Document: Getting Started: Your First Automated Strategy

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Getting Started: Your First Automated Strategy

Estimated time: 30-45 minutes
Difficulty: Beginner
Prerequisites: Platform account created, basic understanding of trading

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What You'll Accomplish

By the end of this guide, you will: - ✅ Have your account fully configured with risk limits - ✅ Create or select your first trading strategy - ✅ Backtest the strategy on historical data - ✅ Deploy the strategy to paper trading - ✅ Monitor performance and understand key metrics

Important: This guide focuses on paper trading (simulated trading with fake money). You should paper trade for at least 2 weeks before considering live trading.

Step 1: Complete Account Setup (5 minutes)

Set Your Risk Tolerance

Before creating any strategy, define your risk parameters. These act as safety limits across all your strategies.

Navigate to: Settings → Risk Management

Configure the following:

Account-Level Limits: - **Maximum Daily Loss:** $500 (or 5% of capital) - If daily losses hit this amount, all strategies auto-pause - **Maximum Drawdown:** 20% - If account drops 20% from peak, all strategies stop - **Maximum Position Size:** 30% of capital - Prevents over-concentration in single trades

Strategy-Level Defaults: - **Risk Per Trade:** 1% of capital - Standard conservative approach - **Max Concurrent Positions:** 3-5 - Limits total exposure at any time - **Leverage:** 1x (no leverage to start) - Increase only after proven success

[VISUAL: Risk settings form with recommended values filled in and "Save Settings" button]

Click **"Save Settings"**.

Connect Exchange or Broker (Paper Trading)

For paper trading, you don't need to connect a real exchange account.

Navigate to: Settings → Trading Accounts

Select: Paper Trading Account - Starting balance: $10,000 (default) - Trading fees: 0.1% (realistic simulation) - Slippage model: Enabled

Click **"Activate Paper Trading"**.

[VISUAL: Trading accounts panel showing "Paper Trading" selected with green "Active" status]

✅ **Checkpoint:** Your account is now configured with safety limits and ready for paper trading.

Step 2: Choose Your First Strategy (10 minutes)

You have two options: create your own strategy or use a proven template.

Option A: Use a Proven Template (Recommended for Beginners)

Navigate to: Strategies → Strategy Library → Templates

Recommended beginner strategies:

1. Moving Average Crossover - **Complexity:** Low - **Type:** Trend following - **Win Rate:** ~45-55% - **Best For:** Trending markets - **Assets:** BTC/USDT, ETH/USDT, major forex pairs

2. RSI Mean Reversion - **Complexity:** Low - **Type:** Counter-trend - **Win Rate:** ~55-65% - **Best For:** Range-bound markets - **Assets:** Stocks, crypto during consolidation

3. Bollinger Band Bounce - **Complexity:** Low-Medium - **Type:** Mean reversion - **Win Rate:** ~50-60% - **Best For:** Moderate volatility markets - **Assets:** Most liquid assets

Select a strategy and click **"Clone to My Strategies"**.

[VISUAL: Strategy cards showing name, type, win rate, and "Clone" button. MA Crossover card is highlighted]

Option B: Create Your Own Strategy

If you prefer to build from scratch:

Navigate to: Strategies → Create New

Follow the Strategy Builder Tutorial for step-by-step instructions.

For this guide, we'll use the Moving Average Crossover template.

Step 3: Configure Strategy Parameters (5 minutes)

After cloning the template:

Navigate to: My Strategies → Moving Average Crossover

Click **"Edit Settings"**.

Basic Settings

Strategy Name: MA Crossover - BTC (customize as needed)

Asset Selection: - Primary asset: BTC/USDT - Exchange: Binance (or your preferred exchange) - Timeframe: 1 hour

Capital Allocation: - Dedicated capital: $3,000 (30% of $10,000 account) - This strategy can only use up to $3,000

Strategy Parameters

Moving Average Settings: - Fast MA: 20 periods (default) - Slow MA: 50 periods (default) - Type: Simple Moving Average (SMA)

Entry Rules: - Signal: Fast MA crosses above Slow MA - Confirmation: 1 bar (wait for candle to close)

Exit Rules: - Signal: Fast MA crosses below Slow MA - Stop-loss: 5% below entry price - Take-profit: 10% above entry price (optional)

Position Sizing: - Risk per trade: 1% of dedicated capital = $30 - Position size: Calculated automatically based on stop-loss distance

[VISUAL: Strategy configuration form with these parameters filled in]

Click **"Save Configuration"**.

✅ **Checkpoint:** Your strategy is configured and ready to backtest.

Step 4: Backtest Your Strategy (10 minutes)

Before deploying any strategy, test it on historical data to see how it would have performed.

Run the Backtest

From your strategy page, click **"Run Backtest"**.

Backtest Configuration:

Date Range: - Start: 12 months ago - End: Today - (Longer = more reliable results)

Initial Capital: - $3,000 (matches your dedicated capital)

Trading Costs: - Commission: 0.1% per trade - Slippage: 0.05%

Click **"Start Backtest"**.

