

# DISCLAIMER

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# CRYPTOCURRENCY TRADING

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**THE COMPLETE CRYPTOCURRENCY TRADING COURSE**

MODULE 2: PROFITABLE TRADING EXPERIENCE & STRATEGIES

LEARNING MATERIAL – TAKEAWAY NOTE

# How Does The Cryptocurrency Market Work?

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- ❖ Similar to other asset classes, the price of cryptocurrencies is driven mainly by **2 main factors**:
  - ❑ Supply & demand
  - ❑ Greed and fear of investors

# Supply & Demand

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- ❖ At a basic level, the price of cryptocurrencies are driven by its availability.
- ❖ The scarcer a cryptocurrency is, the higher its price levels.
- ❖ A cryptocurrency with an abundant supply will likely experience lower price levels.
- ❖ **So what can we learn from this experience?**

# Supply & Demand

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- ❖ Before buying any digital currency, you should first look at its **Maximum Supply.**
- ❖ Bitcoin's maximum supply = 21 million coins
- ❖ Digibyte's maximum supply = 21 **billion** coins ← **NO SCARCITY**
- ❖ If a coin want to be in top 10, its market cap must account for at least 1% of the total market cap.

# Supply & Demand

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- ❖ Calculate 1% of the total market cap. For example, the total market cap now is \$500 billion, so 1% of it is \$5 billions.
- ❖ Find the maximum supply of Digibyte (DGB) = 21 billion coins.
- ❖ **Expected price** =  $\frac{\$5 \text{ billion}}{21 \text{ billion coins}} = \$0.24 \text{ per coin}$
- ❖ The price of DGB now is about 3 cents per coin, you can expect its value to increase to 24 cents in the future.

# Greed & Fear

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- ❖ The most common mistake that many inexperienced investors make is that they tend to **trade on emotions rather than on logic.**
- ❖ Disciplined traders enter into a trade with an exit strategy in mind.
- ❖ They know when the position should be exited in profit and when they should curtail their loss if the position moves otherwise.



# My Profitable Trading Experiences

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- ❖ In most cases, **the price will not go up in a straight line** but a series of spurts, with retracements in-between.

# My Profitable Trading Experiences

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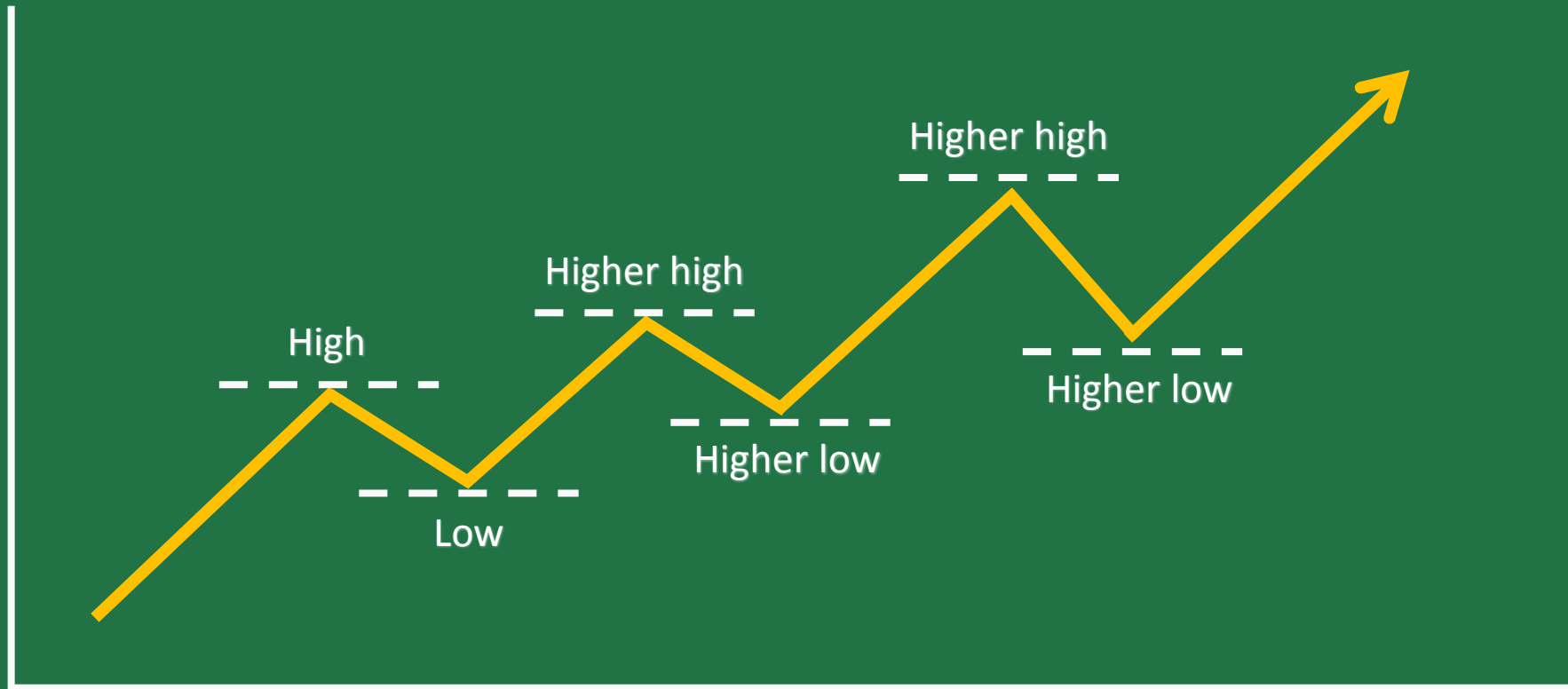


