A complete share market guide to earn

Organized by -Mr.NR

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BASISC OF INDIAN SHARE MARKET

Share :

Share is nothing but the Ownership of the company divided into small parts and each part is called as Share of Stock. A person carrying a share of a company holds that part of ownership in that company. A person holding maximum shares has maximum ownership like directors, chairman etc.,

Share Market :

A share market is the place where buying and selling of shares takes place. Nowadays due to internet and advanced technology buying and selling of shares take place anywhere in India and also from foreign country, there is no need to be physical present in exchanges like NSE, BSE and Nasdaq.

Share market and its analysis :

Financial markets like NSE (National Stock Exchange) and BSE(Bombay Stock Exchange) are countries economic barometer (a guide to economic growth). To learn more about how you can earn on the stock market, one has to understand how it works. A person want to buy/sell shares in the share market has to first place his/her order with a broker or can do themselves using online trading system (this will be discussed later). When the buy order of the shares is communicated to the exchange [either NSE {National Stock Exchange} or BSE {Bombay Stock Exchange}]. The order stays in the queue of exchange's other orders and gets executed if the price of that share comes to that value. The shares purchased will be sent to you either in physical or demat format.

Roling Settlement Cycle (RSC)

RSC means when you will get your shares in your demat account or in physical form. In a rolling settlement, each trading day (T) is considered as a trading period and trades executed during the trading day(T)is considered as a trading period and trades executed during the trading day (T) are settled on a T+2 basis i.e.,trading day plus two working days.

What is Demat account and why it is required?

- Securities and Exchange Board of India (SEBI) is a board (corporate body) appointed by the Government of India in 1992 with its head office at Mumbai. Its one of the function is helping the business in stock exchanges and any other securities markets.
- Demat (short form of dematerialization) is the process by which an investor can get shares (also called as physical certificates) converted into electronic form maintained in an account with Depository
Participant(DP).
- DP could be organizations involved in the business of providing financial services like banks, brokers, financial institutions etc., DP's are like agents of depository.

- Depository is an organization responsible to maintain investor’s securities “(securities can be shares of any other form of investments) in electronic form. In India there are two such organizations called NSDL(National Securities Depository Ltd.,) and CDSL (Central Depository Services India Ltd.,)
- Investor’s wishing to open Demat account has to go DP and open the account.
- Opening the demat account is as simple as opening the bank account with any bank, as you need bankaccount to save your money, make cheque payments etc., likewise you need to open a demat account ifyou want to buy or sell stocks.
- All shares what you possess will show in your demat account, you don’t have to possess any physical certificates. They are all held electronically in your demat account. As you buy and sell the shares, accordingly your shares will get adjusted in your account.

Is a demat account a must?
The market regulator, the securities and exchange board of India (SEBI), has made it compulsory to open the demat account if you want to buy and sell shares. So a demat account is a must for trading and investing.

How to open a Demat account?
You have to approach a DP to open a Demat account. Most banks are DP participants so you may approach them or else you can contact us. To have latest list of registered DP please visit web sites www.nsdl.co.in and www.cdslindia.com.
A broker and a DP are two different people. The broker is the member of the stock exchange, who buysand sells shares on his behalf and also on behalf of his customers.

Following are the documents required to open demat account.
When you approach any DP, you will be guided through the formalities of opening an account. The DP will ask to provide some documents as proof of your identity and address. Below is a list but you may not require all of them.
PAN CARD, VOTER’S ID, PASSPORT, RATION CARD, DRIVERS LICENSE, PHOTO CREDIT CARD, EMPLOYEE ID CARD, IT RETURNS, ELECTRICITY / LAND LINE PHONE BILL Etc.,

Do you need any shares to open an demat account?
No. you need not need any shares to open an demat account. A demat account can be opened with no balance of shares. and there is no minimum balance to be maintained either. You can have a zero balance in your account.

How much it costs to open a demat account?
The charges for account opening, annual account maintainence fees and transaction charges vary between various DP’s . After successfully opening the demat account, the DP will allot “ beneficial owner identification” number, which will be needed to mention for all your future transactions.If you want to sell your shares, you need to place an order with your broker and give a ‘delivery instruction’ to your DP. The DP will debit your account with number of shares

sold. You will receive the payment from your broker. If you want to buy shares, inform your broker about your depository account number, so that the shares bought are credited into your account.

Important points to remember while opening online account:

- Make multiple enquires and try get low brokerage trading account.
- Also discuss about the margin they provide for day trading.
- Discuss about fund transfer. The fund transfer should be reliable and easy. Fund transfer from your bank account to trading account which makes easy for you to transfer funds from your Saving account to trading account.
- Very important is about service they provide, the research calls, intraday or daily trading tips. Also enquire about their service charges and any other hidden if any. And also see how reliable and easy is to contact them in case if any emergency. Emergency closing or squaring or trades in case of any technical or other problems.

Important terms in share market and in share trading:

Open - The first price at which the stock opens when market opens in the morning.
High - The stock price reached at the highest level I a day.
Low - The stock price reached the lowest level in a day.
Close - The stock price at which it remains after the end of market timings or the final price of the stock when the market closes for a day.
Volume - Volume is nothing but quantity.
Bid - The buying price is called as Bid price.
Offer – The selling price is called offer price.
Bid Quantity – The total number of shares available for buying is called Bid Quantity.
Offer Quantity – The total number of shares available for selling is called Offer Quantity.
Buying and selling of shares - Buying is also called as demand or bid and selling is also called as supply or offer first selling and then buying (this only happens in day trading) is called as shorting of shares or short sell.
Share Trading – Buying and Selling of shares is called share trading.
Transaction – One complete cycle of buying and selling of shares is called "One Transaction".
Squaring off – This term is used to complete transactions,. Means if you buy sell (means square off) and if you sell then you have to buy(means squaring off).
Limit order- In limit order the buying or selling price has to be price has to be mentioned and when the share price comes to that price then your order will get immediately executed at the current available price.
Market order- When you put buy or sell price at market rate then the price get executes at the current rate of mark. The market order get immediately executed at the current available price.
Stop Loss Orders- Stop loss orders ("stops")are limits set by traders at which they will automatically enter or ex trades – an order to buy or sell is placed in the market if price reaches a specified limit. A stop loss order is setto limit a trader's potential loss. The stop loss is placed

below the current price (to protect a long position) or above the current price (to protect a short position).

Learn Share Trading and Processes :

Share Trading :
Buying and selling of shares is called trading. Mainly there are two ways of doing share trading

- Online Share Trading
- Offline Share Trading

Online Share Trading :
Doing share trading with help of computer, internet connection and with trading/demat account iscalled Online Share Trading. If you would like to do online share trading then you should have a computer,internet connection and Online Trading Account.
Details of Online Share trading has been given in next chapter.

Off Line Share Trading :
Doing share trading with the help of broker or through phone is called Off-Line Trading. In other word strading will be done by other person on your behalf based on instructions given by you, and then the other person can be a broker. The broker will do buying and selling of shares an your behalf depending on the instructions given by you. If you want to do off-line share trading then you need to open the demat account(provide link for procedure to open the demat account). Details of off-line share trading has been given in next chapter.

