BUY AND SELL POINTS IN THE STOCK MARKET WITH REFERENCE TO PHARMACEUTICAL AND FMCG SECTORS

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ABSTRACT
Many people lost their jobs during the COVID-19 Pandemic. As per Centre for Monitoring Indian Economic CEO, Mahesh Vyas, approximately 10 million people lost their jobs during the second wave of COVID-19 alone. At the same time, a report by the State Bank of India (SBI) showed, that approximately 14.2 million retail investors joined the stock market in India alone. Charles Schwab conducted a survey using data from 500 new investors. Approximately 55% of the respondents said that they turned to investing in the stock market during the pandemic because they found the need to have an emergency fund in the midst of this uncertain situation. Also, approximately 53% of the respondents said that their aim was to have an additional source of income. Through the above survey, this can be concluded that the stock market acts as an additional source of income for everyone. Yet, there are people who lost money and this is solely because people are not able to identify the entry and the exit points in the Stock Market. In this study, the entry, exit and holding points have been analysed for one year, using the technical tools – Relative Strength Index (RSI) and Bollinger Band. This will mainly help new investors who have no prior knowledge in this field, to get started in their stock trading journey. For the study, five companies from the pharmaceutical sector and FMCG sector have been considered. It was found that RSI and Bollinger Band are two of the most efficient technical tools. Using these two technical tools, the entry or buying point and the exit or the selling points can be found.

Keywords***: Stock Market, Investors, Buy and Sell, Technical Tools, Bollinger Band, RSI, FMCG Sector, Pharmaceutical Sector.**

Introduction

The sudden outbreak of COVID-19 has put the world at a huge risk and has significantly changed the global outlook. The global financial market risk has increased manifolds due to the pandemic (Zhang et al., 2020). During the COVID-19 pandemic, the number of investors has increased tremendously. A whopping 14.2 million retail investors joined the stock market in India during the pandemic hit the financial year of 2020-2021, as per a report by the State Bank of India (SBI). This is almost triple the number the investors who opened a demat account in 2019. A survey done by Charles Schwab, based on 500 new investors showed that more than 50% of the investors are millennials, 22% belong to the Gen X, 16 % belong to the Gen Z and 11% to the Baby Boomers. Of these 500 investors, 55% said that they should maintain an emergency fund in this uncertain situation, the stock market being the quickest way of collecting the fund. 53% said that they had lost their jobs and hence turned to the stock market to make earnings for their living. Thus, it can be concluded that the stock market is always treated as a way of investment which would give the highest return in the shortest period possible. In 2020, when almost 12.2 crore Indians lost their jobs, many of them turned to the stock market, as a way of source of Income. Yet, many people are scared of the stock market. The reason behind these is – firstly crises like the 'The Global Financial Crisis, 2008' and secondly, people are not aware of when to enter and exit the stock market. Technical Analysis is a very popular and reliable tool to analyze the trends in the stock market. This is done based on historical data – price, volume, open interest, etc. This helps us to determine whether the current trend will continue or whether there will be a trend reversal. In this study, the entry i.e., the buying point/signal, the exit i.e., the selling point/signal and holding the position period, have been analysed through the technical tools – Relative Strength Index and Bollinger Band.

Review of Literature

Pramudya, R., & Ichsani, S. conducted a study to find out which indicators have the maximum ability to indicate accurate buying and selling signals. Finding accurate entry and exit points is crucial to determine the right decision to reduce the risk of the stock market. The study was done among Bollinger band (BB), Moving Average –Convergent and Divergent (MACD) and Relative Strength Index (RSI). It was found that a combination of Bollinger band and RSI gave a quick and accurate buying signal, whereas MACD was too slow to indicate the buying point, whereas a combination of BB and MACD gave an accurate sell signal. Prediction of the trend of the stock market is difficult but an important task. Buying,

