

# SUCCESSFUL CRYPTO TRADING BEGINNER'S GUIDE

*Discover How To Invest,  
Trade And Make Money  
With Cryptocurrency!*



INTERNET CASH ARCHIVE

# **Successful Crypto Trading For Beginners**

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# Overview

Cryptocurrency itself has so many benefits. Trading or investing in cryptocurrencies is undeniably a way to make a fortune (if done right). This possibility alone has attracted more people into cryptocurrency trading because of the large swings in the market and the potential for a quick profit, even short-term trading. Getting involved in cryptocurrency trading is also relatively easy, with powerful exchanges available to trade.

In this Successful Crypto Trading Beginners guide; you'll learn and understand how to invest, trade and cryptocurrency for profits.

Imagine yourself as a successful trader having the right knowledge to earn consistent profits from the trillion dollar global crypto market anywhere round the world and doing the things you enjoy and love to do.

## **What will you discover from this Book - Successful Crypto Trading Beginner's Guide?**

If you will read this book to the end, one thing I can assure you is this, you will definitely have a better understanding of how cryptocurrency and trading works. By the time you finish the book, you would have understood the factors that bring success and what it takes to be a successful trader even if you have never traded before.

The book walks you through the foundation, right mindset, principles, the platforms, and tools including the right digital coins (cryptos) you can start trading or investing in even as a beginner for good returns.

# **Book Disclaimer**

This book has been written for information purposes only. Every effort has been made to make it as accurate as possible. However, there may be mistakes in typography or content. Also, this book provides information only up to the publishing date. Therefore, this book should be used as a guide - not as the ultimate source.

This book is intended for and only to be used for education purposes only. No such information provided through the book constitutes advice or a recommendation that any investment or trading strategy is suitable for any specific person. These forecasts are based on industry trends, circumstances involving clients, and other factors, and they involve risks, variables, and uncertainties.

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# **LESSON 1: AN INTRODUCTION TO CRYPTOCURRENCY TRADING & INVESTMENT**

The term trading is a fundamental economic concept that involves buying and selling assets. These can be goods and services, where the buyer pays the compensation to the seller. In other cases, the transaction can involve the exchange of goods and services between the trading parties.

As there is so much to learn when it comes to cryptocurrencies and trading. It is like an onion, you peel off one layer, and the more you unfold.

But I won't bore you with what you don't need for now. I focus on why you requested this book in the first place - which is to know more about cryptocurrency, how to trade, invest and make profit successfully.

This is exactly what I emphasized more inside this book. And by the time you read this book to the end, you won't only have an idea about how cryptocurrencies work but also how to trade, invest and be profitable at it as well.

## **What is Cryptocurrency?**

A cryptocurrency or "crypto" is a digital currency or coin that can be used to buy goods and services, but uses an online ledger with strong cryptography to secure online transactions. Much of the interest in these

unregulated currencies is to trade for profit, with speculators at times driving its prices upward.

The first cryptocurrency was Bitcoin, which was created by an anonymous figure named Satoshi Nakamoto in 2009.

Cryptocurrency is a digital asset class of its own. Some cryptocurrencies can be used as money, but others are used for identity, governance, data storage, security and much more.

Despite the fact that there are numerous sorts of cryptocurrencies, they all have one thing in common: they all operate using blockchain technology, making them decentralized. Using cryptocurrencies to decentralize financial operations has a number of benefits over the traditional financial system,

Including:

- Elimination of bank's overhead expenditures.
- Less expensive transactions and can be sent and received worldwide.
- Trading strategies and loans, for example, can be programmed directly onto some cryptocurrency blockchains, eliminating the need for financial middlemen and unnecessary charges and fees.

The most popular cryptocurrency, Bitcoin, is regarded as "digital gold." Bitcoin is essentially a commodity that serves as a store of value. Ethereum is the second-largest cryptocurrency.

On Ethereum's blockchain, developers can write smart contracts to offer decentralized alternatives to traditional financial activities like lending and trading.

In fact, many companies have issued their own currencies, often called tokens, and these can be traded specifically for the goods or services that the company provides. Think of them as you would arcade tokens or casino chips. You'll need to exchange real currency for the cryptocurrency to access the goods or services.

## **How Cryptocurrency Works?**

Cryptocurrencies work using a technology called blockchain known as a distributed public ledger. Cryptocurrencies use a decentralized technology that enables users to make secure payments and store money without the need to use their name or go through a bank.

This decentralized technology spreads across many computers that manage and record transactions. In a decentralized blockchain network, no one has to know anyone here. Each member in the network has a copy of the exact same data in the form of a distributed ledger. If a member's ledger is altered or corrupted in any way, it will be rejected by the majority of the members in the network.

To make a cryptocurrency transaction, you'll need a set of public and private keys. These keys are similar to passwords that your cryptocurrency wallet generates.

People can transfer your cryptocurrency using your public key, which is linked to your wallet's address. Only you have access to your private keys, which are used to approve transactions received from your wallet.

Part of what makes this technology more appealing is its security.

Many cryptocurrencies, contrary to popular opinion, do not have a finite supply. Although Bitcoin's total production is limited to 21 million coins, several altcoins, like Ethereum, have a defined inflation rate but no limit on total quantity.

## **How Cryptocurrency Market Works?**

The cryptocurrency market works differently than conventional financial markets, so learning how it works and understanding the lingo used to describe it is essential before you begin investing.

The cryptocurrency market is a decentralised digital currency network, which means it functions without the use of a central server and instead relies on peer-to-peer transaction verification. These transactions are added to the blockchain — a shared digital ledger that stores data — when cryptocurrencies are bought and sold through a process called 'mining.'

And because cryptocurrencies are extremely volatile, it's critical to understand what's likely to move the market - from ICOs and blockchain forks to breaking news and government regulation.

# LESSON 2: TRADING AND INVESTING IN CRYPTOCURRENCIES

Trading is commonly used to refer to short-term trading, where traders actively enter and exit positions (or trades) over relatively short time periods. In the context of the financial markets, the assets being traded are called financial instruments - stocks, bonds, currency pairs on the Forex market, options, futures, margin products, cryptocurrency, and many others.

## Trading Cryptocurrencies

Crypto trading involves exchanging one cryptocurrency for another, or buying and selling of coins, and exchanging fiat (paper-like) money into crypto.

This bears some similarities to foreign exchange (forex), where fiat currencies from across the globe are traded 24 hours a day.

The number of cryptocurrencies has exploded in recent years – and more than 10,000 different cryptocurrencies are traded publicly, according to [CoinMarketCap.com](https://CoinMarketCap.com). And cryptocurrencies continue to proliferate, raising money through initial coin offerings, or ICOs.

The total value of all cryptocurrencies as at May 27, 2021, was more than \$1.7 trillion — down from April's high of \$2.2 trillion, according to [CoinMarketCap](https://CoinMarketCap.com). The total value of all bitcoins, the most popular digital

currency, was pegged at about \$735 billion — down from April's high of \$1.2 trillion.

Many of these coins can only be acquired using one of the top major cryptocurrencies such as Bitcoin or Ethereum or Binance Coin. Because of this, you'll likely need to perform trades if you want to contribute to initial coin offerings (ICOs) or use a blockchain company's services.

## **Investing In Cryptocurrencies**

Investing in crypto means allocating resources (such as capital) with the expectation of making profit. For instance, using your money to fund a business or buying landed property with the goal of reselling it later at a higher price.

In the financial markets, this typically involves buying crypto with the hopes of selling them later at a higher price. The expectation of a return is core to the concept of investment (this is also known as ROI).

As opposed to trading, investing typically takes a longer-term approach to accrue wealth. The goal of an investor here is to build wealth over a certain period of time (months, years, or even decades). There are plenty of ways to do that, but investors will typically use fundamental factors to find potentially good investment opportunities before taking actions.

Due to the long-term nature of their approach, investors usually don't concern themselves with short-term price fluctuations. As such, they will typically stay relatively passive, without worrying too much about short-term losses.

Both traders and investors seek to generate profits in the financial markets. Their methods to achieve this goal, however, are quite different.

