

Report; The impact AI has on the traders' world

Tuesday 12 November, 2024

AI technology has had massive implications for many different industries and sectors, with new tools saving countless hours by generating ideas and automating everyday tasks.

Award-winning broker [Alpari](#) has put together a [new report](#) that gives an overview of how AI is changing the world of trading, as well as showing how far technology has come since the birth of computer-assisted trading in the 1970s.

AI tools that traders can use today fall into 4 main categories.

Language processing: Tools like Crowd Insight offered by Trading Central, which can read what news outlets are publishing about different opportunities and use this information to build a quick overview of the overall market sentiment. This includes an analysis of whether the sentiment is rational or irrational and how much weight each media outlet's opinion holds. Trading Central tools are available to all Alpari customers.

MetaTrader Expert Advisors: These add-ons are made by independent developers, available for traders to use in version 4 or 5 of the trading platform MetaTrader 4. These bots use AI to analyse opportunities and even execute trades themselves on the trader's behalf.

High-frequency trading: This is a common trading method used by large hedge fund companies. Powerful computers use algorithms to execute millions of trades in seconds - as AI technology becomes increasingly sophisticated, the effectiveness of this method may continue to increase.

Simulations: AI allows traders to simulate what would happen in the future in the event based on a huge number of variables, meaning they can test trades thoroughly before committing. Simulations are also useful for beginner traders, giving them an artificial environment in which to practise.

Alpari also created a timeline of how computer-assisted trading has changed and developed over the years, since the founding of Nasdaq, the first electronic stock exchange, in 1971.

Program trading, which uses computer systems to execute large orders, became popular in the 1980s. The Black Monday stock market crash in 1987 was partly attributed at the time to the use of program trading, but opinion is now divided on its true causes.

In the 90s, technological advancements led to the launch of REDI, one of the first electronic order systems. The SEC ruled that Electronic Communication Networks were allowed to compete with traditional stock exchanges.

There was a great deal of development in the 2000s. The decimalization of stock prices in 2001 made it easier for algorithms to trade in smaller quantities. The SEC introduced the Regulation National Market System in 2005, which encouraged faster trading. By 2007, algorithmic trading accounted for over 30% of equity trading volume in the US.

In 2010, the Flash Crash which caused the Dow Jones Industrial Average to plunge nearly 1,000 points may have been due to a massive sell order carried out by an algorithm. Then, in 2012 an algorithmic trading error caused Knight Capital Group to lose \$440 million.

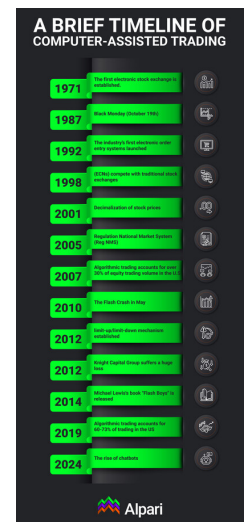
The 2014 release of Michael Lewis's book "Flash Boys" raised awareness of high-frequency trading. By 2016, about 80% of FX trading was algorithmic - and by 2019, 60-73% of trading in the US was algorithmic.

Now in 2024, one interesting development is the way that chatbots are entering the trading space, with companies developing tools they say can give informed recommendations.

Alexey Efimov, Market Analyst at Alpari, comments:

"AI could have major implications for traders at all levels, so it's worth researching whether there are any tools that might be able to help you save time and trade more efficiently. As time goes on, it's likely that

Media:



Related Sectors:

Business & Finance ::

Related Keywords:

Forex Trading :: Forex :: AI :: Investing :: Investment ::

Scan Me:



these tools will develop even further and become even more advanced. However, trading is risky, with or without AI assistance, so traders should always understand that their money is at risk - don't let AI tools give you a false sense of security."

-Ends-

Notes to Editors

Disclaimer: Trading is risky.

The full piece is available online: <http://alpari.com/en/market-analysis/ai-changing-trading/>

About Alpari

Alpari is a long-established leader in online financial trading. They pioneered online forex trading for retail clients 25 years ago, and remain focused on enabling individuals to access the potential of global financial markets

Alpari clients are individuals with an appetite to generate financial returns through self-directed trading. They are comfortable taking risks in order to generate returns and are willing to invest time to build the skills needed to succeed

Alpari's promise to these clients is to enable them to "access global trading opportunities securely". They believe that individuals anywhere in the world should be able to access opportunities in financial markets - where local political environments do not support domestic regulation, they provide solutions for individuals to access our services offshore, but offering the same service standards and client protections as a regulated business.

Company Contact:

[Alpari](#)

E. hello@shoutbravo.com

W. <https://www.alpari.org/>

[View Online](#)

Additional Assets:

Newsroom: Visit our Newsroom for all the latest stories:

<https://www.alpariglobal.pressat.co.uk>