SUMMER INTERNSHIP REPORT 2021

THE GROWTH ARROW COMPANY

Submitted To:

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MBA-FT 2020-22

Date of Submission: *12/07/2021*

ACKNOWLEDGEMENT

I take this platform to express my sincere regards towards the various stakeholders of my Summer Internship Program which I underwent for period of two months. Each one of the following has a major role to play in bringing this project to a possible closure.
Starting with, I would like to convey my sincere gratitude towards the entire team at Growth Arrow for the able guidance they showered upon me which paved my way smoother to complete the project successfully.

A special acknowledgement towards **Ms. Priyanka, HR Manager Growth Arrow Company**, for providing me with this work from home opportunity at this time where a global pandemic curtailed the economy. I would like to thank **Mr. Megesh M, Trainer and my mentor at The Growth Arrow Company,** for taking me under his wing despite his busy schedule and for guiding me.

On this note, I would also want to thank my Faculty Guide **Prof. Nityesh Bhatt** for giving me timely responses and instilling great encouragement through his knowledge and experience.

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EXECUTIVE SUMMARY

The summer internship report comprises of the learnings and trading skills experienced and taught at The Growth Arrow. Growth Arrow stands where it stands today because they develop a strong commitment towards their clients and the trainees and help them understand in a better way.

The organisation provides its interns with a once-in-a-lifetime opportunity to grow and enhance their talents in both the Indian and overseas stock markets. Even in the thick of the epidemic, our mentor, Mr. Megesh M, conducts online training sessions and problem-solving sessions for the interns to stay informed and perform effectively.

I learned a lot about trading strategies and new stock market abilities in the internship, which will help me in the future. As a Research Analyst, I have contributed to the organisation by putting the abilities I learnt during the training session into practise.

Working at The Growth Arrow Company has allowed me to gain a deeper understanding of the stock market, something I would not have had otherwise. My mentor also gave us the option of undertaking live trading or can-do paper trading to learn more about the stock exchange's reality.

PART A:

PROFILE OF THE GROWTH ARROW

INTRODUCTION: THE GROWTH ARROW

GROWTH ARROW SERVICES, is an independent financial service domain, located in Bangalore, India. After several years of experience, they have updated and strengthen their services. Developing a strong commitment of clients and trainees in an easy manner plays an important role,to understand and learn in a better way. They develop and implement the strategies that are proven and useful to many clients.

The company has 1000+ clients throughout the world which stands the best testaments, Growth Arrow is an innovative platform for educating and mentoring the theory towards wealth and prosperity.

MISSION

It wants to create a better future for investors by making smart plans with independently verified results through its financial services with an all-inclusive structure.

SERVICES OFFERED

1. INVESTMENT PLANNING: The company makes strategies that matches the financial goals and objectives of clients financial resources. The company plan and develop strategies with its investment research tools, that helps clients to evaluate investment performance and market circumstances to analyse clients next idea can help you to achieve your financial goals.

    - Financial services
    - Amplify your idea generation with third party research
    - Set your goals define your strategy
    - Execute your plan monitor your progress.

2. TRAINING PROGRAMS: Backed by research experts the training programs are delivered by real time mentors who has earned years of experience and expertise in stock market training. The firm is known for practical investor education education for market participants would be equity investors, and the public in general.
    The firm believe knowledge is divine, in order to acquire more, spread more.

    A keen knowledge is the most vital advantage an investor acquire, that is why the firm provides our clients with an exceptional education experience using innovative interactive resources. The firm strive to help you make more informed investment decisions & have some for while you learning.

3. ADVISORY SERVICES: The firm provides professional finance by placing your funds in a right investment vehicles based on the investors future goals. The firm also takes

the time horizon and priorities into the consideration for safety of the investor as well as we care for the liquidity and returns level. As known, proper investment planning will helps the investors to produce financial rewards overtime.

