

Triangular Arbitrage

Here is my list of every possible triangular Arbitrage opportunity thats available in the spot FX market, there are more but the spread on some of the exotic pairs make it prohibitive. here is a link that explains how Triangular Arbitrage works http://en.wikipedia.org/wiki/Triangle_arbitrage if you dont know what it is.

This is free money - - -

The purpose of this thread is to start a discussion about Arbitrage and hopefully lead to a new trading system that is based on the relationship of multiple currency pairs. Please post any thoughts or Ideas.

I hope everyone that reads this gets to exploit at least a few arbitrage opportunities. Im having a Robin hood moment, taking the strategy from the banks and institutions and giving it to the masses.

AUDCAD CADJPY AUDJPY
AUDCAD EURCAD EURAUD
AUDCAD GBPCAD GBPAUD
AUDCAD USDCAD AUDUSD
AUDCHF CHFJPY AUDJPY
AUDCHF EURCHF EURAUD
AUDCHF GBPCHF GBPAUD
AUDCHF USDCHF AUDUSD
AUDJPY CADJPY AUDCAD
AUDJPY CHFJPY AUDCHF
AUDJPY EURJPY EURAUD
AUDJPY GBPJPY GBPAUD
AUDJPY NZDJPY AUDNZD
AUDJPY USDJPY AUDUSD
AUDNZD EURNZD EURAUD
AUDNZD GBPNZD GBPAUD
AUDNZD NZDUSD AUDUSD
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AUDUSD GBPUSD GBPAUD
AUDUSD USDCAD AUDCAD
AUDUSD USDCHF AUDCHF
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EURUSD USDCAD EURCAD
EURUSD USDCHF EURCHF
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GBPCAD EURCAD EURGBP
GBPCAD USDCAD GBPUSD
GBPCHF AUDCHF GBPAUD
GBPCHF CHFJPY GBPCHF
GBPCHF EURCHF EURGBP
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GBPJPY NZDJPY GBPZD
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GBPUSD AUDUSD GBPAUD
GBPUSD EURUSD EURGBP
GBPUSD NZDUSD GBPZD
GBPUSD USDCAD GBPCAD
GBPUSD USDCHF GBPCHF
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NZDJPY AUDJPY AUDNZD
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NZDUSD EURUSD EURNZD
NZDUSD GBPUSD GBPZD
NZDUSD USDJPY NZDJPY
USDCAD AUDCAD AUDUSD
USDCAD CADJPY USDJPY
USDCAD EURCAD EURUSD
USDCAD GBPCAD GBPUSD
USDCHF AUDCHF AUDUSD
USDCHF CHFJPY USDCHF
USDCHF EURCHF EURUSD
USDCHF GBPCHF GBPUSD
USDDKK EURDKK EURUSD
USDJPY AUDJPY AUDUSD
USDJPY CADJPY USDCAD
USDJPY CHFJPY USDCHF
USDJPY EURJPY EURUSD
USDJPY GBPJPY GBPUSD
USDJPY NZDJPY NZDUSD
USDNOK EURNOK EURUSD
USDSEK EURSEK EURUSD

I forgot to post the formula.....

$$A/B * B/C = C/B$$

A,B,C = your pairs.

Note some pairs are represented "backwards" so you have to divide by 1 to get the correct value.

If this formula is not true then you have an arbitrage opportunity. you can realize your profits in any of the currencies by changing what you are buying or selling. Also note that you have to use the correct value (bid or offer) depending on the direction you are going.

qwer1234

Jan 10, 2008 7:45pm

In order to do it, we will need an arbitrage calculator, as this opportunities disappear very quickly.

trevman

Jan 10, 2008 7:47pm

rather than looking for arbs based on the present time, would it be possible to "create" an arb based on possible future prices. eg if the prices are currently equal then there is no arb, but what if you bought and sold after the price has moved X amount of pips to "create" an arb?