# My Profitable Trading Experiences

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- ❖ The price keeps bouncing between support & resistance levels, and if there's an uptrend, it'll create higher highs and higher lows.
- ❖ So when the price is going up and then suddenly start to drop, don't panic, chances are it will go back up and reach a new high.

# My Profitable Trading Experiences



# My Profitable Trading Experiences

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- ❖ The cryptocurrency market is very volatile. The price of your coins can drop by 50-80% in one day. **Just don't panic.**
- ❖ In this case, you can buy more at the dip and make a huge profit when the price recovers in the next few days.
- ❖ **Important note** - if you trade on emotions (just like other inexperienced investors), you will hardly make a profit.

## Strategy #1 - Taking a \$100 Risk for an Explosive Profit

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- ❖ This strategy has helped me turned a small \$2,000 investment into \$48,000 in just a few months.
- ❖ **How this strategy works** - Put \$100 into new promising altcoins, which are selling at a few pennies per coin, and forget them.
- ❖ If one of them collapses, you'll **lose a MAXIMUM of \$100**, but your gain is potentially unlimited.

## Strategy #1 - Taking a \$100 Risk for an Explosive Profit

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- ❖ For example, if a coin is selling at 1 cent per coin, with \$100, you can easily buy 10,000 coins.
- ❖ What will happen if this coin value goes up to just \$1 a coin?
- ❖ You can easily make \$10,000 out of your \$100 investment. **That's a 1,000% return!**

# Ripple Charts

Linear Scale Log Scale  

Zoom 1d 7d 1m 3m 1y YTD ALL

From Dec 2, 2016 To Jan 5, 2018



**XRP was selling at \$0.006 a coin**



**XRP increased to \$3.00 a coin in early 2018**

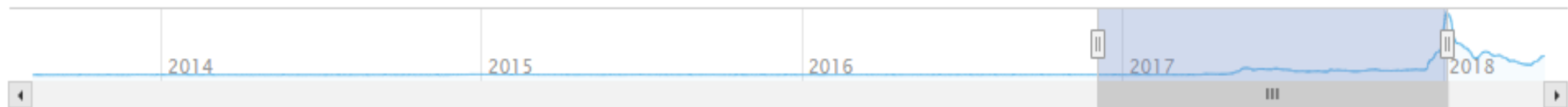


**Its value reached \$0.38 a coin in just 5 months**



24h Vol

Price (USD)



## Strategy #2 - Own Multiple Standard Cryptocurrencies

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❖ Standard cryptocurrencies are coins that can be used to buy or exchange for other altcoins:

- Bitcoin (BTC)
- Ethereum (ETH)
- Tether (USDT)
- Bitcoin Cash (BCH)

## Strategy #2 - Own Multiple Standard Cryptocurrencies

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- ❖ Assume that you have both Bitcoin (BTC) and Ethereum (ETH) in your wallet.
- ❖ After doing some technical analysis, you found that Bitcoin is in a downtrend and Ethereum is in an uptrend.
- ❖ For example, now you want to buy TRON (TRX), **should you use Bitcoin or Ethereum in this case?**

