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A Study on Technical Factors Influencing the International Indices

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Introduction
A big wave of stock exchange consolidation is taking place across the global financial markets. The most notable merger in the recent period is that of the New York Stock Exchange with Archipelago that led to the demutualization of the former, which subsequently acquired Euro next to form, NYSE Group that makes it a formidable force in the North America and the Euro region. Another exchange NASDAQ after the merger with Instinet, Announced plans to acquire s OMX, which is Europe's leading exchange as also provider of cutting edge technology solutions for Stock Exchange Worldwide. Deutsche Borse's recent acquisition of International Securities Exchange gives the former a powerful position in the derivatives markets in Europe and America.

There was also sizable consolidation within the domestic securities markets in several countries with the merger of equities and derivatives markets in countries such as Korea, Malaysia and Hong Kong. In India, the issue of appropriate solutions for the 20 old stock exchanges that currently lack proper liquidity is engaging the attention of policy and regulation

STATEMENT OF THE PROBLEM
Similarly, trading volumes in Stock exchanges too has rapid growth. Value of share trading in stock exchange arise from about USD5.4 trillion in 1991 to USD33 trillion in 1999 to about USD70 trillion in 2006. During the period 1999 to 2006, value of share trading in Asia Pacific arise from USD4.2 trillion to USD12 trillion, in Europe, Africa and Middle East from USD8.3 trillion to USD21.8 trillion and in U.S.A from USD20 trillion to USD35 trillion. During the 10 years ended June of 2012, the Nikkei 225 was the worst performing index with a return of -21%. The top ranked index during the period was the Mexico IPC Index, with a return of 535%. The median return for the indexes during the last 10 years was 57%. The average return for all stock market indexes over that time frame was 77%. It is very difficult to predict the market in a long term. Here it is a attempt to study the factors which influencing the selected international indices.

OBJECTIVES OF THE STUDY
The following are the main objectives of the study

- To study the Technical factors that influences the global markets.
- To suggest and to recommend best ideas regarding the market fluctuation in the future period of time.

NEED OF THE STUDY
The global market involves different type of indices of various countries. The need of the study is to analyze about the different techniques involved in analyzing about the global market to provide suggestions to the investors which gives more profit.

LIMITATION OF THE STUDY
The study is limited to selected indices and there may be a failure in the analysis made with limited index in global market. The study involves secondary data which may have its own cons.

Review of Literature
Chatrath, Ramchander and Song (1996)
examined the relationship between the Indian stock market and the stock markets of the U.S. and other developed countries using daily data for the period 1984 to 1992. They used the Bombay Stock Exchange National Index (BSENI) and the Dow Jones Industrial Average (DJIA) as representative indexes for the Indian and U.S. markets, respectively.

Barry, Peavy III and Rodriguez (1998)
examined the return characteristics of emerging stock markets along with returns to several U.S. market indexes. The authors find that the emerging markets do not consistently generate high returns. However, these markets continue to provide diversification benefits for investors from the developed countries. The authors find that the relative ranking of returns between developed and emerging stock markets largely depends on the time period. Therefore, optimal asset allocation between developed and emerging markets changes over time.

Ricky chee-jiun chia,et.al,(2001) conducted a study on "Evidence on the day-of-the-week effect and asymmetric behavior in the Bombay stock exchange" and examines the existence of significant positive Monday effect and negative Friday effect during the sub-period.

Roger G. Ibbotson(2001) conducted a study on "Stock Market Returns in The Long Run", and examined the forward looking long-term equity risk by extrapolating the way it participated in the real economy and we decompose the historical equity returns into supply factor including inflation, earnings, price to earnings ratio, dividend payout ratio, book value, return on equity, and GDP percapita .we find the long supply of equity risk premium is only slightly lower than the straight historical estimate.

Nitin Merh,et,al.,(2009)
conducted a study on "Next Day Stock Market Forecasting" and analyzed Data mining techniques are gaining an important place in finance as the of the data is increasing exponentially with every passing day and the accuracy with which the data should be analyzed is very important. Results shows that forecasting accuracy obtained for autoregressive integrated moving average is better than artificial neural network

RESEARCH METHODOLOGY
RESEARCH DESIGN
The type of research design is undertaken in analytical design since the pricing movements of stocks are analyzed.

SAMPLE DESIGN For the purpose of this study is the daily closing prices of 4 Indices included in International share

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market were taken and their price movements are computed and studied. They are S&P, NIKKIE, HANGSENG, and DAX.