Kurka Fund

Jan 10, 2008 9:23pm

are you talking about futures/forwards - spot arb or are you talking about a projected spot price. futures/spot arbs are pretty well known and do not present themselves very often but I like the idea projecting a price and trading 3 currency pairs. If you know that one of the 3 is going in a particular direction you can in theory take a corresponding position in all 3 pairs knowing that they will all "share" a value somewhere down the road. Might be a usefull way to predict the short term market direction....

Someone please post some Ideas.

dr_zeus

Jan 10, 2008 9:48pm

This generally doesn't work, I'm afraid. For one, you lose on the swap/interest - with Oanda most triangular arb's cost around 1.5% / year. Secondly, how are you going to take profit? If one pair moves 10%, the other two pairs will move a combined 10% in the other direction giving 0% return. If you take profit on the winner, the losers are still there to drag you down.

It is true that inefficiencies in the forex markets will cause one of the pairs to be over/under valued slightly, but this is usually one 1-2 pips and always well within the spread. For retail forex, there are no triangular arb opportunities worth doing.

I have, by the way, tried this in a game account. I setup two arbs using eur/usd, usd/jpy, and eur/jpy going both directions. I made a profit on both by closing the winners at a resistance level and waiting for the losers to retrace. So in opposition to everything else I've said, you can do this profitably. I just don't think it's worth it.

ChesterB

Jan 10, 2008 10:00pm

Arbitrage opportunities, no... Correlation , yes.

It may be helpful to look at a heatmap but I think perhaps the most practical way is just to scan through a few charts and see what is getting weaker or stronger.

For example, EUR/USD may be heading up. Is the euro strengthening this session or is the dollar weakening?

Say that the AUD/USD , GBP/USD and XAU/USD are all heading up...
Well, it means weak dollar , not necessarily strong euro.

Then, lets say that you see EUR/CHF heading down... Should be ok to trade EUR/USD long and EUR/CHF short in this case.

masterpiecefx

Jan 10, 2008 10:20pm

What could be useful and worth trying though, is cluster indicator. I've heard about it from a fella trader and have read about it but not much. Basically it takes one currency and compares it against other pairs. Ideally it should compare it against 24 pairs, but then it gets so laggy that any computer will freeze, so i believe the indicator uses 8 pairs only to compare the pair to. This way you can see if the currency is appreciating or depreciating against many other currencies. Please see the link below, you'll find much more info there about this indicator.

<http://articles.mql4.com/484>

dr_zeus

Jan 11, 2008 5:28pm

Quote:

Originally Posted by **masterpiecefx** (Post 1796246)

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<http://articles.mql4.com/484>

That article is a lot to digest but looks potentially very useful. Could you do the same thing by creating a currency basket in a game account? For example, place \$1,000,000 long on USD and divide up the \$1,000,000 short positions among the currencies you want to measure against. The hard part would be how much to allocate per currency - I'm not sure that you would want to give equal weight to each. You would measure the strength of the currency by the growth of the NAV - as the currency strengthens, NAV rises.

masterpiecefx

Jan 11, 2008 5:45pm

I really don't have much knowledge to share on this subject. What I think you could do is measure the negative correlation between usd and the currencies you want to sell. It has to be negative, right? You long usd then you want the pairs you sold to go in the opposite to usd direction, if not, then I did not understand what you mean.

The only problem I'm seeing with all this, is that what you really need, is to forecast the direction of the dependent currency, in our case usd. If you don't know where this one is going, correlation gives you no new information. It's a given that once two currencies are negatively correlated, then one going up means the other going down, how can you benefit from this if you have no confidence in the direction of the first one?

The only thing that will work is what works on all the perfect competition markets (plenty of buyers and plenty of sellers) - support, resistance, and some sort of a sign that the price is making a turn.

