

## CHAPTER V

### CONCLUSION

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This chapter concludes the whole study that has been explained and discussed in the previous chapters. This includes the conclusion based on the results of the analysis, research implications, limitation of the research, as well as recommendations for future research regarding similar topic.

#### **5.1 Conclusion**

Based on the results in the analysis of data that have been presented in the previous chapter, the writer is able to conclude that:

- 1) All the positions entered were in the hourly and the minute category, as much as 62% and 38% respectively. No positions were categorized in the midday category. This proves that the price of XAU/USD tend to fluctuate and move rapidly in the Foreign Exchange (FOREX) market.
- 2) Out of the 50 positions that were made, 31 positions have hit the take profit, which means that the technical analysis and strategies used in the study were

62% successful for trading XAU/USD in the Foreign Exchange (FOREX) market in the period of April 2021 to June 2021.

- 3) The utilization of signals from all the three technical indicators, the Bollinger Bands, Moving Average Convergence Divergence (MACD), and Relative Strength Index (RSI) along with the confirmation from the candle stick patterns have shown positive results. This is evidence that the probability of reaching profitability in trading XAU/USD in the Foreign Exchange (FOREX) market is higher when more confirmation signals from the technical indicators are used.

## **5.2 Managerial Implications**

Despite the limitations that are mentioned in the study, there were several implications to be found. Firstly, the study has specifically chosen the Bollinger Bands, MACD, and RSI indicator as the strategy in trading XAU/USD. The observation is done using the 5 minute time frame with a specific stop loss and take profit to investigate the strength of the technical analysis. Thus, opportunities arise for future investors to analyze other technical tools and indicators, along with the modification of different time-frame in order to find out which is the most reliable

strategy for obtaining maximum profitability. In addition, it is also important to have a money management strategy in order to control the risks of losing money. One of the actions that could be done to solve this problem is by setting the stop loss and take profit.

### **5.3 Limitations of the Study**

There were some problems and limitations that the researcher was able to discover during the study, which include:

- 1) The effort to find the best method of analysis for obtaining maximum profitability in the FOREX trading is almost impossible. The most practical option for the traders is to depend on the time frame and access to more information. Different strategy might apply to different currency pairs, depending on the fluctuation level, and many others.
  
- 2) There will be a chance of false and wrong signals with the indicators used. It is taken into notice that no one, not even professional traders are always able to predict the future market correctly without any mistakes and will always be

correct on predicting the future prices and the movement of the foreign exchange market

- 3) Since the Foreign Exchange (FOREX) market is open 24 hours a day except the weekends, it can be difficult to constantly keep monitoring the price movements in order to find the suitable time for entering a position in the market, much less with all the technical indicators offering the same signals. There will be a chance that the trader has missed an opportunity to enter a position which could have resulted in a profit.
- 4) The study only uses the reversal patterns from the candlestick chart. Not a lot of information and observation done from the other traditional indicators such as the flag, support, and resistance pattern.

However, this study still remains an interesting field of study for future research to be conducted.

#### **5.4 Recommendations for Future Research**

Based on the limitations of the study that have been previously mentioned by writer, the writer would like to offer some recommendations for future studies regarding this topic, which are:

1. Gaining access to more information using the fundamental analysis, such as the economic data that would make an impact on XAU/USD, the demand and supply for the commodity like gold jewelry, and many others.
2. Adding more technical indicators to the study as a signal confirmation, such as the price action, money flow index, and stochastic oscillator. In addition, it can also be important to monitor the movement of prices using various different time frames and not just focus on one.
3. Time management – The writer must be able to locate the most suitable time to observe the chosen currency pair which can vary in terms of volatility. One of the ways to reduce risk is by setting a specific stop loss and take profit.
4. Having sufficient knowledge and gain insights about the Foreign Exchange (FOREX) market before conducting the study. This is perhaps one of the most important things to be aware of as it is known that trading in the FOREX market is not an easy task. Many things must be considered before one makes a trading decision.

5. Using the combination of both the traditional or classical and also modern technical analysis for observation and to maximize profitability. The classical technical indicators that could be added include: the support, resistance, trend line, and flag pattern.



