

EXCHANGE RATE MOVEMENT AND ITS IMPACT ON INDIAN STOCK MARKET

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ABSTRACT

In the 21st century, another type of cash has entered the jargon, the virtual money. Virtual monetary standards, for example, bitcoins have no physical presence or government backing and are exchanged and put away in electronic structure. In the event that you travel universally, you in all likelihood should trade your own cash for that of the nation you are visiting. The measure of cash you'll get for a given measure of your nation's money depends on globally decided trade rates. The investors are not able to predict the exchange rate of the foreign currencies as it is very volatile. Hence it is very difficult to take decisions with regards to investments to be made on the foreign currencies for the purpose of trading. To investigate the variables impacting the Foreign Exchange exchanging choices for the financial specialists. To realize the Overall Profit Factor for the chose top monetary forms utilizing Ensemble model. To recognize the impact of Foreign Exchange Rate of the Indian stock market index NSE Nifty. Based on the elements impacting the Foreign Exchange Trading Decisions, it tends to be seen that there are different components like Market Demand, Market Supply, GDP, Inflation Rate, Interest Rate, Unemployment, Trade Surplus, Political Events, Rumors, intercession and mental Factors that assume a significant job in the development of the Forex pattern. Thus it very well may be reasoned that the Forex Trend Movements impactfully affect the purchasing or the selling methodology. Hence all the variables and the circumstances ought to be painstakingly broke down before making interest in any of the Foreign Currencies.

Keywords: Exchange, rate, movement, decisions, trading, etc.

INTRODUCTION

Conceptual background money is a mechanism of trade for products and ventures. To put it plainly, it's cash, as paper or coins, for the most part gave by an administration and for the most part acknowledged at its assumed worth as a strategy for installment. Cash is the essential mode of trade in the advanced world, having some time in the past supplanted bargaining as a methods for exchanging products and ventures. In the 21st century, another type of cash has entered the jargon, the virtual money. Virtual monetary standards, for example, bitcoins have no physical presence or government backing and are exchanged and put away in electronic structure. In the event that you travel universally, you in all likelihood should trade your own cash for that of the nation you are visiting. The measure of cash you'll get for a given measure of your nation's money depends on globally decided trade rates. Trade rates can be either fixed or gliding four currencies that are:

- European Euro
- Great British Pound
- United States Dollar
- Japanese Yen
- Indian stock market index – NSE nifty values

United States Dollar

The USD is the contraction for the U.S. Dollar the official cash of United States of America and the world's essential save money. The USD is the most exchanged money the universal remote trade advertise, which encourages worldwide cash trade and is the biggest budgetary market on the planet, with a day by day normal volume of over \$5 trillion. All things considered, the USD is viewed as a benchmark money and is promptly acknowledged in exchanges around the world. USD represents roughly 88% of all remote trade exchanges as indicated by a 2016 Bank for International Settlements (BIS) report.

Japanese Yen

JPY is the cash contraction or the money image for the Japanese yen (JPY), the national cash for Japan and the Republic of the Union of Myanmar. The yen is comprised of 100 sen or 1000 rin and is frequently given the image ¥. The Meiji government initially presented the yen as a measure to modernize the nation monetarily. After the U.S. dollar-(USD) and the euro-(EUR), the Japanese-Yen is the most exchanged money the remote trade (forex) showcase. The Japanese yen is additionally generally utilized as a save money after the U.S. dollar euro and British pound (GBP).

NATIONAL STOCK EXCHANGE

The National Stock Exchange of India Limited (NSE) is India's greatest budgetary market. Melded in 1992 the NSE has framed into a refined, electronic market, which situated fourth on the planet by esteem trading volume 2015. Trading began in 1994 with the dispatch of the rebate commitment publicize and a cash exhibit part directly. Today, the exchange conducts trades in the markdown commitment, worth, and backup markets. One of the more standard commitments is the NIFTY 50 Index, which tracks the greatest assets in the Indian worth feature. US monetary masters can find a workable pace with exchanged traded resources (ETF) like the Shares India 50 ETF, which is recorded under the ticker picture INDY.