Generally, investors seek to generate a return over a longer period of time – think years or even decades. Since investors have a larger time horizon, their targeted returns for each investment tend to be larger as well.

Traders, on the other hand, try to take advantage of the market volatility. They enter and exit positions more frequently, and may seek smaller returns with each trade (since they're often entering multiple trades).

## **Pros and Cons of Investing In Cryptocurrencies**

Cryptocurrency has various advantages which includes:

1. Avoiding exorbitant fees on transactions.
2. An easy way to access an extensive choice of investing options.
3. Also, your investments are under your direct control.

Due to its tremendous volatility, cryptocurrency attracts many investors. It's not uncommon for the price of a cryptocurrency to change by more than 10% in a single day. This is wonderful if you want to make a lot of money, but if you're the kind of investor that always loves to play it safe at all times, cryptocurrencies may not be for you.

# LESSON 3:

## HOW CRYPTO TRADING WORKS

Cryptocurrency trading involves speculating on price movements via a CFD (contract for differences) trading account, or buying and selling the underlying coins via an exchange.

You can buy cryptocurrency on exchanges with your credit card, such as buying bitcoin on top exchanges like [Binance](#) or Coinbase, so you own the bitcoin yourself. As you are waiting for the price to rise significantly, you can then sell your digital coins afterwards. This is considered a long-term investment.

You can also trade using a contract for difference (CFD) on a particular cryptocurrency, and speculate on the price difference. A CFD is a financial instrument, which is a contract, typically between a broker and a trader, where one party agrees to pay the other the difference in the value of a security, between the opening and closing of the trade.

The price of an asset is simply determined by the balance of supply and demand. In other words, it's decided by the buyers and sellers. Where supply meets demand, there's a market. But what else can drive the value of a financial asset?

As we've discussed earlier, there can be fundamental factors, such as the state of the economy. In addition, there can be technical factors like the market capitalization of a cryptocurrency. Also, there may be other factors to consider, such as market sentiment or recent news.

Cryptocurrency trade has taken its roots into our economy and has begun positively contributing towards several businesses.

Let us educate ourselves more on how crypto trading works.

Similar to any online trading, cryptocurrency trading has its own platform that facilitates traders with services to engage in crypto trading. These platforms allow trading in two primary forms.

1. Cryptocurrency exchange
2. Conventional trading using cryptocurrency.

### **The Prerequisites:**

Users who seek to perform trading are first prompted to create an account on the platform, then verify their credentials by securely sharing personal data for verification purposes. Upon successful authentication, you are provided access to the crypto platform to start trading.

Actual crypto trading exercise involves:

1. Place Buy/Sell orders.
2. Exchanging cryptocurrency
3. Buy or sell assets using cryptocurrency.

Traders can engage in trade with others by choosing the orders they find satisfactory. On choosing the order, the traders can further perform transactions to complete the trade.

Crypto trading platforms are decentralized, which means there is no single authority that oversees all the transactions. This eliminates the intervention of any third-party intermediaries or limitations.

You can use the [Binance exchange platform](#)!

Binance exchange is the biggest exchange in the world and I love them because of the lowest trading fees on the platform which is second to none! You can buy bitcoin with bank transfers or with a credit/debit card! It's the easiest way to buy bitcoin or any other cryptocurrency!

# LESSON 4:

## SELECTING A GOOD CRYPTOCURRENCY

According to CoinMarketCap. There are over 10,000 digital coins and more still coming. How do you know the perfect cryptocurrency to buy or invest in?

In spite of the fact that there is no one perfect coin, there are best cryptocurrencies for specific use. Take for instance, Bitcoin is regarded as one of the best cryptocurrency to have because of its widespread adoption and restricted quantity, so this made it the perfect cryptocurrency to use as a reserve asset.

One important factor to always take note of is the market capitalizations.

The majority of the best cryptocurrency projects today in the top 50 in the market have market capitalizations. Most small-cap cryptocurrencies have dubious use cases or have failed to deliver on their promises. Small-cap cryptos are generally riskier than larger-cap coins such as Bitcoin and Ethereum.

Some of the hottest altcoins in 2021 are those based on decentralized finance (DeFi). Altcoins are a catch-all term for any cryptocurrency that isn't Bitcoin. DeFi tokens are typically built on the Ethereum blockchain and use code to replace traditional banking functions. Popular DeFi tokens such as yearn.finance, Compound, and Uniswap have increased by at least 500% in less than a year.

*Here are the top 10 DeFi tokens ranked by market capitalization:*

1. Uniswap (UNI)
2. Terra (LUNA)
3. Chainlink (LINK)
4. PancakeSwap (CAKE)
5. SushiSwap (SUSHI)
6. The Graph (GRT)
7. Aave (AAVE)
8. Maker (MKR)
9. Synthetix (SNX)
10. Solana (SOL)

Also, the value of non-DeFi altcoins has also risen significantly. Over the past year. Ethereum, being the most valuable altcoin by its market capitalization, has climbed from \$400 to almost \$4,000. Due to the wide range of financial applications built on Ethereum's blockchain which has sparked a lot of interest.

Another important factor to also watch out for is the team backing up the project. It is very crucial to invest only in cryptocurrencies that have strong backings.

One quick way to know this is through their white paper - A document released by a crypto project that gives investors technical information about its concept, and a roadmap for how it plans to grow and succeed.

The white paper is used to inform and persuade the other company that a certain offering, such as a product or technology, is superior for solving a particular business problem or addressing a certain challenge.

It is best to read the whitepaper of a cryptocurrency to learn more about it first. As this gives you a good idea of how such a cryptocurrency works, and what it is intended to be used for.

# **LESSON 6: THE FOUNDATION TO SUCCESSFUL CRYPTOCURRENCY TRADING**

This section is going to be the longest because it contains a whole lot of important information and lessons that can't be skipped if you want to trade successfully.

First off, I will start this lesson with a short disclaimer.

This information is not a financial advice or an endorsement of cryptocurrency or any specific provider, service or offering. Cryptocurrencies are highly volatile and high risk.

Do your own research and seek financial advice before buying.

Now that we are good to go.

Let's move on!

There are many different ways to make a profit — or losing money — with and from cryptocurrency. Trading is one of the most popular on the list. This lesson covers where to begin, including how to choose a trading style, how to devise a trading strategy, what to look for in a trading platform and things to consider.

**There are five important steps to trading cryptocurrency successfully in order to make good profit consistently out of it.**

*Step 1:* Decide your trading style

*Step 2:* Spot an ideal crypto exchange

*Step 3:* Choose an ideal crypto exchange

*Step 4:* Pick the right market for trading

*Step 5:* Reading charts and placing trades

Now let's dive into each of these steps:

## **Step 1: Decide Your Trading Style**

This first step here has to do with you figuring out what kind of trader you are (or you would like to be) depending on some factors which are best known to you.

You have to decide what style of trading suits you the most between being a long-term or short-term crypto trader.

Take note! Both are not the same.

### **Long Term Traders**

As a long term crypto trader, you buy and hold cryptocurrencies over a long period of weeks, months or even years, with the intention of selling at a profit or using it later. If you believe the value of a particular cryptocurrency will grow in the long run, and don't want the stress of

actively trading, then this might be your style and a good step may be learning how to safely buy and hold cryptocurrency.

If you have a tedious 9 to 5 job or a very busy work schedule on a daily basis. You might want to consider this kind of trading style as a person.

## **Short Term Traders**

If you choose to be a short term trader, this means you will be actively involved in trading on a daily or weekly basis. If this is your style, a good first step may be learning how to safely buy and hold cryptocurrency.

Short-term trading is about taking advantage of short term price swings by creating and executing a crypto-trading strategy that gives you an edge. It's more active, stressful and risky than long-term trading, but it also offers faster and larger potential returns for those who do it right, and lets you profit from cryptocurrency prices dropping as well as rising.

## **Step 2: Spot An Ideal Crypto Exchanges**

A cryptocurrency exchange is an open online market where you can either buy and sell cryptocurrencies in just a few clicks. They set the rate of currencies which usually depends, but is not limited, on the actions of the buyers and sellers.

