and diversity.

They also seek extension of share market in all development regions. Hence, it is crucial to expand share market in different regions of Nepal.

7. Most of Nepalese investors aspire effective government policy for rapid development of Nepalese share market. They also seek stable government and peace and security on their top priority for sound development of Nepalese share market.

8. Majority of investors (56.52 %) viewed that demand and supply pressure of shares in secondary market determines market price of share.

9. Majority of investors are not sure about usefulness of trends and patterns of predict market price of share.

10. Most on investors replied that it is necessary to extend stock exchange market in all development region s.

11. Trend line of Nabil Bank Ltd., Nepal Investment Bank Ltd., Standard Chartered Bank Ltd. are slightly upward sloping for the month of June but trend line of Himalayan Bank Limited is downward sloping for the month of June. Hence, three Commercial Banks have increasing trend and one Commercial Bank has down ward slopping trend of share price for the month of June, 2011.

12. There was not any clear specific pattern such as morning star, hammer, price line, bullish engulfing lines, evening star, shooting star, hanging man, dark cloud cover, bearish engulfing line, gravestone doji etc. evident on analyses of candlesticks chart of Nabil Bank Ltd., Nepal Investment Bank Ltd., Standard Chartered Bank Ltd. and Himalayan Bank Limited for the month of June, 2011. In the absence of bullish, bearish or neutral pattern in the candlesticks chart it is difficult to predict in which direction the market will lead. Nevertheless in candlesticks charts most of the candlesticks are black and black candlesticks have longer body than white candles, so it showed there is mare sales pressure resulting decline in share price.

13. Volume Bar Chart with candlesticks chart of the four Commercial Banks showed that when there was white candlestick with high volume of shares that when there was white candlestick with high volume of shares traded there was white candlestick with high volume of share traded there was buy pressure during that day and of next day/s the stock price either increased or sustained to that price level. On the other hand, when there was black candlestick with

high volume of shares traded there was sales pressure during that day and on next day/s the stock price declined.

14. The 5 days moving average analyses of the Commercial Banks for the month of June, 2011 showed that sale signals were given at relative lower level than buy signals resulting loss in case if anyone has transacted based on those signal. So, 5 days moving average is not and useful especially in the market with decreasing trend.

5.3 Recommendation

Followings are the recommendation given to tackle problem faced in Nepalese stock market and to boost up the securities market in new horizon.

1. There are various techniques to arrive at investment decision. Among them Technical Analysis is commonly used techniques. But in Nepal as most of investors are unacquainted with such techniques they do not use them. So knowledge of such technique analysis should be imparted to investors to make them competent to tap opportunities. Though there are some of the training institutes, website and magazines that release news about Technical Analysis, it is not sufficient. The government body especially security board should be responsively to provide training and aids.

2. In foreign context there are many good rating companies which make analysis of stock on various grounds and rate them on the basis of their performance. Such rating companies also provide tools of fundamental and Technical Analyses. In Nepal such rating company is lacking. Security board should promote rating companies and regulate them.

3. Nepalese investors should be allowed broad investment opportunity in securities market. Nepalese securities market should be broaden letting the investors wide opportunity to invest in various types of assets such as options, warrants, convertibles, features and bonds. In Nepal short selling mechanism is lacking, investors cannot reap benefit using such practices. So, the brokerage company should initiate such mechanism to allow opportunities to the investors in both upswing and downswings.

4. Governments should timely take action to expand securities market in different regions. Foreign investment should be imported by allowing

foreigner to investors in Nepalese stock market. Next, Nepalese investors should also be slowed to invest in stocks of foreign companies as it can bring more diversity.

5.4 Suggestions for Further Research

No comprehensive research has been so far conducted combining Technical Analysis and fundamental analysis. Therefore, this area opens an avenue of forthcoming researchers to conduct future study on this subject matter. Fundamental analysis helps to select the underpriced securities based on intrinsic value of such securities. Technical Analysis assists to know the timing of buying and selling of such securities baled on demand and supply for such securities. Research on securities analysis applying combination of both approaches can result an encouraging reward.

Next, there are many commodity future markets opened in Nepal. Research on such various commodities futures can be conducted applying several Technical Analysis tools.

