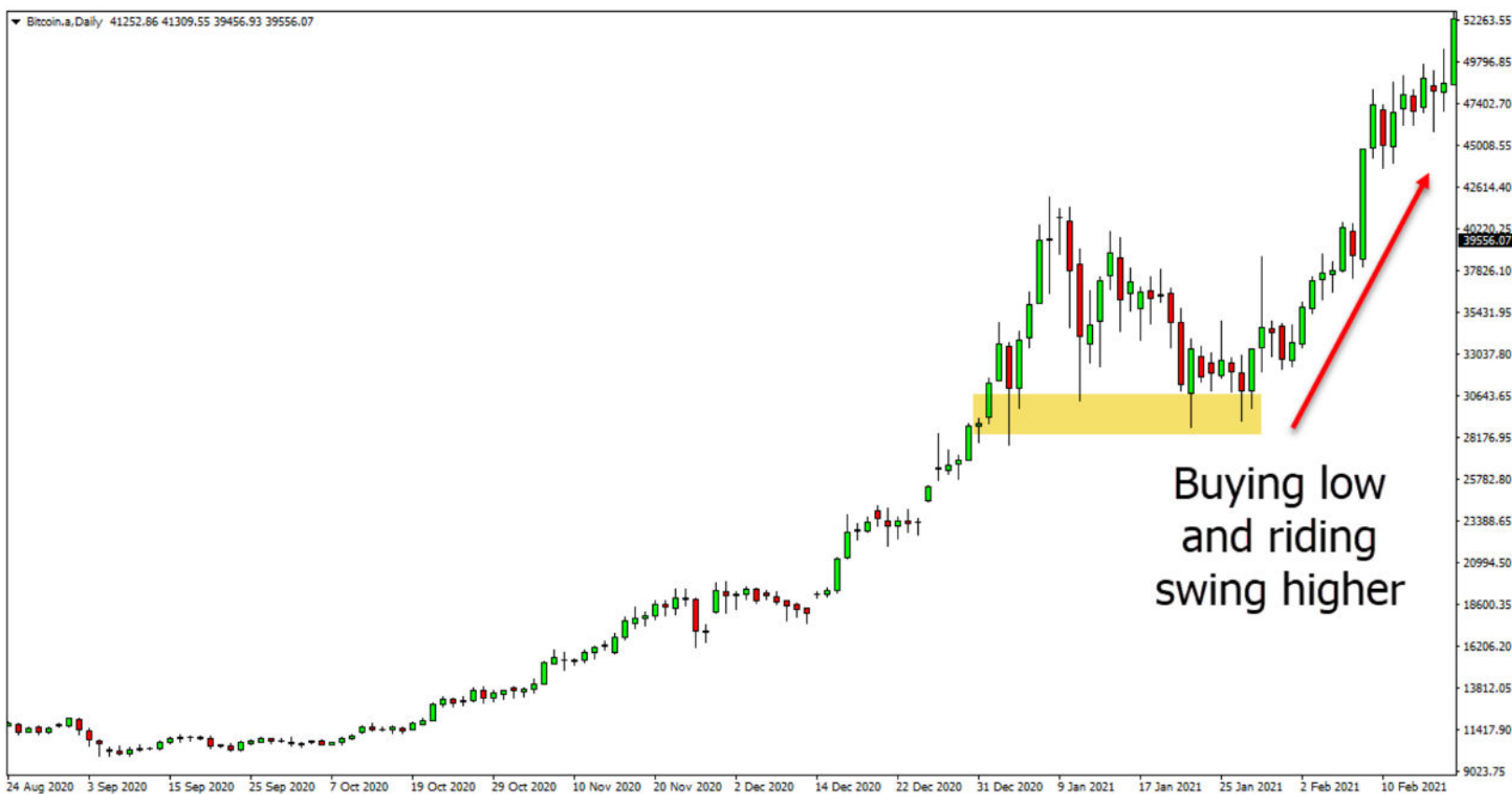




Stock Markets Guides

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Cryptocurrency Trading Strategies



In just under one year, the market capitalization of cryptocurrencies has surged from \$257.5 billion in July 2020, to over \$1.6 trillion by the end of July 2021.



The unprecedented mainstream acceptance of cryptocurrencies has led to a burgeoning cryptocurrency trading market with various participants.

The most dominant ones are crypto traders and investors. Although both traders and investors employ different crypto [trading strategies](#), their endgame is the same – profit from the cryptocurrency market.

