

Stock Market Investment Skills :-

Stock Market Basics

All companies need money to run their business. Sometimes the profit acquired from selling goods or services is not sufficient to meet the working capital requirements. And so, companies invite normal people like you and me to put some money in their company so that they can run it efficiently and in return investors get a share of whatever profit they make.

What are shares?

Shares are a way to own a part of the company's value. In proportion to the capital you invest, you can get ownership rights to a certain percentage in the company. Say you own 2% of the shares being traded in the market, you can say you have 2% ownership in the company.

Hence, shares are units of ownership in the company and its financial assets. Shares are also known as stocks, equity, scrips etc. After purchasing them you will be known as a stockholder or a shareholder of the company.

Why do companies need shares?

Why does a company need money from the market? As mentioned before, when a company is scaling up, expanding its business etc, it will need more capital. During such times, a company can tap into the share market and offer a certain number of shares based on its market value, which investors can buy.

Investors will be paying the company some money and in return get to be part owners. So when the value of shares rises, the value of shares investors own rises. Investors are however not lending money to the company so they are not creditors. These indeed share market basics for beginners because it is essential to understand why companies need shares at all.

How does a company list its shares?

Another important aspect of share market basics is Initial Public Offering (IPO). The first time a company offers its shares to the public, it is called an IPO. Securities and Exchange Board of India (Sebi), our markets regulator, has laid out a few rules and regulations for a company to list its IPO on exchanges which they have to comply with before being eligible for listing.

What is Sebi?

Securities and Exchange Board of India is the securities market regulator to oversee any fraudulent transactions and activities made by any of the parties: companies, investors, traders, brokers and the likes.

What are stock exchanges and how many exchanges are there?

Stock exchanges is a place or a platform where traders and buyers come together to buy and sell stocks. There are two primary stock exchanges in the country: Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). This is extremely important information to know about stock market basics in India.

What are Nifty and Sensex?

All companies who want to get listed approach either NSE, BSE or both. All stock exchanges need equity benchmarks to signify the trend in the stock market in the best way possible. Both BSE and NSE have 100s and 1000s of companies listed on them. But if you have to pick the top 30 stocks, or look at what the bottom 100 are doing, it will be difficult for you to siphon through this huge number of companies listed. What indices like Nifty and Sensex do is to group them together.

Nifty 50 is a collection of the top 50 companies listed on NSE and

Sensex is a collection of the top 30 stocks listed on BSE by way of market capitalization.

The top companies are the ones that influence the stock market the most and influence the country's economy the most. Hence an index with the top and largest companies is the best gauge for how the entire stock market.

There is also BSE500, Nifty Midcap, BSE Smallcap and many more such indices. However, Nifty 50 and Sensex are primary benchmarks.

There are sectoral indices as well; Nifty Pharma, BSEBankex, Nifty PSU and many such sectoral indices that group the top stocks in each sector which helps us to understand how the sector is doing.

In Short: Indices tell us in a short, concise and easy way, how is the market doing.

When can you conduct stock market transactions?

To know about the stock market basics in India, you should also know when you are permitted to buy and sell shares. The stock market business hours in India run from 9.15 a.m. to 3.30 p.m. There are a few days in the country when the stock market is shut, they are known as market holidays. Few examples of market holidays are Holi, Id, Independence Day, Republic Day etc.

How do you make money?

Naturally, when you buy shares at a lower price and sell it at a higher price, you earn the capital gain.

However there are two ways you can do this and if you are a beginner, it is especially important for you to know the difference between stock trading basics and stock investment basics.

There are two ways

Stock investors: Stock investors are those who keep their money in the stock for a longer period of time, sometimes even years. Returns are compounded over a period of time. Investors use fundamental analysis. They look at the growth trajectory of the company because your investment literally grows with the company in the long term.

Stock traders: Stock traders generally buy and sell within the same trading session. Traders use technical analysis to understand which stocks to invest in. Traders look for short and quick gains. **Stock trading** basics will require you to learn technical indicators like momentum oscillators, bollinger bands, charts and more.

How do you start trading or investing:

You need to open a Demat and trading account. Most investment platforms and brokers these days provide you with a Demat cum trading account. Trading account is used for just the transactions,; buying and selling. Generally, if you are a trader, you don't really need to open a Demat account because if you are buying and selling within the same day, a trading account will suffice. Demat account is where your shares are stored in electronic form. Generally takes 2 working days for shares to get dematerialised and transferred to your Demat account. So after that, if you buy or sell your share it gets debited or credited from your account.