May be institutional traders can benefit from microscopic things like arbitrage and stuff, but it simply is not doable for retail traders.

jeta

Jan 11, 2008 6:22pm

Finding arbitrages in all sorts of different markets is the only reliable way to make money (while these inefficiencies exist). Strategies based on price indicators don't work very well (all technical indicators are price based), since they tell you what happened in the past, not what is happening now and you are looking for patterns that are suppose to have a high probability of recurring, but they don't have to...

I am very much interested in arbitrage in the forex market, but I have been unable to find anything so far. Is anyone else working along similar lines?

Quote:

Originally Posted by **jeta** (Post 1798013)

Finding arbitrages in all sorts of different markets is the only reliable way to make money (while these inefficiencies exist). Strategies based on price indicators don't work very well (all technical indicators are price based), since they tell you what happened in the past, not what is happening now and you are looking for patterns that are suppose to have a high probability of recurring, but they don't have to...

I am very much interested in arbitrage in the forex market, but I have been unable to find anything so far. Is anyone else working along similar lines?

Here's what I've found on the internet, an example of the arbitrage on foreign exchange:

Quote:

Forex Arbitrage is an arbitrage among real rates and synthetic cross rates in different local markets.

For example, suppose a trader has accounts with forex brokers in New York, Tokyo, and London. As far as local quotes are determined by local players, there are sometimes arbitrage opportunities among different locations. In our case the real rates are gbp/usd 1.6388 1.6393 (NY), eur/usd 1.1832 1.1837 (Tokyo), and the cross rate eur/gbp is 0.7231 0.7236 (London)

In such situation exists risk-free arbitrage opportunity with estimated profit equal to \$13.1 on a mini contract. Indeed buying 100,000 EUR for \$118,370 (10 mini lots or a one standard lot), and selling 100,000 EUR for 72,310 GBP, and selling 72,310 GBP for \$118,501 gives zero exposures in EUR and GBP with profit of \$131.

Such arbitrage is possible if the trader's positions are netting (clearing) by some "clearing house".

A one possible way to realize this strategy is to find three brokers having the same clearing firm. Then you should make agreement with this clearing firm on "netting" services. It means that clearing firm will clear (net) your positions across three pairs at specified time using the opening rates. For example, in the example above suppose you had opened the following positions long 100,000 EUR/USD; short 100,000 EUR/GBP; and short 72,310 GBP/USD at 10:00AM and instructed the clearing firm to clear these position at 16:00 PM at the opening rates. The netting/clearing gives the following results: Long EUR from the first pair and short EUR from the second pair gives zero exposure in EUR. Long position in GDP from the second pair and short position from the third pair gives zero exposure in GBP. Short position from the first pair (\$118,370) in USD and long position from the third pair (\$118,501) in USD gives you \$131 profit without open positions and exposures.

The second possible way is to use some agreements (options or swap) to guaranty clearing/netting at these specific rates, which give risk-free arbitrage profit.

So you need at least three brokers to do this sort of thing, and the three brokers have to share the same datafeed, am I getting it right?

Quote:

Originally Posted by **Kurka Fund** (Post 1795846)

I forgot to post the formula....

$$A/B * B/C = C/B$$

A,B,C = your pairs.

Note some pairs are represented "backwards" so you have to divide by 1 to get the correct value.

If this formula is not true then you have an arbitrage opportunity. you can realize your profits in any of the currencies by changing what you are buying or selling. Also note that you have to use the correct value (bid or offer) depending on the direction you are going.

The product of 2 major pairs does not give the cross pair in right proportions directly. There is a dynamic ratio of lots involved for zero net exposure.

<http://www.forexfactory.com/showthread.php?t=62477>

pippero

Jan 13, 2008 8:39pm

slippage makes triangular arbitrage totally impossible in the retail fx market.

you think brokers are that stupid? :)

marcelom

Jan 21, 2008 3:20pm

Hedge System is better, but you'll need some indicators to indicate entry/exit positions.

