

2 / 168

The world of forex trading is filled with tools designed to give traders an edge and few are as alluring as automated trading bots

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The promise is powerful

a software program that can analyze the market

execute trades

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7 / 168

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50 / 168

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A professional trader must constantly monitor the bot's performance and the prevailing market environment

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A trading bot is a tool that requires a skilled operator

The trader

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mi;semi&;semi&;semi;semi&;semi; Because
the software executes trades based on pure logic&;semi&;semi;am

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71 / 168

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- Fear

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77 / 168

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Greed

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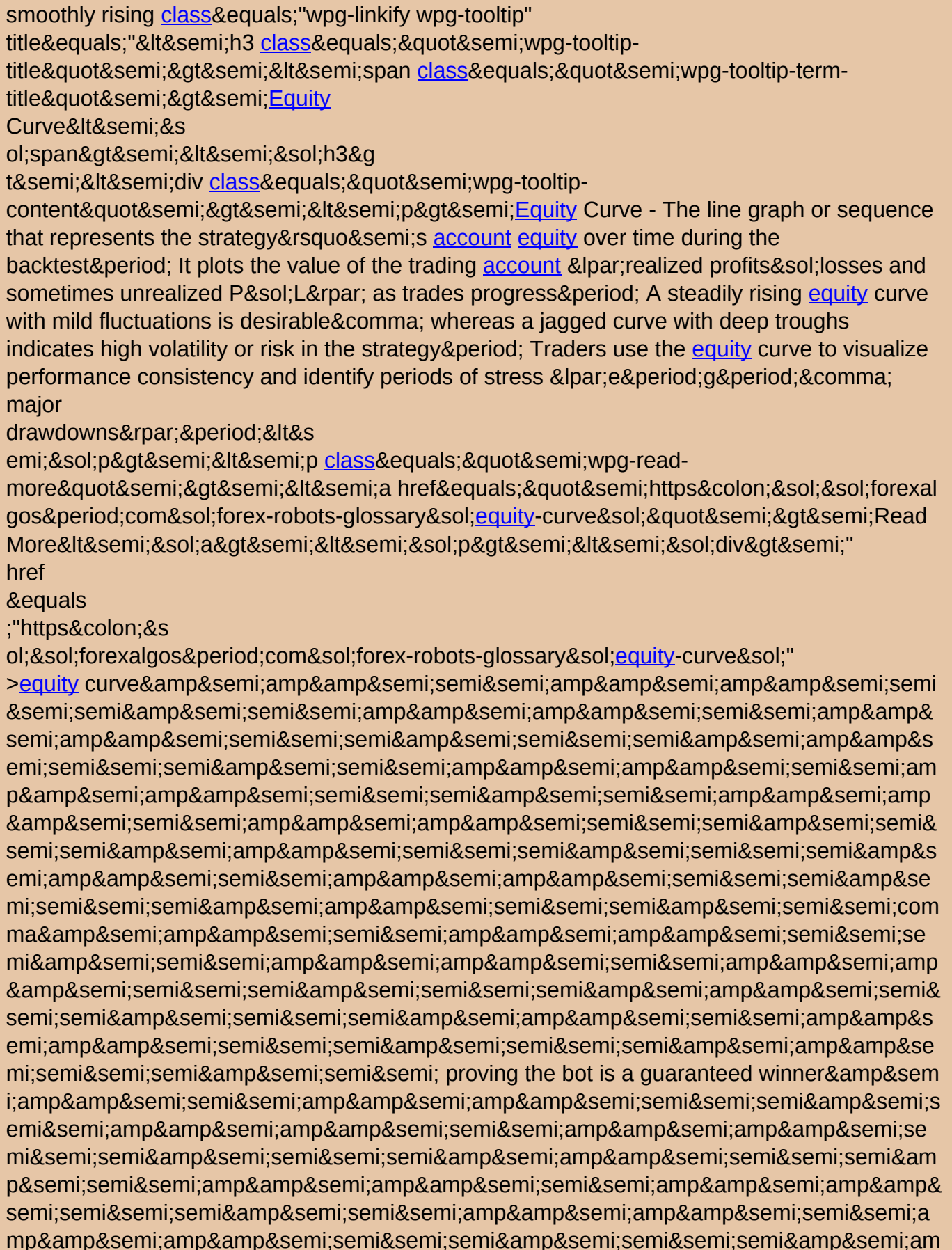
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[https://forexalgorithms.com/forex-robots-glossary/overfitting/">https://forexalgorithms.com/forex-robots-glossary/overfitting/](#)

[Read More](#)

[https://forexalgorithms.com/forex-robots-](#)

Glossary>overfitting; It refers to adjusting a strategy so closely to historical price fluctuations that the model captures random patterns rather than true market behavior; A curve-fitted system performs very well on in-sample data but usually fails on new data; Avoiding curve fitting involves simplifying the strategy; limiting parameters; and validating with walk-forward or out-of-sample tests;

[Curve Fitting](#)

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105 / 168

106 / 168

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113 / 168



for executing trades. In forex backtesting, commissions should be factored in as they can impact net performance. Commissions are typically a fixed cost per trade or a percentage of the trade's value, representing one component of transaction costs that reduce overall returns. E.g., if a broker charges \$7 per lot round-turn, every trade's profit in the backtest should be reduced by that amount to reflect

reality.

