

Stock Market FORECASTING TOOLS

- Technical Analysis
- Fundamental Analysis
- Impact on Unit Trust Funds

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INTRODUCTION

Price forecasting methods.

Fundamental analysis

- Use economic information & fundamental reports – annual report, economic report & statistics (EPS, NTA, PE, PB, Earnings figure)
- Provides “direction” of market.
- Impact prices in long-run (also in short run).

INTRODUCTION

Technical analysis

- Human psychology & history repeats itself.
- Use charts, chart patterns, trends, technical indicators, price, volume, open interest.
- Computerized – software & system.
- Flexible –currency, stocks/equity, commodity, etc.
- Not dependent on economic information
- Able avoid insider trading & creative accounting but can be misleading for illiquid stocks.

INTRODUCTION

Technical analysis

- Gives “big picture”.
- Provides direction and extent (price target)
– how high is high.
- TA is an art.
- Usually use a combination of 6 to 10 TA tools.

INTRODUCTION

- Unit Trust (UT) is a medium to long-term investment, with potential profit in short-term.
- Define short, medium and long-term.
- Can UT “guarantee” capital growth ?
Only if investor can “guarantee” the medium to long-term investment period.

.. Equity Market Performance in QFR & MFR



PUBLIC MUTUAL
WHOLLY-OWNED SUBSIDIARY OF PUBLIC BANK

MONTHLY FUND REVIEW

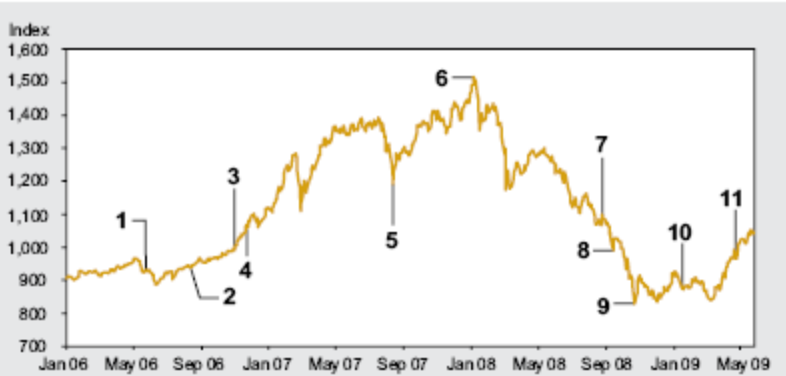
MAY, 2009

Market Review and Outlook for May 2009

KLCI Breaks Above 1,000 Points

Commencing at 990.74 points at the end of April 2009, the KLCI rose above 1,000 points on follow-through buying of selected index-linked stocks. Following the rise in crude oil prices in late May to above US\$60/barrel, the index strengthened further to an 8-month high of 1,059.88 points on 27th May on buying interest in selected plantations and oil & gas stocks. However, the KLCI subsequently retreated on profit-taking to close at 1,044.11 points to register a gain of 5.4% in May 2009.

Tracking the KLCI: 1 January 2006 to 29 May 2009



Performance of Kuala Lumpur Composite Index



- | | | | |
|--|--|--|---|
| 1 <
Global markets retreat on inflationary concerns | 2 <
Oil price hits a high of US\$78/bbl | 3 <
Oil price eases to US\$60/bbl | 4 <
KLCI breaks 1,000 points |
| 5 <
Global markets retreat on U.S. sub-prime concerns | 6 <
KLCI hits all time high of 1,524.7 points | 7 <
Oil prices touches record high of US\$146/bbl | 8 <
U.S. government bails out Fannie Mae, Freddie Mac and takes control of AIG |
| 9 <
KLCI hits 2008 low of 801.27 points | 10 <
Global markets retreat on slower economic activities | 11 <
KLCI breaks 1,000 points | |

Technical Analysis

Type of CHARTS

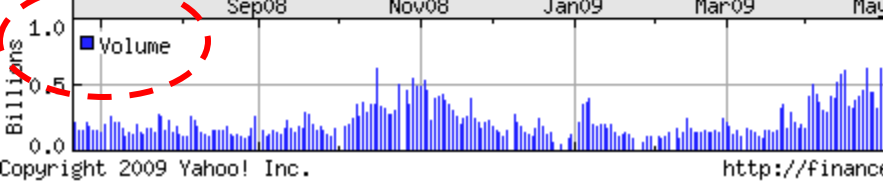
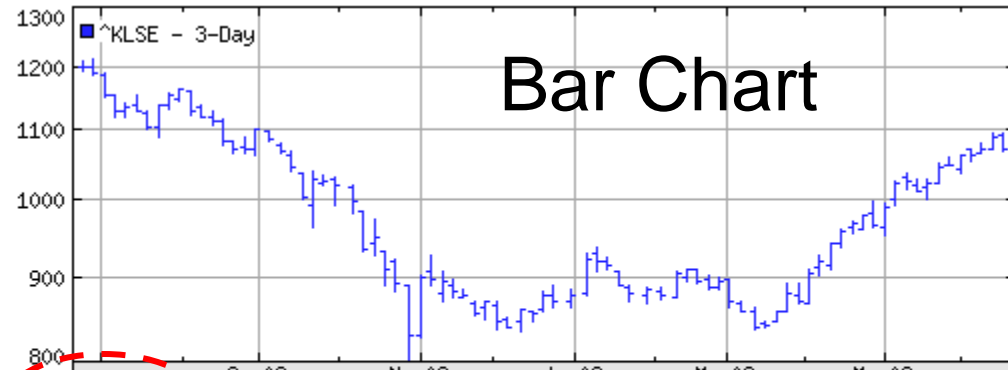
- Popular charts – Line, Bar, Candlestick and Point & figure.
- Others – Equivolume, Kagi, Renko charts.

Type of VOLUMES

- High volume may indicate accumulation
- Low volume may indicate consolidation phase, lack of interest etc.

