

Market Making with Order Book Dynamics

Giovanni Longo (12228450) and
Felix Piorier (12410053)

Agenda

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Crypto Book and Trade Data



What it is...

- Bitcoin to USD market data
- Data includes useful numbers on Bitcoin such as:
 - Historical prices
 - Timestamps
 - Quantities of order levels



How it's used...

- We analyze this data to predict where crypto prices will go
- If we are right, then we can place better order prices to attract trading activity

Accurate Predictions = Accurate Prices = Profit Potential

Market Making: How It Works

“Mid-Price”

Average of Best Bid and
Best Offer



Steps to Market Making

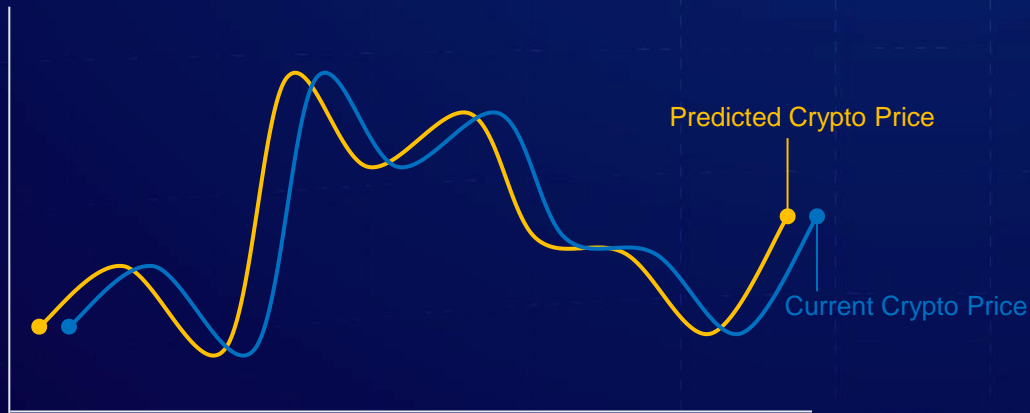
1. Find the “Mid-Price”
2. Place an initial ask and bid order
3. Watch the order book for irregularities
4. Modify order placement
5. Repeat as orders get filled

Order Book Diagram



How We Approach Crypto Markets

We want to guess where crypto prices will go next.



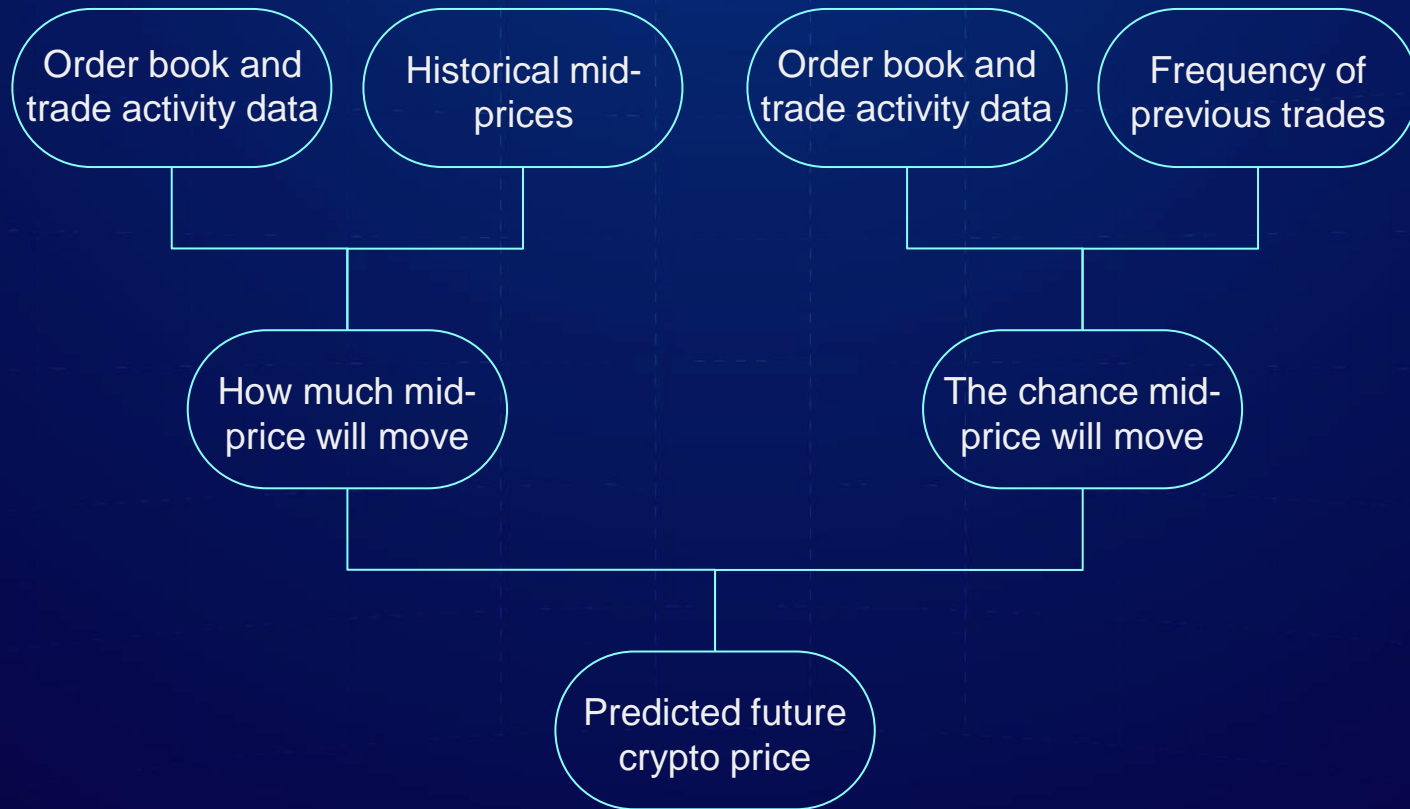
We want to be like the **orange line**.