FOREX

The forex publicize is the market wherein individuals can buy sell exchange and speculation on money related measures. The forex grand stand is included banks, business associations, national banks, adventure the board firms, common assets, and retail forex specialists and examiners. The cash exhibit is seen as the greatest fiscal market with over \$5 trillion in step by step trades, which is more than the possibilities and worth markets joined.

The outside exchange promote isn't directed by a lone market exchange, yet an overall arrangement of PCs and agents from around the world. Forex delegates go about as market makers as well, and may post offer and approach costs for a cash pair that changes from the most genuine idea in the market. The forex feature is included two levels; the interbank promote and the over-the-counter (OTC) grandstand. The interbank promote is the spot huge banks trade financial structures for purposes, for instance, supporting, bookkeeping report alterations, and for clients. The OTC market is the spot individual's trade through online stages and vendors.

REVIEW OF LITERATURE

"Currency Competition and Foreign Exchange Markets" by "Philipp Hartmann", in the universal fiscal and money related framework, the Euro (European Currency) assumes an essential job alongside the US Dollar and the Japanese Yen. Alongside the exchange cost financial matters, the scientist creates hypothetical and observational models utilizing time arrangement, board econometrics and game hypothesis to interface the money related market small scale structure examination. The aftereffects of the examination are with references to authentic, political and institutional contemplations. For the budgetary experts the areas which manage section rivalry and between vendor values are of specific use.

Applying Regret Theory to Investment Choices: Currency Hedging Decisions. The specialists, "Sebastien Michenaud and Bruno Solnik" to discover arrangements that are ideal for cash supporting decisions, they utilize an aphoristic conduct hypothesis. With the two most significant parts of hazard i.e., Regret Risk and Traditional (Volatility) chance, a monetary dynamic model is inferred. Watched supporting conduct is clarified through experimental ramifications of their model. For some other speculation decisions, their lament

hypothetical model can be applied.

Currency Hedging for International Portfolios, In the expressions of "Jochen M. Schmittmann" he clarifies the advantages of supporting the cash in global interests in both single just as multi-nation bond and value portfolio from Japanese, German, American and British speculators' viewpoints. The creator is of the sentiment that instability has significantly decreased in remote speculations because of supporting of money dangers. At times, supporting influenced returns not with standing its effect on chance.

Money Traders and Exchange, The scientists "Cheung Yin-Wong Chinn Menzie D" are of the assessment that the exchange shortfalls don't make a difference in the event of standard financial model as for trade rates, however easygoing examination says that the thoughtfulness regarding the equalization of exchange isn't paid by the money brokers. There is a comparative differentiation found if there should be an occurrence of effective market speculation and obtaining power equality. The review endeavors to legitimately discover the conduct of market members, record their encounters and their perspectives on remote money markets.

Time Varying Distributions and Dynamic Hedging with Foreign Currency Futures As indicated by "Kenneth F Kroner and Jahangir Sultan", disregarding the dynamic idea of conveyance of the advantages and the since quite a while ago run co-ordinating connection between the money related resources influence the presentation of supporting of existing models. It likewise proposes another elective model which will have the option to represent both. Utilizing a bi-variate model for remedy

of mistake with GARCH blunder structure, limiting the hazard for the fates supporting proportions for different monetary standards can

likewise be assessed.

Swapping scale Dynamics and Forex Hedging Strategies, As indicated by "Mihir Dash and Anand Kumar N.S.", the organizations that work in more than one nations should get remote monetary forms for fares and pay outside monetary standards for the imports which will open the organizations to remote trade dangers. Each organization which have introduction to outside money conversion scale hazard will have unique and explicit supporting needs. The adequacy of the supporting methods utilized will rely upon the reasons they serve to the organization.