Best Regards,
Marcelo Marques

Svm

Jan 22, 2008 1:01pm

Better Algorithm exists

I have written an algorithm which can find arbitrage among major pairs in less than **20 milliseconds**. If used the right technology, It can find arbitrage among major pairs in less than **10 milliseconds**,

The only problem is that no retail broker allows you to trade in Tri Arb. If you open a position, the only way to close it is by selling your holdings back into the original pair.

One thing I can imagine big banks and hedge funds doing is to have multiple brokers and spread the trades across each broker.

Also, arbitrage doesn't have to be only among three pairs. If you have 5 pairs like USD, AUD, JPY, EUR, and JPY, the program that I wrote gives me the arbitrage something like

USD -> EUR -> JPY -> GBP -> AUD -> USD.

One thing to notice is that arbitrage only exists if the spread is less than 2 pips. If its more than 2 pips, it ends up costing you instead.

If anyone is interested in seeing the results of my algorithm, message me.

Kurka Fund

Jan 25, 2008 5:57pm

Lets see it...

Alderlug

Jan 25, 2008 6:24pm

Another useless thread which is good for nothing ...

Svm

Jan 27, 2008 1:12am

For Kurka Fund

Sure,

Just post some prices and I'll produce the output.....

Just gimme the prices for USD, EUR, JPY, and GBP and I'll give it to you.

The following is the output from LIVE going prices from one of the brokers who charges more then 3-4 pip spread. Thus, you end up having a loss.

However, if a broker(s) charge you spread less than (or equal to) 2 pips, we could end up with a profit. See the sample output for my program below.

=====

Current Time: 3:36:8:1200040568046

Bid: 1.4781
Ask: 1.4784
Buy Interest: -2.18
Currency 1: EUR
Currency 2: USD
ID: 0
Index: 0
Lot size: 100000
Max: 1.4816
Min: 1.4775
Pip Value: 10.0
Points: 4
Point Size: 1.0E-4
Sell Interest: 1.89

Bid: 109.14
Ask: 109.17
Buy Interest: 10.33
Currency 1: USD
Currency 2: JPY
ID: 1
Index: 1
Lot size: 100000
Max: 109.7
Min: 108.64
Pip Value: 9.16
Points: 2
Point Size: 0.01
Sell Interest: -11.89

Bid: 161.36
Ask: 161.4
Buy Interest: 13.21
Currency 1: EUR
Currency 2: JPY
ID: 8
Index: 8
Lot size: 100000
Max: 162.3
Min: 160.72
Pip Value: 9.16
Points: 2
Point Size: 0.01
Sell Interest: -15.2

Bid: 213.1
Ask: 213.18
Buy Interest: 25.75

Currency 1: GBP
Currency 2: JPY
ID: 9
Index: 9
Lot size: 100000
Max: 215.14
Min: 212.05
Pip Value: 9.16
Points: 2
Point Size: 0.01
Sell Interest: -29.63

Bid: 0.7566
Ask: 0.7571
Buy Interest: -6.19
Currency 1: EUR
Currency 2: GBP
ID: 7
Index: 7
Lot size: 100000
Max: 0.7584
Min: 0.7537
Pip Value: 19.53
Points: 4
Point Size: 1.0E-4
Sell Interest: 5.36

Bid: 1.9524
Ask: 1.9528
Buy Interest: 4.83
Currency 1: GBP
Currency 2: USD
ID: 2
Index: 2
Lot size: 100000
Max: 1.9636
Min: 1.9503
Pip Value: 10.0
Points: 4
Point Size: 1.0E-4
Sell Interest: -5.56

Pair USD->GBP at 0.5120852109791069
New Investment Amount: $100000.0 \times 0.5120852109791069 = 51208.521097910685$.

Pair GBP->EUR at 1.320829480914014
New Investment Amount: $51208.521097910685 \times 1.320829480914014 = 67637.72434012771$.

Pair EUR->JPY at 161.36
New Investment Amount: $67637.72434012771 \times 161.36 = 1.0914023199523007E7$.