Wait time: 30-60 seconds for 12 months of hourly data.

Evaluate Results

[VISUAL: Results dashboard showing equity curve, metrics table, and trade list]

Minimum standards to proceed:

Metric	Minimum	Your Result	Pass?
Total Return	>10%	_ %	☐
Profit Factor	>1.3	_	☐
Max Drawdown	<30%	_ %	☐
Win Rate	>40%	_ %	☐
Total Trades	>50	_	☐

If all checkboxes pass: Proceed to paper trading ✅

If 2+ checkboxes fail: - Consider adjusting parameters - Try a different strategy template - Review Backtesting Engine Guide for optimization tips

Common Backtest Interpretations

Good Result Example:

```
Total Return: +42%
Profit Factor: 1.68
Max Drawdown: -18%
Win Rate: 52%
Total Trades: 127

→ Strong strategy, proceed to paper trading
```

Concerning Result Example:

```
Total Return: +8%
Profit Factor: 1.12
Max Drawdown: -38%
Win Rate: 34%
Total Trades: 23

→ Weak strategy, adjust parameters or choose different strategy
```

✅ **Checkpoint:** Your strategy passed backtesting standards.

Step 5: Deploy to Paper Trading (5 minutes)

Now that your strategy is validated, deploy it to paper trading for real-time simulation.

Activate Paper Trading

From your strategy page, click **"Deploy"**.

Deployment Options:

Select **"Paper Trading"** (not Live Trading).

Confirmation Checklist: - [ ] Strategy backtested with acceptable results - [ ] Risk parameters configured - [ ] Account limits set (max loss, max drawdown) - [ ] Understanding this is simulated trading (no real money)

Click **"Deploy to Paper Trading"**.

[VISUAL: Deployment modal with Paper Trading selected, showing confirmation checklist and "Deploy" button]

Activation Confirmation

You'll see: - ✅ Strategy Status: Active (Paper) - 📊 Current Position: None (waiting for signal) - 💰 Dedicated Capital: $3,000 available - ⏰ Last Checked: Just now

[VISUAL: Strategy dashboard showing Active status with green indicator]

Step 6: Monitor Your Strategy (Ongoing)

Your strategy is now running automatically. Here's how to monitor it.

Daily Monitoring

Navigate to: Dashboard → Active Strategies

Key information displayed:

Performance Today: - P&L: $0 (no trades yet) - Open Positions: 0 - Trades Today: 0

Overall Performance: - Total Return: 0% (just started) - Current Drawdown: 0% - Win Rate: N/A (need 10+ trades)

Recent Activity: - [Timestamp] Strategy activated - [Timestamp] Monitoring BTC/USDT for signals - [Timestamp] Waiting for Fast MA to cross Slow MA

[VISUAL: Dashboard showing strategy card with these metrics and activity feed]

Understanding Signals and Trades

When a trade happens, you'll see:

Entry Notification:

```
🟢 BUY Signal Triggered
Asset: BTC/USDT
Entry Price: $43,250
Position Size: 0.069 BTC ($3,000)
Stop-Loss: $41,087 (-5%)
Take-Profit: $47,575 (+10%)
Risk: $30 (1% of capital)
Time: 2024-12-10 14:00:00 UTC
```

Exit Notification:

```
🔴 SELL Signal Triggered (or Stop-Loss Hit / Take-Profit Reached)
Asset: BTC/USDT
Exit Price: $44,800
P&L: +$107 (+3.58%)
Duration: 2.3 days
Time: 2024-12-12 21:00:00 UTC
```

What to Watch For

First 2 weeks of paper trading:

Positive signs: - Strategy generates signals as expected - Entry/exit logic makes sense in real-time - Risk per trade matches configuration - No technical errors or bugs

Warning signs: - No signals generated for days (conditions too strict?) - Too many signals (conditions too loose?) - Losses consistently larger than expected - Technical errors (API failures, connectivity issues)

Step 7: Review After 2 Weeks (5 minutes)

After 2 weeks of paper trading, perform a formal review before considering live trading.

Performance Checklist

Metrics to evaluate:

Metric	Target	Your Result
Total Return	Positive	_ %
Number of Trades	10+	_
Win Rate	40%+	_ %
Largest Loss	<3% of capital	_
Strategy Uptime	95%+	_ %

Qualitative Assessment: - [ ] I understand why each trade was taken - [ ] Drawdowns felt emotionally manageable - [ ] No technical issues or bugs - [ ] Strategy behavior matches backtest expectations - [ ] Comfortable proceeding to live trading with small capital

Three Possible Outcomes

1. Paper Trading Success ✅ - Performance meets/exceeds expectations - No technical issues - Emotionally comfortable with process - **Action:** Consider live trading with 10-20% of intended capital

2. Mixed Results ⚠️ - Some good trades, some concerning patterns - Minor technical hiccups - Need more data to assess - **Action:** Continue paper trading for another 2-4 weeks

3. Poor Performance ❌ - Losses exceed expectations - Frequent errors or issues - Strategy behavior doesn't match backtest - **Action:** Pause, analyze problems, adjust or choose different strategy

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Step 8: Transition to Live Trading (If Ready)

Only proceed if you passed the 2-week review checklist above.