4. WEALTH MANAGEMENT: The firm also provides services in investment advisory that combines other financial services to address the needs of affluent clients. The firm appoints wealth management advisor, who is a high-level professional who manages an affluent client's wealth holistically.

PART B:

PROJECT WORK

The project was related to Indian equity markets by and large and we were taught various methods of analyzing and investing in share markets i.e., NSE and BSE. The project broadly included the technical and fundamental analysis of shares.

The technical analysis had been done to recognise various chart patterns of the undervalued stocks and various patterns have been recognised as to what actions by the companies affect their stock prices and in what direction.

Every investor wants to invest in the best stocks that may give the maximum returns with leaser risk. Now the retail sector has huge potentials for growth but there is always risk of downfall at some point of time. An investor must be protected by the way of diversifying their portfolios by investing in various asset classes and equities and even equities from different sectors.

We were taught various approaches to study the candle stick chart of an equity, which can help us understand various support and resistance levels of the listed price and help us invest in more cautious manner. We were also taught how to pick stocks for intraday trading and a live analysis was done for the same. All these methods will really help in long term as equity markets are a major source of investment and trading is also recommended for passive income.

PART C:

LEARNING FROM THE SUMMER TRAINING PROJECT

Project Title: Technical Research Analysis in stocks of Indian equity markets

Project : The project allotted by The Growth Arrow Company was about research analysts in which we had to learn about various techniques and methods of analyzing the stock market and learn new concepts about trading in the stock market and then, applying them in real life.

Project Description: After the training process, we had to do the following:

- Monitor the trading performance.
- Implement the learned trading systems and techniques.
- Give suggestions for resolving issues in trading processes.
- Maintain and document the trading activities.
- Analyze and create new marketing-making trading strategies.
- Have to do paper trading.
- Building quality relationships with industry participants.

Tasks Allocated:

I had to attend all the live training sessions provided by the mentor. Learn various trading methods and techniques in the training process. Learn new prospects about the sector with general information. Maintain a trade log for paper trading. Apply the learned techniques in live trading

The First task allocated was to understand the financial market, the basics of the Indian stock market, and to learns various tools and techniques for trading in the stock market.

It gives the idea about the Indian financial market and tells those financial markets play a vital role in bringing financial providers and consumers together. The consumers of finance are businesses and industrialists, while the suppliers of finance are investors. The Indian financial markets, in general, and the securities market, in particular, operate as follows:

1. The banking system
2. Indian Securities Market
3. Indian Commodities Market
4. Foreign Exchange Market

Then we learn about what stocks are, what is the importance of investments i.e. it is important for fulfilling the basic needs, for uncertainties, to satisfy the wants, and to build self-esteem. There are different kinds of investments such as real estate, gold and jewelry, commodities, mutual funds, fixed deposits, securities of financial markets. There are four types of exchanges in the Indian financial market which are:

1. BSE (Bombay Stock Exchange): It is a cash market.
2. NSE (National Stock Exchange): It is a cash as well as derivative market and deals in futures and options.
3. MCX (Multi-commodity Exchange)
4. NCDEX (National Commodity Exchange): It deals in commodities.

The BSE and NSE

Most of the trading in the Indian stock market takes place on two stock exchanges: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The BSE came into existence in 1875 and started trading operations in the same year. The NSE, on the other hand, was founded in 1992 and started trading in 1994. However, both exchanges follow the same trading mechanism, trading hours, settlement process, etc. Currently, the BSE has about 4,700 listed firms and NSE has about 1,200. Only about 500 firms constitute more than 90% of the market capitalization out of all the listed firms on BSE and the rest of the firms are with the high illiquid shares.

Almost all the significant firms of India are listed on both the exchanges. NSE enjoys a dominant share in spot trading, with about 70% of the market share, as of 2009, and almost a complete monopoly in derivatives trading, with about a 98% share in this market, also as of 2009. Both exchanges compete with each other for the order flow that leads to reduced costs, market efficiency and innovation. There exists arbitrage in the prices on the two exchanges, i.e., there is a difference between the prices in the two exchanges for the same shares of a company but in a very tight range.

