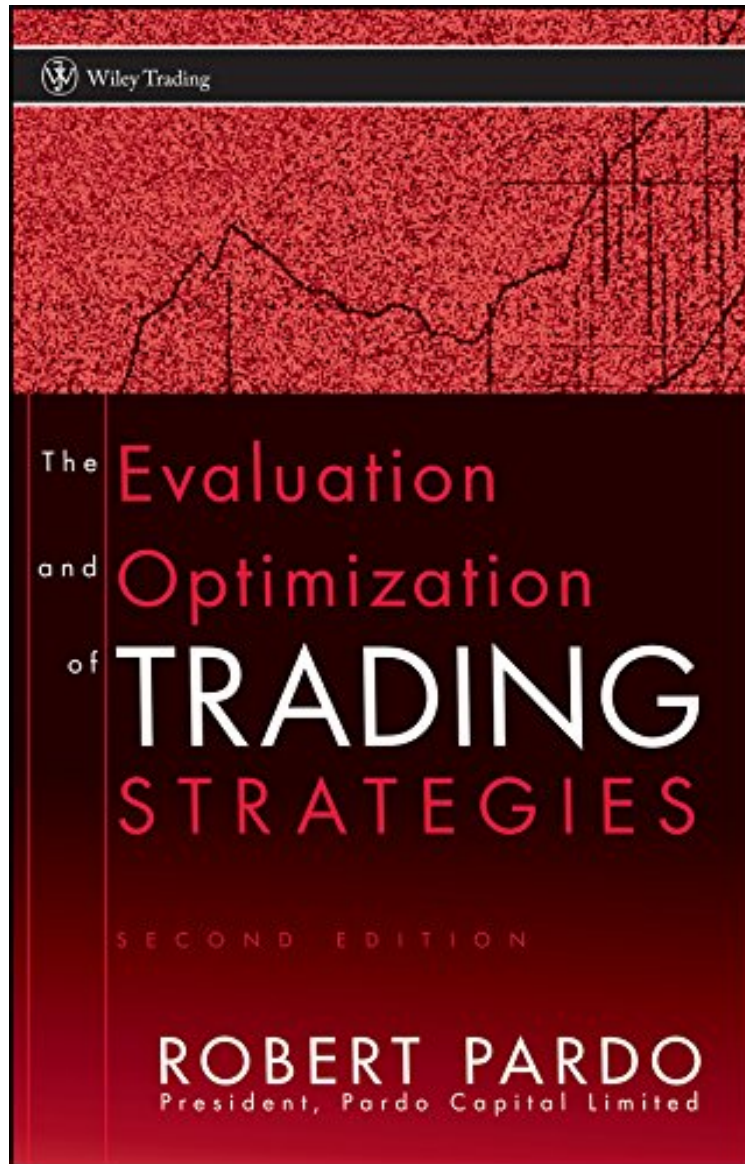


[Library ebook] The Evaluation and Optimization of Trading Strategies (Wiley Trading)

The Evaluation and Optimization of Trading Strategies (Wiley Trading)

Robert Pardo

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Robert Pardo : The Evaluation and Optimization of Trading Strategies (Wiley Trading) before purchasing it in order to gage whether or not it would be worth my time, and all praised The Evaluation and Optimization of Trading Strategies (Wiley Trading):

18 of 18 people found the following review helpful. A 50 page book on 334 pagesBy -KundePardo gives a comprehensive introduction in how to develop and test automated trade strategies, from the trade idea up to analysis

and testing with different objective functions. The book is a good read for a beginner to strategy development. On the down side, the information density is quite thin. Pardo probably got from his publisher the requirement to write a 300+ pages book, which he only managed by repeating the same stories over and over. Examples of real strategies are missing. Instead, about a third of the book is dedicated to what he calls "Walk Forward Analysis", which is the idea to test the strategy with price data that was not used for optimization. Certainly a good concept. But would you need 100 pages to describe it, or want to read 100 pages about the same simple idea formulated again and again in many different ways? This wasting of the reader's time reduces the rating of this otherwise useful book to 3 stars. 1 of 1 people found the following review helpful. Great Trading System design book By Gary If you're not a beginner in trading, It could look like Pardo talks a lot about some subjects, but the book is oriented to all kind level skill traders I guess, I prefer things as clear as possible, so no question in the basket after reading... The only error I've found it's on the PROM's formula. PROM : $\frac{[AW \times (\#WT \text{ MINUS } sq(\#WT))] - [AL \times (\#LT \text{ PLUS } sq(\#LT))]}{\text{margin}}$ I've noticed that it was typed $(AL \times (\#LT \text{ MINUS } sq(\#LT)))$ Pardo talks about to "increase" (PLUS) the impact of losing trades vs lowering the winning trades. 0 of 0 people found the following review helpful. Five Stars By Christopher K Evans Must read for anyone interested in systematic trading

