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STATBOT

STATISTICAL ARBITRAGE

STRATEGY AND EXECUTION

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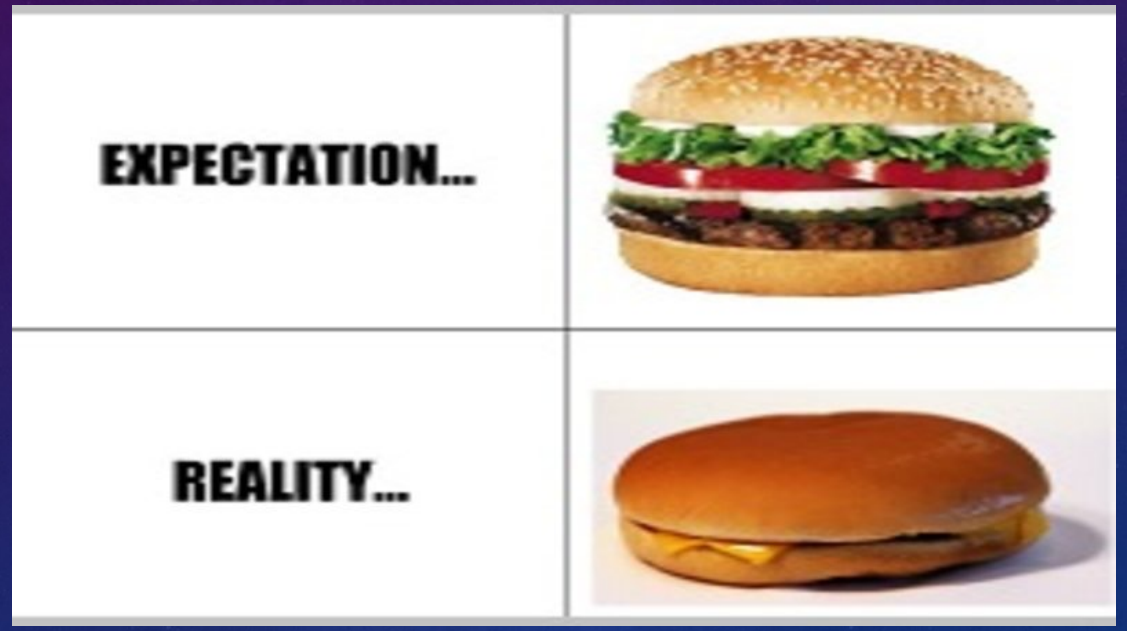
LEVEL OUR EXPECTATIONS



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WHY SHARE THIS INFORMATION?

ROSE vs FET

What do you notice?

CHR vs GALA

What do you notice…?

BTCST vs RNDR

What do you notice…?

Top Cryptocurrency Derivatives Exchanges

How Derivatives Exchanges Are There?
https://coinmarketcap.com/rankings/exchanges/derivatives/

CoinMarketCap | Cryptocurrencies | Exchanges | NFT | CrypTown | Portfolio | Watchlist | Products | Learn | Log In | Sign up | Search /

Top Cryptocurrency Derivatives Exchanges

CoinMarketCap ranks the top cryptocurrency derivatives exchanges based on trading volumes.