Trading at both the exchanges takes place through an open electronic limit order book, in which order matching is done by the trading computer. The entire process of trading is order-driven meaning that market orders placed by investors are automatically matched with the best limit orders and there are no market makers or specialists of any kind. Thus, the buyers and sellers remain anonymous. This order driven process brings more transparency, by displaying all buy and sell orders in the trading system itself and does not display the identity of the buyer or the seller who originated the order. However, in the absence of market makers, there is no guarantee that orders will be executed.

All orders in the trading system need to be placed through brokers, many of which provide online trading facility to retail customers. Institutional investors can also take advantage of the direct market access (DMA) option, in which they use trading terminals provided by brokers for placing orders directly into the stock market trading system.

Market Indexes

The two prominent Indian market indexes are Sensex and Nifty. Sensex is the oldest market index for equities; it includes shares of 30 firms listed on the BSE, which represent about 45% of the index's free-float market capitalization. It was created in 1986 and provides time series data from April 1979, onward.

Another index is the S&P CNX Nifty; it includes 50 shares listed on the NSE, which represent about 62% of its free-float market capitalization. It was created in 1996 and provides time series data from July 1990, onward.

Free Float market capitalization does not include shares held by the promoters or the underwriters of the company. Only the shares traded by any investor not directly related to the company constitutes part of the free-float market capitalization.

Market Regulation

Securities & Exchange Board of India (SEBI) is the regulator entity for the stock market and conducts other responsibilities related to development and supervision too. It was formed in 1992 as an independent authority. Since then, SEBI has consistently tried to lay down market rules in line with the best market practices. It enjoys vast powers of imposing penalties on market participants, in case of a breach.

Then, we learned about the *candlesticks*, support and resistance and how to see the charts that are formed for the analysis.

After understanding the basics, they taught us about various technical methods to understand the workings of the market which are of two types:

1. Traditional Methods
2. Modern Methods

The first method was *Pivot Point Calculations* which are calculated on a daily, weekly and monthly basis. It is one of the traditional methods of trading. It is one of the indicators for support and resistance. There are different types of candlesticks such as bullish and bearish, which are used for predictions and are a combination of line and bar charts. It was founded by Munehisa Hamma in japan and again made famous by Steve Nison. It describes the financial price movement and helps in understanding the technical analysis.

KEY TAKEAWAYS

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

- The pivot point itself is simply the average of the high, low and closing prices from the previous trading day.
- 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.

Calculation:

