

FINANCE

STOCK MARKET

DATA



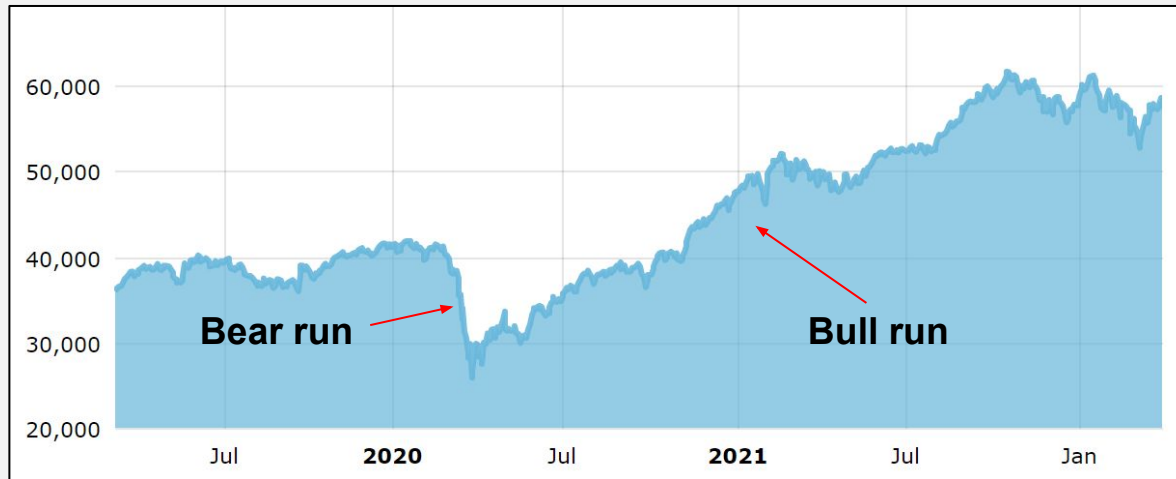
Stock Market – Basic Terminologies – II

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Bulls and Bears

- A **bull** market is a market condition where investors are expecting prices to rise whereas **bear** market is a market condition where investors are expecting prices to fall.
- Bulls are investors who take long positions in the expectation that the prices will go up
- Bears are investors who take short positions in the expectation that the prices will fall.



Bear run during COVID pandemic and Bull run during recovery

Short Selling

- Short selling involves borrowing a share from your broker and selling it on the open market and then buying the same stock later to repay the initial loan to broker.
- For example, let's say ITC shares are trading at Rs. 300/share. You borrow 100 shares from your broker and sell them for Rs. 30,000.
- The price then declines to Rs. 250/share and you purchases 100 shares of ITC and return to your broker which you initially borrowed while simultaneously booking a profit of Rs. 5,000 (Rs. 50/share)
- When you short sell a stock, you must buy back the stock on the same day before the market closes else the position is automatically squared off and you may incur a loss.
- Simply put, short selling is an intraday trade.

Upper and Lower Circuits in Stocks

- Just like circuit breakers in case of indices, stock exchanges set up a price band everyday for each stock, based on the previous day's closing price of the stock.
- Main purpose of the upper/lower circuits is to protect investors from drastic single-day movements in share price.
- Upper/Lower circuit is the highest/lowest price that the stock can trade at on that day.
- At the upper circuit of a stock, there are no sellers. Similarly, at the lower circuit of the stock there are no buyers.
- Upper/lower circuits can range from 2% and 20% and are set differently for different stocks by the exchange.

Upper and Lower Circuits in Stocks

- Assuming Infosys is trading at Rs. 1,500/share and has a 20% circuit. This means that the share price cannot increase or drop by more than 20% in the trading session and the price will only vary between Rs. 1,200 and Rs 1,800.
- Many Adani group stocks hit their lower circuits in Feb'22. Trading was halted by the exchanges in order to inhibit any potential manipulation of the stock prices and protect investors.

Circuits Breakers

- Circuit breaker refers to an emergency-use regulatory measure that temporarily halts trading on an exchange.
- Both NSE and BSE have implemented index-based market-wide circuit breakers with effect from July 02, 2001 which applies at 3 stages of the index movement, either way viz. at 10%, 15% and 20%.
- The circuit breakers are triggered by movement of either the BSE Sensex or the Nifty 50, whichever is breached earlier. Their main purpose is to curb panic-selling and manic-buying.

