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DIVERGENCE; CONCLUSION; Part III: The Technical Analysis Element  
Chapter 7: Technical Tools and Indicators MARKET STRENGTH  
INDICATORS; MOVING AVERAGE INDICATORS; VOLUME AS AN  
INDICATOR; CONCLUSION; Chapter 8: The Technicals of Pairs Trading;  
PAIRS APPLICATION OF MOVING AVERAGE INDICATORS; PRICE TREND IN  
PAIRS TRADING; CONCLUSION; Part IV: The Unified Theory; Chapter 9:  
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ARBITRAGE ELEMENT; THE TECHNICAL ANALYSIS ELEMENT; Chapter 10:  
Trading Pairs Fundamentally; THE FUNDAMENTAL APPROACH;  
FUNDAMENTALS APPLIED; PORTFOLIO CONSTRUCTION; PROBLEMS WITH  
THE FUNDAMENTAL APPROACH; THE VERDICT  
Chapter 11: The Technical Approach THE ELEMENTS COMBINED;  
GETTING STARTED; UNDERSTANDING PAIRS TECHNICALLY; TECHNICAL  
CHARTING AND MARKET NEUTRALITY; TECHNICAL CHARTING AND  
RELATIVE-VALUE ARBITRAGE; APPLYING OTHER TECHNICAL  
INDICATORS; SELECTING PROFIT OBJECTIVE AND STOP-LOSS LEVELS;  
UNIFYING THE APPROACH; Chapter 12: The Overlays; THE  
FUNDAMENTAL OVERLAY; THE TECHNICAL OVERLAY; CONCLUSION;  
Chapter 13: The Unified Pairs Trading Theory; PUTTING IT ALL  
TOGETHER; FORMULATE THE SELECTION CRITERIA; DETERMINE THE  
CANDIDATES; THE OVERLAYS; EXECUTE THE TRADE; MANAGE THE  
TRADE; CLOSE THE TRADE  
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OVERLAY; PAIRS OPTIONS STRATEGIES; CALLS AND PUTS; PAIRS  
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NATURAL CORRELATION; SPEED; CURRENCIES; OPTIONS ON FUTURES;  
CONCLUSION; Chapter 17: Trade Examples; THE FUNDAMENTAL  
TRADE; THE TECHNICAL TRADE; THE BLENDED APPROACH TRADE:  
APPLICATION OF THE UNIFIED THEORY; USING OPTIONS  
CONCLUSION

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## Sommario/riassunto

Learn both the theory and practice of pairs trading, why it is consistently profitable, and how you can apply the strategies in your own trading with this valuable guide. Author Douglas Ehrman covers pairs trading involving stocks, options on stocks, and futures contracts, and explains how this type of trading allows you to profit from the changing price relationship of securities. In addition to a comprehensive discussion of the theories involved, he also includes practical examples that will to help you put what you've learned into practice. Douglas S. Ehrman is a hedge fund manager and a

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