**Trading Bot Plan**

**Types of Trading Bots**

* Mean-Reversion Systems trade on the idea that prices return to their average over time. Trades are made when the prices deviate from this average, expecting them to revert to the mean, capitalising on this deviation.
* Trend-follow systems work on the idea that an established trend is more likely to persist than reverse so trade with the flow.
* High-Frequency Trading (HFT) is an algorithmic type of trading that has high speed and turnover rates, so they buy and sell a lot of assets in a short period of time. They have a large order-to-trade ratio, which means that the number of placed trades is relatively low compared to the buy or sell requests.
* Grid Trading Systems exploit price fluctuations and market volatility. They anticipate price bounces within a certain level and set trades at pre-set levels irrespective of trend direction. Grid Trading systems target smaller profits from many trades, risking major losses if the market trends out of its range.
* Dollar-Cost Averaging Systems (DCA) spread asset purchases overtime, which mitigates market volatility, so its suitable for wealth preservation and gradual growth.

I’m going to have a bot that trades equities based on a mix of a dollar-cost averaging and trend-following system, that capitalises on short term micro/macro-economic news, geopolitical trends and a fundamental analysis (rating system)

**Step 1: Which asset will I target (shares, with the possibility of forex)**

**Macro geopolitical trading bot**

**A graph of blue and white bars

Description automatically generated with medium confidence**

Effect on S&P 500 after geopolitical events. Only has a negative effect for a short period after major geopolitical events.