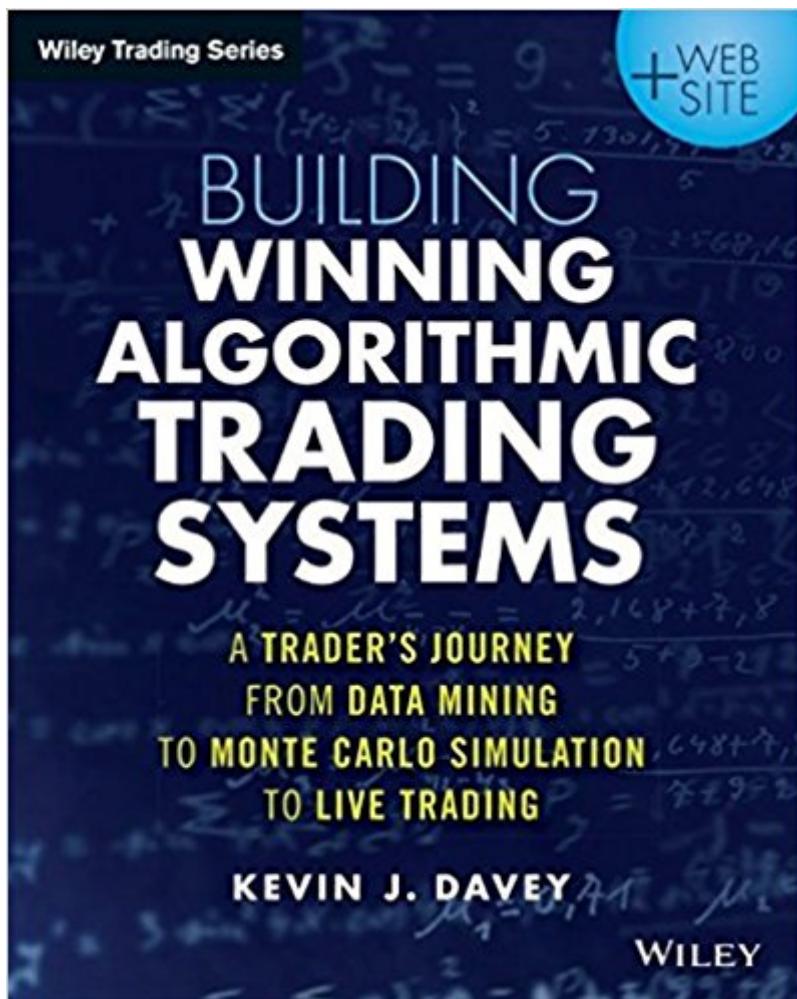


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# **Building Winning Algorithmic Trading Systems, + Website: A Trader's Journey From Data Mining To Monte Carlo Simulation To Live Trading (Wiley Trading)**





## Synopsis

Develop your own trading system with practical guidance and expert advice In Building Algorithmic Trading Systems: A Trader's Journey From Data Mining to Monte Carlo Simulation to Live Training, award-winning trader Kevin Davey shares his secrets for developing trading systems that generate triple-digit returns. With both explanation and demonstration, Davey guides you step-by-step through the entire process of generating and validating an idea, setting entry and exit points, testing systems, and implementing them in live trading. You'll find concrete rules for increasing or decreasing allocation to a system, and rules for when to abandon one. The companion website includes Davey's own Monte Carlo simulator and other tools that will enable you to automate and test your own trading ideas. A purely discretionary approach to trading generally breaks down over the long haul. With market data and statistics easily available, traders are increasingly opting to employ an automated or algorithmic trading system—enough that algorithmic trades now account for the bulk of stock trading volume. Building Algorithmic Trading Systems teaches you how to develop your own systems with an eye toward market fluctuations and the impermanence of even the most effective algorithm. Learn the systems that generated triple-digit returns in the World Cup Trading Championship Develop an algorithmic approach for any trading idea using off-the-shelf software or popular platforms Test your new system using historical and current market data Mine market data for statistical tendencies that may form the basis of a new system Market patterns change, and so do system results. Past performance isn't a guarantee of future success, so the key is to continually develop new systems and adjust established systems in response to evolving statistical tendencies. For individual traders looking for the next leap forward, Building Algorithmic Trading Systems provides expert guidance and practical advice.

