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What are the advantages using Algo

- Deeper data base

- Wider market access

- Less error (strong views, typing errors, etc)

- Time-saving (much less keypads such as orders release/cancel, calculation etc)

- To enlarge the application of DMA

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How Algo works -- BENCHMARK + PARAMETERS

- **Benchmark – the target (sort of dealing instruction)**

  VWAP (over the day)

  LOB

  MOC or MOO

  High-low day or Low-high day
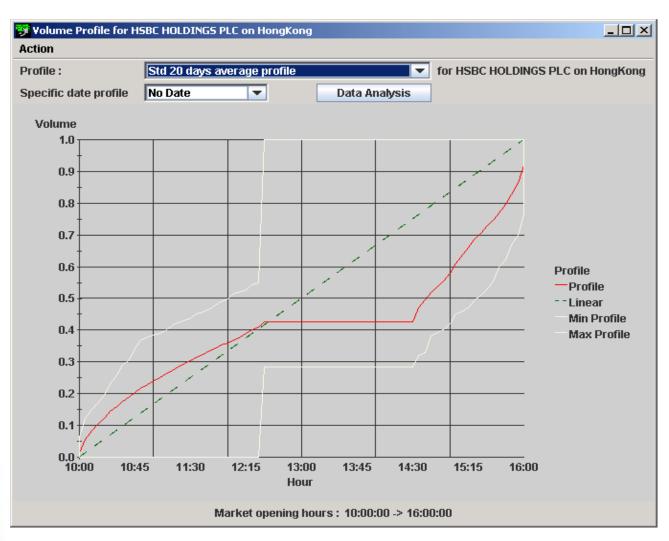
  In line with market volumes

- **Parameter – to control the algo behaviors vs the benchmark**

  Sensitivities to price movements

  Deviation from the profile

Example
-- CD over the day
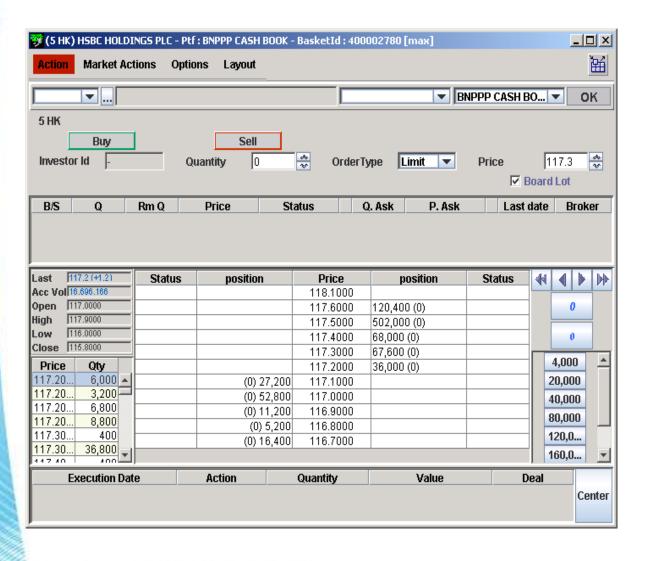**more reasonable reference from 20-days average**

Example
-- In line with market volumes
Algo may que at several price at same price with proper participation ratio

Conclusion

Algorithm trading will be a powerful tools but NOT a total solution

■ **Few common disadvantages --**

Quantitative analysis may figure the "Fair value", but, most of time, market is trading above or below "Fair value"

Lacking of proper price-judgments or flexibilities

The pattern could be figures out (esp for illiquid names)

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