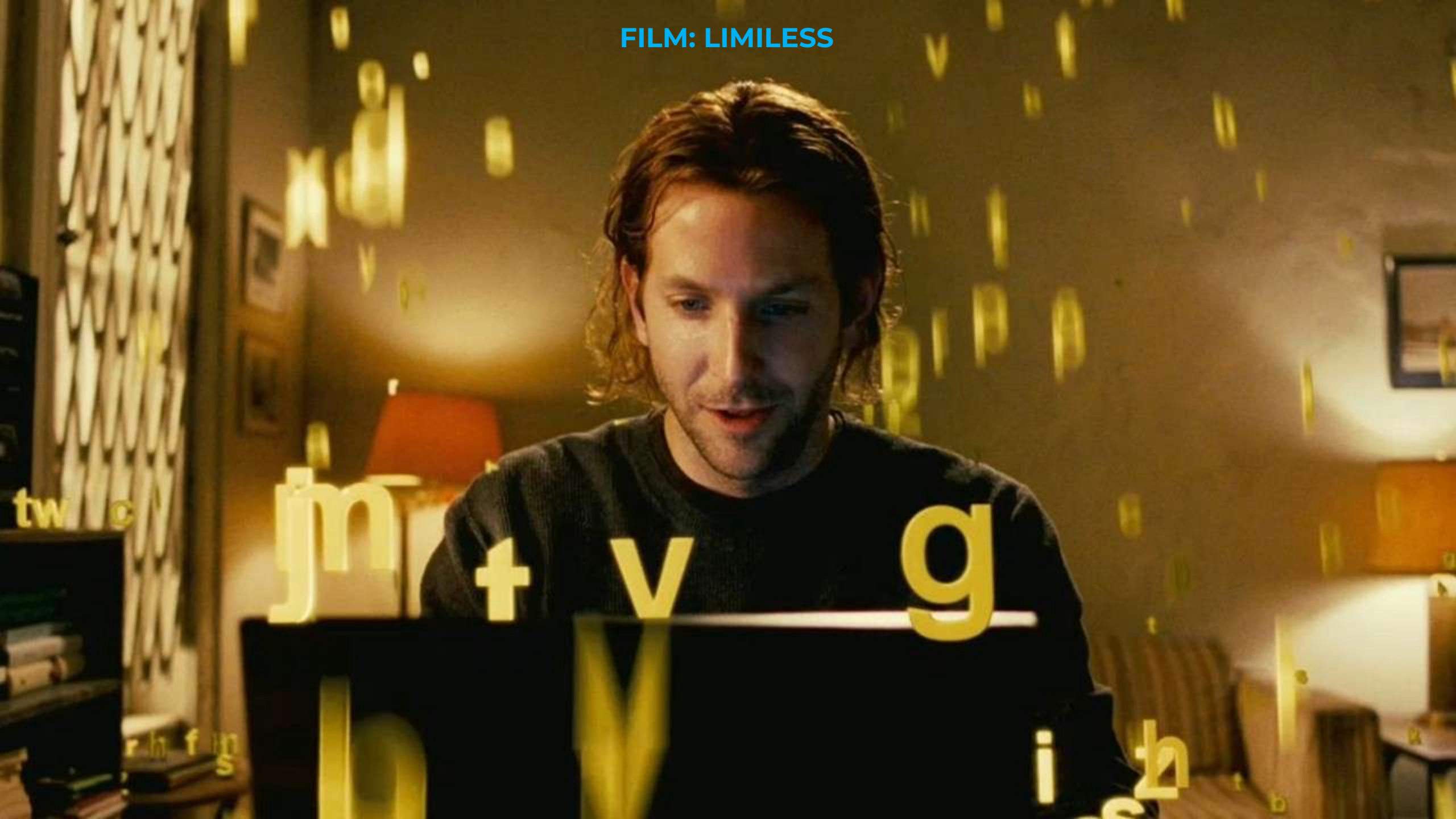
Crypto Deep Dive
How to Protect Your NFTs?

Report Launch
Data Breakdown: How to Ride Dips

Watchlist | Spot | Derivatives | Dex | Lending

#	Name	Volume(24h)	Maker Fees	Taker Fees	Open Interests	No. Markets	Launched
1	Binance	$53,489,140,153 5.76%	0.02%	0.04%	$11,508,839,017	191	Jul 2017
2	OKX	$20,673,699,942 41.07%	0.02%	0.05%	$3,714,325,921	215	Jan 2017
3	BitCoke	$9,872,461,332 13.22%	0.02%	0.04%	$732,708,511	31	Aug 2019
4	Bitget	$8,748,647,266 2.71%	0.02%	0.06%	$3,004,670,092	41	Apr 2018
5	Bybit	$8,692,966,375 0.57%	-0.025%	0.075%	$2,952,138,670	108	Mar 2018
6	FTX	$7,753,078,856	0.02%	0.07%	$3,543,128,933	39	Feb 2019

FILM: LIMILESS



WHY WILL YOU SUCCEED

PRINCIPLE BASED LEARNING

SANITY CHECKING

PERSISTENCE

COURSE STRUCTURE

- INTRODUCTION
- Primer
  - INTUITION - Principles
  - INTUITION - Strategy
  - INTUITION - Trading
- Coding
  - SETUP – Exchange and Env
  - STRATEGY – Algo Dev
  - EXECUTION - Functions
  - EXECUTION – Bot Building
  - EXECUTION – Bot II, Summary

