

STOCK MARKET INDICES

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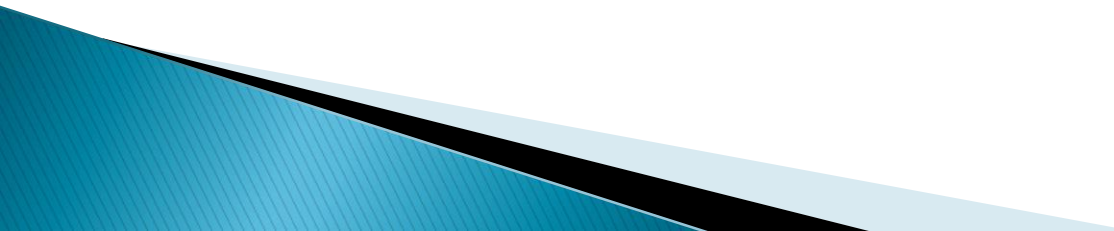
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MARKET CAPITALIZATION

- **Market capitalization is often called as market cap, it is a measurement of the size of a business enterprise.**
 - **Market capitalization is the aggregate valuation of the company based on its current share price and the total number of outstanding stocks.**
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MARKET CAPITALIZATION

LARGE CAP

- **More than Rs. 20,000 crore.**


MID CAP

- **Between Rs. 5,000 to Rs. 20,000 crore.**

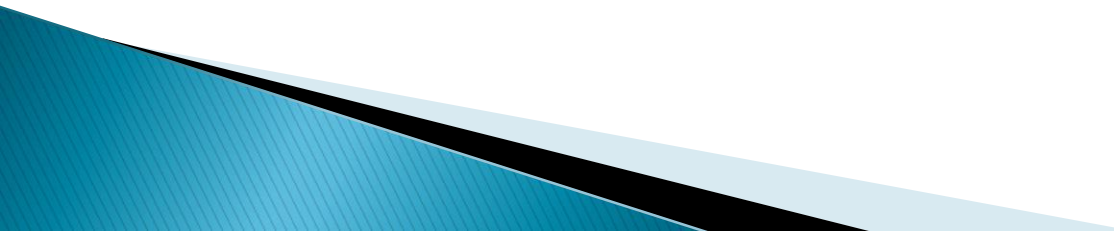
SMALL CAP

- **Below Rs. 5,000 crore.**

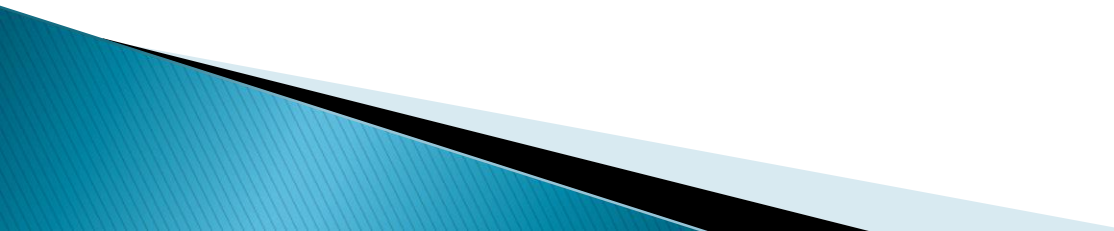
STOCK MARKET INDEX

- **From among the stocks listed on the exchange, some similar stocks are selected and grouped together to form an index.**
 - **This classification may be on the industry the companies belong to, the size of the company, market capitalization or some other basis.**
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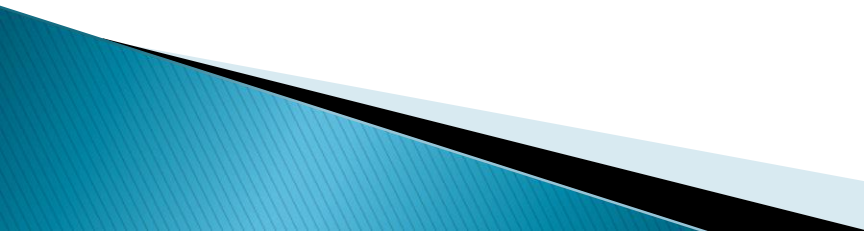
STOCK MARKET INDEX

- **The values of the grouped stocks are used to calculate the value of the index.**
 - **Any change in the price of the stocks leads to a change in the index value.**
 - **An index is thus indicative of the changes in the market.**
 - **They mirror the stock market behavior.**
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STOCK MARKET INDEX

- **Stock market indices are the barometers of the stock market.**
 - **With some 7000 companies listed on the Bombay stock exchange, it is not possible to look at the prices of every stock to find out whether the market movement is upward or downward.**
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STOCK MARKET INDEX

- **A stock market index is created by selecting a group of stocks that are capable of representing the whole market or a specified sector or segment of the market.**
 - **There is usually a provision for giving proper weights to different stocks on the basis of their importance in the economy.**
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SENSEX WEIGHTAGE

