



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT AND MANAGEMENT

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A STUDY ON THE RELATIONSHIP BETWEEN GOLD, SILVER AND NIFTY

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ABSTRACT

The study has attempted to analyze the need and importance of commodity market and the current position of the bullion in the stock exchange. The study is fully based on the secondary data from records and values of the bullion commodity in the exchange. From the analysis the value of data were collected and the collection of data were tabulated and presented in the appropriate places of various chapters. Besides the strategies was evaluated by analyzing and interpreting the values with the help of various technical ratios. Investor understands the basic elements of commodities market investing and their fund affect on the potential value of the investments over the years. The past performance is used as an important tool. Investors have to look for consistency, though it is known that new investments flow into top performing funds, based on performance ranking. The researchers suggested that the investors can take decision based on these results. Techniques and tools used helps to analyze the investment opportunities in the market. The research hopes that the suggestions will be implemented for the betterment of the investors and also for the general public to get an idea about the investment in a profitable manner.

KEYWORDS

Gold, Silver and Nifty, Commodities, Stock Exchange, Risk, Return.

INTRODUCTION

The study examines the impact of few economic indicators like gold and silver prices. The Commodity market plays a vital role in promoting economic growth through the mobilization of long-term savings and the savings get invested in the economy for production purpose. This study analysis the performance of the gold, silver & nifty to understand the concept and importance of the commodity market. Basically gold is an inflation hedge. If inflation of any country increases, investors will buy gold to balance their portfolio and the price of gold will move up. So during inflation the gold price rises and the stock market falls.

In an economy all the savings are not invested in the stock market. Certain portion of the money is invested as bank deposits. When people invest money directly in the stock market they have to bear the risk involved. Investing in stock market may give more return than the risk less return, but it also involves high risk. When money is deposited in Banks, the bank takes responsibility of the risk involved. Bank charge higher interest and gives guaranteed return to the investors. Since banks take the responsibility of risk, it charges high interest rate to the companies and pays less interest to deposits. It clearly shows that the proper and protected investment is of investing in the commodity market.

To accomplish the goal of earning a relatively high return in commodity market, an essential task for investors to develop investment objectives. So informed decision can be made regarding risk and return trade-off. There is some indirect relationship between these three things (i.e. gold, silver and nifty). So to assess the relationship between these three things the following study is carried out.

STATEMENT OF PROBLEM

To find out the overall information for investors, in which time to invest the money in commodities market and what is the movement of price in commodities market. It also helps to analyze when the trend will reverse and also to find out the best way to invest in the markets for the investors.

OBJECTIVES OF THE STUDY

- To study about the performance of the gold, silver and nifty during the period.
- To study the impact of gold, silver BSE SENSEX.
- To understand the concept and importance of the commodities market.
- To analyze the risk involved in the gold and silver prices.
- To rank the gold, silver based on their performance.
- To analyze the general trend in the bullion market.
- To understand the up and down movement of price in bullion market.
- To know the time to invest money in bullion commodity market by investors.

SCOPE OF THE STUDY

A better understanding of the commodity market trend will facilitate allocation of financial resources to the most profitable investment opportunity. The study also helps the customers to ascertain the risk and return of the commodities. This will help the investor viz, individuals, FIIS in identifying the commodity which would yield them higher return and lesser risk.

The result of this study indicates short-term relationship of specific macroeconomic elements to the Bombay stock exchange. Investors can predict the volatility of the stock market due to the changes in economic indicators.

LIMITATIONS OF THE STUDY

All the projects are hindered in their smooth flow by some problems. The problems arise in the form of constrains by time and scope of the study. The current project was also faced by certain problem. Some of the problems faced in the course of the project are as follows:

- Period of study is restricted to past half Year so the conclusion based on this report is limited to that extent.
- The tools used for analysis is subject to inherent limitations.
- External factors which affect the price movement of the market.
- It cannot allow for good forecasting or determination of price objectives.
- Using of Secondary data.

RESEARCH METHODOLOGY

Research methodology is a way of systematically solving the research problem. Research Methodology deals with the research design used and other methods used to present the study. Here researcher describes the statement of the problem, objectives of the study.

TYPE OF RESEARCH

The descriptive method of research type employed in the study portrays the performance of the different prices of Gold, Silver were taken under study. Since descriptive research studies are concerned with describing the characteristics of a particular individual, or of a group, the same is used for studying the performance of the different prices in the market.

SOURCES OF DATA

The data was collected with secondary data collection method. Secondary data is the data collected from secondary sources. In this research it is collected through various journals, magazines and websites.

For the purpose of this study, the price movements are computed and studied. The risk free rate which is the rate of return of the 90 – day's Treasury bill is obtained from the websites. The return values of the different markets, the standard deviation values used in the calculation of the Sharpe ratio, and the beta value used for the calculation of the Treynor ratio are manually calculated from the closing prices of Gold, Silver.

TOOLS AND TECHNIQUES USED

The two ways in which the analysis is done are Risk - adjusted performance evaluation by

- Beta
- Mean
- Standard deviation
- Sharpe ratio
- Treynor ratio
- Correlation

BETA

The degrees to which different portfolios are affected by these systematic risks as compared to the effect on the market as a whole is measured by Beta. The Beta factor describes the movement in a stock's or portfolio's returns in relation to that of the market return.

The main purpose of using slope or beta is to predict the change in the market. Beta is a measure of the market or non-diversible risk associated with any given security in the market. The formula for predicting Beta is as follows:

$$\text{Returns} = (P_1 - P_0 / P_0) * 100$$

Where,

P_1 today's close

P_0 previous close

$$\text{Beta} = \text{Cov}(x,y) / \text{var}(x)$$

MEAN

A measure of the central tendency of a data set, the mean is the average value in a data set. It is determined by adding all the values and dividing the sum by the number of values in the data set.

$$\text{Mean} = \frac{\sum X_i}{n}$$

where, $i = 1, 2, 3, \dots, n$

n = number of samples (or) number of values

STANDARD DEVIATION

The standard deviation is less affected than the range by extreme and untypical values. It is a very accurate measurement for showing how closely the values in the list cluster around or diverge from the average. The standard deviation is lower if the values cluster closely around the mean and becomes higher the more they diverge from it. For the mathematically inclined, the standard deviation is defined as the square root of the variance, or

$$\text{Standard deviation} = \sqrt{\frac{\sum (x - \bar{x})^2}{n}}$$

SHARPE RATIO

William Sharpe created a metric for fund performance, which enables the ranking of funds on a risk – adjusted basis. This measure is based on the comparison of "Excess return" per unit of risk, risk being measured by standard deviation. The standard deviation measures what is the average dispersion of the returns around the average value. If the standard deviation is high, the risk inherent in the returns of the mutual fund is high. Excess return is defined as the actual return of the fund less the risk free rate. The return on the 90-day treasury bill of the government is taken as the risk-free rate. This ratio is referred as reward to variability ratio (RVAR). It is expressed as:

$$\text{Sharpe ratio} = (R_p - R_f) / \sigma_p$$

Where,

R_p is the average return of the fund

R_f is average risk free return

σ_p is total risk of the fund

TREYNOR RATIO

In the Sharpe ratio, we measure return per unit of standard deviation. Instead if we measured return per unit of beta, we have the Treynor measure of the performance. Treynor measure uses the market risk to rank funds, while Sharpe measure uses total return to rank funds. This ratio is referred as reward to volatility ratio (RVOL)

It is expressed as:

$$\text{Treynor's ratio} = (R_p - R_f) / \beta$$

Where,

R_p is the average return of the fund
 R_f is average risk free return
 β is total risk of the fund

CORRELATION

The correlation is one of the most common and most useful statistics. A correlation is a single number that describes the degree of relationship between two variables. The correlation coefficient may take on any value between plus and minus one.

$$-1.00 < r < +1.00$$

The sign of the correlation coefficient (+, -) defines the direction of the relationship, either positive or negative. A positive correlation coefficient means that as the value of one variable increases, the value of the other variable increases; as one decreases the other decreases. A negative correlation coefficient indicates that as one variable increases, the other decreases, and vice-versa. Taking the absolute value of the correlation coefficient measures the strength of the relationship. It is expressed as,

$$r = \frac{\sum xy - (\sum x \sum y) / n}{\sqrt{(\sum x^2 - (\sum x)^2 / n)(\sum y^2 - (\sum y)^2 / n)}}$$

DATA ANALYSIS AND INTERPRETATION

In this chapter the average return, volatility, variability in returns and risk parameters of the commodity are analysed. The analysis is given in the form of tables and charts.

Risk arises out of the fact that returns do not remain constant or unchanged. Every change in return is a situation of risk for the investor. The simplest way to measure risk is to find out, over a period of time, the performance of the commodity in relation to the market indices

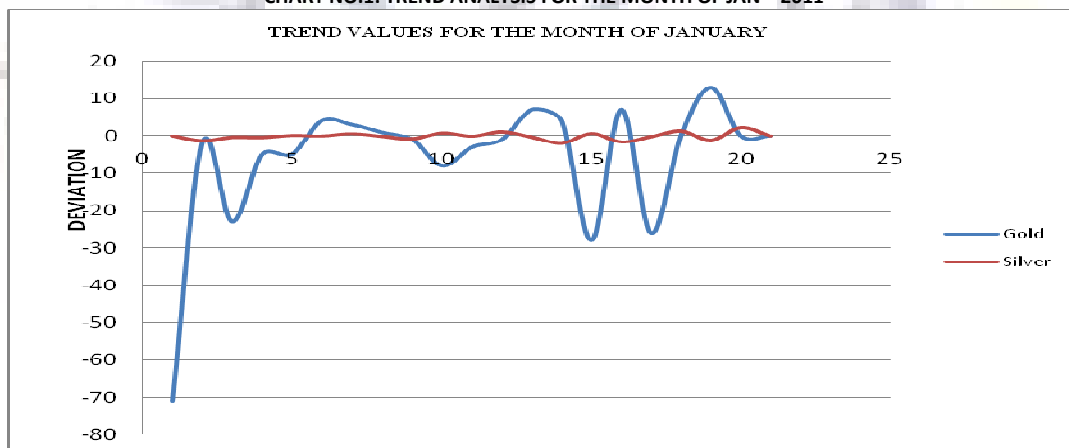
Since we know that mutual funds cannot be expected to deliver a pre-specified price, the measures of risk and return make little sense, unless we are able to say something about their adequacy. If the fund made 20% return in one period and 8% in another, we will not be able to say if 20% is too high or not high enough, or if 8% is too low. Therefore, we should be able to define what we can expect from the fund, in terms of risk and return.

