Identification of the Head-and-Shoulders Technical Analysis Pattern with Neural Networks

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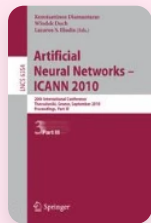
Artificial Neural Networks – ICANN 2010

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Achilleas Zapranis & Prodromos Tsinaslanidis

Abstract

In this paper we present a novel approach for identifying the head-and-shoulders technical analysis pattern based on neural networks. For training the network we use actual patterns that were identified in stochastically simulated price series by means of a rule-based algorithm. Then the patterns are being converted to binary

images, in a manner similar to the one used in hand-written character and digit recognition. Our approach is tested on new simulated price series using a rolling window of variable size. The results are very promising with an overall correct classification rate of 97.1%.

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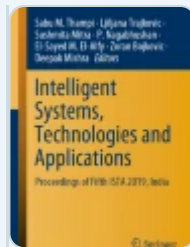<u>Institutional subscriptions</u> →

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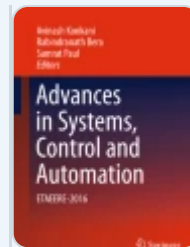## Similar content being viewed by others
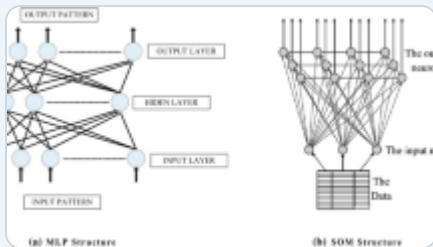
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Author information

Authors and Affiliations

Department of Accounting and Finance, University of Macedonia of Economic and Social Sciences, P.O. Box 1591, 54006, Thessaloniki, Greece
Achilleas Zapranis & Prodromos Tsinaslanidis

Editor information

Editors and Affiliations

Department of Informatics, TEI of Thessaloniki, 57400, Sindos, Greece
Konstantinos Diamantaras

Department of Informatics, Nicolaus Copernicus University, School of Physics, Astronomy, and Informatics, ul. Grudziadzka 5, 87-100, Torun,

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