



**THE INFLUENCE OF DUAL MOVING AVERAGE  
CROSSOVERS ON THE INVESTOR'S BEHAVIOR**

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**MAY 2007**

## ACKNOWLEDGEMENT

In The Name of ALLAH, the Most Gracious and Most Merciful

With all praise and thanks to the Almighty ALLAH S.W.T., for giving me precious opportunity to study in higher learning education besides giving me strength and patience in completing this project paper. Despite the obstacles and drawbacks faced throughout this study, Alhamdulillah I have managed to carry out this study appropriately.

I would like to express my gratitude to my most respected advisor, Mr. Muhamad Sukor bin Jaafar for his time spent, moral support, ideas, suggestions, patience, and continuous guidance throughout the period of this study in order to complete this project paper. It is without doubt that he is an exemplary and brilliant educator who is second to no one.

Secondly, my acknowledgement goes to statistical lecturer, Prof. Madya Zin bin Ibrahim for his ideas and advices. Moreover, I would also like to take this opportunity to express my warmest appreciation to thank to all my lecturers at Universiti Teknologi Mara Johor Branch and also to all friends who had directly and indirectly gives me the encouragement, support, constructive critics, advises and so also assists me in collecting data to complete this project paper.

I would like to dedicate my greatest love to my family, especially my beloved parents for fullest support and guidance in terms of morals and materials. Their prayer, love and encouragement have inspired me to strive harder to complete this project paper.

Lastly, to all of them, I would be forever thankful. Only Al-Mighty God can repay their greatest effort in helping me conducting this project paper. May Allah bless you all.

Thanks to God and all of you.

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>ACKNOWLEDGEMENT</b>	iv
<b>LIST OF TABLES</b>	vi
<b>LIST OF ABBREVIATIONS</b>	vii
<b>ABSTRACT</b>	viii
 <b>CHAPTERS</b>	
<b>1. INTRODUCTION</b>	
1.1 Technical Analysis	1
1.2 Technical Trading Systems	7
1.3 Problem Statement	11
1.4 Objectives	11
1.5 Significance of Study	12
1.6 Hypotheses	12
1.7 Limitations	14
1.8 Definition of Terms	16
 <b>2. LITERATURE REVIEW</b>	
2.1 Background of Technical Analysis	21
2.2 Technical Analysis	22
2.3 Efficient Market and Technical Analysis	24
2.4 Technical Analysis indicators	26
2.5 Investor's behavior	31
 <b>3. RESEARCH METHODOLOGY</b>	
3.1 The Data Collection	33
3.2 Sources of data	34
3.3 Data Analysis	35
 <b>4. DATA ANALYSIS AND INTERPRETATION</b>	
4.1 Independent group t-test	37
 <b>5. CONCLUSION AND RECOMMENDATION</b>	
5.1 Conclusion	41
5.2 Recommendation	43
 <b>BIBLIOGRAPHY</b>	44
<b>APPENDICES</b>	
Appendix I - List of 30 Companies selected In KLCI	46
Appendix II - Trading Signals of Dual Moving Average Crossovers	47

## **LIST OF ABBREVIATIONS**

<b>KLCI</b>	-	<b>Kuala Lumpur Composite Index</b>
<b>DMAC</b>	-	<b>Dual Moving Average Crossovers</b>
<b>SPSS</b>	-	<b>Statistical Package for Social Science</b>
<b>SMA</b>	-	<b>Simple Moving Average</b>
<b>FMA</b>	-	<b>Fixed Moving Average</b>
<b>MA</b>	-	<b>Moving Average</b>
<b>DJIA</b>	-	<b>Dow Jones Industrial Average</b>

## ABSTRACT

This paper examined the investor's behavior which influenced by Dual Moving Average crossovers as one of the technical analysis tools. As these crossovers could give signals for investor to forecast the trends of stock price. This study focused on the Malaysian stock market using the data collected from January 1<sup>st</sup> 1996 until 1<sup>st</sup> January 2007. As this study applied the trading rules of Dual Moving Average Crossovers in identifying the signals occurred and also the volume of trading transacted. The independent group t-test, which is one of the T-tests rules applied in this analysis to find out the significant difference between means for the two sets of scores, is significant. The two sets of scores referred to two different groups of investor's behavior: conservativeness and representativeness.

From the finding, the study identified that the Dual Moving Average crossovers could influence the investor's behavior since there were indifferent between these two groups of investors in making their decision whether to buy and sell the stocks. It could be seen from the most powerful confirming indicator of a price move which is volume. From each signal occurred generated by Dual Moving Average Crossovers, volume of the trading were taken to measure the extent of trader participation. The different of volume in each signal interpreted the different behavior of investor. Investor who is accompanied with the signal given referred to representative behavior while investor who is contradicted with the signals given referred to the conservative behavior. Thus from the Dual Moving Average Crossovers trading strategy, it could influence the investor's behavior on making a decision buying or selling the stock.