

Pairs Trading Project Report

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Introduction:

For this project, we will conduct an analysis of a stock trading strategy known as “pairs trading.” The analysis will be based mainly on simulations that use vector autoregressive (VAR) models, which are often used to demonstrate temporal dependence.

The stocks we will use in this analysis come from an R package called `BatchGetSymbols`, which provides the user with a function that automatically downloads historical stock prices, also known as `BatchGetSymbols()`.

Deliverables:

1.

The two positively correlated stocks we will examine for this project are the Activision-Blizzard (ATVI) and Microsoft (MSFT) stocks.

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