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Annex-1

1.1 Nabil Bank Ltd

Calculation of trend value Of Nabil Bank Ltd for the month of June, 2011 by least squire method:

Day	X(S. N.)	x(X-mid period)	y(close price) Rs.	Xy	X^2
01	1	-9.50	1080	-10260	90.25
02	2	-8.50	1056	-8976	72.25
05	3	-7.50	1060	-7950	56.25
06	4	-6.50	1055	-6857.50	42.25
07	5	-5.50	1045	-5747.50	30.25
08	6	-4.50	1020	-4590	20.25
09	7	-3.50	1023	-3580.50	12.25
12	8	-2.50	965	-2412.50	6.25

13	9	-1.50	933	-1399.50	2.25
14	10	-0.50	868	-435	0.25
15	11	0.50	817	408.50	0.25
16	12	1.50	898	1347	2.25
19	13	2.50	987	2467.50	6.25
20	14	3.50	1085	3797.50	12.25
21	15	4.50	1193	5368.50	20.25
23	16	5.50	1310	7205	30.25
26	17	6.5	1228	7982	42.25
27	18	7.50	1106	8295	56.25
29	19	8.50	1123	9545	72.25
30	20	9.50	1140	10830	90.25
n=20		**=0**	**=20992**	**=5039**	**=665**

Let, mid value from S.N. $=\frac{10+11}{2}=10.50$

Now, the straight line trend equation for trend value $(Y_c) = a+ bx$

Where,

a= constant value

b=variable

x= mid-value of the period serial

To find the value of a & b we have following simple two equation;

  y= a+b x

  xy=a x+b x

If   x= 0

$a=\frac{\sum y}{n} = \frac{20992}{20}$ =Rs.1049.60

$b=\frac{\sum xy}{\sum x^2} = \frac{5634}{665}$ = 8.48

Put the value of a & b in the trend line equation then for trend value (y_c) = Rs.1049.60+8.48x

Calculation of trend value (y_c) as follows for the month of June, 2011

days	S.N.	x	Y_c=Rs.1049.60+8.48x Rs
01	1	-9.50	968.04
02	2	-8.50	976.52
05	3	-7.50	985
06	4	-6.50	993.48

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07	5	-5.50	1001.96
08	6	-4.50	1010.44
09	7	-3.50	1018.92
12	8	-2.50	1027.40
13	9	-1.50	1035.88
14	10	-0.50	1044.36
15	11	0.50	1052.84
16	12	1.50	1061.32
19	13	2.50	1069.80
20	14	3.50	1078.28
21	15	4.50	1086.76
23	16	5.50	1095.24
26	17	6.50	1103.72
27	18	7.50	1112.20
29	19	8.50	1120.68
30	20	9.50	1129.16

Closing price and 5 days moving average of Nabil Bank Ltd. For the month of June, 2011

Date	Closing price Rs.	5days moving total	5 days moving Average Rs.
01	1080	-	-
02	1056	-	-
05	1060	5296	1059.2
06	1055	5536	1107.2
07	1045	5203	1040.6
08	1020	5108	1021.6
09	1023	4986	997.2
12	965	4809	961.8
13	933	4606	921.2
14	868	4481	896.2
15	817	4503	900.6
16	898	4655	931
19	987	4980	996
20	1085	5473	1094.6

21	1193	5803	1160.6
23	1310	5922	1184.4
26	1228	5960	1192
27	1106	5907	1181.4
29	1123	-	-
30	1140	-	-

1.2 Investment Bank Limited

Calculation of trend value of Investment Bank Limited for the month of June, 2011 by least squire method:

Days	X(S. N.)	x(X-mid period)	y(close price) Rs.	Xy	X^2
01	1	-9	497	-4473	81
02	2	-8	497	-3976	64
05	3	-7	485	-3395	49
06	4	-6	478	-2868	36

07	5	-5	460	-2300	25
08	6	-4	440	-1760	16
09	7	-3	430	-1290	9
12	8	-2	425	-850	4
13	9	-1	401	-401	1
14	10	0	384	0	0
15	11	1	378	378	1
16	12	2	415	830	4
19	13	3	448	1344	9
21	14	4	492	1968	16
23	15	5	541	2705	25
26	16	6	494	2964	36
27	17	7	446	3122	49
29	18	8	475	3800	64
30	19	9	481	4329	81
n=19		**=o**	**=866**	**=127**	**=570**

Let, mid-value from S.N. =10

Now, the straight line trend equation for trend value $(Y_c) = a+ bx$

Where,

a= constant value

b=variable

x= mid-value of the period serial

To find the value of a & b we have following simple two equation;