Pivot Point = (High + Low + Close) / 3

S1 = 2 * PP - High

R1 = 2 * PP - Low

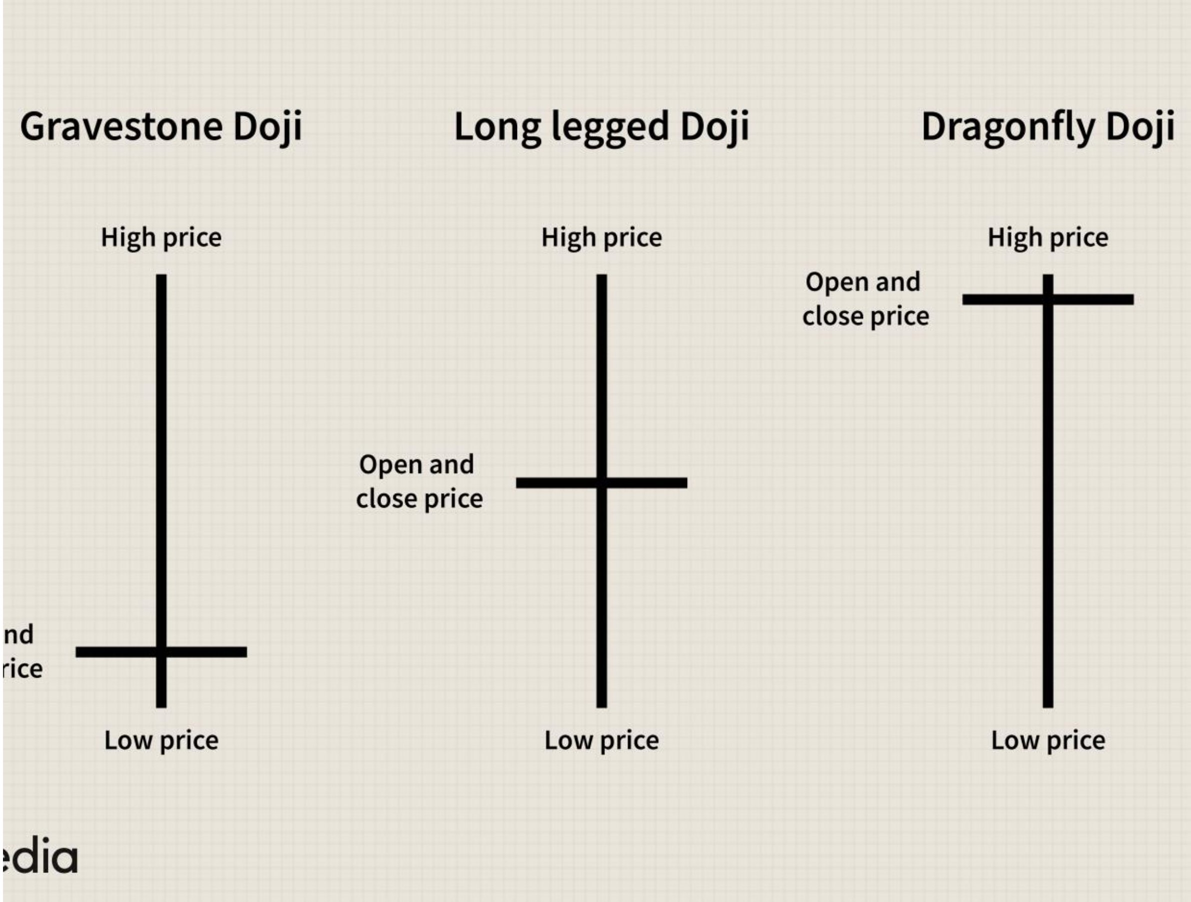
S2 = PP - (High - Low)

R2 = PP + (High - Low)

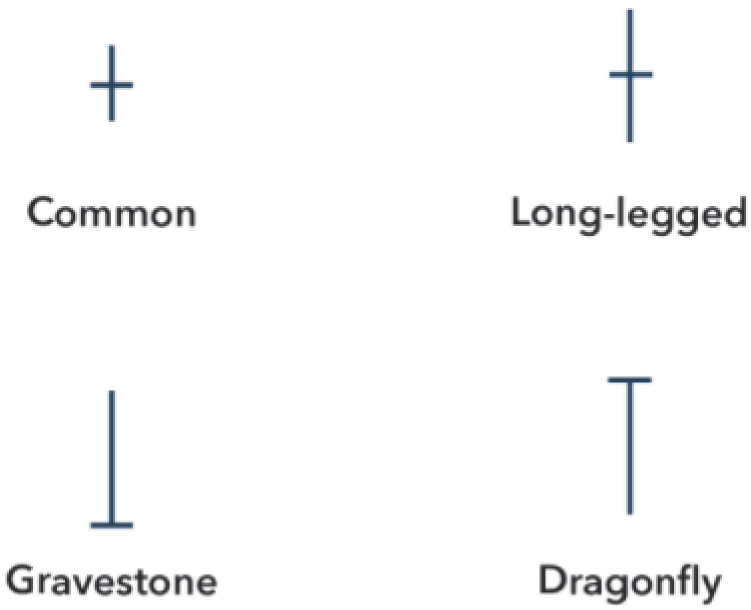
S3 = PP - 2 * (High - Low)

R3 = PP + 2 * (High - Low)

Then, there are *Doji candlesticks*, which are the most important tools for understanding the price movements. Doji suggests the indecisive/neutral behavior of buyers and sellers. It shows that both buyers and sellers are not able to take the control of the market and therefore, there is a draw in the market. There are different types of doji such as dragonfly doji, gravestone doji, four price doji, long-legged doji.



