

High Frequency Pairs Trading: A Mixed Copula-HEAVY approach

Fernando Augusto Boeira Sabino da Silva^{a,*}, Tainan de Bacco Freitas Boff^b,
Flavio Augusto Ziegelmann^a

^a*Department of Statistics, Institute of Mathematics and Statistics, Federal University of Rio Grande do Sul, 9500 Bento Goncalves Av., 43-111, Porto Alegre, RS, 91509-900, Brazil*

^b*Graduate Program in Economics, Federal University of Rio Grande do Sul, Porto Alegre, Brazil*

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), `flavioz@ufrgs.br` (Flavio Augusto Ziegelmann)

1. Introduction

2. Methodology

2.1. Pairs trading

2.2. Distance Framework

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