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commission costs. Commission costs are a percentage of the trade's value. For example, if a broker charges \$7 per lot round-turn, every trade's profit in the backtest should be reduced by that amount to reflect reality. Commission costs can turn a profitable backtest into a losing live account.

Commission costs are a percentage of the trade's value. For example, if a broker charges \$7 per lot round-turn, every trade's profit in the backtest should be reduced by that amount to reflect reality. Commission costs can turn a profitable backtest into a losing live account.

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125 / 168

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The concept of creating a rule-based system and automating its execution is a cornerstone of modern finance.

The problem isn't

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138 / 168

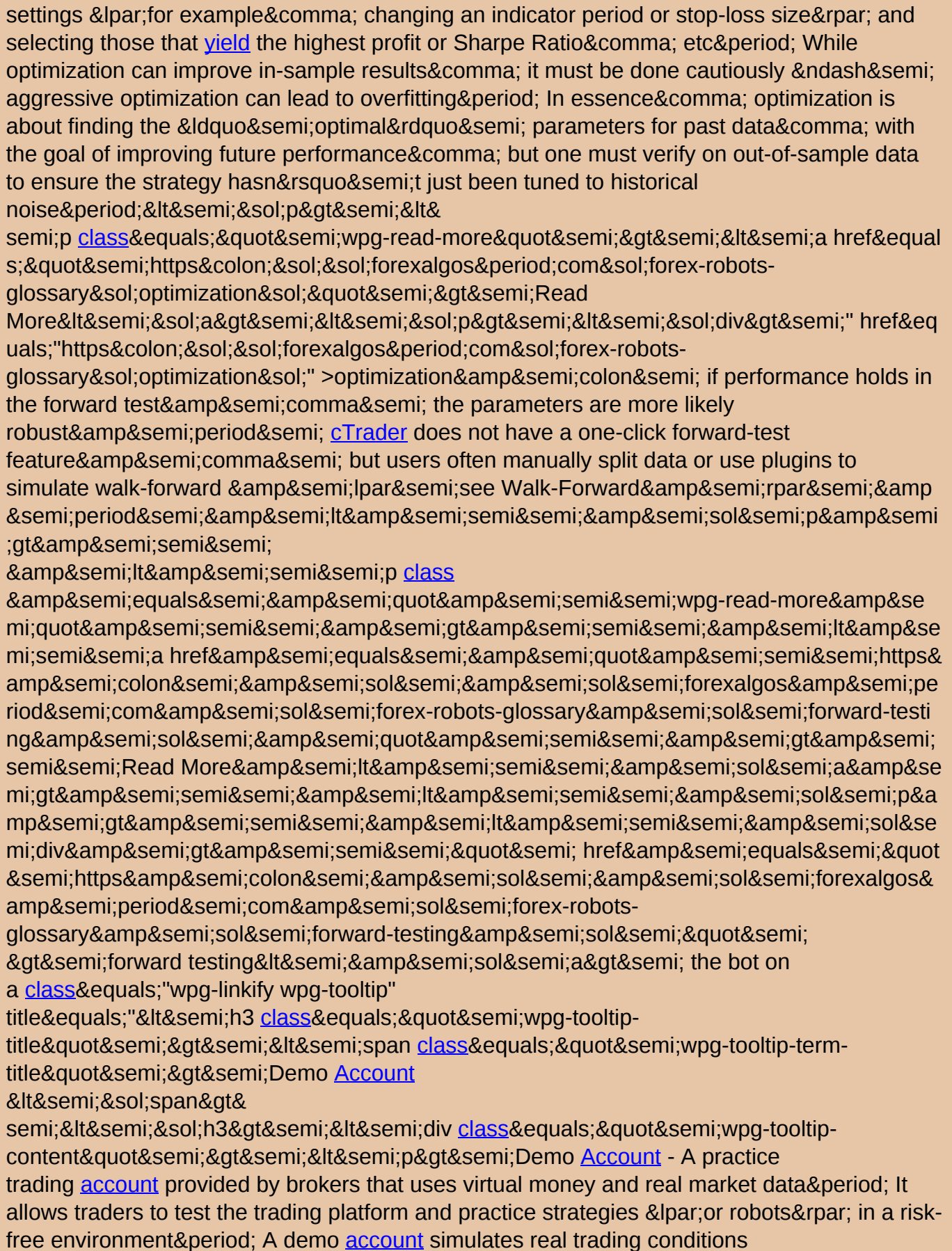
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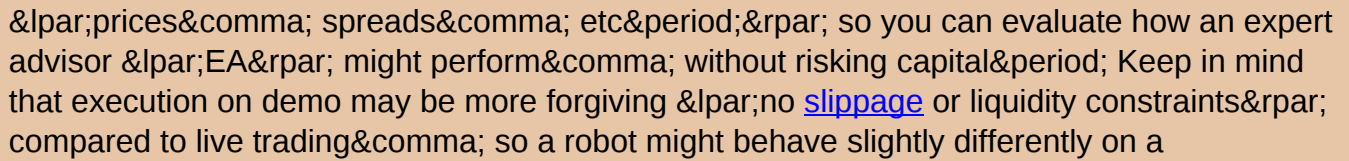
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semi;semi;p;gt;semi;Forward Testing -
;lpar;Also called ;ldquo;semi;forward
pass;rdquo;semi; or
;ldquo;semi;out-of-sample testing;rdquo;
semi;;rpar;;period; Dividing historical data
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content;gt;lt;p;gt;Optimization - The process of adjusting a
trading strategy;s parameters to achieve the best performance on historical
data; In backtesting; traders optimize by testing different combinations of
settings ;lpar;for example; changing an indicator period or stop-loss size;rpar; and
selecting those that [yield](#) the highest profit or Sharpe Ratio; etc; While
optimization can improve in-sample results; it must be done cautiously ;
aggressive optimization can lead to overfitting; In essence; optimization is
about finding the ;ldquo;optimal;rdquo; parameters for past data; with
the goal of improving future performance; but one must verify on out-of-sample data
to ensure the strategy hasn;t just been tuned to historical
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uals;"https;colon;sol;forexalgos;period;com;sol;forex-robots-
glossary;sol;optimization;sol;">optimization ;lpar;in-
sample;rpar; and testing ;lpar;out-of-
sample;rpar; periods;period; In MT5 you can enable
forward testing so that the Strategy Tester first optimizes parameters on the initial segment of
data;comma; then automatically tests those parameters on the next
;lpar;forward;rpar; segment;period; The
idea is to avoid over-[class](#);equals;"wpg-linkify wpg-tooltip"
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data; In backtesting; traders optimize by testing different combinations of





