Evolution of Trading strategies JAVIER VICENTE, Universidad Carlos III Madrid, Spain and Santa Fe Institute, N.M., USA — We attempt to classify the trading strategies of agents in the London Stock Exchange into broad categories. Our study is based on that that identifies the member of the exchange associated with each transaction. Based on the evolution of the inventory (holdings of the stock) as a function of time, we use clustering methods to classify the strategies into several groups. We study how these groups evolve in time and attempt to correlate the membership of the groups with other market properties, such as price volatility.

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