

Performance of adaptive trading strategies with different discount factors

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Data used

- 375 stocks from S&P500 1991-2006
- Daily data

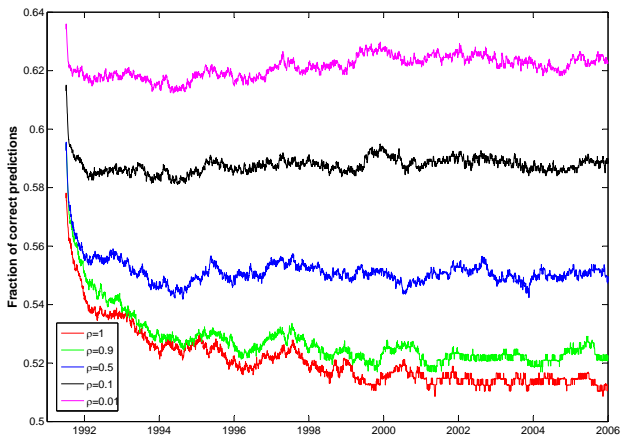
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- **Daily data**
- Out-of-sample prediction 1 day ahead

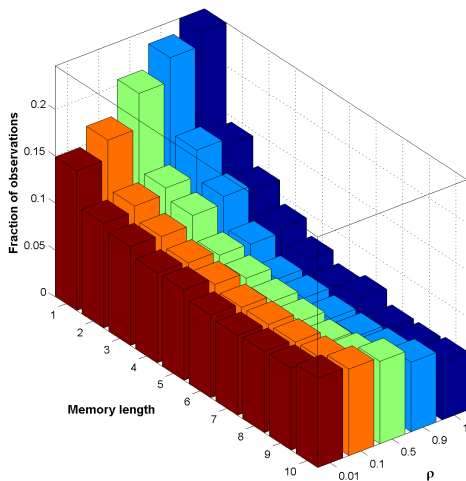
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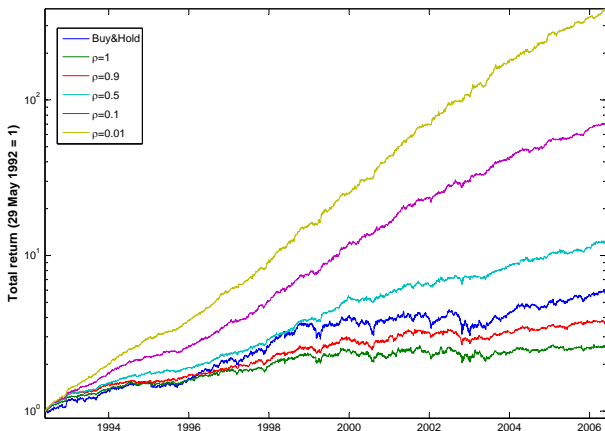
Fraction of correct prediction



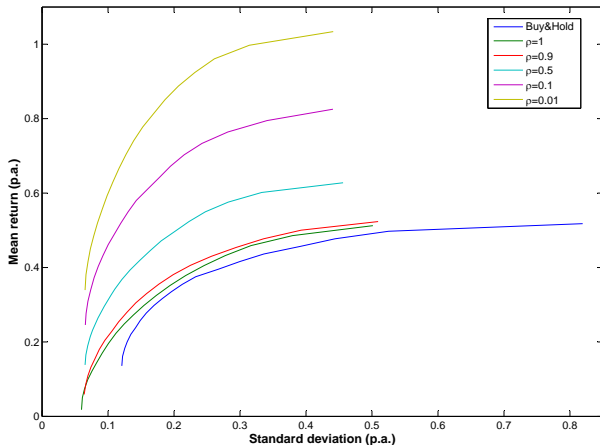
Distribution of the optimal memory length



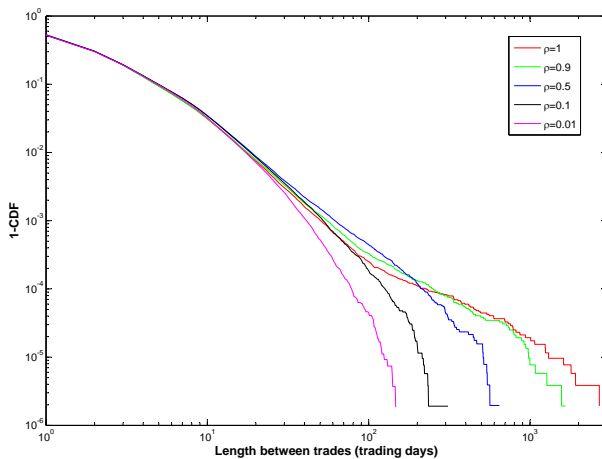
Aggregate median performance of the trading strategies including trading costs of 0.1%



Efficient frontiers of 50 randomly selected stocks



Distribution of the time periods between subsequent trades



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