Profit comes from predictions close to future crypto prices.

So, our goal is to produce the best predicted prices possible.

Here's how we do it...

Calculating Crypto Prices



Strategy Outline



Create Price Predictions



Tune Strategy Parameters



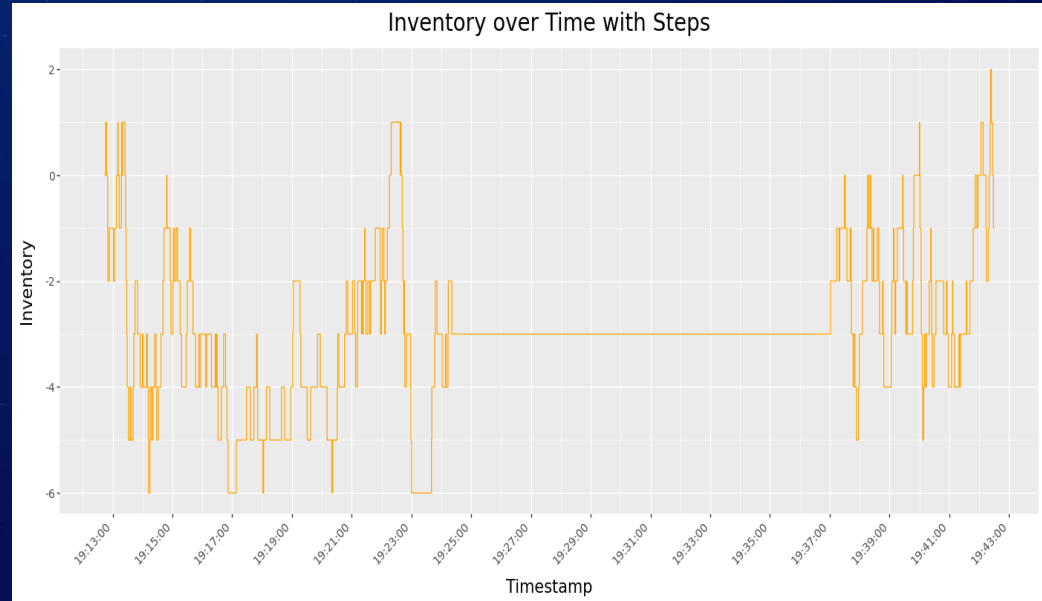
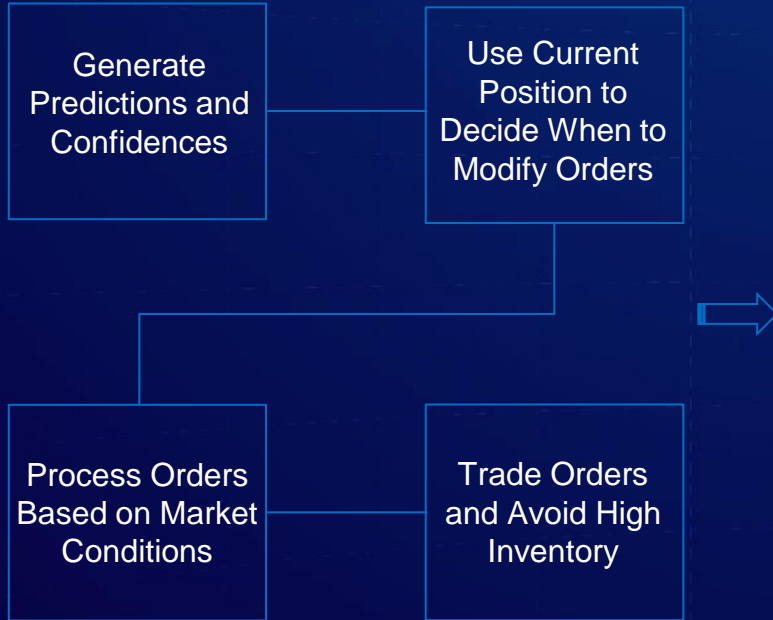
Optimize Market Entry



