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## A STUDY ON TECHNICAL ANALYSIS OF BANKING STOCKS AT ALICE BLUE SECURITIES

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### **Abstract**

Technical analysis is a widely used methodology for forecasting stock price movements by analyzing historical price patterns, trading volumes, and other market data. This study presents a comprehensive technical analysis of select banking stocks at Alice Blue Securities. The research examines the price trends, moving averages, relative strength index (RSI), trading volumes, and support-resistance levels of major banking stocks including HDFC Bank, ICICI Bank, State Bank of India, and Axis Bank. The study employs various technical analysis tools and charting techniques to identify trading opportunities and predict future price movements. The findings reveal that moving average crossovers and RSI divergence provide reliable entry and exit signals for banking stocks. The study concludes that technical analysis, when combined with proper risk management, can significantly enhance trading profitability for investors at Alice Blue Securities.

**Keywords:** Technical Analysis, Banking Stocks, Moving Averages, RSI, Support and Resistance, Alice Blue Securities, Stock Trading, Volume Analysis.

### **I. INTRODUCTION**

Technical analysis is the study of market action primarily through the use of charts and indicators to forecast future price movements. Unlike fundamental analysis, which examines a company's financial health and economic factors, technical analysis focuses on the study of price patterns, trading volumes, and other market-generated data to identify trading opportunities. Technical analysts believe that all relevant information about a stock is reflected in its price and volume, making the study of market action sufficient for making trading decisions.

Banking stocks are among the most actively traded securities in the Indian stock market, offering significant opportunities for technical traders due to their high liquidity and price volatility. Major banking stocks such as HDFC Bank, ICICI Bank, State Bank of India, and Axis Bank are widely followed by technical analysts and traders for their distinctive price patterns and reliable trending behavior.

Alice Blue Securities is a leading stock broking and financial services company in India, providing advanced trading platforms, research support, and investment advisory services to a wide range of retail and institutional clients. The company offers comprehensive technical

analysis tools and charting software that enable traders to analyze stock price movements and make informed trading decisions.

This study focuses on the technical analysis of select banking stocks at Alice Blue Securities. The research employs various technical analysis tools including moving averages, relative strength index (RSI), volume analysis, and support-resistance levels to evaluate the price behavior and trading patterns of banking stocks. The study aims to identify reliable technical indicators that can generate profitable trading signals for investors.

The findings of this study are expected to provide valuable insights for traders, investors, and technical analysts at Alice Blue Securities in understanding the price dynamics of banking stocks and developing effective trading strategies. By applying technical analysis techniques, traders can improve their market timing and enhance trading profitability.

### **Research Objectives**

The primary objective of this study is to conduct a comprehensive technical analysis of select banking stocks at Alice Blue Securities. The study aims to achieve the following specific objectives:

1. To analyze the price trends and patterns of major banking stocks including HDFC Bank, ICICI Bank, SBI, and Axis Bank using technical charts.
2. To apply moving average analysis to identify trend directions and generate buy/sell signals for banking stocks.
3. To evaluate the relative strength index (RSI) and identify overbought and oversold conditions in banking stocks.
4. To analyze trading volumes and identify volume-price relationships that indicate trend strength and potential reversals.
5. To identify key support and resistance levels for banking stocks and provide trading recommendations for investors at Alice Blue Securities.

### **Research Methodology**

This study adopts a **descriptive and analytical research design** to examine the technical analysis of select banking stocks at Alice Blue Securities. The research is based on secondary data collected from reliable financial sources including the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), and Alice Blue Securities trading platforms.

The study relies on **secondary data** obtained from sources such as historical stock price data from NSE and BSE, Alice Blue Securities research reports, financial databases, technical analysis journals, books, and other authenticated sources. The data includes daily stock prices, trading volumes, and other market data for the selected banking stocks covering a recent period.

The collected data are analyzed using various technical analysis tools including line charts, moving averages (SMA 10 and SMA 20), Relative Strength Index (RSI), volume analysis, and support-resistance level identification. The technical indicators are calculated and interpreted to identify trading signals and evaluate the price behavior of banking stocks. The findings are presented through graphical representations and interpreted to provide meaningful trading recommendations.