What is the Cryptocurrency Market

In a sentence, the cryptocurrency market is an online exchange where you can buy and sell digital currencies and their derivatives.

Crypto markets have played a significant role in popularising cryptocurrencies. They've achieved this by making the process of price discovery more efficient and increasing transparency in crypto trading. It is thanks to crypto markets that crypto derivatives surpassed spot trading. As of July 2021, crypto derivatives account for over 56% of all transactions in the crypto market.

The simplest definition of a cryptocurrency market is an online platform where users can buy cryptocurrencies using fiat currencies or market one crypto for another. Most of the crypto markets allow leveraged crypto trading by allowing users to bet on price movement. Apart from trading in the spot market, you can also trade crypto CFDs.

The crypto market comprises centralized crypto exchanges, decentralized exchanges, peer-to-peer (p2p) crypto exchanges, crypto brokers, and crypto funds.

Centralized Crypto markets: These are the traditional crypto exchanges modeled after centralized [stock exchanges](#). This means that the exchange is a third party responsible for ensuring that transactions between buyers and sellers go smoothly. Since the exchange matches buyers and sellers, it charges a transaction fee for every transaction.

Decentralized Crypto markets: These are online crypto exchanges based on blockchain technology. It means that no single entity controls the exchange since it is autonomous and independent. Typically, there are no KYC or AML policies required when using the DEXs. They only serve to route and match the purchase and sale orders in the network.

Peer-to-Peer (P2P) Crypto markets: These are also called direct crypto exchanges because they are designed to facilitate crypto exchange between individuals. In such

crypto exchanges, there is no consensus market price for particular crypto. Rather, buyers and sellers quote their preferred price and find suitable matches willing to transact with them. Users are free to negotiate among themselves for the best possible terms.



Crypto brokers: They are similar to centralized crypto exchanges. However, crypto brokers set the prices at which a user can buy. Typically, this is often the market price plus a premium that enables the broker to profit. This model is similar to exchanging forex at your local bank. Note that transaction in this type of crypto exchange exclusively occurs between the crypto broker and the user.

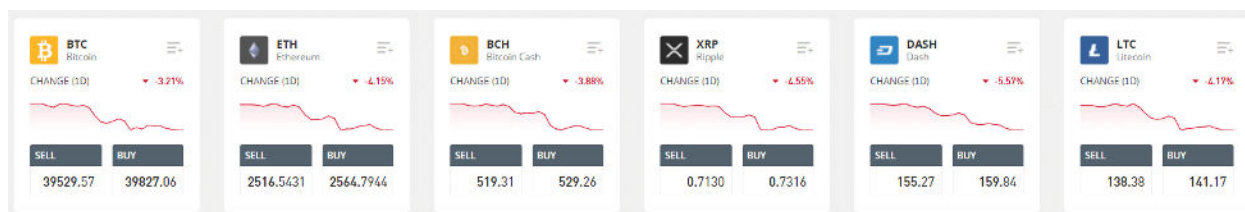
Crypto funds: These are structured like traditional investment funds. They are professionally managed funds that allow users to purchase and invest in cryptocurrencies through the funds. Apart from offering professionally managed and diverse crypto portfolios, crypto funds help users avoid the hassle of purchasing and storing cryptocurrencies. However, crypto funds are purely for investment purposes since one cannot use them for transactional purposes.

How to Start Trading Crypto's

Beginning crypto trading may seem daunting at first. However, thanks to the crypto market evolution, you can now trade cryptos in the spot or derivatives market.

One of the first steps in crypto trading is finding the best crypto broker or exchange.

There are several regulated brokers online, and you can choose them depending on your trading style. But always make sure to sign up with a regulated broker.



The tradable assets are in the form of trading pairs. For example, BTC/USD. The price of a cryptocurrency pair shows how much of the quote currency is needed to buy one unit of the base currency. Let's say that the price of BTC/USD is \$1000. This means that you will need 1000 USD to buy 1 BTC.

Trading in the spot market involves buying the actual crypto. This means you take ownership of the coins and store them in your crypto wallet. Another option is to trade in the derivatives market.

This involves buying and selling CFDs. With CFDs, you do not own the underlying crypto but instead are speculating on the price fluctuation of the underlying crypto.

