THE WORLD OF STOCK MARKET

What is SENSEX?

- Index of Bombay Stock Exchange
- Most popular stock market index in india
- First compiled in 1986
- Consists of 30 stock
- Base year 1978-79, base value 100
- Current sensex value is 16300

What is NIFTY?

- Index of National Stock Exchange
- Most widely used index in india
- First published in 1995
- Base year 1995, base value 1000
- Consist of 50 stock from 21 sectors
- Current value of Nifty is 4880

Uses of an Index

- Lead indicator of the economy
- Barometer to monitor market movement
- Benchmark for portfolios
- Use in Index funds
- Underlying asset in index derivatives
- Reflection of expectation about future

Financial Markets

- Markets for financial assets or financial claims
- 1. Money markets
- 2. Capital markets

Capital Markets

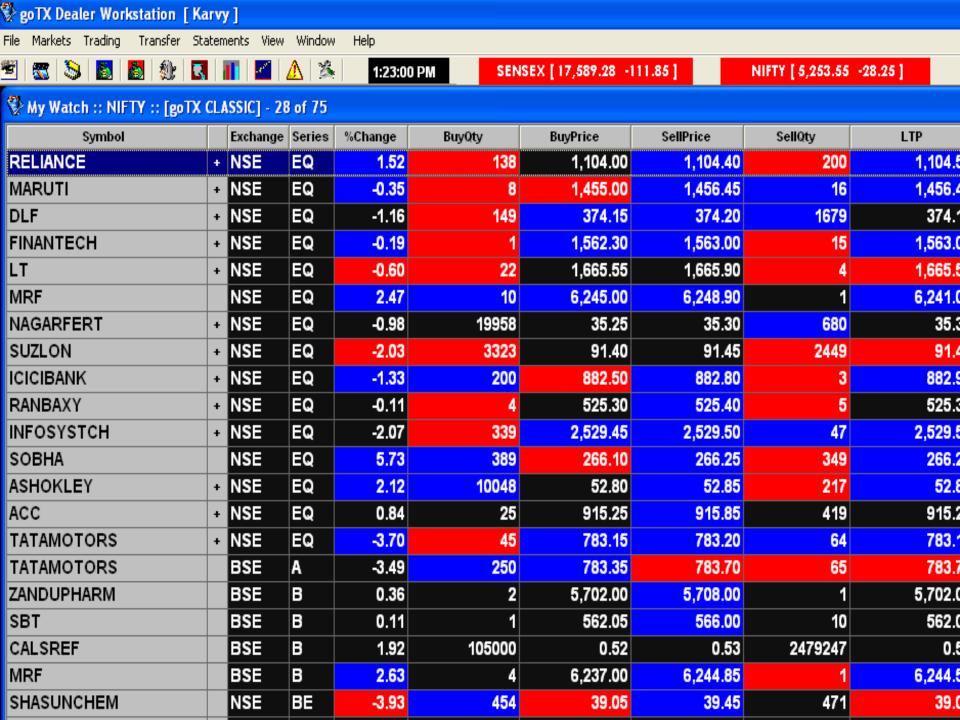
- Markets for long term funds
- Instruments like shares, debentures, etc
- 1. Primary markets
- 2. Secondary markets

Primary Markets

- Market for new issues
- Initial Public Offer (IPO)
- Qualified Institutional Placements (QIP)
- Merchant banking
- Book building

Secondary Markets

- Stock exchanges- BSE and NSE
- Trading: floor trading to electronic trading
- Dematerialization: NSDL and CDSL
- Clearing and Settlement (T+3 rolling)



Type of Trading

- Investment:
- Speculation
- Gambling

Investments

- Buying for long term
- Dividend income and
- Long term capital gain

Speculation

- Taking high risk for high return
- Planned game for very short period
- Based on rumors, guess work, intelligence

Gambling

- Taking high risk for enjoyment
- Blind trading
- Greed and Panic

Type of speculators

- 1. BULL
- Expect market to go up
- Bulls buy first sell next

- 2. BEAR
- Expect market to go down
- Bears sell first buy next

Security Analysis

- Fundamental analysis
- Technical analysis
- Efficient market hypothesis

Factors to watch

- Global markets
- Macro economic factors like inflation, interest rate, GDP data etc
- General sentiment (institutional & retail)
- Company specific news
- Technical levels

