

CONSTRUCTIONS AND CONTRACTING – CIVIL INDUSTRY SHARE PRICE TREND ANALYSIS WITH REFERENCE TO NATIONAL STOCK EXCHANGE

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ABSTRACT:

Construction industry plays a significant role in the economic development of the country. Almost 35 Million people are employed in construction sector and it's the second largest after agriculture sector in Indian economy and it is expected to grow than agriculture sector in 2022 by providing employment opportunity to 75 Million people. In addition to that size, Indian construction industry expected to touch one trillion landmarks by 2025. FDI policies were liberalized and expecting huge amount of capital inflows into this sector. Moving average convergence divergence (MACD) was deployed to identify the trend. Based on the findings of the study suitable suggestions also were made for better investment decision.

Key words: Foreign Direct Investment (FDI), Overbought, Oversold, MACD, Trend, Equity shares.

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INTRODUCTION:

In India earlier independence the economy was completely depend on the agriculture income and there was very few industries in India and the securities treaded in that the stock market was also very limited. In addition most of the peoples were not aware about the capital market and this leads to poor economic growth of the country. The trend of the security is mostly influenced by the institutional investors and the financial result of the company, in this connection trend identification plays a key role in the market and the investors may know the overbought and oversold position and this may help them to identify the veracious entry and exit point.

STATEMENT OF THE PROBLEM:

People in India may like to save their money in various avenues like fixed deposit, Post office etc. in recent years most of the people are interested about the capital market and its provide manageable return as compare to other avenues. Hence people are slowly switching their views from savings to investment. However portfolio selection, entry and exit point of the particular security plays an important role to get a return. To achieve their investment objectives investors needs to apply the technical or statistically analysis to maximize their profit.

OBJECTIVES OF THE STUDY:

The following are the objectives of the present study:

- To analyze the share price behavior for top five constructions & contracting – Civil Company using moving average convergence divergence (MACD).
- To forecast the oscillations for top five constructions & contracting – Civil Company in the stock market using technical analysis.
- To indentify the current trend of the stock and to predict the future movement of the selected companies shares

METHODOLOGY:

This research study is aimed to analyse the share price behavior for top five constructions & contracting – Civil Company based on the market capitalization by using the MACD. One year research data were collected from the secondary sources Viz., Money control and National Stock Exchange official websites. For study purpose, the monthly closing process of the five

constructions & contracting – Civil Company listed in National Stock Exchange were taken namely Dilip Buildcon, NCC Limited, Ashoka Buildcon Limited, IRB InvIT and KNR Construction and their price movements are studied and analyzed.

TABLE NO – 1

TOP FIVE COMPANIES IN THE SELECT SECTOR

| S. NO | Company Name | Market Capitalization (INR. CR) | Rank |
|--------------|--------------------------|--|-------------|
| 1 | Dilip Buildcon Limited | 8800.45 | 1 |
| 2 | NCC Limited | 6763.28 | 2 |
| 3 | IRB InvIT Limited | 3871.35 | 3 |
| 4 | KNR Construction Limited | 3659.57 | 4 |
| 5 | Ashoka Buildcon Limited | 3618.52 | 5 |

Source: Moneycontrol.com

STUDY PERIOD COVERED:

The Monthly share price of above mentioned companies were taken for a period from January 2018 to December 2018, and the closing price of shares were taken for the purpose of the present study.

DATA ANALYSIS:

In this study, Moving Average Convergence Divergence (MACD) was deployed to achieve the objectives of the present study.

MACD: Moving Average Convergence Divergence (MACD) is a trend-following momentum indicator helps to identify the correlation between two moving averages of a security's price. The MACD is calculated by subtracting the 26-period Exponential Moving Average (EMA) from the 12-period EMA and the result of that calculation is MACD line. A nine-day EMA of the MACD, called the "signal line" and is then plotted on top of the MACD line, which can function as a trigger for buy and sell signals. Traders may buy the security when the MACD crosses above its signal line and sell - or short - the security when the MACD crosses below the signal line.

Moving Average Convergence Divergence (MACD) indicators can be interpreted in several ways, but the more common methods are crossovers, divergences, and rapid rises/falls.

MACD Calculations:

MACD = 12 Period EMA – 26 Period EMA.

Signal = 9 Days Moving average of MACD.

Histogram = MACD Line – Signal Line.

