Algorithmic Trading A-Z
with Python and Machine Learning

Iterative Backtesting

Pros and Cons of Vectorized Backtesting

- Simple Code
- Fast and efficient
- Test/Screen many strategies and settings at once

- Simplification (we invest amounts or units @ Bid/Ask Prices)
- Hard to code more complex Strategies in vectorized way
- No path-dependent and recursive Strategies
- Look-ahead bias (all positions and trades are determined simultaneously -> but: new data arrives incrementally)

→ Iterative Backtesting ("event-driven")

- More complex Strategies
- Used after Vectorized Backtesting (more realistic)
- Close to Trading/Implementation (coding-wise)