Are there any taxes?

Yes, taxes are applicable to the gains you make from your stock market transactions. A brief of how much you will be taxed is mentioned in the table below.

Long term capital gains are defined as gains you make after holding your shares for a period of 1 year or more and short term capital gains are gains you make when you hold the shares for a period of less than a year.

To start investing in NSE & BSE STOCK EXCHANGE YOU FIRST OPEN YOUR DEMAT & TRADING ACCOUNT TO FOLLOWING BEST BROKERS like

[Angel One.](#)

[Upstox](#)

[Groww](#)



Before investing in any company

What you must check in fundamental Analysis:-

1) Market Cap :-

Check market cap of company it should be more than 20,000rs Crore Company.

2)P/E - stocks with P/E ratios of below 15 are considered cheap, while stocks above about 18 are thought of as expensive.

Note:- P/E, or PER, is the ratio of a company's share (stock) price to the company's earnings per share

$P/E \text{ Ratio} = (\text{Current Market Price of a Share} / \text{Earnings per Share}).$

3) Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, **ROE** is considered the return on net assets.

it shows how much profit company is earning from it's investor means from shareholder.

Note:- It should be good if it is higher , if it is more than 20% then it is good for investment. Check 10 years **ROE** of company.

4)ROCE:- Return on capital employed (ROCE) is a financial ratio that can be used in assessing a company's profitability and capital efficiency. In other words, this ratio can help to understand how well a company is generating profits from its capital as it is put to use.

Note:- It should be good if it is higher , if it is more than 20% then it is good for investment.

5)Debt :- company must be debt free company .(check from screener. in ,tickertape.in)

6) Dividend yield= The **dividend yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its stock price.

For example itc share have dividend yield =4.66% check it on screener.in ,tickertape.in

6) Check profit growth ,sales growth it should be in positive way check profit growth of at least five years on **screener.in** , tickertape.in

7) Check 5 years & maximum chart record of company, which tell you company is performing well or not.(check it from google.com search , screener.in, tickertape.in ,moneycontrol.com)

8) Promoter holding: - it should be minimum more than 50% indicates good signal for investment. (check from tickertape.in)

9) Promoter Pledge:- it means the owner of a company takes a loan against his own shares. The promoter could be pledging shares for various reasons – to meet the running capital requirement of his business, for personal needs or to fund new acquisitions.

Note:- A decreasing **pledging of shares** over time is a **good** sign for the investors. On the other hand, an increasing **pledging of shares** can be dangerous for both promoters and shareholders.

10) Check intrinsic value:-

& Good time to entry in stock you can check from tickertape.in , you should also check rsi , macd ,moving average technical indicators from moneycontrol.com whether they are showing bullish , bearish,overbought,oversold signal.)

Note:- **bullish** signal shows to buy stock
And **bearish** signal shows to sell stock.

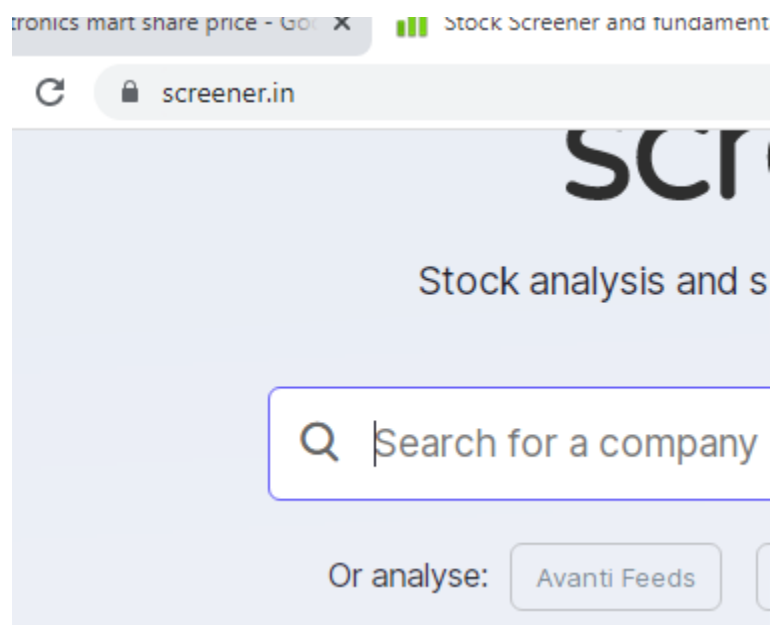
"**overbought**" shows when the stock reaches a point in trading where technical indicators suggest the next price move of the stock will be down.