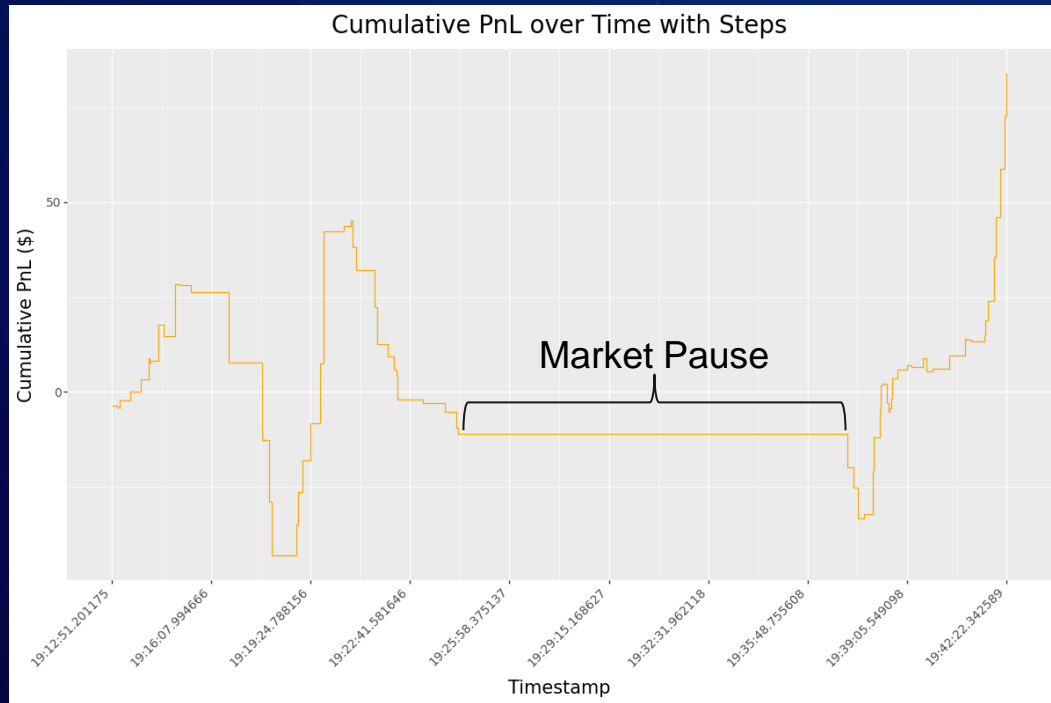
Analyze Performance

Strategy Execution

Pipeline Structure



What Our Strategy Does Well



Fast Recovery from
Negative Returns



Trading Wins Outnumber
Trading Losses



Overall Profitable
Implementation



Transferrable Outside
of Crypto

Identifying Strategy Improvements

From testing, we have identified **TWO** areas that would ensure better strategy performance:

Faster Trade
Execution

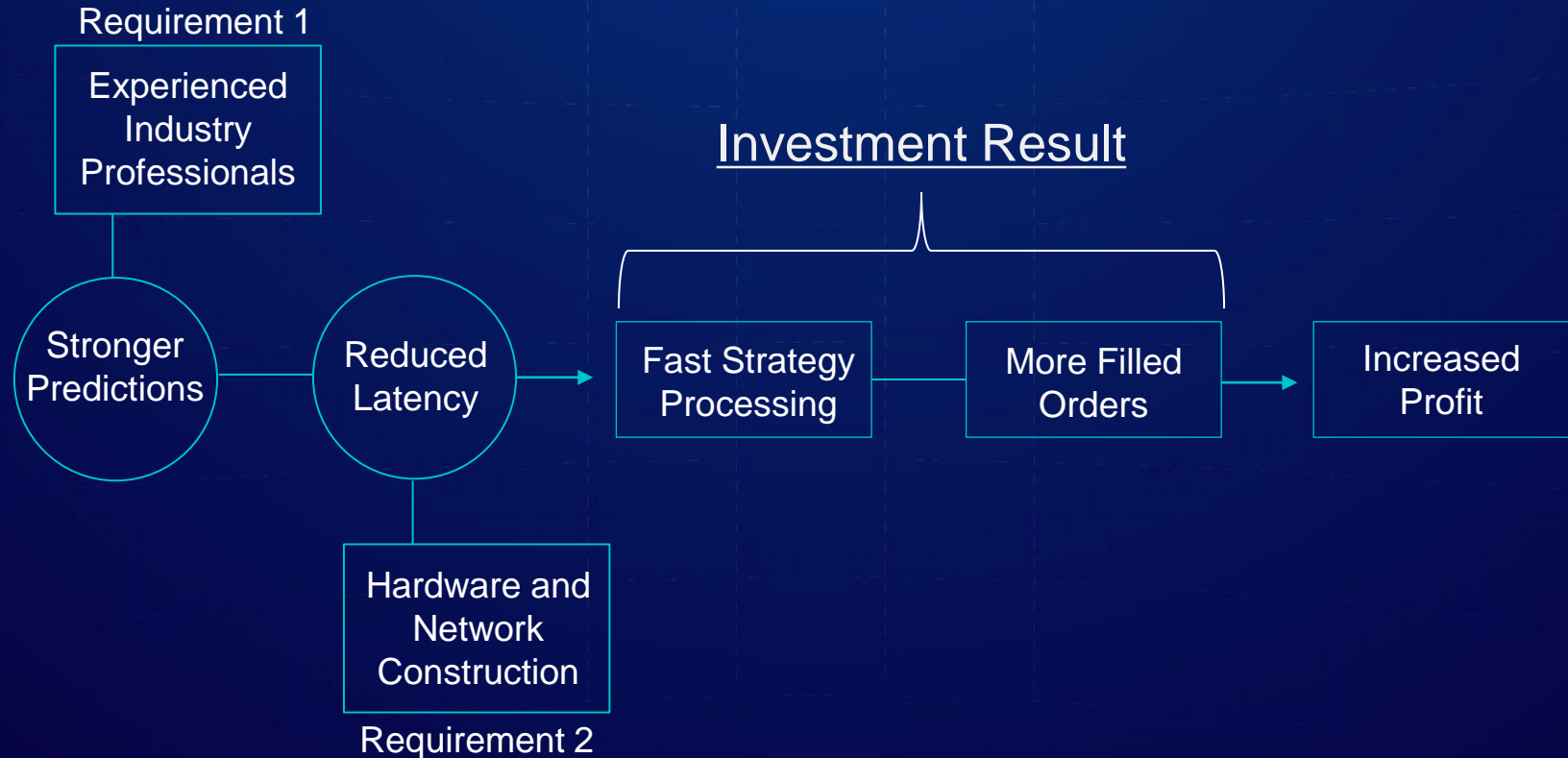
More Trading
Activity

Double Profits

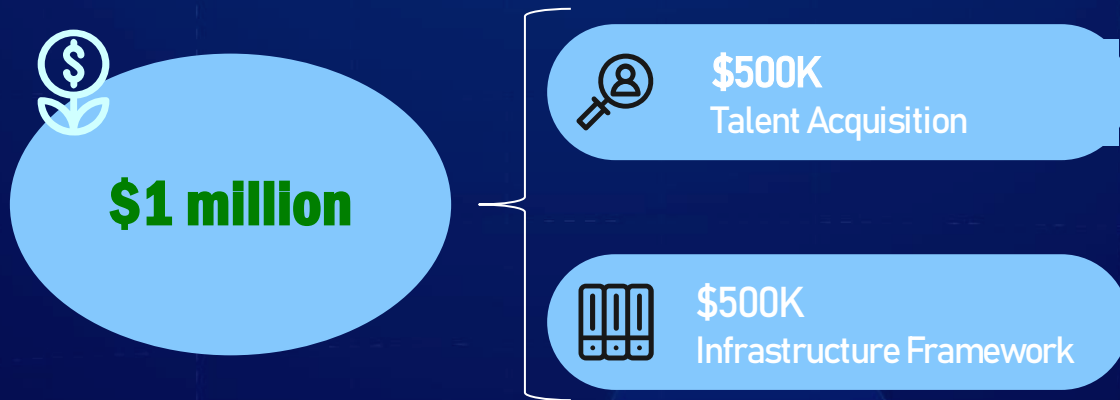
```
graph TD; A[Faster Trade Execution] --> D[Double Profits]; B[More Trading Activity] --> D;
```

The diagram illustrates a flow from two identified areas of improvement to a final outcome. At the top, a text box states that two areas were identified for better strategy performance. Below this, two rounded rectangular boxes are positioned side-by-side: 'Faster Trade Execution' on the left and 'More Trading Activity' on the right. From the bottom of each of these boxes, a blue line with a circular end point extends downwards. These lines then curve inwards and connect to the top of a large, double-outlined rounded rectangular box at the bottom center, which contains the text 'Double Profits'.

How to Win the Markets



Funding Requirements



Thanks!



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