A newly expanded and updated edition of the trading classic, Design, Testing, and Optimization of Trading Systems Trading systems expert Robert Pardo is back, and in The Evaluation and Optimization of Trading Strategies, a thoroughly revised and updated edition of his classic text Design, Testing, and Optimization of Trading Systems, he reveals how he has perfected the programming and testing of trading systems using a successful battery of his own time-proven techniques. With this book, Pardo delivers important information to readers, from the design of workable trading strategies to measuring issues like profit and risk. Written in a straightforward and accessible style, this detailed guide presents traders with a way to develop and verify their trading strategy no matter what form they are currently using—stochastics, moving averages, chart patterns, RSI, or breakout methods. Whether a trader is seeking to enhance their profit or just getting started in testing, The Evaluation and Optimization of Trading Strategies offers practical instruction and expert advice on the development, evaluation, and application of winning mechanical trading systems.

"...an essential read." The Technical Analyst August 2008 From the Inside Flap It would be an understatement to say that the world has changed dramatically in the sixteen years since the first edition of Design, Testing, and Optimization of Trading Systems was published in 1991. With all of the changes in communications, technology, and trading styles, a thorough and comprehensive working knowledge of how to properly design and test strategies has never been more important than it has become in today's extremely competitive markets. Robert Pardo argues that a trading strategy can only be properly evaluated and successfully traded when profit and risk have been measured precisely and accurately—which can only be done through computerized testing. In this updated and revised edition of his classic work, Pardo, a professional money manager and renowned expert in the design and testing of trading strategies and computerized trading applications, provides a clear-cut and specific road map for traders who want to transform a trading idea into a tested, verified, properly capitalized, and profitable automated trading strategy. Pardo shows that the benefits of correct testing and optimization vastly outweigh the effort required to learn and master their proper application, and sets forth in detail the correct way to formulate, test, and evaluate a trading strategy. He explains how to properly optimize a trading strategy, incorporate out-of-sample data in the testing of a strategy, perform Walk-Forward Analysis, develop a trading strategy profile, and judge real-time trading performance with respect to the trading strategy profile developed via historical testing. In addition, he identifies the symptoms of overfitting—optimization that has "gone bad" and resulting in false conclusions and offers guidelines to avoid it. The trading game has never been as large or as lucrative as it is today. Nor have the markets ever been more efficient than they are today. Yet traders the world over continue to make profits. Why? They have found an edge. For anyone planning to employ algorithmic or mechanical strategies in their trading, this book presents, in a straightforward and accessible style, the edge that you can use to obtain and enjoy the fruits of profitable trading. From the Back Cover Praise For The Evaluation and Optimization of Trading Strategies, Second Edition "The testing process is key to a profitable trading method and Bob Pardo brings order and sanity to it. He shows the reader how to navigate the minefield of optimization and offers walk-forward testing as a way to change a static system into a dynamic one." —Perry Kaufman, author of New Trading Systems and Methods, Fourth Edition "Will your system work in the future? In this book Bob Pardo shows you exactly how to construct a trading system and then take the most important walk of them all—the walk forward test—to find out if your system is really worth trading. Now you can know before you trade!" —Larry Williams, author of Trading Stocks Commodities with the Insiders: Secrets of the COT Report, and Long-Term Secrets to Short-Term Trading "How to evaluate likely future trading system performance is not just a question—it's the question, and Pardo's 1992 Design, Testing, and Optimization of Trading Systems was a milestone work in the field. Now his approach has been updated and expanded to reflect technological change as well as many insights gained along the way. A must read for anyone who takes trading

seriously."mdash;Bruce DeVault, President, Quantevomdash;Algorithmic Trading Development"Ask serious system developers for their recommended reading list, and Bob Pardo's book is likely to be among the first mentioned. This book is the real deal; a serious work that seeks to teach you what to look for and what to avoid in your quest for workable trading methodologies. Best of all, it helps you achieve the kind of objective, critical thinking necessary for mechanical trading success. Seekers of magical holy grails would be advised to look elsewhere, but for earnest professional trading aspirants, this is a most rewarding read."mdash;Art Collins, author of Beating the Financial Futures Market: Combining Small Biases Into Powerful Money Making Strategies"This book is the definitive book on designing, testing, and using trading systems. There is no better book on the market."mdash;Courtney Smith, Courtney Smith Co., Inc.