TABLE NO.1: TREND ANALYSIS FOR THE MONTH OF JAN – 2011

Days	Gold	Deviation	Silver	Deviation
3/1/11	2,000	-71	50	-0.2
4/1/11	1,929	-2.0	49.8	-1.35
5/1/11	1,927	-23	48.45	-0.4
6/1/11	1,904	-5	48.05	-0.45
7/1/11	1,899	-5	47.60	0.15
10/1/11	1,894	4.00	47.75	0
11/1/11	1,898	3.00	47.75	0.6
12/1/11	1,901	1.00	48.35	-0.1
13/1/11	1,902	-1.00	48.25	-0.8
14/1/11	1,901	-8.00	47.45	0.8
17/1/11	1,893	-3.00	46.65	-0.05
18/1/11	1,890	-1.00	46.60	1.15
19/1/11	1,889	7.00	47.75	-0.35
20/1/11	1,896	4.00	47.40	-2.0
21/1/11	1,900	-28.00	45.40	0.65
24/1/11	1,872	7.00	46.05	-1.65
25/1/11	1,879	-26.00	44.40	-0.2
26/1/11	1,853	0	44.20	1.35
27/1/11	1,853	13.00	45.55	-1.2
28/1/11	1,866	0	44.35	2.30
31/1/11	1,866	0	46.65	0
Average		-113.3		-1.55

Source: research data

CHART NO.1: TREND ANALYSIS FOR THE MONTH OF JAN – 2011



INTERPRETATION

The above table shows that both the value of gold and silver price is in decreasing trend with -113.3 and -1.55. This shows that price of gold & silver increases in the beginning and decreases in the end of the month

TABLE NO.2: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF JAN 2011

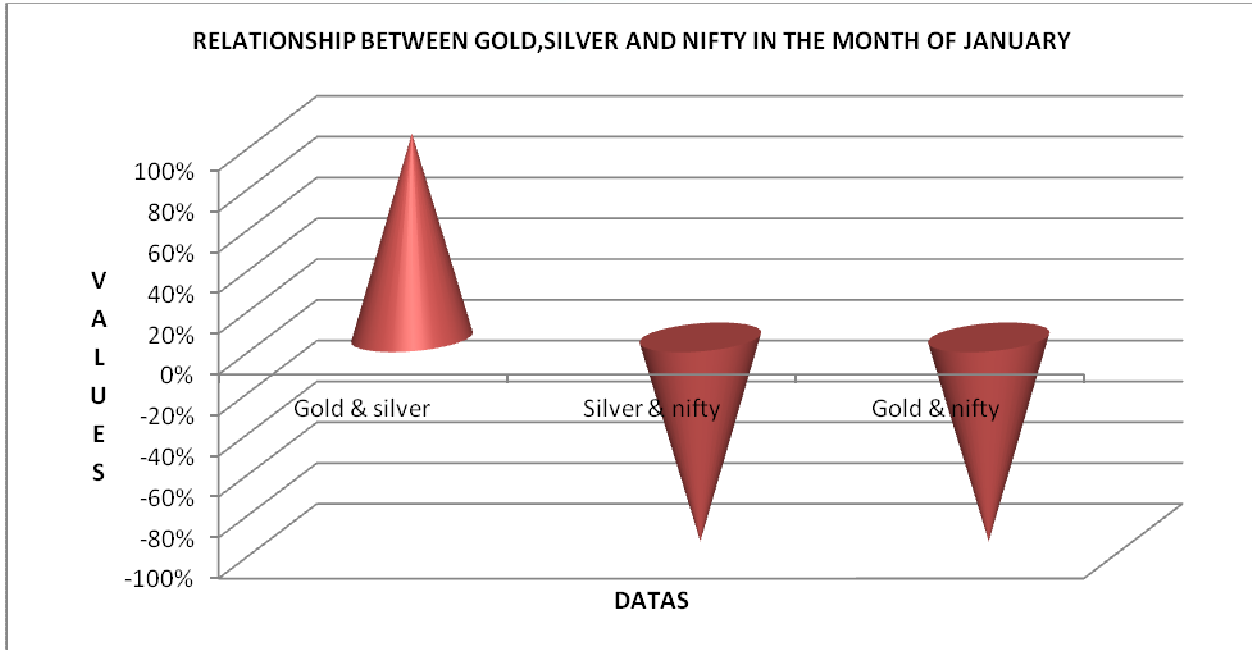
Null hypothesis (H0): There is no relationship between gold, silver and nifty in the month of January.

Alternative hypothesis (H1): There is relationship between gold, silver and nifty in the month of January.

Data	GOLD & SILVER
Gold & silver	0.943831
Silver & nifty	-0.63036
Gold & nifty	-0.56015

Source: research data

CHART NO.2: RELATIONSHIP BETWEEN THE GOLD & SILVER IN THE MONTH OF JAN – 2011



INTERPRETATION

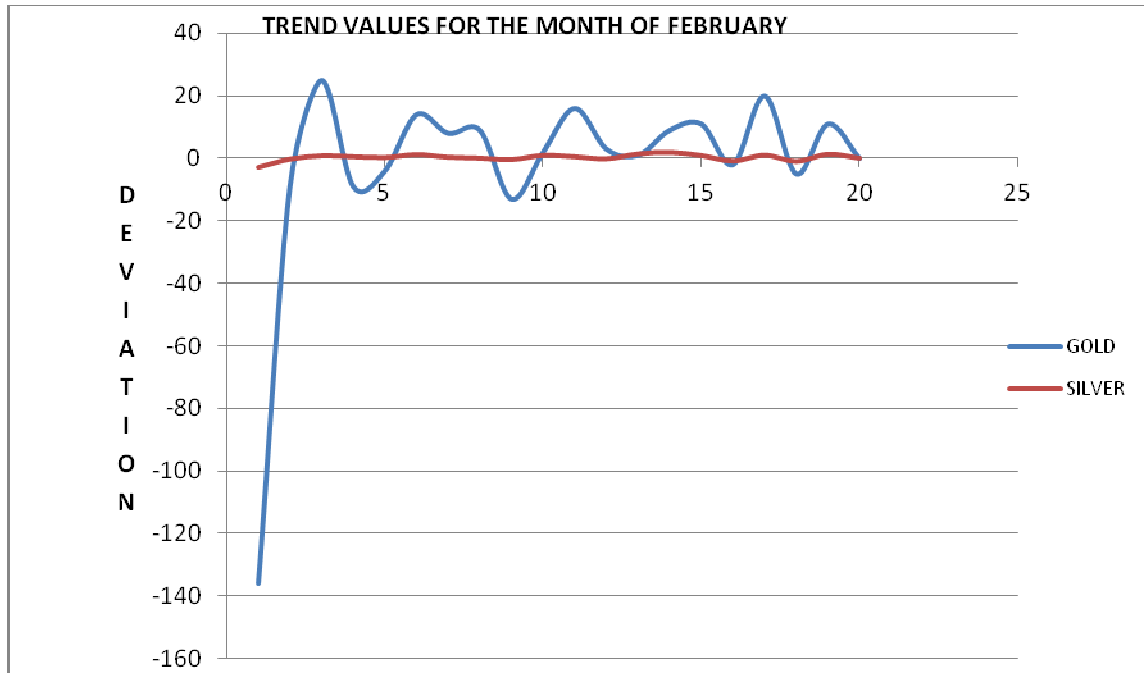
The gold & silver with the value of 0.943831 and shows that there is positive relationship between them because silver is the by-product of gold. The silver & nifty has negative relationship because the value decreases with -0.63036. The gold & nifty also shows negative relationship with -0.56015 where it's value is less than one.

TABLE NO.3: TREND ANALYSIS FOR THE MONTH OF FEBRUARY - 2011

Days	Gold	Deviation	Silver	Deviation
1/2/11	2000	-136	50	-2.90
2/2/11	1,864	-9.0	47.10	-0.30
3/2/11	1,855	25.0	46.80	0.75
4/2/11	1,880	-9.0	47.55	0.45
7/2/11	1,871	-4.0	48.00	0.20
8/2/11	1,867	14.0	48.20	1.15
9/2/11	1,881	8.0	49.35	0.30
10/2/11	1,889	9.0	49.65	0
11/2/11	1,898	-13.0	49.65	-0.45
14/2/11	1,885	2.0	49.20	0.90
15/2/11	1,887	16.0	50.10	0.45
16/2/11	1,903	3.0	50.55	-0.20
17/2/11	1,906	1.0	50.35	1.35
18/2/11	1,907	9.0	51.70	1.85
21/2/11	1,916	11.0	53.55	0.85
22/2/11	1,927	-2.0	54.40	-0.90
23/2/11	1,925	20.0	53.50	0.95
24/2/11	1,945	-5.0	54.45	-1.0
25/2/11	1,940	11.0	53.45	1.25
28/2/11	1,951	0	54.70	0
Average		-49.0		4.7

Source: research data

CHART NO.3: TREND ANALYSIS FOR THE MONTH OF FEBRUARY – 2011



INTERPRETATION

The above table shows that, the gold is in decreasing trend with the value of -49 and the silver is in increasing trend with the value of 4.7. This shows that gold price decreases continuously in this month.