Different Methods Of Buying And Selling Of Shares :
Following are the types of orders which are used for buying and selling of shares.

- **Market Order :**

When you put buy or sell price at market rate then the price get executes at the current rate of market. The market order get immediately executed at the current available price. In market order there is no need to mention the price. The shares will get executed at the best current available price. If you wish to buy or sell shares at any specific price then market order is not suitable for you then you have to go for limit order. Market order is for those who want to but or sell immediately at the current available price.

- **Limit Order :**

Its totally different to market order. In limit order buying or selling price has to be mentioned and when the share price comes to that price then the order will be executed with the mentioned price by you. But here it’s not sure that the price will come to your limit order. In day trading its risk because you have to close all your transactions before 3.30pm and if in any case price doesn’t reach to your limit order then your order will be open and then you have to go through (bare) the heavy penalities importantly limit order and
stop loss trigger price are used together.

- **Stop Loss Trigger Price :**

Stop loss and trigger price are used to reduce the losses. This is very important term especially if you are doing day trading (intraday) stop loss as the name indicates this is used to reduce the loss.

Different Types Of Share Trading :
Day trading and delivery trading are the two main types of Share Trading.

- **Day Trading :**

Buying and selling of shares on daily basis is called day trading this is also called as Intraday Trading whatever you buy today you have to sell it today or whatever you sell today you have to buy it today and very importantly during market hours that is 9.55 am to 3.30pm Indian time.

- **Delivery Trading :**

In delivery trading, as the name say, you have to take the delivery of shares and after getting these shares in your demat account you can sell them at any time (or you can hold them till you want, there is no restrictions) in delivery trading you need to have the amount required to buy share for example, if you want to buy 100 shares of reliance at price 500 then you must have (100 * 500) Rs. 5000 in your account, once you purchased these shares will get deposited in your demat account (say after basically, trading day and 2 additional days). Then you can sell these shares when the price of these shares goes up or else you sell whenever you want. Please note – First you have to buy and sell. You can’t sell before in delivery trading while it’s possible in day trading.

Fundamental and Technical Analysis in Indian Share Market :
The fundamental and technical analysis are widely used for share traders but use of these analysi sdiffers from traders to traders.
First of all lets see what these analysis means –
a) Fundamental Analysis -
The name itself indicates that this analysis is totally based on companies fundamentals. Fundamental analysis is used for long term analysis and long term returns.
Following are the few fundamental terms used to forecast and analyze the companies future growth and based on this analysis transaction of shares will be done.

- Companies expansion or planning in coming future.
- Management processes and planning.
- Meeting of Board of Directors.
- Declaration of yearly financial statement.
- Study of past performance of the company.
- Study of quarterly, half yearly and annual reports.

- Companies involvement in foreign investment/collaboration, political or economic involvements etc.

Depending on these factors and many others, fundamental analysts prepare certain share market and share trading related terms which will be used to forecast the company growth and prospects. The term like

- Whether the share prices are overvalued or under valued.
- Working capital ratio.
- Return on equity ratio.
- Debt equity ratio etc.

Based on these terms and other fundamentals, the analysis predict the movement of share prices that is either bullish or bearish in coming future. Basically fundamental analysis is ment for long term investments and not for day trading or short term investment. So traders planning to invest for long term investments and not for day trading or short term investment. so traders planning to invest for long term in share market then they must go for fundamental analysis. Always good fundamental companies give good results and returns share holders in long term.

Information and guide on Online Share Trading :

What is Online Share Trading ?

Trading with the help of computer having internet connection and online trading account is called Online Share Trading. Basically people use online share trading who want to trade themselves.

Essential of Online Trading :

- Online Trading account – You have to open online trading account wiyh any of the bank or financial trading systems like icicidirect.com, 5paise.com, sharekahn.com etc. There will be no normal annual charges. These charges vary from bank to bank but should not be more Rs.1000
annually.
- A computer with internet connection or can do trading in internet cafe.
- After successfully opening the online account you will receive the user name and password with the help of which you can login in online trading system and trade yourself.
- The trading system executive (with whom you opened trading account) with help you initially about how to use the online trading system.
- Once you get familiar with the system then you can trade yourself at your home or in the internet café.
- Nowadays you can get internet enabled on your cell (which is called GPRS) whose speed will be sufficient to do trading and also the charges of GPRS are very nominal.

Advantages of Online Trading :

- No need to depend on any broker or anybody else to place the order or to square off the order. In short you are the boss of yourself to do trading of shares.

- Its reliable, convenient and you can take your own decisions your self by actual selling or analyzing the market on the computer screen instead of calling broker all the time and getting news about the market.
- Its not possible or practical for a broker to update you about each and every news about the market or any news which will influence or affect the share market because he may be having many other customers like you and even if he updates you by that time news have been affected the concerned sector or share so if you are doing online trading your self, then you many share yourself from big disaster. You will get news and updates on various websites and also on your online trading system and most of the information will be free of cost. "always remember share market always get influence (or affected) by the appropriate news. So get update or be in touch with news all the time. This will benefit you always.

By doing online trading yourself, you can see and judge where market(or your share) is heading by seeing different graphs online yourself, which is not possible if you are trading through broker. Some online trading systems have graphs integrated in the system, so your job is to just add those graphs and check the status of current market (or share) (graphs discussed later). And depending on your analysis you can take steps towards your successful trading. (How do analyze graphs will be mentioned later) all your transaction and related documents can be seen online and can also be downloaded to your PC with out depending on your broker. You can also check the status of youe=r amount on daily basis through online trading system.

Disadvantages of Online Trading :

- In online trading system you may face problem of disconnection to internet due to which you will not be able to login to your online trading system and hence you can't do trading yourself at critical times you have to call trading system executive and to do trading or square off your transactions.
- If may face other problems such as electricity cut – off, PC problem etc during online trading then immediately you have to contact your trading system executive and place orders or do trading.

Investment in long term trading in Indian share market :

Short term Trading :

Share trading done from one week to couple of months is called short term. Companies or sectors having some breaking news will be used for short term trading.

Mid term Trading :

Share trading done from one month to couple of months, say six months to eight months is called mid term trading. Companies announcements of quarterly results or some big foreign acquisition will be used for mid term trading.

Long term Trading :
Share trading from couple of months to couple of years is called long term trading. Companies whose fundamentals are good and have good future plans then the shares of these companies are used for long term trading. Generally traders having good capital go for long term trading.

Online Share Trading India :
In online share trading the trading is done by using computer and internet connection. In other words trading done through computer having internet connection is called share trading instead of going to any share broker you can do trading yourself using online share trading method. In this method you must have a computer and internet connection or else you can make use of internet café. Nowadays due to internet facility lots of things have become easier as compared to earlier days. So making use of the great internet facility you can start your own online share trading.

What is off line share trading :
Trading done through share broker is called off line share trading method. Just to brief you about offline trading. If you need any more advice about off line share trading then please drop a line to Info@sharemarketclass.com and we will get back to you with in 24 hours. As this section is only dedicated to online share trading so let's proceed. So till now you would have been understood about online share trading. Now let's go to next chapter.
Online share trading services in India :
There are three primary things required to start online share trading . demat account (Trading account),a computer and internet connection or else you can go to internet cafe..

