An Application of Computer Programming Trading System to Taiwan Stock Index Futures Trading Strategies

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ABSTRACT

This study attempts to construct a computer programming trading system using the data from TAIFEX Taiwan Stock Index Futures. The trading decision-making completely rests on the chart analysis and the measurement of technical indicator specification that develops to the futures price pattern as foundations. The programs are extrapolated the price changing tend model and made the stops losing point regulations. The computer software system calculates the point of buying and selling and then sent a special signal to notice the users to buy in, sell out, or just wait. The purpose of this computer software system is to obtain abnormal return for the users. The research periods of this study are divided into fitness period and test period. The purposes of dividing the research periods are to carry on the comparison and to confirm these two issues of investments achievements uniformity. In fitness period, time sample material is for the TAIEX. In test period, time sample material is for the TX. The research period is last for the ten years. Its content contains every deal materials in each trading day. Fitness period research period stopped from January 1, 1994 to December 31, 1998; Test period research period were stopped from January 1, 1999 to December 31, 2003. The result showed the computer programming trading system could help the user to gain the profit from the futures market.

Keywords: stock index futures; technical analysis; programming trading

Table of Contents

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              1.   KD   89   6
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   6   3.   91   4   4.   Shiller, Robert J.
                              89   12   5.   KD
             86   6   6.   KD   MACD   RSI   WMS%R
             88   6   7.   113
   147   82 8   8.   004   51   55   91   12
   9.   Jake Bernstein   33   45   87   3   10.   Bernstein, Peter L.
            :   87   6   11.
              3   1   27   41   89   3   12.
             87   6   13.
                   89   6   14.   Murphy, John J.
          89   2   15.   Malkiel, Burton G.   :   85
7   16.   003   5   10   91   9   17.
                   76   6   18.   :
          89   9   19.   Parabolic-SAR
   89   6   20.   60   63   93   1   21.
                   91   7   22.
             89   6   23.   Stan Weinstein

83 4   24.   Robert D. Edwards, John Magee

89 9   25.

86 6   26.

89 6   27.   90

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