

27 Aug 2012**The little things**

- **Forex reserves:** \$288.91bn (as on Aug 25)
- **Brent Crude:** 113.20 USD (as on Aug 24)
- **Sensex:** 17,850.22 (as on Aug 24) Net change: 0.02% , (from Aug 23)
- **Gold (10 gm):** Rs. 30515 (as on Aug 24, Mumbai)
- **Exchange rate (Rupee):** 55.26/\$ (as on Aug 24)

Did you know?

- After two decades of negotiations, Russia will finally join the World Trade Organization.
- Anil Ambani-led Reliance Power has entered into a partnership with China's state-owned China Datang Corp for offering operation and maintenance services to power plants.

Contact Us:**Mail Us At**finstreet.simsr@gmail.com**Visit Us At**<http://finstreet.weebly.com>**Like Us At**<https://www.facebook.com/TeamFinstreet>**NBFCs HAVE TO BUILD EXTRA RESERVES TO REDEEM DEBT**

Financial sector regulators plan to tighten norms for NBFCs by making the creation of debenture redemption reserve (DRR) mandatory for all securities. Unlike other companies that have to create such a reserve from their profits every year till the debentures are redeemed, NBFCs are partly exempted from this rule. But with several NBFCs hitting the debt market to raise funds, regulators are of the view that tighter norms are needed to strengthen for the sector.

SEBI OPENS NEW WINDOWS FOR PROMOTERS TO DILUTE STAKE

Companies looking for ways to achieve a minimum public shareholding of 25% will now have more avenues to dilute equity. Capital market regulator Sebi is expected to approve transactions like qualified institutional placement (or QIP), preferential issues, and secondary market sale by promoters to enable companies to increase public equity float. The move will come as a relief to around 200 companies with public shareholding of less than 25%.

BRAKES ON INFINITY & LEXUS LAUNCH

Slowing demand, falling rupee and likely duty sops for European rivals prompt Japanese rethink. Japanese carmakers Toyota and Nissan have put the brakes on their plans to launch luxury brands Lexus and Infiniti in the country, partly because India's free trade negotiations with European Union may make German rivals BMW, Audi and Mercedes much more competitive.

BHARTI LOST THE LOVE OF DALAL STREET

The share price of India's largest telecom company declined by 3.85% to close at 248.70, the lowest since October 20, 2006 due to issues ranging from internal performance to regulatory and competitive threats. Falling margins, potentially significant cash outflows due to regulatory changes, slowing revenue growth in Africa, and the possibility of stiff competition from Mukesh Ambani's Reliance Infotel in the voice segment have been cited as reasons by analysts for the punishment meted out to the Bharti.

SUSPEND NEW MINING IN NAXAL AREAS

Rural development minister Jairam Ramesh has pitched for a moratorium on new mining projects in the worst Naxal-affected regions and particularly in areas recently recaptured from insurgents, saying it was essential to quell the Maoist problem wreaking havoc across much of India's hinterland. Ramesh said mining was part of the problem, and called it one of the key issues contributing to the Maoist stranglehold over mineral-rich forest areas.

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ANALYSING STOCKS USING CANDLELIGHT CHARTS

What is Technical Analysis of Stocks?

Technical analysis is used for forecasting share prices for short term trading which is generally a period less than 1 year assuming that there is no manipulation of stocks. It involves study of movement of stocks in the market through price and volumes.

Though a stock chart looks like a hospital heart rate monitor but all those squiggly lines provide knowledge which combined with other stock indicators can immensely improve one's trading skills. The analysts mainly use three types of charts: Bar Charts, Line Charts and Candlestick Charts. Depending on the trading style each chart serves its own unique purpose. Though Bar charts and Line Charts are more commonly used, the Candlestick Charts have gained high popularity among traders.

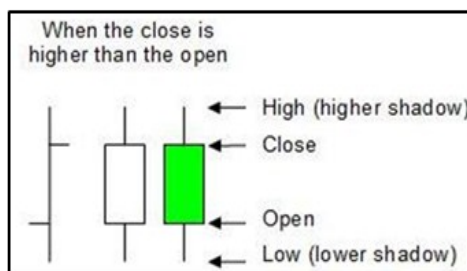
History of Candlestick chart

A candlestick chart is a price chart that displays the high, low, open and close for a security each day over a specified period of time. The basis of the candlestick is said to have originated around the 17th century by the Japanese to predict rice prices. A legendary rice trader named Munehisa Homma is said to have made a huge fortune using candlestick analysis. Over the years candlestick charting has been modified and refined and Steve Nison is credited with popularizing the style of candlestick charting that is used today.

Components of a Candlestick Chart

To create a candlestick you need the same price information as a bar chart; the open, high, low, and close. The box, or rectangular portion, of the candle is called the **body**. It represents the price range between the open and close for the day. The tips of the thin lines above and below the body are called shadows (also referred to as "wicks" and "tails") and represent the stock's high and low" price for the day.

If the Stock Closes Higher for the Day: In this case, there is a lot of buying pressure so the stock closes higher for the day and the body of the candle becomes white or green. The bottom part of the body represents the opening price and the top part of the body represents the closing price for the day.



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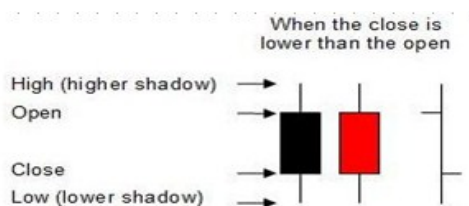
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27 Aug 2012

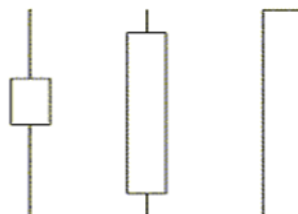
ANALYSING STOCKS USING CANDLELIGHT CHARTS

If the Stock Closes Lower for the Day

In this case, there is a lot of selling pressure so the stock closes lower for the day and the body of the candle becomes black or red. This time the opening price is at the top of the body and the closing price at the bottom.



If the body portion of the candle is long and stretched out this represents a large price difference between the opening and closing price of the stock. If the candlestick is short and not very long in length this represents very little price movement for the day.



Advantages

The problem with the bar charts is that when you have several bars on a chart it becomes harder to see each individual bar. The candlestick chart alleviates this problem because the "body" of the candle is easier to see. Many investors believe that candlestick charts are easy to read because of the relationship between the open and the close. Hence, even if it shows the same price information as the bar chart, the reason to use the candlestick is because it gives a better pictorial representation of the price action that makes reading price action easier than the standard 2-D bar chart.

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