^KLSE as of 18-Jun-2009

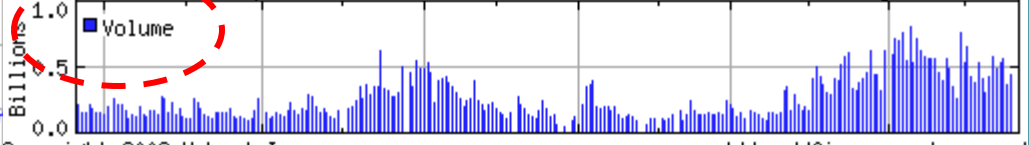
Bar Chart



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^KLSE as of 18-Jun-2009

Candlestick Chart

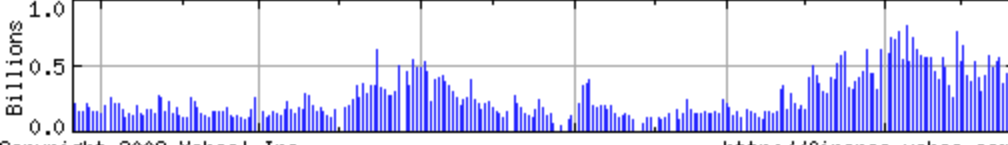
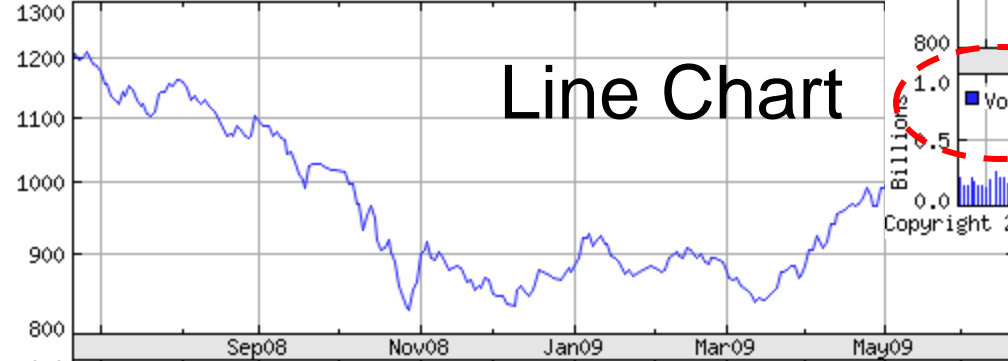


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MALAYSIA KLSE COMPOSITE INDEX

as of 18-Jun-2009

Line Chart

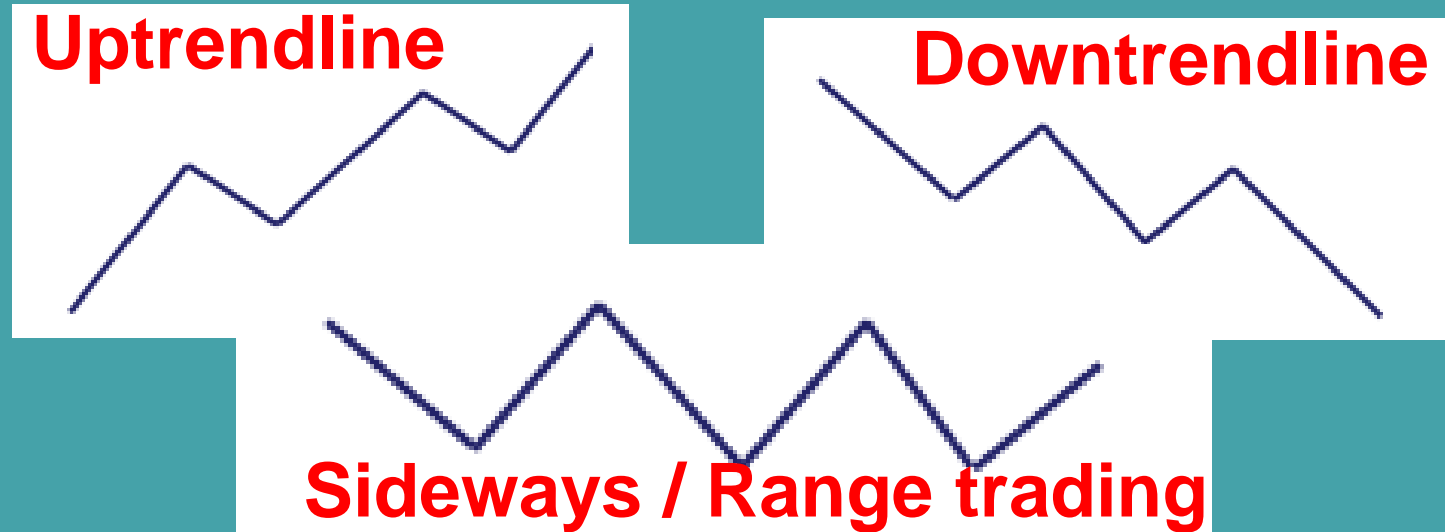


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Technical Analysis – Trend Lines

Type of Trend Lines

- Up, down, sideways

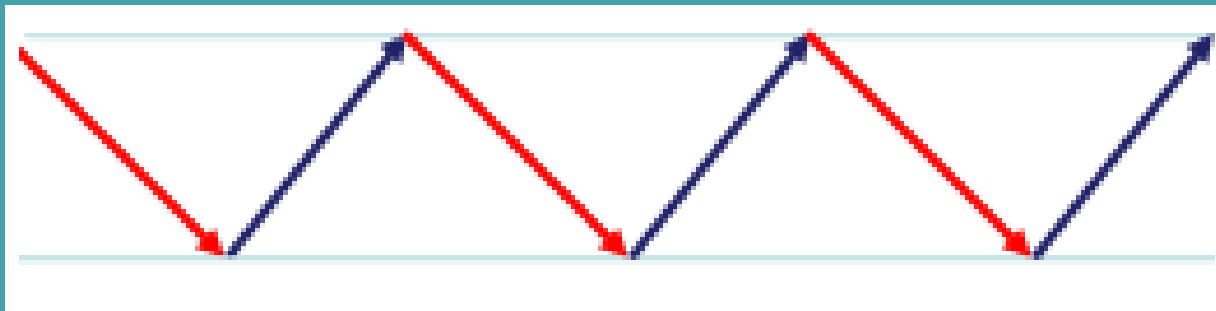


- Trendlines used to track & alert (signal).
- Break of a trendline usually signals a change in sentiment.