With over hundreds of exchanges available for both traders and investors to choose from. As a result, deciding on the best ones might be difficult.

The following factors listed below, on the other hand, will assist you in determining how to select the best cryptocurrency exchange for you.

### **1. Geographical Restrictions**

Users' geographic location and constraints are still at the heart of their cryptocurrency exchange experience and usage because legislation and other policies surrounding crypto and blockchain are still in flux, and there is likely a chance that your government has imposed restrictions on your ability to access and utilize an exchange.

Binance, for example, the world's largest cryptocurrency exchange by volume, is open to all nations except those on lists of economic and trade sanctions (ex. Syria, Iran, and North Korea). Also, some exchanges are still very reluctant to welcome US consumers and users till date.

So before you sign up for a crypto exchange, double-check that it is available for your country and legal to trade crypto in your country.

## **2. Authenticity & Security**

Your due diligence is required here. Do some research to see if the exchange you're considering is a reliable and secure platform. The validity and security of a platform will assist you in determining whether or not your cash is safe with the crypto exchange.

Scam platforms have cost traders billions of dollars. As a result, make sure to evaluate the platform's reputation as well as the numerous security mechanisms in place to protect your data and finances.

Another thing to take note here is this; look for exchanges with two-factor authentication (2FA), such as Google Authenticator or SMS, Anonymous sign-ups (this mostly applies to decentralized exchanges), and with Complex captchas.

Combining all these assures that you've taken all necessary precautions to prevent hackers from gaining access to your account and funds.

## **3. User Interface & Experience**

These two terms are often used interchangeably.

As a crypto trader or investor, this criterion is critical to your trading success. It is easier to execute and analyze trades on an exchange with a good user-friendly interface and with a great user experience. However, user experience might be subjective, and different interfaces appeal to different people.

In addition, make sure to look into a crypto exchange's customer service and other client-related features. The platform should be as simple to use as possible.

#### **4. Fee Structures & Charges**

Various crypto exchanges have different transaction fee structures. Understanding a crypto exchange's fee structure is critical since it allows you to know what you're getting into when performing multiple tasks. Make sure the platform you chose has no hidden transaction costs. You have the option of selecting a platform with flat transaction charges or one with a more flexible structure.

#### **5. Purchasing Methods**

Purchasing cryptos differs depending on the exchange. Some systems accept bank transfers, others PayPal, yet others credit and debit cards, and still others solely accept bitcoin for purchases.

Examine the numerous payment choices offered by the platform and select the one that best suits your needs. For starters, if you don't have any coins, choosing a platform that accepts fiat currency is critical because it allows you to enter the market with less stress. Always take note of that.

## **6. Supported Tokens & Coins**

Bitcoin and Ethereum are supported by almost all cryptocurrency exchanges. However, there are dozens of other cryptocurrencies to choose from, and some investors seek to diversify their portfolio beyond bitcoin and ethereum.

As a result, before deciding on a crypto exchange, you must first learn which coins and tokens it supports. Because it exposes traders and investors to more cryptocurrencies than other platforms, Binance is the most popular.

## **7. Volume & Liquidity**

A high trading volume is usually a solid indicator of a crypto exchange's liquidity and overall capacity to fill a user's request at any time of day, regardless of its size.

Depending on the type of trading you intend to do, liquidity is an important factor to consider when checking an exchange out. It is at the heart of your capacity to buy and sell cryptocurrencies in the first place.

Higher volume and liquidity typically go hand in hand with a crypto exchange reputation and support, as we previously stated.

Consider this: if an exchange handles hundreds of millions of dollars in daily activity, they almost probably have the requisite infrastructure and support mechanisms in place.

## **Step 3: Choose An Ideal Crypto Exchange**

Choosing the best cryptocurrency exchange is one of the important things to consider in trading because the crypto market is accessed through cryptocurrency exchanges. As a result, they play a vital role in your trading success.

The exchanges vary in terms of functionality and different options but in basic terms, work very similarly to regular stock exchanges. The main difference is that, on a stock exchange, traders buy and sell assets, shares or derivatives, with the aim to profit from the changing rates.

With cryptocurrency exchanges, traders use crypto pairs to profit from the high volatility currency rates. Many cryptocurrency exchanges also have a high level of variety and trade numerous coins, allowing one to take advantage of price variations in different currencies. These types of trading platforms generally charge a fee for each transaction made on the exchange.

### **What Makes a Great Crypto Exchange?**

A cryptocurrency exchange is necessary if you want to purchase or sell cryptocurrencies. These online crypto exchange platforms work in a similar way to that of a stock broker. This exchange allows you to purchase and sell digital currencies such as bitcoin, ethereum, litecoin, and more.

With cheap fees and excellent security features, a great crypto exchange platform must make buying and selling of desired cryptocurrencies simple, swift and easy.

It's important to consider supported currencies, pricing, funding & withdrawal options, and security when selecting an ideal crypto exchange for your needs.

There are a good number of great ones out there but I will recommend the best few cryptocurrency exchanges with proven track records.

## 1. [Binance Exchange](#)

Binance is often regarded as the world's most powerful cryptocurrency exchange, the largest exchange with a daily trading volume of over \$25 billion. It also provides traders with access to hundreds of coins and tokens because it has one of the largest collections of alternative currencies on the market.

Binance is a global crypto exchange platform that supports over 180 countries worldwide. This exchange is perfect for both beginners and advanced users. With swift, and user-friendly interface with several funding and withdrawal choices.

And I must say. They have the most advanced, secured and easy to use platform including their mobile apps on both Android and iOS for trading cryptocurrencies.

Also, you will never face a liquidity issue while using Binance because it constantly ranks in the top 3 exchanges on CoinMarketCap by volume.

- To register, sign up here - <https://binance.com>
- Fill in your details with correct information
- Verify your account by uploading your ID for KYC purposes
- Then you can purchase your desired crypto through bank transfer, P2P or debit/credit card and you are good to go

**A quick tip:** This exchange has been my best crypto exchange because of their low transaction fees of about 0.1% and you can even get your trading fees cut down by 50% if you have their native BNB tokens in your wallet while trading which is a big amount if you're looking to become a long-term crypto trader.

## 2. Coinbase Exchange

Coinbase is one of the most popular digital currency trading exchanges, especially among American traders. It is now a publicly traded corporation that serves crypto traders in the United States, Europe, and other regions of the globe. On a daily basis, Coinbase processes over \$3 billion in trade activity.

It caters to both retail and institutional crypto traders, with the Coinbase Pro platform catering specifically to professional traders and investors.

Coinbase is a great alternative to Binance or you want to add more exchanges to your portfolio. You can sign up here - <https://coinbase.com>

### 3. Kraken Exchange

Kraken is one of the earliest cryptocurrency trading platforms currently available. Kraken is admired by many and provides trading services to thousands of traders internationally due to the number of years it has been around.

Kraken, like Coinbase, is aiming to become a publicly traded corporation.

Kraken gives traders access to hundreds of cryptocurrencies, as well as the ability to fund their accounts with fiat and cryptocurrencies and use other cryptocurrency trading platforms.

You can Signup at <https://www.kraken.com/>

Here below is a list of top cryptocurrency spot exchanges ranked and scored by CoinMarketCap according to traffic, liquidity, trading volumes, and confidence in the legitimacy of trading volumes reported.

