For this problem I used a momentum based algorithm which checks the growth of the stock in respect to the previous day's stock value.

If the stock has increased by 2% overnight we assume that there will be a further growth in the stock price.

If it decreases by 2% overnight we assume there will be a further fall in stock price.

To minimize our risk we cap the decrease at 1% when we have bought a stock and likewise we cap the increase percentage at 1% when we sell a stock.

So when the stock increases by 2% overnight, we long the stocks

If we have longed a stock already we wait till it falls by 1% overnight and then we short the stock

Similarly when the stock decreases by 2% overnight, we short the stocks

If we have shorted a stock already we wait till it rises by 1% overnight and then we long the stock

The profits are made between the two days where we make the trades