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CRYPTOCURRENCY TRADING

THE COMPLETE CRYPTOCURRENCY TRADING COURSE

MODULE 3: TECHNICAL TRADING TECHNIQUES

LEARNING MATERIAL – TAKEAWAY NOTE

Exponential Moving Averages – What to Know

- ❖ A moving average helps smooth the price data to form a trend following indicator.
- ❖ An Exponential Moving Average (EMA) is similar to a Simple Moving Average (SMA).
- ❖ The only difference is that EMA focuses more on recent price action – it reacts faster to recent price changes than a SMA.



Exponential Moving Averages – Core Strategy

❖ Use the EMA Crossover strategy to determine market trends:

Uptrend signal:

- EMA 9 crosses above EMA 20
- Both lines slope **upward**

Downtrend signal:

- EMA 9 crosses below EMA 20
- Both lines slope **downward**

❖ Use a 50-day EMA as a dynamic Support/Resistance Zone

Price above EMA 50

➔ Stronger uptrend signal

Price below EMA 50

➔ Stronger downtrend signal

Chart Time Frames For Cryptocurrency Trading

| | Long-term | Mid-term | Short-term |
|------------------|----------------|----------------|-----------------|
| Time Horizon | Weeks - Months | Days - Weeks | Hours - Days |
| Chart Time Frame | Daily | Hourly + Daily | 15-min + Hourly |
| Risk | Medium | High | Very High |
| What to Focus | 80% | 20% | x |

TRON / Bitcoin, 1D, BINANCE
 Vol (20)
 EMA (9, close)
 EMA (20, close)
 EMA (50, close)

Note: a Satoshi is the smallest unit of Bitcoin (BTC).

0.00000001 BTC = 1 Satoshi
0.00000100 BTC = 100 Satoshi
0.00001000 BTC = 1000 Satoshi



Point A
EMA 9 crossed below EMA 20
 Both lines sloped downward
Downtrend Signal

Downtrend Signal was STRONGER
 when the price dropped below
 the **EMA 50**

Point B
EMA 9 crossed above EMA 20
 Both lines sloped upward
Uptrend Signal

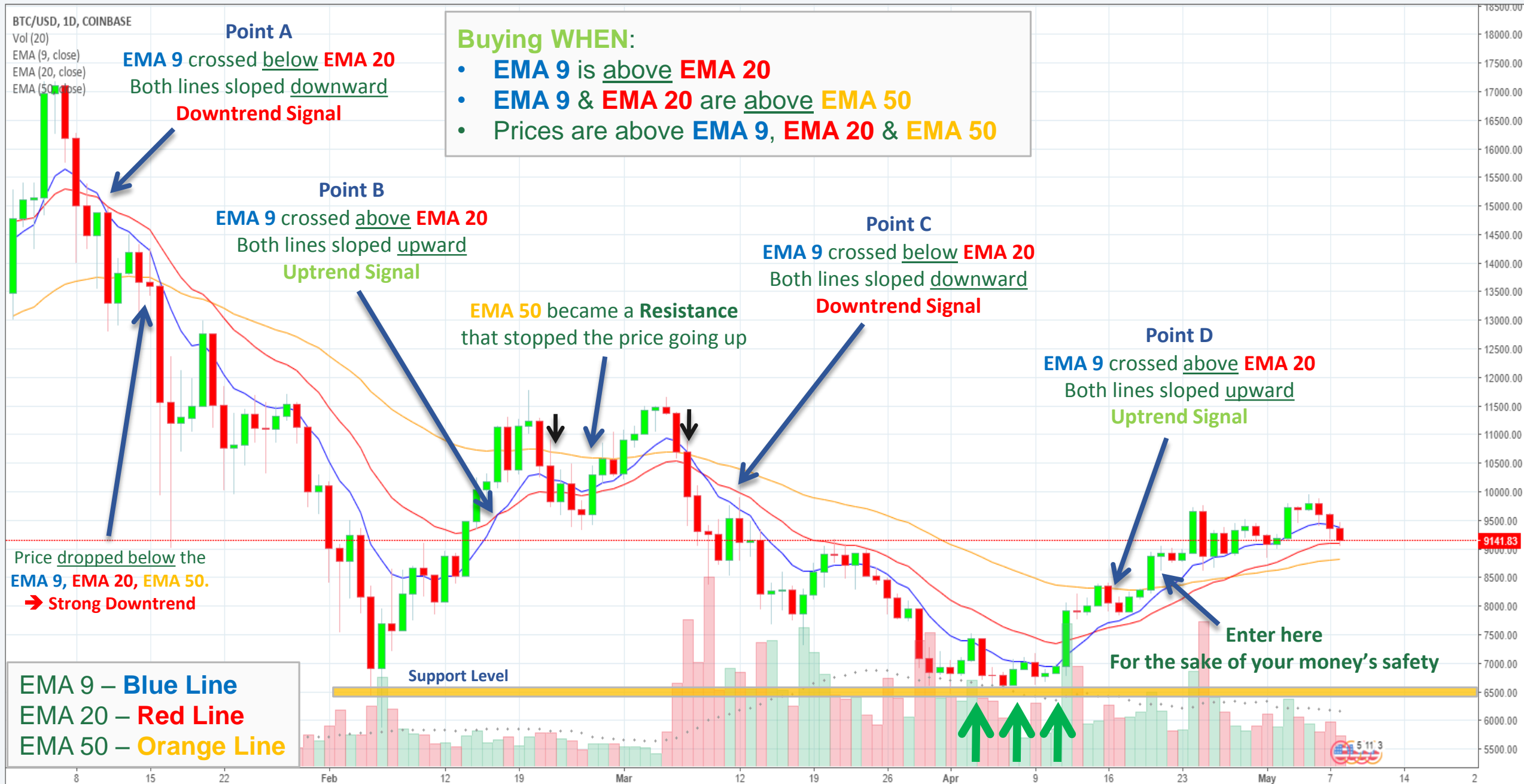
Uptrend Signal was STRONGER
 when the price went above
 the **EMA 50**

