

ADVANCES IN CONTEMPORARY MEANS TO ASSESS EXCHANGE-TRADED FINANCIAL ASSETS

AVANCES EN LOS MEDIOS CONTEMPORÁNEOS PARA EVALUAR LOS ACTIVOS FINANCIEROS NEGOCIADOS EN BOLSA

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ABSTRACT

Evaluation of exchange-traded financial assets fair is regarded as an essential duty in contemporary economics. Nonetheless, the significance of approaches for assessment and anticipation of potential costs is perpetually altering. This article offers a comparative examination of technical and fundamental analysis techniques, revealing their benefits and drawbacks. That features of Fundamental analysis (FA) as income, profit, profitability and the debt burden level are deemed in depth, the extent of their impact on the securities' price is investigated. Following the study, conclusions are made regarding the progressively narrow utilization of technical examination throughout short-term and investments issue solution. An anticipation is for a more fall of FA significance as the primary technique of evaluation. To acquire those conclusions, the study utilized statistical data reveal the characteristics of exchange-traded assets while organizations got into IPOs. The information acquired demonstrate a vivid relation between the innovation element of businesses, market share and the costs. Meanwhile, the organization profit has eventually deceased to be the primary features of the business over the course of its evaluation. Plus, they investigated the relation between the fairness of exchange-traded asset assessments and quantitative easing (QE) schemes.

Keywords: price forecasting; valuation methods; financial assets; exchange prices; stock market.

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RESUMEN

La evaluación justa de los activos financieros negociados en bolsa se considera un deber esencial en la economía contemporánea. No obstante, la importancia de los enfoques para la evaluación y anticipación de los costos potenciales está cambiando constantemente. Este artículo ofrece un examen comparativo de las técnicas de análisis técnico y fundamental, revelando sus ventajas e inconvenientes. Que las características del examen fundamental como los ingresos, las ganancias, la rentabilidad y el nivel de la carga de la deuda se consideren en profundidad, se investigue el alcance de su impacto en el precio de los valores. Tras el estudio, se extraen conclusiones sobre la utilización cada vez más estrecha de la evaluación técnica a lo largo de la solución de problemas a corto plazo y de inversiones. Una anticipación es para una mayor caída de la importancia del examen fundamental como la técnica principal de evaluación. Para adquirir esas conclusiones, el estudio utilizó datos estadísticos que revelan las características de los activos negociados en bolsa cuando las empresas ingresaron a las OPI. La información adquirida demuestra una relación vívida entre el elemento de innovación de las empresas, la cuota de mercado y los costes. Mientras tanto, el beneficio de la organización finalmente ha dejado de ser las principales características de la empresa en el transcurso de su evaluación. Además, investigaron la relación entre la equidad de las evaluaciones de activos negociados en bolsa y los esquemas de flexibilización cuantitativa (QE).

Palabras clave: previsión de precios; métodos de valoración; activos financieros; cotizaciones bursátiles.

INTRODUCTION

Over the past few years, the quick growth of the international financial market has been the consequence of the emergence of several novice-private investors into the market. That conditions result in a substantial alteration of financial assets assessment regulations. Conventional FAs started to lose its importance day in, day out. In contrast, the individuals' subjective predictions began to take on a significant role to play in the stocks' evaluation. The idea of prevalent financial bloggers has gotten so important that even their expressions can greatly impact the alteration of big organization and the value of whole industry market.

In prevailing economics, the efforts to calculate the most precise amount of public organizations have constantly been related. In order to acquire temporary outcomes, technical analysis data has been utilized. Whereas, the information of a fundamental method held an unfavorable benefit in the long tun. For instance, the organizations getting losses have been hardly regarded as appealing for investments.

In the past, while anticipating the shares value in total terms, conventional benchmarks have been conventionally utilized, including organization profits, revenues, the debt burden capitalization and level. In the meanwhile, profit, EBITDA, and cash-flow margins have been primarily deemed as partial indicators of effectiveness and investment appealing.

Contemporary private investors have got extra selective, they are keen on the organization business profiles, concerned for the ambiance and efficiency to society. In the meanwhile, investors are prepared

to pay a substantially higher cost for participation in the such organizations' capital, which, as a result, results in their securities value rise.

The purpose of this study is to determine the most significant criteria for exchange-traded financial asset evaluation based on current trends in the world.

The issue of altering the regulations of security fair assessment is deemed as incredibly substantial. The assessment of means to forecast has gotten an individual arena of scientific field. Solving that issue is being greatly tackled by foreign and domestic researchers, whose primary duty is to supervise contemporary trends impacting the quotes of stock market.

