Quiz -Test Your Knowledge

# Question 1:

Which is a Decentralised exchange?

* Binance
* FTX
* DYDX

Answer: DYDX is built on top of the blockchain and is run by a network of node operators which anyone can partake in

# Question 2:

What is the calculation for the Spread?

* series 1 - (half life x series 2)
* series 2 - series 1
* series 1 - series 2

Answer: series 1 - (half life x series 2)

# Question 3:

Why is the Spread's Z-Score useful?

* It helps us identify the direction of the first asset
* Is is a measure of the difference between two assets
* It helps us understand how much the Spread is deviating from its mean and how many times the standard deviation of the spread can fit into that. Thus, it is useful for identifying larger movements than average in the Spread - up or down.

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# Question 4:

A successful pair for Statistical Arbitrage in Pairs Trading should be:

* Correlated
* Cointegrated
* In an up-trending market

Answer: Cointegrated

# Question 5:

Statistical Arbitrage cares about:

* Direction
* Price difference convergence and divergence behaviour between two assets
* Sentiment

Answer: Price difference convergence and divergence behaviour between two assets