



Applied Economics Letters >

Volume 20, 2013 - [Issue 14](#)

797 | 21 | 1
Views | CrossRef citations to date | Altmetric

Original Articles

The high sensitivity of pairs trading returns

Nicolas Huck

Pages 1301-1304 | Published online: 02 Jul 2013

Cite this article <https://doi.org/10.1080/13504851.2013.802121>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

Pairs trading is a simple and popular relative value trading strategy. This article deals with the most common implementation of the method based on a distance criterion. It demonstrates the high sensitivity of the return to changes in the length of the formation period and shows that a reasonable modification of this parameter may lead to generate positive excess returns which are robust to data snooping. This empirical result underlines the difficulty in understanding pairs trading returns, dynamics and sources of profitability through time.

Keywords:

pairs trading

pairs selection

sensitivity

JEL Classification:

G11

G14

Notes

¹ A popular alternative is a 1-day delay.

Related research

People also read

Recommended articles

Cited by
21

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)

 Taylor and Francis Group

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG