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# Are moving average trading rules profitable? Evidence from the European stock markets

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## Abstract

This article examines the profitability of several simple technical trading rules for 16 European stock markets over the 1990 to 2006 period. Our results indicate that increasing moving average rules indeed have predictive power being able to discern recurring price patterns for profitable trading, even after accounting for the effects of data snooping bias. To assess the profitability of different technical trading rules and strategies, we adopt the White's (2000) Reality Check (RC) test that quantifies the data snooping bias and adjusts for its effects. Our empirical results also support the hypothesis that technical trading rules can outperform the buy and hold strategy after accounting for transaction costs.

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