selling and holding are the only vital tool for trading in the stock market. *Paul, P. K., & Vijay, V* conducted a research, in which the buy and sell patterns have been analysed using various technical indicators – Bollinger Band (which is famous and is based on moving average and volatility), Optimal Band (newly constructed band, based on extreme values) and Relative strength Index or RSI (which works mainly on average gain over average loss). It was found that, as compared to the other tools, the Bollinger band has the least error, followed by RSI and Optimal Band. Thus, the Bollinger Band is one of the most trustworthy and reliable tools, followed by RSI. Bollinger bands are excellent in capturing the volatility of the stock. Here the upper band and the lower band can be treated as resistance and support. Bollinger Band is a highly reliable tool since it takes into consideration past figures and data along with a technical pass-over, which results in an informed and accurate conclusion. This was validated through a study conducted by *Ravichandra, T., & Hanif, M.* using this strategy for over a year where the results were highly positive. There is a profusion of indicators under technical tools and sometimes it becomes confusing which one to trust more in order to get a reliable result. Thus, extensive research was carried out by *PRANAV, S., & UTKARSH, S.* based on technical analysis of a few selected companies using technical tools like – Guppy Multiple Moving Average (GMMA), Relative Strength Index (RSI), Moving Average – Convergence and Divergence (MACD) and Average Directional Index (ADX). It was found that even though GMMA and ADX are effective, they often give late results as compared to RSI and MACD. RSI and MACD give early signals but sometimes they give false signals.

Usually, various ratios like Sharpe Ratio, Treynor Ratio etc. are used to find stocks which have the capability to give high returns. *Ghosh, B.* researched to prove that technical tools are efficient in finding stocks. It was found Bollinger Band, RSI and Moving Average Convergence Divergence are the three factors that can help in efficient stock selection. These are algorithm-based tools. Technical Analysis is used extensively in the foreign exchange (FOREX or FX) market since it helps in adding to the profitability. *Coakley, J., Marzano, M., & Nankervis, J.* analysed the performance of the technical tools on the Foreign Exchange Market. It was found that technical tools can aid in achieving returns up to 30% annually. Out of all the technical tools, Bollinger Band, RSI and MACD are the most profitable tools. Bollinger Band and RSI remain significant through all currencies. *YAZDI, S. H. M., LASHKARY, Z. H., & ISMAIL, I. B.* analysed the performance of RSI in the Foreign Exchange Market. It was found that the Technical Analysis approach results in better profit as compared to the simple buy-and-hold strategy. Technical analysis also performs better than fundamental analysis in predicting future prices. It was also found that RSI has the ability to indicate the buy and the sell signals which leads to the generation of better profitability. However, as compared to sell signals, RSI generates better buy signals. According to *Bollinger (2002),* the Bollinger band is a highly effective tool for indicating the buying and the selling point. Its effectiveness is manifold when it is combined with an RSI indicator or other volume indicator.

Sirucek, M., & Síma, K. performed a study on optimising the performance of the stocks of New York Stock Exchange using technical tools. It was found that Bollinger Band outperformed other technical tools. It generated the maximum accurate and profitable signals with the highest average profit per trade, whereas others generated losing trades. Bollinger band was followed by RSI. RSI generated second highest profitable signals. But RSI performs best when combined with some other indicator. *Taran-Morosan, A. (2011)* conducted a research to test the working of the RSI by taking into account the trading volume while calculating. It was found that the formula, in which RSI was taken into account performed better than the classic formula. RSI doesn't indicate the return of a trend but is effective for predicting the continuation of a trend for the short term. *Gumparthi, S. (2017)* conducted a research to find the effectiveness and validity of RSI in the context of the Indian Stock Markets by computing 14 days RSI for short-term investment. It was found that RSI could be used effectively in the construction of the portfolio. It was successful in indicating the accurate buy and sell signal. In most cases, RSI predicted the correct future trend. Chou, H. M., & Cho, T. L. (2020) conducted a research to find a new method which includes the slope coefficients and Bollinger bands to support the needs of the investors and hence provide an empirical process to evaluate their effect. It was found that both the slope coefficient and Bollinger band are 88% of the time accurate. They both can aid in generating short-term investments. It was also found different timelines could have different effects.