CHART NO.: 1

MACD OF DILIP BUILDCON LIMITED

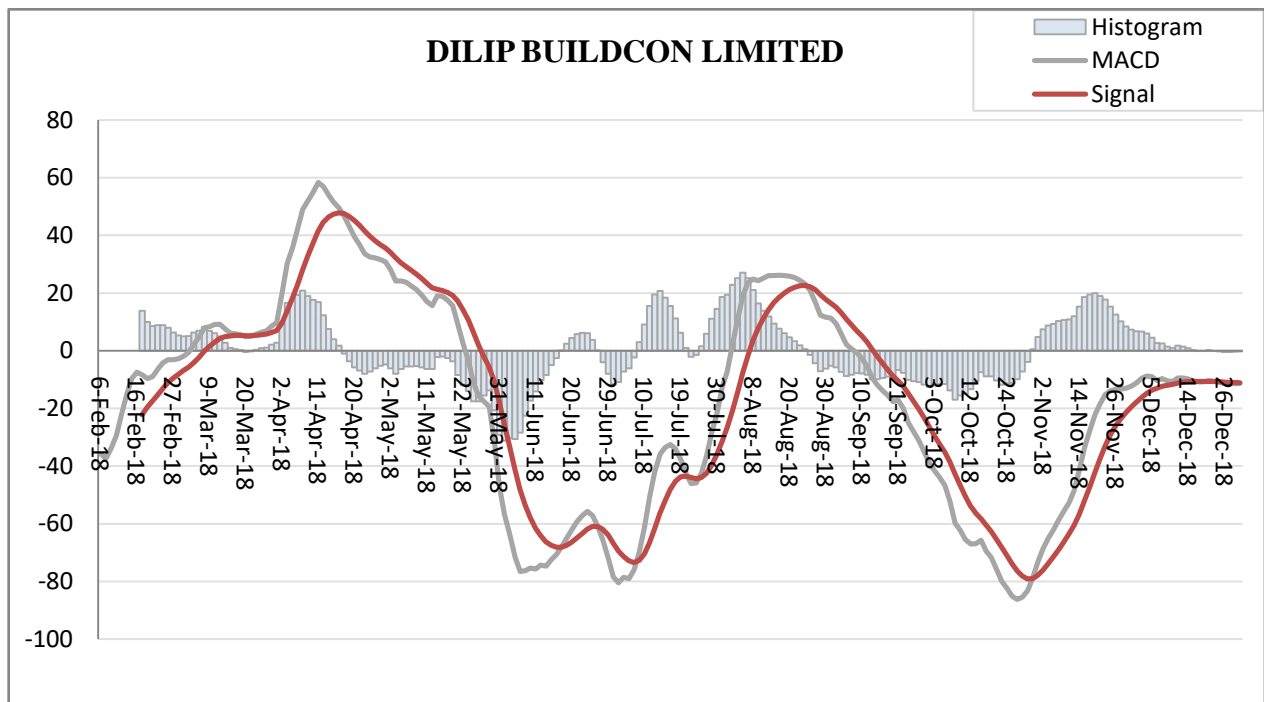


CHART NO.: 2

MACD OF NCC LIMITED