$y= a+b \ x$

$xy=a \ x+b \ x$

If $x= 0$

$a=\dfrac{\Sigma y}{n} = \dfrac{8667}{19}=$ Rs.456.16

$b=\dfrac{\Sigma xy}{\Sigma x^2} = \dfrac{127}{570} =.22$

Put the value of a & b in the trend line equation then for trend value $(y_c) =$ Rs.456.16+.22x

Calculation of trend value (y_c) as follows for the month of June, 2011

days	S.N.	x	Y_c=Rs.456.16+.22x Rs
01	1	-9	454.18
02	2	-8	454.40
05	3	-7	454.62
06	4	-6	454.84
07	5	-5	455.06
08	6	-4	455.28

09	7	-3	455.50
12	8	-2	455.72
13	9	-1	455.94
14	10	0	456.16
15	11	1	456.38
16	12	2	456.60
19	13	3	456.82
21	14	4	457.04
23	15	5	457.26
26	16	6	457.48
27	17	7	457.70
29	18	8	457.92
30	19	9	458.14

Closing price and 5 days moving average of Nepal Investment Bank Ltd. for the month of June, 2011.

days	Close price Rs	5 days moving total	5 days moving average Rs
01	497	-	-
02	497	-	-
05	485	2417	483.40
06	478	2360	472
07	460	2293	458.6
08	440	2233	446.6
09	430	2156	431.20
12	425	2080	416
13	401	2018	403.6
14	384	2003	400.6
15	378	2026	405.2
16	415	2117	423.4

Days			
19	448	2274	454.8
21	492	2390	478
23	541	2421	484.2
26	494	2448	489.6
27	446	2437	487.4
29	475	-	-
30	481	-	-

1.3 Nepal Standard Chartered Bank Ltd

Calculation of trend value of standard chartered bank limited for the month of June, 2011 by least squire method:

Days	X(S. N.)	x(X - mid period)	y(close price) Rs.	Xy	X^2
01	1	-9.50	1551	-14734.50	90.25
02	2	-8.50	1557	-13234.50	72.25
05	3	-	1560	-11700	56.25

		7.50			
06	4	-6.50	1541	-10016.50	42.25
07	5	-5.50	1474	-8107	30.25
08	6	-4.50	1400	-6300	20.25
09	7	-3.50	1351	-4728.50	12.25
12	8	-2.50	1368	-3420	6.25
13	9	-1.50	1355	-2032.5	2.25
14	10	-0.50	1334	-667	0.25
15	11	0.50	1300	650	0.25
16	12	1.50	1430	2145	2.25
19	13	2.50	1573	3932.50	6.25
20	14	3.50	1698	5943	12.25
21	15	4.50	1750	7875	20.25
23	16	5.50	1801	9905.50	30.25

26	17	6.50	1620	10530	42.25
27	18	7.50	1458	10935	56.25
29	19	8.5	1570	13345	72.25
30	20	9.50	1560	14820	90.25
N =20		**=0**	**=30251**	**=514 0.90**	**= 665**

Let, mid value from S.N. $=\frac{10+11}{2}=10.50$

Now, the straight line trend equation for trend value $(Y_{c)} =$ a+ bx

Where,

a= constant value

b=variable

x= mid-value of the period serial

To find the value of a & b we have following simple two equation;

  y= a+b x

  xy=a x+b x

If   x= 0

a$=\frac{\Sigma y}{n}$ $=\frac{30251}{20}$=Rs.1512.55

b$=\frac{\Sigma xy}{\Sigma x^{2}}=$ $\frac{5140.90}{665}$ = 7.73

Put the value of a & b in the trend line equation then for trend value (y_c) = Rs.1512.55+7.73x

Calculation of trend value (y_c) as follows for the month of June, 2011

days	S.N.	x	$Y_c = Rs.1512.55 + 7.73x$ Rs
01	1	-9.50	1439.12
02	2	-8.50	1446.85
05	3	-7.50	1454.58
06	4	-6.50	1462.31
07	5	-5.50	1470.04
08	6	-4.50	1477.77
09	7	-3.50	1485.50
12	8	-2.50	1493.23
13	9	-1.50	1501
14	10	-0.50	1508.69
15	11	0.50	1516.42
16	12	1.50	1524.15
19	13	2.50	1531.88
20	14	3.50	1539.61
21	15	4.50	1547.34
23	16	5.50	1555.07
26	17	6.50	1562.80

	18		
27		7.50	1570.53
29	19	8.50	1578.26
30	20	9.50	1585.99

Closing price and 5 days moving average of Standard Chartered Bank Ltd for the month of June, 2011.