How can you Start fundamental Analysis:-

Go to

<https://www.screener.in/> or you can use www.tickertape.in

& type company name for which you want to make analysis.



For example type “itc “ & click on search they you will get following result as shown.

Infosys Ltd ₹ 1,501 ▲ 0.74%
18 Oct 1:50 p.m. EXPOR

infosys.com [BSE: 500209](#) [NSE : INFY](#)

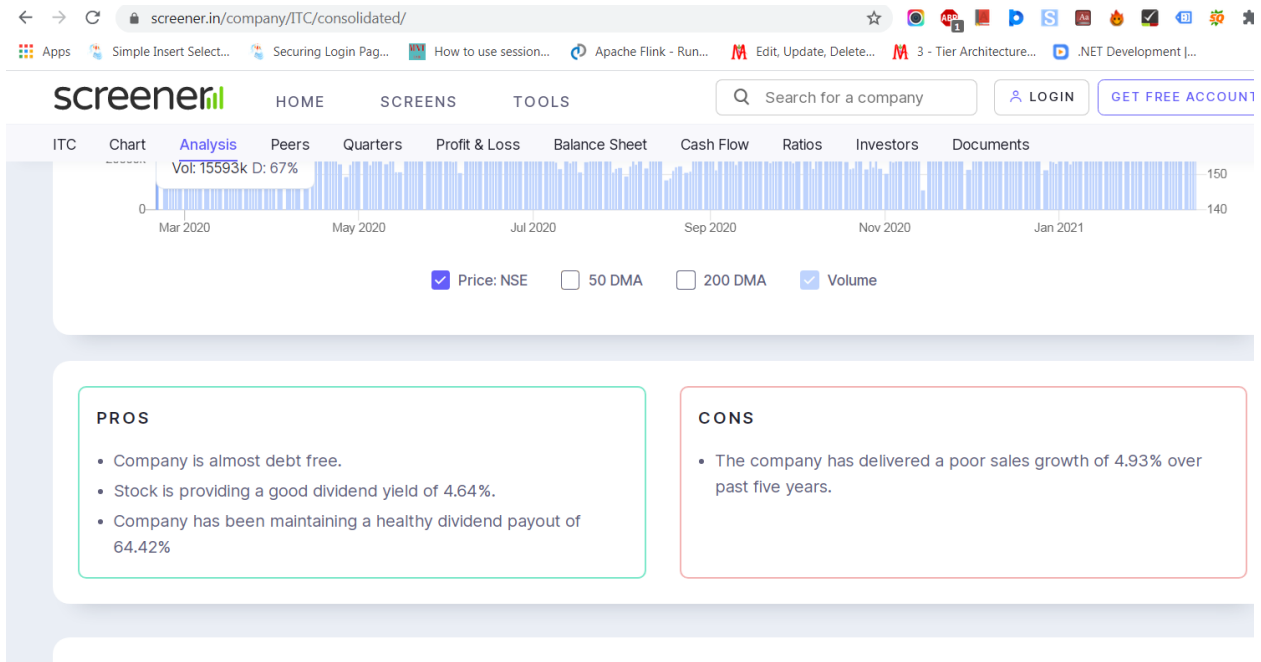
Market Cap ₹ 631,595 Cr.	Current Price ₹ 1,501	High / Low ₹ 1,954 / 1,355
Stock P/E 27.6	Book Value ₹ 190	Dividend Yield 2.08 %
ROCE 37.1 %	ROE 29.0 %	Face Value ₹ 5.00

Add ratio to table

Now check company’s pros and cons from

<https://www.screener.in/>

as shown below about itc share.



After it check companies intrinsic value & can also tell you whether you should take entry this time to buy this stock or not :-

Current price should be less than the intrinsic value

<https://www.tickertape.in/>

as shown below about itc share everything is showing in green it means this stock we can buy now. & forecast and rating also indicating that we can buy it.

Note here you check how much pledged promoter holding under holding section.

