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An Efficient Algorithm for the Optimal Market Timing over Two Stocks

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摘要 In this paper, the optimal trading strategy in timing the market by switching between two stocks is given. In order to deal with a large sample size with a fast turnaround computation time, we propose a class of recursive algorithm. A simulation is given to verify the effectiveness of our method.

关键词 Optimal trading strategy, investment return, largest change, sufficient statistics, transaction cost

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Abstract

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