CFDs are crypto derivatives that help you speculate on a crypto price without owning the underlying crypto. That means you can go long (buy) if you believe that the crypto will appreciate and short (sell) when you believe that the price will drop. CFDs also enable crypto traders to use leverage.

Another major advantage for trading with CFDs in the crypto market is the use of leverage.

Leverage, also called margin, is a credit facility extended to you by your broker, which helps you increase your exposure to a particular asset. For example, if you take leverage of 100x, you will open a position that is 100x the size of your account deposit. Say you have a \$1000 deposit in your account.

With the leverage of 100x, you can open a position worth \$100,000. Note that leverage can only be used when trading derivatives. It significantly increases your potential profits but also makes the downside huge.

A [trading strategy](#) is a technique that crypto traders use to enter and exit positions. These strategies determine if a trader should go long or short and at what point to close that specific trade. These trading strategies determine the type of crypto trader you are.

Day Trading Cryptocurrency Strategy

Day traders try to profit from price fluctuations of cryptocurrencies throughout the day. By the end of the day, all crypto trades are usually closed. No trade is held overnight. Day trading heavily relies on current market trends and news events in the market.

[Day trading](#) is often contrasted with crypto HODLing, where you buy crypto, ignore daily volatility, and stick with it for months or years.

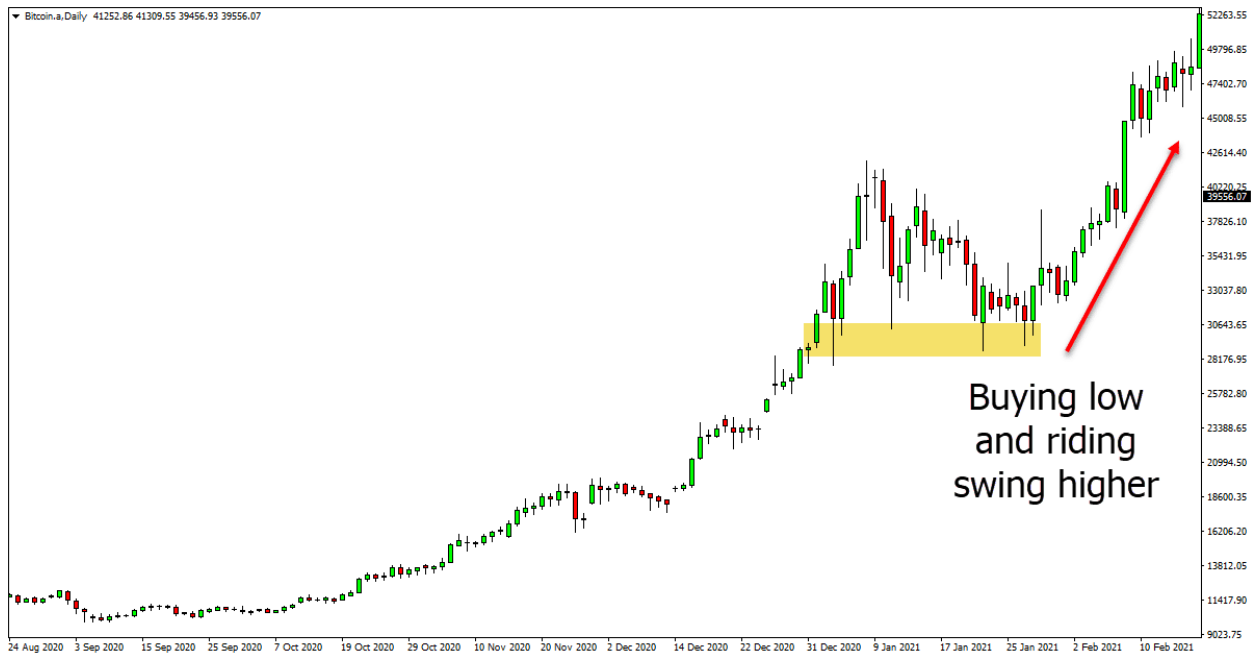
Here's a summary of day trading:

- Day trading is for the crypto market, which is open 24/7.
- Involves exploiting the current trends in the market.
- Traders react quickly to changing market sentiment, regulatory environment, and political goodwill.
- Positions with higher capital and leverage.
- Within one day, the trading positions are closed.

Swing Trading

[Swing trading](#) is an investment strategy in which investors try to take advantage of short-term fluctuations in the context of a larger price movement.

Swing traders focus on realizing profits in a period of only a few days and limiting any losses as quickly as possible.