- **Online demat account :**

You have to open online trading account that is also called as demat account. If you want to know more about demat account then please go to Basic Share market Indian and check in Share Market and It's Analysis section. There are number of share broker agent where you can contact them and open trading account in www.sharemarketclass.com . There are So many agents we will Find best of them to contact you.

Points to remember while opening your trading account :

- Enquire about brokerage rates and taxes you have to pay for your trading account.
- You have to open the trading account with the agent who is offering you the lowest brokerage rates.
- Different brokerage rates are available for different trading methods like delivery trading and intra day (day trading) trading.
- Before opening your account try to insist the agent to get demo of their online trading software or terminal and check your reliability and speed.
- Also confirm about their charges and any hidden charges if you have to pay. Please properly verify above points and then decide with whom you would like to open the trading account.

Now you have online account, let's go to another most important requirement needed for you to start your online trading account.

- **Computer :**

Second most important requirement is computer. Nowadays you can get very good computer in very affordable price. You may also go for second hand (used) computer but its better to go for new one as they are available for very less prices.

- **Precations :**

Get the computer configuration details and price and compare with other shops and then finalize your deal. Because the price varies due to configuration so get proper configuration details.

NOTE :

If u can't afford to buy a computer, then you can go to internet cafe and do your trading. This method is also absolutely fine.

- **Internet connection :**

Third requirement is your internet connection. Nowadays you get internet broadband connection very fast and very importantly at very less price. Following are the companies which provide very fast and very importantly at very less price. Tata broadband, sify broadband, reliance broadband etc. Precautions – Get proper price range and speed of the internet connection they are going to provide you. The price depends on internet speed and data they provide to you. So get proper confirmation and then go for that company's connection.

- **Another option :**

Alternate option for Internet Broad connection is GPRS connection. GPRS connection is the internet connection, has to be activated on your cell phone (mobile phone) and then the cell phone has to be connected to your computer. The GPRS connection is bit cheaper as compared to broad band connection but may get less speed as compared to broad band connection. The choice is yours. On the second part the Airtel, Tata Indicom, Reliance, Idea etc. these all and many other provides GPRS connection and they will help you to set up your mobile phone with your computer for internet access. Above three are the primary requirements for starting your own online share trading.

NOTE – If in case if you don't want to purchase a computer and don't want to get internet connection then you can go and trade in a internet café. This is also absolutely possible and fine. After getting your prime requirement for starting your online share trading now its time to start your share trading.

Things to know before starting your online share trading :

Please make a note of following things before starting your online share trading.

- **Must be aware of share market –** You must be well aware about share trading, knowledge of share market and shares. Fully aware of your online trading software or terminal.
- **Refer our website fully-** To have basic idea about different types of share trading and other share market related information.

- **Keep yourself updated-** Its always very important to keep updated yourself about latest news about share market and companies etc. it really helps you in share trading.

"share market always reacts to appropriate news"
For latest news, latest stocks updates on day to day basis and also latest share market updates which may affect your shares

Resources- To keep updated yourself you have to read financial newspaper like business standard, economic times etc. On the internet you can access/open financial related websites like www.businessstandards.com, www.sharemarketclass.com , www.economictimes.com, www.capitalmarket.com etc. On these websites you will get news related to share market, government news, company's announcements etc. which will affect the share market. Share market daily open at 9:55am and closed at 3:30pm., Saturday and Sunday are holidays for share market.If you open the financial website before market opens then you will get the idea about today's share market movement, either it is bullish (going up) or bearish (coming down), (want to know other terms then please check our website) other information like movement of other Asian markets and USA market which has huge impact on our Indian share market. Asian markets start early then our Indian market.

Action Plan- Now you have to plan your action as you are ready will all the information required for share market. Now your action plan is to select shares which are in news or select shares from sector which is in news. Sector like IT, Cement, Petrochemical etc. If there is news on any particular companies/shares or on any sector then definitely there will be movement, if the news is appropriate. During market hours also you have to keep alert about news. Always trade or select shares/companies which are involved in news. This is one of the easiest methods of tracking shares and doing trading on them. Also it is also always better to do some study and research before starting your trading. For example note down today's top gainers, top losers, and volume toppers etc. and tomorrow keep a close watch on them this is also one method of selecting shares and trading on them. One more very important point is you should always aware about news like when company is declaring its dividend, companies merger plans, de merger plans, quarter results, major acquisition, collaborations etc. This type of news will definitely make great movement on related company shares.

Learn Online Share Trading :
There are very important benefits (advantages) of online share trading over off line share trading.

- **No need to depend on broker –** Knowledge of share market and shares, fully aware of your online trading software or terminal.
- **Refer our website fully –** To have basic idea about different types of share trading and other share market related information.

Learn Online Share Trading :
There are very important benefits (advantages) of online share trading over off line share trading.

- **No need to depend on broker –** First up of all you need not have to depend on any share broker for buying and selling of shares. Depending on broker may result in delay of buying and selling of shares which may in turn result in huge loss or less profit. If you are closing online share movement of share
market right in front of your computer screen.

- **All updates on your computer screen –**

As you have internet connection with you will get updates of government news, companies announcements, and corporate declaration etc. during market hours. It's not so practically for your broker to provide you all the updates and news. So its very important point that you get all news, especially those news which affects share market right in front of your computer screen. Share market always reacts to appropriate news.

- **Independent for your traders –**

On the other part you will get information of your traders on your computer screen. You can view yourself your profits and losses done and depending on your current situation you can plan your future trades. In other words you are totally independent for your trades from broker. You are boss of your self.

Problems of online share trading :
As there are couples of good advantages there are some technical disadvantages. As every coin have two sides.

- **Disadvantages from internet**

In online share trading there is the possibility that your internet connection may get slow or get stopped, this may result in disconnection from share market. At such critical times you have to call your executive (from whom you opened your trading account) and place your order or square off your pending orders.

- **Computer problems**

If your computer stops functioning then this may also result in disconnection from share market at this time also you have to contact your executives.

- **Other Problems**

Other Problems like electricity disconnection. Solution for this may also result in disconnection from share market at this time also you have contact your executive.

Online Share Trading Tips :

- **Do not over trade –** Do not put all your money in share market.
- **Do Not put all your money in single share or single sector –** Put or divide your money in multiple shares or sectors. This may reduce the risk of heavy loss.

- **Do not panic or fear –**Think twice before making your trade/plan and once done stick to it, don't panic or fear.
- **Accept loss –** If your trade is going against you and if you are not sure about your trade then immediately accept the loss and come out of your trade. It will save you from heavy loss.
- **Right opportunity –** do not fall in trade early, wait for right opportunity and then trade. It's very important.

"Wait, watch and then trade" you will get success.

- **Everyday is not trading day –** Do not force yourself to do trading everyday. It's wrong if you are not sure about the market movement for that day then it always wise decision on to be away from market and not to trade.
- **Keep you greediness away –** Most of the people loose in share market due to greediness. Get satisfied whatever profit you get and come out of that trade and wait for next opportunity. Don't wait to take huge for that single day.

