Joint Seminar -
Risk Management Institute and Mathematics

Details of Seminar
Date: 14 May 2009, Thursday
Time: 3:00pm-4:00pm
Venue: Colloquium Room A, S14 #03-10

Speaker
Prof. Zhang Qing
University of Georgia

Title
Optimal Trading with a Mean-Reverting Asset

Abstract

Abstract: Trading a financial asset involves a sequence of decisions to buy or sell the asset over time. A traditional trading strategy is to buy low and sell high. However, in practice, identifying these low and high levels is extremely challenging and difficult. In this talk, I will present our ongoing research on characterization of these key levels when the underlying asset price is dictated by a mean-reversion model. An effective numerical method searching for these two levels will be discussed. In addition, strategies when short selling is allowed will be considered.