Statement of Problem
People are turning to the stock market. Some are with the aim of earning an additional income, while others make their living through earning from the stock market. People have started to understand the potential of the stock market. Yet, there are people who are scared of investing in the stock market. A survey was done by Ally Invest, based on 2000 people. In this study, the respondents were asked the reason for not investing in the stock market, where almost 50% said that they were scared of losing the money, almost 35% said they didn't know whom to trust for investment advice and 24% said that they didn't know how to get started. This research is focussed on analysing the entry and exit points through two tools – RSI and Bollinger band. Here the analysis has been done in a simple manner so that the people can by themselves understand the basic tools through which they can find the entry (buy position) and exit (sell position) points.

Objectives of this Study

The objectives of this study are:
- To apply the stock market technical tools – Bollinger Band and Relative Strength Index (RSI)
- To identify the buy and the sell points of the stocks using Bollinger Band and RSI with reference to FMCG and Pharmaceutical sectors.

Significance of this study

As per the survey carried out by Ally Invest, it can be concluded that people are scared of investing in the stock market. During the COVID-19 pandemic, when people lost their job, a majority didn't have any other source of income, they relied on their savings. The findings of the study throw light on the entry and exit points of stocks. Through this, the investors can start investing in the stock market and the gains from the stock market can help the investors in having an additional source of income.

Research Methodology

The secondary source of data has been collected through the platform 'Upstox'. It is a famous trading platform, offering Equity, Commodity and Derivative trading services at the major stock exchanges – BSE, NSE and MCX. They offer various features, such as – Charts, analysis, and technical indicators. This is a qualitative research which has been done through analysis of the real-time stock market trends. Here, the data has been considered for a time period of 1 year i.e., from July 2020 to July 2021. For this research, two technical tools have been used - RSI and Bollinger Band. Through thorough analysis, the entry and exit point for the same has been marked. In this research, data of five companies from the Pharmaceutical and FMCG sectors have been considered. Pharmaceutical sector companies are Sun Pharmaceutical Industry Ltd., Divi's Laboratory Ltd., Dr. Reddy's Laboratory Ltd., Cipla Ltd. and Cadila Healthcare Ltd. FMCG sector companies are Hindustan Unilever Ltd. (HUL), ITC Ltd., Nestle India Ltd., Britannia Industries Ltd. and Marico Ltd.

Data Analysis

Technical Tool: Bollinger Band

The Bollinger Bands are calculated separately by the below process.
The middle band determines the simple moving average for 20 days.

Middle Bollinger Band (MBB) = (Sum of closing price of stock over 20 days)/20

1. The upper band determines the positive standard deviation for 20 days.

Upper Bollinger Band (UBB) = MBB + (Standard deviation price over 20 days x2)

2. The upper band determines the positive standard deviation for 20 days.

Lower Bollinger Band (LBB) = MBB - (Standard deviation price over 20 days x 2)

The bands expand when the volatility increases and contract when it decreases. This in turn helps to signal the trader to enter or exit the stock based on the volatility graph. As the band expands, it gives us a signal that there is volatility in the market. When the band expands and if the MBB is at an uptrend, it indicates a buy or enter signal. As the band starts contracting, it shows that there is lesser volatility in the market. When the band starts to contract and if the candlestick tends to come below the MBB, it indicates a sell or exit signal. As long as the candles are above the Middle Bollinger Band, we are on the buy side.

Technical Tool: Relative Strength Index (RSI)

The relative strength index is a technical tool which indicates the strength of the market. The RSI oscillates between 0 and 100, hence this is also known as an oscillator. It is used to analyze the overbought or oversold conditions of the stock. There are three levels of RSI:
- 30 and below – oversold;
- 70 and above – overbought ; and
- 50 – Custom level

The RSI value of a stock is calculated by a two-step process.