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INTUITION

TRADING PRINCIPLES

INTUITION

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A COMMON ILLUSION TAUGHT

You Will Probably Fight Me on This

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KNOW THE PROBABILITY

Math Doesn't Lie

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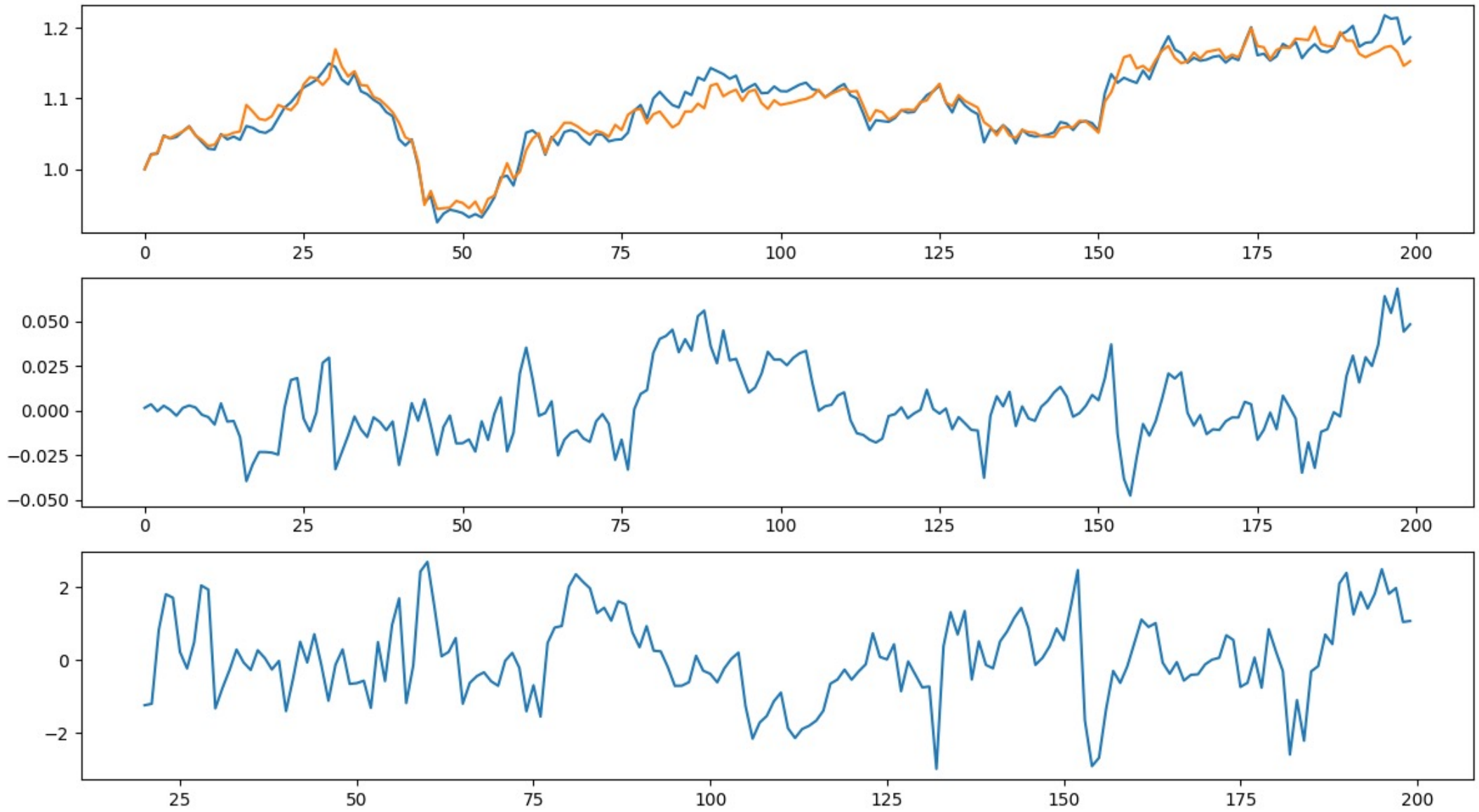
THE #1 EDGE

Strategy – Signal - Entry - Exit

Price and Spread - MATICUSDT vs STXUSDT



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THE #2 EDGE

BET SIZING – KELLY CRITERION

INTUITION

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Scenario 1	Scenario 2
$100	$100
+ 10%	- 10%
$110	$90
	?