Pair JPY->USD at 0.009160025648071814
New Investment Amount: $1.0914023199523007E7 \times 0.009160025648071814 = 99972.73243128155$.

Total milliseconds taken to produce this result is 15.

Press Enter to continue.....

=====

Quote:

Originally Posted by **Svm** (Post 1814416)

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Svm I am very interested in arbitrage PERIOD, and it doesn't have to be in FOREX. One mexican claimed if he sends 100 US\$ to Guatemala, converting it to its currency and then sending the guatemalan currency to his native Mexico, it will become 1,200 pesos. If he sent \$100 directly to Mexico, it will become 1,000 pesos in Mexico. I am interested in the results of your algorithm!!

Svm

Feb 22, 2008 2:15pm

Quote:

Originally Posted by **Azariah46** (Post 1839192)

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The results have been posted up there. I mentioned before that spread really does matter.

The reason for time is that you have to be fast enough to find it. Otherwise, it could be gone from the market by the time you find it.

Just look at the past data of EUR/USD e.g. There are instances when the price changes more than 3 times within a second.

Tell you what. Why don't you post some prices for the majors (EUR, USD, GBP, JPY) and with spread of less than 2 pips. I'll post some results of your prices. (along with time it takes to calculate)

Kurka Fund

May 14, 2008 12:08am

1 Attachment(s)

Quote:

Originally Posted by **Alderlug** (Post 1821001)

Another useless thread which is good for nothing ...

I find this method pretty useful. Gives you a big picture view of market behavior. See the snapshot, these calculations allow me to predict which direction the currency is going to be pulled. Dont just look at one pair and decide weather its going up or down, with this method you know.

waltini1

May 14, 2008 1:48pm

Hi Kurka Fund

Hi Kurka Fund,

Are you actually trading on these figures? And how long does the anomaly last, is it for a few seconds, or long enough to put a trade in.

And I wonder how often a difference of 5 pips comes up.

Thanks for sharing.

Kurka Fund

May 14, 2008 8:20pm

Quote:

Originally Posted by **waltini1** (Post 2000114)
Hi Kurka Fund,

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And I wonder how often a difference of 5 pips comes up.

Thanks for sharing.

Yes this is what I use to determine my entry and exit points, sometimes it will hold a position for a few extra pips if the market consensus is pulling that pair in a particular direction. The consensus price is simply a validation price for the pair based on triangular relationships with other currency's. These are not true arbitrage opportunities, the purpose is to determine the short term direction of a pair based on a broader market picture. The logic is that the market will always correct itself. These are the same kind of calculations that banks use to determine the pricing that they are going to offer liquidity at (+- commissions/spread). You still need to know what is moving the market at a particular time. Example during the NY session the USD is going typically move first so you would use these calculations to follow USD movements, but during the asian session you might want to trade USD following JPY movements.

Kurka Fund

May 15, 2008 1:48am

1 Attachment(s)

I wrote a Script that places arrows on the chart of the EURUSD when the Actual price is greater or less than the calculated price. The arrows are placed live in real market conditions at the correct Bid or Offer. 159 pips in a few hours is not to shabby.

Kurka Fund

May 15, 2008 1:56am

1 Attachment(s)

Also the calculations can be used to calculate strength and direction for every currency.

tdion

May 15, 2008 1:58am

problem with arb is brokers will keep their feed arb-free... an internal arb is likely never to show up.

so arbing across multiple brokers is the best bet... i have a thread on this called broker stop hunting.... merlin says he was making profits w/ the same idea. merlin, if you read this, did it continue doing well?

Kurka Fund

May 15, 2008 2:15am

Your never going to find Arb opportunities. If they come up my systems will get to it first anyway. This is not true Arbitrage Its basically just calculating what the market thinks the price should be. For example if you have great upward momentum in the USD, other currency's will have to adjust. So you simply take a position to capitalize on the adjustment. One cool thing about forex is volatility, one move causes a chain reaction with other currency's. Like making waves at 2 ends of the same pool, the waves will eventually pan out when the energy is lost but until they do you have all sorts of different directional waves that you can catch (in this case calculate).

