



UNIVERSITI TEKNOLOGI MARA

**TECHNICAL AND FUNDAMENTAL INDICATORS THAT
INFLUENCE MALAYSIAN STOCK PRICE RETURN:
EVIDENCE FROM INDUSTRIAL PRODUCT AND
SERVICES SECTOR DURING
A NO-TREND MARKET**

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ABSTRACT

We live in astonishing time for ordinary investors. The stock market has gone from an institutional club admitting only selected professionals to a game that is wide open to individuals. The explosion of information and strategies regarding investment might be terrific for individual investors in making sound decisions. Generally speaking this information can be divided based on two main schools of thought in financial market which are fundamental analysis and technical analysis. Therefore, this research studies the significant of fundamental and technical indicators towards stock price return of industrial products and services companies listed in Bursa Malaysia during a no-trend market conditions in year 2016. Only secondary data are used in this research, which are obtained from Bloomberg Terminal and Bloomberg Anywhere. For data analysis, this study used ordinary least square (OLS) method whereby the researcher utilizes E-views program. The data consists of five independent variables that are categorised into two groups namely fundamental indicators and technical indicators. Fundamental indicators comprise of three independent variables: net income growth, operating cash flow growth and long term debt growth. Meanwhile, technical indicators compromise of two independent variables: moving average crossover and volume growth. The expected finding in this research is that both fundamental and technical indicators are significantly affected stock price return in a positive way except for long term debt growth (negative relationship). However, the results revealed that only technical indicators significantly influence the dependent variable.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

In this chapter, the focus would be on the background of the study, problem statement of the study, research questions, research objective, significance of study, scope of study, limitation of study and definition of key terms. Generally speaking, this chapter will discuss and answer the “what and why” questions regarding the area of study. For examples, “What is this study about?”, “What is the problem that happen in the subject of study?”, “What is the importance of this research?”, “What is the objective of this study?”, “What are the limitation of the study?”, “Why is the researcher interested in this topic?”, “Why are we not focusing only in fundamental analysis?”, “Why only stocks from industrial products and services are chosen in this study?”, and other related “what and why” questions.

1.2 Background of the study

We live in a bewildering point in time for everyday investors. The stock market has gone from an institutional club admitting only selected professionals to a game that is wide open to anyone. Thus, in the investment universe, one needs to have a strategic approach in order to have a significant lead and continuously generate profit going through numerous market cycles or conditions. Stock market conditions and the continually changing macroeconomic conditions produce indecision for stockholders to gain profits. Market conditions can be divided into three stages which are bullish market (uptrend), bearish market (downtrend) and no-trend market (sideways). Jones (1998) stated that a bullish market happens on the occasion of the market index to move higher and has a bias to push above the previous highest point (resistance level), or whenever a decline happens, the market index does not go down below the previous lowest point (support level). Furthermore, a bearish market occurs on the occasion of the market index to move lower and has a bias to break the previous lowest point (support level) during the fall, or whenever an incline happens,