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**Thesis Title: Predicting Market Timing Using Macrovariables: Evidence from India**

### **Abstract**

This study investigates whether using trading strategies, macrovariables can predict proper market timing i.e.; buy and sell levels. Variables such as inflation rates, exchange rate, narrow money, broad money, trade balance, money market rate, prime lending rate and aggregate output (industrial production) are evaluated. After using various trading strategies to identify buy/hold and sell/wait signals in the Indian stock market, we consider both in-sample and out-of-sample tests of the variables' predictive ability. Empirical evidence from monthly data on the stock price index suggests that among the macroeconomic variables we have evaluated, money supply (narrow money) is the most useful predictor of the market timing in India.