ABSTRACT

According to the Chinese Theory of Yin/Yang and the 5 Phases or Elements, there are 5 types of energy symbolised by Metal, Wood, Water, Fire and Earth. Everything in the universe, both material and abstract, can be represented by these forces and are subject to their influence. The study aims to examine their influence on selected stock returns listed in the Stock Exchange of Singapore.

The study has combined multiple regression analysis with the ancient Chinese technique known as the Pillars of Destiny in charting the activity the level of influence of the respective Elements. Both Dow Jones and NASDAQ indices were included as proxies to the economic, political and social factors.

The study concluded that the Chinese Elements were statistically significant in influencing the stock returns. Based on correlation analysis however, it was found that the degree of association between the Elements and stock returns varied from one counter to the other. In conclusion, the Chinese Elements may be statistically significant but they contributed only marginally to the explanatory power of the regression model.

Keywords:
Chinese Theory of Yin/Yang
Stock returns
Regression
Correlation
Model
Significant