EMA 9 – Blue Line
EMA 20 – Red Line
EMA 50 – Orange Line





EMA 9 – Blue Line
EMA 20 – Red Line
EMA 50 – Orange Line



Buying WHEN:

- EMA 9 is above EMA 20
- EMA 9 & EMA 20 are above EMA 50
- Prices are above EMA 9, EMA 20 & EMA 50

Point A

EMA 9 crossed below EMA 20
Both lines sloped downward
Downtrend Signal

Point B

EMA 9 crossed above EMA 20
Both lines sloped upward
Uptrend Signal

Point C

EMA 9 crossed below EMA 20
Both lines sloped downward
Downtrend Signal

Point D

EMA 9 crossed above EMA 20
Both lines sloped upward
Uptrend Signal

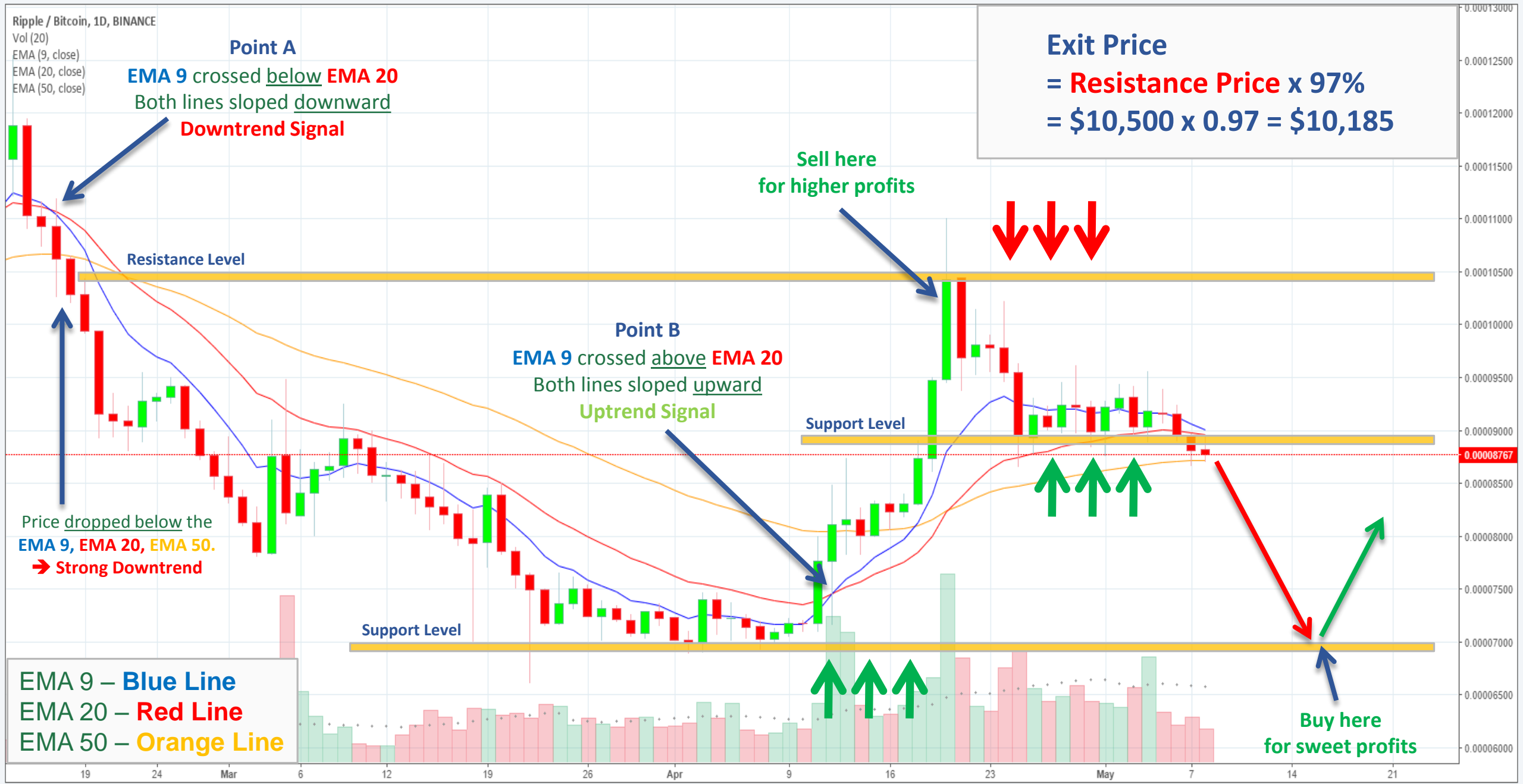
EMA 50 became a **Resistance**
that stopped the price going up

Price dropped below the
EMA 9, EMA 20, EMA 50.
→ **Strong Downtrend**

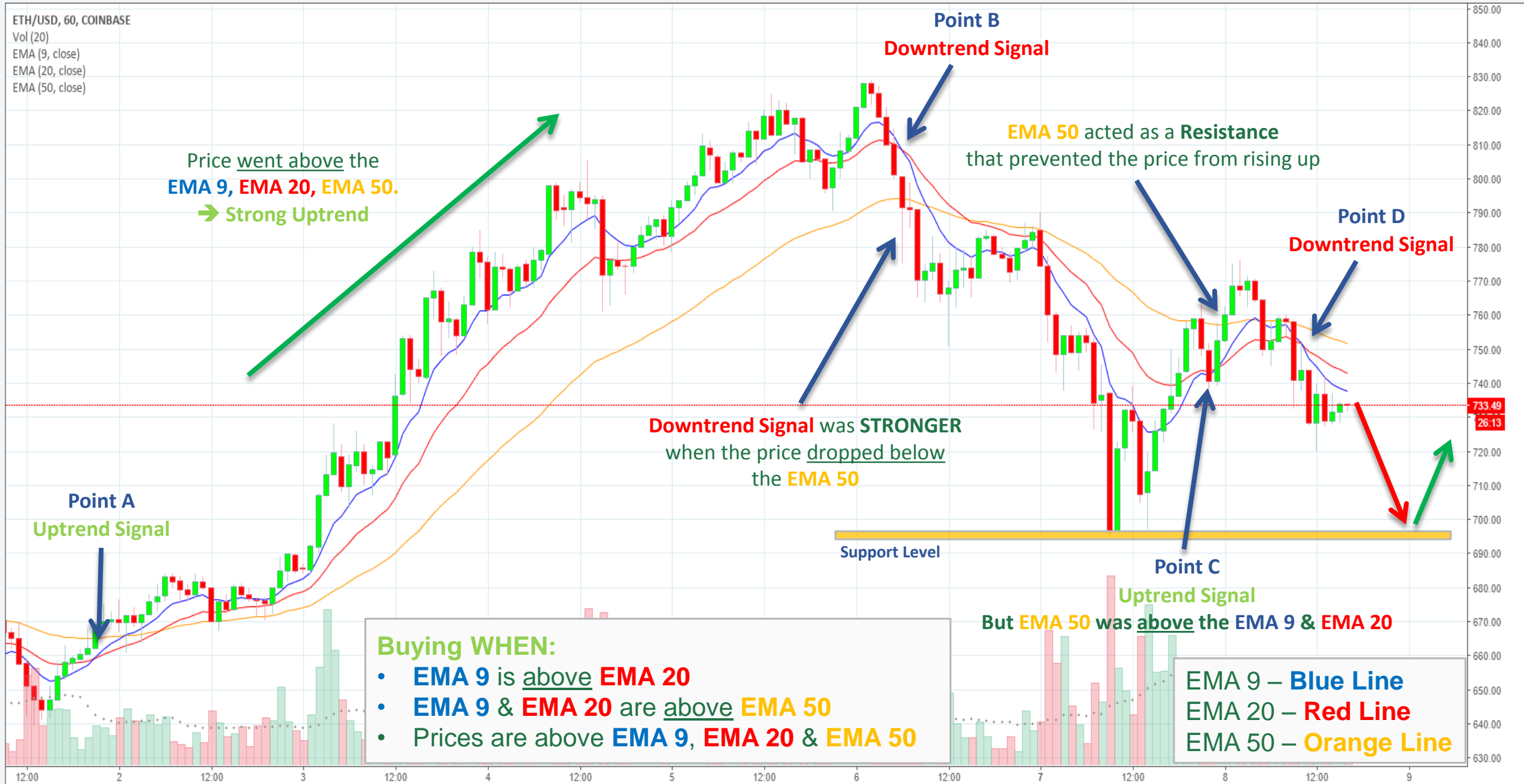
EMA 9 – **Blue Line**
EMA 20 – **Red Line**
EMA 50 – **Orange Line**

