Trend Analysis of Security Return of Select Housing Financiers in India

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Abstract: *This study analyses the security trend movement of select Housing Financiers in India in for ten financial years starting from 2006 to 2016. The study is purely based on secondary data which consists of published online reports. The study is based on ordinary least square models to estimate the price trend of the securities and it reveals that the overall trend of security return of NBFC Housing Financiers have trend effect. Thus all the securities in this category have a positive return profile in future and are suitable for investment.*

I.   INTRODUCTION

Investment is a difficult task. Every investor should take care while selecting the investment avenues. Normal investment in financial securities is done on the basis of its trend return. A trend is the general movement of a market price of a security with either an upward or bullish market and downward trend or bearish markets. Technical analysis is used to predict the future movement of a stock price based on past data which can be economic or industrial or business trend. An investor should keenly observe this trend for making his investment more profitable because the share price is adjusted with the market trend. Trend analysis is the blend of fundamental, technical and efficient market hypothesis. It follows the theories of fundamental analysis by analyzing the general economic, industrial and company fluctuations and these changes make the predictions contradictory one. But this limitation is negligible as it utilizes various tools in technical analysis for routine investments.

Ordinary Least Squares (OLS) method is used for the estimating trend. Security price of NSE listed five Housing Financiers were selected on their market capitalization. Their closing prices were taken for the past ten financial years ranging from 1st April, 2006 to 31st March, 2016. The returns (log values) of the security prices were calculated by taking the former as the dependent variable and the time factor as the independent variable.

Review of Literature
* The study of Chellasamy and Sreekrishnan (2016) to estimate the volatility of closing price of cardamom and gold using Bollinger Band technique revealed that the closing price of cardamom and gold has volatility with a low degree of correlation, concluded that they can be used for the investment purpose.
* Anjali and Thomachan (2015) studied the long run relationship between gold price and inflation. They found out that there is no long run relationship between the gold price and inflation.

Objectives of the Study
* To analyse the trend price of select housing finance companies in India.
* To give suitable suggestions to the investors for investing decisions.

II.   METHODOLOGY OF RESEARCH

This is the study of trend estimation of security returns of select housing financial institutions in India. Share price were chosen for a period of ten financial years from 1st April, 2006 to 31st March, 2016. Housing finance includes Can-Fin Homes, Dewan Housing Finance Corporation, GRUH Finance, Housing Development Finance Corporation and LIC Housing Finance. The variables for the study are the monthly return taken as the dependent variable and the time period as the independent variable. Ordinary least squares method for estimating the trend return of the securities.

III. ANALYSIS AND DISCUSSIONS
Table showing Trend estimation for security return of NBFC Housing Financiers in India

Sl.No.	NBFC Housing Financiers	R^2	Trend	Prob.
1.	CANFIN	0.77	27.24	0.0000*
2.	DEW	0.67	17.40	0.0000*
3.	GRUH	0.94	37.32	0.0000*
4.	HDFC	0.86	14.76	0.0000*
5.	LIC HF	0.85	28.32	0.0000*

Source: Compiled and computed from secondary data

Table above shows the trend estimation of security returns of Housing Financiers in India during the study period. The trend value of GRUH is the highest with 37.32 per cent, followed by LIC HF and CANFIN with 28.32 and 27.24 per cent respectively. DEW and HDFC have the least trend value of 17.40 and 14.76 per cents respectively. Overall trend value says that this sector has a moderate performance. The R^2 values shows at what per cent the return is influenced by their trend. Among all, GRUH has the highest R^2 value of 94 per cent and least for DEW stands with 67 per cent. The overall trend of security returns of NBFC Housing Financiers is positive and significant at 0.05 per cent level, which means the security return has trend effect.

IV. CONCLUSION
This study, Trend Analysis of Security Return of Select Housing Financiers in India**,** concludes that Housing Financiers have a positive return profile and hence it has trend effect and is suitable for investment.

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