

The page features several decorative elements: a large blue circle with a white ring in the top right; a smaller blue circle with a white ring below it; and a large blue circle with a white ring in the bottom right. Thin blue lines cross the page diagonally.

# M.B.A Final Project

## Effective Tools of Technical Analysis for Stock Market

Supervisor:

**Mr. Ahmer Athar**

Submitted by:

*Hafiz Arslan Zahid* 01-220092-007

*Muhammad Zahid* 01-220092-028

*Abrar Ali* 01-220092-002

*Raja Hamid Kashif* 01-220092-031

## **ABSTRACT**

The commencement part of the report is the entire introduction about Karachi Stock Exchange. Two basic types of Analysis have been discussed here. First is the fundamental analysis and the second is Technical analysis. Here the difference among fundamental & technical analysis has been elaborated. MetaStock is the software which has been used in this project for the technical analysis of the KSE-100 index.

Main goal of the study is to find out the effective tools for the technical analysis of stock market. Advantages of the various tools that have being used for the technical analysis are discussed.

Information technology is severely affecting all the business activities likewise; Stock markets are relying heavily on the information technology. In this regard different types of software are used to predict future scenarios of the market.

The research design used in this project is quantitative. Statistical tools are being used for the interpretation of the data.

The last part of project consists of findings and conclusion, along with some recommendations.

# Table of Contents

|   |           |
|---|-----------|
| <b>CHAPTER 1.....</b>   | <b>5</b>  |
| INTRODUCTION & BACKGROUND.....                                    | 5         |
| STOCK EXCHANGE .....  | 5         |
| THREE STOCK EXCHANGES OF PAKISTAN.....                            | 6         |
| HISTORY OF KARACHI STOCK EXCHANGE.....                            | 6         |
| TRADING .....   | 7         |
| GROWTH.....   | 7         |
| OBJECTIVE OF KSE-100 INDEX.....                                   | 8         |
| TOP SECTORS OF KSE-100 INDEX.....                                 | 8         |
| TECHNICAL ANALYSIS.....   | 10        |
| THREE ASSUMPTIONS OF TECHNICAL ANALYSIS (DOW THEORY<br>1932)..... | 11        |
| FUNDAMENTAL ANALYSIS VS TECHNICAL ANALYSIS.....                   | 13        |
| THE DIFFERENCE BETWEEN FUNDAMENTAL & TECHNICAL ANALYSIS<br>.....  | 13        |
| TIME HORIZON OF BOTH TYPE OF ANALYSIS.....                        | 14        |
| THE USE OF TREND.....   | 15        |
| VOLUME.....   | 21        |
| MOVING AVERAGES.....  | 23        |
| MOVING AVERAGE CONVERGENCE-DIVERGENCE.....                        | 24        |
| RELATIVE STRENGTH INDEX.....                                      | 25        |
| <b>CHAPTER 2.....</b>   | <b>27</b> |

|  |           |
|--|-----------|
| LITERATURE REVIEW .....                    | 27        |
| <b>CHAPTER 3.....</b>                      | <b>30</b> |
| TYPE OF STUDY .....                        | 30        |
| PROBLEM STATEMENT .....                    | 31        |
| DATA COLLECTION PROCEDURE.....             | 32        |
| RESEARCH INSTRUMENT.....                   | 33        |
| TYPE OF DATA.....                          | 34        |
| POPULATION SAMPLE .....                    | 34        |
| <b>CHAPTER 4.....</b>                      | <b>35</b> |
| METASTOCK.....                             | 35        |
| DEFINING KSE-100 INDEX DATA 2003-2012..... | 38        |
| <b>TREND LINE ANALYSIS.....</b>            | <b>54</b> |
| <b>CHAPTER 5.....</b>                      | <b>57</b> |
| FINDINGS OF THE PROJECT .....              | 57        |
| CONCLUSION .....                           | 59        |
| RECOMMENDATIONS.....                       | 60        |
| REFERENCES .....                           | 61        |