METHOD OF DATA COLLECTION

The sample of the stocks for the purpose of collecting secondary data has been selected on the basis of Random Sampling. The Indices are chosen in an unbiased manner and each indices is chosen independent of the other stocks chosen. The present study focused on five years (Feb 2007-Feb 2012) performance of selected indices in global share market.

SOURCES OF DATA

Secondary source

The secondary sources were collected from yahoo finance, forex factor and other sources were collected from journals and books.

TOOLS USED FOR ANALYSIS

The main technical tools used to analyzing the data are FIBONACCI, Moving Averages, Relative Strength Index (RSI), Candle stick, and Line chart.

FINDINGS:

In DAX 30 buying and selling level of candle stick it preferred buying at 5950 and selling at 6075 and in another pattern it specifies about the three white horses and it's a reversal pattern for selling where we be going for short at 5500 and it preferred covering at 5350. In DAX 30 Moving average the selling call has been initiated below the second candle of crossover and the buying has been initiated above the two crossovers. In RSI of DAX 30 it preferred buying at 7200 and selling at 7400 in pattern for selling where it preferred going for short at 7400 and it preferred covering at 7010. In Fibonacci DAX it preferred selling at every level of Fibonacci where it gave corrections to all the levels. In DAX the buying and selling level of Line chart it preferred selling at 5800 and selling at 5600 in pattern for selling where it preferred going for short. In the buying and selling level of Line chart it preferred buying at 18000 and selling at 19500 in pattern for buying where it preferred going for long.

In the buying and selling level of Line chart of NIKKIE it preferred selling at 9050 and covering at 8875 in pattern for selling where it preferred going for short. And it preferred going for long at 8165 and it preferred covering at 8450. In the buying and selling level of moving average in NIKKIE it preferred buying at 9025 and covering at 9200 in pattern for buying where it preferred going for long. And it preferred going for short at 9810 and it preferred covering at 9600. In RSI NIKKIE it preferred buying at 8410 and selling at 8400 in pattern for selling where it preferred going for short at 9600 and it preferred covering at 9500.

In S&P it preferred buying at 1258 and covering at 1353 in pattern for buying where it preferred going for long. And it preferred going for short at 1310 and it preferred covering at 1280 and in another level it preferred selling at a double top at 1220 and will be covering at 1180. In the buying and selling level of RSI it preferred buying at 1281 and selling at 1322 in pattern for selling where it preferred going for short at 1320 and it preferred covering at 1300. In the buying and selling level of candle stick in S&P it preferred selling at 1200 and covering at 8875 in pattern for selling where it preferred going for short. And it preferred going for long at 1262 and it preferred covering at 1252. In candle stick pattern it preferred buying at 20752 and target at 21131in pattern for buying where it preferred going for long.

In fibonacci pattern of Hangseng it prefer buying at 21567, 19650, 17613 and the targets will be 20608, 18631 respectively and the target doesn't reach in the level 23.6% level. It specifies about the buying level of moving average chart where it preferred buying at 21033, 19943 and target at 23422, 21390 and short sell at 22973, 19753 and target at 22449, 18963. In Hangseng it specifies about the buying level of RSI chart where it preferred buying at 19365, 21620, 18483 and target at 20298, 22268,19304 and short sell at 22268, 21620, 23512, 18569, and target at 21637, 21009, 23532, 18492.

SUGGESTIONS

In candle stick technique the market obey to the candle stick patterns involved in the market. So its preferred that to buy and sell according to the candle stick levels in the market. In case of RSI the market provides only a low potency to trade and the profit given by the technique is also low. So its preferred that to invest only low amount in that particular technique. In moving average it preferred buying and selling at many options but some time it makes us to come out with loss. So its preferred to avoid the technique because of low accuracy. The line chart patterns of every index shows that the market moves clearly according to its patterns in both buying and selling. It's recommended that to buy and sell according to the techniques of line chat in International Indices.

CONCLUSION

The foreign exchange market assists international trade and investment by enabling currency conversion. In a typical foreign exchange transaction, a party purchases some quantity of one currency by paying some quantity of another currency. In this study we have analyzed about the different indices in the global market and the pros and corns involved in International indices. The conclusion is that to buy and sell according to the recommended techniques in International market which gives more profit to the clients in future period of time.

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