#	Name	Exchange Score <sup>1</sup>	Volume(24h)	Avg. Liquidity	Weekly Visits <sup>1</sup>	# Markets
1	 Binance	9.9	\$28,955,939,741 ▼ 9.75%	603	26,967,204	1402
2	 Coinbase Exchange	8.8	\$3,563,253,113 ▼ 18.2%	538	2,915,085	287
3	 Huobi Global	8.8	\$5,826,379,577 ▼ 12.03%	549	907,660	937
4	 FTX	8.5	\$2,036,307,572 ▼ 16.43%	499	2,415,690	507
5	 Kraken	8.4	\$1,404,772,809 ▼ 4.84%	525	1,973,798	334
6	 KuCoin	8.4	\$1,635,810,818 ▼ 15.84%	444	1,446,259	852
7	 Binance.US	8.1	\$935,837,745 ▼ 11.31%	361	759,273	117
8	 Bitfinex	8.1	\$830,660,025 ▼ 18.86%	492	804,618	309
9	 Bithumb	8.0	\$1,148,471,411 ▼ 6.57%	257	606,261	255
10	 Gate.io	7.8	\$633,681,954 ▼ 6.11%	302	2,087,496	1471

## **Step 4: Choose A Trading Market**

The second step is choosing an ideal market. This is important, because different methods call for different techniques and risk management to trade them. In some cases, the same crypto exchange will offer several different types of trading.

We will be looking at two common markets to trade cryptocurrency.

1. Spot market
2. Derivatives market

### **1. Cryptocurrency Spots**

Spot trading is a common trading market that is highly recommended for beginners or first-time crypto traders or traders with lower risk appetite.

This means that you trade a range of cryptocurrencies directly against each other or against fiat currency “paper-like money” to accumulate more crypto or fiat currency through repeatedly buying low and selling high.

A good example here will be to trade Bitcoin (BTC) for Ethereum (ETH). What I need to do here is spot a good buying opportunity for my bitcoin.

A good buying opportunity will be when Bitcoin has more buying power (here, BTC rises) over Ethereum (here, ETH falls at the moment). I have to buy more of ETH with my bitcoin, then sell (or trade) my ETH the moment it goes up.

You can also trade a coin against USDT (USDT is a stable digital coin which is of the same equivalence to a dollar, meaning 1 USDT is the same as \$1).

If you do it right, your fund or coin increases.

But if it goes wrong, your funds or coin reduces over time. This is what we call bad trades where the market goes against you, thereby, eating away at your holdings.

One beautiful thing with spot trading is that there's no risk of immediately losing all your money to a bad trade and this gives you the opportunity to snap out on time if you think you can't bear the dip anymore.

But you should know that it is normal for your coin value to fall temporarily while in a trade. And when you pick the right coins to trade, you will always make profits over a period of time so far you can be patient enough to hodl (hold) it for a while.

This is why spot trading is perfect for beginners who are looking to accumulate more cryptocurrency, and avoid excessive risks, just keeping things simple.

## **2. Cryptocurrency Derivatives**

This particular type of market trading is for advanced crypto traders with a high-risk appetite.

Derivatives trading offers much more flexibility than just simply buying and selling cryptocurrencies, but it's also more complex and better suited to advanced traders with high-risk, high-reward appetite.

There are several different types of derivatives, such as futures, options and perpetual swaps, all of which have their own nuances and may be used simultaneously.

As a trader trading cryptocurrency derivatives, such as futures, and options. You don't necessarily have to own cryptocurrency to trade crypto derivatives especially if you are using a crypto brokerage...but a must to have if you use a popular crypto exchange platform.

Here, you can also trade coins against one another.../ or against USDT if you are trading on a popular exchange platform like [binance.com](https://binance.com).

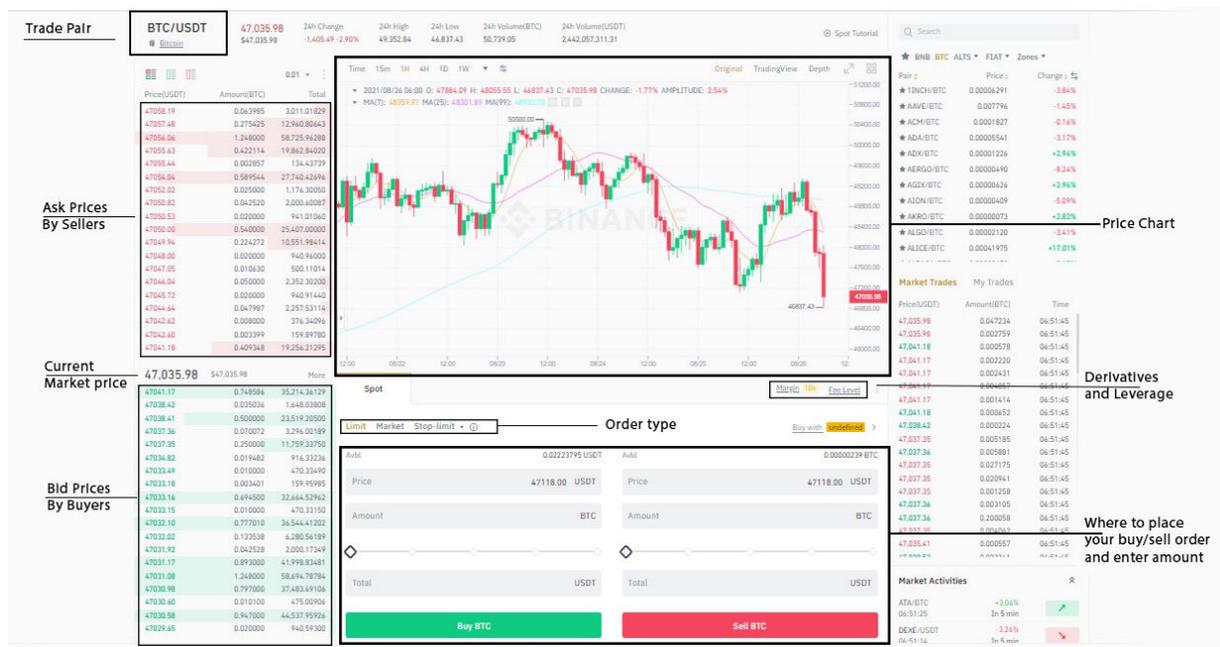
The only difference here is that trading crypto derivatives lets you use leverage which magnifies your gains on opened positions to directly profit from cryptocurrency price rises or drops, and mitigate risks by hedging and making big trades even if the markets are relatively quiet or short. This same leverage can also be a very fast way of losing money fast if trades go wrong.

Derivative trading is perfect for advanced traders with high-risk, high-reward trading strategies looking for high leverage irrespective of the market conditions or movement to make fast gains or losses as the case may be.

## Step 5: The Basics Of Reading Charts & Placing Trades

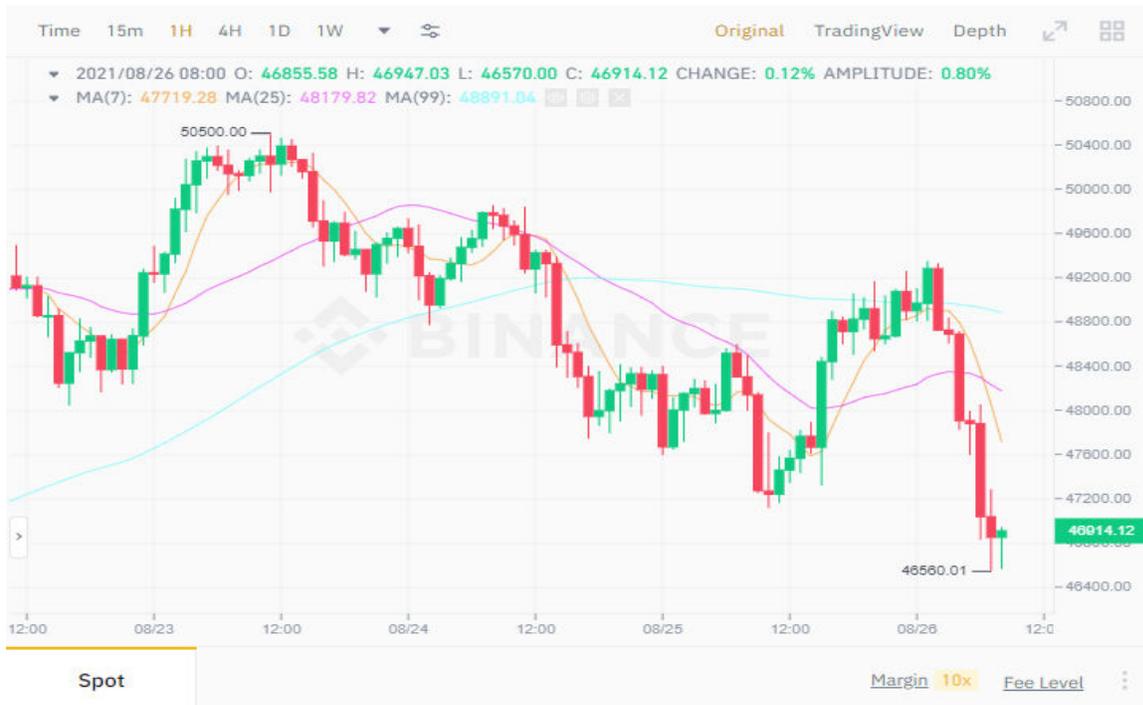
Before you can start trading, you need to be sure cryptocurrency trading is right for your circumstances and that you understand the risks associated with it. You'll also need to know what all the buttons do.