Technical Analysis

– Support & Resistance

- “Trading” opportunity



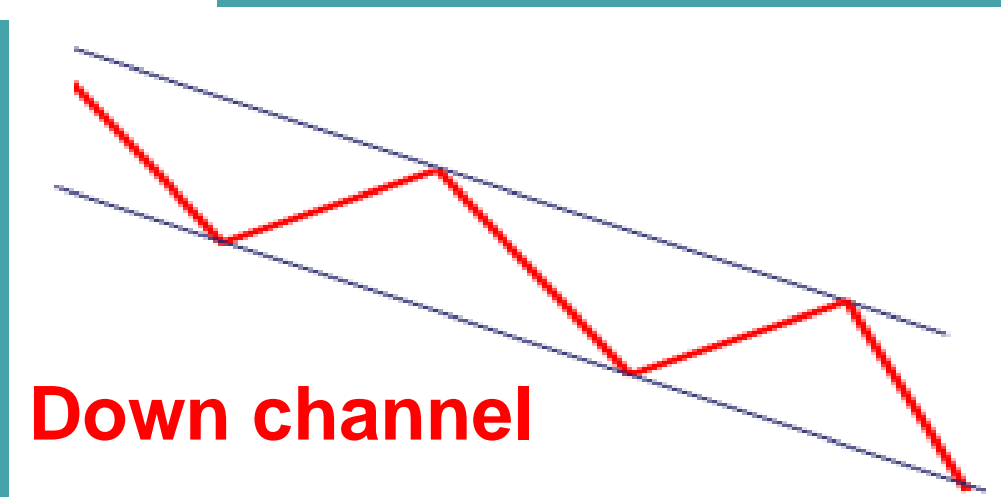
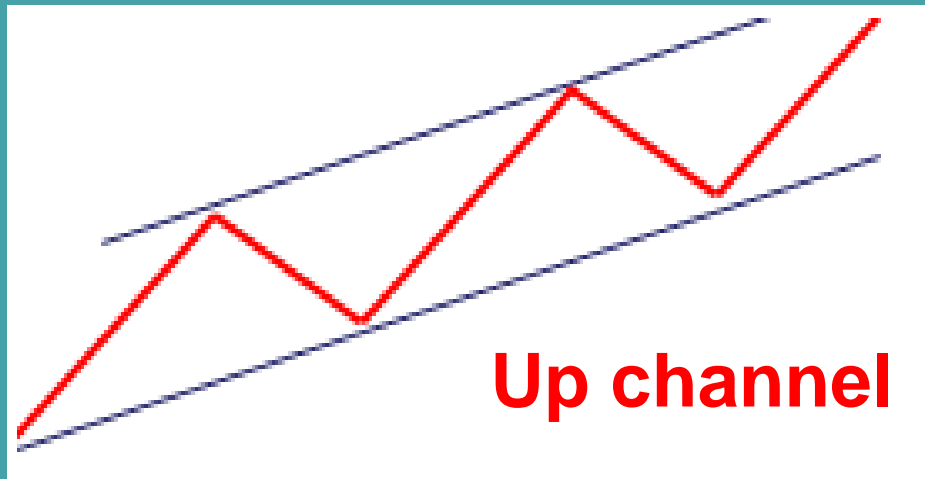
resistance

support

- previous support (resistance) – once broken, can become a resistance (support)
- examples ..

Technical Analysis - Channel

Channel = support + resistance (trend)



Trading vs Investment

- Trading usually shorter time frame.
- Start by determining the **time frame** to trade and **focus**.
- Next, look at the chart of the next **longer** time frame for overall perspective.

Eg.

Trades once or twice a day - focus on **hourly chart** (last 1-2 weeks) & also be aware of the overall trend on **daily chart**

Trading vs Investment

- Investment usually longer time frame.

Eg. For UT investment – be aware of the overall trend on **yearly, 5 years (or more) charts**, focus on **6 months – 1 year chart**.

Technical Analysis - Patterns

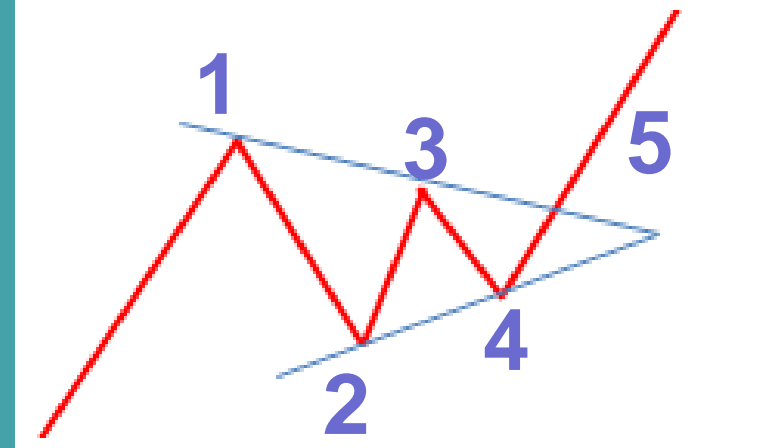
To keep you on the **right** side of the market - **important** to understand and identify “price patterns”.

Popular patterns used :

- a) Continuation patterns – Flags, Pennants, Wedge, Triangle, Gap
- b) Reversal patterns – Double Top/Bottom, head & Shoulder (H+S), Triangle (occasionally).

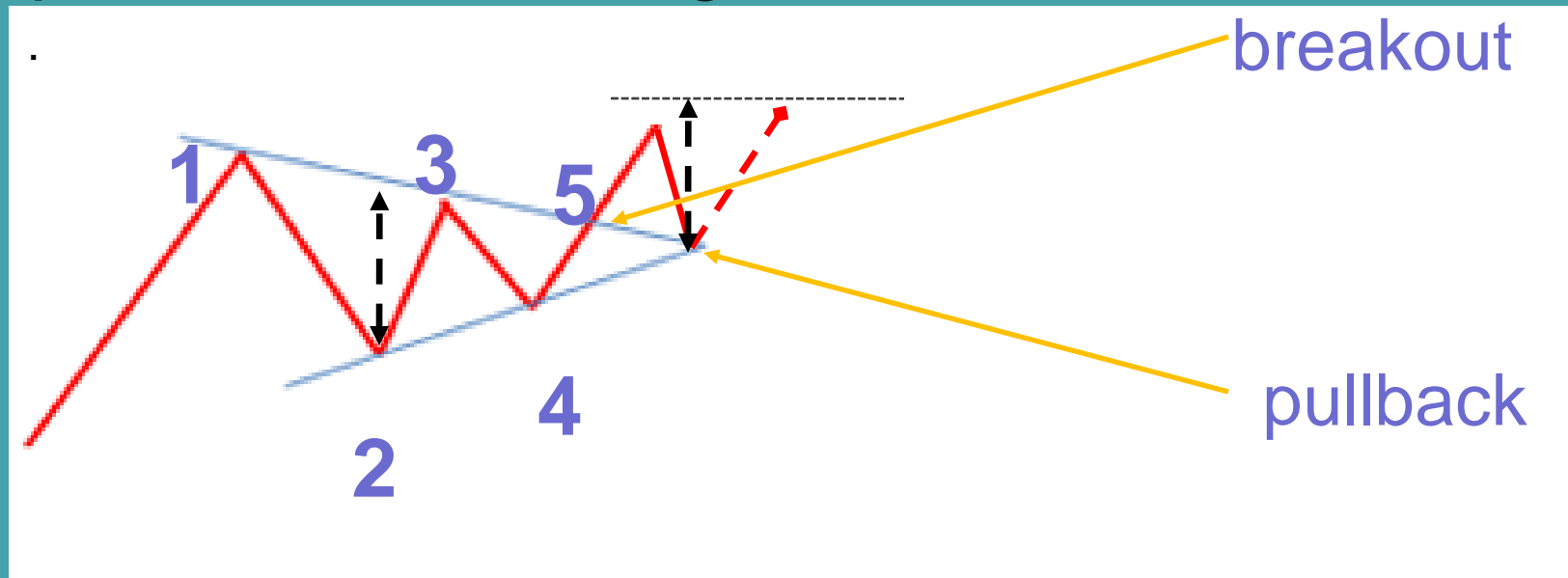
Triangle

- Two converging trend lines – upper line descending and lower line ascending.
- Indicates a pause in existing trend, thereafter the trend resumes.
- Volume should decrease, as price swings in narrowing range of highs & lows. At breakout of triangle, the volume increases.