INTUITION

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Scenario 1	Scenario 2
$100	$100
+ 10%	- 10%
$110	$90
	+ 11.12%

INTUITION

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Don’t lose money.

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THE #3 EDGE

BECOME THE CASINO

TRADE HISTORY SNAPSHOT

BYBIT | Buy Crypto | Markets | Trade | Derivatives | ByFi | NFT | Search Coin | Assets | Orders

- Spot Account
  - Current Orders
  - Order History
  - Trade History
- Derivatives Account
  - Order History
  - Closed P&L
  - **Trade History**
  - USDC Derivatives
- ByFi Account

BTCUSDT	Trade	0.005/0.005	42,401	Market	0.00075000	0.15900563	Open Short	Market	bf990a
BTCUSDT	Trade	0.005/0.005	42,430	Market	0.00075000	0.15911250	Close Short	Market	3d0312
BTCUSDT	Trade	0.005/0.005	42,516	42,516.0	-0.00025000	-0.05314500	Open Short	Limit	225eff
BTCUSDT	Trade	0.005/0.005	42,435	Market	0.00075000	0.15913125	Close Short	Market	038b51
BTCUSDT	Trade	0.002/0.005	42,437	42,437.0	-0.00025000	-0.02121850	Open Short	Limit	5c1f21
BTCUSDT	Trade	0.003/0.005	42,437	42,437.0	-0.00025000	-0.03182775	Open Short	Limit	2b1ea6
BTCUSDT	Trade	0.005/0.005	42,349	Market	0.00075000	0.15880875	Close Short	Market	63335b
BTCUSDT	Trade	0.005/0.005	42,373	42,373.5	-0.00025000	-0.05296687	Open Short	Limit	9235f5
BTCUSDT	Trade	0.008/0.022	42,373	Market	0.00075000	0.25424100	Close Short	Market	2e214b
BTCUSDT	Trade	0.014/0.022	42,373	Market	0.00075000	0.44492175	Close Short	Market	a37da9
BTCUSDT	Trade	0.009/0.024	42,419	42,419.5	-0.00025000	-0.09544387	Open Short	Limit	e6f78d
BTCUSDT	Trade	0.013/0.024	42,419	42,419.5	-0.00025000	-0.13786337	Open Short	Limit	d4d4dc
BTCUSDT	Trade	0.001/0.024	42,365	Market	0.00075000	0.03177413	Close Short	Market	26c99f