Here below is an example from the Binance cryptocurrency trading platform, the classic layout view showing the Bitcoin/USDT for a spot market.



Fortunately, most cryptocurrency exchanges have similar trading platforms and interfaces, and you can safely ignore a lot of the information on the page.

If I zoom in on the price chart section.



You will see the time frame section by the left.

This gives you an idea of what is going on in this market at different time intervals. And you can use this to set up your trading strategy or perform your trading analysis. Higher time frames (weekly, monthly or yearly) gives you a sniper view of the market overall to make a better trading decision.

As an intra-day trader, I prefer trading and analysing the market on hourly time frames (1H, 4H, 6H) to have an idea on a possible outcome on short time trades.

The green and the red candles.

The green shows that the market is trending up (we call it a bullish market) and the red is for downward trends (the bearish market).

The three lines (purple, orange and green) are the moving averages.

These tiny lines are commonly used as a technical indicator that gauges the price trends of a particular time frame. It helps to filter out the noise from random short-term price fluctuations.

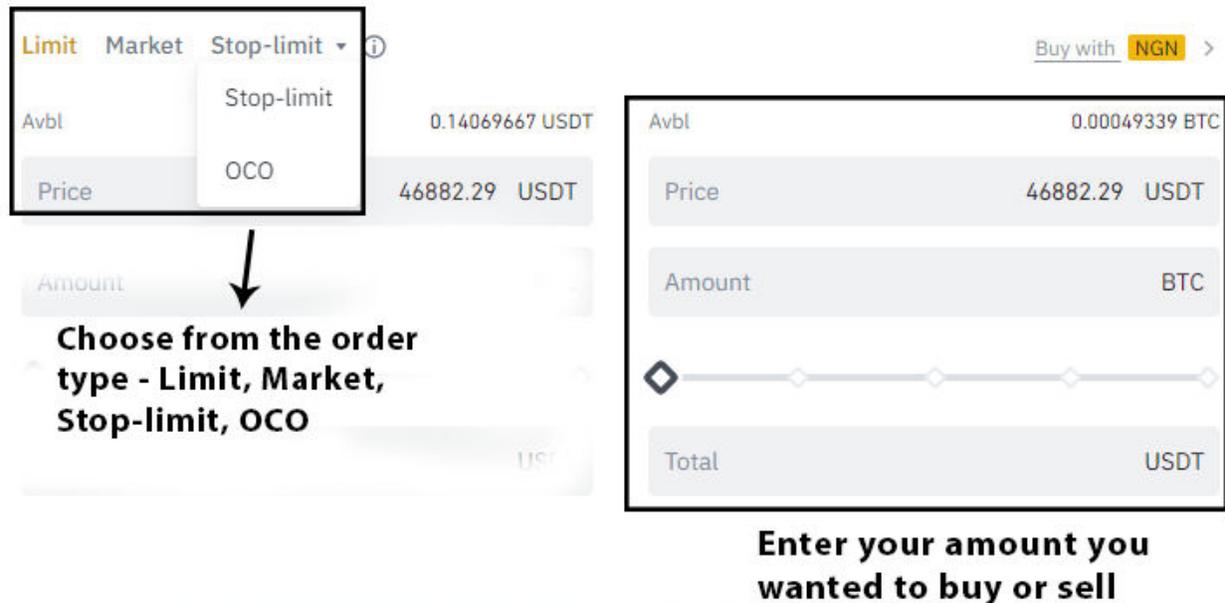
Also, they serve as a guide with a rough prediction of where the current market trend is likely going to end or where the new trend is likely to begin.

The lower part of the chart is where you place your buy and sell orders.

The image shows two side-by-side order entry forms. The left form is for buying BTC, and the right form is for selling BTC. Both forms have a price of 46882.29 USDT. The left form shows an available amount of 0.14069667 USDT, and the right form shows 0.00049339 BTC. Both forms have a 'Total' field set to USDT. The left form has a green 'Buy BTC' button, and the right form has a red 'Sell BTC' button. At the top of the left form, there are tabs for 'Limit', 'Market', and 'Stop-limit'. At the top of the right form, there is a 'Buy with' dropdown menu set to 'NGN'.

Order Type	Avbl	Price	Amount	Total	Action
Buy BTC	0.14069667 USDT	46882.29 USDT	BTC	USDT	Buy BTC
Sell BTC	0.00049339 BTC	46882.29 USDT	BTC	USDT	Sell BTC

There are two things to pay close attention to above which are your order types and the amount you want to buy or sell before you place a trade.



Here, if you notice, you will see that there are different order types offered by Binance which are: *Limit, Market, Stop-limit and OCO*.

My mostly used order types are: Limit and Market order type.

**Limit** - Your buy or sell order will only be executed once the market price gets to that specific price you speculated. This type of order gives you the option to purchase or sell an asset at a specified price of your choice.

**Market** - If you select this, your buy or sell order is initiated and executed immediately at the current market price.

**Stop-limit** - This order type prompts you to choose a separate stop price, and a limit price. For instance, if you plan to sell an asset at a price, say Bitcoin. Once it reaches the stop price entered, it will sell for at least the limit price entered.

**OCO (One Cancels the Other)** - This is a two stop-limit orders combined together, where one order cancels the other if it is triggered.

My experience with a few crypto exchanges let me understand that the Market and Stop-limit are the basic order types you are likely to find on most exchanges.

However, you might see a slight difference on other exchanges but nothing you can't comprehend once you understand the basic buttons.

# **LESSON 7: HOW TO KNOW THE RIGHT CRYPTOCURRENCIES TO TRADE / INVEST**

The purpose of trading is to identify trade opportunities that will allow you to profit. Since many cryptocurrencies and exchanges lack the liquidity necessary to provide instant execution like you would find when trading Forex currencies.

Bitcoin (BTC) being the most volatile and stable out of over 10,000 cryptocurrencies in the market. As a beginner, investing in BTC is considered a safe choice because it is the oldest cryptocurrency in the market.

The other cryptocurrencies are known as "altcoins," with ETH, BNB, LTC, and XRP being the most well-known and stable.

Trading or investing in any of these coins won't be a bad idea and diversifying your investments is a good way to spread your risk. You may need to invest in one or more reliable digital currencies to diversify your investing portfolio.

However, many retail traders put a portion of their money into minor cryptocurrencies. Although riskier than large-market cap cryptos, but small mid-market cap cryptos have a greater profit potential. Many minor altcoins have gained by over 1,000% in just a few months, making them appealing options.

I understand that it can be difficult to decide which cryptocurrencies and altcoins to trade. Sticking to the facts and avoiding emotional decisions will aid you in choosing the best investment for you.

Here are a few tips which I believe are going to guide you in picking a good and lucrative coin or token to trade or invest in.

### **Pick Coins With High Liquidity**

The first decision you must make is to select coins with high volatility and liquidity. If you're not day trading Bitcoin - the most liquid coin on the market, but prefer altcoins, look for currencies with high liquidity and volatility.

It's also crucial to evaluate how liquid the cryptocurrency you want to trade is before trading any crypto, especially alt coins. You may do so by just checking the crypto trade volume during a 24-hour period. [CoinMarketCap.com](https://CoinMarketCap.com) is a great resource to estimate the market volume of any coin.

