THE IMPORTANCE OF MOVING AVERAGE CONVERGENCE DIVERGENCE AS A PART OF INDICATORS IN TECHNICAL ANALYSIS FOR THE MALAYSIAN STOCK MARKET

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**BACHELOR OF BUSINESS ADMINISTRATION
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"DECLARATION OF ORIGINAL WORK"

I, Mohd Firdaus Bin Mohd Aripin, (I/C Number: 860718-43-5549)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree any other degrees.

- This project paper is the result of my independent work and investigation, except where otherwise stated.

- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged

Signature: _____   Date: _____

LETTER OF SUBMISSION

30th October 2009

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
Melaka City Campus

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **"MOVING AVERAGE CONVERGENCE DIVERGENCE AS A PART OF INDICATORS IN TECHNICAL ANALYSIS FOR THE MALAYSIAN STOCK MARKET"** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank You.

Yours sincerely,

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Abstract

There are two methods to analyze Malaysia stock market: Fundamental and Technical. Technical analysis is a very powerful tool and is a pre-requisite for anyone who wants to predict financial market movements and build successful trading system. Technical indicators, collectively called "technicals", are distinguished by the fact that they do not analyze any part of the fundamental business, like earnings, revenue and profit margins. Technical indicators look to predict the future price levels, or simply the general price direction, of a security by looking at past patterns. Examples of common technical indicators include Relative Strength Index (RSI), Money Flow Index, Stochastics, Moving Average Convergence Divergence (MACD) and On Balance Volume (OBV). The MACD is the common indicator used by the trader. The MACD is a versatile indicator giving clear buy and sell signals and giving warnings of impending price changes.

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