Start Small

Recommended approach: 1. Start with 10-20% of your intended capital 2. Run for 2 weeks alongside paper trading 3. Compare live vs paper performance 4. Gradually increase capital if performance matches

Example: - Planned live capital: $10,000 - Start with: $1,000-$2,000 - Run both: Live ($1,000) + Paper ($10,000) - After 2 weeks: Increase to $3,000-$5,000 if successful

Activate Live Trading

Navigate to: My Strategies → [Your Strategy]

Click **"Deploy"** → **"Live Trading"**

You'll need to: 1. Connect your exchange/broker account (API keys) 2. Confirm risk limits 3. Verify starting capital 4. Accept terms (acknowledge real money at risk)

[VISUAL: Live trading deployment with exchange connection, capital input, and risk confirmation]

Live Trading Differences

What changes: - Real money at risk - Emotional responses intensify - Small technical issues become costly - Discipline becomes critical

What doesn't change: - Strategy logic and rules - Risk management parameters - Monitoring requirements

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Best Practices for Success

Do's ✅

1. Start Conservative - Use 1% risk per trade maximum - Begin with simple strategies - Paper trade for full 2 weeks minimum

2. Monitor Regularly - Check performance daily (first month) - Review trades weekly - Analyze metrics monthly

3. Follow Your Rules - Let strategy execute automatically - Don't manually override signals - Trust the system you backtested

4. Keep Learning - Review why trades won or lost - Study market conditions during drawdowns - Adjust only based on data, not emotion

5. Maintain Discipline - Accept that losses are normal - Don't increase risk after losses - Stick to position sizing rules

Don'ts ❌

1. Don't Rush to Live Trading - Skipping paper trading = high failure risk - Wait for statistical significance (100+ paper trades ideal)

2. Don't Overtrade - Resist urge to increase position sizes - More trades ≠ more profit - Quality over quantity

3. Don't Panic During Drawdowns - All strategies have losing periods - Review if drawdown exceeds 25%, but don't react to 10-15% drawdowns

4. Don't Constantly Tweak Parameters - Changing settings after every loss = destroying your edge - Only adjust based on months of data

5. Don't Ignore Risk Management - Never disable stop-losses - Always respect maximum daily loss limits - Position sizing is not optional

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Troubleshooting Quick Reference

"Strategy not generating signals" → See Troubleshooting Guide: No Signals

"Backtest results look too good to be true" → Likely overfitting. Retest with different parameters or longer timeframe.

"Paper trading performance worse than backtest" → Normal 10-20% variance. If >30% worse, review Common Backtest Pitfalls.

"Strategy paused automatically" → Check if daily loss limit or max drawdown limit triggered. Review recent trades.

"Can't connect exchange account" → Verify API keys, check permissions, ensure IP whitelist configured.

Next Steps

Continue Learning

Recommended reading: - Backtesting Engine Guide - Master performance analysis - Position Sizing Strategy - Optimize risk per trade - Risk Management Dashboard - Monitor portfolio health

Join the Community: - Strategy discussion forums - Weekly strategy webinars - User success stories

Expand Your Portfolio

Once comfortable with your first strategy: - Clone and modify templates - Test different assets (crypto, stocks, forex) - Run multiple strategies simultaneously (with proper correlation management) - Experiment with different timeframes

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Summary Checklist

Setup Phase: - [ ] Account risk limits configured - [ ] Paper trading activated - [ ] Strategy selected and cloned

Testing Phase: - [ ] Strategy parameters configured - [ ] Backtest completed with passing results - [ ] Backtest results reviewed and understood

Deployment Phase: - [ ] Strategy deployed to paper trading - [ ] Monitoring dashboard familiarized - [ ] Notifications configured

Validation Phase: - [ ] 2 weeks of paper trading completed - [ ] Performance reviewed against checklist - [ ] Decision made (continue paper / go live / adjust)

Live Trading (Optional): - [ ] Exchange/broker connected - [ ] Live trading with small capital initiated - [ ] Live vs paper performance compared

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Support Resources

Technical Help: - 📚 Knowledge Base: help.platform.com - 💬 Live Chat: Available 24/7 - 📧 Email Support: support@platform.com

Educational Resources: - 🎓 Video Tutorials: tutorials.platform.com - 📊 Webinars: Weekly strategy sessions - 👥 Community Forum: community.platform.com

Emergency Issues: - Strategy not stopping: Contact support immediately - Unexpected losses: Pause strategy, review logs, contact support - API errors: Check system status page, verify credentials

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Congratulations!

You've completed your first automated strategy setup. Remember: - **Patience is key** - Paper trade thoroughly before risking real money - **Risk management** - Protects your capital during inevitable losing streaks - **Continuous learning** - Markets change, strategies evolve, keep improving

Most important: This is a marathon, not a sprint. Traders who start conservatively and learn systematically have the highest long-term success rates.

Last updated: December 2024 | Questions? Check our FAQ or contact support

For portfolio demonstration purposes