## Book Information

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## Customer Reviews

"Winner, 2014 Trading Book of The Year - Superior Trading And Resource (STAR) Award" - TraderPlanet.com "Winner, 2016 Trading Book of The Year - Superior Trading And Resource (STAR) Award" - TraderPlanet.com "Kevin Davey has a unique understanding of systems and the markets I have only seen in a few people over the years. A 90% of trading books written today are useless. A This book impressed me. A This book is a must read for anyone who is interested in trading using a systematic approach. A I put this book on my list of the top 50 most useful books on trading of all time. "- Murray A. Ruggiero, Jr. - Chief Systems Designer at Tuttle Tactical Management, Contributing Editor of Futures Magazine, Author of "Cybernetic Trading Strategies" and "Using Easy Language 9.X."Great Eye Opener for Anyone Getting Into Automated TradingA "I typically don't buy trading books anymore having read 100+ already. Why? Because most are the same regurgitated thoughts, patterns, analysis and strategies.A I recently met Kevin on LinkedIn. After swapping a few emails, I quickly realized that he understands how to build and trade systems.A His book is a simple and quick read even if you don't know anything about systems or programming. If you want a true taste of what its like to build trading systems you should read his book.A " - Chris Vermeulen, Founder of AlgoTrades.netA ?This is a great book to get a much better understanding of what is really involved in system development and help on your journey from someone with a lot of real-life trading experience. For those already working with systems, it may challenge some of the approaches you use and help you to become a better system developer and trader. From my perspective, the chance to look over Kevin's shoulder and see the concepts and full code from some systems he has been using in his own trading alone would be of far more value than the cost of the book.? ?Tim Rea, Proprietary systems developer/trader; 1st place winner, World Cup Championship of Futures Trading (R) 2011 ?Part Reminiscences of a Stock Operator and part Market Wizards, Kevin Davey has written a superb book for the modern trader. Not only does Kevin provide a step-by-step plan on how to develop algorithmic trading strategies but he actually reveals the strategy he used to win The World Cup Championship Of Futures Trading (R) along with two additional euro currency systems. I have no doubt this will become a popular and often referenced book amongst traders. Readers will find Kevin's humble and engaging voice easy to follow and grasp. They will also find his personal

journey from aerospace engineer to beginner trader, to a championship winning trader and finally to a full time professional trader insightful, entertaining, and inspiring. Wiley should also be congratulated for recruiting a real trader who trades real markets with real money to write a trading book for people aspiring to become real traders. I highly recommend this book to anyone who is serious about developing a successful and sustainable trading career. ? ?Brent Penfold, professional trader and author of *The Universal Principles of Successful Trading* (Wiley 2010) ?Few trading books on the market today are written by those who actually make their living from trading and those that are frequently suffer from being unintelligible to the layman. Kevin Davey has the authenticity of a real trader and the ability to distill complex ideas into a format that is easy to read and, at times, brutally honest. For those aspiring to trading success, Kevin gives a step by step guide on how to approach systems development as well as outlining many of the pitfalls to avoid and throughout the book he provides a wealth of information and tools that will prove invaluable to novice or expert alike. ? ?Michael Cook, Founder, Katmai Capital Advisors; *World Cup Championship of Futures Trading* (R) 2007 ?Of all the trading books that I?ve read, this book takes the cake. Kevin Davey brings us a realistic perspective in an industry full of dreamers. I suggest that all traders drop what they?re doing and read the incredibly valuable lessons summed up in this book. This book is the quickest path for a new trader to stop dreaming and start succeeding. ? ?Peter Hagen, Citracado Capital, LLC

Ã¢ “This is a great book to get a much better understanding of what is really involved in system development and help on your journey from someone with a lot of real-life trading experience. For those already working with systems, it may challenge some of the approaches you use and help you to become a better system developer and trader. From my perspective, the chance to look over KevinÃ¢ ¸s shoulder and see the concepts and full code from some systems he has been using in his own trading alone would be of far more value than the cost of the book.Ã¢ “  
Ã¢ •Tim Rea, Proprietary systems developer/trader; 1st place winner, *World Cup Championship of Futures Trading* Â® 2011 Ã¢ “Part Reminiscences of a Stock Operator and part Market Wizards, Kevin Davey has written a superb book for the modern trader. Not only does Kevin provide a step-by-step plan on how to develop algorithmic trading strategies but he actually reveals the strategy he used to win *The World Cup Championship Of Futures Trading* Â® along with two additional euro currency systems. I have no doubt this will become a popular and often referenced book amongst traders. Readers will find KevinÃ¢ ¸s humble and engaging voice easy to follow and grasp. They will also find his personal journey from aerospace engineer to

beginner trader, to a championship winning trader and finally to a full time professional trader insightful, entertaining, and inspiring. Wiley should also be congratulated for recruiting a real trader who trades real markets with real money to write a trading book for people aspiring to become real traders. I highly recommend this book to anyone who is serious about developing a successful and sustainable trading career. • Brent Penfold, professional trader and author of The Universal Principles of Successful Trading (Wiley 2010) "Few trading books on the market today are written by those who actually make their living from trading and those that are frequently suffer from being unintelligible to the layman. Kevin Davey has the authenticity of a real trader and the ability to distill complex ideas into a format that is easy to read and, at times, brutally honest. For those aspiring to trading success, Kevin gives a step by step guide on how to approach systems development as well as outlining many of the pitfalls to avoid and throughout the book he provides a wealth of information and tools that will prove invaluable to novice or expert alike." • Michael Cook, Founder, Katmai Capital Advisors; World Cup Championship of Futures Trading® 2007 "Of all the trading books that I've read, this book takes the cake. Kevin Davey brings us a realistic perspective in an industry full of dreamers. I suggest that all traders drop what they're doing and read the incredibly valuable lessons summed up in this book. This book is the quickest path for a new trader to stop dreaming and start succeeding." • Peter Hagen, Citracado Capital, LLC

