

Title:

Forecasting financial markets using boosted decision trees

Abstract:

We present decision trees (CART) and boosted decision trees (using AdaBoost) in the context of forecasting financial markets, formulating the forecast problem as binary classification in a supervised learning setup. As an application, we show an example of forecasting close-to-close returns of ETFs based on past end-of-day price datasets. The boosted model improves significantly over simple decision trees.