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Dave Mabe's Blog

How I Scaled My Trading Strategy Using the IBKR API

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How I Scaled My Trading Strategy Using the IBKR API

Dave Mabe
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Dave Mabe

- Systematic trading for 20 years
- Created and trade 25+ trading strategies
- Quantitative Trading Coach (waitlist currently)
- Host of the **Line Your Own Pockets** podcast
<https://lineyourownpockets.com>
- Former CTO of Trade-Ideas

“Click Trading” a Manual System

- Defined rules with some discretion about which trades to take
- Consistent success, but could be better
- I would rarely run out of buying power

Details of System (for Illustrative Purposes Only)

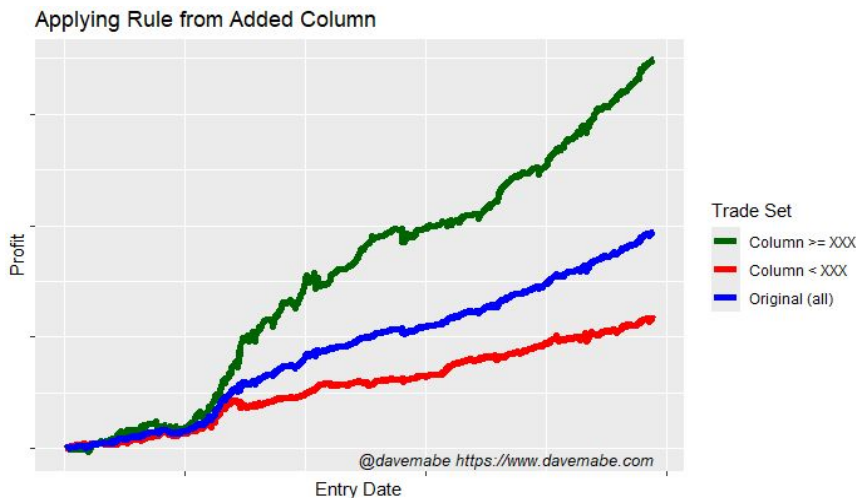
- Looking for stocks gapping $> X\%$ from previous close or $< -X\%$
- Wait for a tight range to form
- Enter long above the range, stop below the range



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Ways to Improve the System

- Trade with bigger size
- Filter poorest trades out by adding a rule (see image)
- Identify the best trades and trade them bigger
- Or...



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Add More Trades to the System

- Trades just outside my rules ($> 4\%$ instead of $> 5\%$)
- Some rules felt arbitrary
- Backtesting?

“Click Trading” Ceiling

- My account had room, but I couldn't keep up entering trades manually
- Not many trades, but they came in bunches
- Often would just miss winning trades
- Order entry mistakes! (e.g. one too many zeroes or one too few)

Used the TWS API to Enter Trades

- Increased my capacity since no longer “click trading”
- More consistent results since discretionary decision making gone
- A reference to measure against: the backtest
- No more “fat fingering” entry order mistakes

Trading Came Into Focus



Benefits of the IBKR API

- Comprehensive order types - all server held
- Flexible OCA support
- Completely customizable interface
- Transmit or just queue orders

Languages Supported

- Python
- C#
- Java
- C++
- VB.NET

What the TWS API Has Allowed Me To Do

- Add more strategies to my trading business
- Trade like a “franchise”
- Less “gut feeling” and more analytics

Questions?

Free 6 day email course on backtesting:

<https://www.davemabe.com/ib/>

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