ITC Ltd

ITC

218.05 ▼ 0.80 (-0.36%)

Place Order

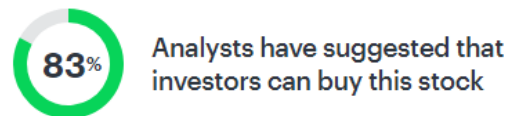
Investment Checklist **Basic** Pro

- Intrinsic Value**
Current price is less than the intrinsic value
- Returns vs FD rates**
Stock has been generating better return on equity than bank FD
- Dividend Returns**
Stock offers good dividend returns
- Entry Point**
Good time to consider, as stock is not in overbought zone
- No Red Flags**
Stock not in ASM/GSM lists and not a lot of promoter holding is pledged

Key Metrics

PE Ratio	PB Ratio	Dividend
17.55	4.09	4.63%

Forecast & Ratings

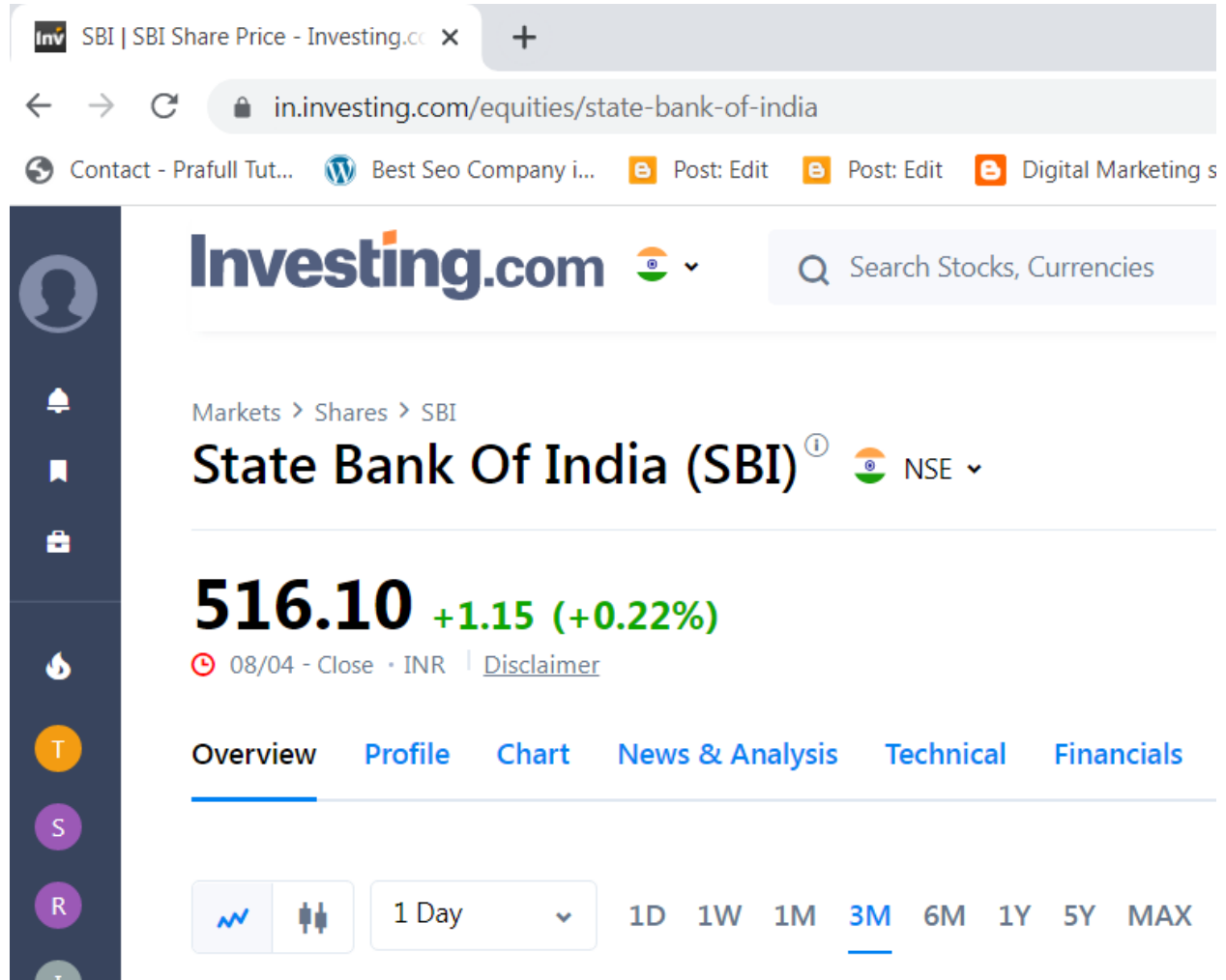


Company Profile

ITC Limited is a holding company engaged in the consumer goods (FMGC). The Company operates Hotels; Paperboards, Paper and Packaging; and Ag

Brands

For technical analysis go to in.investing.com & search company name for example here you can see state bank of India , then click on **Technical**.



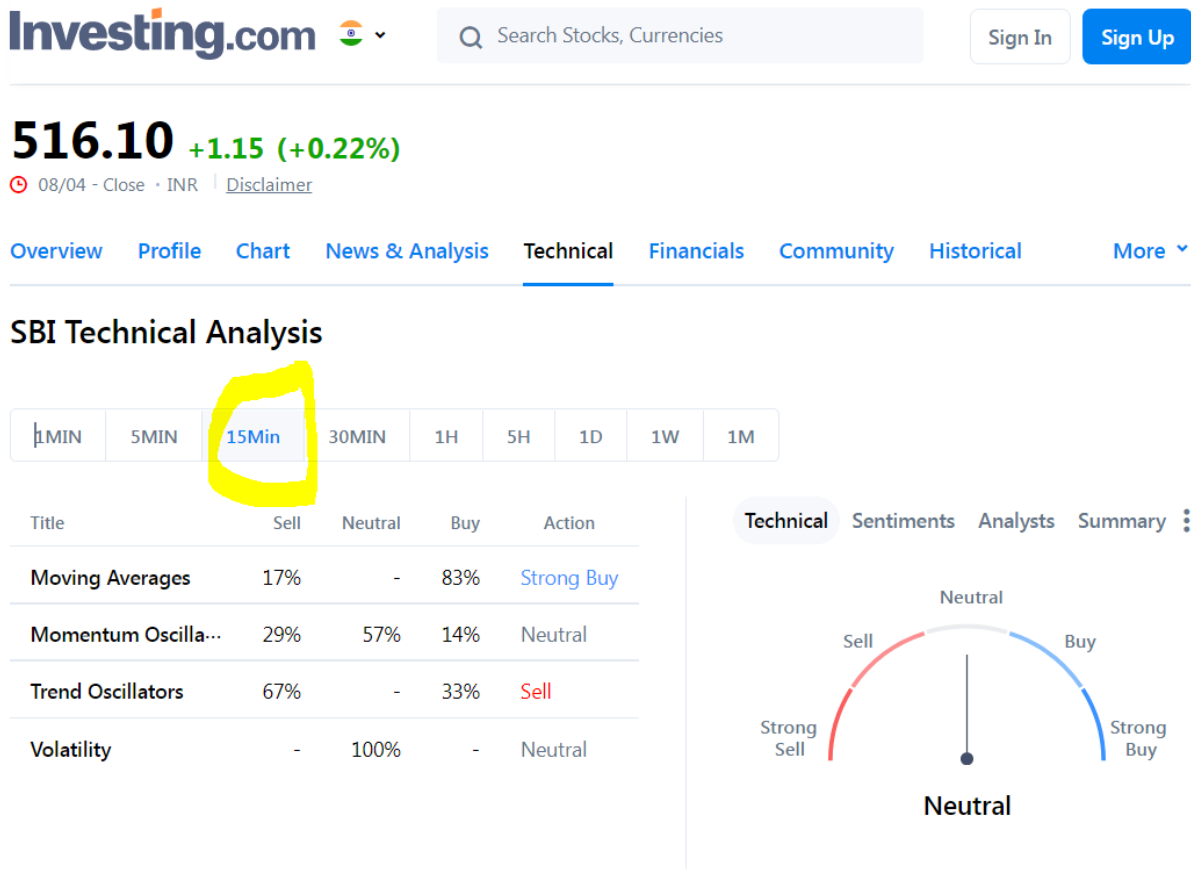
The screenshot shows the Investing.com website interface. At the top, there's a search bar and navigation links. The main content area displays the stock price for State Bank of India (SBI) as 516.10, with a green upward arrow indicating a change of +1.15 (+0.22%). Below the price, there are tabs for Overview, Profile, Chart, News & Analysis, Technical, and Financials. The 'Technical' tab is selected. At the bottom of the chart area, there are time frame options: 1D, 1W, 1M, 3M, 6M, 1Y, 5Y, and MAX. The '3M' option is currently selected.

