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## **MARKET TIMING WITH MOVING AVERAGES: ANATOMY AND PERFORMANCE OF TRADING RULES**

### **Abstract:**

In this paper, we contribute to the literature in two important ways. The first contribution is to demonstrate the anatomy of market timing rules with moving averages. Our analysis offers a broad and clear perspective on the relationship between different rules and reveals that all technical trading indicators considered in this paper are computed in the same general manner. The second contribution of this paper is to perform the longest out-of-sample testing of a few clearly distinct trading rules. We report the detailed historical performance of the trading rules over the period from 1870 to 2010 and debunk several myths and common beliefs about market timing with moving averages.

### **Keywords:**

technical analysis, trading rules, market timing, moving average, out-of-sample testing

**JEL Classification:** G11, G17