A Quick Analysis of a FOREX Trading System and its tendencies

Ignacio Rus Prados
Ironhack Data Analytics Bootcamp
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enekorus@gmail.com

1 INTRODUCTION

The foreign exchange market (FOREX, FX, or currency market) is a global decentralized market for the trading of currencies. This market determines foreign exchange rates for every currency. It includes all aspects of buying, selling and exchanging currencies at current or determined prices. In terms of trading volume, it is by far the largest market in the world, followed by the credit market.

The main participants in this market are the larger international banks. However, individual traders can also access the market and profit from smaller operations so long as their assessment of the risk for each of their predictions rightly compensates the amount they decide to invest in each operation. In order to success, they design trading systems that analyze different currency exchanges and estimate the risk and expected profit. These systems can be operated manually or automatically, providing the trader with instructions on whether they should start a new operation or not.

In our case, we'll be analyzing a trading system developed by Ramón Rosa Augusto, an independent trader that has been studying the currency market for several years.

2 DATA

Once a trading system has been designed, we can start storing data of each operation the system has deemed as profitable. We have been assigned the task of analyzing a database that contains two measures for each operation that has been performed.

Table 1: A quick look at our database structure

Date	Profit
4/2/2018	0.76
11/2/2018	0.50
.	.
.	.
.	.
20/4/2021	-1

The first measure is the 'profit per unit invested', which represents how much profit we have made in each operation for each unit of currency we invested.

The second measure is the date in which the operation was performed. Dates range from February 2018 to April 2021, although the amount of data is not evenly distributed throughout that time so a few comments should be made: this trading system is designed to work during what we could define as an academic year/period,

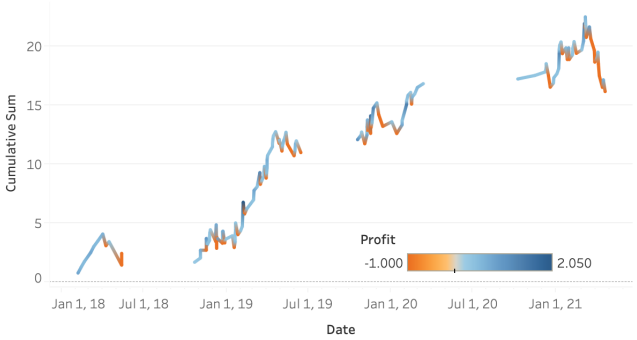

Figure 1: An illustration of a Mallard Duck. Picture from Mabel Osgood Wright, *Birdcraft*, published 1897.

i.e. from October to June. Therefore we won't find any operations during the summer period (July to September). Secondly, some periods of the year will be more active than others, specially when globally disruptive events such as an economic crisis or a global pandemic drastically raise the estimated risk for every operation, so gaps of data should be expected.

3 GOALS

4 ANALYSIS

Aliquam justo ante, pretium vel mollis sed, consectetur accumsan nibh. Nulla sit amet sollicitudin est. Etiam ullamcorper diam a sapien lacinia faucibus. Duis vulputate, nisl nec tincidunt volutpat, erat orci eleifend diam, eget semper risus est eget nisl. Donec non odio id neque pharetra ultrices sit amet id purus. Nulla non dictum tellus, id ullamcorper libero. Curabitur vitae nulla dapibus, ornare dolor in, efficitur enim. Cras fermentum facilisis elit vitae egestas. Nam vulputate est non tellus efficitur pharetra. Vestibulum ligula est, varius in suscipit vel, porttitor id massa. Nulla placerat feugiat augue, id blandit urna pretium nec. Nulla velit sem, tempor vel mauris ut, porta commodo quam Figure 1.

Table 2: A double column table.

A Wide Command Column	A Random Number	Comments
`\tabular`	100	The content of a table
`\table`	300	For floating tables within a single column
`\table*`	400	For wider floating tables that span two columns