Day Trading Training:

Strategies for day trading

Main strategy for day trading

The primary strategy of day trading is to earn consistent money on daily basis.
Second strategy for day trading. Observe Carefully The Stock Price Movements-
Stock price movements like open (the first price at which the stock opens in the morning) **High**, (The stock price reached at the highest level in a day) **Low** (The stock price reached lowest level in a day) and finally **Close** (The stock price at which it remains or the final price of the stock when the market closes for a day). One more important factor to watch is stock price fluctuations. Stock price fluctuations means by how many dollars or cents the stock is moving (either up or down). This gives you an idea on what price to buy and at what price to sell (or first sell and then buy).

This strategy is very useful for day trading but in fact you get more superior idea (or plan) for TOMMOROW'S DAY TRADING for this particular stock. Keep A Close Watch An Supply And Demand- Supply and demand means how many buyers are willing to buy (that indicates the demand and how many sellers are aggressive to sell (this indicates the supply). Always remember the stock price movement depends on supply and demand. Simple thing to remember (not only in stock market or day trading but also in general life) that more demand and less supply means price is going to move up and if more supply and less demand then price is going to come down. Overall if you study this strategy carefully then you will come to know weather the people are interested to buy or sell the stock and hence the price moves accordingly that is if see more buyers then the price is going to move up and if you see more sellers then price is going to fall down.

Day Trading Made Easy

Day trading-

Buying and selling of shares on daily basis is called day trading this is also called as Intra day trading. Whatever you buy today you have to sell it today or whatever you sell today you have to buy it today and very importantly during market hours that is 9.55 am to 3.30pm (India time).

Advantages of day trading-

- **Margin Trading**

In day trading you get margin on your balance amount means you get more leverages (amount) on your available balance amount to do day trading this concept is called margin trading. Margin trading is only possible in day trading and not in delivery trading. How much extra amount (margin) you are going to get that totally depends on your broker, or your online trading system brokers. Some broker provides 3, 4, 5 and 6 times extra margin.
If you do margin trading then you have to square off your open traders on the same day (means if you bought shares then you have to sell and if you sold shares then you have to buy) before market time (that is 3.30pm) finishes.

- Second important advantage is that you have to pay is less brokerage (commission) on day trading (intra day) as compared of delivery trading. This brokerage again depends from broker to broker (or on your online trading system).

- In day trading you can sell and then buy this is called short sell which you can't do in delivery trading. You can sell shares when prices are falling and then buy when prices fall further.

Disadvantages Of Day Trading

- As you are benefited to get more extra amount to trade (that is margin trading) and get more extra profit it is also equality true that you are also taking more risk or loss.

- At any cost you have to square off the open transaction before 3.30pm (especially if you are doing margin trading) at that time the price may not be in your favour.

Information On Day Trading Tools

A successful day trader or share market trading requires couple of disciplines and following trading requirements-

- PC with internet – if you need to do trading yourself then you need to have PC or else you can do trading in internet café also. A PC with good internet connection speed. The internet connection should not be slow or should not face any other problem especially in Day Trading.

- Online trading account (Demat Account) – You need to open online share trading account with any of the available banks or online brokers. If you want to know more about demat account then please go to Basics Of Share Market India and check in Share Market And Its Analysis part.

Day Trading Stocks

In day trading, traders mostly wish to do buying and selling on small profits or else they look for overbought or oversold shares. Taking into consideration these important points following basic things you should look in for shares while choosing them for day trading.

- Price Volatility
- Volume (Quantity)

What exactly this term means and how to use them while Day Trading.

Price Volatility-
The price volatility means the movement (up and down) of share price should be or high rate so that it will be easy for you to buy and sell on different prices. Suppose if share is moving is moving up and down very narrow range then on what price you will buy or sell? So it is always better if you choose shares which have high volatility in price movement.
Volume (quantity)-
Volume means trading quantities. the shares which you choose for a day trading should have high volumes(or high traded quantity).
Why this is required?
The high volume indicates that there is more liquidity. Liquidity means lots of transactions had took place on this share and more people are interested to trade in this share. This will ease your trading job because you will get more exposure to the price to buy and sell at any time .due to high volumes there will be also high price fluctuations.

points to remember for day trading
Following are very important points to be always remember by day traders.
Entry and exit points stop loss limits, profit targets, your desired risk/reward profile.
Amount of capital to be committed to trades, how long you need to hold the share if incase it is against your favors.
Day Trading Rules for Indian Share Market
It's important to do practice or paper trading before you starts actual trading. Following are the few reasons.

- Very importantly you will come to know how to place buy/sell orders, and will become familiar and perfect about using your trading system.
- You will gain confidence in yourself.
- The fear of trading will vanish. It is very important to keep fear away while doing day trading . You will become active to enter and exit the trade. it's vital important that you must be pretty fast to enter and exit the trade(i.e. open positions)

Guide For Daily Profit In Day Trading

- Don't jump in trend early- wait and get paper confirmation of trend change, and then plan and do your trades (buy/sell).don't jump in or do early before any trade change confirmation this may damage your capital (bank balance).
- Don't wait in trade for long time-suppose that you had done one trade (either buy or sell) but the scrip is not moving either up or down, it is just stable or moving with very icw price difference, then you should get out of that trade and look for other scrip's. You may encounter these type of situations when indices (NSE or BSE) and not moving (or moving with narrow

range).at such time either you wait or come out of trade, don’t loose patience and fall under loss.

- Don’t change your trend on volume volatility-some time you enter in trade by seeing the buy and sell quantities. for example, suppose you brought shares by seeing more buy quantity then sell quantity, expecting more buy quantity may push the share/stock up but after few minutes you see exactly reverse that you see more sell quantity and less buy quantity or both buy and sell high quantity or the difference of buying and selling quantity is decreased as compared to what you had seen before. so this point is very important, don’t panic here and sell off your stock, wait and realize the situation properly and then take action. This situation comes many times but if you are sure that your share is going to move up then stick to it.
- Beware of companies acquisition or any announcement by government-suppose in the morning, before market begins. You should read or viewed the news of any Indian company has acquired any foreign company (or part of foreign company).if you see this is actually best news/things that Indian company. .but if acquisition amount is far more than expectation then this good news will turn in to worst news. The shares of that company will start falling. So you should not get in trade and buy shares you have to wait and watch how market or other people are responding to these shares and once you understand then you can trade.sop always watch where the market heading towards and then react.
- Announcement of government -you should also be very careful your trade based on any government announcement.

For example. if government has declared any hike in interest rate then its good news for bank stocks and hence the shares will rise but if government has declared 2nd rate Nike in very less span of time as company to first one (stay within duration of one, two month or three month) then this news will be worse for bank stocks, the share may keeping fall during the trading period. So realize and analyze the news and finally watch behavior and this fall or do trade you will get success.

