Mixed Copula Pairs Trading Strategy with High Frequency Data

Fernando A. B. S. da Silva^{a,*}, Tainan B. F. Boff^b, Cristina Tessari^c

^aDepartment of Statistics, Institute of Mathematics and Statistics, Federal University of Rio Grande do Sul, 9500 Bento Gonalves Av., 43-111, Porto Alegre, RS, 91509-900, Brazil ^bGraduate Program in Economics, Federal University of Rio Grande do Sul, Porto Alegre, Brazil

 $^cFinance\ Division,\ Columbia\ Business\ School,\ Columbia\ University,\ New\ York,\ NY\ 10027,\ USA$

Abstract

Inserir abstract.

Keywords: Pairs Trading, Copula, Distance, Statistical Arbitrage,

High-Frequency, Realized Variance

JEL: G11, G12, G14

^{*}Corresponding author

Email addresses: fsabino@ufrgs.br (Fernando Augusto Boeira Sabino da Silva), tainan.freitas@ufrgs.br (Tainan de Bacco Freitas Boff), ct2759@columbia.edu (Cristina Tessari)

1. Introduction

- 2. Methodology
- 2.1. Pairs trading
- 2.2. Distance Framework
- 5 2.3. Copula Framework
 - 2.4. HEAVY model
 - 2.5. Performance assessment
 - 3. Data and empirical results
 - 3.1. Data
- 3.2. Results and discussion
 - 4. Conclusions

References