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# APPENDIX I

## Identification of Successful Buying/Selling Signals from Trading View

### Buy Signals







RSI overvalued → potential reversal trend, opportunity for buy





Bullish reversal candlestick pattern (hammer & inverted hammer)

MACD (blue) line crosses above the signal (red) line, bullish momentum → opportunity to make a buy position

RSI oversold → expected to go up, opportunity for buy position



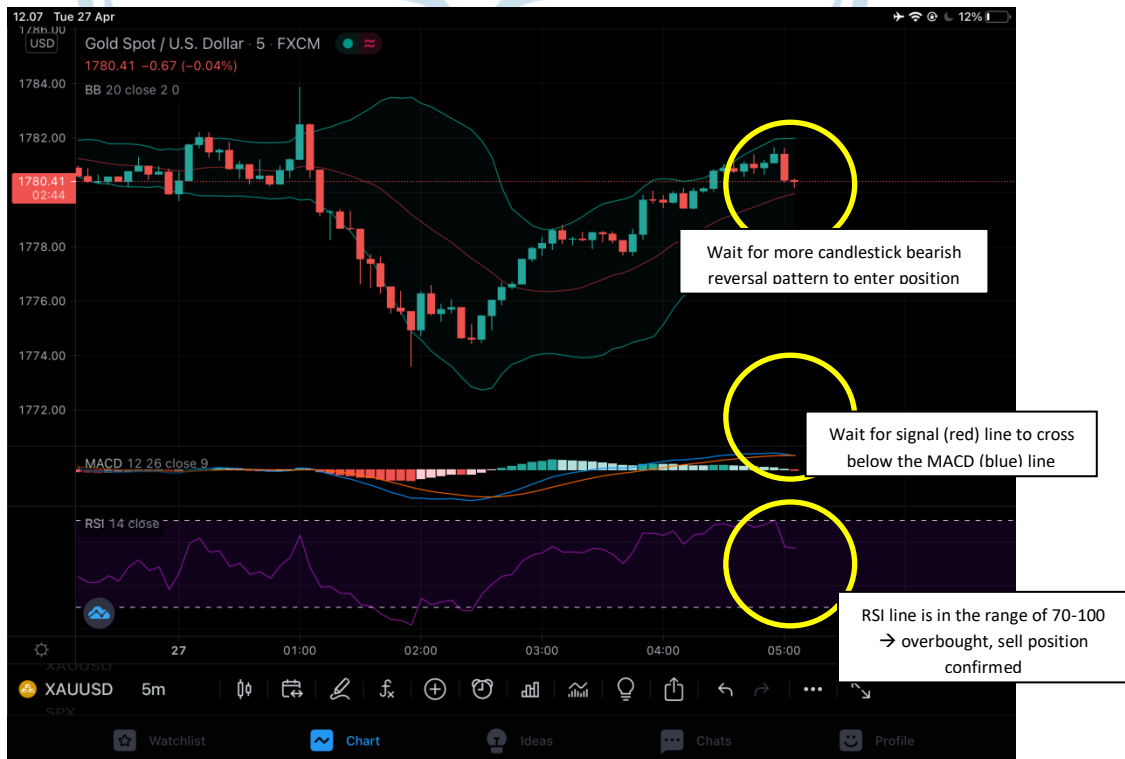
Bullish reversal candlestick pattern (hammer & inverted hammer)

Bullish reversal candlestick pattern (hammer & inverted hammer)

RSI oversold → expected to go up, opportunity for buy position



## Sell Signals







Bearish reversal candlestick patterns (hanging man and shooting star)



Bearish reversal candlestick patterns (hanging man and shooting star)

RSI overbought → expected to go down. opportunity for sell position



## APPENDIX II

### Transactions from Meta Trader Platform

<b>XAUUSD, sell 0.05</b>	2021.04.01 11:10:16
1714.81 → 1710.81	20.00
<b>XAUUSD, sell 0.05</b>	2021.04.05 09:12:29
1727.44 → 1723.44	20.00
<b>XAUUSD, buy 0.05</b>	2021.04.06 08:56:13
1731.49 → 1735.49	20.00
<b>XAUUSD, buy 0.05</b>	2021.04.07 15:58:11
1735.76 → 1739.76	20.00
<b>XAUUSD, buy 0.05</b>	2021.04.08 05:39:26
1740.01 → 1744.01	20.00
<b>XAUUSD, buy 0.01</b>	2021.04.12 07:57:25
1738.79 → 1742.79	4.00
<b>XAUUSD, buy 0.01</b>	2021.04.13 06:44:46
1729.61 → 1725.61	-4.00
<b>XAUUSD, sell 0.01</b>	2021.04.14 10:41:54
1747.80 → 1743.80	4.00
<b>XAUUSD, sell 0.01</b>	2021.04.15 17:45:42
1767.31 → 1763.31	4.00
<b>XAUUSD, buy 0.01</b>	2021.04.19 13:55:36
1781.17 → 1777.17	-4.00
<b>XAUUSD, buy 0.01</b>	2021.04.20 14:47:48
1767.22 → 1771.22	4.00