TABLE .4: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF FEBRUARY – 2011

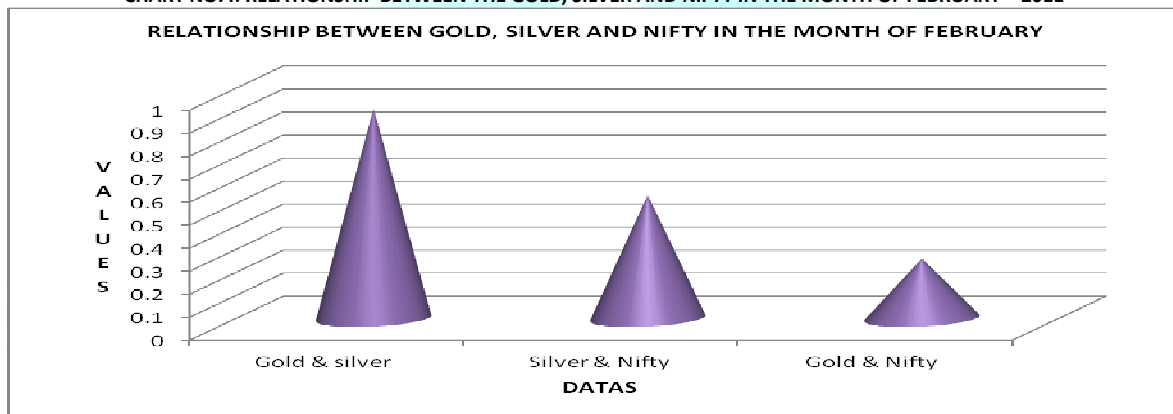
Null hypothesis (H0): There is no relationship between gold, silver and nifty in the month of February.

Alternative hypothesis (H1): There is relationship between gold, silver and nifty in the month of February.

Data	GOLD & SILVER
Gold & silver	0.9101
Silver & Nifty	0.5355
Gold & Nifty	0.2597

Source: research data

CHART NO.4: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF FEBRUARY – 2011



INTERPRETATION

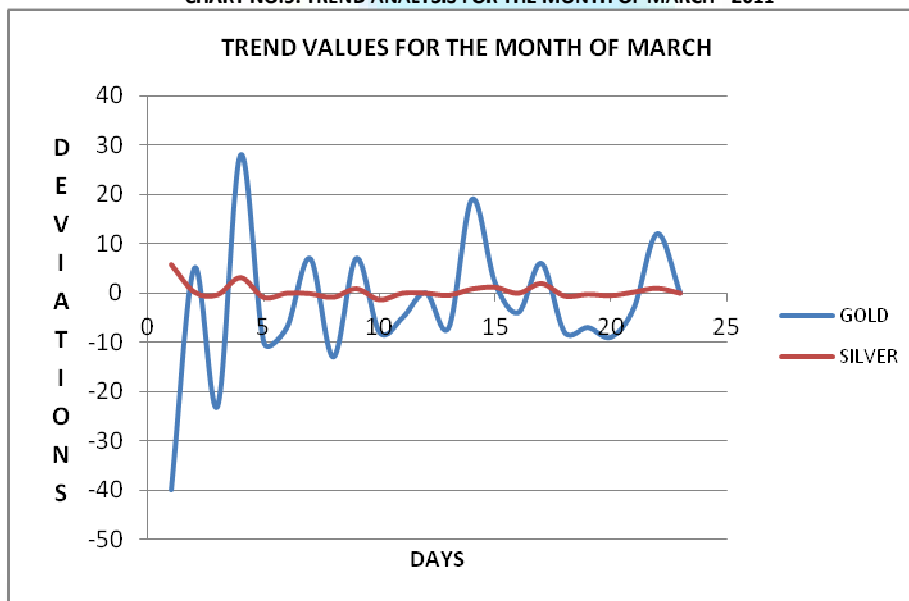
The gold & silver with the value of 0.9101 and shows that there is positive relationship between them because silver is the by-product of gold. The silver & nifty and gold & nifty has strong relationship because with the value of 0.5355 & 0.2597 respectively. This table shows that there is strong relationship between the gold, silver and nifty.

TABLE NO.5: TREND ANALYSIS FOR THE MONTH OF MARCH - 2011

Days	Gold	Deviation	Silver	Deviation
1/3/11	2000	-40.0	50	5.75
2/3/11	1,960	5.0	55.75	0.25
3/3/11	1,965	-23.0	56.00	-0.30
4/3/11	1,942	28.0	55.70	3.15
7/3/11	1,970	-10.0	58.85	-0.85
8/3/11	1,960	-7.0	58.00	0
9/3/11	1,953	7.0	58.00	-0.10
10/3/11	1,960	-13.0	57.90	-0.80
11/3/11	1,947	7.0	57.10	0.90
14/3/11	1,954	-8.0	58.00	-1.30
15/3/11	1,946	-5.0	56.70	0
16/3/11	1,941	0	56.70	0
17/3/11	1,941	-7.0	56.70	-0.40
18/3/11	1,934	19.0	56.30	0.85
21/3/11	1,953	2.0	57.15	1.20
22/3/11	1,955	-4.0	58.35	0
23/3/11	1,951	6.0	58.35	1.95
24/3/11	1,957	-8.0	60.30	-0.55
25/3/11	1,949	-7.0	59.75	-0.20
28/3/11	1,942	-9.0	59.55	-0.45
29/3/11	1,933	-3.0	59.10	0.25
30/3/11	1,930	12.0	59.35	1.0
31/3/11	1,942	0	60.35	0
Average		-58.0		10.35

Source: research data

CHART NO.5: TREND ANALYSIS FOR THE MONTH OF MARCH - 2011



INTERPRETATION

The above table shows that the gold prices is in decreasing trend with the values of-58.0. The silver prices increased by 10.35. The gold price decreases when the silver price increases in its value continuously.TABLE .6

RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF MARCH 2011

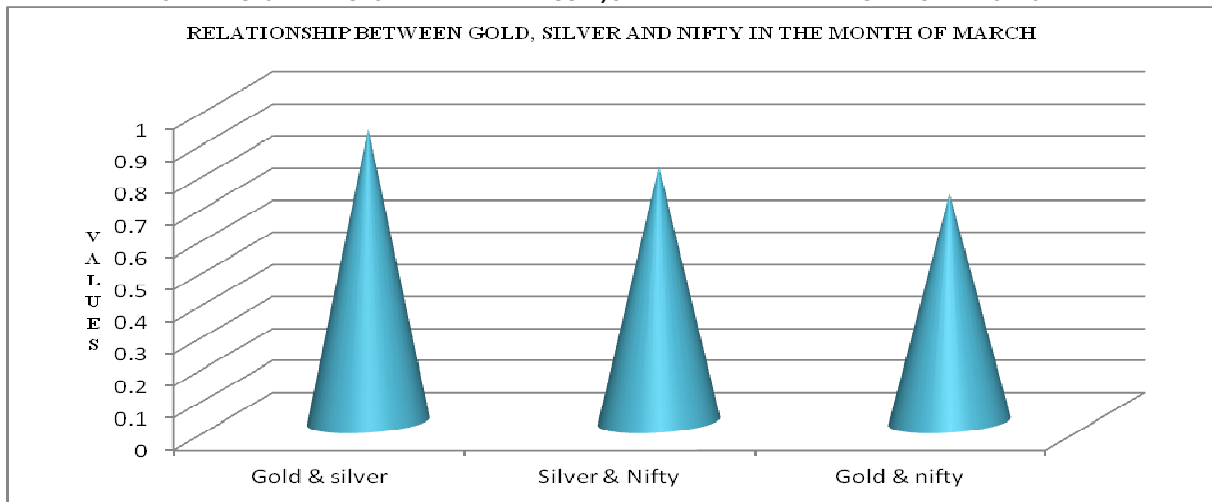
Null hypothesis (H0): There is no relationship between gold, silver and nifty in the month of March.

Alternative hypothesis (H1): There is relationship between gold, silver and nifty in the month of March.

Data	GOLD & SILVER
Gold & silver	0.9131
Silver & Nifty	0.7953
Gold & nifty	0.7106

Source: research data

CHART NO. 6: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF MARCH 2011



INTERPRETATION

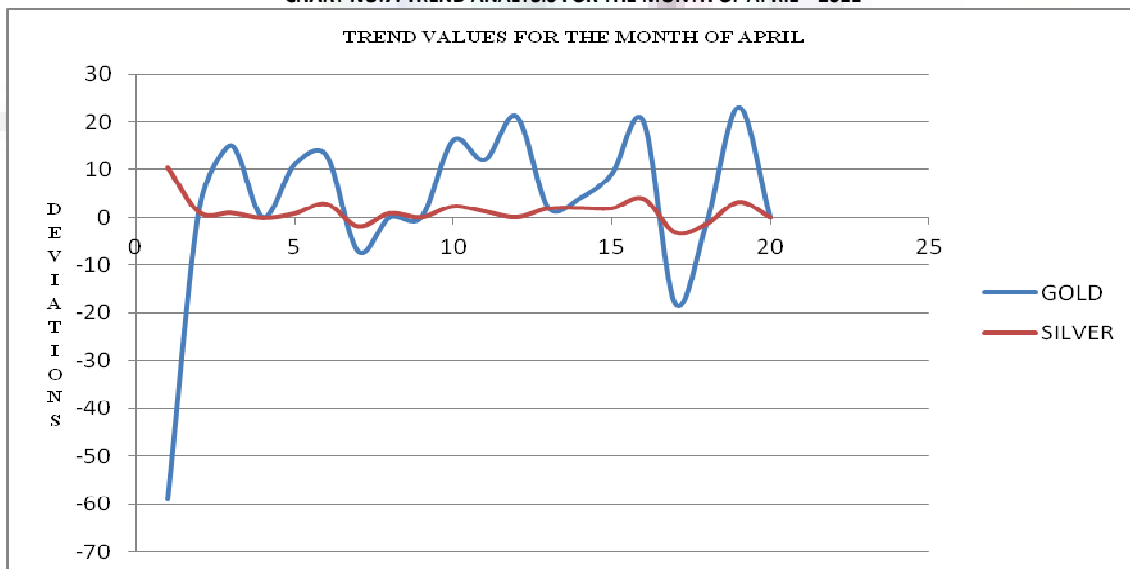
The gold & silver with the value of 0.9131 and shows that there is positive relationship between them because silver is the by-product of gold. The silver & nifty and gold & nifty has strong relationship because with the value of 0.7953 & 0.7106 respectively. This table shows that there is strong relationship between the gold, silver and nifty.