Swapping scale Hedging Financial versus Operational Strategies, The creators, "George Allayannis Jane Ihrig and James P Weston", in their investigation utilizes four intermediaries that are utilized in an association's operational supporting which are as per the following:

- i. The number of nations that the organization is right now working;
- ii. The number of locales that the organization is found;
- iii. The geological scattering of the organization's backups over the outskirts of different nations; and
- iv. The geological scattering of the organization's areas across different nations. They are likewise of the sentiment that the majority of these measures which are of operational supporting systems are connected decidedly in critical terms.

Constant Price Discovery in Stock Bond and Foreign Exchange Markets, The analysts, "Torben G Andersen Tim Bollerslev Francis X Diebold and Clara Vega" firmly contend that stocks, securities and swapping scale elements with high-recurrence are connected to essentials. They state that a similar value showcase respond contrastingly to a similar news relying upon the financial express; a positive contact with awful news during extension and negative contact with a similar terrible news during downturn. The examination says that the incomes and rebate rate will be the principle impacts for valuation of the value.

A Neural Network and Web-Based Decision Support System" for Forex Forecasting and Trading As indicated by "K.K. Lai Lean Yu and Shouyang Wang", to acquire the date for estimating and to give a couple of venture choice thoughts and proposals for money related experts, they have coordinated the BPNN (back-Propogation neural system) - based forex determining framework which will precisely foresee the Web-based forex exchanging choice emotionally

supportive network just as the bearing of progress in the everyday trade rates

Forex Risk Management Strategies for Indian IT Companies The creator, "Mihir Dash", is of the sentiment that the remote trade hazard is the impact of the

conversion scale changes which are unforeseen that will have of the estimation of the firm. For a particular hazard profile and under explicit suspicions different systems will be configuration to deal with the danger of remote trade. The examination likewise manages the effect of the vacillations of outside money on incomes of the Information Technology Service Providers who will get remote monetary standards and gives different methodologies to overseeing such exchanges.

An Empirical Study of Forex Risk Management Strategies, The creators "Mihir Dash Narendra Babu Mahesh Kodagi and Vivekananda B.Y.", utilizes a lot of animated remote money trade incomes to analyze the benefits that outcomes by utilizing different diverse outside trade hazard the executives methodologies like forward agreements, cross-cash Hedges and cash choices. The examination additionally focuses on dissecting and assessing the methodologies to see which of the systems will be proper in a given specific circumstance.

Autonomous Forex Trading Agents, As indicated by, "Rui Pedro Barbosa and Orland Belo", the capacity to exchange without the supervision of human in the Forex Market by actualizing half and half keen operators is made out of 3 modules:

- i. Intuition Module utilizing "Gathering Model", which helps in the acknowledgment of the example and to anticipate the bearing of the conversion scale;
- ii. Posteriori Knowledge Module utilizing Case-Based Reasoning System which proposes the amount to put resources into every one of the accessible exchange by gaining from the exact understanding;
- iii. Priori Knowledg Module utilizing Rule-Based Expert System which in the exchanging choices of the specialists applies the non-experiential information.

Designing a Hybrid AI System as a Forex Trading Decision Support Tool. The creators, "Lean Yu, Kin Keung Lai and Shouyang Wang" are of the conclusion that to help the Forex exchanging choices a cross breed AI (counterfeit Intelligent) framework which incorporates the neural system just as the master framework is proposed. Here, Neural system is to assess the Forex cost in quantitative terms and master framework for taking care of the subjective factor just as to give Foreign Exchange exchanging choice recommendations for merchants by fusing the information on the master's and furthermore the outcomes neural system.

Global Currency Hedging As indicated by "John Y Campbell Karine Serfaty-de Medeiros Luis M Viceira", clarifies about the job outside money should play in making a broadened venture portfolio. They additionally state that in genuine terms the vast majority of the speculators are not intrigued to hold outside cash legitimately as they consider the to be in remote money as high hazard and

normal returns, yet they hold outside money in a roundabout way through interest in remote securities or value without supporting the money suggested by holding the remote resource. Such financial specialists will get overabundance profit of outside cash for their remote resource alongside return on such contributed remote money.