After click on technical you will see time frames 1 min , 5 min, 15 min, 1 h(1 hour) , 1d(1 day) , 1 w(1 week) , 1 m(1 month)

1)So click on **15 minute** check

You will see Following things moving average , momentum oscillator , trend oscillator .

Note :- If it is showing Strong buy signal then go for buy and if showing Strong sell signal then go for sell.



2) So click on **1d** check

You will see following things moving average , momentum oscillator , trend oscillator .

Note :- If it is showing Strong buy signal then go for buy and if showing Strong sell signal then go for sell.

in.investing.com/equities/state-bank-of-india-technical?timeFrame=86400

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516.10 +1.15 (+0.22%)
08/04 - Close · INR | Disclaimer

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SBI Technical Analysis

1MIN 5MIN 15Min 30MIN 1H 5H **1D** 1W 1M

Title	Sell	Neutral	Buy	Action
Moving Averages	-	-	100%	Strong Buy
Momentum Oscilla...	-	-	100%	Strong Buy
Trend Oscillators	-	-	100%	Strong Buy
Volatility	-	-	100%	Strong Buy

Technical Sentiments Analysts Summary

Now scroll down it and check **rsi** value:-

It should show **buy** signal then only go for buy.
It should show **sell** signal then only go for sell.

Check **macd** value:-

It should show **buy** signal then only go for buy.
It should show **sell** signal then only go for sell.

For example See given below

SBI Share Technical Analysis (SBI) x +

in.investing.com/equities/state-bank-of-india-technical?timeFrame=86400

Contact - Prafull Tut... Best Seo Company i... Post: Edit Post: Edit Digital Marketing s... Simple Insert Select... Securing Login Pa

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Shares : Stock Screener India Pre Market World ADRs India ADRs Americas Europe Middle East Asia/Pacific Africa

RSI(14)	62.653	Buy
STOCH(9,6)	80.631	
STOCHRSI(14)	100.000	
Williams %R	-8.558	
CCI(14)	125.7045	Buy
ROC	5.228	Buy
Ultimate Oscillator	61.551	Buy

Trend Oscillators Buy (3) Neutral (0) Sell (0)

Name	Value	Action
MACD(12,26)	3.760	Buy
ADX(14)	33.411	Buy
Bull/Bear Power(13)	26.7940	Buy

Volatility Buy (1) Neutral (0) Sell (0)

Now you can use another Technical analysis tool you must check **moving average , moving average cross over , rsi , macd , vwap ,pivot point signal** :-

Go to

https://www.moneycontrol.com/

& search for sbi then you will get following result

The screenshot shows the Moneycontrol website interface. At the top, there is a navigation bar with categories like Markets, News, Portfolio, and Mutual Funds. Below the navigation bar, there is a section titled "#KnowBeforeYouInvest" which displays various financial metrics and insights for SBI. The metrics include Strengths (13), Weaknesses (7), Opportunities (5), and Threats (1). The MC TECHNICALS section shows a "Very Bullish" trend, and the MC INSIGHTS section describes SBI as a "Strong Performer".

click on MC TECHNICALS AFTER IT YOU WILL SEE NEW PAGE AS

SHOWN BELOW CHECK **DAILY , WEEKLY , MONTHLY** IF IT IS

SHOWING IN ALL WEEKLY & MONTHLY AS

BULLISH THEN BUY SIGNAL

AND

IF IT IS SHOWING **BEARISH SIGNAL THEN SELL SIGNAL.**

TECHNICAL ANALYSIS

Daily Weekly Monthly

TECHNICAL RATING ⓘ

↗ VERY BULLISH

Summary

Moving Averages	Bullish	5	1
Technical Indicator	Bullish	3	
Moving Averages Crossovers	Bullish	3	

MOVING AVERAGES

5

1

TECHNICAL INDICATORS

3

CHECK IF ALL TECHNICAL INDICATORS SHOWING BULLISH IT MEANS BUY SIGNAL FOR STOCK.