Support Level

**Enter here
For the sake of your money's safety**







Price went above the
EMA 9, EMA 20, EMA 50.
→ Strong Uptrend

Point B
Downtrend Signal

EMA 50 acted as a Resistance
that prevented the price from rising up

Point D
Downtrend Signal

Downtrend Signal was **STRONGER**
when the price dropped below
the **EMA 50**

Point A
Uptrend Signal

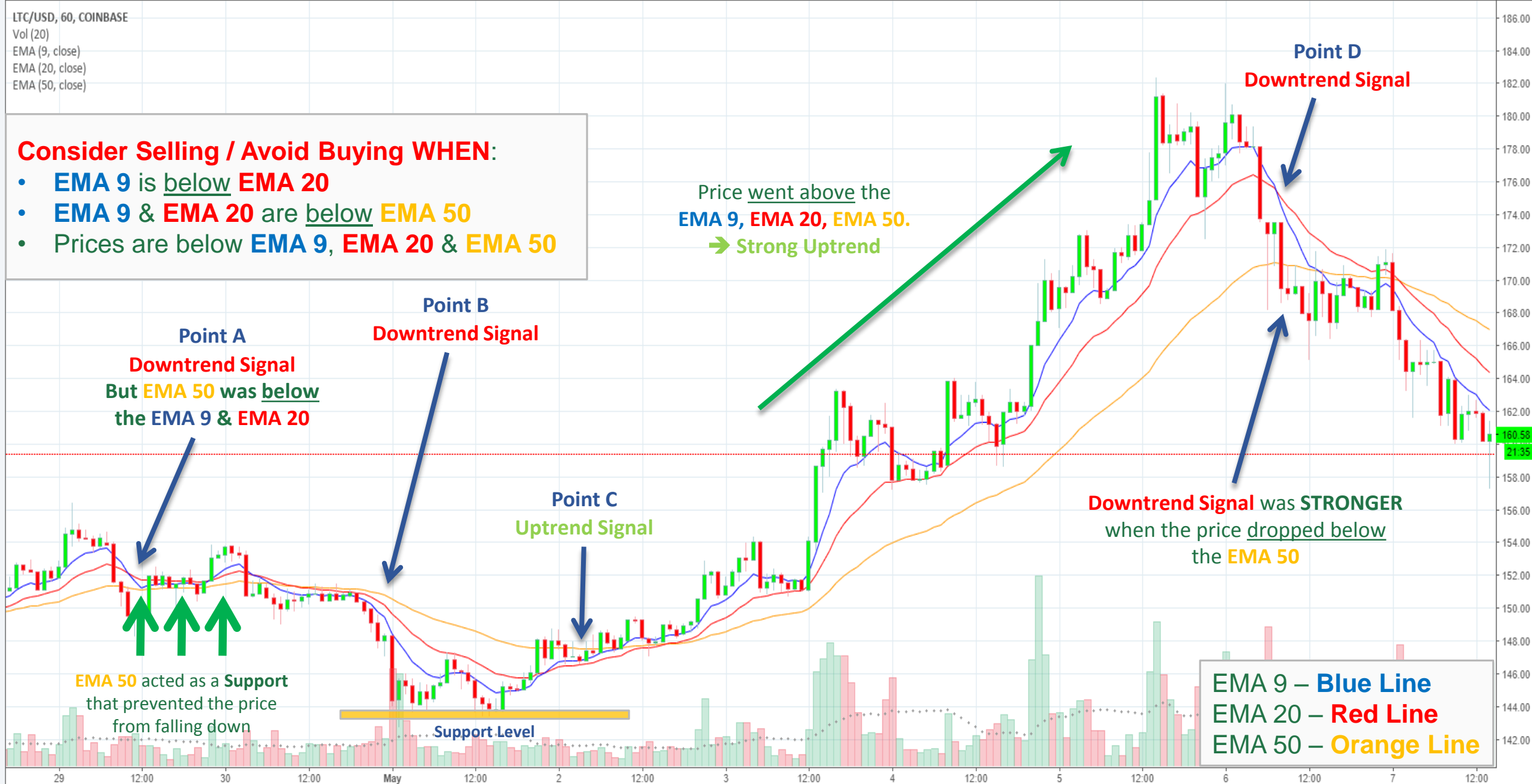
Support Level

Point C

Uptrend Signal
But **EMA 50** was above the **EMA 9 & EMA 20**

- Buying WHEN:**
- **EMA 9** is above **EMA 20**
 - **EMA 9 & EMA 20** are above **EMA 50**
 - Prices are above **EMA 9, EMA 20 & EMA 50**

EMA 9 – **Blue Line**
EMA 20 – **Red Line**
EMA 50 – **Orange Line**



Consider Selling / Avoid Buying WHEN:

- **EMA 9** is below **EMA 20**
- **EMA 9** & **EMA 20** are below **EMA 50**
- Prices are below **EMA 9**, **EMA 20** & **EMA 50**

Price went above the
EMA 9, EMA 20, EMA 50.
→ **Strong Uptrend**

Point A
Downtrend Signal
But **EMA 50** was below
the **EMA 9** & **EMA 20**

Point B
Downtrend Signal

Point C
Uptrend Signal

Point D
Downtrend Signal

Downtrend Signal was **STRONGER**
when the price dropped below
the **EMA 50**

EMA 50 acted as a **Support**
that prevented the price
from falling down

Support Level

EMA 9 – **Blue Line**
EMA 20 – **Red Line**
EMA 50 – **Orange Line**

Parabolic SAR – What to Know

- ❖ The Parabolic SAR is composed of a series of dots, either above or below the price.
 - ❑ **Uptrend** – the dots appear below the price.
 - ❑ **Downtrend** – the dots appear above the price.
- ❖ Don't use this indicator alone - When the market is consolidating, it would likely generate a lot of false signals.



