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Zurich<sup>UZH</sup>

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# Understanding the Application of Technical Indicators on the Swiss Stock Market

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MASTER'S THESIS

SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTER OF ARTS IN BANKING AND FINANCE

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DATE OF SUBMISSION: MAY 15, 2019

# ABSTRACT

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This thesis contributes to the existing literature on technical analysis by testing several technical systems on the Swiss stock market. We evaluate the profitability of technical trading rules based on the simple moving average, the moving average convergence/divergence, the stochastic oscillator, and the relative strength index over a 21-year period from 1997 through 2017 on the broad Swiss Performance Index (SPI). Additionally, we investigate the efficacy of technical indicators on different index capitalizations by testing the rules on the sub-indices of the SPI: SPI Large, SPI Mid, and SPI Small. Overall, we present supporting results for technical strategies, with certain technical trading rules yielding annualized returns that are three times higher than the index performance. In understanding the application of technical indicators on the Swiss stock market, we determine the best performing indicators and describe the ideal environment to achieve the highest efficacy of technical trading.