Date	Closing price Rs	5 days movingly total	5days movingly average Rs
01	1551	-	-
02	1557	-	-
05	1560	7683	1536.6
06	1541	7532	1506.4
07	1474	7326	1465.2
08	1400	7134	1426.8
09	1351	6948	1389.8
12	1368	6808	1361.6
13	1355	6708	1341.6
14	1334	6787	1357.4
15	1300	6992	1376.4
16	1430	7335	1467
19	1573	7751	1550.2
20	1698	8252	1650.4
21	1750	8442	1688.4
23	1801	8327	1665.4
26	1620	8199	1639.8
27	1458	8009	1601.8
29	1570	-	-
30	1560	-	-

1.4 Himalayan Bank Limited

Calculation of trend value of Himalayan bank limited for the month of June, 2011 by least squire method:

Days	X(S. N.)	x(X-mid period)	y(close price) Rs.	Xy	X²
01	1	-8.50	520	-4420	72.25
02	2	-7.50	495	-3712.6	56.25
05	3	-6.50	488	-3172	42.25
06	4	-5.50	470	-2585	30.25
07	5	-4.50	466	-2097	20.25
08	6	-3.50	451	-1578.5	12.25
09	7	-2.50	435	-1087.5	6.25
12	8	-1.50	427	-640.5	2.25
13	9	-	402	-201	0.25

		0.50			
14	10	0.50	385	**192.5**	0.25
15	11	1.50	385	**577.5**	2.25
16	12	2.50	399	**997.5**	6.25
19	13	3.50	414	**1449**	12.25
23	14	4.50	430	**1935**	20.25
26	15	5.50	473	**2601.5**	30.25
27	16	6.50	455	**2957.5**	42.25
29	17	7.50	500	**3750**	56.25
30	18	8.50	500	**4250**	72.25
N= 18		=0	**=8 095**	**=- 783 .50**	**=48 4.50**

Let, mid value from S.N. =$\frac{8+9}{2}$= 8.5

Now, the straight line trend equation for trend value $(Y_{c)} =$ a+ bx

Where,

a= constant value

b=variable

x= mid-value of the period serial

To find the value of a & b we have following simple two equation;

   y= a+b   x

$xy=a\ x+b\ x$

If $\quad x=0$

$a=\dfrac{\Sigma y}{n}\ =\dfrac{8095}{18}=$Rs.449.72

$b=\dfrac{\Sigma xy}{\Sigma x^{a}}\ =\qquad\qquad\dfrac{-783.50}{484.50}\ =$ -1.62

Put the value of a & b in the trend line equation then for trend value (y_c) = Rs.449.72-1.62x

Calculation of trend value (y_c) as follows for the month of June, 2011

days	S.N.	x	Y_c=Rs.1512.55+7.73x Rs
01	1	-8.50	463.49
02	2	-7.50	461.87
05	3	-6.50	460.25
06	4	-5.50	458.63
07	5	-4.50	457.01
08	6	-3.50	455.39
09	7	-2.50	453.77
12	8	-1.50	452.15
13	9	-0.50	450.53
14	10	0.50	448.91
15	11	1.50	447.29
16	12	2.50	445.67

19	13	3.50	444.05
23	14	4.5	442.43
26	15	5.50	440.81
27	16	6.50	439.19
29	17	7.50	437.57
30	18	8.50	435.95

Closing price and 5 days moving average Of Himalayan Bank Ltd. for the month of June, 2011

Date	Close price Rs.	5 days moving total	5 days moving average Rs
01	520	-	-
02	495	-	-
05	488	2439	487.80
06	470	2370	474
07	466	2310	462
08	451	2249	449.8
09	435	2181	436.2
12	427	2100	420
13	402	2034	406.8
14	385	1998	399.6
15	385	1985	397
16	399	2013	402.6
19	414	2101	420.2
23	430	2171	434.2
26	473	2272	454.4
27	455	2358	471.6
29	500	-	-
30	500	-	-

Annex-II

Questionnaire for

Technical Analysis on Common Stock of Commercial Banks in Nepal

Dear Respondent,

I am collecting the data concerned with investment behavior of investors in Nepalese stock market as a part of thesis writing for MBS degree at T.U. I would appreciate you for your kind help in this research work, if you fill following questionnaire as instructed below.