Parabolic SAR – Core Strategy

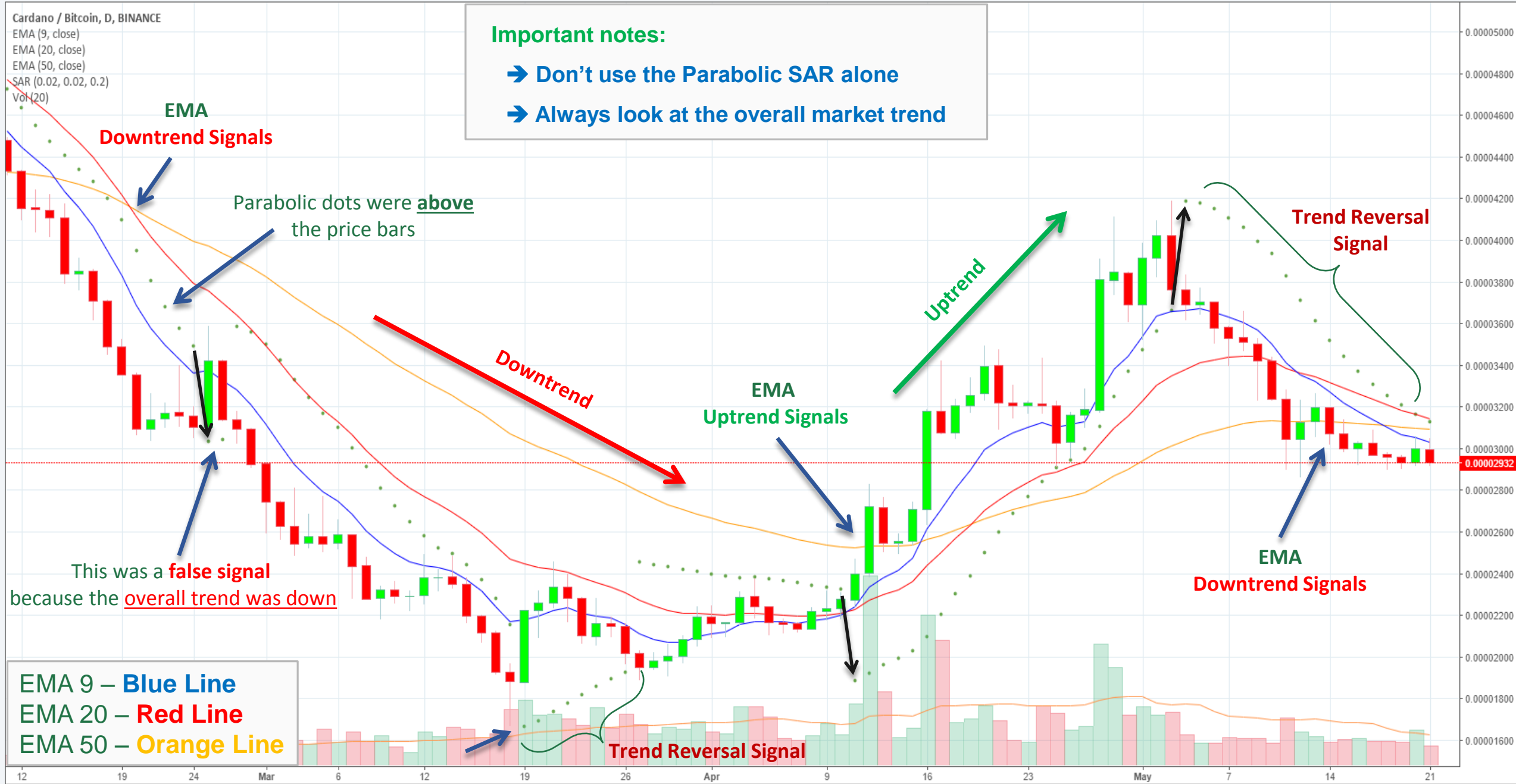
❖ By looking at the dots you will instantly know the market trends:

Uptrend signal:

- The dots are below the candles
- The dots move from above to below the candles → **BUY**
- Moving Averages also show an uptrend signal

Downtrend signal:

- The dots are above the candles
- The dots move from below to above the candles → **SELL**
- Moving Averages also show a downtrend signal