Hedging Foreign Currency Portfolio, As indicated by, "Louis Gagnon Gregory J Lypny and Thomas H McCurdy", their examination will research the issues in supporting multi-cash as for dynamic and portfolio the executives with incorporates both theoretical part just as the decrease of hazard for the fates

requests. Utilizing a trivariate GARCH framework they mutually observe the profits of day by day spot portfolio alongside the log-contrasts of. the relating prospects costs by permitting the co-fluctuation of the time differences between all the accessible parts of the framework. The presentation of supporting is assessed from hazard minimization and furthermore the utility point of view. They state that the effectiveness and utility increases can be gotten by representing portfolio impacts in building a multi-money support.

Home Bias in Equity Portfolios Inflation Hedging and International Capital Market Equilibrium The analysts, "Ian Cooper and Evi Kaplanis", in their investigation test in the case of attempting to support the danger of expansion by the dealers is a consequence of home inclination in arrangement of value. Local expansion is contrarily connected with value returns when the speculators have the hazard resistance at an extremely elevated level. They have built up a model of value advertise harmony and decision of worldwide portfolio which will incorporate the deadweight cost and the danger of expansion. By utilizing this model one can assess the cost that is required to produce the watched consistency of home predisposition in portfolios with different degrees of. chance repugnance's.

Managing Foreign Exchange Risk with Derivatives, The creator, "Gregory W. Darker", says that the examination explores the hazard the executives program on the remote trade of the firm called HDG which is situated in the United States. There is a portrayal of the operational and hierarchical techniques of the supporting exercises of the firm. The consequence of the investigation says that the essential inspiration for HDG to embrace a hazard the board program isn't the usually accepted reasons implied for corporate supporting yet the serious estimating, educational asymmetries and the assistance of inner contracting are the components that spurs supporting.

Optimal Hedging Policies The creator, "Rene M. Stulz", presents the investigation in two ways:

- i. Active supporting approaches sought after by the worth boosting firms; and
- ii. Derive supporting approaches that are ideal for the specialists that are hazard disinclined.

The outcome gave in the investigation is general and the paper focuses on examination of remote trade supporting by methods for forward agreements on the outside monetary standards. The choice of the company's supporting arrangement is made by the directors and not the investors, and the investors will pick administrative remuneration contracts which will amplify their riches as the association's an incentive in the market.

Key Currency Hedging and Global Portfolio Investments Upside Down The creator, "Eduardo Walker", in his paper investigates the viewpoint that is situated in the developing markets of the worldwide speculators, for which the supporting ought to infer in expanding the normal returns. Against the worldwide and nearby portfolio misfortunes the hard monetary standards go about as characteristic supports. Since when the world portfolio return is in the negative pattern, concerning the market monetary forms that are developing, hard monetary standards will in general appreciate. Right now, supporting builds both anticipated returns just as instability.

Why Firms Use Currency Derivatives The specialists, "Christopher Geczy Bernadette A Minton and Catherine Schrand", are of the sentiment subsequent to inspecting the employments of subordinates of the cash so as to separate them among the prior practices of supporting, it is seen that the money subsidiaries of for the most part utilized by the organizations that have more tightly budgetary requirements and furthermore where the open doors for development of the firm is higher. Consequently it tends to be proposed that the organizations may utilize the subsidiaries to diminish the varieties of incomes which will in any case stay away from the firm from making interest in development openings that are important. The organizations that have broad economies of scale and outside conversion standard introduction in supporting exercises will likewise Utilize money subordinates at the most conceivable degree.

RESEARCH FRAMEWORK

STATEMENT OF THE PROBLEM

The investors are not able to predict the exchange rate of the foreign currencies as it is very volatile. Hence it is very difficult to take decisions with regards to investments to be made on the foreign currencies for the purpose of trading.

NEED FOR THE RESEARCH

Exchange rate is a very vital influencing macro-economic variable on the indices of the stock market in most of the countries. Hence it necessary to know the factors influencing the exchange rate dynamics to predict the foreign exchange rate for the purpose of making investment in trading of the foreign currencies.