TECHNICAL INDICATORS

3

Indicator	Level	Indication
RSI(14)	76.14	Overbought
MACD(12,26,9)	32.28	Bullish
Stochastic(20,3)	87.67	Overbought
ROC(20)	38.44	Bullish
CCI(20)	72.16	Bullish
Williamson%R(14)	-17.30	Overbought
MFI(14)	83.22	Overbought
ATR(14)	14.91	Low Volatility
ADX(14)	47.21	Strong Trend
Bollinger Band(20,2)	UB: 460.82 LB: 253.63 SMA20: 357.23	--

NOTE about **rsi technical indicator** is overbought showing means stock may fall down from it current price.

Plz note when all technical indicators shows bullish then only go for buy descision of stock.

Note Understanding Technical Indicators :-

- **RSI(14):-**

Stands for Relative Strength Index. It is a momentum indicator used to identify overbought or oversold condition in the stock.

Time period generally considered is 14 days.

RSI reading below 25 is interpreted as oversold.

RSI between 25 & 45 is interpreted as a bearish condition.

RSI between 45 & 55 is interpreted as a neutral condition.

RSI between 55 & 75 is interpreted as a bullish condition.

RSI reading greater than 75 is interpreted as an overbought.

- **Macd(12,26,9)**

Stands for Moving Average Convergence Divergence. It is a trend following momentum indicator.

For calculation three moving averages are taken which are 9 day EMA, 12 day EMA & 26 day EMA.

The 26 day EMA subtracted from the 12 day EMA along with the 9 day EMA which is the "signal line", together give buy/sell signals.

If the MACD is above 0 and crosses above the signal line it is considered to be a bullish signal.

If the MACD is below 0 and crosses below the signal line it is considered to be a bearish signal.

- **Stochastic(20,3)**

It is a momentum indicator. It shows the location of the close relative to the high-low range over a set number of periods. Time period generally considered is 20 days. Readings above 80 indicate a security is overbought. Readings between 55 & 80 indicate Bullish condition. Readings between 45 & 55 indicate Neutral condition. Readings between 20 & 45 indicate Bearish condition. Readings below 20 indicate a security is oversold.

- **ROC(20)**

It stands for Rate of Change. It is a momentum oscillator that takes the current price and compares it to a price "n" periods ago. Time period generally considered is 20 days. The ROC is plotted against a zero line that differentiates positive and negative values. Value above 0 indicates Bullish condition. Value below 0 indicates Bearish condition. Value equal to 0 indicates Neutral condition.

- **CCI(20)**

It stands for Commodity Channel Index. It gives an indication of trend change & also the momentum within the trend. Time period generally considered is 20 days. CCI is relatively high when prices are far above their average & relatively low when prices are far below their average. The CCI typically oscillates above and below a zero line, above zero line it enters into positive territory & below zero into negative territory. Normal oscillations will occur within the range of +200 and -200. Readings above 200 imply an overbought condition, while readings below -200 imply an oversold condition. CCI between -200 & -50 implies a bearish condition. CCI

between -50 & 50 implies neutral condition. CCI between 50 & 200 implies bullish condition.

- **Williamson%R(14)**

It is a momentum indicator which indicates the current closing price of the stock in relation to its high & low of the past 14 days. Its purpose is to tell whether a stock is trading near the high or the low, or somewhere in between of its recent trading range. Readings between 0 and -20 imply an overbought condition, readings between -20 to -50 implies bullish condition, readings between -50 to -80 implies bearish condition and readings between -80 to -100 imply oversold position.

- **MFI(14)**

It stands for Money Flow Index. It is a momentum indicator that measures the flow of money into and out of a security. Time period generally considered is 14 days. MFI considers both price & volume to measure buying and selling pressure. Very high MFI that begins to fall below a reading of 80 while the underlying security continues to climb is a reversal signal to the downside. Conversely, a very low MFI reading that climbs above a reading of 20 while the underlying security continues to sell off is a reversal signal to the upside.

- **ATR(14)**

Stands for Average True Range. It is a volatility indicator which indicates the degree of price volatility at an absolute level compared with its 9 SMA. Time period generally considered is 14 days. If the value is greater than its 9 SMA it is considered to be Highly Volatile. If the value is less than equal to its 9 SMA it is considered to be Less Volatile. It does not provide any indication of price trend.

