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The Introduction of Trading to the Higher Education Curriculums of Uzbekistan

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ABSTRACT
Main purpose of this article is to highlight benefits of trading and simultaneously to disclose the crux of it. What is more, why this discipline is necessary to employ in our national curriculum systems emphasized.

KEYWORDS: *Trading, Higher education curriculums, Uzbekistan, Fundamental analysis, Technical analysis, Financial markets, Forex, Brokers, Trader, Investor, Financial Assets, Exchange, Long position, Management, Corporate Governance*

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INTRODUCTION

Prior to commence this article, it is noteworthy to disclose the essence of the trading as well as investing. So trading involves vigorous participation in the financial markets in comparison to investing, which works on a buy-and-hold strategy. The success of trading is dependent on the ability of a trader to be profitable over a period. A trader is a person who gets involved in buying and selling of a financial asset in any financial market. He or she can buy or sell either for himself/herself or on behalf of another individual or institution. The main difference between an investor and a trader is the duration for which he or she holds on to the asset.

The essence of trading is very simple: buy low, sell high. In the case of stocks, securities, metals, a trader can only earn on price increases. That is, you need to wait until the price of the asset you like is minimal and buy. Then it remains only to wait until the value of the asset rises.

In the case of operations on currency pairs in the Forex market, a trader has the opportunity to earn on both an increase and a decrease in the exchange rate. Why? Because we are talking about currency pairs: for example, if the euro falls in the EUR/USD pair, then the dollar will rise. And vice versa.

More recently, trading in the markets was available only to the elite, today anyone can try their hand at trading. Moreover, you can become an active trader, independently analyzing the market and making deals. Or you can try yourself as an investor. Today, many brokers offer the opportunity to enter into an agreement with successful traders, entrusting them with the management of their funds.

A trader is a person who engages in the short-term purchasing and selling of an equity either for an institution or for themselves. The disadvantages of trading include - capital gains taxes, which is applicable to trades and the expenses of paying brokers in the form of multiple commission rates. Trading is a primary economic concept, which involves buying and selling of commodities and services, along with a compensation paid by a buyer to a seller. In another case, trading can be an exchange of commodities/services between parties.

Main parts:
Thus, trading financial securities and other assets is lucrative in developed countries, consequently, it is about time to introduce this discipline in Uzbek universities since by teaching students how to trade on financial markets properly, it is highly possible to advance Uzbek Exchange System to the level of well-developed countries' ones such as the U.S., Great Britain, Japan and others.

What is more, there are many advantages of trading now. There have been given some of them below:
- The possibility of earning. The first thing most traders are interested in is the opportunity to make money. That is why people go to the stock exchange. In the event that a trader has successfully traded assets, he can calculate a significant increase in his ability. In this case, the maximum size of the value is practically unlimited. Some people have managed to become millionaires and even billionaires this way, but you should always remember that there are risks and risks that are important to take.
- Work for yourself. Many people want to work for themselves and trading on the stock exchange is just the way to start doing this. The trader does not depend on anyone, his income depends only on himself. This possibility attracts some people, while scares others.
- Free time. If a person trades on the stock exchange, he himself determines when he should work and when not. That is, a person himself plans his time and can work at a convenient time for himself. Permanent work often does not provide such an opportunity.

Interesting job. To be a successful trader, it is important to take into account many different factors and have a lot of knowledge. Trading on the stock exchange is hard mental work, which also requires a very serious psychological endurance. At the same time, many will agree that trading is very interesting.

- Possibility of combination. You can organize your activities so as not to spend a lot of time on it. This will allow you to combine trading on the stock exchange with a permanent job. Thus, trading can be successfully used as an additional income, which is done by many people.
- Opportunity to earn passive income. If a person does not want to trade on his own, he has the opportunity to transfer his funds to another trader and receive profit from this. This will allow you to receive passive income and absolutely not spend your own time on it.
- Possibility to start with small amounts. In order to better understand what trading is and minimize risks, at the initial stage it is necessary to start with small amounts. Modern exchanges allow you to do this, on many of them you can start trading from $10. Agree, the loss of such an amount is absolutely not terrible.