TABLE NO.7: TREND ANALYSIS FOR THE MONTH OF APRIL - 2011

Days	Gold	Deviation	Silver	Deviation
1/04/11	2,000	-59.0	50	10.50
4/04/11	1,941	2.0	60.50	1.00
5/04/11	1,943	15.0	61.50	0.90
6/04/11	1,958	0	62.40	-0.15
7/04/11	1,958	11.0	62.25	0.75
8/04/11	1,969	13.0	63.00	2.80
11/04/11	1,982	-7.0	65.80	-1.90
12/04/11	1,975	0	63.90	0.80
13/04/11	1,975	0	64.70	0
14/04/11	1,975	16.0	64.70	2.30
15/04/11	1,991	12.0	67.00	1.20
18/04/11	2,003	21.0	68.20	0.05
19/04/11	2,024	2.0	68.25	1.85
20/04/11	2,026	4.0	70.10	2.0
21/04/11	2,030	9.0	72.10	1.9
22/04/11	2,039	20.0	74.00	3.9
25/04/11	2,059	-18.0	77.90	-3.20
26/04/11	2,041	-1.0	74.70	-1.35
27/04/11	2,040	23.0	73.35	3.20
28/04/11	2,063	0	76.55	0
Average		63.00		26.55

Source: research data

CHART NO.7: TREND ANALYSIS FOR THE MONTH OF APRIL - 2011



INTERPRETATION

The above table shows that, the gold and silver is in increasing trend with the values of 63.00 and 26.55 respectively. This shows that gold and silver price increases continuously in this month.

TABLE .8: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF APRIL – 2011

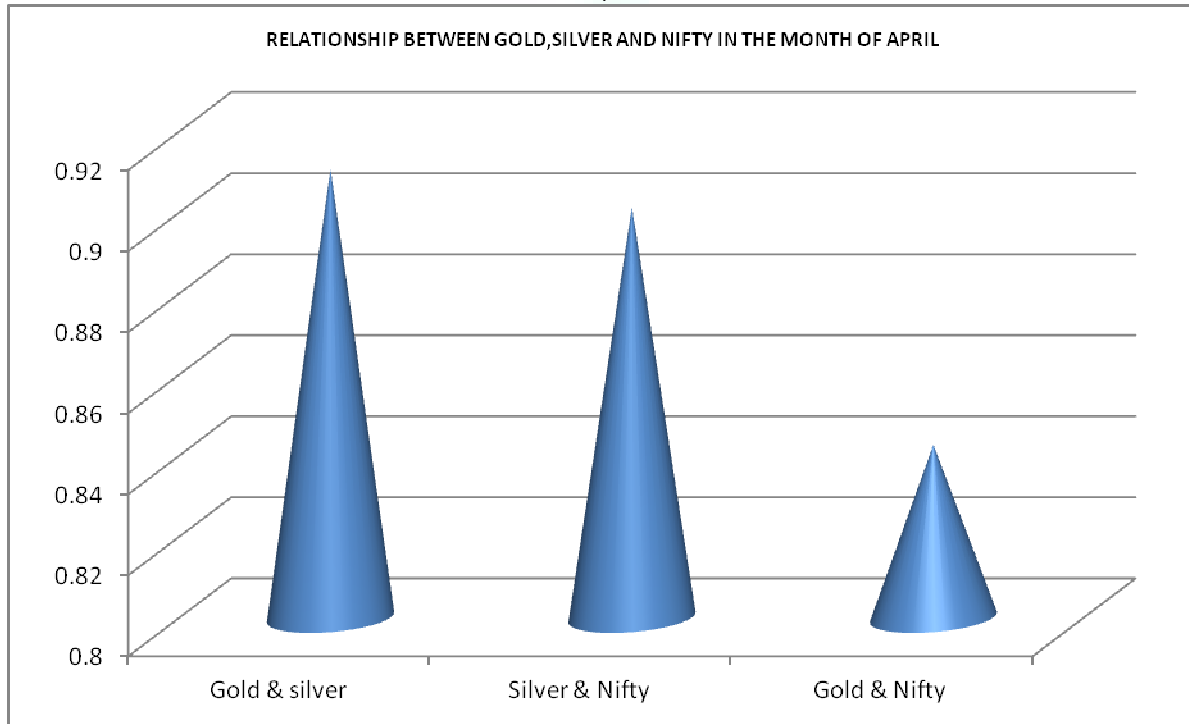
Null hypothesis (H0): There is no relationship between gold, silver and nifty in the month of October.

Alternative hypothesis (H1): There is relationship between gold, silver and nifty in the month of October.

Data	GOLD & SILVER
Gold & silver	0.9106
Silver & Nifty	0.9012
Gold & Nifty	0.8426

Source: research data

CHART NO. 8: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF APR - 2011



INTERPRETATION

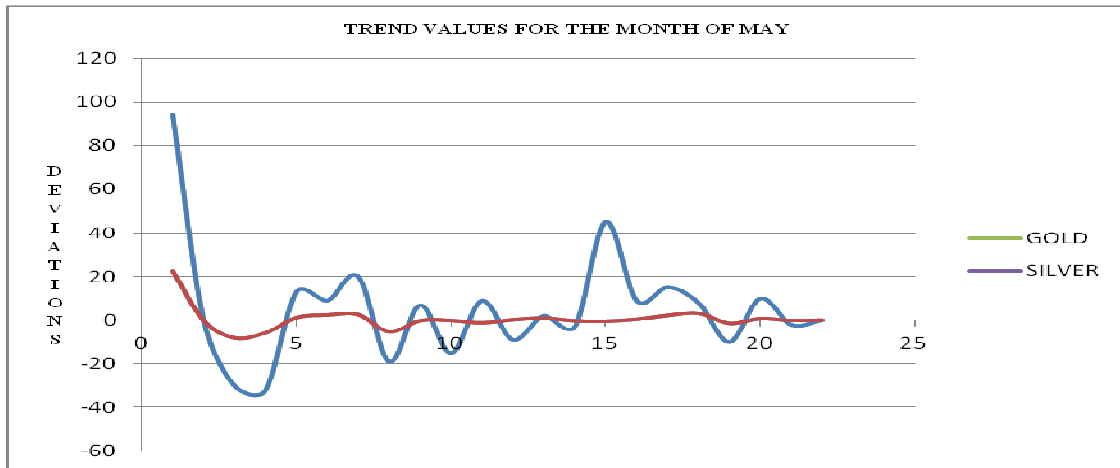
The gold & silver with the value of 0.9106 and shows that there is positive relationship between them because silver is the by-product of gold. The silver & nifty and gold & nifty has strong relationship because with the value of 0.9012 & 0.8426 respectively. This table shows that there is strong relationship between the gold, silver and nifty.

TABLE NO.9: TREND ANALYSIS FOR THE MONTH OF MAY – 2011

Days	Gold	Deviation	Silver	Deviation
2/05/11	2,000	94.0	50	22.40
3/05/11	2,094	0	72.40	-0.10
4/05/11	2,094	-30.0	72.30	-8.15
5/05/11	2,064	-32.0	64.15	-5.80
6/05/11	2,032	13.0	58.35	1.10
9/05/11	2,045	9.0	59.45	2.25
10/05/11	2,054	20.0	61.70	2.45
11/05/11	2,074	-19.0	64.15	-5.25
12/05/11	2,055	7.0	58.90	-0.20
13/05/11	2,062	-15.0	57.80	-0.15
16/05/11	2,047	9.0	57.65	-1.20
17/05/11	2,056	-9.0	56.45	0.20
18/05/11	2,047	2.0	56.65	0.90
19/05/11	2,049	-3.0	57.55	-0.30
20/05/11	2,046	45.0	57.25	-0.45
23/05/11	2,091	9.0	56.80	0.40
24/05/11	2,100	15.0	57.20	2.10
25/05/11	2,115	8.0	59.30	3.05
26/05/11	2,123	-10.0	62.35	-1.40
27/05/11	2,113	10.0	60.95	0.65
30/05/11	2,123	-2.0	61.60	-0.15
31/05/11	2,121	0	61.45	0
Average		121.00		12.8

Source: research data

CHART NO.9: TREND ANALYSIS FOR THE MONTH OF MAY -2011



INTREPRETATION

The above table shows that the gold and silver prices are increasing with 121.00 and 12.8 respectively. There is an direct relationship between gold & silver prices.

