

TESTING THE EFFICIENCY OF OSCILLATORS IN INDIAN STOCK MARKET

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ABSTRACT

Technical analysis of stock prices is the study of market actions, generally through charts, with the objective to predict the future price trend. The market action includes two primary sources of information viz. Prices and volume. Oscillators, the momentum indicators, are important part of the technical analysis. These indicators are bounded in a range and provide indications about overbought or oversold conditions. This study aims to test the efficiency of four popular oscillators viz. Relative Strength Index (RSI), William's R, Stochastic and MACD in Indian stock market. The study takes the sample of 3 years daily prices for the 50 stocks that are part of a CNX Nifty index. This study adds to the existing literature on technical analysis. The results of the study are relevant to traders as well as retail investors.

KEYWORDS: Technical Analysis, Oscillators, RSI, MACD, Stochastics, William's R