Thus, this article does refer to introduce trading as a discipline in curriculum system of economic universities in Republic of Uzbekistan. So it is necessary to start discovering two prime types of analyses such as: Technical as well as Fundamental.
- Technical analysis (TA) is a trading discipline employed to evaluate investments and identify trading opportunities by analyzing statistical trends gathered from trading activity, such as price movement and volume. Unlike fundamental analysis, which attempts to evaluate a security's value based on business results such as sales and earnings, technical analysis focuses on the study of price and volume. Technical analysis tools are used to scrutinize the ways supply and demand for a security will affect changes in price, volume, and implied volatility. It operates from the assumption that past trading activity and price changes of a security can be valuable indicators of the security's future price movements when paired with appropriate investing or trading rules.

It is often used to generate short-term trading signals from various charting tools, but can also help improve the evaluation of a security's strength or weakness relative to the broader market or one of its sectors. This information helps analysts improve their overall valuation estimate.

Technical analysis as we know it today was first introduced by Charles Dow[1] and the Dow Theory in

[1]**Charles Henry Dow** (/daʊ/; November 6, 1851 – December 4, 1902) was an American journalist[1] who co-founded Dow Jones & Company with Edward Jones and Charles Bergstresser. Dow also co-founded[2] *The Wall Street Journal*,[3] which has become one of the most respected financial publications in the world. He also invented the Dow Jones Industrial Average as part of his research into market movements.[4] He developed a series of principles for understanding and analyzing market behaviour, which later became known as Dow Theory, the groundwork for technical analysis.

the late 1800s.1 Several noteworthy researchers including William P. Hamilton, Robert Rhea, Edson Gould, and John Magee further contributed to Dow Theory concepts helping to form its basis. Nowadays technical analysis has evolved to include hundreds of patterns and signals developed through years of research.

Technical analysis attempts to forecast the price movement of virtually any tradable instrument that is generally subject to forces of supply and demand, including stocks, bonds, futures, and currency pairs. In fact, some view technical analysis as simply the study of supply and demand forces as reflected in the market price movements of a security.

Technical analysis most commonly applies to price changes, but some analysts track numbers other than just price, such as trading volume or open interest figures.

- Fundamental analysis (FA) is a method of measuring a security's intrinsic value by examining related economic and financial factors. Fundamental analysts study anything that can affect the security's value, from macroeconomic factors such as the state of the economy and industry conditions to microeconomic factors like the effectiveness of the company's management.

The end goal is to arrive at a number that an investor can compare with a security's current price in order to see whether the security is undervalued or overvalued.

This method of stock analysis is considered to be in contrast to technical analysis, which forecasts the direction of prices through an analysis of historical market data such as price and volume.

