

Automated Bayesian charting.

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Financial trading, in practice, is usually supported either on technical analysis or on stochastic models, with both approaches typically confronted in the views of academics and practitioners. In this paper, we propose a mixture model, which automatically identify a variety of geometric patterns in the data, and accommodate flexible classes of time-series model components to describe the behaviour of the data for different time windows. Inference and prediction in this class of models is implemented using Bayesian learning. Thus, this model conciliates both technical and stochastic analysis in a single framework. We illustrate the practical value of this model applying it to a large data set of currencies and stocks.