

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 [I], [II], [III] and [IV] of Gaud Supercycle degree.

Elliott Wave analysis could facilitate forecasting end of ongoing wave that would be helpful in 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 financial exposure that caused by gold price decline in the early 1996. Hedging contracts are conducted at the end of 1996 and Gold Loan was withdrawn when gold market price was declining to point that lower than market price on the contract signing date.

Proportion of production being hedged or has a negative 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 during the bearish period. PT Aneka Tambang Tbk. hedging decision making was able to increase its value during the bearish period. PT Aneka Tambang Tbk. is suggested to monitor the price target by utilizing shorter-term charts to gain more detailed Elliott Wave Analysis.