

Market Maker Algorithm

Executive Summary

The Market Maker algorithm is designed to thrive in sideways or range-bound markets, where traditional buy-and-hold strategies may struggle. By continuously cycling capital through rapid buy/sell transactions, it seeks to expand digital asset holdings over time while ensuring that no trade results in a net capital loss.

How It Works

- Operates on short timeframes, focusing on frequent, small trades.
- Uses recent market data and technical metrics to identify micro opportunities.
- Never sells at a loss: all trades account for buy and sell fees to guarantee fiat recovery.
- Profits are primarily left in the digital asset, compounding over repeated trades.
- Tracks each buy trade individually, pairing it with a dedicated sell order.
- Employs advanced order strategies (e.g., trailing stop limits, iceberg orders) to minimize market impact.

Advantages

- Capital protection: Trades are fee-adjusted to ensure no net capital loss.
- Volume-driven efficiency: Higher turnover drives down effective exchange fees, increasing profitability.
- Compounding effect: Profits accumulate as additional digital asset units, not just fiat.
- Market suitability: Excels in periods of low directional movement where passive strategies underperform.
- Scalability: Can manage significant trading volumes without disrupting markets.