Review of: "Machine Learning Methods in Algorithmic Trading: An Experimental Evaluation of Supervised Learning Techniques for Stock Price"

Chichun Zhou[1]

1 Dali University

Potential competing interests: No potential competing interests to declare.

1) This study, like the current financial time series fitting tasks, harbors a subtle issue that can greatly mislead subsequent research. Upon careful examination of Figure 2, it can be observed that the model's predictions are 'mediocre'. For instance, I can easily make a prediction that the price at t+1 is equal to the price at t. A rough estimate would suggest that the MSE of such a prediction is quite low, likely in the order of magnitude of 0.01 squared, which is between 10^-4 and 10^-5. This is comparable to the MSE results provided by many models. 2) This work, like many other financial time series studies, does not focus on the 'principles' but mechanically, and even thoughtlessly, combines methods. I believe such research should not be encouraged.