Circuits Breakers

The extent of duration of the market halt based on triggering the circuit breakers is given below:

Trigger Limit	Trigger Time	Market Halt Duration
10%	Before 1:00 pm	45 Minutes
	At or after 1:00 pm upto 2.30 pm	15 Minutes
	At or after 2.30 pm	No Halt
15%	Before 1:00 pm	1 hour 45 minutes
	At or after 1:00 pm before 2:00 pm	45 Minutes
	On or after 2:00 pm	Remainder of the day
20%	Any time during market hours	Remainder of the day

In case, Sensex or Nifty 50 see a 15% rise or fall before 1:00 pm, then all trading activity in equities is stopped for 1 hour 45 mins

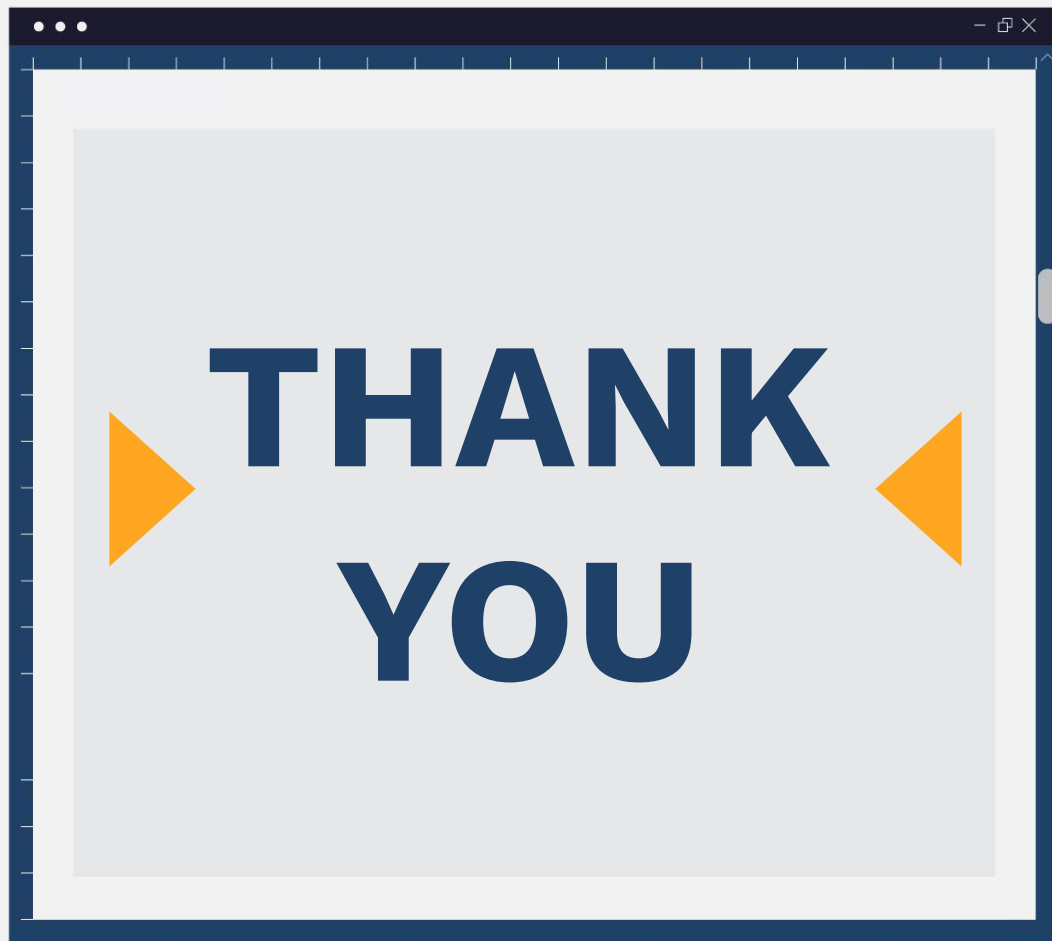
Other common terminologies

- Square off: - it indicates that you intend to close an existing position. It involves repurchasing a short-sold stock and repaying it to your broker.
- Buy Today Sell Tomorrow (BTST)
 - ❑ Indian markets follow a T+2 settlement period i.e., stock is delivered 2 days after the buy order in your demat account.
 - ❑ Did you know it is actually possible to sell the stock even before you receive it. This is called BTST.
 - ❑ Suppose you purchase a share of TCS on Wednesday. shares will be credited to your demat account on Friday(T+2) but you can sell the shares on Thursday.
 - ❑ If you sell shares on Thursday, your broker will mark the shares received in your account on Friday towards your obligation to give the shares on Monday (Thursday + 2) and the sell transaction is settled on Monday.

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