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AI-Powered Data & Quant
Trading Community

INNOVATING TRADING WITH AI

HOW TO USE ARTIFICIAL INTELLIGENCE IN TRADING

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MINI GUIDE — TREND FOLLOWING TRADERS SERIES

Innovating Trading with AI

How to use AI to innovate in the trading field

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This mini ebook is a reworked extract from the book *Trend Following in 2026 — Directional and Quantitative Trading with Artificial Intelligence*.

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AI as an accelerator, not a replacement

I designed many of the tools I now use every day several years ago, without ever managing to develop them. I had hired developers, I had involved other traders to support me: I got nowhere concrete. For more than ten years those projects stayed on paper.

Today, thanks to **Claude Code**, I have managed to develop on my own, in a few weeks, what would once have required years and a dedicated team. The Power Tool for balance control, the data-analysis platform, the indicators for TradingView, the system for managing quantitative strategies: all of this was born from the integration between my trading competence and the ability of artificial intelligence to translate ideas into working code.

I recognize that AI is a great tool, like a knife: it can be used for good or for ill. But acquiring a specific competence in its use will give us an enormous competitive advantage in the coming years.

The fundamental point is not artificial intelligence in itself. It is the fact that it allows a trader with specific competence — but **with no software-development skills** — to translate his own ideas into operational tools very quickly. This is what I mean by innovating: not delegating thought, but amplifying your own ability to build.

It is not about abandoning what works. The Trend Following principles I have always taught — cut losses, let profits run, manage risk — remain the foundation. AI only lets me take them to a higher level.

1. The three competences of the modern trader

In this era, acquiring a specific competence in the use of artificial intelligence is essential in any line of work. In our field, the competitive advantage today is played out on three competences that work together.

1. Know trading

Understanding how markets work, reading charts, interpreting the behavior of liquidity, managing risk. It is the foundation: without this competence, no tool can help. AI amplifies those who know what they are doing; it does not replace those who do not.

2. Know how to use artificial intelligence

Learning to dialogue with AI to develop tools, analyze data, automate processes. And here is the good news:

You don't need to be a programmer. You need to know what to ask and how to ask it.

The competence that matters is not technical, it is one of *translation*: being able to describe precisely, in the language of trading, what you want to obtain. AI does the rest.

3. Analyze data

Collecting, organizing and interpreting data to make better decisions. The ability to have data and to analyze it has always provided a great strategic advantage in trading — an advantage once available **only to the big funds**, and which today AI puts within reach of the private trader too.

2. Two tracks: directional and automated

My trading runs on two tracks, and artificial intelligence serves to strengthen both. Knowing the advantages and limits of each is the most honest way to understand where AI really makes the difference.

Directional trading

This is the trading I carry out manually: I study the markets, I identify low-risk recurrences to exploit, and I work for a great risk/reward ratio — small stops, limited risk, to catch trends starting from a contained cost.

Costs are managed at once, but profits need time to mature: this is the foundation of Trend Following.

The **advantage** is low-risk management with a high risk/reward ratio. The **limit** is that, as a private trader, I can work well only on a few markets I know in depth, and there are phases in which there is little to do — you need trend thrusts that are wide enough (although, lately, with the intraday trends of the Cash-AR 2026 method, we are doing excellent things).

Automated quantitative trading

With automated strategies, instead, I can work **in parallel on many markets**, building semi-automated or fully automated solutions. The **advantage** is scale: a lot, across many accounts and many markets. The **limit** is that it takes very strong technical competence to build reliable software — and this is exactly where AI made the difference, allowing me the leap in quality toward a level once reserved for the big funds.

3. The three functions of AI in my trading

Claude Code understands trading: the technical terms I give it, it understands. And it understands development: it knows MQL5 for MetaTrader, PineScript for TradingView, PHP for data analysis on the web. I use it to fulfill three functions that make my work more competitive, both directional and quantitative.

Function 1 — Configuring the research

StrategyQuant, for a research run that lasts days or weeks, needs a configuration file. If it is set up badly, time is lost — and the compute station costs about \$2,000 a month on Amazon AWS. With AI I prepare, analyze and iterate those files: configuration, processing, analysis, improvement.

A concrete example

Research run version 1.4 discarded **1,800,000 strategies** that did not match the parameters and produced 45. AI analyzed the results, judged that the rate of 0.0025% indicated well-calibrated filters, and arrived at the best strategy, returning all its key parameters. Doing this work by hand, sifting through 1.8 million strategies, is impossible. With artificial intelligence it is done in a few minutes.

Function 2 — Building custom tools

StrategyQuant produces automated strategies, but offers no tools to control the balance. I built that fundamental component myself, with AI: the **Power Tool** for risk management. And then the indicator for TradingView in PineScript, the one that analyzes overnight data. I have no software-development competence whatsoever: yet I managed to build professional tools that normally require an entire team at a hedge fund.

Function 3 — Analyzing data dynamically

The third is the most strategic. With AI I developed, in a few weeks, an entire analysis platform: account rankings by profit/drawdown ratio updated every 30 minutes, backtest analysis over 8 years of history, dynamic optimization of configurations, management of real production accounts. The more efficient we are at analyzing large masses of data, the more we can develop competitive strategies.

4. The AI that understands your language

An episode I will remember forever. I was describing to Claude Code how a certain bar had to work in my trading. At a certain point it replies: “Sorry Steve, but you’re describing the doji bar to me.” And it was right.

When I explained the same things to flesh-and-blood developers, they understood nothing. The AI understood what I wanted, understood my trading language and translated it into code.

