



MODULE 3 UNIT 3

Video 1 Transcript

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NIR VULKAN: We are now towards the end of Module 3, and this is where we got our hands dirty, so to speak, for the first time. We talked about how to think about systems, where to look for ideas, where to look for rules, how to put them together, and most importantly, how to test them.

We heard both from Hans and from Ewan Kirk about where to look for ideas, where to find abnormalities, what markets to trade, and so on, and perhaps that gave you some inspiration. We then heard from Terri Duhon about the challenges of taking a systematic approach, a mathematical model into the market and understanding how to interact with the traders and sort of make it happen. And we heard also from Stefan Zohren about more advanced methods in statistical physics and other areas, and you've heard for me about the idea, or the importance of out-of-sample, which could also be the importance of being honest with oneself about finding a system that truly is a system, and it's not just overfitting the data.

Now, it's a lot to take in and I hope this is beginning to sink in, and you really have a feel of what it's like to develop an algo trading. In the next module, we are going to use all this information when I'm going to guide you through a number of examples where we're going to optimise a little trend model to start with, and you can see how all these things fit together for the first time.

Did you understand all the concepts in this video? If you would like to review any of the questions, click on the corresponding button.