The calculations account for the difference in the bid and offer (spread) via a std deviation. It will not be profitable if you are trying to trade the market mover, its more like follow the leader. But as we see in the chart even the EurUSD has to make adjustments when other pairs move. (or maybe im just extremely lucky) Either way its an idea that should be discussed. Anyone here have any other Ideas for using multiple pair calculations/indicators to trade???

waltini1

May 15, 2008 3:10pm

Have a look at this

1 Attachment(s)

Hi Kurka Fund,

This is an indicator but it needs to be put in the experts folder.

Have a look at the thread at TSD it was started by a guy called Nicholishen.

Hope it helps

Tjpld

May 15, 2008 5:02pm

Arbitrage is very interessting of course but not possible for the average retail guy. One point is that you have to buy and sell up to 1 unit not mini or micro lots. That's basicly basicly what ruins it for the retail guy along with the big cumulativ spread. The total spread of your triarb ring has to be as small as possible.

Kurka Fund

May 15, 2008 6:57pm

Quote:

Originally Posted by **Tjpld** (Post 2002753)

Arbitrage is very interessting of course but not possible for the average retail guy. One point is that you have to buy and sell up to 1 unit not mini or micro lots. That's basicly basicly what ruins it for the retail guy along with the big cumulativ spread. The total spread of your triarb ring has to be as small as possible.

If you read the post this is not true arbitrage. The goal here is not to take multiple positions (Hedging is pretty useless, you need market exposer to make money) its simply to calculate what the market thinks the price of a pair should be and trade accordingly.

Tjpld

May 15, 2008 7:45pm

Sure you can predict the price which would make the market efficient again.

Will the actual price close the gap? Maybe. Will there be enough pips inbetween to overcome the spread? Hardly.

Even if the market price would catch up with the PPI every tick that'd just mean you have a new price level which is just as hard to predict as the real price. It's like seeing just one stair of a stairway. You don't know whats next.

1 Attachment(s)

Quote:

Originally Posted by **Tjp1d** (Post 2003063)*Sure you can predict the price which would make the market efficient again.**Will the actual price close the gap? Maybe. Will there be enough pips inbetween to overcome the spread? Hardly.**Even if the market price would catch up with the PPI every tick that'd just mean you have a new price level which is just as hard to predict as the real price. It's like seeing just one stair of a stairway. You don't know whats next.*

I agree, if you read the posts I account for the spread using a Std deviation. I wrote a quick EA that buys EURUSD when its over priced and sell when its under priced. Testing cannot be accurate for this type of EA since it involves 1min data from 36 currency pairs (MT4 crashes after about 300 bars) but the results are impressive. Im thinking that if you determine the daily direction then turn a system like this on and just take positions in that direction all day you can do pretty well.

How about some creative money management ideas for a system like this ? Does anyone here have something to contribute?

The tone of the post on this site are starting to sound like more of a Forex Bi*\$hing and moaning session ("spreads are to high", "Brokers are out to get me") than a constructive forum for serious forex traders. Dont get me wrong, I do love occasionally reading posts by a trader that went the wrong way and has a new conspiracy theory that explains how his broker conspired with the rest of the forex world to stop him out on his 3 mini lot position. (((Greedy bankers stealing my \$3.))) But the value of a fourm like this is the collective knowledge and experience of the members discussing and coming up with new ideas.

Tjp1d

May 16, 2008 10:15pm

So what's the real problem with your EA?

Is it just MT4 itself? Then maybe we should move on to an ECN with a good API. I'm also very interessted in arbitrage because it's totally different from sell when price falls and vice versa.