TABLE 10: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF MAY – 2011

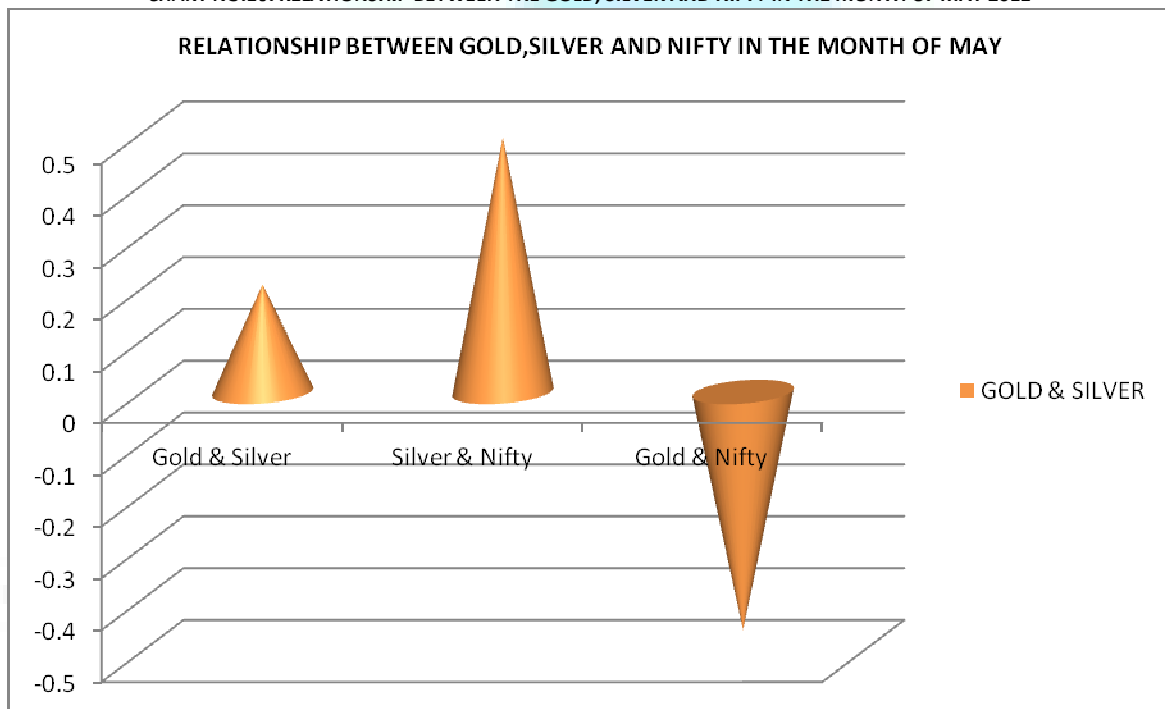
Null hypothesis (H0): There is no relationship between gold, silver and nifty in the month of November.

Alternative hypothesis (H1): There is relationship between gold, silver and nifty in the month of November.

Data	GOLD & SILVER
Gold & Silver	0.2075
Silver & Nifty	0.4914
Gold & Nifty	-0.4587

Source: research data

CHART NO.10: RELATIONSHIP BETWEEN THE GOLD, SILVER AND NIFTY IN THE MONTH OF MAY 2011



INTERPRETATION

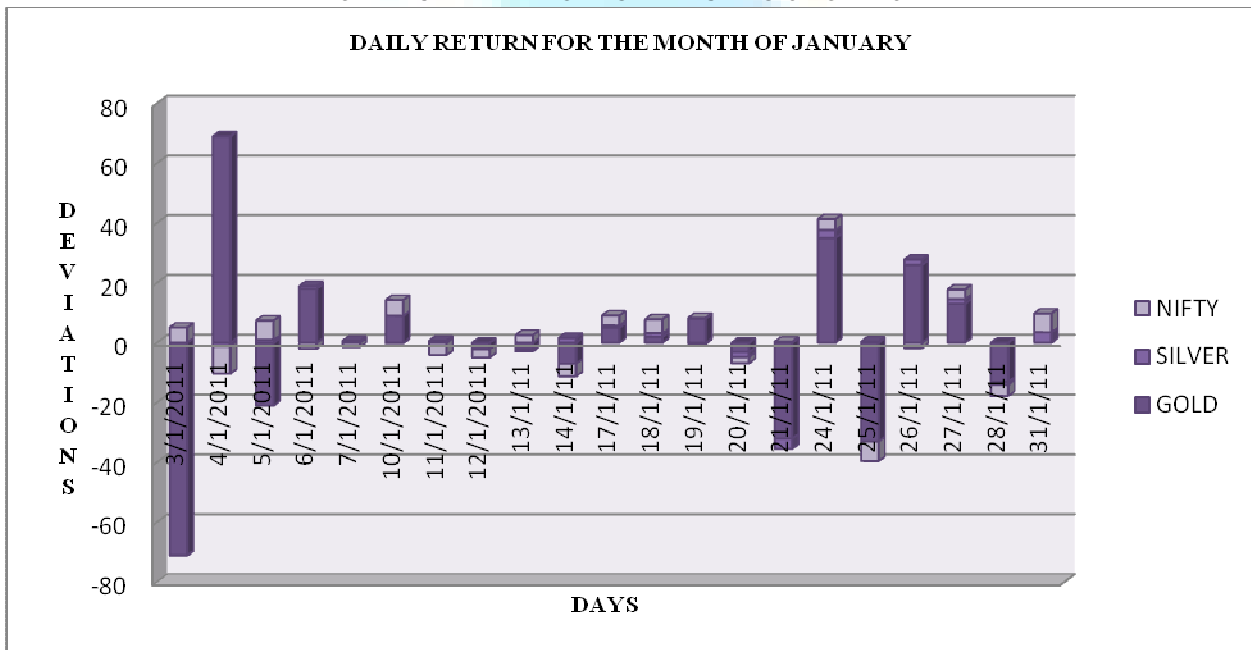
The gold & silver with the value of 0.9106 and shows that there is positive relationship between them because silver is the by-product of gold. The silver & nifty has strong relationship because with the value of 0.9012. The gold & nifty has negative relationship with the value of -0.4587 where it's less than one.

TABLE NO.11: DAILY RETURN FOR THE MONTH OF JAN – 2011

Days	Gold return	Deviation	Silver return	Deviation	Nifty return	Deviation
3/1/11	0	-71	0	-0.2	0	5.045
4/1/11	-71	69.0	-0.2	-1.15	5.045	-9.139
5/1/11	-2.0	-21.0	-1.35	0.95	-4.094	6.392
6/1/11	-23	18.0	-0.4	0.90	2.298	-1.95
7/1/11	-5	0	-0.45	0.60	0.348	-1.376
10/1/11	-5	9.0	0.15	-0.15	-1.028	5.253
11/1/11	4.00	-1.0	0	0.6	4.225	-4.103
12/1/11	3.00	-2.0	0.6	-0.1	0.122	-2.841
13/1/11	1.00	-2.0	-0.1	-0.8	-2.719	2.49
14/1/11	-1.00	-7.0	-0.8	1.6	-0.229	-4.192
17/1/11	-8.00	5.0	0.8	0.75	-4.421	3.272
18/1/11	-3.00	2.0	-0.05	1.2	-1.149	4.568
19/1/11	-1.00	8.0	1.15	-0.30	3.419	0.256
20/1/11	7.00	-3.0	-0.35	-1.80	3.675	-2.032
21/1/11	4.00	-32.0	-2.0	-3.45	1.643	0.294
24/1/11	-28.00	35.0	0.65	2.65	1.937	3.645
25/1/11	7.00	-33.0	-1.65	0.35	5.582	-6.548
26/1/11	-26.00	26.0	-0.2	1.80	-0.966	-1.778
27/1/11	0	13.0	1.35	1.55	-2.744	3.213
28/1/11	13.00	-13.0	-1.2	-1.0	0.469	-3.752
31/1/11	0	0	2.30	3.50	-3.283	6.235
Average		-3.00		7.5		0.449

Source: research data

CHART NO.11: DAILY RETURN FOR THE MONTH OF JANUARY-2011



INTERPRETATION

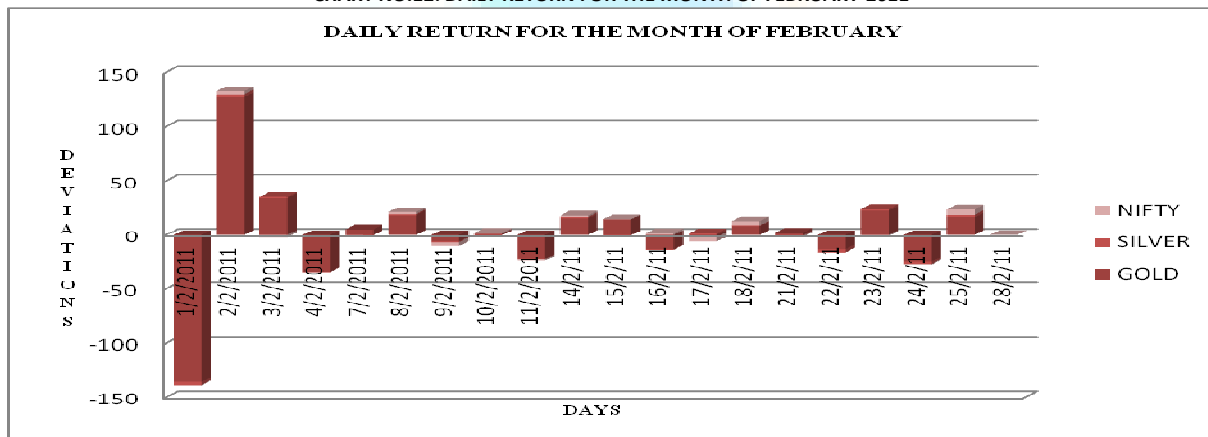
The above table shows that the silver and nifty price is in increasing return with the values of 7.5 and 0.449 respectively and gold decreases by -3.00. This shows that nifty and silver price increases and the gold price decreases continuously in this month.

