The role of elliott wave analysis in hedging decision making and its impacts on a company's value (case study : pt aneka tambang tbk)

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Abstrak

ABSTRACT
Elliott Wave Analysis reveals that monthly average gold price during period of January 1968 up to November 1999 unfolds in five-wave pattern with first, second and third wave are fully developed while fourth wave are still in progress. These waves labeled as wave [/], [II], [III] and [IV] of Graud Supercycle degree.

Elliott Wave analysis could facilitate forecastiug end of ougoiug wave that would be helpful 011 hedging decision making. Elliott wave analysis could forecast the end of 1993-1996 bullish period by analyzing its Fibonacci Ratio relationships between the ongoing wave with previous wave and could deliver the price target for the ongoing bearish period.

PT Aneka Tambang TBk. hedging decision was not optimally minimized its fiuallcial exposure that caused by gold price decline 011 the early 1996. Hedging contracts are conducted at the end of 1996 and Gold Loan was with drawn when gold market price was declining to point that lower than market price on the contract signing date.

Proportion of productiou being hedged or a has uegative correlation with gold beta. Higher beta is could maximize impact of gold price increased toward company value during the bullish period. Lower beta could minimize impact of gold price decrease duriug the bearish period. PT Aneka Tambaug TBk. hedgiug decision makiug was able to increase its a during the bearish period. PT Aueka Tambaug TBk. is suggested to mouitor the price target by utilizing shorter-term charts to gain more detailed Elliott Wave Analysis.