The basis of swing trading is the assumption that prices rarely move in a straight line but usually consist of short-term fluctuations (the so-called "swings"). These swings open up profit opportunities by allowing investors to buy or sell securities that take a new price direction with the help of short-term chart signals.

Here are some facts about swing trading:

- A swing is a market movement without much correction.
- Swing trading is carried out in higher time units.
- Swing trading implies longer-term trading – positions can be held for several days or even months.

Crypto swing traders incorporate both sentimental and technical analyses to inform their trade decisions.

Swing traders can either go long or short. When they go short, they enter into a position when the market sentiment is at its highest and is bound to wane. Since cryptos are demand-driven, their price tends to be susceptible to public sentiment.

Conversely, when swing traders go long, they enter when the public sentiment is beginning to rise.

Note that swing trading involves a lot of market analysis and monitoring trades. Essentially, swing trading is based on two basic strategies: trend trading and breakout trading.

Scalping

To some extent, scalping works the same way as day trading. The only distinguishing feature is that scalpers open and close trades in very short intervals. A day trader may have 1 or 2 trades per day, while a scalper may have hundreds.

Scalping is only suitable for very experienced traders with above-average knowledge of the financial markets and the traded products. Scalpers are aimed exclusively at short-term profits, which the smallest ticks can realize in the price movements.

Liquidity and volatility are important prerequisites for this type of trading, as scalpers are keen to take profits from the smallest price movements. The framework conditions for this type of trading consist of fixed, concise time intervals combined with fast profit-taking and limited risk. If the set profit target is achieved, the risk is immediately withdrawn from the market.

The scalping trading strategy relies heavily on the order book, which provides information about the tradable positions. With this information, scalpers try to anticipate price changes of just a few ticks and adapt their strategy accordingly to these price movements.

To make it pay off to take advantage of the smallest price changes, scalpers use correspondingly high leverage and place high volumes on the market to maximize the normally low profits per trade. The holding time per position is usually only a few to 60 seconds, a maximum of a few minutes, which is rare.

Position Trading

Crypto position trading is primarily crypto HODLing – this is crypto investing.

Position traders are convinced that the cryptocurrency will appreciate in the long term. Short-term price fluctuations usually play no role, only the development in the long term. Therefore, the most striking difference is the time or holding period (when investing is usually over 1 year), and personal conviction plays a major role in crypto investment.

Position trading strategies are similar to day trading strategies but on a longer timeframe. That means traders use support and resistance levels on weekly charts and longer-term MA, usually 200-period MA, to identify the optimal entry levels. This allows them to jump early on a trend and profit in the longer term.

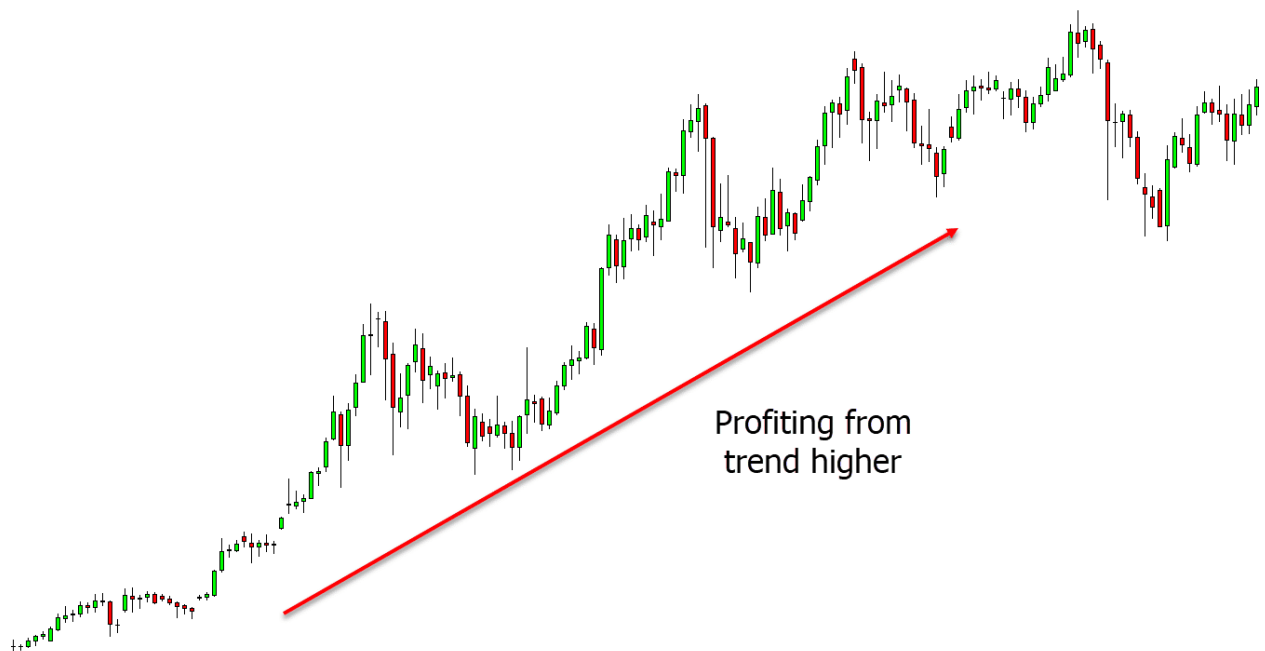
In the crypto market, position trading also involves a huge amount of fundamental analysis. Traders are often encouraged to conduct thorough due diligence on the cryptos they intend to invest in. That's because, in the long run, the value of crypto will almost entirely depend on its utility.