### **Pick Coins With High Predictability**

The majority of cryptocurrency traders put their money into Bitcoin and Ethereum. And this is because these two cryptocurrencies move more predictably than smaller altcoins and utilizing technical indicators are possible on them.

## **Pick Coins With Growth Potential & Stability**

Examine a cryptocurrency's stability and research its entire history. A digital currency may be in the early stages of development and have a track record of consistent growth.

On the other side, it could have a track record of huge peaks and subsequent corrections. Avoid currencies whose market capitalization has dropped significantly. This indicates that demand is dwindling.

## **Pick Coins With Strong Backings**

Learn everything you can about the firm behind the cryptocurrency and the problems it is attempting to solve. And make sure it is a real life problem.

Seek to invest only in projects that have innovative technology and strong backing of the idea. Investigate the company's leadership, its white paper, its technical team, and the CEO's track record.

Let me round this lesson up with this...

Once you've decided on a coin to invest in, stay cautious and keep a careful eye on your portfolio. Keep an eye out for any news about your investment and continue to conduct independent research like you did before you invested.

Because some altcoins are still in the early stages of development, they may not increase as quickly as Bitcoin or Ethereum. Choosing the correct cryptocurrency to invest in, on the other hand, can yield good returns.

# **LESSON 8: TRADING PLAN, A SMART BLUEPRINT FOR SUCCESSFUL CRYPTO TRADING**

In business, there is an old adage that if you fail to plan, you plan to fail. Having a solid, well-crafted trading plan is very crucial.

It can mean the difference between successful trades and — on the other hand — giving in to FOMO (the fear of missing out), neglecting to factor in crucial information, or later regretting a decision not to trade.

Your trading style, risk tolerance, market sentiments, defined entry and exit rules, and trading spread are all factors to consider while developing a trading strategy. It defines you as a trader and outlines a trading strategy for you to follow.

Having a trading plan in place is essential for detecting winning trades and profiting from them, whether you're day trading, swing trading, shorting the market, or trading derivatives.

## **What Is A Trading Plan?**

A trading plan is a roadmap for trading that logically structures your trading approaches and strategies. This methodology makes evaluating trade viability and staying focused on your trading skills simple. Your trading plan is like a road map for risk, market focus, analytics, and strategy.

To confidently navigate the cryptocurrency markets, every trader needs a strategy. There are numerous successful trading approaches, patterns, and tactics, but just a few may best suit each trader's attitude, expertise, and experience. A trading plan sharpens your attention and keeps you focused on the appropriate deals.

Cryptocurrency trading plans are a type of financial product that requires a lot of planning and research. If you've developed a crypto trading strategy, don't abandon it just because you've hit a snag.

A trading plan only changes if the trader discovers a better technique to trade, which requires a lot of testing and documentation of successful repeat deals.

## **Why Do You Need A Trading Plan?**

A focused trader might benefit from a trading plan in a variety of ways. While a good crypto trading strategy does not ensure success, it does go a long way toward it. From risk reduction to relieving fear and avoiding greed, there's something for everyone.

Few of the benefits includes:

### **1. Greater Trading Perception**

A reliable trading technique must be tested and adjusted before it can be used to predict success. Back-testing necessitates trading discipline, as well as the repetition of promising patterns and indicators and recurrent entry into similar market scenarios.

You'll only be able to figure out which tactics are actually golden by trial and error, as well as a thorough review of your trading history.

## **2. Comprehensive Market Research**

A well-organized market research is required for a well-defined trading plan. There is very little time to stop and study market moves in a constantly trading market. You're not only taking into account the constant flow of data, but you're also looking at trading trends, slippage, and risk.

The best way to keep organized is to create a trading strategy ahead of time. Make sure your trading plan includes all of the elements you use to determine the viability of your trades. Examples include: Market research criteria, news sources, and any other selected indicators.

## **3. Accurate Evaluation**

Your market activity and trading strategy are aligned with a trading plan. It provides you with a controlled environment in which to gather data. This allows you to keep track of your trading progress and set targets, as well as make adjustments to improve your chances of success.

A smart trading plan keeps track of all of your trades and details about your strategy. The sort of technical analysis performed as well as pertinent fundamental analytics for each trade described can be included in these details. This makes it easy to fine-tune your strategy and increase your odds of successfully entering and exiting positions.

## **4. Proper Risk Management**

Losing trades are unavoidable at some time in your trading career. Managing your risk per transaction, on the other hand, is a simple approach to prevent your portfolio losses from becoming uncontrollable. This discipline may be tough to maintain in the midst of a high-conviction trade. It's unrealistic to expect perfect timing all of the time.

Setting your risk management policy guarantees that you trade correctly, whether it's a fixed risk-to-reward ratio, adequate stop losses, or limiting transactions to a percentage of your trading capital.

## **4. Unsentimental Trading**

Cryptocurrency markets are impacted by high volatility and rapid news flow. We can easily lose sight of our trading goals when we get caught up in market sentiment. Decisions can be made impulsively as a result of this. It's easier to keep on track with a pre-written plan since it gives you direction.

One of the driving factors of high-risk trading is greed. An orderly set plan created without emotions, haste, or unnecessary information getting in the way, helps you to approach trades with confidence. An established trading strategy keeps you from making trades at the wrong moments. You'll soon lose money if you trade impulsively when the market offers little opportunities.

Using a crypto trading strategy relieves a lot of the tension that comes with unprepared trading. You'll be able to follow the steps necessary to objectively examine price changes once you've built a trading plan.

# **LESSON 9: DAY TRADING - HOW TO DAY TRADE CRYPTOCURRENCY PROFITABLY**

Cryptocurrency day trading is a trading method in which positions are opened and closed on the same trading day. This approach is also known as intraday trading because the trading takes place on the same day.

The purpose of day traders is to profit from price swings in a financial instrument by employing intraday trading strategies. Day traders seek to profit on market volatility. As a result, day trading relies heavily on volume and liquidity. Day traders, after all, rely on excellent liquidity to execute swift trades. This is particularly true when it comes to exiting a position.

Day trading is one of the most common investing opportunities available today but this activity requires a special set of skills in order to yield a financial profit. Day traders use intraday trading strategies to try and profit from market volatility, and will typically not stay in positions for more than one day.

Here comes the question. How do you go about day trading cryptocurrency and can you make money day trading cryptocurrency?

## **How to Day Trade Cryptocurrency?**

Day trading can be a lucrative strategy, but there are a few things to keep in mind before getting started. Because day trading necessitates quick decision-making and execution, it may be extremely stressful and demanding.

If you must day trade or you've decided you'd like to try out cryptocurrency day trading. Please take note of these three important steps.

1. Analyze Market Trends and Patterns
2. Pick and Stick to A Trading Strategy
3. Use a Good Exchange

### **Step 1. Analyze Market Trends And Patterns**

Occasionally, new cryptocurrency are launched, and those in the know will be able to get in on the ground floor before any other investors do.

Just keep in mind that cryptocurrency is a form of currency whose value is entirely determined by the market, as opposed to a company that has intrinsic value or future promise based on their products or board of directors.

Although the idea is to buy low and sell high, day trading crypto requires more technical research than other securities, such as equities issued by companies that may be subject to fundamental analysis, because of its volatility.

Bitcoin or any other cryptocurrency can be day traded because the crypto market has created trends overtime that can be studied. As a skilled crypto trader, you will need to rely on your experience and must understand how to analyze the numbers and patterns.

Day traders who are successful have a thorough understanding of the market and a lot of experience in the field. When it comes to creating trade ideas, day traders typically rely on technical analysis (TA) to identify entry and exit points for trades.

Amongst the factors you should consider when deciding whether to buy or sell cryptocurrency are chart patterns, volume, price action, and other technical indicators like Relative Strength Index (RSI), Bollinger Bands, and moving averages. Managing risk is very crucial to the success of day trading, just as it is with any other trading strategy.

