CS 577: Introduction to Algorithms

Program 6 - Arbitrage

Out: 16 March 2021 Due: 23 March 2021

Coding Question:

Reminders:

- Must be coded individually in your choice of either Python, Java, C, C++, or C#
- There are hidden testcases
- Submitted through Gradescope
- There is a class-wide runtime leaderboard on Gradescope
- We encourage the use of Piazza for debugging help
- · Please do not cheat

Problem:

Arbitrage is the simultaneous buying and selling of an asset in different markets to make profit off of the difference in the asset's price. For example, with currency arbitrage, say 1 USD buys 0.83 Euro, 1 Euro buys 12.934 Japanese Yen, 1 Japanese Yen buys 0.096 USD. By converting currencies through theses exchanges (USD \rightarrow Euro \rightarrow Yen \rightarrow USD), a trader on every 1 USD would earn $1 \cdot 0.83 \cdot 12.934 \cdot 0.096 \approx 1.03$ or about a 3% profit.

You're given a list of values of an asset across different exchanges and must calculate the minimum transaction cost (as an integer percent) so as to eliminate any possible arbitrage if starting and ending in the same exchange. You may assume the asset is infinitely divisible. In the above example, a transaction cost of 1% would remove the arbitrage opportunity.

Input should be read in from stdin. The first line will contain the number of exchanges (n) and the number of possible trades (m) and all subsequent lines will contain 3 inputs, separated by spaces, where the first input is the buying location, the second input is the selling location, and the last input is the integer price (p), in the sell market, of \$100 of the asset in the buy market.

Constraints:

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• 1 \le n \le 100
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- $1 \le m \le 10000$
- $1 \le p \le 500$

Sample Test Case 1:

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Input:
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22

NYSE JPX 110

JPX NYSE 110

Output:

10

Explanation:

Trading the asset from NYSE to JPX and back results in 110% * 110% = 121% profit. The minimum cost solves $110*(1-x)*110*(1-x) \le 100$. Thus, the minimum cost per trade is $\lceil 9.\overline{09}\% \rceil = 10\%$.

Sample Test Case 2:

Input:

5.6

NYSE JPX 110

JPX LSE 90

LSE SSE 110

SSE NYSE 111

SSE AMS 90

AMS NYSE 90

Output:

5

Explanation:

Optimal trade is NYSE \rightarrow JPX \rightarrow LSE \rightarrow SSE \rightarrow NYSE for profit of 120.879%. This is the highest possible profit if starting and ending in the same exchange. Thus, the minimum cost per trade solves $120.879(1-x)^4 \le 100$ for an integer x and is thus $\lceil 4.6\% \rceil = 5\%$