OBJECTIVES OF RESEARCH

- To investigate the variables impacting the Foreign Exchange exchanging choices for the financial specialists.
- To realize the Overall Profit Factor for the chose top monetary forms utilizing Ensemble model.
- To recognize the impact of Foreign Exchange Rate of the Indian stock market index NSE Nifty.

SCOPE OF THE RESEARCH

The accompanying monetary forms and their chronicled qualities against the Indian Rupee have been utilized:

- A. European Euro;
- B. Great British pound;
- C. United States Dollar;
- D. Japanese Yen.

In Indian Stock Exchange, chronicled estimations of the Bombay Stock Exchange BSE Sensex Index has been decided with the end goal of the examination.

RESEARCH METHODOLOGY

Research type: Expressive and Analytical kind of research is utilized for the examination. Engaging exploration is a sort of research that is utilized to clarify or depict the trademark conduct of a populace or test which won't respond to the inquiries like when or why or how the attributes have happened. It can't used to know the circumstances and logical results relationship. An explanatory research implies the use of the realities or data or realities that are as of now been accessible promptly with the end goal of the examination like the authentic information of the estimation of monetary standards and the records of the securities exchange and dissecting them to acquire the answer for the expressed issue

SAMPLE SIZE

5 years' chronicled qualities i.e., from first January 2016 to 31st December 2020, of the chose monetary standards:

- a) European Euro
- b) Great British Pound
- c) United States Dollar
- d) Japanese Yen
- e) Indian financial exchange Index – NSE Nifty values have been utilized for Investigation.

SAMPLING TECHNIQUES

The accommodation inspecting has been utilized as the information that are progressively applicable and are effectively accessible with the end goal of the investigation have been mulled over with the end goal of examination.

SOURCES OF DATA

Since the count requires the past exhibition of the monetary standards too the securities exchange file which can't be expected yet just the specific qualities are to be utilized, Secondary wellspring of information from different Websites, Journals, Magazines, Company records, Text books and so on have been utilized in the investigation.

RESEARCH TOOL

There are two sorts of instruments that are utilized in the investigation, to be specific:

(i) Statistical Tool: The different measurable devices that are utilized are the:

- a) Mean, which alludes to the normal estimation of the got information;
- b) Standard Deviation, which is one of the most proficient and central device utilized as a proportion of scattering to know the estimation of the deviations for the mean of a chose information
- c) Correlation, which is valuable to discover the association or the common connection between at least two things which are between connected

(ii) Financial Tool: The money related apparatus that is utilized and the investigation is the:

- a) ENSEMBLE MODEL, to know or get the Overall Profit Factor of the separate monetary standards against the Indian money over a time of 5 years.
- b) Charts and Graphs, to get the estimation of the monetary forms over a time of 5 years.

HYPOTHESIS

H0: There is no linear relationship between the value of European Euro (€), Great British Pound (£), United States Dollar (\$) and Japanese Yen (¥) exchange rates against Indian Rupee (Rs.) and the BSE Sensex.

H1: There is linear relationship between the value of European Euro (€), Great British Pound (£), United States Dollar (\$) and Japanese Yen (¥) exchange rates against Indian Rupee (Rs.) and the BSE Sensex

DATA ANALYSIS AND DISCUSSION

Market demand

At the point when the interest for the item expands, there is upward development in the Forex pattern which infers the methodology for purchasing the money. While, when the interest for the item diminishes, there is descending development in the Forex pattern which infers the methodology for selling the money.

Market Supply

At the point when the stockpile for the item expands, there is descending development in the Forex pattern which suggests the procedure for selling the money. Though, when the inventory for the item diminishes, there is upward development in the Forex pattern, which suggests the technique for purchasing the money.

Gross Domestic Product (GDP)

At the point when the GDP of the nation expands, there is upward development in the Forex pattern which infers the system for purchasing the money. While, when the GDP of the nation diminishes, there is descending development in the Forex pattern which suggests the methodology for selling the cash.

