

FE-582 – Assignment 3

Problem

Follow the example in the lecture to build a decision tree to trade stock. Use the quantmod package.

- Select a stock and at least 10 different technical indicators:
<http://www.quantmod.com/documentation/00Index.html> . You may also use the same indicators but with different parameters.
- Construct a decision tree and plot it.
- Prune the tree and calculate the best fit.
- Calculate the accuracy of prediction and present the confusion matrix.
- Propose alternative models for the selection of indicators such that the accuracy of predictions is increased.