The analysis of the FA regulations has been conducted in the studies by Tailak (2018), Edilbaeva (2015), Zavadovskaya & Protas (2020), Seroshtan (2015), and Imamzazina (2019).

The problems of social responsibility and intellectual capital of business effect on the fundamental financial features of companies are demonstrated in the studies by Salova (2018); Nedoluzhko and Varkulevich, (2018), Smitskikh et al. 2019; and Koikova (2019). The scientists and scholars evaluated the elements that hold a great influence on the actions of sectoral business structures.

That kind of researchers as Gorelova (2019), Azieva and Sadulaeva (2020), Shuklina (2019), examined the subjects of exchange-traded financial asset evaluation and predicting. Classical and modern means to the assessment of securities are deemed in the scholars' studies.

METHODS

The necessity for study and analyze the relation between the action of exchange costs and the approaches' change to their prediction calculated the subject of the study, the disclosing conclusions' logic, and also the format for the analysis of statistical information.

The methodological foundation of the article is analyzing exchange information covering the primary factors of the international financial markets, such as the chief features of related IPOs. They carried out a retrospective investigation of foreign and domestic security quotations, national sectoral and indicators, and also exchange-traded funds. The info utilized in the investigation facilitated obtaining several estimates, conclusions, and predictions vital for more profound and in-depth study in the near future.

RESULTS

Following the Covid-19 phenomena , the costs of international financial assets have dropped globally. The fall of costs seemed rather common since the prospective profits of several organizations have has the tendency to decrease. Several analysts stated the start of the international recession and the forecasts' downgrading for the costs of international financial assets. That kind of conclusions, initially, appeared so rational, given the fact that the incomes and profits of most of the global organizations have in fact dropped.

As a matter of fact, the financial efficiency of organizations has constantly been the foundation of FA. Global rating agencies downgraded the predictions of prospective incomes of the most substantial segments of the economy everywhere, and also started to direct to a sharp rise of investment hazards.

Several indices of technical examination, as a principle, demonstrate the appearance of a profitable acquisition of financial asset likelihood while their costs drop (Miroshnikova et al., 2019).

The spectacular advancements in technology for remote trading in financial assets has resulted in a sharp rise of private investors across the globe, that is particularly perceptible in similar nations as the Russia, USA, and China. Individual investors have the biggest propensity to buy securities while their cost come down (Koren & Pustovarov, 2018).

Regarding several instances, that has resulted in the unfair expansion of basically weak poor functioning in the tourism, air transportation, and entertainment segments. Furthermore, unlike anticipations, all main stock indicators globally started to expand in April (Figure 1)

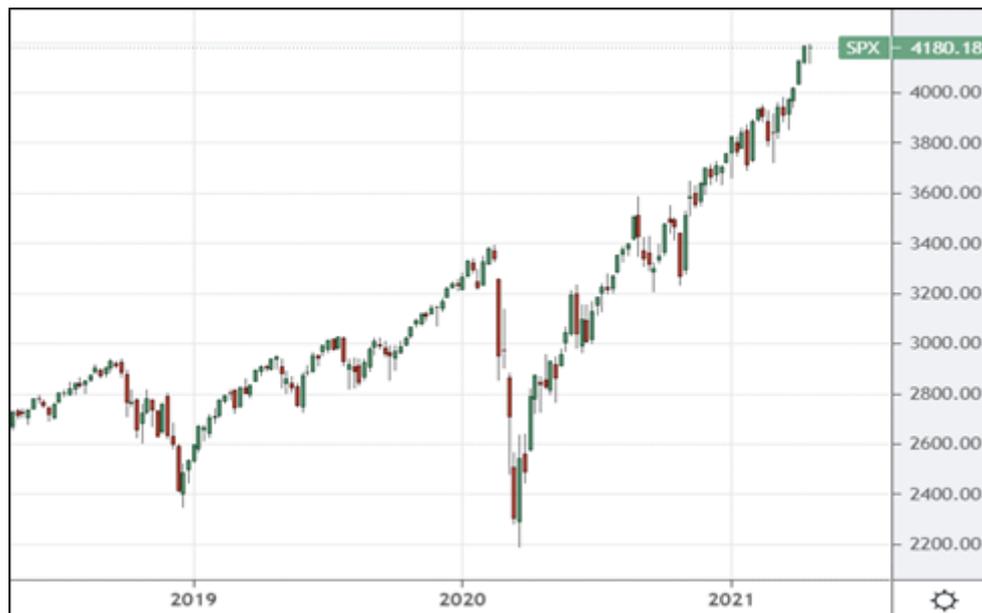


Figure 1. features of the S&P500 indexes after and before the Covid-19

Having said that, in the prevailing era, the significance of technical examination isn't that huge. In the majority of cases, technical examination is utilized for transient planning horizons. Thus, huge investors attach great significance to FA, analyzing the major financial indices of companies over a particular period. Indeed, while evaluating a business's value, the indices of earnings and revenue per share (EPS) dynamics are considered as a foundation. meanwhile, the financial asset's fair value is able to be sharply adapted on the basis of the relative indices of FA. Firstly, those have profitability indicators, the debt burden level and a corporation's dividend yield .

