Comparison in Measuring Effectiveness of Momentum and Contrarian Trading Strategy in Indonesian Stock Exchange

Rizky Luxianto, author

Deskripsi Lengkap: https://lib.ui.ac.id/detail?id=136245&lokasi=lokal

----

Abstrak

<i>This thesis wants to explore the effectiveness of momentum or contrarian strategy in Indonesian Stock Exchange using different methods in measuring the performance. The point of momentum or contrarian strategy is selecting winner (stocks with highest gain) or loser stock (stocks with highest loss) and then buy or sell it depend on the research result. This research using three methods in measuring performance used to select winner and loser stock. The first method is using cross section relative return, the second method is using cross section relative return plus risk component (return divided by standard deviation), and the third method is using historical relative return instead of cross section. The result is that, all of those three methods prove that momentum strategy is effectively applicable for winner stock, so in the next period winner stock will continue to make profit, while for loser stock, it is more effective to use contrarian strategy because in the next period, loser stock will rebound and make profit after suffering from high loss.</i>