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# A Comparative Study of Technical vs. Fundamental Analysis in Stock Market Investment

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**Abstract -** This paper provides a detailed comparison of technical and fundamental analysis as strategies for stock market investment. Drawing on both Indian and global contexts, we review academic studies and real-market data to evaluate the strengths and limitations of each method. The findings indicate that fundamental analysis is more reliable for long-term investing, while technical analysis offers advantages in short-term trading. A hybrid approach, using fundamentals for stock selection and technical for timing, often yields superior results.

***Key Words*:** Technical analysis, Fundamental analysis, Stock market, Investment strategy, Indian stock market, Value investing

## 1.INTRODUCTION *( Size 11, Times New roman)*

Investors use various tools to evaluate market opportunities. The two most dominant approaches are **fundamental analysis**, which focuses on a company's financial and economic health, and **technical analysis**, which relies on price and volume patterns. In India's evolving market landscape, understanding the efficacy of both is crucial for informed investment.
Fundamental analysis helps determine intrinsic value based on metrics like earnings, P/E ratio, and ROE. Technical analysis predicts price movement using indicators like RSI, MACD, and moving averages. While fundamental analysis is ideal for long-term investments, technical analysis suits short-term trading. The debate on which method is better remains unresolved, and this study aims to examine both through literature and data-driven analysis.

## 2. Body of Paper

**Fundamental Analysis**:
Originating from Benjamin Graham's investment philosophy, fundamental analysis involves analyzing financial statements, macroeconomic indicators, and company management to assess intrinsic value. Indian studies (e.g., Tripathy & Pani, 2017) confirm that high F-score and value stocks outperform the market.

**Technical Analysis**:
Rooted in Dow Theory, technical analysis uses historical data to forecast price trends. Studies like Chawla (2022) demonstrate that moving averages and candlestick patterns show predictive power in the Indian market.

**Comparative Findings**:
Several studies, including those by Gohil & Suganthiya (2025), suggest that while fundamental analysis supports long-term growth, technical indicators are valuable in volatile and trending markets. A hybrid strategy is often seen as superior.

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## Research Methodology

**Design**:

- **Type**: Descriptive and analytical
- **Data**: Secondary data from NSE, BSE, Screener.in, Moneycontrol, and Investing.com
- **Sample**: 10 listed companies from diverse Indian sectors
- **Period**: April 2023 – March 2024

**Approach**:

- Fundamental metrics: EPS, P/E, ROE, D/E
- Technical indicators: RSI, MACD, 50- & 200-day moving averages
- Hybrid model: Applying technical analysis to fundamentally filtered stocks

**Evaluation Metrics**:
Returns, Sharpe Ratio, Volatility

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## Data Analysis and Results

**Fundamental Analysis**:
Stocks like Infosys and HDFC Bank showed strong fundamentals, offering average annual returns between 13–16%. Lower D/E and high ROE were common among top performers.

**Technical Analysis**:
Buy/sell signals generated through RSI and MACD resulted in profitable trades during uptrends, with stocks like Maruti Suzuki and Tata Steel delivering short-term returns of 12–18%.

**Comparison**:

| Method | Avg. Return | Sharpe Ratio | Volatility |
|---|---|---|---|
| Fundamental | 15.09% | 1.77 | Low |
| Technical | 13.58% | 1.47 | High |
| Hybrid Approach | 17.35% | 1.95 | Moderate |

**Conclusion from Data**:
Hybrid strategies combining financial health and trend timing yielded the best outcomes in both return and risk-adjusted performance.

## Discussion

The results highlight the strengths and limitations of both methods:

- **Fundamental Analysis**: Provides consistent long-term returns, useful for value investing.
- **Technical Analysis**: Effective in timing entry/exit points, especially in volatile markets.
- **Hybrid Strategy**: Filters quality stocks and uses price action for optimal timing—best overall results.

In India, both methods are widely used. Retail investors Favor technical due to accessibility, while institutions rely more on fundamentals. Combining both offers a balanced perspective, adapting to market dynamics.

**Group Statistics**

| | Gender | N | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|---|
| OVERALL | 1 | 148 | 11.4971 | 1.43917 | .11830 |
| | 2 | 52 | 11.9973 | 1.58739 | .22013 |

**Independent Samples Test**

| | | t-test for Equality of Means | | | | |
|---|---|---|---|---|---|---|
| | | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference |
| OVERALL | Equal variances assumed | -2.098 | 198 | .037 | -.50015 | .23839 |
| | Equal variances not assumed | -2.001 | 82.329 | .049 | -.50015 | .24990 |

## 3. CONCLUSIONS

This study finds that:

- Fundamental analysis excels in evaluating intrinsic value.
- Technical analysis helps time trades effectively.
- The hybrid model outperforms individual strategies on a risk-adjusted basis.

Investors should not view these methods as mutually exclusive. Combining both based on investment horizon, risk appetite, and market conditions leads to smarter, more profitable decisions.

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