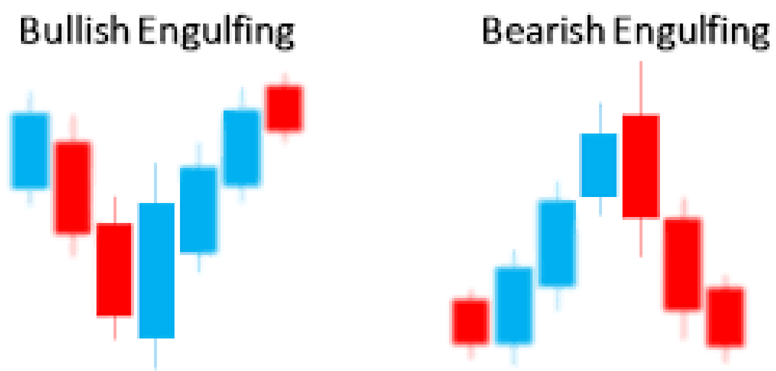
The vertical line of the doji pattern is called the wick, while the horizontal line is the body. The wick can vary in length, as the top represents the highest price, and the bottom represents the low. The body represents the difference between the opening and closing price. This element can vary in height, but not in width.



When the market starts, bullish traders drive prices up, while bearish traders reject the higher price and push it back down, forming a doji candlestick. It's also feasible that negative traders are attempting to drive prices as low as possible, while bulls fight back and raise the price. In other words, the market has considered both upward and downward alternatives before ‘resting' without committing to one of them.

The wick is formed by the upward and downward movements that occur between open and shut. When the price closes at roughly the same level as it opened, the body is created.

Then, there is *bullish and bearish engulfing*. It tells about the trend in the market, whether it is bearish or bullish trend in the market.



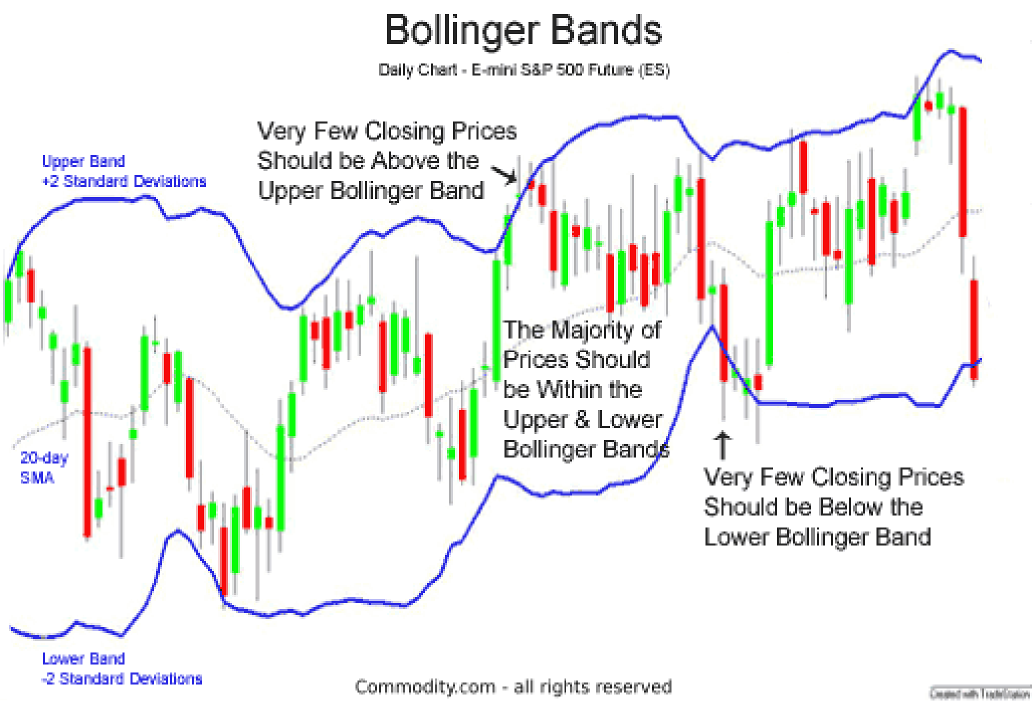
We learned about different *intraday trading strategies*. They taught us about using NSE official website for various information. How to pick up the stocks, which stock to take and which not, everything has been taught. The next tool is *Bollinger Bands*, which is used to identify the volatility of the market. There are three types of bands, Upper Bollinger band, lower Bollinger band, and middle Bollinger band.