Resources To Start Your Day In Indian Share Market

- Read financial newspaper like business standard. Economics times, etc. If possible note done the high lights/breaking news with respective company names and keep close watch on them for that day.
- If possible watch share(stock) market related TV channels like zee business, CNBC ,etc .In these TV channels you get over all idea/movements of all share prices and markets (BSE,NSE).And also it becomes easy to catch and keep close watch on related companies if any breaking news comes out during that day.
- Especially some share market related websites always displays current news, market affairs, share market trends, breaking news and various announcements done by company or government which

may affect the share market and related companies. So try to access and have all ok on such types of websites before starting trading and also through out the day, if possible.

For latest market news, latest stock updates on day basis and also latest share market updates
which may affect your shares,

- So in short before starting you stock market trading you should be well aware of all the current news of financial market and if possible note down the breaking news or effective news and its related company and keep watch on that share and trade accordingly on that day.

Day trader secrets
Never invest all your money in same sector this method is called as diversification of shares. This will protect your money from downtrends of any particular sector as you can make money from other sector.

Day Trading Tips
Prepare your trading plan
Strictly maintain stop loss
Control your emotions
Accept and limit losses
Don’t over trading
Don’t try to get big profits in single trade
Check out volumes before buying.

Share Market Trading Tips :
Don’t Over Trade
First and very important thing is not to over trade. Never put all your money/savings in share market.

Best Investment In Different Sectors:
Do not invest your money in single share/company invest in multiple shares/companies and again not in same sector. Invest in different sectors this will save you from big loss if that sector or company goes in down trend.

Wait, Watch & Trade :
Do not jump in market early. Wait, watch and trade. Make sure and confirm all your strategies like resistance and support levels and then decide your trade. Do not buy or sell blindly based on share tips.

Always Go With Market Trend :
Don’t short sell, if the market is going up and don’t buy if market is falling down.

Try TO Minimize Your Loss & Increase Profit :
Get ready to accept loss if you do wrong trade – come out of your trade if you have entered in wrong time by accepting loss, instead of waiting and running into huge loss.

Don’t Panic :

Don’t make early trades and even don’t square off your trade early even if you see the scrip has moved up drastically, don’t buy, confirm the volumes of buying and selling and then decide your trade. Don’t square off/ exit from your trade early if you see scrip/share has come down bit from top. If it is coming down from top means it is cooling. If you see more buyers then seller then you should hold your position. You must know which share has what momentum, means if the share price is Rs.120 then you can expect upside from Rs. 50 to 100. If the scrip is going up, it will go in ladder fashion, it will go up and it will come down bit and it will again continue its upward journey.

Invest In Share Market For Long Term Market:

Share market returns are long term returns. If you plan for short term, then you should keep updated yourself about your stock and share market. Some day traders also do quite well earning on day to day basis. If you don’t know proper day trading then you should not do its big risk and same thing applies for short term trading. Invest in shares having good fundamental background and wait for long term you will get good returns as compared to any other investment methods.

Wait For Oppurtunity :

If you are not sure about market movement then watch and wait for opportunity, don’t trade forcefully. Some time it becomes very difficult to judge the market direction. Its always better to wait instead of lousing money.

Don’t Expect Too Much – Day Returns :

Don’t expect too much – Be happy in whatever profit you get. Don’t try to grab too much from market. Be realistic, and don’t expect too much.

Online Investment Advice For High Returns :

Lack of knowledge is very risky and very dangerous, so don’t do trading or investing without having proper knowledge. Read books, refer web sites and get prepared before you plan for share market trading or investing.

Tools For Finding Breakout Stocks :

- Earnings
- Tools to find excellent growth stocks
- Earning per share – EPS
- Price to earning ratio – PE
- Projected earning growth – PEG
- Price to sales ratio – Ps
- Price to book ratio – PB

- Dividend yield
- Return on equity
- Debit ratio
- Company's announcements
- Profit after tax – PAT

Tools For Finding Breakout Stocks :

Fundamental analysis is the process of looking at a company's basic or fundamental financial level. This type of analysis examines important terms of a companies to determine its financial health and gives you an idea of the value its stock. Many investors use fundamental analysis alone or in combination eith other technical tools to evaluate stocks for investment purpose. The idea behind this is to determine the current worth and more importantly, how the market values the stock in coming future. The following points are based on important tools of fundamental analysis and what they tell you. Even if you don't plan to do in-depth fundamental analysis yourself, it will help you to follow stocks more closely which will give you good returns in future/long term investments.

Earning :

It's all about earnings. When you come to the bottom line, that's what investors want to know. How much money are the companies making and how much is it going to make in the future.

Importance Of Earnings :

Earnings are profits. Quarterly or early companies increasing earnings generally makes its stocks price to move up and in some cases a pay out of regular dividend. This is bullish sign and indicates that the companies growth phase. When the companies declare low earnings then the market may see bearishness in the stock which may affect the stock price in negative manner. Every quarter, companies reports its earnings. There are 4 quarters.

- Quarter 1 – April to June and earnings will be declared in July.
- Quarter 2 – July to September and earnings will be declared in October.
- Quarter 3 – October to December and earnings will be declared in January.
- Quarter 4 /Final - January to March and earnings will be declared in April (Also called as financial year end).

Now by this time you may come to know how earnings are important for a stock price to move up or down. But depending only on earnings one should not make investment or trading decision. To make decision more risk free you should look into more tools as mentioned below so that your investment decision becomes more solid and you should get excellent returns in future.

Conclusion – Keep a close watch on quarterly earnings and trade accordingly.

Make Use Of Following Tools To Find Excellent Growth Stocks :
Following are the most popular and important tools to find excellent growth stocks which focuses on earning, growth, and value of the company's.
To make you understand more easily we have explained in very simple steps. Following are 10 simple steps :

1. Earning Per Share – EPS
2. Price to earnings ratio – PE
3. Projected earning growth – PEG
4. Price to sales ratio – PS
5. Price to book ratio – PB
6. Dividend yield
7. Return on equity
8. Debit Ratio
9. Company's announcements
10. Profit after tax - PAT

Note – No need for you to do any calculation or to calculate any ratios, you will get all ratios easily available. Single tool from above list should not be used to make your investment or trading decision nor will they provide you any buy or sell recommendation. All tools should be used to find growth and value stocks.
After making use of above all tools you will get excellent stocks which will give you excellent returns in midterm to long-term Understanding Earning Per Share - EPS
EPS plays major in investment decision.
EPS is calculated by taking the net earnings of the companies and dividing it by the outstanding shares. (Nowadays you will get this ready made, no need for you to do calculation.)

That is EPS = Net Earnings / Outstanding Shares :
For example - If company A had earnings of Rs.1000 crores and 100 shares outstanding , then its EPS is becomes 10 (Rs 1000 / 100 = 10). Second example – If company B had earning of Rs 1000 crores and 500 shares outstanding, then its EPS becomes 2 (Rs 1000 / 500 = 50). So which companies stock do you want to buy?

Answer – You should go buy company A with an EPS of 10. But it's again not advisable to make your investment decisions based on only single tool analysis.

