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What is Robotic Trading System? - GeeksforGeeks

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In this epoch of digital transformation, it is the responsibility of every netizen to have awareness about the changing technologies around them. Whether it could be the food delivery system, online grocery, online shopping, online bill payments system, online cab booking system, everything comes online now. So how do we access the resources to attain its maximum benefits lies the awareness of an individual. Knowing about all the day to day online services is getting familiar. But robotic day trading systems still seem to be opaque. Why we can't get familiarised with day trading concepts that could be automated with robotic advisors?... This article is all about robotic trading and how does it help in trading activities.



Trading is a common practice that had been followed for ages. Now, as the evolution of technology takes place across every industry, the trading industry also gets nourished with the principles of artificial intelligence, machine learning, big data, and data mining. To be more specific, these technological advancement is making trade activity more simple with less estimated risk. Did you know according to [Investopedia](#), 75% of shares traded on US stock exchanges are inclined to robotic trading strategies? Yup robotic trading is the beacon of today's stock exchanges. Let's dig in about robotic trading now.

What is Robotic Trading?

Robotic trading or automatic trading software is a set of simple and complex trading conditions programmed with the trading strategy to establish entry and exit of trade activities. Placing a buy or sell order on the market with the help if a code is called *robotic trading*. The buy order or sell order is not just made with mere assumption it is a whole great effort that utilizes algorithmic trading strategies to implement a trade activity and land is profiles. Or merely the automation of the trading strategy without the interference of emotions.

Automatic trading software completely shuns the human emotional trigger in trading activity. Robotic trading facilitates protection to the capital invested. It maintains the risk-reward ratio to land in profit.

How do the Robotic Trading functions?

Robotic trading, or algorithmic trading or automated trading

system function with the set of trading strategy and mathematical rules programmed by the Quants (professionals who develop the statistical models and codes). This model should be a strategy called alpha seeking strategy that consistently generates revenues and free of the overall trend of the market.

The performance metrics of an automated trading system are, percentage of gain, profit factor, risk factor are the key performance metrics to gauge a profitable trading session.

Day trading Robots or Expert Advisors(EAs)

Expert advisors become a generic term in the stock market industry now. Expert advisors are nothing but the day trading AI software that analyzes market data and fetch you a bit of timely advice on whether to do trading operations. Nowadays it has become a profitable business to create and sell a trading robot. Using trading strategies automatically to create a gamut of profit requires extensive knowledge of trading and programming.

Is [Forex Trading Robot](#) a Money-Making Machine?

If somebody develops successful and error-free money making software they would have kept it secret right?. So only the giant investment banks and trading firm keep their proprietary software under the secure vault. All other freeware software is not error-free. There could be glitches and errands that could make you huge financial loss. So how do hedge fund companies and investment banks develop such a fail-proof code to generate maximum gains in the stock market?. Is that possible to develop a trading bot on your own and mint millions?.

But making money in trading is not as easy as it sounds. It does

need a lot of elevations and investigations about past and present market behavior and data. One has to be familiar with the technical analysis and the trading practice to develop a foolproof trading algorithm.

How You Can Start Coding the Forex Trading Bot?

First, you have to open a demo account with the stockbroker company that executes trades in the Metatrader platform. Then you can practice MQLScripts on the platform to place the order. Then you should backtest your program with historical data. Finally, after executing the algorithm on paper trading you can implement it in the real market. If your code could perform real-time trading and generate profits then you are having a money-making engine in your hand. That's it. Sounds simple right?!. But actually not. You need to practice a lot to get your mind to work a lot to arrive at a successful trading algorithm.

Pros and Cons of Robotic Trading

The advantages include no interference of human emotions, can be traded in multiple accounts, backtesting with historical data can be implemented, and trade is channeled as a systematic procedure with discipline.

The disadvantages include mechanical hardware and network failures; social monitoring should be done at every stage, and sometimes the performance would not be as expected.

Robotic trading is evolving in this era of cloud technology and networking. This would give way to technocrats to expand their horizons towards the stock market. Being sound with data structures and algorithms you could develop a trading bot. As

trading concepts are easy to practice, a developer could possibly create a trading bot that would mint money.

The technical concepts of trade, capital markets and the trading activity are quite easy to understand. Simply you have to do buy and sell activity based on the trade signals.

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