Narayan Tiwari

Reseracher

Shankher Dev campus

About Respondent

Name....................................... Office.......................................

....

Date.......................................

Signature............................... Position ....

Please put thick mark " ☐ ' on the blank Space [ ], option that you want to select and or fill in the dotted blank space to write answer on your own. For your convenience select English or Nepali any one language to mark and write.

तपाईलाई सहि लाग्ने उत्तरको खाली ठाउँ ☐ " भित्र ठिक चिन्ह वा डट राखी छोडेका खाली ठाउँमा आफ्नै उत्तर भर्नुहोस् । तपाईलाई सजिलो हुने अंग्रजी वा नेपाली मध्ये कुनै एक भाषामा पचन्ह लागाउनुहोस वा लेख्नुहोस् ।

1. In your opinion which market is attractive for Nepalese investors to buy shares?

a. Primary market/initial public offering (IPOs) [   ]
b. Secondary market/buying from security exchange (NEPSE) [   ]

१. तपाईको विचारमा नेपालीलगानीकर्ताहरुको लागि शेयर खरिद गर्न कुन बजार आकर्षक छ ?

क) प्राथामिक बजार ⁄ प्रारम्भीक सार्वजनिक निस्कासन [   ]

ख) दोस्रो बजार ⁄ धितोपत्र विनिमय बजारबाट खरिद (नेप्से) [   ]

2. Which is attractive for you to buy shares?

a. Primary market/initial public offering (IPOs) [   ]
b. Secondary market/buying from security exchange (NEPSE) [   ]

२. तपाईलाई शेयर खरिद गर्न कुनबजार आकर्षक छ ?

क) प्राथामिक बजार ⁄ प्रारम्भीक सार्वजनिक निस्कासन [   ]

ख) दोस्रो बजार ⁄ धितोपत्र विनिमय बजारबाट खरिद (नेप्से) [   ]

3. In your opinion how Nepalese investors make a decision to purchase a share of certain company in the secondary market?

a. By making fundamental analysis of company [   ]

b. Consulting a broker [   ]

c. Applying technical analysis of stocks [   ]

d. Act on whim [   ]

e. Without any study [   ]

f. If other any, please
specify...

३. तपाईको विचारमा नेपालीलगानीकर्ताहरुले कसरी कुनै निश्चित कम्पनीको शेयर दोस्रो बजारमा खरिद गर्ने निर्णय लिन्छन् ?

क) कम्पनीको आधारभूत विश्लेषण गरेर [   ]

ख) शेयर दलालसँग परामर्श लिएर [   ]

ग) बजारको हल्लाअनुसार [   ]

घ) अध्ययन नै नगरी [   ]

ङ)अरु   कुनै   भए   उल्लेख   गर्नुहोला
……………………………………………………………………

4. How would you make a decision to purchase a share of certain company in the secondary market?

a. By making fundamental analysis of company [   ]

b. Consulting a broker [   ]

c. Applying technical analysis of stocks [   ]

d. Act on whim [   ]

e. Without any study [   ]

f. If other any, please specify...

४. तपाई कसरी कुनै निश्चितकम्पनीको शेयर दोस्रो बजारमा खरिद गर्ने निर्णय लिनुहुन्छ ?

क) कम्पनीको आधारभूत विश्लेषण गरेर [   ]

ख) शेयर दलालसँग परामर्श लिएर [   ]

ग) बजारको हल्लाअनुसार [   ]

घ) अध्ययन नै नगरी [   ]

ङ)   अरु   कुनै   भए   उल्लेख गर्नुहोला…………………………………………………………………

5. In your opinion how long should one hold share purchase to get appropriate benefit from it?

a. Below six months [   ]

b. Six months to one year [   ]

c. One year to three years [   ]

d. Three to five years [   ]

e. Above five years [   ]

f. Situational [   ]

५. तपाईको विचारमा शेयरबाट उचितप्रतिफद प्राप्त गर्न कति समय सम्म राखिराख्नु पर्ला ?

क) छ महिनाभन्दा मुनि [   ]

ख) छ मपहना देखी एक वर्ष सम्म [   ]

ग) एक वर्ष देखी तीन वर्ष सम्म [   ]

घ) तीनवर्ष देखी पाँच वर्ष सम्म [   ]

ङ) परिस्थितिअनुसार [   ]

6. In your opinion when do people sell their securities?

a. When market price is rising sharply [   ]

b. When market price is declines sharply [   ]

c. When company's earnings declines [   ]

d. When company fails to pay dividend [   ]

e. When cash is needed urgently [   ]

f. If other any, please
specify...