<u>SCRIP NAME</u>	<u>W (%)</u>
TCS	11.63
RELIANCE	10.65
HDFC	8.71
HINDUNI	5.78
HOUSING DEVELOP	5.10
ITC LTD	5.06
INFY	4.38
MARUTI SUZUKI	4.37
KOTAK MAHINDRA	4.11
SBI	3.52

SENSEX WEIGHTAGE

<u>SCRIP NAME</u>	<u>W (%)</u>
ONGC	3.04
L&T	2.78
ICICI	2.67
COAL INDIA	2.55
AIRTEL	2.19
AXIS	2.06
SUN PHARMA	2.06
ASIAN PAINTS	2.01
WIPRO	1.95
NTPC	1.93

SENSEX WEIGHTAGE

<u>SCRIP NAME</u>	<u>W (%)</u>
INDUSIND	1.77
M&M	1.73
POWERGRID	1.46
BAJAJ AUTO	1.39
YES BANK	1.33
TATA MOTORS	1.29
VEDANTA	1.20
ADANI PORTS	1.17
HERO MOTOCORP	1.06
TATA MOTORS	0.96

SENSEX (30)



NIFTY (50)



NIFTY BANK (12)



NASDAQ (100)



CAC (40)



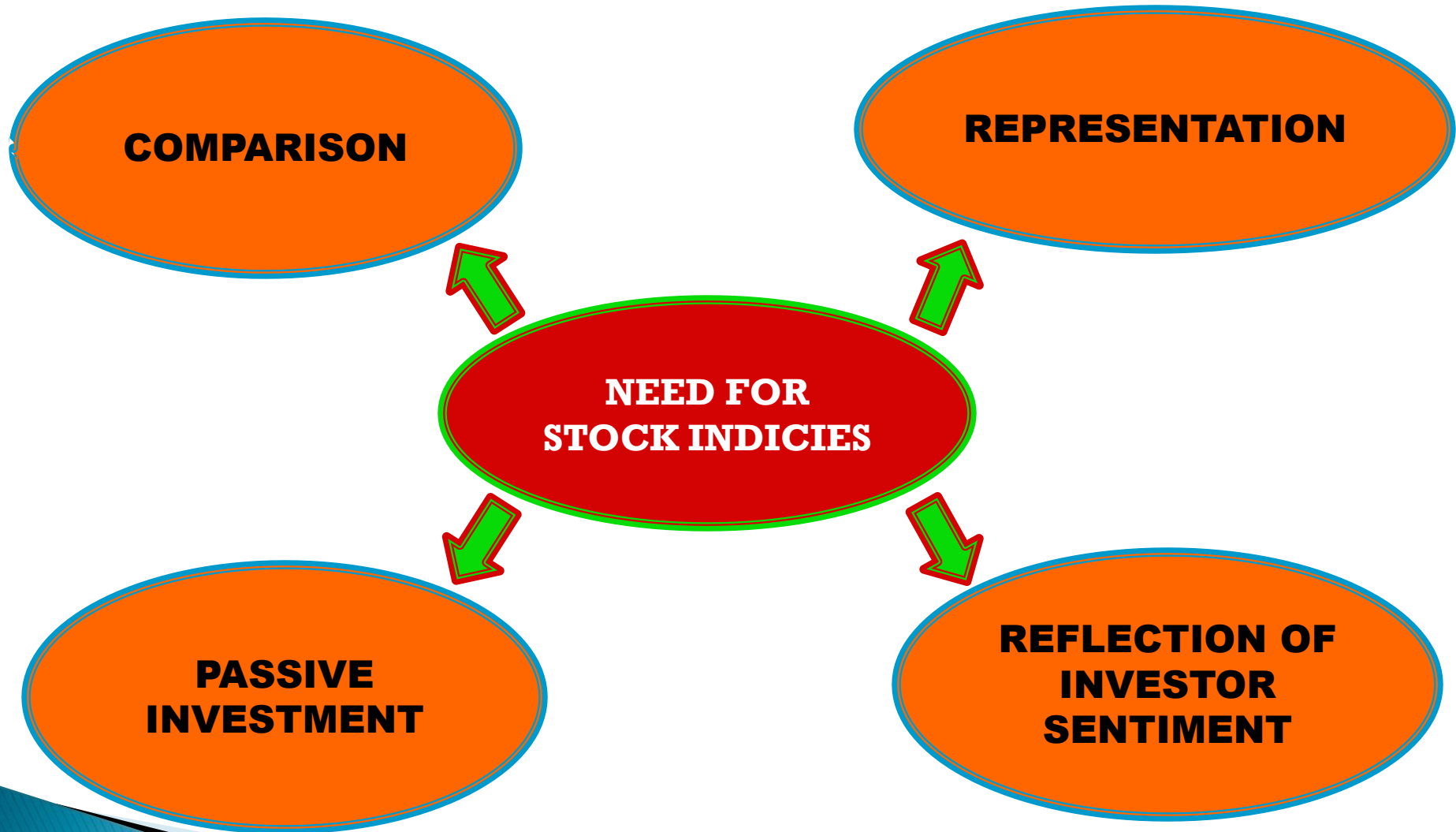
FTSE (100)