TABLE NO.12: DAILY RETURN FOR THE MONTH OF FEBRUARY – 2011

Days	Gold return	Deviation	Silver return	Deviation	Nifty return	Deviation
1/2/11	0	-136	0	-2.90	0	-0.412
2/2/11	-136	127.0	-2.90	2.60	-0.412	2.857
3/2/11	-9.0	34.0	-0.30	1.05	2.445	-2.119
4/2/11	25.0	-34	0.75	-0.30	0.326	-0.187
7/2/11	-9.0	5.0	0.45	-0.25	0.139	-0.014
8/2/11	-4.0	18.0	0.20	0.95	0.125	1.881
9/2/11	14.0	-6.0	1.15	-0.85	2.006	-3.48
10/2/11	8.0	1.0	0.30	-0.30	-1.474	0.975
11/2/11	9.0	-22.0	0	-0.45	-0.499	-1.682
14/2/11	-13.0	15.0	-0.45	1.35	-2.181	1.332
15/2/11	2.0	14	0.90	-0.45	-0.849	0.285
16/2/11	16.0	-13.0	0.45	-0.65	-0.564	1.651
17/2/11	3.0	-2.0	-0.20	1.55	1.087	-4.074
18/2/11	1.0	8.0	1.35	0.50	-2.987	4.004
21/2/11	9.0	2.0	1.85	-1.00	1.017	-0.835
22/2/11	11.0	-13.0	0.85	-2.75	0.182	-0.133
23/2/11	-2.0	22.0	-0.90	1.85	0.049	-1.095
24/2/11	20.0	-25.0	0.95	-1.95	-1.046	-0.773
25/2/11	-5.0	16.0	-1.0	2.25	-1.819	5.283
28/2/11	11.0	0	1.25	0	3.464	0
Average		11.0		0.25		3.464

Source: research data

CHART NO.12: DAILY RETURN FOR THE MONTH OF FEBRUARY-2011



INTERPRETATION

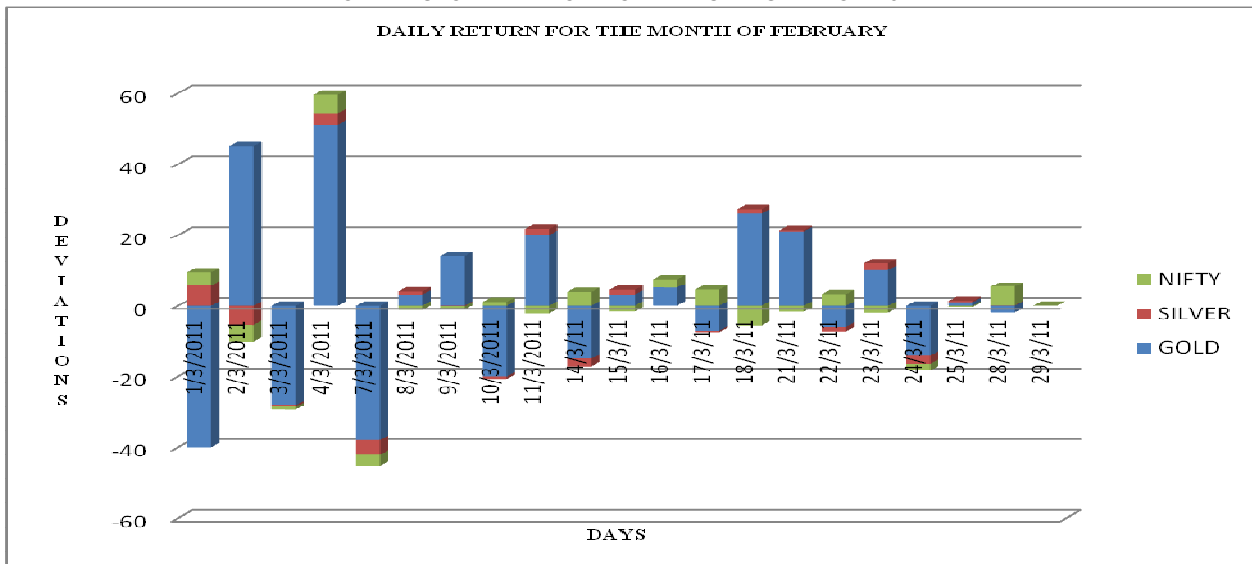
The above table shows that the nifty, gold and silver prices have positive return with 3.464, 11.0 and 0.25 respectively. This shows that nifty, gold and silver is increasing continuously in this month.

TABLE NO.13: DAILY RETURN FOR THE MONTH OF MARCH - 2011

Days	Gold return	Deviation	Silver return	Deviation	Nifty return	Deviation
1/3/11	0	-40.0	0	5.75	0	3.572
2/3/11	-40.0	45.0	5.75	-5.5	3.572	-4.82
3/3/11	5.0	-28.0	0.25	-0.55	-1.248	-0.898
4/3/11	-23.0	51.0	-0.30	3.45	-2.146	5.132
7/3/11	28.0	-38.0	3.15	-4.0	2.986	-3.289
8/3/11	-10.0	3.0	-0.85	0.85	-0.303	-1.228
9/3/11	-7.0	14.0	0	-0.10	-1.531	-0.967
10/3/11	7.0	-20.0	-0.10	-0.70	-2.498	1.057
11/3/11	-13.0	20.0	-0.80	1.70	-1.441	-2.237
14/3/11	7.0	-15.0	0.90	-2.20	-3.678	3.727
15/3/11	-8.0	3.0	-1.30	1.30	0.049	-1.684
16/3/11	-5.0	5.0	0	0	-1.635	2.38
17/3/11	0	-7.0	0	-0.40	0.745	4.383
18/3/11	-7.0	26.0	-0.40	1.25	5.128	-5.65
21/3/11	19.0	21.0	0.85	0.35	-0.522	-1.754
22/3/11	2.0	-6.0	1.20	-1.20	-2.276	3.108
23/3/11	-4.0	10.0	0	1.95	0.832	-2.05
24/3/11	6.0	-14.0	1.95	-2.50	-1.218	-1.83
25/3/11	-8.0	1.0	-0.55	0.35	-3.048	-0.344
28/3/11	-7.0	-2.0	-0.20	0.10	-3.392	5.24
29/3/11	-9.0	0	-0.45	0	1.848	0
Average		29.0		-0.10		1.848

Source: research data

CHART NO.13: DAILY RETURN FOR THE MONTH OF MARCH - 2011



INTERPRETATION

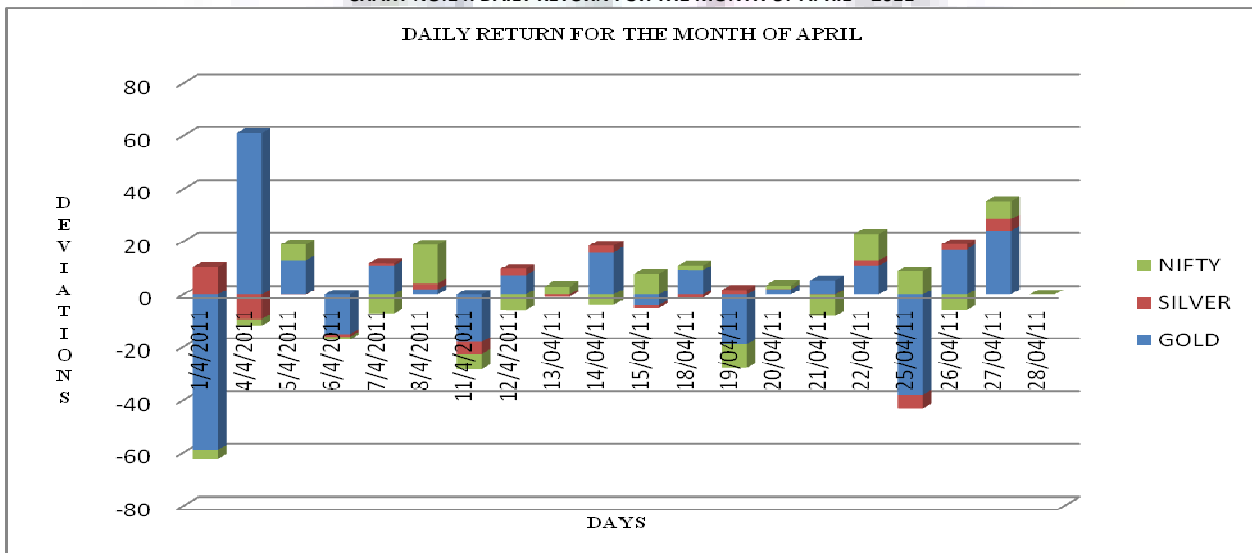
The above table shows that the nifty and gold prices have a favorable return with 1.848 and 29.0 but the silver price shows the unfavorable return with -0.10. The silver prices are negative when it is compared to the gold and nifty.

TABLE NO.14: DAILY RETURN FOR THE MONTH OF APRIL - 2011

Days	Gold return	Deviation	Silver return	Deviation	Nifty return	Deviation
1/04/11	0	-59.0	0	10.50	0	-3.352
4/04/11	-59.0	61.0	10.50	-9.50	-3.352	-2.303
5/04/11	2.0	13.0	1.00	-0.10	-5.655	5.773
6/04/11	15.0	-15.0	0.90	-1.05	0.118	-1.032
7/04/11	0	11.0	-0.15	0.90	-0.914	-7.304
8/04/11	11.0	2.0	0.75	2.05	-8.218	14.643
11/04/11	13.0	-18.0	2.80	-4.70	6.425	-5.624
12/04/11	-7.0	7.0	-1.90	2.70	0.801	-5.924
13/04/11	0	0	0.80	-0.80	-5.123	3.054
14/04/11	0	16.0	0	2.30	-2.069	-3.894
15/04/11	16.0	-4.0	2.30	-1.10	-5.963	7.539
18/04/11	12.0	9.0	1.20	-1.15	1.576	2.013
19/04/11	21.0	-19	0.05	1.80	3.589	-8.836
20/04/11	2.0	2.0	1.85	0.15	-5.247	1.267
21/04/11	4.0	5.0	2.0	-0.10	-3.980	-8.188
22/04/11	9.0	11.0	1.9	2.0	-12.168	9.816
25/04/11	20.0	-38.0	3.9	-5.1	-2.352	8.682
26/04/11	-18.0	17.0	-3.20	1.85	6.330	-5.844
27/04/11	-1.0	24.0	-1.35	4.55	0.486	6.505
28/04/11	23.0	0	3.20	0	6.991	0
Average		25.0		4.03		6.991