<b>XAUUSD buy 0.01</b> 1789.60 → 1793.60	<b>4.00</b> 2021.04.22 10:14:44
<b>XAUUSD buy 0.01</b> 1784.83 → 1788.83	<b>4.00</b> 2021.04.22 14:47:34
<b>XAUUSD buy 0.01</b> 1783.03 → 1787.03	<b>4.00</b> 2021.04.23 12:57:06
<b>XAUUSD buy 0.01</b> 1777.16 → 1781.16	<b>4.00</b> 2021.04.26 11:22:41
<b>XAUUSD buy 0.01</b> 1771.36 → 1775.36	<b>4.00</b> 2021.04.26 15:46:13
<b>XAUUSD sell 0.01</b> 1780.44 → 1776.44	<b>4.00</b> 2021.04.27 11:13:31
<b>XAUUSD buy 0.01</b> 1765.33 → 1769.33	<b>4.00</b> 2021.04.28 15:57:23
<b>XAUUSD sell 0.01</b> 1769.76 → 1773.76	<b>-4.00</b> 2021.04.28 16:59:19
<b>XAUUSD buy 0.01</b> 1781.74 → 1777.74	<b>-4.00</b> 2021.04.29 09:52:02
<b>XAUUSD buy 0.01</b> 1762.32 → 1766.32	<b>4.00</b> 2021.04.29 17:46:36
<b>XAUUSD sell 0.01</b> 1777.22 → 1781.22	<b>-4.00</b> 2021.05.03 13:42:03
<b>XAUUSD sell 0.01</b> 1795.57 → 1791.54	<b>4.03</b> 2021.05.03 18:30:40
<b>XAUUSD buy 0.01</b> 1783.78 → 1787.78	<b>4.00</b> 2021.05.04 15:48:23
<b>XAUUSD sell 0.01</b> 1792.66 → 1788.66	<b>4.00</b> 2021.05.06 14:04:16
<b>XAUUSD buy 0.01</b> 1791.77 → 1795.77	<b>4.00</b> 2021.05.06 15:21:21
<b>XAUUSD sell 0.01</b> 1840.16 → 1836.16	<b>4.00</b> 2021.05.11 15:30:28
<b>XAUUSD buy 0.01</b> 1824.62 → 1828.62	<b>4.00</b> 2021.05.11 16:57:28
<b>XAUUSD buy 0.01</b> 1824.95 → 1820.95	<b>-4.00</b> 2021.05.14 05:40:01



XAUUSD buy 0.01 1848.77 → 1852.77	4.00 2021.05.17 16:37:03
XAUUSD buy 0.01 1864.26 → 1860.26	-4.00 2021.05.19 12:28:26
XAUUSD sell 0.01 1884.10 → 1880.10	4.00 2021.05.19 17:23:57
XAUUSD buy 0.01 1875.11 → 1871.11	-4.00 2021.05.21 19:12:11
XAUUSD buy 0.01 1882.27 → 1886.27	4.00 2021.05.25 16:48:13
XAUUSD sell 0.01 1889.71 → 1893.71	-4.00 2021.05.25 18:39:20
XAUUSD buy 0.01 1894.38 → 1890.38	-4.00 2021.05.27 17:41:32
XAUUSD buy 0.01 1892.85 → 1896.85	4.00 2021.05.27 20:39:53
XAUUSD sell 0.01 1895.59 → 1899.59	-4.00 2021.05.28 19:42:50
XAUUSD sell 0.01 1911.76 → 1915.76	-4.00 2021.06.01 09:32:56
XAUUSD buy 0.01 1899.24 → 1903.24	4.00 2021.06.01 19:21:24
XAUUSD buy 0.01 1894.46 → 1890.46	-4.00 2021.06.03 15:08:28
XAUUSD buy 0.01 1870.59 → 1874.59	4.00 2021.06.04 15:30:04
XAUUSD buy 0.01 1896.92 → 1892.92	-4.00 2021.06.08 10:56:38
XAUUSD buy 0.01 1883.27 → 1879.27	-4.00 2021.06.11 18:19:41
XAUUSD sell 0.01 1864.15 → 1860.15	4.00 2021.06.15 04:41:14
XAUUSD buy 0.01 1840.66 → 1836.66	-4.00 2021.06.16 21:37:02
XAUUSD sell 0.01 1777.48 → 1781.48	-4.00 2021.06.22 21:44:06
XAUUSD sell 0.01 1777.03 → 1781.03	-4.00 2021.06.24 11:28:33
XAUUSD buy 0.01 1778.86 → 1774.86	-4.00 2021.06.24 20:36:16
XAUUSD sell 0.01 1776.62 → 1772.62	4.00 2021.06.29 10:34:43
XAUUSD sell 0.01 1776.15 → 1780.15	-4.00 2021.07.01 16:02:33