Triangle

- Target (forecast) level – (continuation) is the height of wave 2, projected once there's "pullback" from triangle breakout.



- Breakout usually occurs at 2/3-rd of triangle width
- Don't jump the gun – wait for pullback.
- Sometimes triangle as a REVERSAL PATTERN.

Identify :
1. Triangle
(symmetrical)



Wedge

- Continuation pattern (rising/falling wedge)
- Usually short-term usually.
- For long-term wedges – 1 to 3 months to form.
- Similar to triangle but trend lines slanted downwards at an angle.
- Price breakout between $\frac{3}{4}$ and $\frac{2}{3}$ of horizontal width. The closer the breakout to apex, the less reliable the formation.
- Volume decreases as formation moves towards apex. A noticeable volume increase at breakout.

Flags & Pennants

- Continuation pattern within a trend line.
- Flags & Pennants tend to appear at same place in similar trend and volume.
- Flags - confined within parallel lines.
- Pennants – confined within small triangles.
- Preceded by a sharp (almost straight) flag pole.
- Trend continues on a burst of a trading day.
- Occurs at midpoint of the market move.
- Less happen in downtrends.



- Identify :
1. Flags
 2. Pennants



- Identify :
1. Wedge
 2. Channel



Identify :

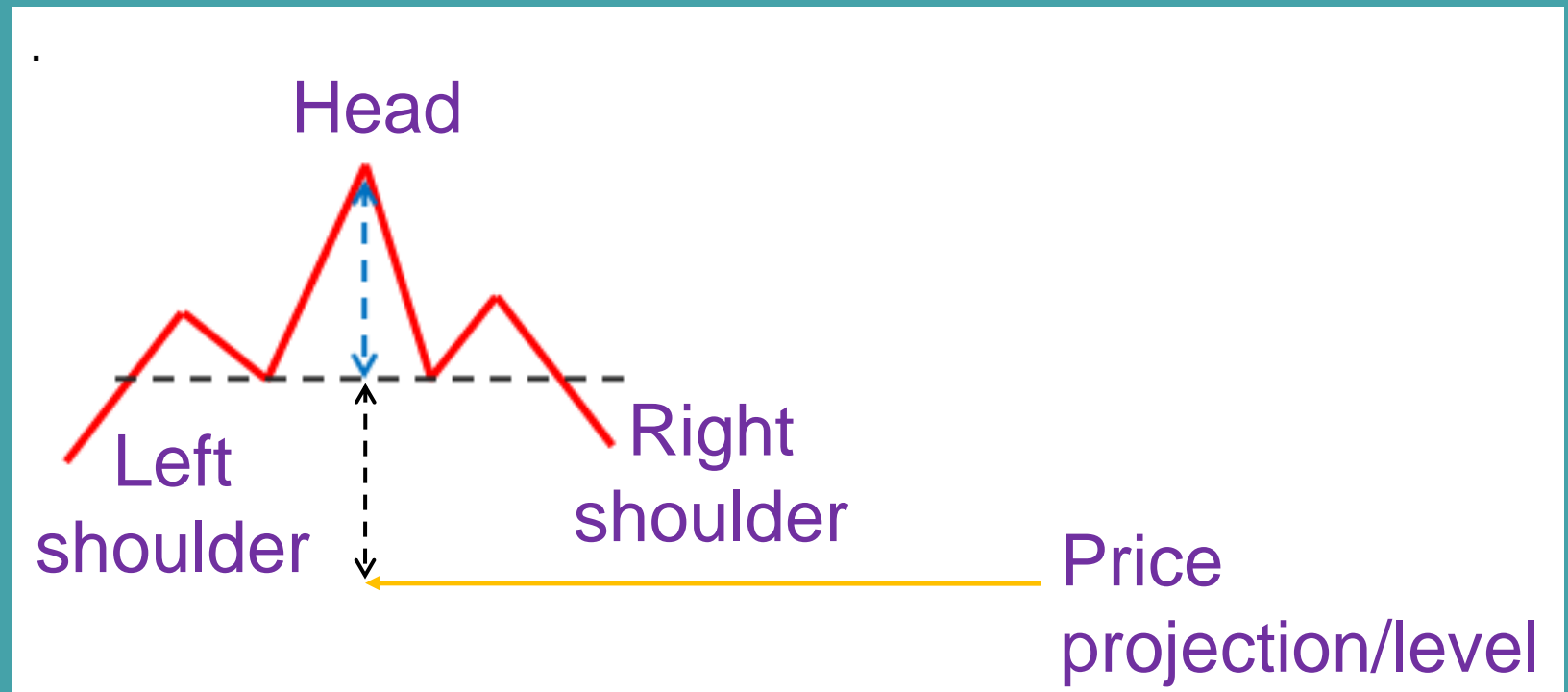
1. Flag
2. Pennants

Head & Shoulder

- Reversal Pattern.
- In uptrend - price fails to reach previous high & breaks below the support line. The left & right shoulder hit relative lower points at approximately same price/level. Thus, shoulders are usually about the same distance from the head.
- Volume usually highest on left shoulder & lowest at right shoulder.
- A burst in volume occurs at the time the neckline is broken.

