

FINANCE

STOCK MARKET

DATA



What Impacts a Share Price

BANKING

MARKETING

Demand & Supply

- Price of a shares moves based on real-time demand & Supply

- **Demand affecting factors: -**

- Company Announcements
- Market Sentiments (🐂 or 🐻)
- Economic Factors
- Industry Trends
- Unexpected Events



- **Supply affecting factors: -**

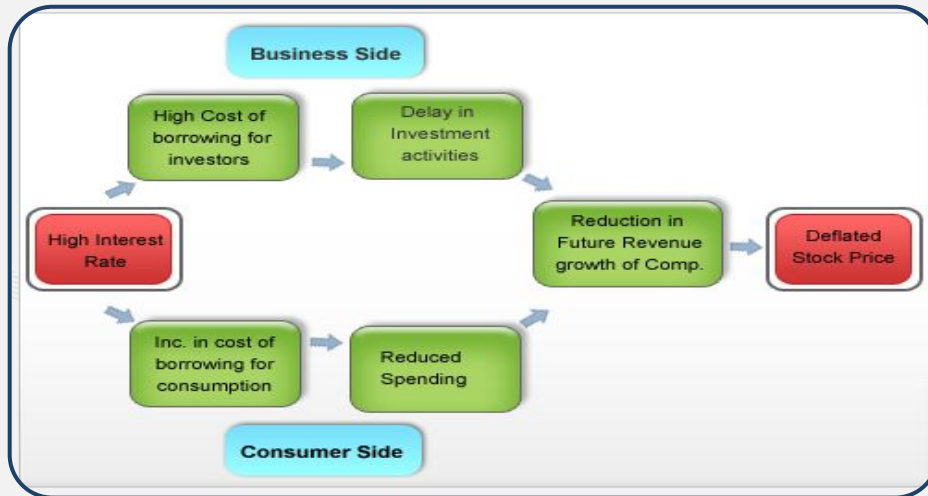
- FPO/ Right Issue/ Bonus Issue
- Shares Buyback



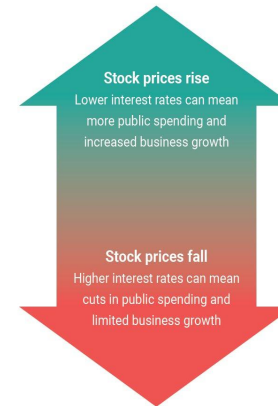
External Factors

■ Interest Rates

- Impacts on Cost of Borrowing of a company
- Thus affects Profitability & Stock Price



How interest rates affect the stock market

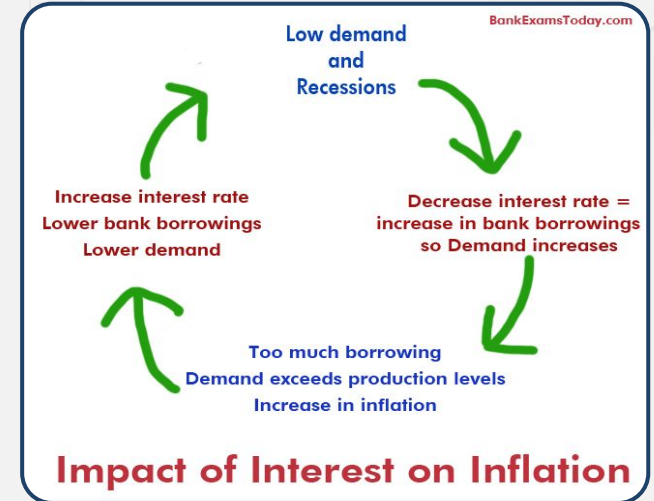


External Factors

■ Inflation

- Increase in price of Raw Materials
- Reduces Purchasing Power of public at large
- Discourage people from investing
- Lowers Sale
- Affects Profit Margin

- Is there any relationship between interest rates & inflation?



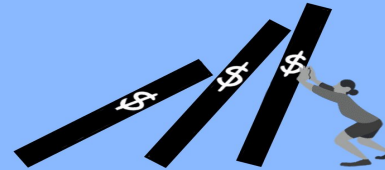
External Factors

■ Recession

- Fall in GDP
- Job losses & Pay cut-offs
- Decreased Demand
- Purchasing power falls
- People tend to preserve Cash

■ Ex: - Covid-19 in 2020

- Which types of stocks perform better during Recession?



Recession

[ri-'se-shən]

A significant, widespread, and prolonged downturn in economic activity.

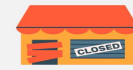
What Is a Recession?



Unemployment rate rises
16,000 jobs lost in January 2008



Consumer purchases fall off



Businesses go bankrupt
In 2008, business' orders declined .06 percent compared to the prior year



People lose their homes
Housing prices fell 10 percent in 2008

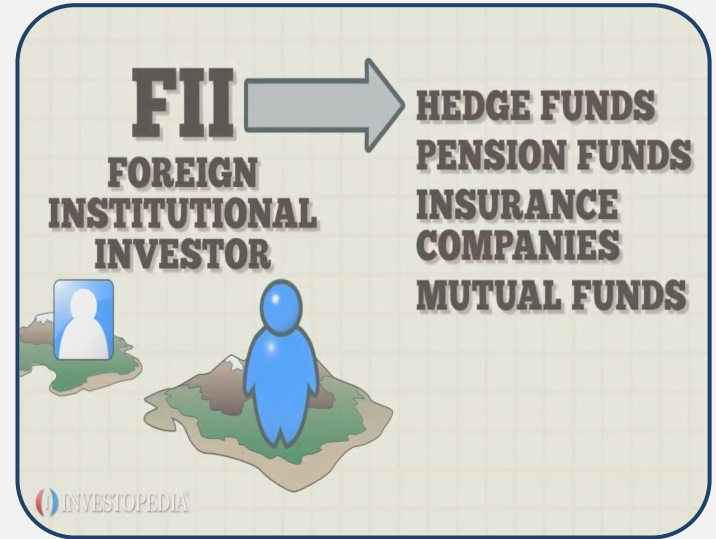


Young people can't get a good job after school

External Factors

■ Role of FII

- FII's invest in Indian primary/capital markets through PIS
- Buys, Sells & Manages Securities on behalf of Clients
- Invests Considerable amount unlike Retail Investors
- Create Supply/Demand Imbalances
- Buying/Selling by FII's causes sudden changes in Price
- What is the Maximum Shareholding of a FII in an Indian Company?