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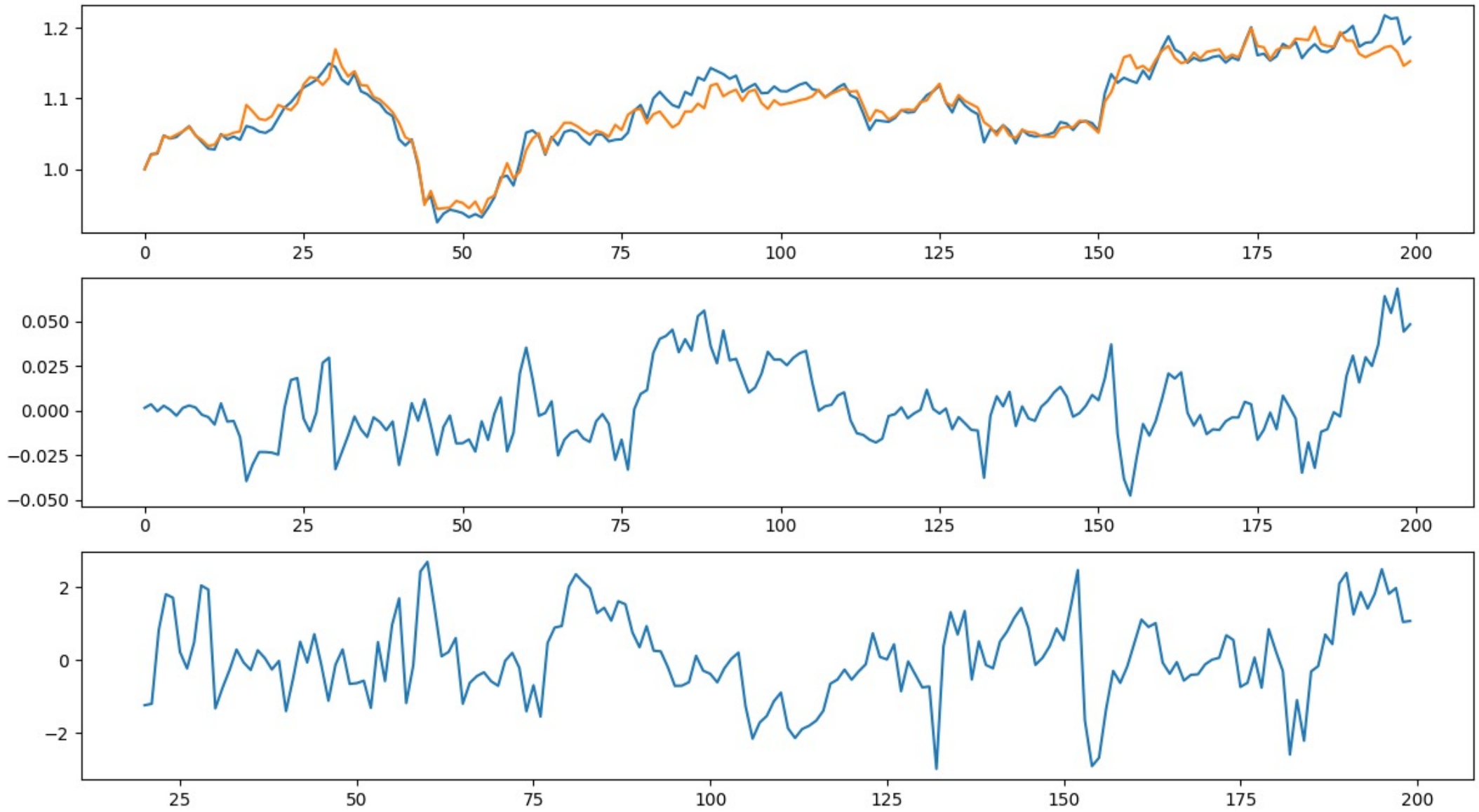
THE #4 EDGE

PROFIT IN UP, DOWN and SIDEWAYS MARKETS

Price and Spread - MATICUSDT vs STXUSDT



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THE #5 EDGE

FIAT PEGGED

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GAMEPLAN OVERVIEW

GAMEPLAN

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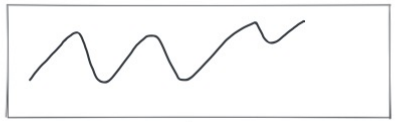
TERMS

- Market Neutral
- Arbitrage Based
- Rebates Offered
- Clear Entry and Exit Signal
- USD Pegged
- Backed by Statistics
- Highly Liquid
- No Exchange Transfers Needed
- Testnet Available for Forward Testing

STRATEGY

Get Tradeable Symbols
↓
Get The Price History
↓
Calculate Cointegration
↓
Analyse Findings (Spread/ZScore)



↓
Excel Backtest

EXECUTION STATBOT I

Configuration Input Variables
↓
Connect to REST API
↓
Connect to Websocket
↓
Set Leverage
↓
While True (Start)
↓
Check Positions
↓
Check Active Orders
↓
Manage New Trades

1 - Check latest Zscore signal
If "Hot":
a - get ticker liquidity
b - confirm long vs short tickers
c - confirm initial capital
Either:
d - average in Limit PostOnly orders
e - or, place Market orders
f - monitor Zscore for close signal

Close Existing Trades
↓
Repeat

EXECUTION STATBOT II

Get Zscore
↓
Check Open Positions and Net P&L
↓
Close All Positions if Zscore not relevant or poor P&L performance
↓
Check How Much Capital is Invested
↓
Open New Positions
↓
Repeat Each Time Period

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WHAT IS
STATISTICAL ARBITRAGE?

INTUITION – STRATEGY

Risks and Benefits

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Benefits	Challenges / Risks
Profit in up, down or sideways Markets	Behaviors are not guaranteed to continue
Make use of rebates on two assets	Stats are difficult to comprehend for many
Clear signals for entry and exit	Involves shorting
Statistical, mathematical edge	Market based orders - costs essentially double
Scale - Larger capital possibilities compared With other arbitrage methods	Entry and exit in parallel with Limit based orders can be tricky

CONGRATULATIONS