Head + Shoulder

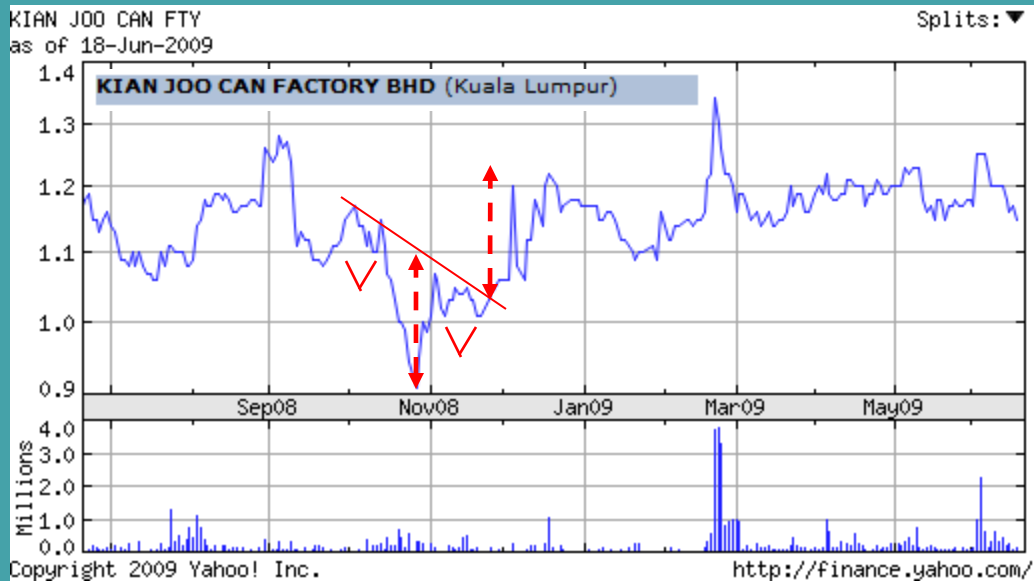
- Takes several months to develop.
- Project price as the height of the head and target it after burst of neckline.
- Reversal H + S in a downtrend – similarly indicate a reversal.





Identify :

1. Head + Shoulder
2. Reversal H + S

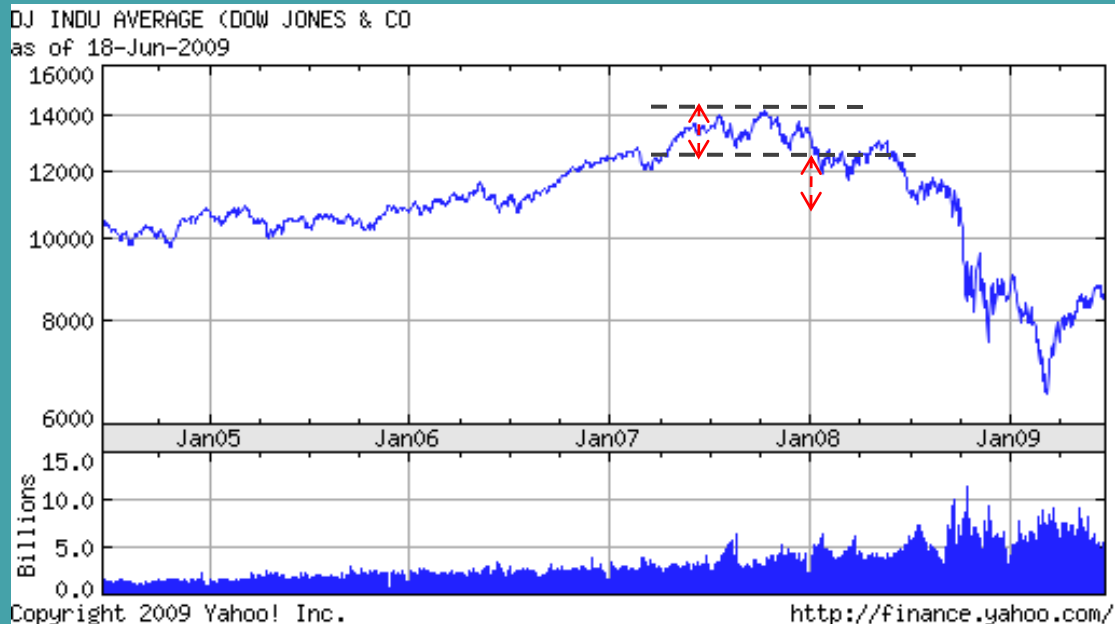


Double Top & Double Bottom

- Reversal pattern.
- Tops look like “M” while bottoms like “W”.
- Measure height of pattern and project from the breakout point.



Identify ..
 1. Double/Triple bottom



Identify ..
 1. Double/Triple top

Technical Analysis - Stochastics

Mathematical computation.

Popular Stochastics used :

- a) Moving Average – simple (MA), weighted (WMA), exponential (EMA).
- b) Oscillators – RSI, MACD & Signal, Bollinger Band.

Technical Analysis – Wave Theory

Popular Wave Theory used :

- a) Elliot Wave
- b) Gann Theory
- c) Cycle Theory

Technical Analysis – Fibonacci

12th century monk – Leonardo de Pisa or Fibonacci discovered mathematics sequence applicable to nature.

1+1=2 1+2=3 2+3=5 3+5=8 5+8=13 8+13=21 13+21=34 21+34=55 etc, etc.



1249
1162
1075

1075
1162
1249

	KLCI levels	KLCI retracements	
highest	1523		
lowest	801		
	722		workings
38%	274	1075	= 801 + 274
50%	361	1162	= 801 + 361
62%	448	1249	= 801 + 448

Favorite tools we use in a trending market are :

- a) Moving averages
- b) MACD
- c) Bollinger Bands

In ranging/sideways market :

- a) RSI
- b) MACD
- c) Stochastic

Fundamental Analysis

... in QFR & MFR



Economic Pulse

	2005	2006	2007	2008	2009(f)
Real GDP Growth, %	5.0	5.8	6.3	4.6	-4.0 to -5.0
Per Capita Income, RM	18,966	20,885	23,115	25,796	24,381
Inflation Rate, %	3.0	3.6	2.0	5.4	1.0
Unemployment Rate, %	3.5	3.3	3.2	3.7	4.5
3-Month KLIBOR, %	3.2	3.7	3.6	3.4	2.1
Average Base Lending Rate, %	6.2	6.7	6.7	6.5	5.8
12-Month Fixed Deposit Average Interest Rate, %	3.7	3.7	3.7	3.7	2.5

