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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, November 8, 2013

Free System Testing

Many traders think their trading system will lose its edge if they disclosed it. They keep it secret as if it is some nuclear bomb code or cryogenic engine technology. I can understand, if it is some High Frequency Trading algorithm they developed after spending a few million dollars. But almost always it could be a crappy curve fitted Amibroker code based on some indicators every Tom Dick and Harry is well aware of.

Unless we are operating on a millisecond timeframe and attempting to exploit a wafer thin edge with an automated trading system, there is no point in keeping the method secret. That is all beyond the reach of a retail trader. Even billion dollar funds are struggling with it.

I think, there are two reasons for keeping the system a secret. The first one is they want to sell it and make some money. Otherwise the system could be so crappy that they themselves have no confidence to share it and they are not able to defend it on public scrutiny.

It is always better to share your system publicly, I feel. The system need not be profitable. Do it even if you find something potentially profitable. Market is so deep that it will not be affected by few people trading your method.

Sharing it publicly will have some huge benefits. Other traders trying your method will prove its worth fast. You will always get feed backs so that you will have a better idea about the positives and short coming of the method. Then you can focus on its strengths and modify it to eliminate the shortfalls.

Even if your system is crappy, don't worry. You will understand it is not viable much earlier without you having to waste a lot of precious time on it, so that you can move on to something else.

Share your system. It is as good as hiring a few system testing professionals to evaluate it, and it is free.

Posted by [SMART Trader](#) at 10:14 PM



2 comments:



[Unknown](#) November 8, 2013 at 11:24 PM

So deep thought so wonderfully put up.
Thanks
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[Anonymous](#) November 10, 2013 at 9:30 PM

the point is how many people have cultivated the good habit of following just one system?

babu
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