



# Predictive Relationship: Signal Regression

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# 1 Trading Strategy Description

A regression based approach to forecast price change in asset using signals generated from technical indicators.

## 2 Rule Parameters

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

Parameter Name	Default Value	Description	Symbol
Regression Period	120	Previous data points used to fit a regression line.	L

## 3 Equation

Below is the equations which govern how this specific trading rule calculates a trading position.

$$\Delta p_t = S_t + c \quad (1)$$

with:

$\Delta p_t$ : is the change in price at time  $t$ .

$S_t$ : is the signal value at time  $t$ .

$c$  is a constant bias.

## 4 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>