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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May 2019

Course: B. Com (H) All **Semester: II**
Program: Investment in Stock Markets **Time: 03 Hours**
Course code: MKTG 1002 **Max. Marks: 100**
Instructions: Attempt all Questions

	SECTION A		(2*10=20)
	Multiple choice questions	**Marks**	**CO**
Q 1	Statement of question		

I	The price earning ratio of a stock reflects the
	   a) Growth of the company
	   b) Market mood for the company's stocks
	   c) Earning retained and invested in the company
	   d) Dividends paid out for the company's stocks
		2	**3**

II	If the company's net profit is Rs 240 million and equity capital is Rs 240 million with a face value of shares equal to RS 2, what is the earning per share.
	   a) 3
	   b) 1
	   c) 2
	   d) 2.5
		2	**2**

III	The market value of the script is determined by
	   a) The dividend declared by the company.
	   b) The present status of the stock market.
	   c) The number of floating shares.
	   d) The interaction of demand and supply.
		2	**2**

IV	Dow theory was developed to explain the
	   a) New York stock movement
	   b) Dow Jones Industrial Average
	   c) Security market price movements
	   d) Buy and sell strategy
		2	**2**

V	Technical indicators help to
	   a) Find out the present state of the stock market
	   b) Estimate the growth of stock market.
	   c) Indicate the economic activity.
	   d) Show the direction of overall market.
		2	**2**

VI	The call option price is higher when the
	   a) Strike price is higher than the stock price.
	   b) Strike price is lower than the stock price.
	   c) Option period is shorter.
	   d) Option period is longer and strike price is lower.
		2	**3**

VII	The put option buyer gains a) In the bullish market	**2**	**2**

	b) In the bearish market		
	c) In the stable market		
	d) When the strike price is lower than stock price.		

VIII	Hedgers
	  a) Buy and Sell futures to offset the anticipated risky position in the spot market
	  b) Buy futures and Sell stocks to offset the anticipated risky position in the spot market
	  c) Buy stocks and Sell futures to offset the anticipated risky position in the spot market
	  d) Buy Options and Sell futures to offset the risky position in the spot market
		2	2

IX	The need for constant income depends on the
	  a) Market risk
	  b) Inflation risk
	  c) Interest risk
	  d) Unique risk
		2	2

X	The highly liquid security is a
	  a) Mutual fund unit
	  b) Treasury bill
	  c) Share
	  d) Commercial paper
		2	2

SECTION B			**(5*4=20)**
Q 2	Assume that you know for certain that the market is heading towards the boom period. Should you buy a common stock based on this information.	5	3
Q 3	What do you mean by operational efficiency. Explain its importance	5	2
Q 4	Explain the importance of volume and its relationship with respect to the direction of stock prices.	5	3
Q 5	How is economic growth related to stock prices.	5	2
SECTION-C(Any two)			**(15*2=30)**
Q 6	Explain the significance of gaps and head and shoulder pattern in the chart. Explain with the help of diagram.	15	3
Q 7	Explain in detail the Dow Theory and how it is used to determine the direction of stock market.	15	3
Q 8	How does new information affect the pricing of securities? How is new information related to the efficient market theory?	15	3
SECTION-D			**(30*1=30)**
Q 9	How does technical analysis differ from fundamental analysis. Explain by taking suitable examples to elaborate EIC approach. Also illustrate various charting patterns.	3,4	30