Kurka Fund

May 17, 2008 12:40am

The logic in the EA is good. The problem is with the MT4 back tesing, Its really hard to back test with these kind of calculations. Every 100 milliseconds the EA has to calculate:

1. The correlations of 36 currency pairs to across 35 other pairs.
2. 3-8 Triangular validations for each pair
3. 8 major currency indexes
4. the relationship of each Triangular validation to the Index
5. the direction of each index
6. a consensus value for each pair
7. Then using the consensus values starting back at #1 to compare it to the actual price.

And thats just the begining to figure out what the currency could be. We still havent gotten into the trading logic or the order managemet.

I have this EA running live now but it crashes due to memory problems, I have another post RE Mt4 memory issues.

Bottom line its kinda complicated and thats why I started this thread. I need logical ideas how to use this method.

cliffedwards

May 17, 2008 4:50pm

forgive what may be a naive question.. but why?

I mean why every 100 milliseconds? Most MT4 brokers take 5 to 15 seconds to confirm a trade on a good day..(Im talking real account)..LoL

I must be missing something here?

IMHO trying to develop an EA to exploit triangular arbitrage using MT4 brokers is a triumph of hope over experience.. That said, you are obviously (a) a skilled programmer & (b) an experienced trader. So I wish you well with your quest..I do remember some guys that used to operate such a system some years ago as part of a fund, but on a very large scale using direct access to bank feeds. I think they were based in Dublin, Ireland. FX is a very joined up market and becoming more so every day.

Im more interested in the potential of your work for identifying the development of relative strength winners in complex market moves..

waltini1

May 18, 2008 6:43am

Kurka Fund

Hi Kurka Fund,

Would you be willing to share the scripts you mentioned in your earlier post?

regards

waltini

Kurka Fund

May 19, 2008 5:49pm

1 Attachment(s)

Here are some live results since market open yesterday. 222 profitable trades in one night is not too bad IMO.

SmokyByers

May 19, 2008 6:34pm

Quote:

Originally Posted by **Kurka Fund** (Post 2008382)

Here are some live results since market open yesterday. 222 profitable trades in one night is not too bad IMO.

Impressive to say the least-

A couple of quick questions, if I may:

I assume that have some market exposure in your trades and this is not tri-arb correct?

It seems your using the correlations of bunch of pairs and creating 'synthetic prices' for each and trading pairs that are not trading at their synthetic or ideal price.

Can you give any of the base calculations for determining the synthetic price or true market price, or even a hint if you're keeping it 'close to the vest'.

Thanks in advance,

Smoke

Kurka Fund

May 19, 2008 6:51pm

Quote:

Originally Posted by **SmokyByers** (Post 2008460)

Impressive to say the least-

A couple of quick questions, if I may:

I assume that have some market exposure in your trades and this is not tri-arb correct?

It seems your using the correlations of bunch of pairs and creating 'synthetic prices' for each and trading pairs that are not trading at their synthetic or ideal price.

Can you give any of the base calculations for determining the synthetic price or true market price, or even a hint if you're keeping it 'close to the vest'.

Thanks in advance,

Smoke

Correct this is not Tri arbitrage in its true form.

Yes creating synthetic prices is correct, I called it consensus pricing.

The formula is posted in the second post.

SmokyByers

May 19, 2008 6:56pm

Quote:

Originally Posted by **Kurka Fund** (Post 2008490)

Correct this is not Tri arbitrage in its true form.

Yes creating synthetic prices is correct, I called it consensus pricing.

The formula is posted in the second post.

I see now what you're doing. I was just reverse engineering your screen shot you posted earlier. I'll plug it in and give it a go.

Smoke

Kurka Fund

May 19, 2008 10:38pm

Quote:

Originally Posted by **SmokyByers** (Post 2008502)

I see now what you're doing. I was just reverse engineering your screen shot you posted earlier. I'll plug it in and give it a go.

Smoke

Um - please explain "reverse engineering your screen shot"... and "I'll plug it in and give it a go."