Kevin lays out a sound process on how to develop a trading system and emphasizes the difficulties of system development and the advantages or disadvantages for following his process. Read the last paragraph first - then follow his instruction.

I was pleasantly surprised by how much relevant information is covered in a practical, clear and easy to understand way.

This book gives a realistic description of algorithmic trading. My learning process has been similar. I had the same experience with 'intuition trading' in that my intuition is wrong more than right. The positive message is that it is possible to make money....there are ways to put the odds in your favor if you stick it out through drawdowns, stay on top of your systems but be willing to switch when they stop. The author includes a combo system for euro trading. He bravely agreed to give the results. Unfortunately, the system is not profitable currently - see this:

<http://www.kjtradinngsystems.com/bookupdates.html> .....update June 10, 2015: He has stopped

updating the results (last update was early March). It never made \$.

This is an excellent book for someone who wants to learn system development. The critical component is how to put everything together (idea testing, coding, refining). Truly enjoyed reading the book in 3 days and been happily using it to structure my thinking.

Kevin Davey generously shares many of the mistakes he made along his path to becoming a successful, competition-winning, algorithmic trader. He uses these mistakes to give the reasons behind his approach, and explains in detail how he builds and backtests trading algorithms.

A very insightful and well written book on trading!

This book details the steps the author uses to build an algorithmic trading system. The first 50 or so pages of the book detail some of the failed attempts the author had at building a trading system initially. In these sections the author explains what went wrong. Most of the authors trading systems deal with currencies or commodities. There is no sugar coating of how difficult it can be to build a winning system as Davey says he will often test up to a 100 strategies before finding a great one. The middle of the book gets into the heart of testing a system. Different types of testing such as historical back testing, out-of-sample testing, walk-forward testing, and real-time testing are explained. There is a distinction made about which types of tests work practically, which are effectively useless, and which the author likes the best. These different evaluations of testing were useful to me. Common pitfalls are discussed such as commissions per trade, slippage, and taxes. The author is clear about how big an impact these can have on trading. Many examples are shown how a system can do well in simulation but then fail with real money on the line. I found the parts about expected value to be well written and clear. Sections about money management and position sizing were also described well. Davey has a clear passion for this subject of trading systems. If you have ever thought to build a trading system or are working on one, this book will be immensely useful.

I recently purchased *Building Algorithmic Trading Systems: A Trader's Journey From Data Mining to Monte Carlo Simulation to Live Trading* (Wiley Trading) I found the book to be very detailed and true to its title. This book is a comprehensive look at the authors logical and honest comprehensive approach to algorithmic trading. I say logical because even the rank beginner to the experienced

trader can learn from his logical stepwise approach. This isn't a book that bogs the reader down with mathematical formulas but clearly illustrates important concepts that must be understood to follow the authors thought process. What i appreciate are the clear lessons learned that are shared throughout the book. I find it rare that someone of his caliber( he is someone you can at least attempt to do due diligence on, a real algorithmic trader with verifiable multi-year experience with his own real money accounts generating over 100% annual returns ) would share not only his success but also his many failures that led to his growth and development as a trader. I found this a breath of fresh air given the number of books and educational content produced by people who flat out don't trade real money or hide the fact that they are so confident in their methods that all they can do is trade sim instead of real money and have a multitude of excuses of why they don't have any verifiable performance yet can talk a good sales game selling you on their confidence in their methods. Well back to the book. It is my belief that if one applies the lessons learned that one can develop good trading system development habits that can increase the odds of finding and deploying a system that has a chance of surviving the markets and by studying the lessons learned potentially saving thousands of dollars in the process of becoming a successful systematic trader. Unfortunately some of the readers like myself will recognize many of the school of hard knocks lessons learned the hard and expensive way. The book is surprisingly complete covering the development process in detail with very good illustrations to the real world monitoring process and illustrates several scenarios that every automated algorithmic trader is likely to face. Throughout the book the tone is helpful and positive with the author taking the attitude" this is what I have that works for me ( with thorough explanation of his thought process) your standards/requirement may be different and that's ok" I think this book is a must read for all algorithmic traders and those who have yet to find their algorithmic approach

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