६. तपाईको विचारमा नेपाली लगानीकर्ताहरुले कुन बेला शेयर बिक्रि गर्छन, होला ?

क) जब शेयरको मूल्य तिब्र गतिमा बढ्छ [   ]

ख) जब शेयरको मूल्य तिब्र गतिमा घट्छ [   ]

ग) जब कम्पनीको मुनाफा घट्छ [   ]

घ) जब कम्पनीले लाभांश तिर्न सक्दैन [   ]

ङ) जब पैसाको तत्काल खाँचो पर्छ [   ]

च)   अरु   कुनै   भए   उल्लेख
गर्नुहोला……………………………………………………………………

7. When do you sell your securities?

a. When market price is rising sharply [   ]

b. When market price is declines sharply [   ]

c. When company's earnings declines [   ]

d. When company fails to pay dividend [   ]

e. When cash is needed urgently [   ]

f. If other any, please
specify...

७. तपाई कुन बेला शेयर बिक्रि गर्नु हुन्छ ?

क) जब शेयरको मूल्य तिब्र गतिमा बढ्छ [   ]

ख) जब शेयरको मूल्य तिब्र गतिमा घट्छ [   ]

ग) जब कम्पनीको मुनाफा घट्छ [ ]

घ) जब कम्पनीले लाभांश तिर्न सक्दैन [ ]

ङ) जब पैसाको तत्काल खाँचो पर्छ [ ]

च)   अरु   कुनै   भए   उल्लेख गर्नुहोला…………………………………………………………………………

8. Do investors receive specific training, education or guidance from expert about "investment in securities" to invest in securities?

a. Yes, all [ ]

b. Yes, most of them [ ]

c. Yes, but only limited investors [ ]

d. No [ ]

८. के लगानीकर्ताहरुले धितोपत्रमा लगानी गर्न "धितोपत्रमा लगानी" सँग सम्बन्धीत कुनै निश्चित तालिम, शिक्षा वा विशेषज्ञबाट कुनै परामर्श लिएका हुन्छन् ?

क) हो, सबैले लिएका हुन्छन् [ ]

ख) हो, प्राय जसोसबै व्यक्तिहरुले लिएका हुन्छन् [ ]

ग) हो, तर सिमत व्यक्तिहरुले मात्र लिएका हुन्छन् [ ]

घ) लिएका हुँदैनन [ ]

9. Have you acquired specific training from institute about "investment in securities" or guidance from expert to invest in securities.

a. Yes [ ]

b. No [ ]

९.के तपाईले धितोपत्रमा लगानी गर्न "धितोपत्रमा लगानी" सँग सम्बन्धीत कुनै निश्चित तालिम शिक्ष वा विशेषज्ञबाट कुनै परामर्श लिनुभएको छ ?

क) हो, लिएको छु [ ]

ख) लिएको छैन [ ]

10. Do you think Nepalese investors are satisfied for their investment made in shares?

a. Yes [   ]

b. No [   ]

१०.के तपाइलाई नेपालीलगानकिर्ताहरु आफ्नो शेयरमा गरिएको लगानीप्रति सन्तुष्ट छन जस्तो लाग्छ ?

क) सन्तुष्ट छन् [   ]

ख) सन्तुष्ट छैनन [   ]

11. Are you satisfied with your investment made in shares? [Select any one option only in case you have bought shares.]

a. Yes [   ]   b. No [   ]

११. के तपाई आफ्नो शेयरमा गरिएको लगानीप्रति सन्तुष्ट हुनुहुन्छ ? (यदि तपाईले शेयरमा लगानि गर्नु भएको छ भने मात्र कुनै एक चुन्नु होला ।)

क) सन्तुष्ट छु [   ]   ख) सन्तुष्ट छैन [   ]

12. Nepalese stock market is lending towards wrong direction. So, it will result financial crisis in future period.

a. Strongly agree [   ]   b. Agree [   ]

c. Disagree [   ]   d. strongly disagree

१२. नेपालको शेयरबजार गलत दिशातर्फ लागिरहेको छ । त्यसैले यस्ले भविष्यमा ठूलो आर्थिक संकट सनम्त्याउने छ ।

क) धेरै हदसम्म सहमत छु [   ]   ख) सहमत छु [   ]

ग) सहमत छैन [   ]   घ) धेरै हदसम्म सहमत छैन [   ]

13. Which factor is mainly responsible for slow down in development of Nepalese share market? [If you think multiple of following factors are responsible for slow own in development of Nepalese share market rank them by giving "1" for the most responsible factor, "2" to next and so on.]

a. Defective government policy [   ]]

b. Unstable government [ ]

c. Lack of securities and peace [   ]

d. Share Brokers malpractices [   ]

e. Big investors with vested interest [   ]

f. Security Board's negligence [   ]

g.   If   other   any,   please
specify...