Kurka Fund

May 19, 2008 10:53pm

1 Attachment(s)

So I turned it into an indicator and plotted the pricing (as a MA) on the EURUSD chart.

As you can see currently according to the CHF, the EURUSD should be priced higher and according to JPY && GBP it should be lower.
any ideas on turning this into a tradable strategy?

Kurka Fund

May 19, 2008 11:25pm

1 Attachment(s)

I cant run a 1min backtest for more that 2-3 day period....

SmokyByers

May 19, 2008 11:26pm

Quote:

Originally Posted by **Kurka Fund** (Post 2008784)

Um - please explain "reverse engineering your screen shot"... and "I'll plug it in and give it a go."

Well, I'm just saying I figured out the way you were doing the claculations to get the 'consensus price' from your screen shot you posted in #22....and I'm going to plug these calculations into my auto-trading system in MS Excel and see how it all works out.

Smoke

tdion

May 19, 2008 11:29pm

kurka looks interesting at first glance.... thanks for sharing. will try to put time into it in the near future.... -t

Kurka Fund

May 20, 2008 2:06am

1 Attachment(s)

Made a few changes to the order logic, Now it uses oscillators of the pricing indexes instead of moving averages. much mor active.

tdion

May 20, 2008 3:08am

25% modeling quality

Kman100

May 20, 2008 4:25am

Re:

Looks interesting.

But isn't 25% modelling quality all one should expect on the 1M? Have you ever actually seen it higher on a 1M system? Even with quality data from Alpari, I still seem to get 25% trading 1M systems.

Kurka Fund

May 21, 2008 12:58am

1 Attachment(s)

Live testing is up 37% since this weeks market open trading only minilots (\$10,000 each position) There is a floating drawdown equal to about half of the profit but it hedged with about 15% short exposure. Does FF have an FTP server that I can post live results to? This

system really needs some creative order management any ideas ?

raad

May 21, 2008 9:53pm

Hello Kurka!
Where i can find your EA and your indicator?

Kurka Fund

May 21, 2008 10:24pm

The knowledge you seek can be found [HERE](#)

Kman100

May 22, 2008 3:54am

Kurka

Hi Kurka, I sent you a PM. Can you please reply? I have some more ideas... Thank you.

Kurka Fund

May 22, 2008 8:54am

Quote:

Originally Posted by **Kman100** (Post 2013891)
Hi Kurka, I sent you a PM. Can you please reply? I have some more ideas... Thank you.

Post your Ideas. . . Thats why I started this thread, to discuss new trading ideas.

Also, I have received a few emails from people wanting to help test this EA. Thanks for the offer, but I have adequate computer power to test it myself. Again the focus of this thread is to "grow" some new ideas. We can all write our own EA's with the ideas posted here. And if your new and dont quite knwo how to write an EA there are plenty of resources to help you out (its really simple, we should do a MQL for dummies book). If you cant figure out how to write your own EA with the resources on these fourms, Tarading Forex is probably outta your league anyway save you money and try something else.

On the other hand, if you post some fresh/interesting ideas there are plenty of people here that will probabally code it for you (myself included) for free just because its something new. But please dont ask for handouts or act like the programmers and traders on these fourms owe you anything.

Tjpld

May 22, 2008 10:26am

So what do you think about moving away from MT4?
There are plenty of better plattform than MT4. Neoticker etc etc.

Kurka Fund

May 22, 2008 5:48pm

1 Attachment(s)

I dont use MT4 for any real trading, just for development because its so much easier to write the code and test it out. Cuts the time to market for new strategies.

Here is the Live testing results from yesterday through this morning. I had to start a new demo account because the one I started on Sunday froze up. 372 for \$2,940. I am going to work on some money management today to see how I can improve it.

Also, Please do not PM or email me asking for this EA. I am posting the results of my testing to show that the method works. You can use the formulas and methods I shared above to write your own. If you have some good ideas to add to it then maybe we can collaborate.