Source: research data

CHART NO.14: DAILY RETURN FOR THE MONTH OF APRIL - 2011



INTERPRETATION

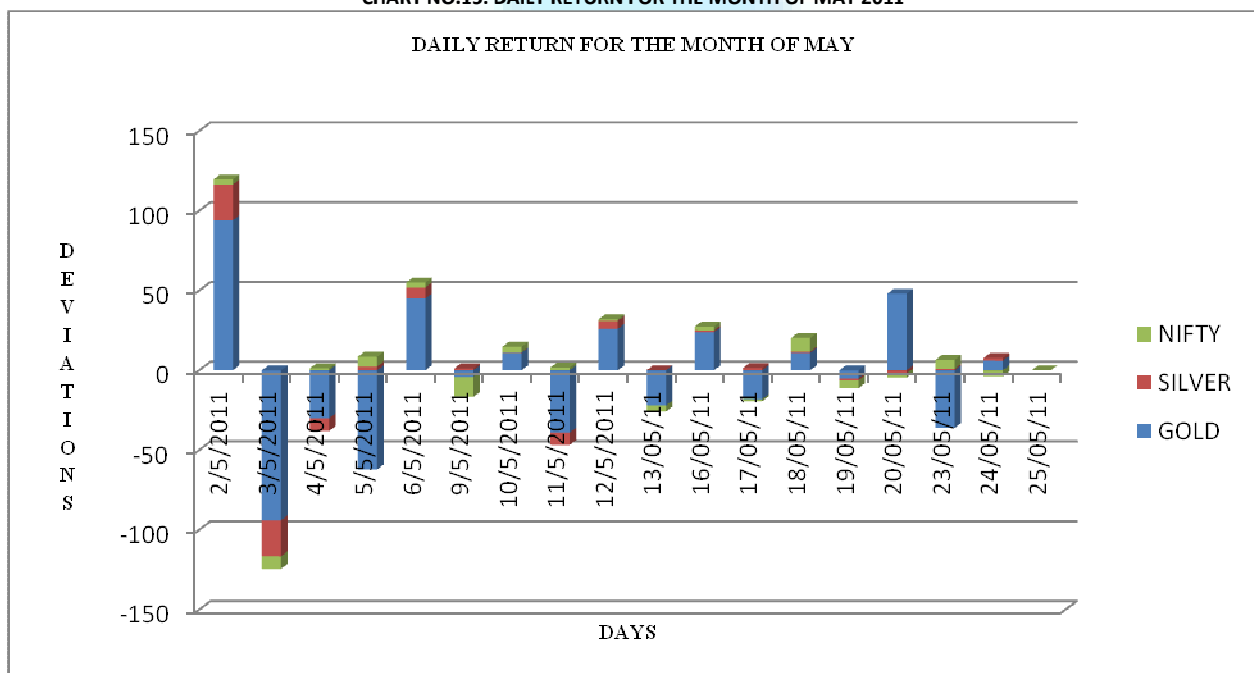
The above table shows that the gold, silver and nifty have a favorable return with 6.991, 25.0 and 4.03. So Gold, Silver and Nifty has a positive return.

TABLE NO.15: DAILY RETURN FOR THE MONTH OF MAY 2011

Days	Gold return	Deviation	Silver return	Deviation	Nifty return	Deviation
2/05/11	0	94	0	22.40	0	3.227
3/05/11	94.0	-94.0	22.40	-22.50	3.227	-7.91
4/05/11	0	-30.0	-0.10	-8.05	-4.683	1.247
5/05/11	-30.0	-62.0	-8.15	2.35	-3.436	6.235
6/05/11	-32.0	45.0	-5.80	6.90	2.799	3.096
9/05/11	13.0	-4.0	1.10	1.15	5.895	-12.553
10/05/11	9.0	11.0	2.25	0.20	-6.658	3.589
11/05/11	20.0	-39	2.45	-7.70	-3.069	1.732
12/05/11	-19.0	26.0	-5.25	5.05	-1.337	0.953
13/05/11	7.0	-22.0	-0.20	0.05	-0.384	-3.773
16/05/11	-15.0	24.0	-0.15	1.05	-4.157	2.363
17/05/11	9.0	-18.0	-1.20	1.40	-1.794	-1.312
18/05/11	-9.0	11.0	0.20	0.70	-3.106	8.601
19/05/11	2.0	-5.0	0.90	-1.20	5.495	-4.946
20/05/11	-3.0	48.0	-0.30	-1.95	0.549	-2.552
23/05/11	45.0	-36.0	-0.45	0.85	-2.003	5.705
24/05/11	9.0	6.0	0.40	1.70	3.702	-3.599
25/05/11	15.0	0	2.10	0	0.103	0
Average		-45.0		2.40		0.103

Source: research data

CHART NO.15: DAILY RETURN FOR THE MONTH OF MAY 2011



INTERPRETATION

The above table shows that the nifty and silver have a favorable return with 0.103 and 2.40. But the gold price shows the unfavorable return with -45.0. The gold price is negative when it is compared to the nifty and Silver.

TABLE NO.16: RISK FOR GOLD, SILVER AND NIFTY

Months	Risk		
	Gold	Silver	Nifty
January	1.376	1.924	2.862
February	1.650	3.495	1.557
March	2.493	5.483	2.334
April	3.150	4.074	5.025
May	2.283	3.145	3.568

SOURCE: RESEARCH DATA

INTERPRETATION

The standard deviation of Silver is found to be highest in the month of March and Nifty in the month of April.

The highest standard deviation (Risk) is found to be 5.483.

The evaluation based on Sharpe ratio shows that the risk-adjusted performance of gold, silver and nifty is very low with high risk. Gold ranks first in the month of January. Next to that silver and nifty in the month of February has a good return. The performance of other months has normal risk and returns.

CHART NO. 16: RISK FOR GOLD, SILVER AND NIFTY

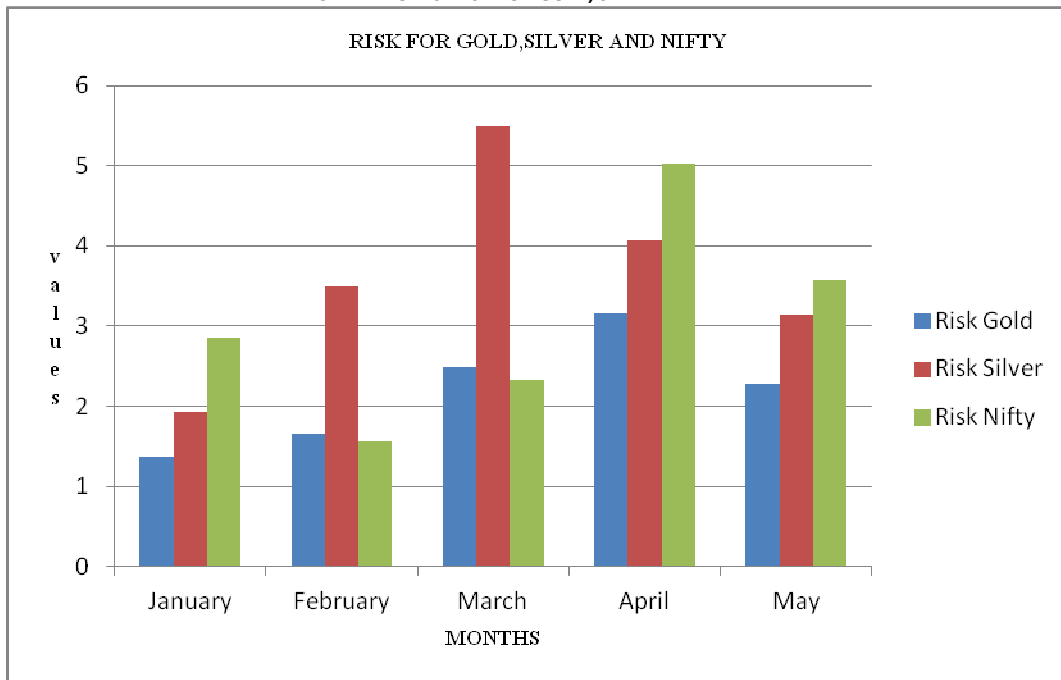


TABLE NO.17: SHARPE RATIO FOR GOLD, SILVER AND NIFTY

Months	Sharpe ratio			RANKING		
	Gold	Silver	Nifty	Gold	Silver	Nifty
January	-4.419	-3.118	-1.921	1	1	3
February	-3.368	-2.048	-3.886	2	2	1
March	-2.228	-1.111	-2.770	5	5	2
April	-2.181	-1.794	-1.479	6	4	5
May	-2.366	-1.881	-1.819	4	3	4

Source: research data

INTERPRETATION

The evaluation based on Sharpe ratio shows that the risk-adjusted performance of gold, silver and nifty is very low with high risk. Gold ranks first in the month of January. Next to that silver, nifty has a good return in the month of February. The performance of other months has normal risk and returns.