Market Depth - [NSE/EQUITY] - RMEDIA (EQ)						
#Buy	Buy Price	Buy Qty	#Sell	Sell Price	Sell Qty	
1	92.50	2000		92.60	75	
1	92.45	310		92.80	1922	
3	92.40	103	4	2 92.85	110	
3	92.30	421	-	7 92.90	300	
4	92.25	230	2	2 92.95	285	
Total Buy Qty	51209	Total Sell Qty	211465	Last Trd.Qty	25	
High Price	96.50	Low Price	92.15	Last Trd.Price	92.60	
Open Price	96.00	Close Price	95.30	Avg.Trd.Price	94.64	
52 Week High	308.00	52 Week Low	50.50	NetChange*	-2.7	
Circuit High	114.40	Circuit Low	76.25	NetChange %	-2.83	
Volume	707258	Last Trd.Time	15:29:59	Refr	resh 🚺 በ	

Derivatives

- Financial contracts
- Derived from the value of an underlying asset

Types of derivatives

- Forwards
- Futures
- Options
- Swaps

Forwards Vs Futures

Futures	Forwards		
Exchange traded	Non exchange traded		
Margin required	No margin requirement		
Standardized contracts	Customized contracts		
No counter party risk	High counter party risk		

Options

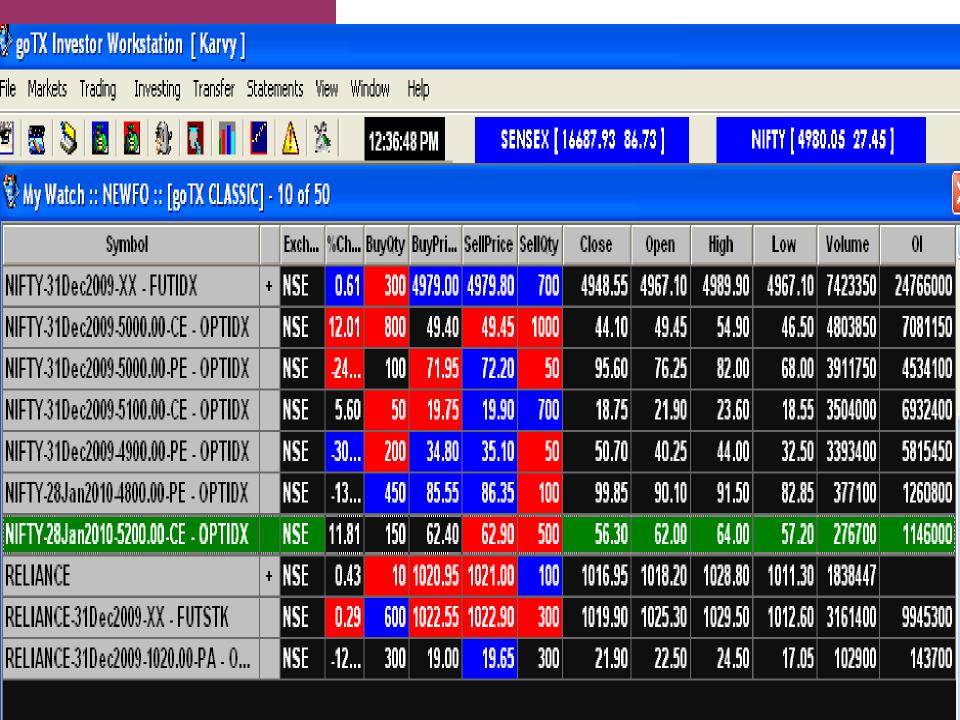
- Option or right to buy or sell
- No obligation to buy or sell
- Two types
- CALL option option to buy
- PUT option- option to sell

Swaps

- Agreements to exchange one series of cash flow with another series.
- Example: plain vanilla fixed interest loan to floating interest loan

Swaptions

- Two types
- Payer swaption: pay fixed, receive floating.
 Equal to a call option
- Reciever swaption: receive fixed pay floating.
 Equal to a put option



Thank You

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