- **ADX(14)**

It stands for Average Directional Index. It indicates only the trend strength. It is a lagging indicator; that is, a trend must have

established itself before the ADX will generate a signal. Time period generally considered is 14 days. When the ADX line is rising, trend strength is increasing, and the price moves in the direction of the trend. When the line is falling, trend strength is decreasing, and the price enters a period of retracement or consolidation. A falling ADX line only means that the trend strength is weakening, but it usually does not mean the trend is reversing.

- **Bollinger Band(20,2)**

Stands for Bollinger Bands. It is a technical analysis tool defined by a set of lines plotted two standard deviations (positively and negatively) away from a simple moving average. The upper and lower bands are typically 2 standard deviations +/- from a 20-day simple moving average. It is believed the closer the prices move to the upper band, the more overbought the market, and the closer the prices move to the lower band, the more oversold the market. Approximately 90% of price action occurs between the two bands. Any breakout above or below the bands is a major event. The breakout is not a trading signal.

Note for intraday trading learn about technical indicators Rsi ,macd ,vwamp, pivot point in chart of moneycontrol.com & other tools like tickertape.in

Pivot Point :- (check it from moneycontrol.com, tickertape.in, screener.in)

A pivot point is a technical analysis indicator, or calculations, used to determine the overall trend of the market over different time frames. On the subsequent day, trading above the pivot point is

thought to indicate ongoing bullish sentiment, while trading below the pivot point indicates bearish sentiment.

There are few basic rules when trading pivot points.

1. Be bearish when the price is below the main pivot point.
2. Be bullish when the price is above the main pivot point.
3. Go long if the price bounces from S1, S2, or S3.
4. Go short if the price bounces from R1, R2, or R3.

VWAP :- (you can check it from moneycontrol.com, tickertape.in, ticker.finology.in)

The volume weighted average price (VWAP) is a trading benchmark used by traders that gives the average price a security has traded at throughout the day, based on both volume and price. It is important because it provides traders with insight into both the trend and value of a security.

VWAP Trading Strategy USED TO DETERMINE THE MARKET TREND:-

Observations:-

1. For bullish trend days, the market stays above the VWAP.
2. For bearish trend days, the market stays below the VWAP.
3. For ranging sessions, the market stays around the VWAP which remains more or less flat.

These observations show that the VWAP has great potential for helping traders identify the market trend.

Read following tips for intraday:-

Tip 1: Buy A Few Shares With High Trading Volumes

Note check trading volumes of each stocks of nse from

<https://www.nseindia.com/>

where you will see top gainers and top loser list and volume details of current day as shown below which will help you to choose.

TOP 5 STOCKS - NIFTY 50

GAINERS/LOSERS

MOST ACTIVE

SYMBOL	LTP	%CHNG	VOLUME
HINDALCO	321.85	4.50	3,01,59,007
JSWSTEEL	408.50	3.25	63,75,012
ONGC	107.85	2.62	2,34,86,506
TATASTEEL	687.40	2.49	2,06,70,258
HDFCBANK	1,562.25	1.50	88,29,355
SYMBOL	LTP	%CHNG	VOLUME
M&M	835.95	-4.92	37,68,560
TECHM	957.00	-3.72	38,93,254
AXISBANK	722.55	-3.62	1,10,72,561
DRREDDY	4,517.00	-3.51	7,67,752
POWERGRID	224.25	-3.42	98,69,852

[View All →](#)

Tip 2:- Always use Stop Loss:-

A stop-loss order is an order placed with a broker to buy or sell a specific stock once the stock reaches a certain price. A stop-loss is designed to limit an investor's loss on a security position. For

example, setting a stop-loss order for 10% below the price at which you bought the stock will limit your loss to 10%.

Tip 3:- Avoid the First Hour of Trading

Tip 4:- focus on Technical Analysis to decide entry , exit point in share.
:-

Always decide your entry , exit point according to technical analysis on chart.

With technical indicators vwamp , pivot point , rsi , moving average , macd

You must improve your skills to check this technical indicators in chart.

To start your journey in Stock Market then you first

Open your Demat Account from this top 3 best Broker in India

1)Angel One in this you can open from this link in free & Get free research advice here also.

<https://tinyurl.com/ye64564b>

2)Upstox in this you can open from this link in free & get news updates for each stocks.

<https://upstox.com/open-account/?f=25BSKQ>

3) [Groww](#) :- You can also open your demat account in Groww & invest in mutual funds also g
click on [Groww](#).

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