This is the difference. For years the wall was translation: I knew what I wanted, but I could not transfer it to those who were supposed to build it. Artificial intelligence tore down that wall. It understands instantly, works in parallel, and when I make a wrong assessment about how StrategyQuant works it tells me — it has corrected me more than once. It is like having an entire technical team that speaks my own language.

5. The frontier: AI that optimizes strategies

Innovation does not stop at building tools. Today AI enters the heart of the method: it optimizes the strategies themselves. We start from the study of the data coming out of StrategyQuant — for example the **MFE** (*Maximum Favorable Excursion*), which measures the **profits not yet exploited** — and from there we compute a series of optimizations that markedly improve the starting strategies. In the community we work with two engines.

Realistic Engine AI

It optimizes StrategyQuant's strategies **dynamically**, working on variables such as risk, the monthly drawdown limit, the break-even stop, profit targets and the trailing stop. It recomputes the strategy, validating its data against **all the market swings of the last 9 years**: not a gut judgment, but a check on the data.

Nature Law AI Quant

The name says it all: *Nature Law* is the **law of nature**. I study how my market works — those systemic mechanisms it must produce in order to exist — and I exploit those same processes to improve gains and contain costs. It is the most advanced system: AI formulates complex algorithms, programmed directly into the Power Tool and validated over **nine and a half years of history** with the partner **Darwinex**. Three modules work before, right after, and for the whole duration of the trade:

- **OWL** (*pre-opening*) — *contextual filter*. It assesses the state of the market over the last 24 hours — the previous day's session and the preceding night — and blocks openings in contextually unfavorable setups: the combinations in which, historically, the strategy has never produced big winners.
- **FALCON** (*post, early*) — *time-based quick exit*. At the N-th hour from the opening of the trade it assesses whether the MFE reached is sufficient. If it is not, it moves the stop to break-even so as not to take the full stop-loss on a weak signal.
- **WOLF** (*post, continuous*) — *morphological trigger*. It monitors in real time the 5-minute pivots (the higher and lower highs and lows — HH/HL/LH/LL) and recognizes when the dynamics turn against the trade: it moves the stop to a percentage of the peak, to capture a portion of the profit before the reversal.

These are concrete examples of what it means to *innovate*: taking a trading insight and giving it the computing power of artificial intelligence.

6. The cost of innovation

There is a misconception to dispel: artificial intelligence does not do everything on its own. For computing strategies I have found it is preferable to pair it with a specialized tool, **StrategyQuant** — itself optimized by AI. At the beginning I developed strategies only with Claude Code: they worked, but they had several gaps, because the fields of application to cover for a truly reliable tool are many. AI can do a great deal and is advancing exponentially, but it has its limits: the best result comes from the **combination of AI and the right tools**.

Computing power

To produce quality processing, StrategyQuant requires great computing power — an investment usually within the reach of a hedge fund, not a private trader. In this phase I have come to spend up to **\$5,000 a month** just for the computing power; and the higher the quality, the more is needed. For the next step I am working with Google Cloud and Amazon AWS — which support innovative startups — to activate more powerful stations and produce what I call the **third generation** of strategies (the first and the second are already a reality).

A self-sustaining model

To date I have published in the community about **one hundred strategies** — the best of the best, selected by discarding several million — available in the *strategy database*. And I use the community's proceeds to cover the research costs: this way innovation improves not only my trading, but that of **all the members of the project**.

In one line

AI lowers the barrier, but it does not zero out the cost: it takes computing power, method and the right tools. The community's advantage is sharing that cost — and its fruits.

7. Innovating doesn't mean automating everything

There is a balance to respect. AI and automation handle what is repetitive and requires computing power; the trader keeps the judgment, the selection of opportunities, the responsibility for decisions. My path did not go from 100% manual to 100% automated, but to a **balance** between directional and quantitative trading.

We work more in the planning and research phase, in order to work less and better in execution.

Whoever thinks AI lets you earn without knowing anything about trading has understood everything backwards. Artificial intelligence is a multiplier: it multiplies the competence of those who have it, and it also multiplies the mistakes of those who do not. This is why the first of the three competences remains trading.

How to start innovating with AI

You don't need a team or a hedge-fund budget. You need method. Here is where to start.

Six concrete steps

- ✓ **Start from trading competence.** AI amplifies, it does not replace.
- ✓ **Learn to describe what you want,** in the language of trading. What counts is knowing *what* to ask and *how*.
- ✓ **Choose a concrete problem:** a tool you are missing, an analysis you do by hand that steals hours from you.
- ✓ **Iterate:** describe, test, correct, improve. Value is born of the cycle, not of the first attempt.
- ✓ **Collect and analyze your data.** It is the competitive advantage once held only by the big funds.
- ✓ **Share and collaborate.** The best ideas are born from exchange within a team.

■ *The market rewards the most capable, not the most needy.*

An invitation

I share all of this for the same reason I have shared my work for years through the blog, YouTube and the community: to attract people motivated to study and improve their trading, willing to collaborate. I could have kept these tools for private use; I chose to put them in the community, because the more data and the more minds we accumulate, the more competitive we become.

Trend Following Traders is a true research lab: directional trading with the Cash-AR 2026 method, quantitative trading with StrategyQuant, and artificial intelligence as an accelerator. If you want to go deeper, start here:

The blog and the guides: TrendFollowingTraders.com/blog

The full book: *Trend Following in 2026* — of which this mini guide is an extract.

Disclaimer. This content is for educational and informational purposes only. It does not constitute financial advice nor an invitation to trade the markets. The use of artificial intelligence and of the tools described does not guarantee any result. Trading involves a high risk of capital loss and is not suitable for everyone. Past performance is not indicative of future results.