Trading Rule: RollingDifferenceRegression

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1 Rule Description

Regresses the one-day price changes against the % gap between the research value and the price value. Assuming the regression gives a positive relationship the strategy takes bigger positions when the research is higher than the price series.

2 Rule Parameters

Below is a table summarizing the parameters specific to this trading rule.

Parameter Name	Default Value	Description	Symbol
Kelly Fraction	0.1	Amplitude weighting. 1.0 is maximum growth if regression is exact. <1.0 scales down positions taken.	Symbol
Regression Length	50	This is the number of days used to estimate the regression coefficients.	Symbol

3 Glossary

- **Bullish:** Positive outlook on the market. Expectation of positive returns.

- **Bearish:** Negative outlook on the market, Expectation of negative returns.

- **Allocation:** The allocation is the fractional amount of the portfolios value used to determine the size of the trading position.

- **Parameter:** Value used by the trading rule in the calculation for trading position

- **Trading Rule:** Strategy to determine when to buy, hold or sell a position.

Further Links

1. InferTrade: https://www.infertrade.com

2. Privacy Policy / Legal notice: https://www.infertrade.com/privacy-policy

3. InferStat Ltd: https://www.inferstat.com