# WHAT COMES AFTER WHAT?
# PATTERN STATISTICS FOR THE TURKISH STOCK INDEX

**Necmi Gürsakal*, Ayşe Oğuzlar**, Aysan Şentürk*****

***SUMMARY*** *For the purpose of attracting investors, a stock market must send more "you may win" signals than "you may loose" signals. We tried to gather evidence for this phenomenon within the context of patterns. Especially this kind of signals can be effective on small investors. A pattern statistics framework for stock markets can be a useful learning framework. By using closing values of Istanbul Stock Index (ISI), a pattern statistics kind of analysis is presented in this paper. Our study aims to discover the types of stock exchange symbolic index patterns in Istanbul Stock Exchange, during the period 1994-2001.*

1. INTRODUCTION Time series data are sequences of real numbers that are measured generally at uniformly-spaced intervals. The i'th element of a sequence X is X i, and a subsequence of X consisting of elements i through j is X (i , j). The length of the sequence X (i , j) is equal to l = j-i+1. In such a context, we will try to determine the probabilities of what patterns comes after what. Technical analysis for the prices of the stocks has been focused on graphical formations i.e. "shape". Sometimes speculators try to predict stock prices or index values by means of technical analysis. The basic assumption of technical analysis is that patterns of human behavior are repetitive and these patterns can be used as a prediction tool for the future events (5).

* Professor, Uludag University, Faculty of Business Administration, Department of Econometrics, Bursa, Turkey; e-mail: gursakal@uludag.edu.tr .

** Asistant Professor, Uludag University, Faculty of Business Administration, Department of Econometrics, Bursa, Turkey.

*** Asistant Professor, Uludag University, Faculty of Education, Department of Computer and Instructional Technology, Bursa, Turkey; e-mail: aysan@uludag.edu.tr .