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The effect of the simple moving average on the movement of bank stock prices applied research in a sample of Iraqi private commercial banks

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Abstract---This study aims to identify one of the indicators of technical analysis, which is the simple moving average (SMA), and its impact on the movement of stock prices in private Iraqi commercial banks, by standing on the methods used in technical analysis and its various Models in general, and ways to benefit from them in determining the direction of stock prices in order to make the appropriate investment decision to buy or sell, diagnose the obstacles and difficulties that the participants face in predicting stock prices, and propose solutions and recommendations to overcome and overcome them from a scientific and practical perspective. Where the research community consisted of (25) Iraqi private commercial banks, while the research sample consisted of (5) banks with a rate of (20%) of the research community. The study used the analytical approach to the financial statements during the period between (1/2/ 2022-30/4/2022, where the financial data (banks stock prices) were calculated through the mathematical equation of the Simple Moving Average Index (SMA)) and then represented in the form of graphs to clearly identify price trends and trading signals (buying and selling), and from then the data was analyzed using the statistical program (SPSS) to test the research hypotheses, where the results showed an effect relationship of the simple moving average index on the movement of stock prices. The study came out with a number of recommendations, the most important of which is the need for traders to use the simple moving average indicator to know price trends before making an investment decision (buying or selling).

Keywords---simple moving average (SMA), price trend, sell signal, buy signal.

Introduction

The process of making a decision to invest in stocks is one of the most important and difficult steps of investing in the stock market, as it is important because investing in stocks is accompanied by a lot of risks, and requires sound and correct decisions to obtain rewarding returns with the least possible risks, and it is difficult because of the multiplicity of methods of analysis and methods of evaluation. The various stock exchanges make their best efforts to predict the future trends of stock prices, by following many methods and approaches to reach this goal. find the analysis The technician who handles the wrong investment decision by means of technical indicators that are mini-charts that are calculated by mathematical equations based on the data given to us by the price movement, as they use These indicators follow price movements and help us interpret them and anticipate the trends of their future movements. Accordingly, we can determine the appropriate investment times in buying or selling, and they are considered one of the tools that support the technical decision of the analyst.

The Simple Moving Average SMA (indicator is one of the technical analysis indicators that follow direction e and One of the methods used to smooth and settle a particular time series , to get rid of sharp fluctuations that may occur in it due to episodic , cyclical or seasonal fluctuations, so that its general trend, up or down, is revealed. Based on the importance of the simple moving average) SMA (indicator In determining the direction of stock prices for banks, the idea of this research was crystallized in (The effect of the Simple Moving Average indicator). In the movement of stock prices for bank (to present these two topics, and to identify the most important pillars, and concepts related to them.

The research was applied to the shares of a sample of the (5) private Iraqi commercial banks listed in the Iraqi Stock Exchange where the researcher chose this sample, as it did not stop trading and also achieved the highest turnover rate of shares in the market during the research period .Finally, the structure of the research consisted of four sections. The first topic was titled (Research Methodology and Some Previous Studies). The second topic included (conceptual framing of the research). The third topic went to (the applied side of the research). The conclusion of this modest effort was in the fourth topic, which came under the title (Conclusions and Recommendations .(In order to prove the research hypotheses, the following topics will be discussed

Method

stock prices in the financial market and the way in which it moves. However, this trend may take certain patterns. The trend may be upward, downward, or

sideways. One of the most prominent tools used in determining the direction of prices Stocks and their analysis is using the simple moving average indicator Which is one of the indicators of technical analysis that helps the trader or investor in determining the direction of prices and thus making the decision to invest in financial markets, and so that the research problem can be formulated in posing a question The president is the following : Is the simple moving average indicator? Impact on the movement of stock prices for banks ? What is the impact of the simple moving average indicator in determining the buy signal for the banks in the research sample.

Discussion

- The possibility of using technical analysis tools, the Simple Moving Average (SMA) indicator, to get the best future forecasts for stock prices based on the past historical movement of the stock price.
- The Simple Moving Average (SMA) indicator is one of the technical indicators that track price volatility and is the most common and used one as it can be relied upon in predicting the bank's stock price movement, in light of what was reflected in the results of the statistical test (SPSS) .
- The statistical test proved that there is a significant effect of the simple moving average (SMA) indicator. In determining the direction of stock prices and trading signals (buying and selling) for the research sample banks.

Subsection 1

- F (is positive in all banks, and this indicates the existence of a significant effect and significance between the two variables in four banks, namely (The Commercial Bank of Iraq , Bank of Baghdad, Investment Bank of Iraq , the National Bank of Iraq) , based on the calculated value of) Sig.) , (0.001) ((0.000) , (0.013 and (0.000) , respectively, which is less than the approved significance level (0.05), and therefore we accept the third hypothesis emanating from the main hypothesis of the research for those four banks, as for the Iraqi Middle East Bank for Investment , the effect was on them Not significant because the calculated) Sig. (value of (0.612 (is greater than the approved significance level (0.05), and therefore we reject the third hypothesis Emanating from the main hypothesis of the research for the Iraqi Middle East Investment Bank
- As for the interpretation coefficient (determining) (R^2 , (which explains the degree of influence of the simple moving average index on the buy signal, as it reached the highest interpretation rate in the National Bank of Iraq (0.718) , which means that the simple moving average index was able to explain (72 %) of the total discrepancies to indicate purchase And that (28%) of the discrepancies are due to other factors not included in the research scheme, while the lowest rate of interpretation was in the Iraqi Middle East Bank for Investment (0.005), which means that what is explained by the simple moving average indicator of the total variations of

the dependent variable (purchase signal) It is (0.005) and that (99.995) of them are due to other factors not included in the research scheme.

The value of β is negative in the banks of the research sample, which means that when one unit changes in the independent variable (simple moving average indicator), there will be a decrease in the dependent variable (purchase signal) by (-0.792) for the Commercial Bank of Iraq, and (-0.301) for the Bank of Baghdad, (-0.805) for the Investment Bank of Iraq, (-0.018) for the Iraqi Middle East Investment Bank, and (-1.626) for the National Bank of Iraq

Conclusion

- The results of this research should be treated with caution because of the small sample size as well as the small size of the market compared to the developed financial markets, in addition to the abnormal health and economic conditions that Iraq is going through.
- Urging academic and professional bodies to increase the spotlight on technical analysis by encouraging research and studies, and proposing a method for technical analysis.
- Technical analysis tools, especially the simple moving average) SMA (indicator, are kind of good, as they enabled us to identify the direction of prices and know the appropriate timing for buying or selling.

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