



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Board of Studies (Academics)
The Institute of Chartered Accountants of India

15th September, 2026

Corrigendum to the Revision Test Paper of Paper 2 - Advanced Financial Management (CA Final Level – November 2026 Examination)

There is a typographical error in the answer to Question No. 11 of the Revision Test Paper for Paper 2 – Advanced Financial Management (CA Final Level – November 2026 Examination). Accordingly, the answer may please be read as follows:

To calculate the RSI, we shall use the **closing prices** of A Ltd.'s stock. For the 14-day RSI, we shall first calculate the moving averages of gains and losses for the initial 14-day period and subsequently update these moving averages for each succeeding day, as shown in the table below. The RSI for the 14th day onwards shall then be calculated using the following formula:

$$RSI = 100 - \frac{100}{(1 + RS)}$$

$$\text{Where } RS = \frac{\text{Average Gain Per Day}}{\text{Average Loss Per Day}}$$

Further this updation in Avg Gain and Avg Loss columns for subsequent days shall be computed using following formula:

$$\frac{\text{Previous Day Avg. Gain/ Avg. Loss} \times 13 + \text{Gain/Loss of 14 Day}}{14}$$

	Date	Closing Price	Change	Gain	Loss	Avg Gain	Avg Loss	RS	14-day RSI
1	14-12-20xx	334.54							
2	15-12-20xx	334.35	-0.19	0.00	0.19				
3	16-12-20xx	334.32	-0.03	0.00	0.03				
4	17-12-20xx	333.83	-0.49	0.00	0.49				
5	18-12-20xx	333.71	-0.12	0.00	0.12				
6	21-12-20xx	333.41	-0.30	0.00	0.30				
7	22-12-20xx	333.31	-0.10	0.00	0.10				
8	23-12-20xx	333.35	0.04	0.04	0.00				
9	24-12-20xx	333.02	-0.33	0.00	0.33				
10	28-12-20xx	332.59	-0.43	0.00	0.43				
11	29-12-20xx	332.52	-0.07	0.00	0.07				
12	30-12-20xx	332.86	0.34	0.34	0.00				



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13	31-12-20xx	333.29	0.43	0.43	0.00				
14	04-01-20x1	332.84	-0.45	0.00	0.45				
15	05-01-20x1	332.99	0.15	0.15	0.00	0.07	0.18	0.39	28.06
16	06-01-20x1	333.25	0.26	0.26	0.00	0.08	0.17	0.47	31.97
17	07-01-20x1	333.30	0.05	0.05	0.00	0.08	0.16	0.50	33.33
18	08-01-20x1	333.20	-0.10	0.00	0.10	0.07	0.16	0.44	30.56
19	11-01-20x1	333.02	-0.18	0.00	0.18	0.07	0.16	0.44	30.56
20	12-01-20x1	333.20	0.18	0.18	0.00	0.08	0.15	0.53	34.64

Interpretation

The 14-day RSI on Day 20 is 34.64.

The conventional interpretation of RSI is:

- Above 70: Overbought
- 50–70: Bullish/positive momentum
- 30–50: Bearish/weak momentum
- Below 30: Oversold

Conclusion – Since the RSI is 34.64, it is below 50, indicating that the stock is experiencing bearish momentum. Although the RSI has recovered from 28.06 on Day 15 to 34.64 on Day 20, it remains below 50 and therefore does not yet provide confirmation of a bullish trend i.e. stock is still in bearish zone.