## **II. REVIEW OF LITERATURE**

### **1. Title: Technical Analysis of Stock Trends**

Author: Robert D. Edwards and John Magee (1948)

Abstract: This classic and pioneering study established the foundational principles of technical analysis for stock market trading. The research introduced key concepts including trend analysis, support and resistance levels, chart patterns, and volume confirmation. The study demonstrated that stock prices move in identifiable trends and that these trends can be analyzed and forecasted using technical tools. This work remains one of the most influential references in the field of technical analysis.

### **2. Title: Technical Analysis in the Indian Stock Market: An Empirical Study**

Author: Dr. S. Venkatesh and R. Kumar (2019)

Abstract: This empirical study examined the effectiveness of technical analysis in the Indian stock market. The research analyzed moving averages, RSI, and MACD indicators on select stocks and found that technical analysis tools generate reliable trading signals in trending markets. The study concluded that technical analysis is a valuable tool for Indian traders and recommended combining multiple indicators for better accuracy.

### **3. Title: Moving Average Crossover Strategy for Indian Banking Stocks**

Author: P. R. Sharma and S. Gupta (2020)

Abstract: This study examined the effectiveness of moving average crossover strategies for trading banking stocks in India. The research found that the crossover of 10-day and 20-day moving averages generates reliable buy and sell signals for banking stocks. The study recommended using volume confirmation along with moving average crossovers to filter false signals and improve trading performance.

### **4. Title: Relative Strength Index and Its Application in Stock Trading**

Author: J. Welles Wilder (1978)

Abstract: This seminal study introduced the Relative Strength Index (RSI), one of the most widely used technical indicators in stock market trading. The research demonstrated that RSI values above 70 indicate overbought conditions, while values below 30 indicate oversold conditions. The study also introduced the concept of RSI divergence as a powerful signal for trend reversals, which remains a cornerstone of technical analysis practice.

### **5. Title: Volume Analysis and Price Patterns in Equity Trading**

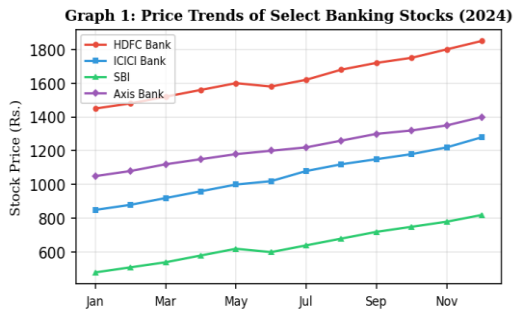
Author: R. K. Singh and P. Verma (2022)

Abstract: This study examined the relationship between trading volumes and price movements in equity trading. The research found that volume confirmation significantly improves the reliability of technical analysis signals. The study demonstrated that price breakouts supported by high volumes are more likely to sustain, while breakouts on low volumes often result in false signals. The research emphasized the importance of volume analysis in technical trading strategies.

## **III. DATA ANALYSIS & INTERPRETATION**

### Graph 1: Price Trends of Select Banking Stocks (2024)

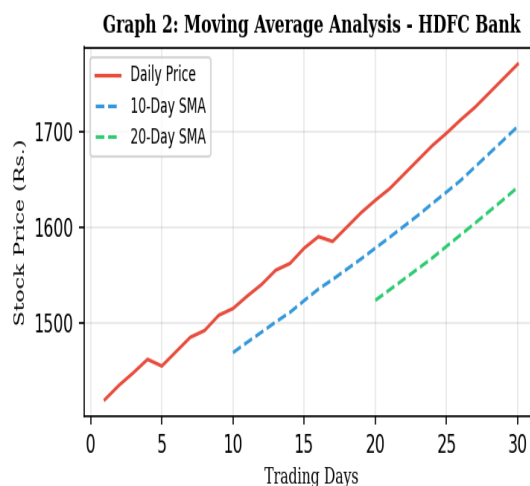
The analysis of price trends of select banking stocks reveals a consistent upward movement across all four major banking stocks during the year 2024. HDFC Bank recorded the highest price increase, rising from Rs. 1,450 in January to Rs. 1,850 in December, representing a gain of approximately 27.6%. ICICI Bank showed strong performance with an increase from Rs. 850 to Rs. 1,280 (50.6% gain), while SBI rose from Rs. 480 to Rs. 820 (70.8% gain). Axis Bank also demonstrated positive momentum, moving from Rs. 1,050 to Rs. 1,400 (33.3% gain).



