

EXECUTIVE SUMMARY

This paper examines the profitability of various technical trading strategies, namely Variable Moving Average, Fix Moving Average and Trading Range Break. We further sub-divide each of these trading strategies into different trading rules by implementing various lengths of moving averages, local maximums and minimums. In addition to that, Out-of-Sample test is employed to help to pick the most profitable trading strategy to implement without bias. Over the whole period of study, Out-of-Sample test has consistently chosen both moving averages and local maximums & minimums length of fifty days, which is consistent with the findings in the traditional test. In addition, all mean returns generated by Out-of-Sample test are statistically larger than the benchmark mean daily returns. Furthermore, even with the inclusion of trading cost, the findings still reveal predictive ability of Out-of-Sample test. Finally, Out of Sample Test helps Variable Moving Average Trading strategy generate the most dollar profit among the three trading strategies.