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145 / 168

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;>;Parameter<;/span>;<;/h3>;<;
 div [class](#)=";wpg-tooltip-
 content";>;<;p>;Parameter - A public property in
 a [cBot class](#) marked with the <;code data-start=";11873";
 data-end=";11886";>;[Parameter]<;
 /code>; ;attribute becomes an input that users can set in the UI before
 running the [cBot](#). For example, defining ;<;code data-
 start=";12068"; data-
 end=";12134";>;[Parameter(DefaultValue
 = 1000)] public int [Volume](#) { get; set;
 }<;/code>; ;creates a
 &ldquo;Volume&rdquo; input. The docs
 note: ;<;em data-start=";12176"; data-
 end=";12216";>;&ldquo;Marks a property as input
 parameter.&rdquo;<;/em>;. Supported types include
 numeric types, ;<;code data-
 start=";12296"; data-end=";12302";
 >;enum<;/code>;, ;<;code data-
 start=";12304"; data-end=";12316";
 >;DataSeries<;/code>;, ;<;code data-
 start=";12318"; data-end=";12329";
 >;TimeFrame<;/code>;,
 etc. ;Parameters allow users to customize things like stop-loss,
 take-profit, indicator periods, etc., without editing
 code.<;/p>;<;
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 or [class](#)="wpg-linkify wpg-tooltip"
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 title";>;<;span [class](#)=";wpg-tooltip-term-title"
 ;>;Volatility<;/span>;<;/h3>;<;di
 v [class](#)=";wpg-tooltip-
 content";>;<;p>;Volatility - A measure of how much and
 how quickly price moves over time. High volatility means large price swings; low
 volatility means stable prices. Volatility affects [position](#) sizing and risk: robots
 typically use volatility (e.g. Average True Range) to adjust [trade](#) size
 or widen stops, since more volatile markets require larger
 buffers.<;/p>;
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 glossary/volatility/";>;Read

151 / 168

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