
YIELD FARMING WITH LVL AUTOPILOT

Chris Slaughter LVL
Los Angeles, CA 900036
chris@lvl.co

December 10, 2020

ABSTRACT

The role of a market maker is to provide liquidity on an exchange by quoting bid and ask prices for a small discount or premium to the market price. Automated market making is an active strategy that continuously makes the market in one or more assets. Automated market making has been extensively studied, and an optimal market making algorithm has been proposed by Avellaneda & Stoikov (2008). In this paper, we review the state of the art in optimal market making, and then propose a simplified market making model that relies on only two parameters: spread and give. We also demonstrate the performance of the model in simulations.

Keywords Exchange · Liquidity · Automated Market Making

1 Introduction

References