High Frequency Pairs Trading: A Mixed Copula-HEAVY approach $^{\stackrel{\leftarrow}{\sim}}$

Fernando B. S. da Silva^{a,*}, Tainan de B. F. Boff^b, Flavio Ziegelmann^a

^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

Abstract

Inserir abstract.

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

High-Frequency, Realized Variance

JEL: G11, G12, G14

Email addresses: fsabino@ufrgs.br (Fernando B. S. da Silva), tainan.freitas@ufrgs.br (Tainan de B. F. Boff), flavioz@ufrgs.br (Flavio Ziegelmann)

 $^{^{\}dot{\approx}} \mbox{We thank Cristina Tessari for her extensive suggestions.}$

^{*}Corresponding author

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