Source : Bank Negara Malaysia Annual Report 2008 and Ministry of Finance, 2009

Fundamental Analysis

...in QFR & MFR

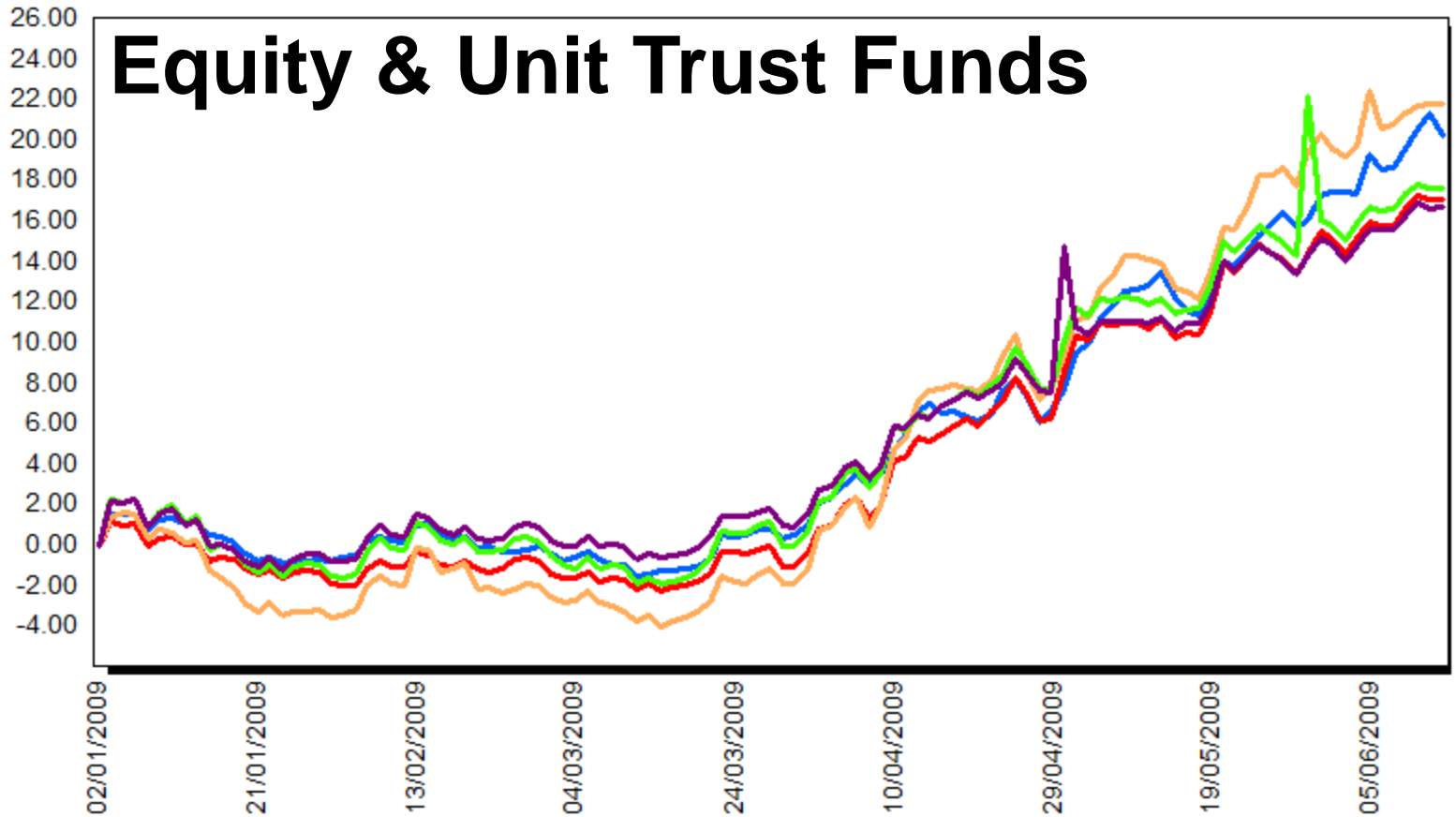


Malaysia's GDP Growth by Sector

(in %)	Quarterly				Annual	
	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2008	2009 ^f
Agriculture	6.3	3.3	0.5	-4.3	4.0	-2.3
Mining	-0.5	-0.3	-5.7	-5.2	-0.8	-2.3
Manufacturing	5.6	1.8	-8.8	-17.6	1.3	-15.0
Construction	3.9	1.2	-1.6	0.6	2.1	4.7
Services	7.9	7.1	5.7	-0.1	7.2	1.6
Real GDP Growth	6.6	4.4	0.1	-6.2	4.6	-4.0% to -5.0%

^f= Ministry of Finance forecast

Fund vs Fund By Company From 01 January, 2009 To 15 June, 2009

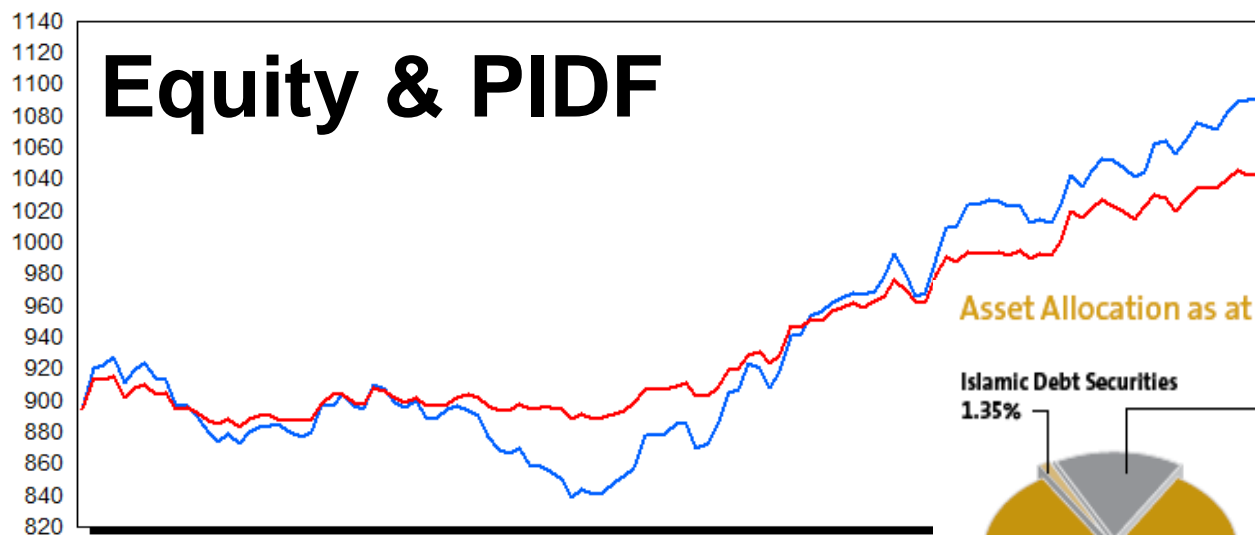


- (Fund-1) - PUBLIC ISLAMIC DIVIDEND FUND
- (Fund-2) - PUBLIC ISLAMIC EQUITY FUND
- (Fund-3) - PUBLIC ISLAMIC SECTOR SELECT FUND
- (Fund-4) - PUBLIC ISLAMIC SELECT ENTERPRISES FUND
- (Fund-5) - PUBLIC ISLAMIC SELECT TREASURES FUND

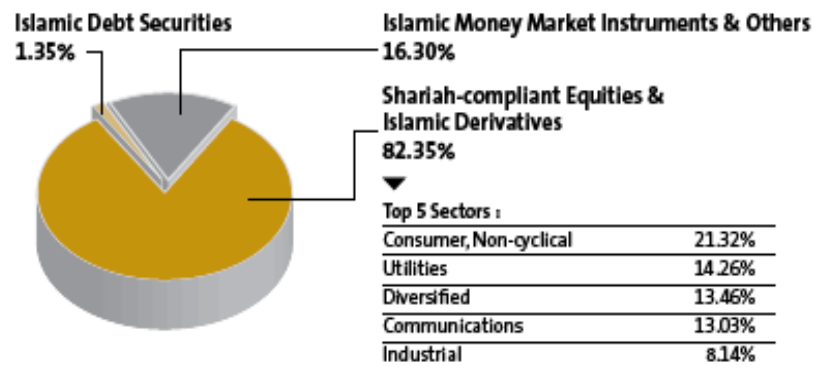
Fund vs Benchmark From 01 January, 2009 To 19 June, 2009