Conclusion – You should look for high EPS stock/company. The higher the better.
Note – You should compare the EPS from one company to another, which are in the same industry/sector and not from one company from auto sector and other company from IT sector. But it dosen't tell you what the market thinks of it. For that information, we need to look at some more ratios as following.
Before we move on, you should note that there are three types of EPS numbers.

- Training EPS – Last year's EPS which is considered as actual and for ongoing current year.
- Current EPS – Which is still under projection and going to come on financial year end.

- Forward EPS – Which is again under projections and going to come on next financial year end EPS is the base of calculating PE Ratio.

Understanding Price To Earnings Ratio – PE Ratio :
PE ratio is again one of the most important ratio on which most of the traders and investors keep watch. The PE ratio tells you whether the stock's price is high or low relative to its earnings. The high PE suggests that investors are expecting higher earnings growth in the future compared to companies with a lower PE ratios of one company to other companies in the same sector/industry an not in other industry. The PE ratio is calculated by taking the share price and dividing it by the companies EPS.

That is PE = Stock Price/EPS For example A company with a share price of Rs 40 and an EPS of 8 would have a PE ratio Of 5 (Rs 40 / 8 = 5).
Importance – The PE ratio gives you an idea of what the market is willing to pay for the companies earning. The higher the PE the more the market is willing to pay for the companies earning. The higher the PE the more the market is willing to pay for the companies earning. Some investors say that a high PE ratio means the stock is over period on the other side it also indicates the market has high hopes for such company's future growth and due to which market is ready to pay high price. On the other side, a low PE of high growth stocks may indicate that the market has ignored these stocks which are also known value stocks. Many investors try finding low PE ratios stocks of high value growth companies and make investments in such stocks which may prove real diamonds in future.

Which PE Ratio To Choose :
If you believe that the companies has good long term prospects and good growth then one should not hesitate to invest in high PE ratio stocks and if you are looking for value stocks which prove real diamonds in future then you can go with low PE stocks provided that companies has good growth and expansion plans. At all if you would like to do PE ratio comparison then it has to be done in same sectors/industry stocks and not like one stock from banking sector and other stock from pharmacy sector. So now you would have to know how to choose stocks based on PE ratio.
Understanding The Projected Earning Growth – PEG :
Because the market is usually more concerned about the future than the present, it is always looking for companies projected plans, financial ratios, and other future announcements. The use of PEG ratio will help you look at future earnings growth of the company.
PEG is a widely used indicator of stock's potential value. If you are making use of PEG ratio then no need to make use of price/earnings ratio because PEG also accounts for growth. Similar to the PE ratio, a lower PEG means that the stock is more undervalued. You can calculate the PEG by taking the PE and dividing it by the projected growth in earnings.
That Is PEG = PE (Projected Growth In Earnings)
For example, a stock with a PE of 30 and projected earnings growth for next year is 15% then that stock would have a PEG of **2** (30 / 15 = 2). In the example what does **"2"** mean?

Lower the PEG ratio the less you pay for each unit in future earning growth. So the conclusion is you can invest in high PE stocks but the projected earning growth should be high so that companies can provide good returns. Looking at the opposite situation, a low PE stock with low or no projected earnings growth is not going to give you returns in future. Because its PE is low means investors are not ready to pay high and its PEG is also Low because companies do not have any good future growth or expansion plans. So investment is such stocks could prove less or no returns.

A Few Important Things To Remember About PEG :

- It is about year to year earnings growth.
- It relies on projections, which may not always be accurate.

Understanding Price To Sales Ratio :

Is it that means companies that don't have any earnings are bad investments? Not necessarily because such type of companies may be new and trying to grow and expand but you should approach such companies with caution. The price of sales (PS) ratio. This ratio looks at the current stock price relative to the total sales per share. You can calculate the PS by dividing the market cap of the stock by the total revenues of the companies. You can also calculate the PS by dividing the current stock price by the sales per share

That is

PS = Market Cap / Revenues OR

PS = Stock Price/ Sales Price Per Share

Conclusion – To find values stock you can look for low PS ratio like PE ratio. The lower the PS the better the value.

Understanding Price To Book Ratio – PB Ratio

Basically PB ratio is mostly utilized by value investors to find real wealth when they are at their lower prices. So investing in stocks having low PB ratio is to identify potential candidates for future. A lower PB ratio could mean that the stock is undervalued. Book Value – It is total value of the company's asset that share holders would receive if a company closed down.

Like the PE, the lower the PB, the better the value of the stocks for future growth.

Some of the investors become quite wealthy by holding stocks for long term of such companies whose growth is based on their business instead of market and one day when every one notices this stock the value investor's pockets are full of profit. Basically PB ratio is calculated in following manner.

PB ratio = Share Price / Book Value Per Share

Understanding Dividend Yield :

If you are a value investor or looking for dividend income then you should look for dividend yield figure of the stock. This measurement tells you what percentage return a company pays out to shareholders in the form of dividends. Older, well-established companies tend to pay out a higher percentage then do younger companies and their dividend history can be more consistent. You calculate the dividend yield by taking the annual dividend per share and dividend by the stock's price. That is

Dividend Yield = Annual Dividend Per Share / Stock's Price Per Share

For Example, if a company's annual dividend is $1.50 and the stock trades at $25, the dividend yield is 6% ($1.50 / $25=0.06)

Understanding Return On Equity – ROE

Return On Equity (ROE) is one measure of how much efficiently a company uses its assets to produce earnings. The healthy companies may produce on ROE in the 13 % to 15% range. To get better view compare company's in the same industry/sector.

ROE – You calculate ROE by dividing Net Income by Book Value.

Note – While ROE is a useful measure, it does have some flaws that can give you a false picture, so never rely on it alone. For example, if a company carries a large debt and raises funds through borrowing rather than issuing stock it will reduce its book value. A book value means you're dividing by a smaller number so the ROE is artificially higher. There are other situations such as stocks buy backs that reduce book value, which will produce a higher ROE without improving profits.

It may also be more meaningful to look at the ROE over a period of past five years, rather than one year.

Debit Ratio :

This is one the very important ratio as this tells you how much company relies on debit to finance its assets. The higher the ratio the ratio the more risk for the company to manage. So look for company's having low debit ratio. Generally look for ratio less then

1. If company has fewer debits then company can make mare profit instead paying for its debits like interests rates loans etc.

Company's Announcements :

Always keep a close watch on stocks you are interested to buy or you already bought for any merges take over's, acquisitions, stake sells, new product launch etc. this would make the major impact on company it's very important point. So if you would like to have all these details and news very easily.

Final & Last – Very Important :

Check and company's PAT (Profit After Tax) of every quarterly if you are short term to mid term trader and if you are long term investor then check out it's yearly PAT. It should be in consistent growth.

Investment In Delivery Based Trading :

Delivery based trading means buying shares and holding them for certain period of time is called delivery based trading . The shares you bought will be in your demat account.

Once you take delivery of shares you can hold them as long as you want. To take delivery of shares, you must have sufficient funds in your account. You don't get any margin to buy shares in delivery. If you have Rs. 5000 means you can buy shares worth of Rs.5000 and not more than this.

