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National University of Science & Technology

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P005 265P

Project in partial fulfilment of BComm Degree in
Accounting

Topic; An evaluation of the relative usefulness of
fundamental and technical analysis as equity investment
analysis techniques.

Supervisor; Mrs Warima

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Abstract

Speculators usually buy shares when the share price is rising and sell when the share price is falling. Some speculative buyers have developed computer programs; to be able to measure velocity of how fast the share price is either rising or falling. In the case those shares prices are rising fast enough the computer buys the shares and in the case that the share prices are falling the shares are sold. In 1929 when there was a crash on Wall Street, the share prices spiraled downwards and those speculators who bought shares at more than their intrinsic value lost their money.

Investing behavior should be driven by information analysis. The project seeks to find out if there is a proper way of identifying good equity investments. Fundamental analysis and technical analysis are equity investment techniques that have been suggested. Can these two types of analysis be used effectively in choosing equity investments in Zimbabwe?

The project seeks to explain what fundamental analysis involves and tries to bring out to what extent fundamental analysis is used in Zimbabwe. The project also seeks to explain what technical analysis involves and to what extent it might be used in Zimbabwe. The project also seeks to identify companies to buy or to sell on the stock exchange.