1. In the first step, a 14 days period is considered to calculate the average gain and average loss of a stock price.

Current Avg Gain = (Sum of Gains over a period of last 14 days)/14

Current Avg Loss = (Sum of Losses over a period of last 14 days)/14

2.   In the second step, the result is made accurate by considering the previous average gains.

$$\text{Average Gain} = (\text{Previous Avg Gain} \times 13) + \text{Current Avg Gain}$$

$$\text{Average Loss} = (\text{Previous Avg Loss} \times 13) + \text{Current Avg Loss}$$

$$\text{RS} = \text{Average Gain/Average Loss}$$

The Final value of RSI is calculated by the below formula,

$$\text{RSI} = 100 - \left[\frac{100}{1-RS}\right]$$

Hence the above calculated RSI value can determine the condition of a stock at a given period of time. One major rule of RSI is that a level of 50 and above indicates a bullish timeframe. When the trend line reaches or is close to reaching level 70, it indicates that the shares have been overbought, indicating a strong sell signal. When the trend line reaches or tends to reach level 30, it indicates that the shares have been oversold, indicating a strong buy signal. At the overbought zone, the price of the stock is at its highest point, which indicates that selling the shares at this point, will lead to increased profitability. Similarly, at the oversold zone, the price of the stock is at its lowest as compared to its trend, indicating that buying the shares of the stock at this point, will lead to increased profitability.

Pharmaceutical Sector:
1.   Sun   Pharmaceutical   Industries   Ltd.

Chart 1 – Bollinger Band – Sun Pharmaceutical Industries Ltd.

The above chart represents day wise trend of Sun Pharmaceutical Industries Ltd. for a period of 1- year i.e. from July 2020 to July 2021. The price in this period has risen almost by 45%. In the above chart, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in July 2020, the band expanded gradually, indicating a buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, the band starts contracting gradually, indicating a sell signal or exit point. Following this, there is a downtrend in the stock, until November, when again the band starts to expand.

Chart 2 – RSI – Sun Pharmaceutical Industries Ltd.

The above picture represents the trend of shares of Sun Pharmaceutical Industries Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of July 2020, the trendline touched level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in March 2021, the trend line has crossed 40 and is nearing the level 30 but returns before touching it, indicating a buy signal. In November 2020, the trendline touches the level 30, indicating a strong buy signal.

2.   Divi's Laboratories Ltd.

Chart 3 – Bollinger Band – Divi's Laboratories Ltd.

The above picture represents the trend in the share of Divi's Laboratories Ltd. for a period of 1 year from July 2020 to July 2021. During this period, the price of the share has increased by almost 117%. In the above chart, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in July 2020, there is a sudden expansion in the band, indicating a buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract, indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in January 2021, the band starts contracting gradually, indicating a sell signal or exit point. Following this, there is a sharp downtrend, where the candles surpass the MBB and come down.

Chart 4 – RSI – Divi's Laboratories Ltd.

The above picture represents the trend of Divi's Laboratories Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of July 2020, the trendline crossed level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in July 2020, the trend line crossed 40 and is nearing the level 30 but returns before touching it, indicating a buy signal. In February 2021, the trendline touches the level 30, indicating a strong buy signal.

3.   Dr. Reddy's Laboratories Ltd.

Chart 5 – Bollinger Band – Dr Reddy's Laboratories Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Dr. Reddy's Laboratories Ltd. for a period of 1 year i.e. from July 2020 to July 2021. During this period the stock has increased by approximately 38%. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in July 2020, there is a sudden expansion in the band, indicating a buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in January 2021, the band starts contracting gradually, indicating a sell signal or exit point. Following this, there is a sharp downtrend, where the candles surpass the MBB and come down.

Chart 6 – RSI –Dr Reddy's Laboratories Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Dr. Reddy's Laboratories Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of July 2020, the trendline crossed level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in November 2020, the trend line crossed 40 and is nearing the level 30 but returns before touching it, indicating a buy signal. Towards the end of January 2021, the trendline crosses level 30, indicating a strong buy signal.

