Analyst Trading Strategy by Matthew Wind

Overview

Introduction to my Strategy

Calculating the Parabolic Stop and Reverse Indicator

Calculating the Relative Strength Index Indicator

Finding Signals

Calculating Returns

Backtesting

Strategy Effectiveness

Conclusion

Calculating the Parabolic Stop and Reverse (PSAR) Indicator

- The PSAR determines trend direction and potential price reversals.
- Variables: Acceleration Factor (AF), Extreme Point (EF), Rising PSAR (RPSAR), Falling PSAR (FPSAR)
- Initialization
- Signals

Calculating the Relative Strength Index (RSI) Indicator

- The RSI measures speed and magnitude of a security's price changes.
- Variables: Average Growth, Average Loss
- Initialization
- Signals

Determining Signals

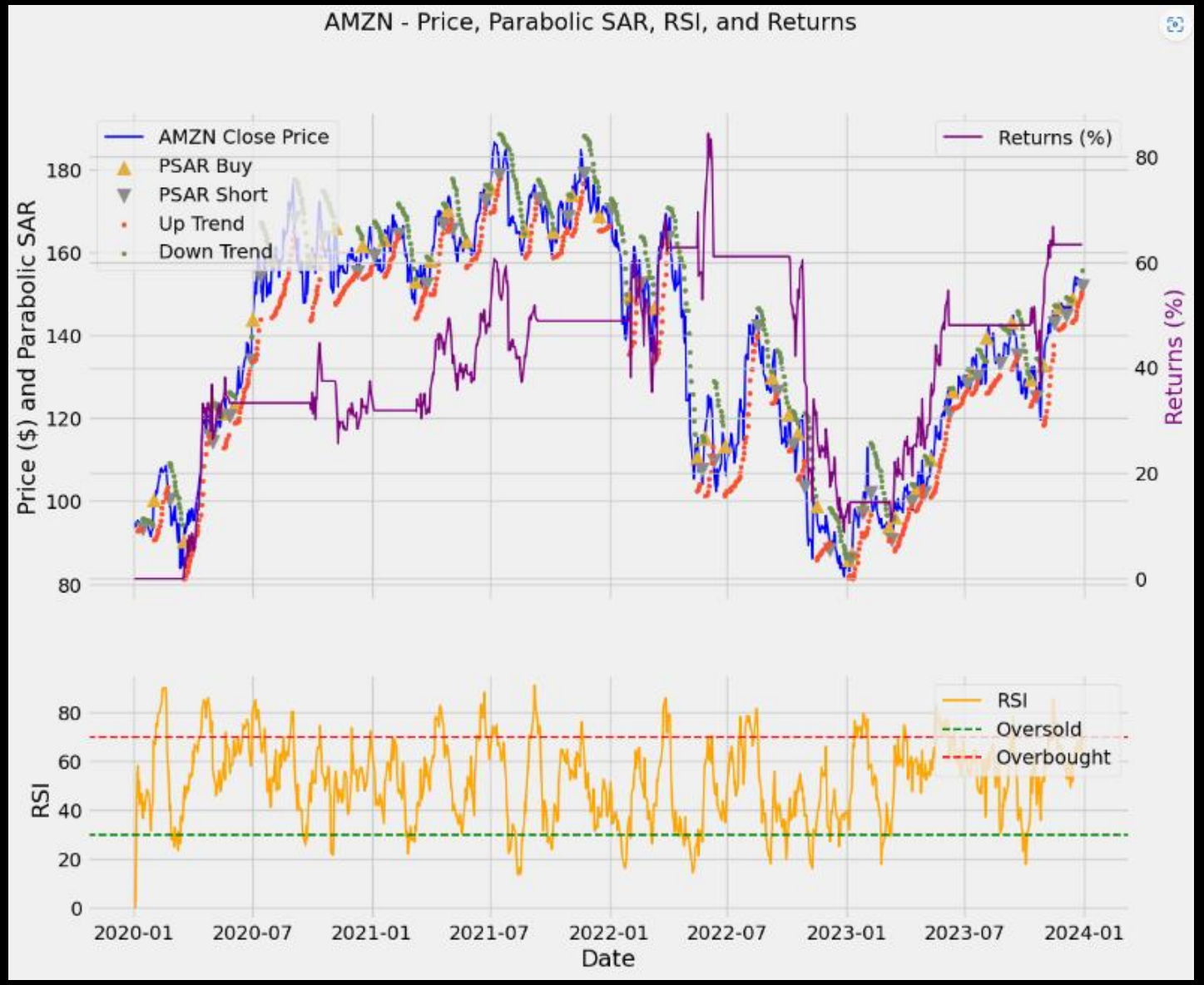
- What is the relationship between signals from the PSAR and signals from the RSI?
- Combining Signals

Calculating Returns

- Portfolio Value
- Acting on Signals
- Cumulative or Daily Returns?

Backtesting

- What time periods are the most successful?
- What signal window generates the most profits?
- Which sectors benefit the most from this strategy?



Strategy Effectiveness

Sharpe Ratio

- Purpose
- Risk Free Rate
- Results

Information Ratio

- Purpose
- Benchmark
- Results

Conclusion

Sources

- Parabolic SAR Indicator: Definition, Formula, Trading Strategies (investopedia.com)
- Relative Strength Index (RSI) Indicator Explained With Formula (investopedia.com)
- Sharpe Ratio: Definition, Formula, and Examples (investopedia.com)
- Information Ratio (IR): Definition, Formula, vs. Sharpe Ratio (investopedia.com)