Inflation Rate

When there is an expansion in the pace of swelling of the cash estimation of the nation, there is descending development in the Forex pattern which suggests the methodology for selling the money. Though, when decline in the pace of swelling of the cash estimation of the nation, there is upward development in the Forex pattern, which suggests the methodology for purchasing the money.

Interest Rate

At the point when the Interest rate indicated by RBI builds, there is upward development in the Forex pattern which infers the system for purchasing the money. Though, when the Interest rate determined by RBI diminishes, there is descending development in the Forex pattern which suggests the methodology for selling the money.

Unemployment

At the point when the joblessness issue in the nation builds, there is descending development in the Forex pattern which infers the methodology for selling the money. Though, when the joblessness issue in the nation diminishes, there is upward development in the Forex pattern, which suggests the methodology for purchasing the money.

Trade Surplus

At the point when the surplus accessible in exchanging exercises builds, there is upward development in the Forex pattern which suggests the procedure for purchasing the money. Though, when the surplus accessible in the exchanging exercises diminishes, there is descending development in the Forex pattern which infers the technique for selling the money.

Political Events

At the point when the Political occasions like races, and so forth expands, there is upward development in the Forex pattern which infers the technique for purchasing the money. While, when the Political occasions like races, and so on diminishes, there is descending development in the Forex pattern which infers the methodology for selling the cash.

Rumors

At the point when the bits of gossip increments or diminishes, there is a vulnerability in the development of the Forex pattern which suggests that methodology for purchasing or selling is additionally unsure as it can't appraise the future conduct of the market.

Intervention

At the point when the mediation of government increments or diminishes, there is a vulnerability in the development of the Forex pattern which suggests that system for purchasing or selling is likewise dubious as it can't assess the future conduct of the market.

Psychological

When there is an expansion or diminishing in the Psychological Factors of the individuals, there is a vulnerability in the development of the Forex pattern which suggests that technique for purchasing or selling is additionally unsure as it can't appraise the future conduct of the market.

FINDINGS

| PARTICULARS | EURO | GBP | USD | YEN |
|-----------------------|--------|--------|--------|-------|
| TOTAL PIPS GAINED | 224.05 | 280.04 | 155.85 | 2 |
| TOTAL PIPS LOST | 220.03 | 283.32 | 147.83 | 1.87 |
| OVERALL PROFIT FACTOR | 0.018 | -0.011 | 0.054 | 0.069 |

The YEN has the highest profit factor with 0.069 which indicates that it is the most profitable currency that is highly traded with higher amount of profit hence it is a better option to make investment in YEN. The GBP has the lowest profit with -0.011 which indicates that it is the not the profitable currency as its values are highly fluctuating and the possibility of earning profit on the investment made is very minimum hence it not a better option to make any investment in GBP.

TABLE 1: HYPOTHESIS TESTING

| | N | MEAN | SD |
|------|------|-----------|-----------|
| NSE | 1224 | 9624.9697 | 1396.0697 |
| EURO | 1224 | 75.7001 | 4.01569 |
| GBP | 1224 | 82.3806 | 12.00285 |
| YEN | 1224 | 34.4376 | 44.08784 |
| USD | 1224 | 39.622 | 31.7915 |

TABLE 2: HYPOTHESIS TESTING

| | NSE NIFTY | EURO | GBP | USD | YEN |
|---------------------|-----------|-------|-------|-------|-------|
| PEARSON CORRELATION | NSE NIFTY | 1.000 | 0.705 | 0.881 | 0.851 |
| | EURO | 0.705 | 1.000 | 0.721 | 0.828 |
| | GBP | 0.881 | 0.721 | 1.000 | 0.881 |
| | USD | 0.861 | 0.81 | 0.881 | 1.000 |
| | YEN | 0.851 | 0.828 | 0.881 | 0.998 |
| Sig (2-tailed) | NSE NIFTY | | 0.00 | 0.00 | 0.00 |
| | EURO | 0.00 | | 0.00 | 0.00 |
| | GBP | 0.00 | 0.00 | | 0.00 |
| | USD | 0.00 | 0.00 | 0.00 | |
| | YEN | 0.00 | 0.00 | 0.00 | 0.00 |
| N | NSE NIFTY | 1224 | 1224 | 1224 | 1224 |
| | EURO | 1224 | 1224 | 1224 | 1224 |
| | GBP | 1224 | 1224 | 1224 | 1224 |
| | USD | 1224 | 1224 | 1224 | 1224 |
| | YEN | 1224 | 1224 | 1224 | 1224 |