Through Covid-19 phenomena, the chief issue of FA is the hardship of predicting the business financial indices dynamics. As a result, the major of analysts have been persuaded that the closure of hotels, and amusement parks would undeniably result in substantial losses for Disney. In practice, the organizations losses proved to be incurably tiny because of the swift growth of video services and their subscribers rise. In contrast, the utilities sector, conventionally regarded as defensive, demonstrated drastic stagnation in key indicators. Indeed, we had to acknowledge that it isn't the FA that is getting substantial, but somewhat precise anticipation of its indicator changes in the near future. Another striking point is that, the officials of most nations have managed to adopt significant plans of the economy quantitative alleviation. Similar acts are substantial for the international stock market.

Excess liquidity raises demand even for financial assets that have gotten less appealing from the perspective of FA, and less costs result in automatic buying from permanent investors. As a matter of fact, the portion of investors concentrated upon long capital investments is on the constant growth on the stock market. meanwhile, they aren't keen on the basic appealing of security drop, whereas the moment of cost drop is regarded as an beneficial time for doing investments or creating positions in hazardous assets (Spiridonova & Sayfutdinov, 2019).

The liquidity emission, taking place on an particularly big scale, greatly decreases the likelihood of utilizing the indices of FA through investments' decision making. In the case of low discount rate application, the chances for gaining income are greatly confined. Whereas, acquiring a loan to purchase orations gets profit-earning. As a consequence, an international indicator, including the Buffett Indicator reveals incredibly high assessments of US stocks. Having said that, several US-based multinational organizations proceed to expand because of economic growth out of the nation (Figure 2).



Figure 2. Buffett indicator (the ratio of US market capitalization to US GDP)

It seems undoubtedly significant to mention that FA inadequately considers the innovation element of the businesses. Its primary setback is that it assesses the prevailing position of the organization rather than the future. The tendencies of past years vividly reveal a sharp shift in interest to unprofitable organizations with high growth potential in the near future (Tastulekova et al., 2018).

That means to high valuing of innovative company shares has actually gotten the norm while they carry out an initial public offering (IPO). Over the last few years, the acquisition of that kind of securities is poorly related to the objectivity of their evaluation in the framework of the FA (Doronina, 2020).

DISCUSSION

This current study conducted permits us to make several decisive conclusions. The utilization of common approached of technical and fundamental analysis proceed to lose its importance. Technical analysis as a sort of short-term prediction of financial assets costs is getting more highly specialized means. FA proceeds to be vastly applied by dynamically managed ETFs and high rank investors. Meanwhile, a growing number of novice investors are recommended to trade not merely by the laws of analysis, but by the amicability of individual issuers (Bogatyrev, 2020; Terentyeva et al., 2018; Konvisarova et al., 2020).

The regarded pattern of investment behavior can prove to be highly efficient over the course of three year. However, it holds several hazardous risks in the near future. Numerous novice investors don't hold enough experience in long price decreases for a vast range of financial assets. Indeed, the behavior of novice investors in that regard shall be regarded as sheerly speculative. Such portfolios can be so volatile and need more hedging tools.

CONCLUSION

Today's means to the examination of exchange costs for global financial assets are on the growth. Behavioral economics technique have a substantially great role to play in doing decisions regarding security purchases. besides, the organizations that aren't of investment interests from a fundamental perspective can greatly outdo conventional kinds of businesses. Novice investors are eager to overpredict the portions of innovative organizations, even when the hazard is overly high.

The stability of profit, debt burden and profitability indices is getting less significant in the conditions where business future aren't adequately innovative from the perspective of the mass investors. The distortion of fundamental business evaluation laws get particularly perceptible throughout the IPO. Unprofitable organizations getting into the stock exchange for the first time oftentimes gain better ratings for a partially stable growth and profitable businesses. Regarding that, it is worth noting that the contemporary investors are concentrated to grow greatly the range of analytical means utilized for exchange price predictions.

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