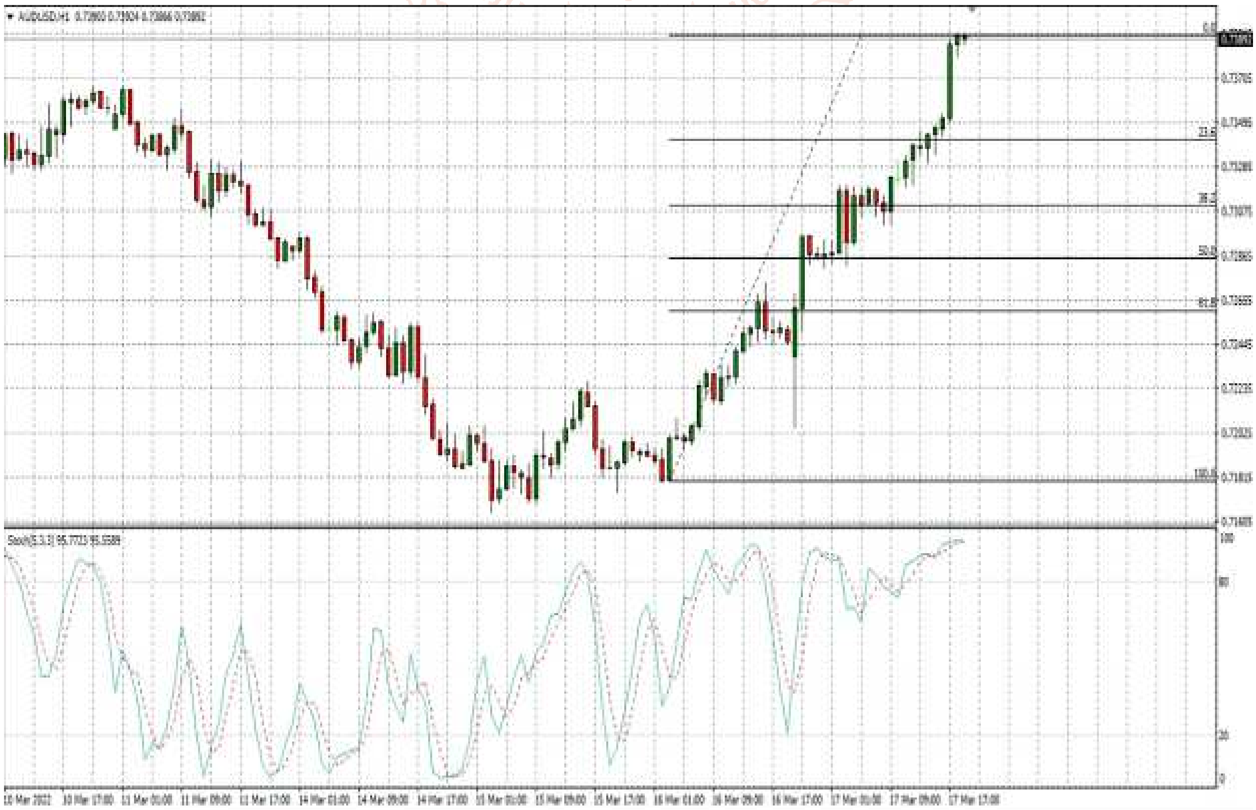
Fundamental analysis uses public data to evaluate the value of a stock or any other type of security. For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors such as interest rates and the overall state of the economy, then studying information about the bond issuer, such as potential changes in its credit rating.

For stocks, fundamental analysis uses revenues, earnings, future growth, return on equity, profit margins, and other data to determine a company's underlying value and potential for future growth. All of this data is available in a company's financial statements (more on that below).

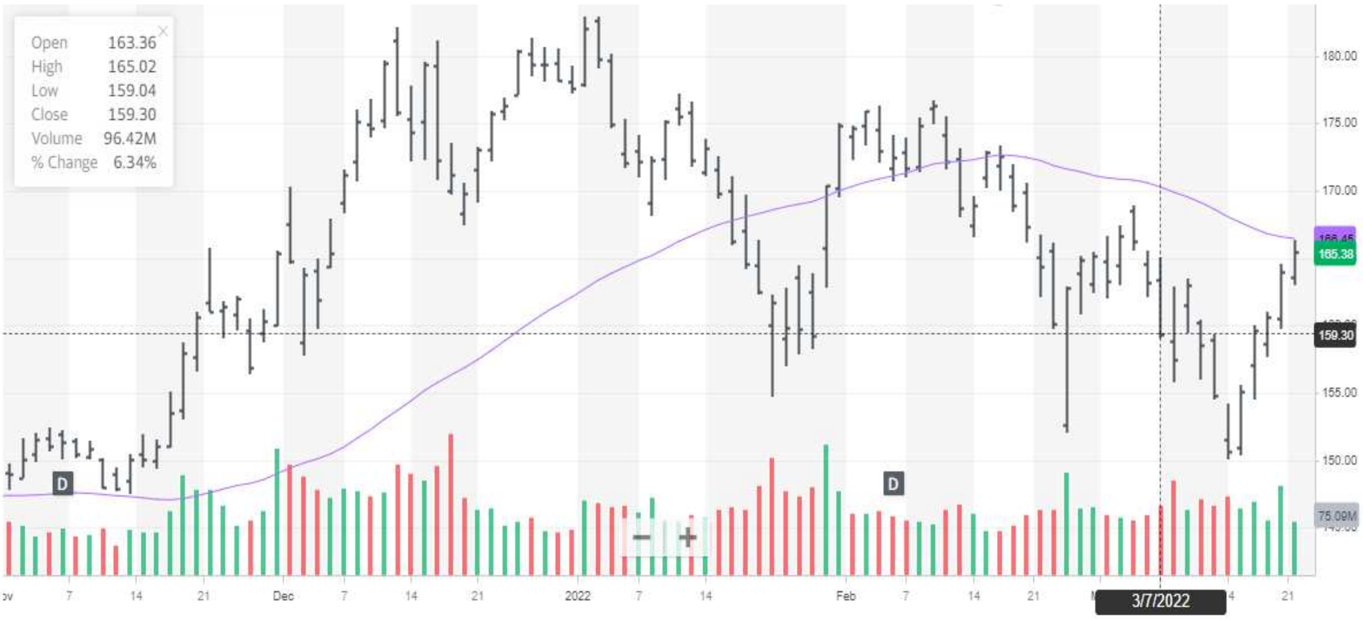
Discussion:

It is about time to teach students how to analyze financial securities by teaching them how to apply fundamental and technical analyzes, and this is possible only through creating relevant departments at universities. To my way of thinking, we need to establish trading departments and these departments should be divided into two parts as Technical and Fundamental analyzes since solely by providing these methods as disciplines it is highly probable to advance analytical skills of our students at economic universities.

Here area couple of examples of mine, in other words, how I have been carrying out my researches in this field



The picture above does highlight AUD/USD pair (Australian dollars toward American dollars at ForEx). Here, long position has been opened, that is to say, to purchase Australian dollars by selling American ones. There are three main tools of technical analysis as Japanese candlesticks, Stochastic oscillator and of course Fibonacci retracements. Therefore, in order to commence trading, it is necessary to explore, firstly, technical analysis afterwards fundamental ones.



Another example. There is data about Apple Inc (AAPL) stock price. It can be seen that different technical patterns provided in this picture above. Hence, here instead of Japanese candlesticks there are bars, Moving Average indicator as well as Volume. By analyzing mentioned above tools it is possible to predict future trend of the stock.

Regarding Fundamental analysis, so, it is often both qualitative and quantitative in that it examines both numbers and larger factors that might affect the investment's value, like interest rates, competition and the overall economy. And unlike technical analysis, which focuses mainly on the price trends of a security, fundamental analysis seeks to determine the fair market value of that security and where it should be trading. The financial meaning of these terms isn't much different from their standard definitions. Here is how a dictionary defines the terms:

- Quantitative – "related to information that can be shown in numbers and amounts."
- Qualitative – "relating to the nature or standard of something, rather than to its quantity."

In this context, quantitative fundamentals are hard numbers. They are the measurable characteristics of a business. That's why the biggest source of quantitative data is financial statements. Revenue, profit, assets, and more can be measured with great precision.

The qualitative fundamentals are less tangible. They might include the quality of a company's key executives, its brand-name recognition, patents, and proprietary technology.

There are four key fundamentals that analysts always consider when regarding a company. All are qualitative rather than quantitative. They include:

- The business model: What exactly does the company do? This isn't as straightforward as it seems. If a company's business model is based on selling fast-food chicken, is it making its money that way? Or is it just coasting on royalty and franchise fees?
- Competitive advantage: A company's long-term success is driven largely by its ability to maintain a competitive advantage—and keep it. Powerful competitive advantages, such as famous brand name and well-known technology company domination of the personal computer operating system, create a moat around a business allowing it to keep competitors at bay and enjoy growth and profits. When a company can achieve a competitive advantage, its shareholders can be well rewarded for decades.
- Management: Some believe that management is the most important criterion for investing in a company. It makes sense: Even the best business model is doomed if the leaders of the company fail to properly execute the plan. While it's hard for retail investors to meet and truly evaluate managers, you can look at the corporate website and check the resumes of the top brass and the board members. How well did they perform in

prior jobs? Have they been unloading a lot of their stock shares lately?

- Corporate Governance: Corporate governance describes the policies in place within an organization denoting the relationships and responsibilities between management, directors, and stakeholders. These policies are defined and determined in the company charter and its bylaws, along with corporate laws and regulations. Particularly note whether management respects shareholder rights and shareholder interests.

In simple terms, it covers political-economic news, to comprehend it, macro and micro economics related disciplines are the most appropriate subjects to apply.

Conclusion:

In conclusion, in order to improve our students' analytical skills, it is the best way to implement through introducing trading as a discipline to curriculum system of the economic universities in Uzbekistan. Last but not least, students being knowledgeable about trading can easily work as a freelancer, even they may have opportunities to become wealthy via trading on financial markets.

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