BENCHMARK: KLCI

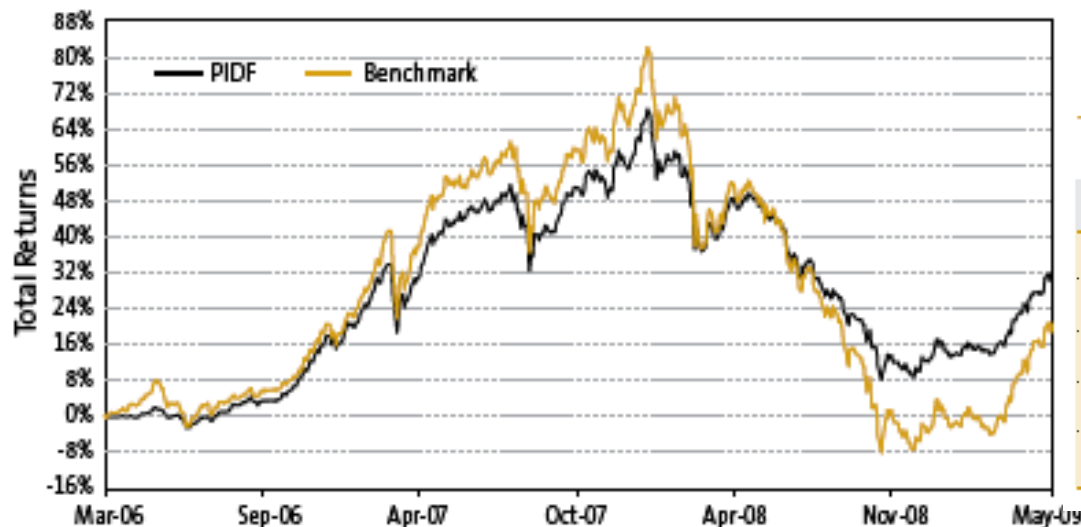
Fund - PUBLIC ISLAMIC DIVIDEND FUND



Asset Allocation as at 29 May 2009

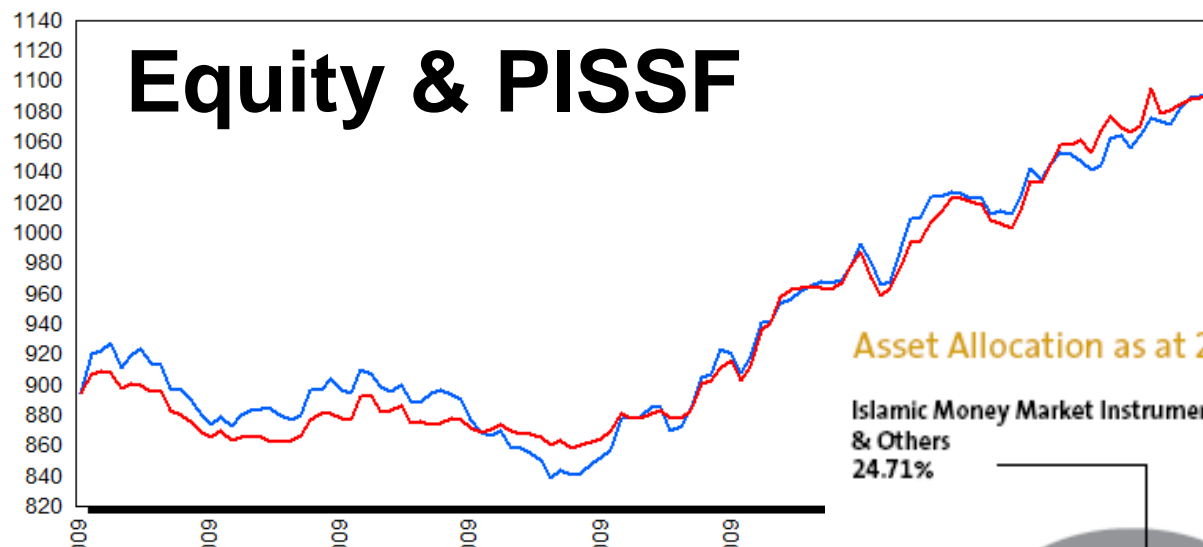


Performances of PIDF and Benchmark Index (Since Fund Commencement* to 29 May 2009)



Top 5 Holdings as at 29 May 2009

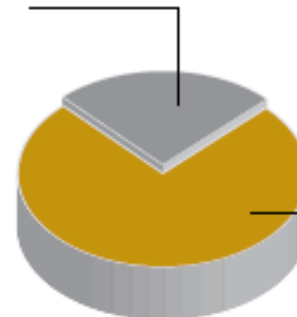
Security Name	% NAV
Sime Darby Berhad	10.12
Tenaga Nasional Berhad	10.05
IOI Corporation Berhad	7.37
DiGi.Com Berhad	5.41
Axiata Group Berhad	4.07



Asset Allocation as at 29 May 2009

Islamic Money Market Instruments & Others
24.71%

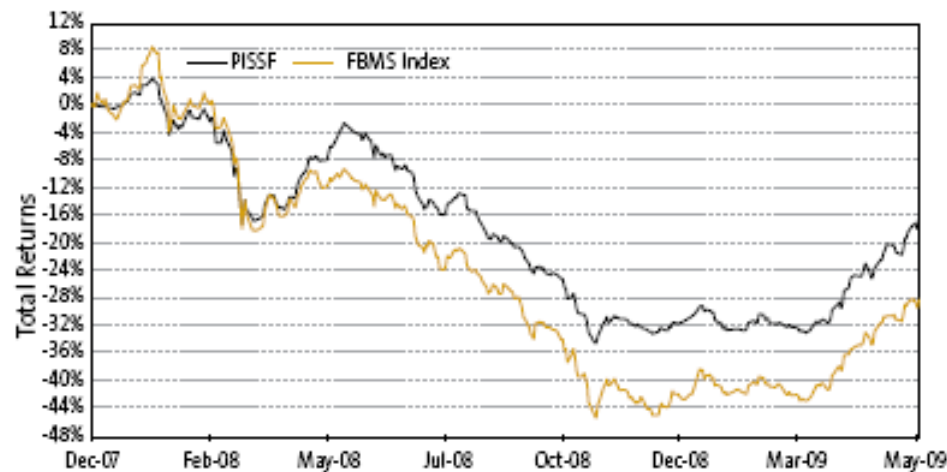
Shariah-compliant Equities & Islamic Derivatives
75.29%