4.   Cipla Ltd.

Chart 7 – Bollinger Band – Cipla Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Cipla Ltd. for a period of 1 year i.e. from July 2020 to July 2021. During this period the stock has increased by approximately 56%.

In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in July 2020, there is a sudden expansion in the band, indicating a buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, the band starts contracting gradually, indicating a sell signal or exit point. Following this, there is a sharp downtrend, where the candles surpass the MBB and comes between MBB and LBB.

Chart 8 – RSI – Cipla Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Cipla Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of July 2020, the trendline touched level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in November 2020, the trend line crossed 40 and is nearing the level 30 but returns before touching it, indicating a buy signal. In March 2021, the trendline reaches in a close proximity to the level 30, indicating a strong buy signal.

5.   Cadila Healthcare Ltd.

Chart 9 – Bollinger Band – Cadila Healthcare Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Cadila Healthcare Ltd. for a period of 1 year i.e. from July 2020 to July 2021. During this period the stock has increased by approximately 86%. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, towards the end of March 2021, the band starts

to expand, indicating a buy signal. Following this, there is a steep uptrend, where the price rises from Rs. 440 to approximately Rs. 670. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, the band starts to contract gradually, indicating a sell signal or exit point. This can also be confirmed through the candlesticks, which surpass the MBB and comes between MBB and LBB.

Chart 10 – RSI – Cadila Healthcare Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Cadila Healthcare Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of July 2020, the trendline crossed level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, towards February 2021, the trend line touched level 30, indicating a strong buy signal. In March 2021, the trendline reaches in a close proximity to the level 30, indicating a strong buy signal.

FMCG Sector:
1.   Hindustan Unilever Limited (HUL)

Chart 11 – Bollinger Band – Hindustan Unilever Ltd. (HUL)

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Hindustan Unilever Limited (HUL) for a period of 1 year i.e. from July 2020 to July 2021. During this period the price of the stock has increased by approximately 12%. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in December, there is a sudden expansion in the band, indicating strong buy signal. Towards the end of March 2021, the band starts to expand, indicating a buy signal. Following this, there is a steep uptrend, where the price rises from Rs. 2240 to approximately Rs. 2480. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, towards the end of July 2020, there is a sudden contraction in the band, indicating a sell signal or exit point. This can also

be confirmed through the candlesticks, which surpass the MBB and comes between MBB and LBB and remains below MBB throughout August and September.

Chart 12 – RSI – Hindustan Unilever Limited (HUL).

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Hindustan Unilever Limited (HUL) using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, in July 2020, the trendline crossed level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, towards the middle of September 2020, the trend line touched level 30, indicating a strong buy signal.

2.   ITC Ltd.

Chart 13 – Bollinger Band – ITC Limited

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock ITC Limited, for a period of 1 year i.e. from July 2020 to July 2021. During this period the price of the stock has increased by approximately 2%. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in November, there is a sudden expansion in the band, indicating a strong buy signal. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, there is a sudden contraction in the band, following which there is a sharp downtrend in the stock, indicating a sell signal or exit point.

Chart 14 – RSI – ITC Limited.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock ITC Limited using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, in December 2020, the trendline crossed level 70, indicating a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, towards the end of September 2020, the trend line crossed level 30, indicating a strong buy signal.

3.   Nestle India Limited

Chart 15 – Bollinger Band – Nestle India Limited.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Nestle India Limited, for a period of 1 year i.e. from July 2020 to July 2021. During this period the price of the stock has increased by approximately 2%. In the above picture, the green dot represents a buy signal or entry point and   (the red dot) represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period.

At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in September 2020, the band starts to expand, indicating a strong buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, there is a sudden contraction in the band, following which there is a sharp downtrend in the stock, indicating a sell signal or exit point.

Chart 16 – RSI – Nestle India Limited.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Nestle India Limited using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of October 2020, the trendline is near level 70 but tends to return before touching level 70, this too indicates a sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above

picture, the oversold regions have been marked using green coloured arrows. For example, towards the end of September 2020, the trend line touched level 30, indicating a strong buy signal.

