Georgia Institute of Technology

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Computational Investing, Part I

193: Information and Technical Analysis: Some Example Indicators

Find out how modern electronic markets work, why stock prices change in the ways they do, and how computation can help our understanding of them. Learn to build algorithms and visualizations to inform investing practice.

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Major Theme: Underlying Value (opinion)

- Assumption is that there is a true underlying value for the asset.
- Emotions and market structure cause price to deviate
- If we can estimate the underlying value, we can find arb opportunities

Examples

- Demo with Google Finance
  - SMA
  - MACD
  - Bollinger

Important: Convert to Standard Units

- Usually like to use -1.0 to +1.0
- More convenient for defining events and for Machine Learning