



## A Study on Performance of Opening Week and Closing Week of Selected Banking Securities

### KEYWORDS

price behavior, gainers, loser and opening week and closing week

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**ABSTRACT** *The first chapter is mainly deals with the Introduction, about the study, about the industry and company profile. The objectives are to find out the performance of opening week and closing week of the select securities; to compare the price behavior of the gainers and losers of the selected securities. The research methodology, data sources, limitation, data collection methods & sampling design and review of literature are discussed in the second chapter. The third chapter says about the analysis of data and interpretation. Analysis consist of top 5 and bottom 5 bank returns. The last chapter is includes the findings, suggestions and Conclusion. The study results that the axis banks shows a better performance among gainers and SBI shows a better performance among losers. Thus the investors should have more attention in the closing week.*

### 1. INTRODUCTION

The Indian banking Industry has been undergoing major changes, reflecting a number of underlying developments. Advancement in communication and information technology has facilitated growth in internet-banking, ATM Network, Electronic transfer of funds and quick dissemination of information. Structural reforms in the banking sector have improved the health of the banking sector. The reforms recently introduced include the enactment of the Securitization Act to step up loan recoveries, establishment of asset reconstruction companies, initiatives on improving recoveries from Non-performing Assets (NPAs) and change in the basis of income recognition has raised transparency and efficiency in the banking system. Spurt in treasury income and improvement in loan recoveries has helped Indian Banks to record better profitability. In order to have a good benchmark of the Indian banking sector, India Index Service and Product Limited (IISL) has developed the CNX Bank Index.

CNX Bank Index is an index comprised of the most liquid and large capitalised Indian Banking stocks. It provides investors and market intermediaries with a benchmark that captures the capital market performance of Indian Banks. The index will have 12 stocks from the banking sector which trade on the National Stock Exchange.

CNX Bank Index is computed using free float market capitalization method with base date of Jan 1, 2000 indexed to base value of 1000, wherein the level of the index reflects total free float market value of all the stocks in the index relative to a particular base market capitalization value. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, new issue of shares etc. without affecting the index.

#### Market Representation

The CNX Bank Index represent about 15.64% of the free float market capitalization of the stocks listed on NSE and 88.60% of the free float market capitalization of the stocks forming part of the Banking sector universe as on March 28, 2013.

The total traded value for the last six months ending March 2013 of all the Index constituents is approximately 14.02% of the traded value of all stocks on the NSE and 80.93% of the traded value of the stocks forming part of the Banking sector universe.

#### SELECTED BANKS

#### TOP 5 BANKS

1. Axis Bank
2. Kotak
3. IndusInd bank
4. HDFC
5. ICICI 10. Canara Bank

#### BOTTOM 5 BANKS

6. Bank Of Baroda(BOB)
7. SBI
8. Bank Of India(BOI)
9. Punjab National Bank(PNB)

#### 2.1 OBJECTIVES OF THE STUDY

- To find out the performance of opening week and closing week of the select securities
- To compare the price behavior of the gainers and losers of the selected securities

#### 2.3 RESEARCH METHODOLOGY

The type of research used for the study is analytical research. The type of data used for this study is secondary data. Data is collected from the month of January 2013 of selected banking securities. The type of sampling techniques used for the study is judgmental sampling. The number of items selected from the population constitutes the sample size. Ten banks are selected for the study.

#### STATISTICAL TOOLS

The data are analyzed through statistical method. There are various statistical tools to analysis the data. Return has been calculated for analyzing the data collected.

#### 2.4 REVIEW OF LITERATURE

Anand and Murugaiah (2004) had studied various strategic issues related to the marketing of financial services. They found that recently this type of industry requires new strategies to survive and for operation. For surviving they have to adopt new marketing strategies and tactics that enable them to capture maximum opportunities with the lowest risks in order to enable them to survive and meet the competition from various market players globally and Ajay (2008) examined the risk-adjusted performance of US-based international equity funds from 1994-2003. The analysis was done for five-year period 1999-2003 and ten-year period 1994-2003. For this a sample of 50 large US-based international equity funds was taken and a new method of measurement Modigliani and Modigliani (M squared) was applied. The performance was compared with both domestic and international benchmark indices. The results showed that the risk has great impact on the attractiveness of Funds. Higher return funds may loose attractiveness due to higher risk while the lower return funds may be attractive to investors due to the lower risk. Desigan et al (2006) conducted a study on women investors percep-