## **Step 2. Pick And Stick to A Trading Strategy**

When it comes to crypto day trading strategies, there are many factors and available options to choose from, each with its own trading psychology, skill level requirements, and risk tolerance.

Common day trading strategies includes:

### **1. Scalping Strategy**

Scalping is a popular trading strategy used by day traders. It is a trading tactic of profiting from minor price movements over short periods of time. These could be price changes in actual liquidity (i.e., the price of a particular cryptocurrency) or derivatives relating to price fluctuations.

Scalpers may frequently trade on margin or with futures contracts in order to increase their profits through leverage. Larger position sizes make more sense because percentage price targets are typically smaller. In fact, most day trading tactics fall into this category.

Scalpers can establish their entry and exit locations for individual trades using tactics including order book analysis, volume heatmaps, and a variety of technical indicators. Scalping, on the other hand, is often more ideal for skilled traders due to the quick trade execution and significant risk involved.

## **2. Reversal Strategy**

Reverse trading, which is centered on the reversal of the market's overall trend. This strategy is one of the greatest trading strategies for cryptocurrencies. It is all about identifying the precise time when a trend is likely to reverse.

Take for instance, if a coin has been bullish for a while, a reverse trader will look for the point at which it will reverse its trend and profit from it.

To put in another way for you. Reverse trading is a type of trading that involves forecasting the high and low of the day and profiting from it. The only risk involved here will be the common risk of making an incorrect assumption or prediction about when the reversal will occur.

To be able to predict the reversal moment accurately, you need to use the support and resistance levels. If a cryptocurrency is trading at a support level, the price is almost certain to rise from such a support level. And when it comes to the resistance levels, the market is likely to go down from there.

### **3. Range-Trading Strategy**

Trading ranges is a modest method that depends mostly on candlestick charts, as well as the analysis of support and resistance levels in the market.

Market structure is searched for price ranges by range traders, who then formulate trading strategies based on those ranges. If the price is fluctuating between two levels of support and resistance, a range trader might buy the support and sell the resistance to take advantage of the price swing. You can sell short at the resistance level and exit when it hits support.

While both scalping and range trading are types of swing trading (day trading that profits from price swings). Range trading gives you a little more flexibility than scalping. Range trading is an easy-to-understand method that is suitable for beginners who are new to crypto day trading. It necessitates a thorough knowledge of candlestick charts, support and resistance levels, and momentum indicators like the RSI and MACD.

In addition, range trading appears to be for traders who are more risk averse, as attempting to profit from short-term price swings.

#### 4. Buy The Dip Strategy

Have you ever heard this popular saying by crypto traders “*buy the dip?*”.

The cryptocurrency market is one of the most volatile, with sharp swings in price. When the price of Bitcoin or other cryptocurrencies drops, it may seem like the perfect moment to stay out of such a market, but it is actually one of the best times to enter. The cryptocurrency market, like the stock market, is generally strong and recovers after major price drops due to fundamentals (news).

Hundreds of times, the price of bitcoin has dropped dramatically and then back back even higher after a period of time. This popular trading strategy is common to beginners mostly especially those with little appetite for risk.

If you consider using this trading strategy, to have an edge, I recommend using a crypto alert app that gets triggered when a crypto’s price drops drastically over a short period of time.

One good app I can recommend is - **The Crypto App**.

Take for instance, you can set alerts that get triggered when the price of Bitcoin drops by 15% within a short time span of like 15 or 30 minutes. This cryptocurrency trading approach is regarded as one of the safest, but it involves a lot of patience

## **5. Algorithmic Trading Strategy**

This is popularly referred to as High Frequency Trading (HFT) and it is the most complex of all trading strategies. High-frequency trading necessitates the development of a computer program (or bot) that analyzes market data and enters and exits (buys and sells) in millisecond timescales.

High-frequency trading is a type of algorithmic trading approach that entails creating trading bots and algorithms that can quickly enter and exit several positions in a short period of time for you even in milliseconds. For a high-frequency trading firm, a few milliseconds of advantage can mean a huge advantage over competitors.

While high-frequency trading may appear to be a simple day trading method, it is far more complex than it seems because it involves a lot of backtesting, monitoring, and adjusting algorithms to adapt to ever-changing market conditions that are all part of high-frequency trading.

In order to profit from this trading method, you will typically need technical expertise in order to construct and maintain a trading bot. Some bot programs are available for purchase, but most rarely live up to their expectations. This is why you should be very careful when thinking of purchasing HFT bot programs as most trading bots available to the public rarely end up being profitable at the long run.

### **Step 3. Use A Good Cryptocurrency Exchange**

This can't be over-emphasized as your success in day trading typically revolves around an exchange. There are dozens of these exchanges and places to buy and sell crypto but to be successful as a day trader, you need to look beyond this.

If you are going to be making use of some of the strategies mentioned above and your security is paramount to you and if at the long run, you are going to be purchasing and transacting more established and volatile cryptos (like Bitcoin, Ethereum and the likes), then look for a marketplace that is well established and secured.

You can have an account with any of these popular exchanges - Binance and Coinbase. ([Binance.com](https://www.binance.com) is my favourite by the way ). You can't go wrong using them as your exchange because they trade the biggest volume worldwide on a daily basis and this is a great thing for you.

# LESSON 10:

## THE SUCCESS FRAMEWORK - HOW TO CREATE A SUCCESSFUL TRADING PLAN

This lesson is going to walk you through some vital steps to creating a successful cryptocurrency trading blueprint. Not only that alone, with some real and relatable trading plan framework you can model for successful crypto trading.

### Creating A Trading Plan

Having a trading plan is what differentiate a gambler from a trader. And if your goal is to become a successful cryptocurrency trader, then this blueprint to creating a successful trading plan will go a long way in your trading journey.

They consists of these few steps:

#### **1. Define your goals, trading strategy and time available.**

Define your trading objectives. The minor victories along the route to becoming a seasoned trader will keep you motivated (and teach you something). Set realistic, attainable goals. Unless you're utilizing trading bots, you may have to set trading windows that make the most sense for you to track.

Depending on how much time you have available to trade, designate yourself daily trading sessions. So, consider your options and availability before committing to a certain kind of trading.

## **2. Have A Trading Journal**

Start recording your entry and exit positions in a trading journal as soon as possible. This is very important. You may access your trading activity from any device by using a spreadsheet kept online (in the cloud), and you can have a secure backup so that your data is never lost.

You can screenshot your successful trades to study later. Do not forget to keep a copy in your trade journal! The easiest strategy to test different trading tactics is to keep track of your crypto trading activities. This also allows you to measure the impact of any changes you make to your strategy, which is quite useful.

## **3. Look Out For Patterns That Works For You**

The basic idea behind reading charts and developing trading strategies is to look for patterns in previous price movements and then use those to forecast future movements. Concentrate on patterns that you can recognize based on your knowledge and experience.

Some patterns, such as resistance and support, appear frequently enough across several markets. Pick the type of analytics or pattern that will provide you the most market insight and stick with it.

You can learn how to recognize and use indicators like the RSI, Bollinger Bands, Moving Averages, and Fibonacci Retracement, to mention a few, with a little effort and experience.

As a starting point, use the trading patterns and indicators that you are most familiar with and trust, but never stop learning and expanding your armory as new methodologies emerge. Always take note of the methods that work best for you, and never stop improving your trading skills.

#### **4. Create A Strategy And Stick To It**

A trade plan has two main components:

- A region where you take profit (Take Profit)
- A region where you cut your losses (Stop Loss)

For example, someone's fundamental strategy might be to sell 30% of their Bitcoin for every \$1,000 price increase (profits), or to sell all of their Bitcoin if prices fall below the current support line (cutting losses). They could use a series of stop-limit orders to lay out this strategy.

This isn't always a good strategy, but it would assure that no matter what the market does, the amount they gain or lose stays within reasonable bounds.

As traders gain expertise, they will be able to devise more complex trading strategies. For this reason, cryptocurrency trading bots are commonly used by experienced traders to implement their strategies since they can follow complex trading plans faster and more reliably than a person can.