Investigation and translation for the connection between the EURO Exchange Rate and its effect on the Indian Stock Indices - NSE Nifty as there is a positive correlation of 0.705 between EURO and NSE Nifty index there is a medium degree of correlation between them. When the exchange rate of EURO against Indian Rupee increases, the NSE Nifty also increases and Vice-versa. The significance level is more than 0.05, hence accept H1 and reject Ho. Thus it very well may be inferred that there is a huge connection between Exchange Rate of EURO and NSE Nifty. The mean rate of EURO for the past 5 years is Rs. 75.7/€ and the

Standard deviation is 4.01. Investigation and understanding for the connection between the GBP Exchange Rate and its effect on the Indian Stock Indices - NSE Nifty. As there is a positive correlation of 0.881 between GBP and NSE Nifty index there is a medium degree of correlation between them. When the exchange rate of GBP against Indian Rupee increases, the NSE Nifty also increases and Vice-versa. The significance level is more than 0.05, hence accept H1 and reject H0. Hence it very well may be presumed that there is a huge connection between Exchange Rate of GBP and NSE Nifty. The mean rate of GBP for the past 5 years is Rs. 82.38/£ and the Standard deviation is 12. Investigation and translation for the connection between the USD Exchange Rate and its effect on the Indian Stock Indices - NSE Nifty. As there is a positive correlation of 0.851 between USD and NSE Nifty index there is a medium degree of correlation between them. When the exchange rate of USD against Indian Rupee increases, the NSE Nifty also increases and Vice-versa. The significance level is more than 0.05, hence accept H1 and reject H0. Subsequently it tends to be inferred that there is a huge connection between Exchange Rate of USD and NSE Nifty. The mean rate of USD for the past 5 years is Rs. 39.62/\$ and the Standard deviation is 31.79. Examination and translation for the connection between the YEN Exchange Rate and its effect on the Indian Stock Indices - NSE Nifty. As there is a positive correlation of 0.861 between YEN and NSE Nifty index there is a medium degree of correlation between them. When the exchange rate of YEN against Indian Rupee increases, the NSE Nifty also increases and Vice-versa. The significance level is more than 0.05, hence accept H1 and reject H0. Hence it can be concluded that there is a significant relationship between Exchange Rate of YEN and NSE Niftys. The mean rate of YEN for the past 5 years is Rs. 36.43/¥ and the Standard deviation is 44.08.

CONCLUSION

Based on the elements impacting the Foreign Exchange Trading Decisions, it tends to be seen that there are different components like Market Demand, Market Supply, GDP, Inflation Rate, Interest Rate, Unemployment, Trade Surplus, Political Events, Rumors, intercession and mental Factors that assume a significant job in the development of the Forex pattern. Thus it very well may be reasoned that the Forex Trend Movements impacttaly affect the purchasing or the selling methodology. Hence all the variables and the circumstances ought to be painstakingly broke down before making interest in any of the Foreign Currencies.

Based on the month to month estimations of the chose top monetary standards, it is been seen that all the four monetary standards have variances in their qualities over a time of the previous 5 years. Some of them have high measure of change while some have low variances. Henceforth it tends to be presumed that variances in the Exchange Rate of the monetary standards are exceptionally normal yet the pace of vacillations ought to be acutely seen before making speculation.

Based on the Overall Profit Factor of the monetary standards, it is seen that all the monetary standards show a positive figure which demonstrates the productivity of the venture. YEN has the most elevated benefit factor while GBP have the least benefit factor. Subsequently it is prescribed to make interest in the monetary standards that have a higher benefit factor to and less change to acquire an impressively higher measure of rate of profitability.

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