Main Points for Stock Volatility

The shares may rise or fall due to numerous reasons, some of them are mentioned below. If you at least keep a watch on following factors. You can save yourself been big loss (if shares are falling) or earn good amount (if shares are rising).

A) News

Share market always reacts for appropriate news. Always read financial news like Business Standard and Economics Times etc. or else watch financial news channels.

What is appropriate news?

¨ News - Like merger announcement, this news will impact more if the Merger is related to foreign company, positive news - shares may rise. Demerger announcement will have negative impact - negative news - shares may fall. Merger and Demerger announcement may have major impact on Indian Share Market.

¨ Acquisition (takeover) Announcement - Takeover of some part (or whole) of companies, especially those having larger capacity/turnover or foreign company's. This news will have major impact on that particular share - very positive news- shares may rise, don't miss this opportunity. Buy shares of such companies. Takeover may have positive impact on Indian Shares.

¨ Expansion Plan - Announcement like major expansion plan of a company or entering into other sectors or opening new plants, branches, turnover increase announcement, new product launch etc. Above announcement will have a positive impact on a share market - share may rise.

¨ Political News - News like elections in the country or in any particular state, news of any major change in political upfront or in any change in rules will also have major impact on Indian share market. Political news related to any particular State will have major impact on companies located in that state for example major Sugar Companies are located at Uttar Pradesh like Balrampur Chinni, Triveni Engg, Bajaj Hindustan etc. so any major political news especially related to any sector will have major impact on shares of that sector.

¨ Sector News - The shares of Indian share market have different sectors and if any announcement of news by Government for any particular sector will have major impact on shares of that sector. Following are few sectors, few companies and few related news that may affect share prices in Indian Share Market,

Sector related news announcement

Banking - ICICI, SBI, UTI, Indian Bank etc. Hike or decrease in interest rates, loan rates etc.

Oil - PCL, BPCL etc. Hike or decrease in diesel prices, hike or decrease in crude oil prices etc.

Retail - Dabur, ITC, etc. News related to any taxes etc.

Cement - Indian Cement, Gujarat Ambuja cement etc. Hike or decrease in cement prices.

In short sector news will affect shares from that sector.

B) Impact of Other Asian Market

Most of the time it has been observed and studied that Indian Market (Nifty/Sensex) follows other Asian markets and USA markets.

Asian markets like China - Shanghai's market, Japan - Nikkei market, Hong Kong - Hang Sung market. Above all Asian markets "open" early than Indian market. Most of the time Indian market will follow this Asian markets. If these Asian markets open in positive and lead to positive direction than the Indian markets will react in the same manner and vice-versa provided that there is no major news in India.

USA market - USA markets like NASDAQ and DOW will also have major impact on Indian market. So, in short in the morning around 9.30 am (Indian market opens at 9.30 am) get all news above USA markets (which opens and closes in our night time which is their day time) and Asian markets and plan yours day trading.

C) Quarterly Results - (Very important)

Quarterly results declared by all Indian Companies will have major impact on that company and hence their shares in Indian share market. Every company declares its quarterly results. If any company declares extra-ordinary results that will definitely affects its shares.

Most of all share traders concentrate on much profit and target sales that company had made. If company achieved good profit than they declare dividend, bonus shares etc. This will make positive impact on shares of that company.

D) Fundamental News

Fundamental news means companies own news. Companies own news means future turnover announcements, any change in director body, future releases etc. If the company has good fundamentals likeboard of directors, companies expansion plans, future acquisition etc then its worth to invest in such companies for long term.

Individual share - If the share is over bought, then some profit taking will takes place (price may come down) and if share is over sold then you may see some buying (price may go up) of those shares with large volumes, than you can plan your trades accordingly.

E) Inflation Rate - (Very important)

Inflation rate is wholesale prices of consumer goods. This rate is declared by Government for every week at Friday (weekend) 12.00 pm. The inflation rate indicates what the wholesale price was for that week. If it is low As compared to previous week, then it is positive news and you may see share prices going up and if the rate is higher as compared to previous week, then it is negative and this may affect share prices negatively and share prices may come down.

So keep a watch. Inflation rate declare by Indian Government at every Friday 12.00 pm and trade accordingly. "Indian share market reacts to inflation rate".

F) Future/Derivative Expiry - (Very important)

Future/Derivatives has expiry period of one month. Derivatives get expired on last Thursday of a month. Future/ Derivative gets expired means you have to sell your future/derivatives which you caring for whole month and buy for next month. Due to this expiry period share traders sell there derivatives, due to which shares prices may come down.

If you watch the share market carefully this selling movement starts before one or two days of expiry. So be cautious and plan your trade accordingly.

During this expiry period you may see shares prices coming down then you can plan your buying and selling in next month when prices go up.

G) Where to Keep Watch - (for day traders)

Keep a close watch on shares which comes under top gainers, top losers and which are touching all time high. What can be done in after market hours (when market closes at 3.30 pm) you can make a list of all those shares then plan your trade.

"Touching all time high is positive news."