Predictive Relationship: Log Difference Regression

Contents

1 Trading Strategy Description

This trading rules regresses the 1-day price changes seen historical against the prior day's percentage change of the research series.

2 Rule Parameters

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

Parameter Name	Default Value	Description	Symbol
Constant Coefficient	0.1	The coefficient for the constant contribution.	Symbol
Difference Coefficient	0.1	The coefficient for dependence on the gap between the signal series and the price series.	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`