# Algorithmic Trading with Angel Smart API: An Electronic Market Making Strategy

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# Concluding Remarks

Multiple Stocks > Single Stock

WHY?

We are spreading our positions & algo trading strategy across more than one stock. So even if one stock misbehaves, there is a good probability that rest will behave well.

This increases the probability of an overall profit.

# Concluding Remarks

Basic Strategy or Advanced Strategy

NOT YET SURE!

Advanced Strategy should in theory perform better as we are volume weighting our entry into a position. This should result in higher trade executions and better overall performance.

However, both strategies are affected by the Trade Margins.

# Concluding Remarks

Trade Margins

HOW MUCH?

Depends on Cost Structure!

Depends on Data Analysis to arrive at optimal values.

THERE IS A TRADE OFF

Higher Margins = Less Trade Executions

Lower Margins = More Trade Executions

# Concluding Remarks

Trade Quantities

DEPENDS ON CAPITAL

Make sure that the position value of all stocks are equal. This is to ensure that we have a uniform distribution or equal weightage on all stocks.

If any one stock has higher weightage, then the results are also affected by those different weights.

# Concluding Remarks

Main Challenge to Scalability

ANGEL API LIMITATION – ONLY ONE NET POSITION

- Each client code can only trade one version of the Algo at a given time as there is only one net position.
- We cannot trade the Basic and Advanced strategies on the same day and make a direct comparison to see which is better.
- We cannot trade one strategy with different Trade Margins on the same day and make a direct comparison to see what level of Trade Margins are optimal.

# Concluding Remarks

Thoughts to Improve Profitability

USE THE Q&A SECTION

- Suggest changes to the strategy and I can code it.
- Share your results with parameters used and we can make comparisons to identify the profitable Trade Margins.
- Maybe a combined / crowd-sourced effort may succeed.

# Concluding Remarks

**Final Thoughts**

- Do NOT under any circumstances blindly copy and start trading with this code.
- It can have very bad outcomes !!!

- Please understand the logic and try it out incrementally.
  - Use small trade quantities and trade for a few cycles / iterations / minutes.
  - Check the price and quantity of the sent orders and if the orders are sent as expected.
  - Then repeat again to double check for edge cases like partial execution.
  - After a turnover of 1 or 2 lakhs, stop and wait for the daily trade statement.
  - Check that the cost of trading is within expected margins.
  - If the costs are very high, you will need to change the trade parameters.
  - This algo will require a daily monitoring and tweaking. It is never optimal for long.

- Good Luck!