Tips For Shares Investment In Delivery Based Trading :

Please study following points, carefully, and get best returns in short period of time. Basically, delivered based trading can be minimum one week, one month or couple of months. How long to hold your scrip's/shares will depend on other technical indicators and averages.

How To Select Best Scrip's :

There are thousands of shares/stocks, which one is best for delivery trading and which one will give maximum profit in short period of time. Please have a look following section criteria points.

Points to remember for fundamental screening,

1. Sector – 50% of stocks rise and fall is directly related to the strengths and weakness of its industry group.
2. Never lose more than 1-2% of your total amount on any one trade.
3. Promoters holding more than 40% indicate safety for retail investors. (Promoters – who run the company).
4. FII holding minimum 20 and maximum 25 is safe for retail, not much volatility more fii investment = more volality.

5. Liquidity - Buying and selling of shares minimum 1L/day.

- **Consistent Earnings**

Generating profit consistency year after year or quarter after quarter

- **EPS**

Earning per share is calculated by taking a company's net earning and dividing by the numbers of outstanding shares of the stock the company has.
Note – Last year's EPS would be actual, while current year and forward year EPS would be estimates.

- **PE Ratio:**

EPS is a great way to compare earnings across companies, but it doesn't tell you anything about how much the market is willing to pay high for that share expecting higher growth in coming future.

- **Dividend Yeild:**

It is calculated by taking the amount of dividends paid per share over the course of a year and dividing by the stocks price. Its percentage return a company pays out to its share holder in the form of dividends. The higher the better.

- **Price/Book ratio :**

The higher the ratio the higher price the market is willing to pay for the company above its assets. Its more useful to value investor than growth investor.

- **Price/Sales Ratio :**

As with earning a book value, you can find out much the market is valuing a company by comparing the company's price to its annual sales. Low price/Sales ratio (below one) are usually thought to be the better investment since their sales are priced cheaply PS ratio are usually used only for unprofitable companies, since such companies, since such companies don't have a PE ratio.

- **Returns On Equity (ROE):**

It is used as a general indication of the company's efficiency, in other words, how much profit it is able to generate given the resources provided by its stock holders. Investors usually look for companies with ROE that are high and growing.

- **Debit To Equity Ratio :**

This should not be more than 1, and less than 1 indicates company has very less debt. This is very important during market down trend as company has to pay lots of interest ratio beside low profitability. So its good sign, if company has less debt equity ratio.

Investment In Delivery based Trading :

Delivery based trading means buying shares and holding them for certain period of time is called delivery based trading. The shares you bought will be in your demat account.
Once you take delivery of shares you can hold them as long as you want. To take delivery of shares, you must have sufficient funds in your account. You don't get any margin to buy shares in delivery. If you have Rs. 5000 means you can buy shares worth of Rs.5000 and not more than this.

Tips For Share Investment In Delivery Based Trading :

Please study following points, carefully, and get best returns in short period of time. Basically, delivery based trading can be minimum one week, one month ar couple of months. Howlong to hold your scrip's/shares will depend on other technical indicators and averages.

Investment Tips In Delivery Based Trading :

Remember following points to increase your profit and reduce losses.

- **Buy Shares Of Different Companies :**

Don't ever try to put all your money in single share. Try to get shares of multiple companies and if possible from different sectors. You will always get benefited by investing in companies of different sectors, because we never know which sector will have good news and which sector will have bad news. Market always reacts for news.

- **Be Patient :**

When you buy shares they may go down in share market its general practice that shares go up and down. If they go down that don't panic and sell your share most of the investors/traders wait till their shares come to their buying level and then sell, but generally they forget that is the actual buying level of shares and from this level onwards the share price will start moving upwards.

Corporate Investment For Long Term Trading :

- Taking delivery of shares during Q1, Q2, Q3 and Q4 results is very common among investors/traders who knew the historical performance and current market situation of those particular companies or sector, so study historical yearly profits and sales ratios of top companies and buy shares of those companies. Some weeks before, their quarterly results and after declaring their huge growth in quarterly results, obviously share price will shoot up then you sell your shares and make handsome profit in very few weeks.
- If you hold bit longer, then you may also get benefited of dividend. If companies make outstanding profit then they may declare dividend.

Technical Indicators For Delivery Based Trading :

Its very important to make use of technical indicators in delivery based trading. As this topic is very vast, we will try to
brief about important indicators to use. You can use following indicators for entry and exit signal, over bought and over
sold levels etc.

- MACD
- RSI
- Moving Averages

Returns On Investment In Indian Companies :

There are very important benefits of delivery based trading

- **Hold as long as you want :**

If you buy shares and if it goes down, then you can hold them and sell them only when your shares go above your buy price.

- **Loan :**

Nowadays if you keep your money in banks then you get maximum 9% or 9.5% per share. If you invest in shares of good growing companies then you can earn minimum 15% returns per year. Some companies give 30% to 40% returns per year. Best share market returns are based on delivery based trading for long term.

- **Bonus Share:**

If company makes extra profit then company may declare bonus shares. Bonus share like 1:1 means if you have one share then you may get another free. So if you have delivery of such shares then you are liable for such bonus shares.

Money Making Opportunities For Long Time:

It becomes very important to decide for delivery based trading that how long to hold shares of a company ---- right?
Please watch on following two important points,

- Watch Q1, Q2, Q3, Q4 Results of a company and check weather company is declaring/posting consistent profit or sales, its very important for a company and check weather company is declaring/posting consistent profit or sales, its very important for a company to declare quarterly results in good profit percentage in order to prove its consistent growth in the market.
- Declaration of future plans, expansion, acquisitions, merges etc. any good such plans can boost companies profit, so you may plan to hold such shares. Such plans are very important.

Financial Planning For Your Share Returns :

Its another important point to consider, if you hold more than one share then it is always advisable to prepare technical document for all your shares.

You can prepare excel or word sheet on your computer or you can write in your notebook.

Points To Involve/Write With Date :

- All quarterly results – Including profits and sales ratio and other financial ratios.
- Declaration of bonus or dividend.
- Declaration of acquisition, expansion etc.
- Weekly volume, close price, PE ratio, any company news etc.

In this manner you will come to know what is happening about your share and you can decide when to sell or till what period to hold. This system is called portfolio maintaining. Even you can keep a close watch on share you are planning to buy and if you get proper signal or feel comfortable with its quarterly results or news/future plans, then you can jump and buy that share.

Trading In Future Derivatives (F & O) :

Future Derivatives trading :

Future trading can be done on stocks as well as on indices like IT index, auto index, Pharm, Index etc.

Stock future trading.

Let's first understand what the meaning of futures trading is. In simple language one future contract is group of stocks (one lot) which has to be bought with certain expiry period and has to be bought with certain expiry period and has to be sold (squared off) within that expiry period.

Suppose if you buy futures of wipro of one month expiry then you have to sell it within that one month period.

Important :

Future contract get expires at very last Thursday of every month.

If you buy October month expiry future contract then you have to sell it within last Thursday of October month. Likewise you can buy two months and three months expiry period future contract.

For example – suppose this is month of October then you have to buy till maximum month of December expiry and you will have to sell it within last Thursday of December month. You can sell anytime between these periods. Lot size (group of stocks in one future contract) varies from future to future contract.