# Strategy #2 - Own Multiple Standard Cryptocurrencies

	Strategies	Currency Pairs
Bitcoin (BTC/USD)	Downtrend → decrease in dollar value  <b>Use your BTC to buy TRON</b>	TRX/BTC
Ethereum (ETH/USD)	Uptrend → increase in dollar value  <b>Keep holding your ETH</b>	TRX/ETH

# Strategy #2 - Own Multiple Standard Cryptocurrencies

	Strategies	Currency Pairs
Bitcoin (BTC/USD)	<p>Uptrend → increase in dollar value</p> <p><b>Keep holding your BTC</b></p>	TRX/BTC
Ethereum (ETH/USD)	<p>Downtrend → decrease in dollar value</p> <p><b>Use your ETH to buy TRON</b></p>	TRX/ETH

## Strategy #3 - Allocate Your Capital Wisely

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- ❖ You cannot “buy the dips” or “buy low and sell high” if you have all your money already invested.
- ❖ You’ll leave money on the table if you don’t have any funds available so you can buy other coins when they are cheap.
- ❖ **Invest 50% of your money in standard cryptocurrencies** like Bitcoin, Ethereum and Tether, and **50% in altcoins.**

## Strategy #4 - Take Advantage of Tether (USDT)

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- ❖ For long-term investments, you can buy and hold coins that can be exchanged for Tether (USDT).
- ❖ Every Tether is always backed 1-to-1, by traditional currency held in their reserves. So **1 USDT is always equivalent to 1 USD.**
- ❖ **Core Strategy** - When the whole market is crashing, I want to convert all of my investments into USDT to protect my money.

## Strategy #5 - Don't Listen to Other People!

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- ❖ Don't join any cryptocurrency trading groups / communities.
- ❖ The reason for this is simple - you don't want to be affected by other people's emotions and opinions.
- ❖ Make sure you make investment decisions on your own, based on your own analysis and strategy.





Wealthy Education

# Trading View



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Server-side alerts	1	10	30	200
Indicators per chart	3	5	10	25
Indicator on indicator	1	1	9	24
Saved chart layouts	1	5	10	Unlimited
Indicator templates	1	Unlimited	Unlimited	Unlimited
Enhanced watchlists	1	Unlimited	Unlimited	Unlimited

# Understanding Support & Resistance

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- ❖ **Support & Resistance** are essentially **Floors & Ceilings** in a market. They are price areas that tend to act as **Barriers**.
- ❖ The support and resistance concepts are developed based on psychological basis.
- ❖ We rely on what happened in the past in technical analysis because the market patterns and interests repeat overtime.

# Understanding Support & Resistance

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- ❖ **Support** is an area where traders found it **attractive to BUY** previously.
- ❖ It's the price level where traders thought that the price was so low and they could make a profit if they placed a Long position.
- ❖ On the other hand, **Resistance** is an area where traders found it **attractive to SELL** previously.

# How to Trade Support & Resistance

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- ❖ Consider **buying** or 'going long' when the price breaks up through the resistance level.
- ❖ Consider **selling** or 'going short' when the price breaks down through the support level.
- ❖ Keep **holding** when the price is between the Support & Resistance levels



# Golden Rules for Risk Management – Stop Loss

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- ❖ **Always place a stop loss** (aka sell order) at a price which is 5-10% below the nearest support level.
- ❖ Immediately sell your coin to cut loss when its value goes down below the support level.
- ❖ So why do we need to do that?



BTC/USD, 1D, COINBASE  
Vol (20)

“Support is an area where traders found it attractive to BUY previously. And if it was attractive once to buy in this area, it may well be again.”

Resistance Level



Support Level

BUY orders

Stop loss @ \$6,175

If the Support fails to push the price back up  
=> Sell immediately @ \$6,175 to cut loss



# Golden Rules for Risk Management – Take Profit

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- ❖ “A bird in the hand is worth two in the bush.”
- ❖ The cryptocurrency market is **very volatile** → Sell your coin and take the profit before everything gets worse.
- ❖ There are **2 price points**:
  - ❑ 3% below the nearest resistance level
  - ❑ 10% above that resistance level







**THANK YOU FOR READING!**