A Bollinger Band is a technical analysis tool defined by a set of trendlines plotted two standard deviations (positively and negatively) away from a simple moving average (SMA) of a security's price, but which can be adjusted to user preferences.

Bollinger Bands were developed and copyrighted by famous technical trader John Bollinger, designed to discover opportunities that give investors a higher probability of properly identifying when an asset is oversold or overbought.

KEY TAKEAWAYS

- Bollinger Bands are a technical analysis tool developed by John Bollinger for generating oversold or overbought signals.
- There are three lines that compose Bollinger Bands: A simple moving average (middle band) and an upper and lower band.
- The upper and lower bands are typically 2 standard deviations +/- from a 20-day simple moving average, but can be modified.



The next tool is the *Relative Strength Indicator* (RSI). It is an oscillator. It indicates the strength of the market. Moving averages are another tool for learning support and resistance. It works only for four hours, daily, weekly and monthly period. Lastly, we learned about the *derivative markets.* It includes futures and options.

The relative strength index (RSI) is a momentum indicator used in technical analysis that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset. The RSI is displayed as an oscillator (a line graph that moves between two extremes) and can have a reading from 0 to 100. The indicator was originally developed by J. Welles Wilder Jr. and introduced in his seminal 1978 book, “New Concepts in Technical Trading Systems.”

Values of 70 or higher on the RSI, according to traditional interpretation and usage, signal that an investment is becoming overbought or overvalued, and may be ready for a trend reversal or corrective retreat in price. A reading of 30 or less on the RSI suggests that the market is oversold or undervalued.

KEY TAKEAWAYS

- The relative strength index (RSI) is a popular momentum oscillator developed in 1978.
- The RSI provides technical traders with signals about bullish and bearish price momentum, and it is often plotted beneath the graph of an asset’s price.
- An asset is usually considered overbought when the RSI is above 70% and oversold when it is below 30%.

The Second task is to implement all these skills by doing paper trading for beginners and live trading for people who already knew the basics. We have to fill a google form every time we do some trading in the stock market, which will help the company to keep regular records. The trade log will help the company in analyzing the performance of the interns in two months, how much they understood and where they are lacking.

I have been doing the paper trading regularly. It will give me more confidence with the tools and techniques and behavior of the stock market and then, I can do live trading and also can suggest the investment plans to other people who are interested in trading but have little or no knowledge.

LEARNINGS

- Understanding of the Indian financial markets.
- The importance of investments in equity markets and how they can earn profits.
- Understanding and applying various traditional methods of trading such as candlestick patterns, dojis, support and resistance.
- Understanding and applying various modern methods of trading such as moving averages, relative strength index, stochastic oscillator, Bollinger bands.
- The basics of derivative markets which include futures and options of listed companies in NSE.

THANK YOU!!