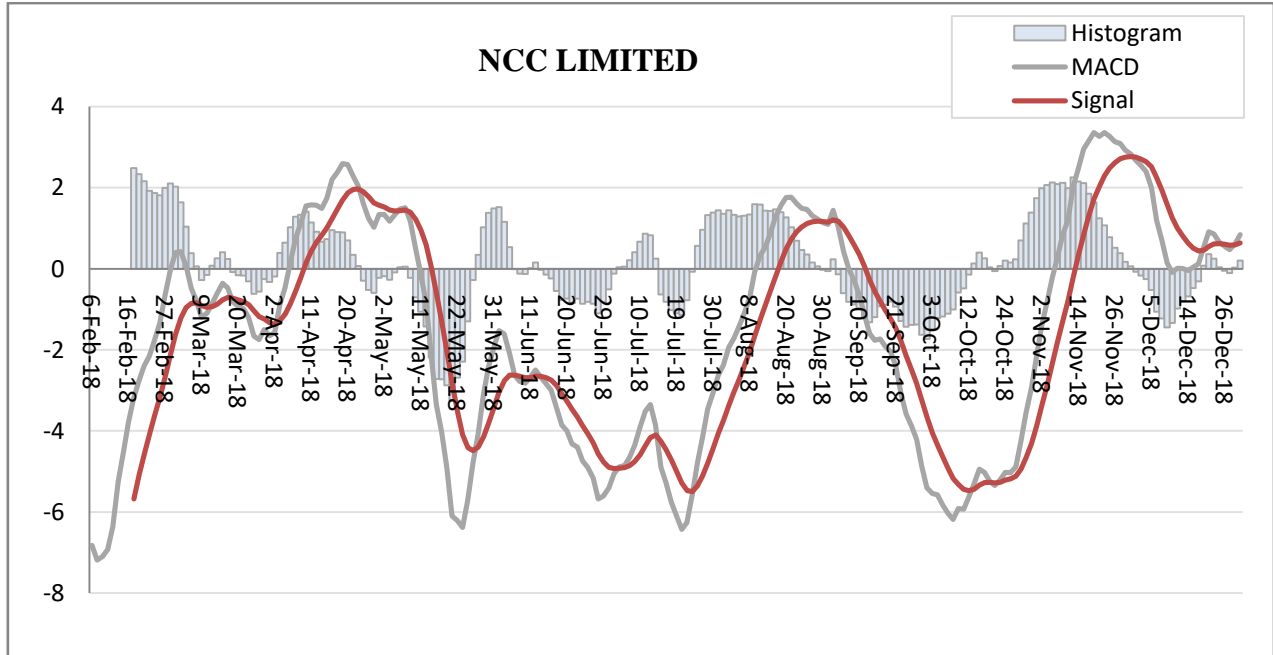


CHART NO.: 3

IRB INVIT LIMITED

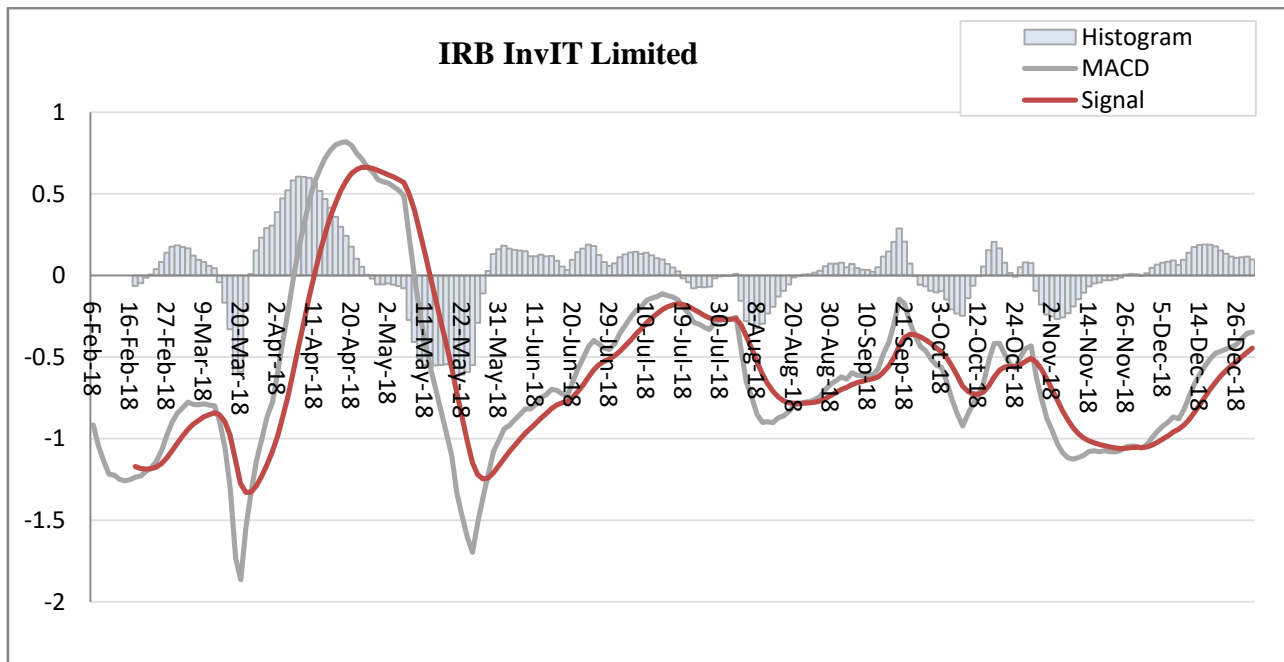


