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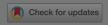
Research Papers

## Time series momentum and moving average trading rules

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erage (MA) ese rules ls occur at als only ıles

s perform ularity with

Technical analysis Time series momentum Moving average Return predictability **IEL Classification:** G11 G12 Acknowledgements We thank the editor and anonymous referees, participants at the Massey University Seminar Series, 2012 Victoria University of Wellington Finance Workshop, 2013 New Zealand Finance Colloquium, 2013 China International Conference in Finance, 2013 FMA conference, especially Andrea Bennett, Mark Hutchinson, and Henry C. Stein, Guofu Zhou and Yingzi Zhu for helpful comments. All errors are our own. Notes <sup>1</sup> This is different to Jegadeesh and Titman's (<u>1993</u>) momentum anomaly which focuses on cross f it was leclined ue to its tum owski (2013)

among t during the returns strategy <sup>2</sup> Other series show vo or 'absolute mom mome <sup>3</sup> These ectional period is moment 1.51% c e correlation betweer <sup>4</sup> We tha

<sup>5</sup> MA examples include Brock et al. (<u>1992</u>) for the US and Ratner and Leal (<u>1999</u>) for Asian and Latin American markets. The TSMOM paper of Moskowitz et al. (<u>2012</u>) is also based on equity indices/futures contracts on these indices. A MA exception is Lo et al. (<u>2000</u>) who consider US stocks from different size quintiles.

<sup>6</sup> The results of Neely et al. (2014) suggest another explanation. They find technical trading rules complement predictions based on fundamental factors.

<sup>7</sup> We thank an anonymous referee for highlighting this point.

<sup>8</sup> We do not attempt to contribute to the literature that considers more sophisticated ways of defining and implementing moving average rule trading strategies (e.g. Hong and Satchell 2015). Rather, we apply basic MA and TSMOM rules that have been widely used in the literature. This allows us to compare and contrast these rules without the suggestion of us tilting the test in the favour of one particular rule by considering a specification that is favourable to it.

<sup>9</sup> We are grateful to Henry C. Stern for explaining the equations and discussion in this section to us.

<sup>10</sup> We present results for the 50-day look-back period as it is in between the shortest (10 days) and longest (200 days) look-back periods. Results for the other look-back

periods

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