

Abstract

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Awareness and Use of Fundamental and Technical Analyses by Customer Account Managers in The Selection and Trading Decisions in The Egyptian Stock Exchange

The usefulness of fundamental and technical analysis approaches in security valuation has attracted attention of many researchers. This research aims to measure the awareness and use of these approaches in the investment decision-making process of the securities brokerage firms in the Egyptian stock exchange. This research empirically investigates five main issues among the customer account managers. Firstly, it examines the difference between the level of awareness and the degree of understanding of the investment approaches. Secondly, it examines the relationship between the type of investment approach used and the phase of investment decision-making process. Thirdly, it investigates the relationship between the demographic factors and the type of investment approach used in investment decision-making process. Fourthly, it investigates the relationship between the length of time period needed in forecasting and the type of investment approach used. Eventually, it examines the relationship between the availability of insider information and the type of investment approach used in decision-making process. This research applies a quantitative research method, using questionnaire survey in order to achieve the research objectives. This study uses different statistical techniques descriptive data analysis and inferential data analysis. Firstly, descriptive data analysis includes frequency tables, central measures such as the mean, dispersion measures such as the standard deviation, test of skewness and kurtosis, and non-parametric correlations using the Spearman's Rank Order correlation (Spearman's rho). Secondly, the inferential data analysis includes Chi-square (X^2) distribution in order to test whether two variables are independent. The results show that high percentage of customer account managers, who are fully aware of fundamental and technical analyses, understand each concept. It also shows that they use the fundamental analysis technical analysis in the Selection phase and the trading phase of equity securities. It documents that there is no significant relationship between the educational level and the type of investment approach used in the Selection phase in the trading phase. Moreover, those, who have less than 5 years of experience, use the fundamental analysis in the securities Selection phase whereas, those, who have more than 15 years of experience, use the technical analysis in the securities trading phase. It also documents that they use the fundamental analysis to generate a very long term forecasts while they use the technical analysis to generate a very short term forecasts. Eventually, there is no significant relationship between the availability of insider information and the type of investment approach used in the Selection phase. On the other hand, those, who use the technical analysis in the trading phase, consider that the insider information has an impact in both the Selection phase and trading phase of equity securities. Keywords: Fundamental analysis, Technical analysis, Securities market participant, Investment decisions, Egyptian stock exchange