For example Reliance Industries Future lot size 150 qualities of shares while a Tata Consultancy service has 250 shares. In the same manner all future have different lot sizes decided by SEBI (Securities Exchange Board Of India). The margin (in other words price price of one lot size) varies on daily basis based on its stocks closing price. Future trading can be done on selected stocks listed under Nifty and Jr. Nifty and not an all stocks. The price of future contract is determined by its underlying stock.

Important – You can buy future contract of expiry period of not more than 3 months.

Indices future Trading :

As you can do future trading on stocks likewise you can do trading on different indices like Nifty index, It index, Auto index, Pharma index etc.

Successful Trading In Futures :

Future or derivative trading is the process of buying or selling stock future or index future for a certain period of time and squaring off before the expiry date. Expiry period can be of one month, two month and three months and not more then of three month. Its not compulsion that you have to square off your positions on the expiry date or wait till the expiry period but in fact you can square off at any time even, at the same day, or you can hold as long as you want but remember to square off before expiry date. Most of the times on 3rd month expiry future you may see vary less trading volumes. Generally most of the traders/investors trade or invest on current month future or second month future contract and you may see very low volumes on last month means third month expiry. But on Nifty index contract or on other index contract you may see good trading volumes even on 3rd month expiry future also.
You can also buy and sell or sell and buy future contract on the same day of any expiary month.
This is called as day trading or intra day in futures. Selling future contract before buying is called short selling. Short selling is allowed in futures trading.

Major Advantages Of Futures Trading Over Stock Trading :

1. Margin Is Available :

In future trading you get margin to buy (but can hold only up to maximum of three months), while in stock trading you must have that much of amount in your account to buy. For example – If you plan to buy stock XYZ at Rs. 100 and quantity 1000 shares then you have to pay 1 lakh rupees (Rs. 100 x 1000qty). But if you plan to buy XYZ future contract and that contract lot size has 1000 quantity of shares then instead of paying 1 lakh rupees you have to pay just 20% to 30% of whole amount which comes to 20 thousand to 30 thousand rupees. In short in future trading you have to pay just 20% to 30% of the whole amount what you pay if you buy stock of that price. But limitations for this is your expiry period. Means you bought future of one month expiry then you have to square off within that one month likewise you can buy maximum of three months expiry.

2. Possible To Do Short Selling :

You can short future sell futures- without buying them which is called short selling and later buy within your expiry period, to cover up your positions. This is not possible in stocks. You can't sell stocks before buying them in delivery (you can do intra day). You can short sell futures and can cover off within your expiry period. For example- If expiry period of your future contract is of 1 month then have time frame of one month to cover off your order like wise if your future expiry period is of two months then you have time frame of one month to cover off your order likewise if your future expiry period is of two months then you have time frame of two months and his continues till three months and not more then three months. In short selling of futures also you get margin as you get in buying of futures.

3. Brokerage Are Low :

Brokerages offered for future trading are less as compared to stock delivery trading.

Disadvantages Of Future Trading Over Stock Trading:

1. Limitation On Holding :

If you buy or sell a future contract then you have limitation of time frame to square off your position before expiry date. For example – If you buy or sell future contract of one month expiry period then you have to square off your position before your expiry date of that month, so in this example you get one month period. So likewise if you go for two month expiry period then you get 2 months and if you go for three months expiry then you will get three months expiry period to square off your position.

Level Of Risk

Due to margin facility in future trading you may earn huge profit by investing fewer amounts but at the country side if your trade goes wrong then you may have to suffer huge loss.

Limitation Of Stocks :

You can't do future trading on all stocks. You can only do on listed stocks on Nifty and Jr. Nifty.

Important Points To Remember While Doing Trading:

1. First up all you have to decide weather you want to buy stock derivatives or index derivative. After this you have to select the expiry period. Once you buy certain expiry period then you to sell (cover off) your order before that period. Its no need to wait till the expiry period, you can even square off on the same day (if you are getting profit) or anytime whenever you feel to book profit, no the same day (if you are getting profit) or anytime whenever you feel to book profit, no compulsion to cover off your order on last day of expiry.
2. Check out for futures current market price.
3. Futures lot size (number of shares in that particular lot).
4. Future lot price (this is the amount you must have in your account to buy one lot of future) also called as margin amount.
5. Selection of expiry period – you want to trade on expiry of one month, two month or last 3rd month.
6. No need to wait till expiry period can book profit whenever applicable.

Methods Of Short Selling :

Short selling (selling before buying in future trading)

In future trading you can do short selling and buy (cover) later when price comes down from selling price you can short sell stock future as well as index future. But again same restriction will apply and that is of expiry period.

Daily Tips To Watch :

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 economic 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. DE merger announcement will have negative impact – negative news – shares may fall. Merger and DE merger announcements may have major impact on Indian share market. Acquisition (take over)

Announcement - Takeover of some part (or whole) of companies, especially those having large 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 :

Announcements like major expansion plan of a company or entering into other sector 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 electronics in the country or in any particular state, news of any major 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 Balarampur Chinni, Triveni Engg, Bajaj, Hindustan etc. so many 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 crude oil prices 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.

FOR LATEST MARKET NEWS, LATEST STOCK UPDATES ON DAY TO DAY BASIS AND ALSO LATEST SHARE MARKET UPDATES WHICH MAY AFFECT YOUR SHARES.

B. Impact Of Other Asian Market :

Most of the time it has been observed and studied that Indian market (Nifty/Senex) follows other asian markets and USA markets. Asian markets like China – Shanghai's Market, Japan – Nikkei market, Hong-Kong Sung market. Above all Asian markets open early than Indian market will follow this Asian markets. If these markets open in positive and lead to positive and lead to positive direction than the Indian market 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 (Indian Market opens 9.30an) get all news above USA markets(which opens and closes in our night which is their day time) and Asian markets and plan yours day trading.

C. Quarterly results – (Very Important)
Quarterly results by all Indian Companies will have major impact on that company and hence their shares in Indian share market. Everyday company declares its quarterly results. If any company declares extra-ordinary results that will definitely affects its shares. Most of all share trades concentrate on much profit than they declare dividend, bonus shares etc. this will make positive 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 realeses etc. If the company has good fundamentals like board 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 talking will take 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, then you can plan your trades accordingly.

E. Inflation Rate – (Very Important):
Inflation rate is wholesome prices of consumer goods. This rate is declared by Government for every week. If it is low as compared to previous week, then it is positive news and you may see share price going up and if the rate is higher as compared to pervious week, then it is negative and this may effect share prices negatively and share prices may come down. So keep a watch inflation rate declare by Indian Government at every Friday 12.00Pm and trade accordingly . "Indian share market reacts to inflation rate".

F. Future/Derivative Expiry – (Very Important):
Future/Derivative 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 their derivatives, due to which share price s may come down. If you watch the share market carefully this selling movements starts before one or two days of expiry. So be cautious and plan your trade accordingly. During this

expiry period you may see share 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 an after market hours (when market closes at 3.30pm) you can make a list of all those shares then plan your trade. "Touching all time high is positive news."