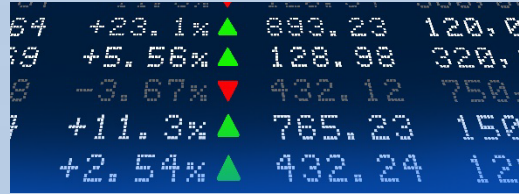


AI & Stock Trading



“Artificial intelligence is to trading what fire was to the cavemen.” [An industry player.](#)

High frequency and algorithm trading has moved from [60-70% of trading in 2010 to 90%](#) in 2017.

[Aidiya](#), a Hong Kong company, has a hedge fund that performs all operations transactions solely through artificial intelligence. Equity Trading Fund is 100% AI-powered and utilizes [Watson’s continual learning](#) capabilities to continue to make more accurate predictions.

In [a report by the FSB](#), using AI in the market can also lead to some problems that include [decision transparency](#) (when money is lost, who is the responsible party?), [systematic risk](#) (volatility leads to more volatility in an AI model), market concentration (vulnerabilities in one area of specialty can impact the system), greater diversity (new volatility without ability to pinpoint cause), and historical data (limited data in a catastrophe may require human intervention to address outliers).

A suggestion is that the [optimal scenario](#) is to have AI Systems work with humans side by side to create “Super Money Managers” who pay attention to client’s needs as well as understanding both the advantages and the limitations of using AI Systems. Some of the ways companies are using AI in trading is [here](#).

However, while AI is being largely utilized, the proof seems far into the future (don’t we need a recession or major market correction to test the stock trading models?), so the links are there for you to browse but we won’t go into specific company approaches in depth at this point. Of course, at the pace AI is being integrated into all aspects of our lives, perhaps a deep dive will be appropriate by the next newsletter. It is definitely worth noting the role and extent to which we are already relying on these models.



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