This is done to determine the viability and sustainability of the crypto project before investing since they will be holding that crypto for the long term. No one wants to hold on to a dud!

Trend Trading

Trend trading is one of the simplest and common trading strategies. The rationale behind trend trading is simple – identify a developing market trend, whether bullish or bearish, and ride it until its momentum dissipates.

The key to profiting from trend trading is to identify the trend while it's starting. That means trend and momentum indicators are heavily relied upon here. The trend indicators will help you determine whether the trend is starting or has already developed. The momentum indicators, on the other hand, are used to determine the strength of a trend. This usually comes in handy, especially in determining when to exit a trade – typically, this is when the trend's strength is weakening.



It's also worth paying attention to bitcoin when trend trading in the crypto market. It is no secret that most of the market is oriented towards Bitcoin, which also applies to pure crypto trading. If you look at a minute chart of any cryptocurrency, you will notice that even these prices coincide almost 1:1 with the course of Bitcoin.

However, there is a difference: Usually, the reaction of crypto traders is more violent with smaller coins than with Bitcoin, and thus higher percentage fluctuations are the order of the day.

Crypto Trading Strategies Reddit

In the past couple of years, Reddit has emerged as one of the most influential outsource for crypto trading strategies. It is especially preferred by beginner traders who get to solicit free expert advice on crypto trading strategies and stay up to date with the latest developments in the crypto market.

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Pinned by moderators
Posted by u/jarins 127 10 days ago & 131 More
UPDATED We're launching a scaling network for Moons!
2.1k Comments Share Save

Posted by u/AutoModerator 54 minutes ago
OFFICIAL Daily Discussion - August 2, 2021 (GMT+0)
1.1k Comments Share Save

22.7k UPVOTED
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Predictions Tournament **LIVE**
4 5 6 6 3

How much will the price of Dogecoin move by Monday, August 9th?

- +10% or more
- +5-10%
- +0-5%
- 0-5%
- 5-10%

About Community
The leading community for cryptocurrency news, discussion, and analysis.
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MOONS
68,595,946 Total
Moons reward posters, commenters, and moderators for their contributions to the subreddit. They are distributed monthly and used to weight your vote on polls.

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These subreddits offer an open platform discussion surrounding crypto trading strategies, news, and market analysis. Basically, anything crypto-related is found here.

Here are some of the top crypto subreddits:

- /r/CryptoCurrency: 3.3 million active members.
- /r/bitcoin: 3.2 million active members.
- r/Bitcoin: 595k members.
- r/CryptoMarkets: 575k members.
- r/BitcoinBeginners/: 432k members.
- r/CryptoCurrencies/: 241k members.
- r/CryptoCurrencyTrading/: 102k members.

Lastly

Regardless of the crypto trading strategy you choose, it's important to pick a [trading style](#) that is more in tune with your own personality. You can practice different trading strategies in a risk-free environment by opening a demo account with your favorite broker or crypto exchange.

Being a profitable trader depends more on your mindset than on what trading strategy you use. In this regard, you must stick to your favorite strategy through ups and downs.

Regardless of your crypto trading strategy, always observe the crypto market sentiment. It is one of the most important cornerstones in crypto trading.



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