CHART NO.: 4

MACD OF KNR CONSTRUCTION LIMITED

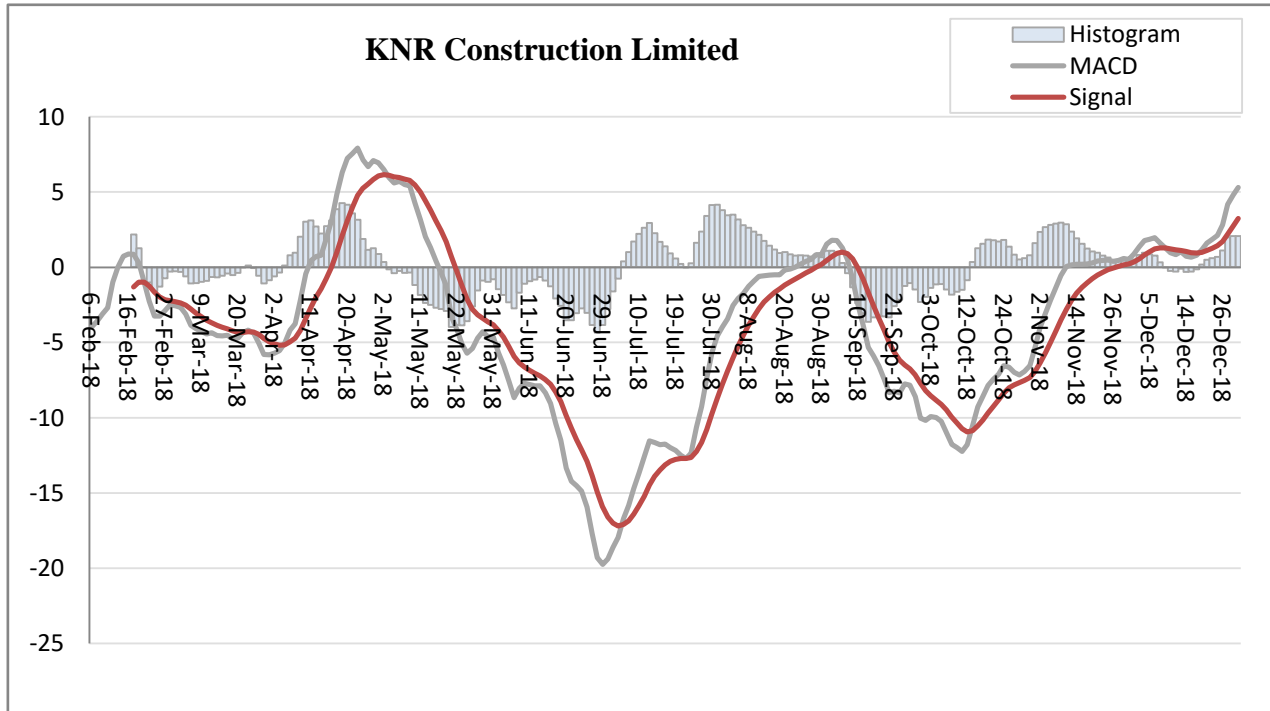
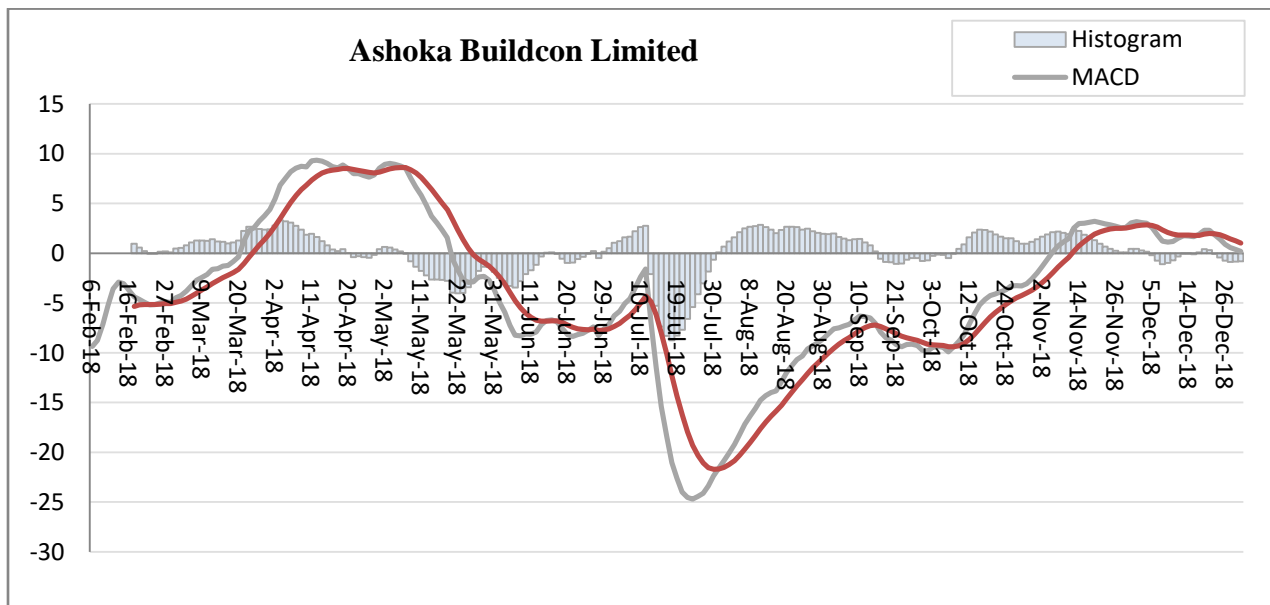