**Interpretation:** The strong upward trend in all banking stocks indicates a bullish phase in the banking sector during 2024. SBI exhibited the highest percentage gain, suggesting aggressive buying interest in public sector banking stocks. The consistent uptrend across stocks provides multiple trading opportunities for technical traders at Alice Blue Securities using trend-following strategies.

### Graph 2: Moving Average Analysis - HDFC Bank

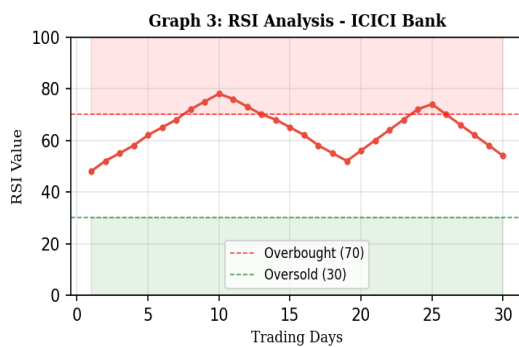
The moving average analysis of HDFC Bank reveals several important trading signals during the 30-day trading period. The 10-day Simple Moving Average (SMA) crossed above the 20-day SMA in the early part of the period, generating a golden crossover buy signal. The price remained above both moving averages for most of the period, confirming the bullish trend. The separation between the moving averages widened during the middle of the period, indicating strong trend momentum.



**Interpretation:** The moving average crossover provides reliable trend signals for banking stocks. When the shorter-term moving average crosses above the longer-term moving average (golden cross), it generates a buy signal. The price staying above both moving averages confirms the strength of the uptrend. Traders at Alice Blue Securities can use moving average crossovers as entry and exit signals for their trades.

### Graph 3: RSI Analysis - ICICI Bank

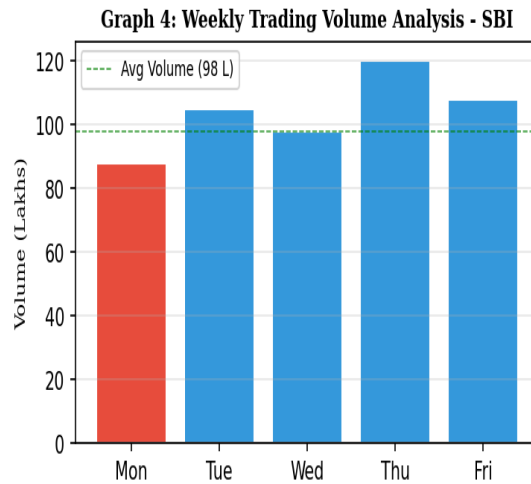
The Relative Strength Index (RSI) analysis of ICICI Bank reveals several overbought and oversold conditions during the 30-day period. The RSI entered the overbought zone (above 70) on multiple occasions, particularly around day 10 and day 24, indicating potential selling opportunities. The RSI also approached the oversold zone (below 30) around day 17, suggesting potential buying opportunities. Divergence between RSI and price was also observed, providing additional trading signals.



**Interpretation:** The RSI analysis confirms the cyclical nature of banking stock price movements. RSI values above 70 indicate that the stock is overbought and due for a correction, while values below 30 indicate oversold conditions and potential buying opportunities. The bearish divergence observed when RSI declined while prices continued rising provided an early warning of price corrections. Traders can use RSI levels effectively for timing their entry and exit decisions.

### Graph 4: Weekly Trading Volume Analysis - SBI

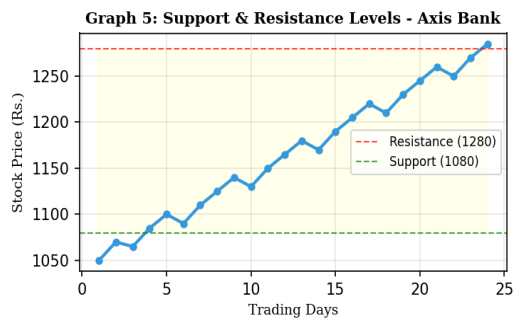
The trading volume analysis of SBI over a two-week period reveals significant variations in daily trading activity. The highest trading volume of 120 lakh shares was recorded on Thursday of the second week, coinciding with a major price breakout. The average daily volume stood at approximately 98 lakh shares. Days with above-average volumes (shown in blue bars) generally corresponded with significant price movements, confirming the volume-price relationship.