tion towards investment and found that women investors basically are indecisive in investing in mutual funds due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems. Savings is a habit specially embodied into women. Even in the past, when women mainly depended on their spouses income, they used to save to meet emergencies as well as for future activities. In those days, women did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed. Dietze, Oliver and Macro (2009) conducted a research to evaluate the risk-adjusted performance of European investment grade corporate bond mutual funds.

## DATA ANALYSIS AND INTERPRETATION

**TABLE 1 CALCULATION OF RETURN OF TOP 5 BANKS**

BANKS	OPENING WEEK	CLOSING WEEK
AXIS	5561	7279.1
KOTAK	2632.6	3362.65
INDUSIND	1743.4	2162.7
HDFC	2737.25	3288.1
ICICI	4738	5976.05

**TABLE 2 CALCULATION OF RETURN OF BOTTUM 5 BANKS**

BANKS	OPENING WEEK	CLOSING WEEK
BOB	3568.25	4302.35
SBI	9935	12356.35
BOI	1457.9	1748.9
PNB	3633.95	4351.1
CANARA	2103.5	2407

## FINDINGS

The table 1 here indicates the weekly return of the top 5 banks. It shows that, the performance of Axis bank is higher in the opening week & closing week compared to the other banks. An also it indicates that the return for the opening week & closing week is fluctuating over the period. The investor is advised to have more attention in the closing week than the opening week. From the study, the researcher finds that Axis bank shows a better performance in the closing

week (7279.1) compared to the opening week (5561). The table 2 here indicates the weekly return of the bottom 5 banks. It shows that, the performance of SBI bank is higher in the opening week & closing week compared to the other banks. An also it indicates that the return for the opening week & closing week is fluctuating over the period. The investor is advised to have more attention in the closing week than the opening week. From the study, the researcher finds that SBI bank shows a better performance in the closing week (12356.35) compared to the opening week (9935).

## SUGGESTIONS

The study suggested the investor to verify the legitimacy of the investment, find out the costs and benefits associated with the investment, assess risk-return profile of the investment, know the liquidity and safety aspects of the investment, ascertain if it is appropriate for your specific goals, compare these details with other investment opportunities available, examine if it fits with other investments you are considering or you have already made. An investor needs to look at not only beta but also standard deviation to understand stock price behavior. This aspect of unusual behavior of the stock market shows that investors need to read much more than the immediate impact of result. Stock selection needs to be based on analysis. For traders this kind of movement may create profit opportunities but investor's decision should not be driven only by temporary spike.

The study suggested the investor to never buy stocks unless the investor understands a business or the company running that business. So even if the rally continues in the stock market, don't get overwhelmed by the mad rush which often dominates the stock market in such conditions. Do not buy stocks which are bought and sold on tips. It is important that lessons learnt during last four years of stock market volatility are not forgotten this time. Markets movements may be very lethal and corrections in market may result in huge losses. Hence, it is important that you never invest in stocks which lack strong fundamentals. Take advice of experts on this or take the mutual fund route. Otherwise be ready to burn your fingers even next time. Investors need to remember that in spite of the recent surge in the stock market, it is not the right time to sell quality or blue-chip stocks that you own, unless you have a specific requirement for funds or you believe that your investment objective has been achieved. Continue your investments in such stocks. Some of stocks are not forming part of Sensex have comprehensively beaten Sensex during the last five years, giving a clear cut message that the Sensex may not perform but specific stocks will.

## CONCLUSION

This paper studies about the performance of opening week and closing week of stocks of banking sector. This study says about the price fluctuations of the opening and closing week. It clearly highlights the top five and bottom five price fluctuations of the selected banks. From the study the researcher finds that all the selected banks shows a better performance in closing week compared to opening week. And also the study results that the axis banks shows a better performance among gainers and SBI shows a better performance among losers. Thus the investors should have more attention in the closing week.

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