A stock analysis turns least-squares turns maximum cut of a graph

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We show how a problem related to the optimal mean and variance of a set of stock options can be modeled by a least-squares problem. The least-squares problem is then shown to be equivalent to the maximization of the Laplacian of a graph.

The connection between these seemingly unrelated fields was a surprise and suggests that some algorithms for the solution of one problem might be profitably applied to the solution to the others.

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