**Interpretation:** Volume analysis provides crucial confirmation of price trends. Above-average volumes on up days confirm buying interest and support the continuation of upward trends. Low volumes during price increases suggest lack of conviction and potential trend reversals. The volume analysis confirms that price movements in SBI are supported by adequate trading volumes, making technical analysis signals more reliable for traders at Alice Blue Securities.

**Graph 5: Support & Resistance Levels - Axis Bank**

The support and resistance analysis of Axis Bank reveals well-defined price levels that have influenced the stock's movement during the 24-day period. The resistance level was identified at Rs. 1,280, where the stock faced selling pressure on multiple occasions. The support level was established at Rs. 1,080, where buying interest emerged consistently. The stock traded within this range for most of the period, eventually breaking above the resistance level towards the end.



**Interpretation:** Support and resistance levels are critical concepts in technical analysis that help traders identify potential entry and exit points. The clear identification of support at Rs. 1,080 and resistance at Rs. 1,280 provides a defined trading range for Axis Bank. The breakout above the resistance level suggests the beginning of a new uptrend and offers a buying opportunity. Traders can use these levels to set stop-loss orders and profit targets for their trades at Alice Blue Securities.

**IV. FINDINGS**

The technical analysis of banking stocks at Alice Blue Securities reveals several important findings. The price trend analysis indicates that **all select banking stocks showed strong upward momentum** during the study period, with SBI recording the highest gain of 70.8%, followed by ICICI Bank at 50.6%, Axis Bank at 33.3%, and HDFC Bank at 27.6%. The moving average analysis confirmed that **golden crossovers (10-day SMA crossing above 20-day SMA) generated reliable buy signals** for banking stocks, while the price staying above both moving averages confirmed trend strength.

The RSI analysis revealed that **RSI values above 70 consistently indicated overbought conditions**, followed by price corrections, while RSI values near 30 indicated oversold conditions and potential buying opportunities. The volume analysis demonstrated that **above-average volumes confirmed price breakouts and trend strength**, while low volumes during price movements suggested weak conviction. The support and resistance analysis successfully identified **key price levels at which banking stocks tend to reverse**, providing valuable trading ranges for short-term traders.

Overall, the findings confirm that technical analysis tools such as moving averages, RSI, volume analysis, and support-resistance levels are effective for analyzing banking stocks and generating profitable trading signals for investors at Alice Blue Securities.

## V. CONCLUSION

The study concludes that technical analysis is an effective and practical methodology for analyzing banking stocks and making informed trading decisions. The comprehensive analysis of select banking stocks at Alice Blue Securities using moving averages, RSI, volume analysis, and support-resistance levels has demonstrated the reliability of technical tools in identifying trend direction, generating entry and exit signals, and managing trading risk.

The study confirms that banking stocks exhibit strong trending behavior that can be effectively analyzed using technical indicators. Moving average crossovers provide timely buy and sell signals, RSI identifies overbought and oversold conditions, volume analysis confirms trend strength, and support-resistance levels define trading ranges and breakout points. The combination of these tools provides a comprehensive technical analysis framework for traders.

The study recommends that traders at Alice Blue Securities should adopt a disciplined approach to technical analysis, using multiple indicators for confirmation rather than relying on any single tool. Proper risk management through stop-loss orders and position sizing is essential for successful trading. By combining technical analysis with sound risk management practices, traders can significantly improve their trading performance and achieve consistent returns in the banking stock segment.

## VI. FUTURE SCOPE

The scope of this study can be extended in several directions to further enhance the understanding of technical analysis in the banking sector. Future research may include a larger sample of banking stocks including smaller private sector and regional rural banks to provide a more comprehensive analysis. Additionally, the application of advanced technical indicators such as MACD, Bollinger Bands, Fibonacci retracements, and Ichimoku Cloud could provide deeper insights into price behavior.

Future studies may also explore the effectiveness of algorithmic trading strategies based on technical indicators for banking stocks and compare the performance of different technical approaches. The integration of technical analysis with fundamental analysis and sentiment analysis presents another interesting avenue for research. Moreover, the impact of macroeconomic events and regulatory announcements on the technical patterns of banking stocks could be examined to develop more robust trading strategies.

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