DAX (30)

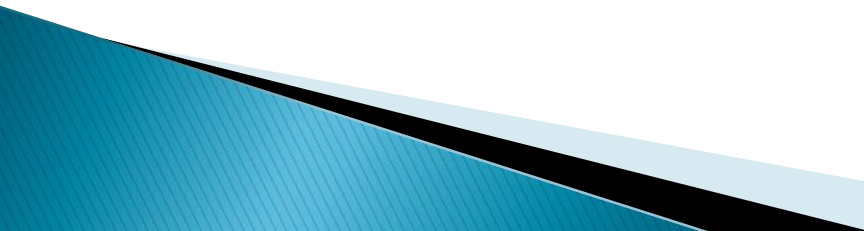


WHY DO WE NEED INDICES?



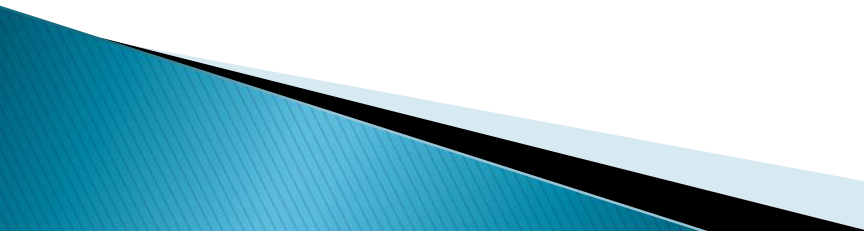
WHY DO WE NEED INDICES?

▶ Representation :

- **Indices act as representative of the entire market or a certain segment of the market.**
 - **In India, the BSE Sensex and the NSE Nifty are considered to represent the benchmark indices.**
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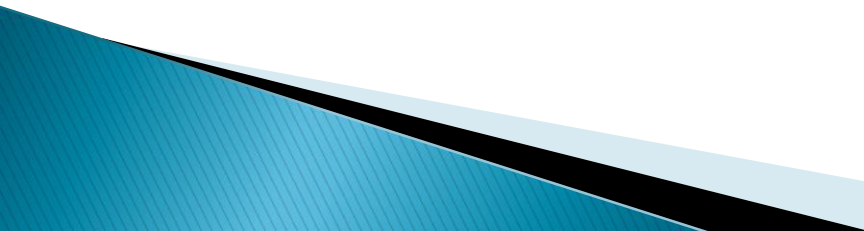
WHY DO WE NEED INDICES?

▶ **Comparison :**

- **An index makes it easy for an investor to compare performance.**
 - **An index can be used as a benchmark to compare against.**
 - **For example, in India the Sensex is often used a benchmark.**
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WHY DO WE NEED INDICES?

▶ Comparison :

- So, to find if a stock has outperformed the market, you simply compare price trends of the index and the stock.**
 - This also helps investors to identify market trends easily.**
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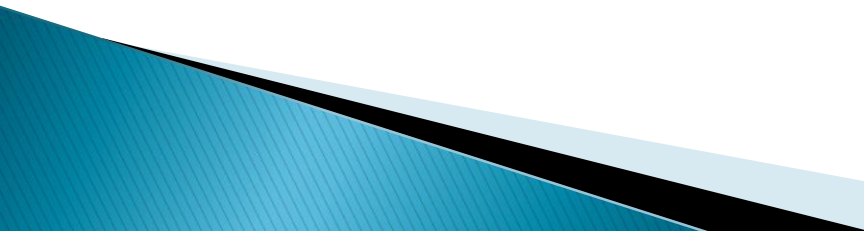
WHY DO WE NEED INDICES?

▶ Passive Investment :

- **Many investors prefer to invest in a portfolio of securities that closely resembles an index. This is called passive investment.**
 - **An index portfolio helps investors cut down cost of research and stock selection.**
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WHY DO WE NEED INDICES?

▶ **Reflection of investor sentiment:**

- Investor sentiment is a very important aspect of stock market movements. This is because, if sentiment is positive, there will be demand for a stock.
 - This will subsequently lead to a rise in prices. It is difficult to gauge investor sentiment correctly.
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EXAMPLE OF INDICES

MARKET CAPITALIZATION

- **BSE Smallcap**
- **NSE Midcap**

SECTOR/ INDUSTRY

- **BSE Bankex**
- **CNX IT**

BROAD MARKET

- **BSE 500**
- **CNX 100**

FREE-FLOAT MARKET CAPITALIZATION

- **BSE Sensex**
- **CNX Nifty**

SOME IMPORTANT **WORLD-INDICES ARE**

- **Dow Jones**
 - **Nasdaq**
 - **S&P 500**
 - **Nikkei**
 - **Hang Seng**
 - **FTSE 100**
 - **Dax**
 - **CAC 40**
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REFERENCES

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 - **Money Control**
 - **Security Analysis & Portfolio Management
by S. Kevin**
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THE TREND IS YOUR FRIEND.

THANK YOU