ForexInvest Project White Paper

# Purpose

Lots of people are trading forex. Some are making money but most of others are losing.

However, all of traders are definitely using a certain strategy to trade, although most of losers actually don’t realize they actually have a certain strategy.

There are bad strategies, so there should be good strategies.

Those strategies are being used for some people are not static. They open a position if they want, without any certain reason. Or the only reason is they have some feeling which makes them to do a certain trading action.

Some other people are using static strategies. Like, if S&P500 indicator grows, open a Long position; if MA5 goes down to cross MA40, close long position. When they do a certain trade, they have clear reason. Or say, they have clear rule/strategy.

As I see, most of all people sometimes use static strategies and some other times use non-static strategies. Perhaps it depends on weather. Who knows?

I’m not saying I don’t like non-static strategies. Reversely I like them.

Since the market is not static, why should I like static strategies?

However, people, especially myself, are hard to control our temple, moon, and some other 客观的 behavior (like weather). So we actually don’t have enough confidence to expect we have positive investment return.

So I plan to research and develop a computer automatically trading system, which can use static and non-static or semi-static strategies, if they can actually help me to become profitable.

# Target

ForexInvest Project aims to construct an automatic trading system on Forex area. We hope to build an automatic trading strategy which can:

1. gain 30%+ per year
2. runs continuously and smoothly.

# Feature

1. A mock broker server which servers for real-time testing and history-back testing.
2. A performance/risk monitor system which is used to show how good or bad a certain strategy is
3. Different instrument support
4. Test client system, which can use a certain strategy and connect to mock broker to test
5. Multiple kinds of strategies based on different algorithm:
   1. Genetic algorithm
   2. Dynamic algorithm to choose recent better strategies.
   3. 神经网络算法
   4. Random strategy
   5. Any other useful strategy
6. Real Test client system, which can user any chosen strategy and connect to real Duckascopy Demo server to do the real-time test
7. Last 6 years history instrument data management

# Mechanism

First, it is important to build static strategies. After that we can develop non-static strategies based on these static strategies.

For those static strategies, we can consider the following factors:

1. Time – when to trade and when not
2. Mount – how much size do we open/close in one position
3. Instrument – which instruments should we choose in one position
4. Indicators – MA, EMA, MACD and etc.
5. Any other factors

For those non-static strategies, we should use non-static algorithm to build. E.g.

1. Genetic algorithm
2. Dynamically choose strategies which have better performance recently
3. Random choose?
4. Any other algorithm.

# Plan

Refer to “ForexInvest Project Plan.docx”