



Arab Markets: Technicals versus Fundamentals

Until recently, very few of international analysts were interested in publishing their views on the Arab Capital Markets. Ever since their rise, two years ago, we have noticed a considerable increase in analysts interest in our Arab Markets, pulling out the local investors from the constraint scope of rumors and privileged information to a wider scientific approach.

It warms my heart today when I witness that the discussion among the Arab investors reached the ever existing global debate about the accuracy of the Technical and Fundamental analysis. This goes along with the recent increasing interest in Technical analysis.

Why now?

More than ever, I recall the year 1988, the day I was standing in front of my research advisor at the Sorbonne University in France. I was trying hard to convince him in testing the efficiency of Central Banks interventions on the Forex Markets by combining Fundamental and Technical analysis methods. At first, this idea looked out of reach, and he had a negative reaction. Back these days, Technical analysts were seen by academics as “augurs” who predict the future through charts. Nowadays, when I see economists passionately talking about Supports and Resistances levels, combining both Fundamental and Technical analysis terms, I recall these good memories. Looking forward for the outcome of this constructive approach on the Arab Markets.

Although the Technical analysis has started at the end of the 19th century, it had to wait for the globalization to be widely spread. It rose from the necessity of analyzing hundreds and even thousands of companies, currencies and commodities that require a fast analysis in a limited time. Moreover, it is well known that analyzing a chart is much less time consuming than analyzing a budget or an entire economical indicators for a country. Nevertheless, considering the Technical analysis as a fast tool doesn't imply that it's easy to be reached by any new comer.

How to combine Fundamental and Technical analysis?

Several experts recommend to select the right company through the Fundamentals and to choose the right timing to intervene through the Technicals. In order to be efficient, this combination should respect a wise level of leverage, preventing the investor from being forced of closing his position during correction periods.

Wishing you a fruitful investment.

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