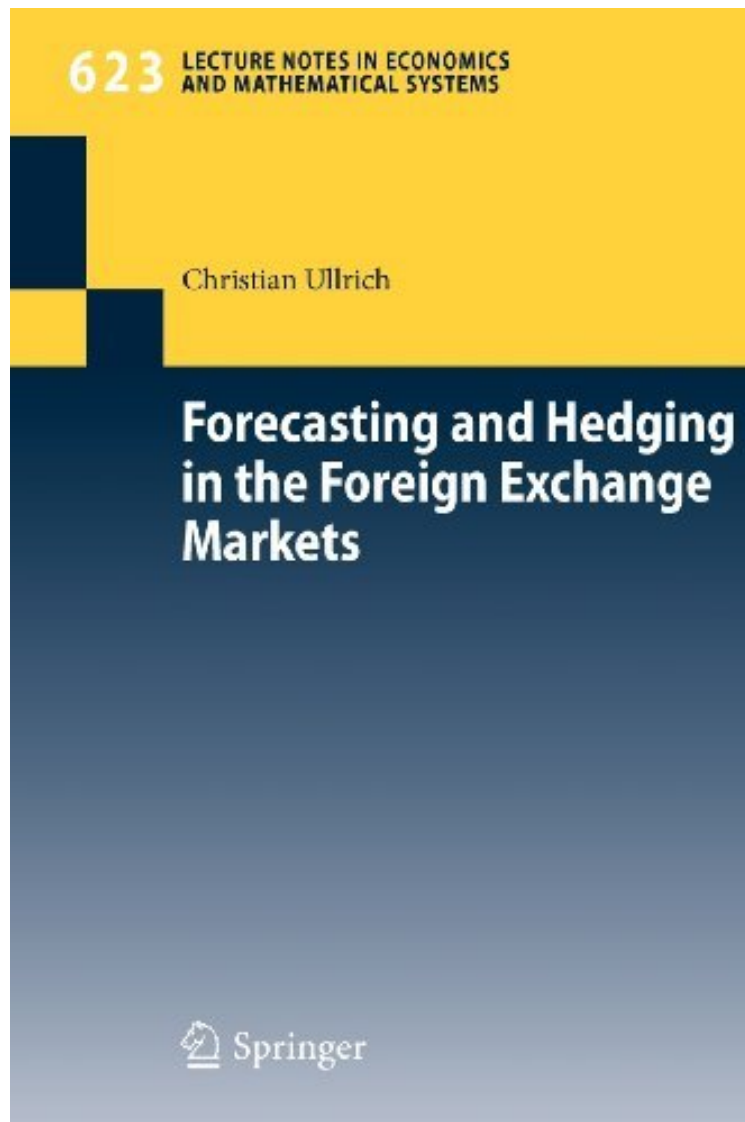


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Forecasting and Hedging in the Foreign Exchange Markets: 623 (Lecture Notes in Economics and Mathematical Systems)

Christian Ullrich

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Christian Ullrich : Forecasting and Hedging in the Foreign Exchange Markets: 623 (Lecture Notes in Economics and Mathematical Systems) before purchasing it in order to gage whether or not it would be worth my time, and all praised Forecasting and Hedging in the Foreign Exchange Markets: 623 (Lecture Notes in Economics and Mathematical Systems):

2 of 2 people found the following review helpful. OK, but I would probably not recommend it to anyone I knowBy

HertzbergI ordered this book to get some info on how others are using SVMs on financial problems, which isn't asking for very much. To little surprise, the book does delivers on my requirement, but it does not deliver very much value in addition to this and I would hesitate to recommend to others. The book - based on the authors PhD thesis in Computer Science - provides very little introduction to SVMs, so if you want to learn about SVMs then do it somewhere else (e.g. Learning with Kernels by Scholkopf or - for the bare essentials - Machine Learning by Marsland). This text offers no pedagogical gain after reading any one of these books. Even though there is not that much written on applying SVMs to trading in the academic literature, it has been used in the industry for a number of years now and the book is little more than simply documenting how a first attempt at using SVMs on trading FX would look like. It's a single attempt, not wisdom learnt over years of using SVMs. One of the potential benefits of the text is that, even though it does not include any code on the backtesting, the analysis was performed in R using two packages so you should be able to reproduce the results (more or less) using these packages and your own data. However, there is little in the text to guide you on how to actually do this. This book is probably best left for those who are interested in applying a fully developed SVM framework/software to FX trading problems with little interest in really understanding how SVMs work or doing any implementation themselves. It offers a quick peak at SVMs with much of the CompSci jargon included, unedited, which may have some appeal to some readers. For me it fell short of being a book I would recommend to anyone else, but it is well written and does offer some reasonable value.

Historical and recent developments at international financial markets show that it is easy to loose money, while it is difficult to predict future developments and optimize decision-making towards maximizing returns and minimizing risk. One of the reasons of our inability to make reliable predictions and to make optimal decisions is the growing complexity of the global economy. This is especially true for the foreign exchange market (FX market) which is considered as one of the largest and most liquid financial markets. Its grade of efficiency and its complexity is one of the starting points of this volume. From the high complexity of the FX market, Christian Ullrich deduces the necessity to use tools from machine learning and artificial intelligence, e.g., support vector machines, and to combine such methods with sophisticated financial modelling techniques. The suitability of this combination of ideas is demonstrated by an empirical study and by simulation. I am pleased to introduce this book to its audience, hoping that it will provide the reader with interesting ideas to support the understanding of FX markets and to help to improve risk management in difficult times. Moreover, I hope that its publication will stimulate further research to contribute to the solution of the many open questions in this area.

From the Back CoverThe growing complexity of many real world problems is one of the biggest challenges of our time. The area of international finance is one prominent example where decision making is often fraught with mistakes, and tasks such as forecasting, trading and hedging exchange rates seem to be too difficult to expect correct or at least adequate decisions. From the high complexity of the foreign exchange market and related decision problems, the author derives the necessity to use tools from Machine Learning and Artificial Intelligence, e.g. Support Vector Machines, and to combine such methods with sophisticated financial modelling techniques. The suitability of this combination of ideas is demonstrated by an empirical study and by simulation.