4.   Britannia Industries Ltd.

Chart 17 – Bollinger Band – Britannia Industries Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Britannia Industries Ltd, for a period of 1 year i.e. from July 2020 to July 2021. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in July 2020, the band starts to expand, indicating a strong buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in December 2020, there is a contraction in the band, following which there is a sharp downtrend in the stock, indicating a sell signal or exit point. This can also be confirmed through the candlesticks, which surpass the MBB and comes between MBB and LBB.

Chart 18 – RSI – Britannia Industries Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Britannia Industries Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021.

As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, towards the end of October 2020, the trendline crossed level 70, which indicates a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in October 2020, the trend line touched level 30, indicating a strong buy signal.

5.   Marico Ltd.

Chart 19 – Bollinger Band – Marico Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Marico Ltd, for a period of 1 year i.e. from July 2020 to July 2021. During this period, the price of this stock increased by 49%. In the above picture, the green dot represents a buy signal or entry point and the red dot represents a sell signal or exit point. The period between the green dot and the red rot represents the holding period. At the points represented by the green dot, the band starts expanding, indicating a strong buy signal or entry point. This is also confirmed by the candlesticks, which are in between the MBB and the UBB. For example, in May 2021, there is a sudden expansion in the band, indicating a strong buy signal. Following this, there is a sharp uptrend in the stock. At the points represented by the red dot, the band starts to contract. indicating a strong sell signal or exit point. This can also be confirmed by the candlestick pattern, which gradually surpasses the MBB and comes down. For example, in August 2020, there is a contraction in the band, indicating a sell signal or exit point. This can also be confirmed through the candlesticks, which surpass the MBB and comes between MBB and LBB.

Chart 20 – RSI – Marico Ltd.

The above picture is an extract of the stock market, showing the day-wise trend of shares of the stock Marico Ltd. using the 'Relative Strength Index' Indicator for the period of 1 year i.e., July 2020 to July 2021. As mentioned above level 70, indicates 'the shares have been overbought' indicating a sell signal or exit point. In the above picture, the overbought points have been marked using orange-coloured arrows. For example, in May 2021, the trendline crossed level 70, which indicates a strong sell signal. Similarly, as mentioned above, level 30 indicates 'the shares have been oversold', indicating a buying or entry point. In the above picture, the oversold regions have been marked using green coloured arrows. For example, in September 2020, the trend line crossed level 30, indicating a strong buy signal.

Findings and Conclusion

Stock Market has a lot of potential. It gives the highest return than any other form of investment, but at the same time, it contains certain risks. Retail investors can make an additional income out of the stock market. Many people lost their jobs during the COVID-19 pandemic. Many people turned to the stock market to make their way of living. This is mainly because people are scared of investing since they don't want to lose money and they think the stock market is a complicated affair. Through this study, it can be concluded that knowing a few basic technical tools, can help a person get started in his trading journey. Technical tools are easier to use and more reliable. Bollinger band and RSI, are two of the most famous technical tools. They both are very effective and reliable. They generate accurate and timely signals. Through these two tools, the exact entry or buy point and exit or sell point can be easily found. Hence, one can invest in the stock market by using technical tools and analysing the exact entry and exit points. Bollinger Bands and the Relative Strength Index (RSI) are both incredibly useful tools. Retail investors can use them to assist reduce risk when making investing decisions. While both catch market movement and provide accurate indications, the RSI has a tendency to

overlook specific entry and exit points. It was discovered that the Bollinger Band performed better in the Pharmaceutical sector, while the RSI performed better in the FMCG sector both tended to perform equally well.

Limitations and Future Scope of the Study
There are a few limitations to the study, they are listed below:
- Technical tools are effective for making short-term investment decisions.
- The results of technical tools might vary with the volume of the shares trading.
- They also vary with the timeframe that has been taken into consideration.
- They don't capture the sudden shocks through the daily news.

A further study could be done on how to tackle long-term investment decisions using technical tools and how to standardize the timeframe while using technical tools. This provides an area for further research.

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