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A REVOLUTIONARY APPROACH

Defining the Problem in Algorithmic Trading

Problem Statement

- 1.1 Too much data is available in the market, making it overwhelming to analyze before making a trading decision.

- 1.2 People often make uneducated guesses due to a lack of knowledge about market dynamics, macroeconomics, and global financial events.

- 1.3 Retail traders lack access to advanced analytical tools and AI-driven insights, which are mostly available to institutional investors, creating an uneven playing field.
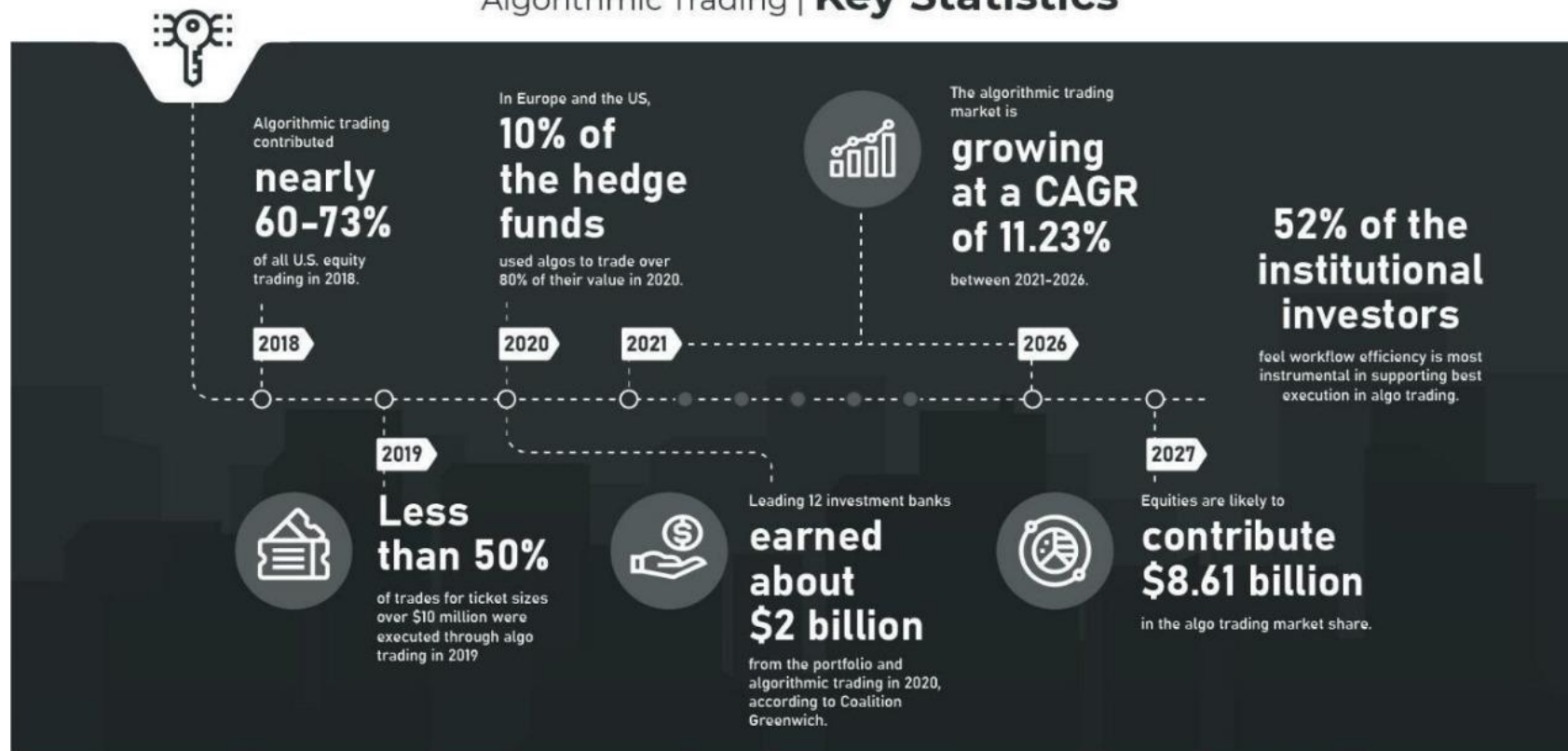
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Who Feels the Pain?

Stakeholders

- Traders (retail and institutional)

- Financial analysts

- Quantitative analysts (quants)

- Hedge fund managers

- Investment banks

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Market Size

Algorithmic Trading | **Key Statistics**

Algorithmic trading contributed **nearly 60-73%** of all U.S. equity trading in 2018.

In Europe and the US, **10% of the hedge funds** used algos to trade over 80% of their value in 2020.

The algorithmic trading market is **growing at a CAGR of 11.23%** between 2021-2026.

52% of the institutional investors feel workflow efficiency is most instrumental in supporting best execution in algo trading.

2018 **2020** **2021** **2026**

2019 **Less than 50%** of trades for ticket sizes over $10 million were executed through algo trading in 2019

Leading 12 investment banks **earned about $2 billion** from the portfolio and algorithmic trading in 2020, according to Coalition Greenwich.

2027 Equities are likely to **contribute $8.61 billion** in the algo trading market share.

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analyzingalpha.com

Existing Solutions

- **Manual analysis** – Traders rely on reading financial reports and tracking economic events, which is time-consuming and inefficient.

- **Dependence on unreliable sources** – Many traders follow fake experts or unverified tips, leading to poor investment decisions.

- **Emotional trading** – Lack of self-confidence in manual trading often results in impulsive decisions and frequent losses.

- **Limited customization in existing algo platforms** – Most algorithmic trading platforms have high service fees and lack personalization options for retail traders.

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Solution Approach

- **AI-powered consolidated reports** – Use LLMs (Large Language Models) to analyze fundamental & technical price data into an easy-to-understand report.

- **Automated price impact analysis** – Identify key reasons behind price movements from annual reports, interest rate changes, and government policies.

- **Prioritization of market-moving factors** – Rank influencing factors based on their impact on stock price changes and actively track them in trusted news portals.

- **Continuous real-time monitoring** – Fetch latest reports and news dynamically, using LLMs to predict how new developments might affect stock prices.

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Unique Selling Proposition (USP)

- AI-driven insights – Eliminates guesswork with real-time, data-backed decisions.

- Automated & adaptive – Continuously updates based on market conditions.

- Saves time & effort – Replaces manual research with AI-generated insights.

- Affordable for retail traders – Provides institutional-grade analysis without high fees.

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High-Level Architecture

▶ **1. Data Ingestion Layer (Real-Time & Historical Data Collection)**

• **Market Data APIs:** Fetch stock prices & trends (Yahoo Finance, Bloomberg).

▶ **2. Data Processing & Analysis Layer (AI Insights & Predictions)**

• **LLMs (GPT Models):** Summarize financial reports & insights.

• **Sentiment Analysis:** Gauge market sentiment from news & social media.

▶ **3. Backend & API Layer (Efficient Data Handling)**

• **Frameworks:** FastAPI/Flask for AI & data processing.

▶ **4. Frontend & Dashboard (User-Friendly Trading Insights)**

• **Tech:** React.js/Next.js for an intuitive UI

▶ **5. Deployment & Monitoring (Scalable & Reliable)**

• **Cloud:** AWS/Google Cloud for hosting.

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