Sector Holdings:

Industrial	23.23%
Consumer, Non-cyclical	16.39%
Utilities	14.00%
Diversified	11.82%
Consumer, Cyclical	8.36%
Basic Materials	1.49%

Performances of PISSF and FTSE Bursa Malaysia EMAS Shariah (FBMS) Index (Since Fund Commencement* to 29 May 2009)

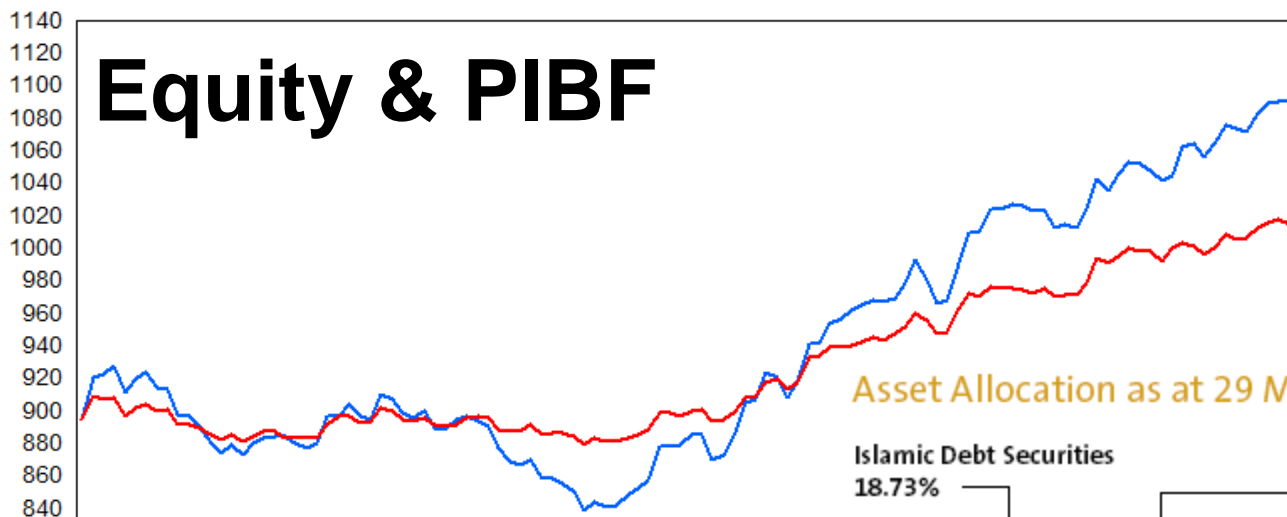


Top 5 Holdings as at 29 May 2009

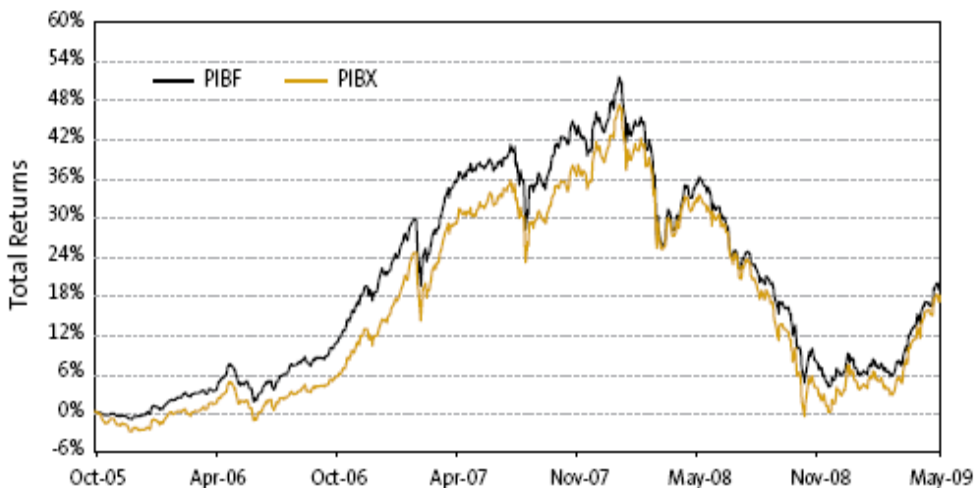
Security Name	% NAV
Tenaga Nasional Berhad	10.28
Sime Darby Berhad	9.38
Public Islamic Bank Berhad - 29/06/2009*	6.21
Lafarge Malayan Cement Berhad	6.01
AirAsia Berhad	4.36

Note:

* Negotiable Islamic Debt Certificate (NIDC).

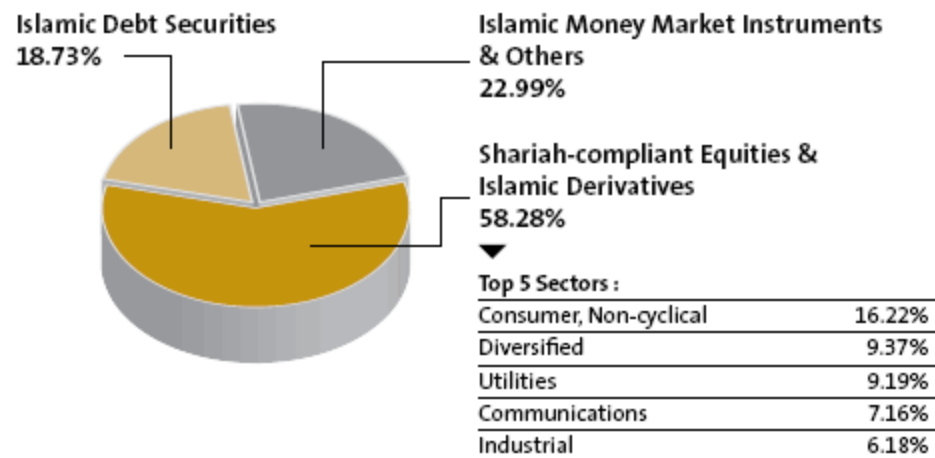


Performances of PIBF and Public Islamic Balanced Index (PIBX) (Since Fund Commencement* to 29 May 2009)



Benchmark: Public Islamic Balanced Index (PIBX) is a composite of 60% the returns of the KLSI and 40% the returns on 3-Month Islamic Interbank Money Market rate.
 Effective from 1 November 2007 Bursa Securities replaced KLSI with FTSE Bursa Malaysia EMAS Shariah Index.

Asset Allocation as at 29 May 2009



**“Bull makes money,
bear makes money,
only pigs get slaughtered”**

Terima Kasih