CHART NO.: 5

MACD OF ASHOKA BUILDCON LIMITED



SUMMARY OF RESULTS AND FINDINGS:

It is clear from the analysis that the buying and selling signal values found for different periods and given below for better understanding.

Buy Signal:

- I. **Dilip Buildcon limited:** It is noted from the analysis that the buying signal is found from 16th Feb 2018 to 12th April 2018 and the same is repeated from 10th July 2018 to 14th August 2018 and during the end of December 2018.
- II. **NCC Limited:** It is identified from the analysis that the buying signal is found from beginning of 2018 till 19th April 2018 and the same is repeated from 21st May 2018 to 31st May 2018, 19th July 2018 to 29th August 2018 and from 30th October 2018 to 27th November 2018.
- III. **IRB InvIT Limited:** It is identified from the analysis that the buying signal is found from 26th March from 23rd April 2018 and the same is repeated from 1st June 2018 to 15th July 2018 and 6th December 2018 till end of December 2018.
- IV. **KNR Construction Limited:** It is observed from the analysis that the buying signal is found from beginning of April 2018 to 25th April 2018, 11th July 2018 to 31 August 2018 and 16th October 2018 to 31st December 2018.
- V. **Ashoka Buildcon Limited:** From the analysis it is identified that the buying signal is found from beginning of 2018 till mid of April 2018 and the same is repeated from beginning of August 2018 to 22nd of November.

Sell Signal:

- I. **Dilip Buildcon limited:** It is noted from the analysis that the sell signal is found from 16th April 2018 to 15th June 2018 and the same is repeated from 21st August 2018 to 30th October 2018.
- II. **NCC Limited:** It is identified from the analysis that the sell signal is found from 20 April to 20th May 2018 and the same is repeated from 30th August 2018 to 11th October 2018, 28th November 2018 to 14th December 2018.
- III. **IRB InvIT Limited:** It is identified from the analysis that the selling signal is found from 15th March to 21st March 2018 and the same is repeated from 26th April 2018 to 28th May 2018.

- IV. **KNR Construction Limited:** It is observed from the analysis that the Sell signal is found from 11th May to 03 July 2018 and the same is repeated in Mid of September 2018 to 12 October 2018.
- V. **Ashoka Buildcon Limited:** From the analysis it is identified that the sell signal is found from 11th May 2018 to end of June 2018 and the same is repeated from Mid of July 2018 till 30th July 2018.

Hold Signal:

- I. **NCC Limited:** It is identified from the analysis that the Hold signal is found from 1st June 2018 to 23rd July 2018.
- II. **IRB InvIT Limited:** It is identified from the analysis that the Hold signal is found from 1st August 2018 to 16 November 2018.

DISCUSSIONS AND CONCLUSION:

The present study made an attempt to analysis the share price behavior for top five constructions & contracting – Civil Company and this company was chosen from Nation Stock Exchange based on the market capitalization as a parameter. From the above analysis and based on the pictorial presentation we can easily identify the trend and overbought and oversold position of the security. Out of five select companies scripts in the sector concern, NCC Limited, IRB InvIT Limited and KNR Construction Limited shows the clear buy signal and it is right time to buy the share. However Ashoka Buildcon Limited MACD sharply started declining during end of 2018 and it denotes the selling call for the script. Dilip Buildcon Limited chart clearly shows that MACD and signal was moving together on December. Hence it is better to wait for some more time get a clear view on the script.

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