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## Do the share prices of a company affects the Sensex prices?

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### ABSTRACT

*It has always seen that the Sensex prices changes according to the prices of the shares of the companies of that particular country. Hence, I took the secondary data from Bombay Stock Exchange that is, the prices of Sensex on different dates and the share prices of HUL to see whether there is an actual relation between the two values or not.*

**Keywords**— HUL, Sensex

### 1. INTRODUCTION

This is the secondary data taken from the website of Bombay Stock Exchange. There are two variables in my analysis one is the Sensex price and the another is the share prices of HUL. Since the BSE is the oldest stock exchange of Asia, I considered this data best for this analysis.

The Sensex prices depends on the market condition and economic stability and it is said that the Sensex price depends on the share prices of the companies which we will see in this analysis further. The market forces i.e, Demand and Supply affects the shares prices which further affects Sensex price.

The main thing that concerns everyone is that the change of the prices of shares. The prices of shares can also decrease or can increase depending on the market forces and we have to see whether this change affects the Sensex price or not.

### 2. OBJECTIVES

- To analyze how the share prices, have an effect on the Sensex price.
- To find whether there exists some relationship between the share price and Sensex price.
- To know about how the Sensex price changes according to the share price.

### 3. ANALYSIS

From the sample of 601 observations, the correlation between the share prices of HUL and Sensex prices is 0.967263159. This shows that there exists an imperfect positive correlation between the share price of HUL and the Sensex price and the share prices influence Sensex prices a lot. Hence it can be said that there is a direct relation between the share prices and the Sensex prices.

If that is the trend then it can be clearly said that the share prices always influence the Sensex prices. If the prices are decreasing, the Sensex price will behave in the same manner and if the prices are increasing Sensex prices will also increase.

We got the regression equation as:

$$Y = a + bx$$

$$Y = 17671 + 11.75x$$

The above regression equation means that if there is an increase in the HUL share price by 11.75 units then the Sensex price will increase by 1 unit.

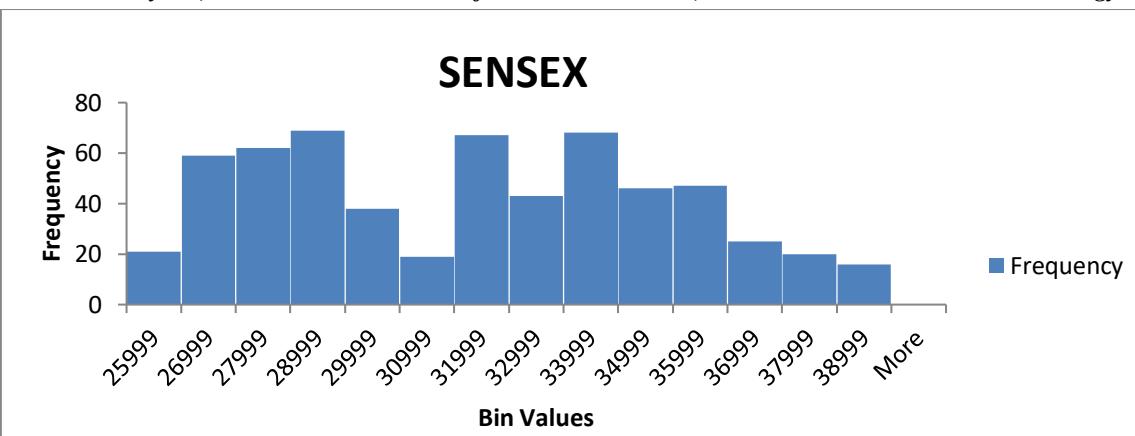


Fig. 1: Sensex graph

From the above histogram it can be seen that the Sensex price that repeated the most lies in the interval of 28000-29000.

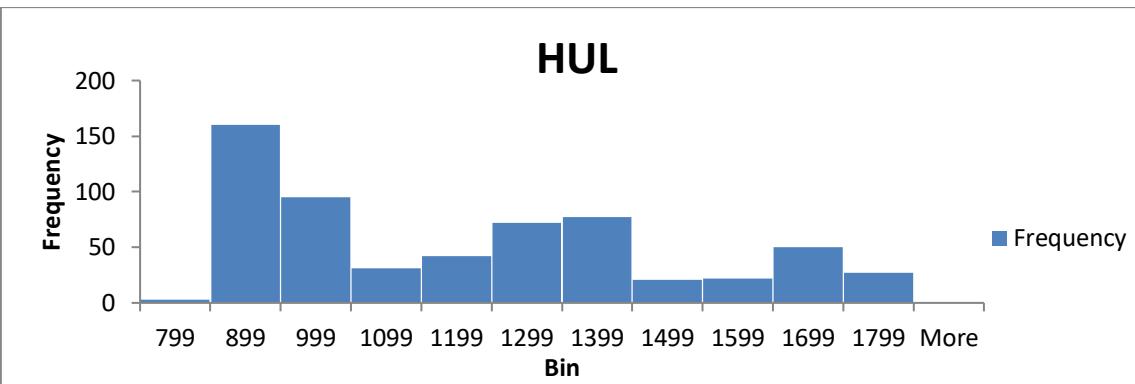


Fig. 2: HUL Graph

From the above histogram, it can be concluded that the share price of HUL with highest repetition is in the interval of 800-900.

#### 4. CONCLUSION

The analysis can be concluded here by giving that there is a high relation between the changing of Sensex prices and HUL share prices and there is a direct positive correlation between both of them. The above analysis shows how both of them are related to each other and how the one affects the other.

#### APPENDIX

The source for the data that has been taken for the analysis is: <https://www.bseindia.com/> Also I have attached a glimpse of my data below:

DATE	SENSEX PRICE	HUL
Oct 01, 2018	36,526.14	1642.85
Sep 28, 2018	36,227.14	1607.65
Sep 27, 2018	36,324.17	1618.85
Sep 26, 2018	36,542.27	1610.7
Sep 25, 2018	36,652.06	1634.3
Sep 24, 2018	36,305.02	1591
Sep 21, 2018	36,841.60	1621.65
Sep 19, 2018	37,121.22	1648.9
Sep 18, 2018	37,290.67	1666.15
Sep 17, 2018	37,585.51	1604.05
Sep 14, 2018	38,090.64	1630.15
Sep 12, 2018	37,717.96	1627.95
Sep 11, 2018	37,413.13	1591.45
Sep 10, 2018	37,922.17	1610.55
Sep 07, 2018	38,389.82	1638.95
Sep 06, 2018	38,242.81	1608.05
Sep 05, 2018	38,018.31	1611
Sep 04, 2018	38,157.92	1651.4
Sep 03, 2018	38,312.52	1699.05
Aug 31, 2018	38,645.07	1780.6
Aug 30, 2018	38,690.10	1771.35
Aug 29, 2018	38,722.93	1759
Aug 28, 2018	38,896.63	1770.8
Aug 27, 2018	38,694.11	1791.65
Aug 24, 2018	38,251.80	1781.75

ALL THE WORK AND ANALYSIS THAT HAS BEEN DONE ABOVE IS ORIGINAL AND THE SOURCE OF THE COLLECTED DATA HAS BEEN GIVEN ABOVE.