

Article

Revisiting the Performance of MACD and RSI Oscillators

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Abstract: Chong and Ng (2008) find that the Moving Average Convergence–Divergence (*MACD*) and Relative Strength Index (*RSI*) rules can generate excess return in the London Stock Exchange. This paper revisits the performance of the two trading rules in the stock markets of five other OECD countries. It is found that the *MACD*(12,26,0) and *RSI*(21,50) rules consistently generate significant abnormal returns in the Milan Comit General and the S&P/TSX Composite Index. In addition, the *RSI*(14,30/70) rule is also profitable in the Dow Jones Industrials Index. The results shed some light on investors’ belief in these two technical indicators in different developed markets.

Keywords: relative strength index; trading rules; moving average convergence–divergence

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