CHART NO.17: SHARPE RATIO FOR GOLD, SILVER AND NIFTY

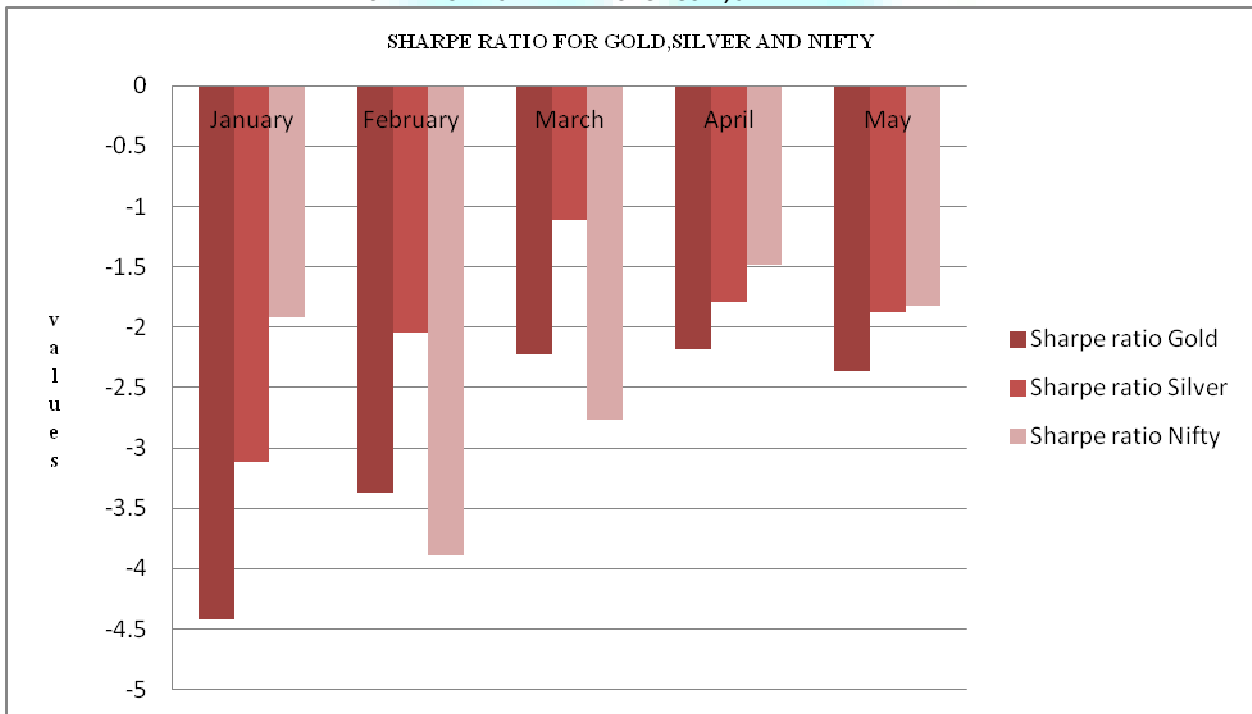


TABLE NO.18: BETA FOR GOLD, SILVER AND NIFTY

Months	Beta		
	Gold	Silver	Nifty
January	-0.022	-0.00059	0.291
February	0.022	0.002	0.281
March	-0.038	-1.69	0.0010
April	0.043	0.0007	0.328
May	-0.027	-0.027	0.262

Source: research data

INTERPRETATION

The evaluation based on Beta shows that the risk-adjusted performance of gold, silver and nifty is moderate high with low risk. Nifty shows good return in the month of April. The performance of gold and silver other months has normal risk and returns.

CHART NO.18: BETA FOR GOLD, SILVER AND NIFTY

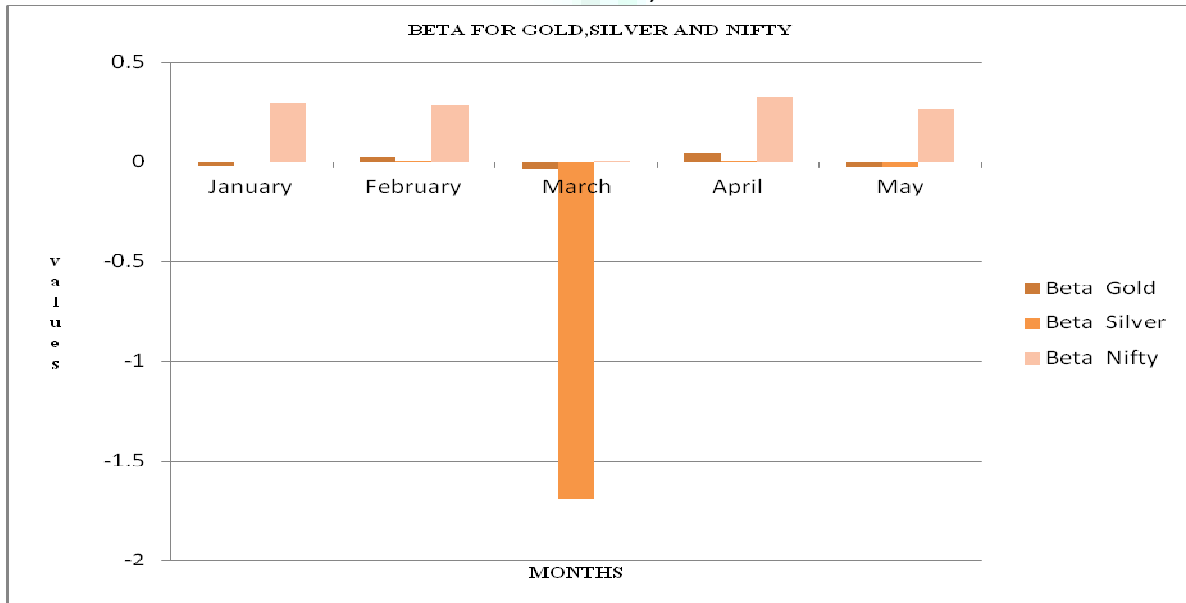


TABLE NO.19: TREYNOR RATIO FOR GOLD, SILVER AND NIFTY

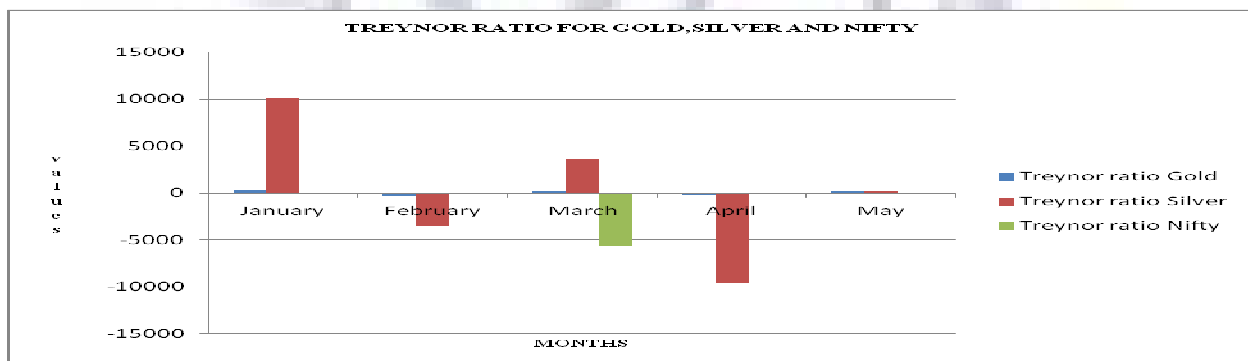
Months	Treydnor ratio			RANKING		
	Gold	Silver	Nifty	Gold	Silver	Nifty
January	276.08	10172.88	-18.83	1	1	1
February	-285.91	-3536.98	-21.54	3	4	3
March	145.77	3596	-5601.7	5	2	5
April	-159.89	-9604.34	-22.67	4	5	4
May	202.98	222.32	-21.02	2	3	2

Source: research data

INTERPRETATION

The evaluation based on the Treynor's ratio shows a negative performance in all the months in gold, silver and nifty. From this gold and nifty show lowest risk level and has the highest returns. The lowest performance is seen in the silver. It has the highest risk rate.

CHART NO.19: TREYNOR RATIO FOR GOLD, SILVER AND NIFTY



FINDINGS

- The gold & silver with the value of 0.943831 and shows that there is positive relationship between them because silver is the by-product of gold.
- In the month of January, February, April and May there is strong relationship between gold, silver and nifty.
- There is a negative relationship in the month of January.
- Gold shows increasing trend in most of the months and silver & nifty shows decreasing trend.

- The standard deviation of the Silver is found to be highest in the month of March and Nifty in April.
- The highest standard deviation (Risk) is found to be 5.483.
- The evaluation based on Sharpe ratio shows that the risk-adjusted performance of gold, silver and nifty is very low with high risk. Gold ranked first in the month of January.
- Silver and nifty has good return in the month of February has a good return. The performance of other months has normal risk and returns.
- The evaluation based on the Treynor's ratio shows a negative performance in all the months in gold, silver and nifty. From this gold and nifty show lowest risk level and has the highest returns.
- The highest deviation in returns in the month of January in gold, silver and nifty is 6.117, 9.841 and -5.643.

SUGGESTIONS

For the successful investment, the investor should focus on the following

- Investor understands the basic elements of commodities market investing and their fund affect on the potential value of the investments over the years.
- Investors fix their objectives; should fix their risk level and have to assess the risk associated with the different funds; this would help to select the fund that meets their needs.
- Investors know about the past performance of the various funds.
- Investors consider the tax implications.
- As the stock market have direct impact on Mutual Funds, knowledge of share market activities and share price movement is important to effectively manage the investments.
- In the field of management, dynamism and well-timed decisions are a must. A delayed decision even for a day reduces the returns for the fund and may increase the cost
- The investors carefully manage and plan the amount which they will be investing in the market.

CONCLUSION

From the investor's point of view, it is always important to look at the commodities, which are ranked, as out-performers are able to consistently do so. Every time a ranking is published, it is found that fund appears in varying orders, with no clear consistent winning or losing prices. The past performance is used as an important tool. Investors have to look for consistency, though it is known that new investments flow into top performing funds, based on performance ranking. The quality of the fund managers also plays a vital part in deciding the performance of the commodity.

The stock market staged a smart rally on the strength of attractive valuations, strong economic growth, encouraging corporate results and foreign funds. An investor can succeed in his investments only when he is able to select the right fund. The investor should keenly watch the situations like market price, economy, company progress, returns, and the risk involved in a fund before taking particular decision. There will be direct impact between commodities and stock market relating to economic crisis all over the world.

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Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

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Co-ordinator