External Factors

■ Bond Yield

- Yield is the effective rate of return
- Bonds Yields have inverse relation with Bonds prices

■ Bond Yield Impact on Equity Market: -

- Bond Yield represents Opportunity cost of Investing in equities
- Higher opportunity Costs makes Equity Market less attractive
- Bond Yield impacts Cost of Borrowing
- Increase in Bond Yields – High Cost of Borrowing – More Chances of Default – Making Equities Riskier Investments – Bringing Prices Down
- Bond yields impacts Fund Flows of FIIs
- When FIIs transfers funds from Equities to Debt?



External Factors

■ Gold

- Lower Risk & Highly Liquid Asset
- Acts as a hedge against Inflation
- Demand Increases during Economic Slowdown
- Because People moves from riskier asset to safer asset
- Therefore, Gold outperforms stocks & other currency based investments during turbulence in the Economy.
- What is the Correlation between Gold Price & Stock Markets?



External Factors

■ Oil Prices

- Lower Oil Prices – Lower CAD – Rupee Appreciation – Cheaper Imports – Reduced Inputs costs – Higher Profit Margins – Positive Impact on stock prices (Vice-Versa)
- Higher Oil Prices – Increased transportation Costs – Rise in Final Price – Reduction in Sales – Negative Impact on stock prices (Vice-Versa)

Impact of Crude Oil Price On Indian Stock Market



External Factors

■ Employment/Job Market

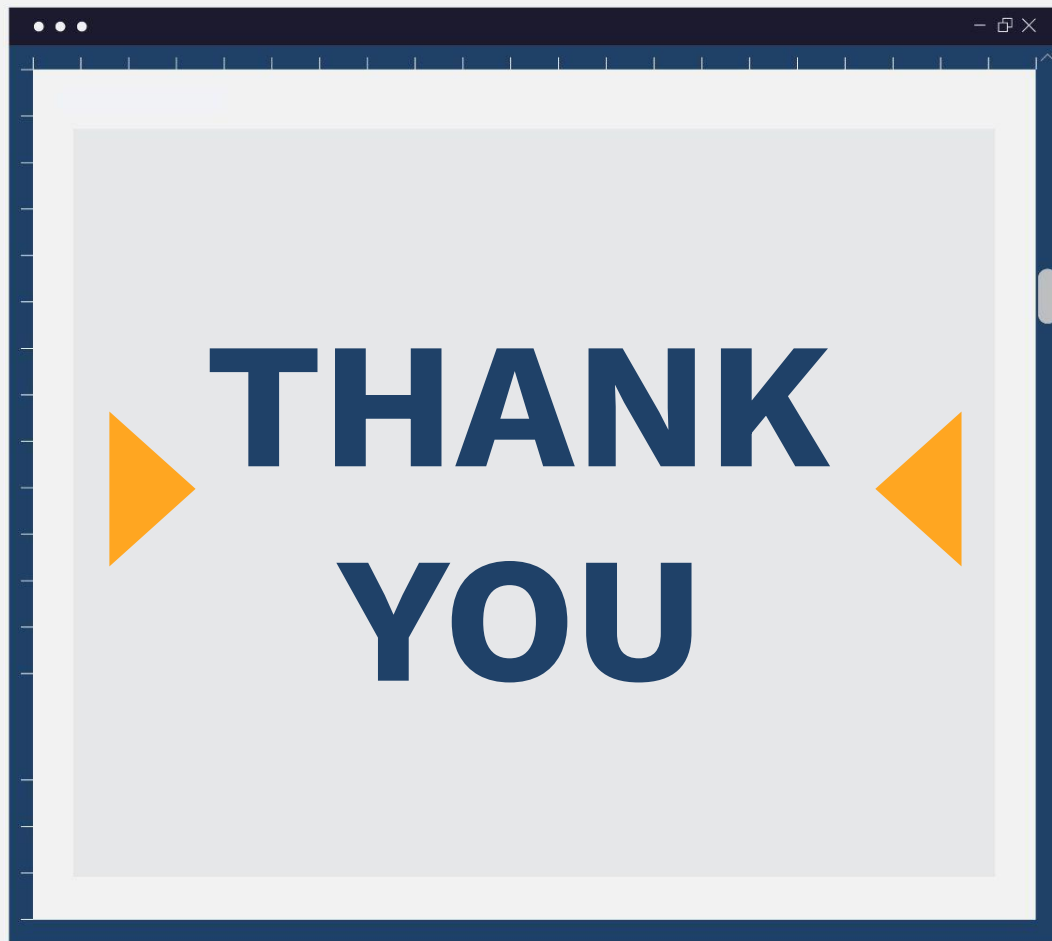
- Increasing Employment – More Disposable Income – More Investments – Bullish Capital Markets
- Why cyclical stocks perform well during periods of Increasing Employment?
 - Positive Investor Sentiments
 - More Discretionary Spending



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