## **5. Know Your Holding Duration**

A varied holding period is required for each trading style and strategy. For instance, scalpers will hold trades for minutes, whereas swing traders may hold trades for days or weeks, or even months. If longer trading times make you feel a little kind of nervous. If that's the case, you may want to stick to shorter times. It all depends on your trading style as previously explained.

Your holding duration is mostly determined by your trading style. As a result, set a time limit for your trading plan so that you can stay on top of your game.

## **6. Properly Define Your Risk Management**

Which trades are suitable for your risk tolerance? Include them in your cryptocurrency trading plan. What percentage of your portfolio is at stake with each trade? You should never invest more money than you are willing to take on in terms of risk. For many traders, the value of a transaction is determined by using a risk-to-reward ratio. Assuming you use a risk-to-reward ratio of 1:3, this means you are ready to risk \$10 to make a \$30 profit.

You can create a set of trading guidelines for yourself. Avoid losing more than three consecutive trades. If you've had two or three days of trading losses, reduce your trading budget. If you're willing to take a chance, create a stop loss that restricts your losses especially if you are trading futures.

The majority of trading limits are defined by one's risk tolerance. In any case, you can select percentages to restrict your losses, such as 5–10 percent of your transaction value or 1% of your entire portfolio. Trader risk tolerance varies, as do market conditions and other market-influencing factors. If your portfolio has increased by 10X, you may feel more comfortable increasing your trading limits.

## **7. Experiment (Only On Demo)**

If you're a newbie attempting to wrap your head around the fundamentals of reading charts and spotting patterns. It will be a good idea to put trading theories to the test before investing actual money in them.

Backtesting or paper trading can be helpful in this situation. Both of these features are common on trading platforms. Paper trading is a method of testing a trading strategy in real-time market conditions using fictitious money. Backtesting is the process of simulating previous market movements to examine how a trading strategy would have performed.

## **Formulating A Perfect Trading Plan**

It is proper to say that your trading plan should be completely unique to you and you alone as a cryptocurrency trader due to different objectives and obvious differences like time-constraint, skillset, regions, fund and others. This is why you should only create a trading plan that best suits your budget, needs and goals.

And to create your perfect crypto trading plan, try to ask yourself these important questions (in their order) to help you build a tailored-made trading plan.

- What drives me to trade cryptocurrency?
- What are my crypto trading objectives (short, medium, and long term)?
- What trading style do I excel at or understand the best?
- What is the amount of time I have available to trade?
- What is my main trading strategy?
- What is my reasonable profit goal?
- What is the best holding period for my trading style?
- Which technical indicators am I familiar with and can apply?
- What precautions will I take to reduce risk?
- Where and how will I keep track of my trades?

Never jump into trading cryptocurrency or any trades without sincerely answering those questions and this will guide you.

## Example of A Trading Plan

Here's an example of how a real trading plan should look like if you properly followed the guideline given above.

### Trading Objectives:

**Short-Term** — Gather enough experience on swing trading and technical indicator reading in order to grow my portfolio by 20% in a time period of six months max.

**Mid-Term** — Gain enough reverse trading experience to increase my portfolio by 50% and start trading cryptocurrency futures.

**Long-Term** — Once successful with my mid-term goal, then I increase the risk to 3% of my portfolio capital on a single trade, in order to increase my portfolio by 25% growth on my mid-term objective.

**Trading Style:** Swing Trading

**Trading Hours:** 8 AM - 10 AM, 3 PM - 4 PM

**Main Trading Setup:** Reverse Trading

## ***The strategy goes thus -***

1. Watch out for a cryptocurrency coin or token that is bullish for a while now in the market and it is about to be reversed any moment.
2. Enter into a position as soon as the coin or token reverses the trend in the market and bank on it once I find such an opportunity.
3. Ride the reversal trend and exit the trade before the trend change.

### **Secondary Trading Setup: Ranging**

**Holding Period:** 1 - 5 Days

### **Cryptocurrency Selection Criteria:**

- Mid-Range Market Capitalization under \$10 Billion
- High Network Value-to-Transactions Ratio (NVT Ratio)
- High Relative Volume (at Least Twice Above Average)
- Breaking News Concerning Crypto Assets
- Cryptocurrency Road Map Milestone Progress

### **Technical Indicators:**

- Average Directional Index
- Relative Strength Index (RSI)
- Moving Average Convergence Divergence (MACD)

- Simple Moving Average Crossover
- Stochastic Oscillator
- Ascending Triangle Pattern Checked With RSI & MACD

**Risk Management:**

- 1% trading of my portfolio per trade
- Maximum of 2 losses per day
- 1:3 Risk-to-Reward Ratio

# BONUS TIPS: FEW GOLDEN SNIPPET YOU SHOULD NEVER FORGET AS A TRADER

It's surprising how many traders are drawn to cryptocurrency trading because of the possibility for quick profits, even on short-term trades, but most have also forgotten that it also comes with a very high level of risk of trading as well.

You as a trader, you should always watch out for the following so as not to get your finger burnt like most newbie traders.

**Know When to Close Your Position.** Don't let your greed get the best of you. It's critical to know when to close a position and either take gains or cut losses.

**Watch Out For Volatility.** Cryptocurrency is very volatile. This is one of the factors that attracts traders mostly, but also makes it extremely risky and major changes can occur in minutes. So trade with cautions.

**Inaccurate patterns.** Markets are always likely to follow patterns, but at times, they don't. This is always a risk when trading any financial market, but the cryptocurrency market's unique qualities make it even more difficult.

**Over-exposure.** Don't bite more than you can chew. Reduce your risk by using take profit and stop loss orders to limit your exposure in the event of large price movements.

**Unregulated, manipulated markets.** The cryptocurrency markets are largely unregulated and a lot less liquid compared to other markets. This has contributed to the volatility and made it easier for the market whales to easily manipulate prices, and force liquidations. Even some exchanges sometimes manipulate their own markets against their own customers.

**Excessive leverage.** Leverage trading can be dangerous because it amplifies your potential investment losses. In some cases, it's even possible to lose more money than you have available to invest. Many exchanges will provide leverage even up to 100x, drastically increasing the potential risk for you. The volatility of cryptocurrencies, along with enormous leverage is hazardous.

If you are just starting to trade crypto-currencies and your risk appetite is so low, please stay away from any kind of trade involving leverage e.g futures.

# CONCLUSION

I am quite sure you must have learned one thing or the other from this guide. I am of no doubt that you must have clearly understood what it truly takes to successfully invest and trade cryptocurrency as a successful trader.

As you can see, getting involved in cryptocurrency trading is pretty easy, with powerful exchanges available to trade like Binance or Coinbase. And by taking advantage of a cryptocurrency trading plan to assess the viability of potential trades. You become unstoppable and profitable at crypto trading.

While you discover new patterns and indicators and explore methods to improve your strategies, always keep track of them in your trading journal to determine whether they fit into your plan. Your trading plan can help you stay focused and avoid being sidetracked by the many shiny trade objects in the cryptocurrency industry.

Sticking to the trading plan you've built is crucial to implement a crypto trading plan successfully. When you feel that your plan no longer satisfies you, you can modify or expand it as long as the modifications are deliberate and rational.

## **So What Next?**

Trading or investing in Bitcoin, ETH or any other crypto assets in the market can be highly rewarding but at the same time, it comes with some huge risk as well, and you should never invest more than you can afford.

But what's more important is that you understand how much to invest in crypto securely and responsibly, when to do so, and when to sell, because this is the critical information that everybody who wants to trade or invest in crypto needs if they want to make massive profits.

[Cryptocurrency Wealth Builders Blueprint \(CWBB\)](#) and [the Crypto Ultimatum](#) can help you make a big difference in your dealings with cryptocurrencies and the profit return.

If you're interested in multiplying your money using cryptocurrency, Bitcoin or alt-coins like Ethereum, Ripple and the other crypto assets but you don't want to do any guesswork here. Then I recommend these two resources for you.

> [Click here to learn more about CWBB...](#)

> [Click here to learn more about Crypto Ultimatum...](#)

I wish you all the best in your trading journey.

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