१३. नेपालको शेयर बजार सुस्त गतिमा मात्र विकास हुनुमा कुन तत्व प्रमुख रुपमा जिम्मेवार छ ?(यदी तपाईलाई शेयर बजार सुस्त गतिमा मात्र विकास हुनुमा तल दिईएका मध्ये धेरै तत्वहरुले एकै साथ असर पर्छ जस्तो लाग्छ भने ति तत्वहरुमध्ये सबैभन्दा बढी जिम्मेवार कारणलाई १, त्यसपछि अर्कोलाई २ र त्यस्तै क्रमशः राख्नुहोस् ।)

क) भावहिन सरकारी नीति [   ]

ख) अस्थाई सरकार [   ]

ग) शान्ति सुरक्षा नहुनु [   ]

घ) शेयर दलालहरुको निहित स्वार्थ

ङ) ठूला लगानीकर्ताहरुको निहित स्वार्थ

च) धितोपत्र बोर्डको लापरवाही [   ]

छ)   अरु   कुनै   भए   उल्लेख
गर्नुहोस...

14. Investors should be allowed to invest in foreign securities market to bring prosperity and diversity.

a. Strongly agree [   ]

b. Agree [   ]

c. Disagree [   ]

d. strongly disagree [   ]

१४. समृद्धि तथा विविधताको लागि नेपाली लगानीकर्ताहरुलाई विदेशी धितोपत्रहरुमा पनि अनुमति दिनुपर्दछ ।

क) धेरै हदसम्म सहमत छु [   ]

ख) सहमत छु [   ]

ग) सहमत छैन [   ]

घ) धेरै हदसम्म सहमत छैन [ ]

15. Small investors cannot reap benefit for security market.

a. Strongly agree [   ]

b. Agree [   ]

c. Disagree [   ]

d. strongly disagree [   ]

१५. सानातिना लगानीकर्ताहरुले शेयर बजारबाट नाफा लिन सकिदैन ।

क) धेरै हदसम्म सहमत छु [ ]

ख) सहमत छु [ ]

ग) सहमत छैन [ ]

घ) धेरै हदसम्म सहमत छैन [ ]

16. What determines the market price of share in Nepal?

a. Demand and supply pressure of share in secondary market [   ]

b. Future plans and policies of company [   ]

c. Current performance of company [   ]

d. Historical return provided by company [   ]

e. If you want to choose multiple or other any, please specify...

१६. नेपालमा कुन कुराले शेयर बजारको मूल्य निर्धारण गर्छ ?

क) दोस्रो बजारमा शेयरको माग र आपुर्तिको बल [   ]

ख) कम्पनीको भावी योजना तथा रणनीति [   ]

ग) कम्पनीको वर्तमान काम [   ]

घ) कम्पनीले विगतमा दिएको प्रतिफल [   ]

ङ) यति तपाईलाई एक भन्दा बढी छनौट गर्न मन लागेमा अरु कुनै भए उल्लेख गर्नुहोला.................

17. Would historical information about trends patterns of market price of stock be helpful to predict market price of share?

a. Yes [   ]

b. No [   ]

c. Can't say [   ]

१७. के बजार मुल्यको विगतका ट्रेण्ड र प्याटर्न्सहरुले बजार मूल्यको भविश्यवाणी गर्न सहयोग गर्छ ?

क) गर्छ [   ]

ख) गर्दैन [   ]

ग) भन्न सकिन्न [   ]

18. Is it necessary to extend stock exchange market in all development regions?

a. Yes [   ]

b. No [   ]

c. Can't say [   ]

१८. शेयर विनिमय बजारलाई सबे विकाश क्षेत्रमा फैलाउनु जरुरी छ ?

क) जरुरी छ [   ]

ख) जरुरी छैन [   ]

ग) भन्न सकिदैन [   ]

Thank You!