EMA 9 – Blue Line
EMA 20 – Red Line
EMA 50 – Orange Line

Resistance Level

False Signal

Uptrend

EMA Uptrend Signals

EMA Downtrend Signals

Stronger Downtrend Signal

Downtrend

Uptrend

EMA Uptrend Signals

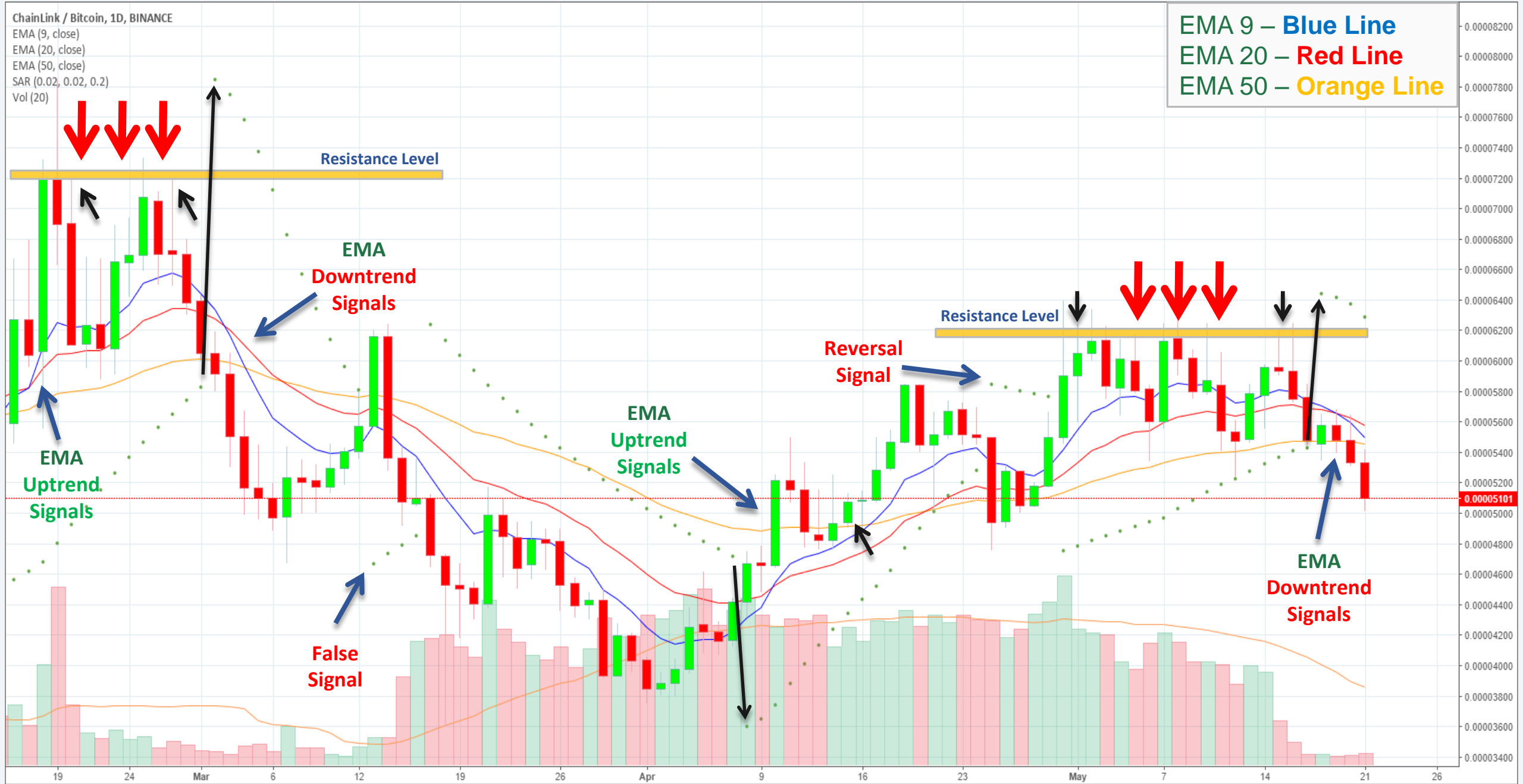
The dots kept staying below the candles while the overall trend was down
→ Trend Reversal Signal

Kyber Network / Bitcoin, 1D, BINANCE
EMA (9, close)
EMA (20, close)
EMA (50, close)
SAR (0.02, 0.02, 0.2)
Vol (20)

EMA 9 – Blue Line
EMA 20 – Red Line
EMA 50 – Orange Line



The dots kept staying below the candles while the overall trend was down
➔ **Trend Reversal Signal**



MACD Indicator – What to Know

- ❖ MACD stands for **M**oving **A**verage **C**onvergence **D**ivergence
- ❖ MACD is a trend-following indicator that shows the relationship between 2 exponential moving averages (**EMA 9 & EMA 50**).
- ❖ **MACD Line:** difference between **EMA 9 & EMA 50**
- ❖ **Signal Line:** functioning as a trigger for buy and sell signals
- ❖ **Zero Line:** a line that separates positive and negative values



MACD Indicator – Core Strategy

❖ MACD Line & Signal Line Crossover strategy:

Uptrend signal:

- MACD Line crosses above Signal Line
- Both lines slope **upward**

Downtrend signal:

- MACD Line crosses below Signal Line
- Both lines slope **downward**

❖ MACD Line crossing above/below the Zero Line:

MACD Line above Zero Line

➔ Stronger uptrend signal

MACD Line below Zero Line

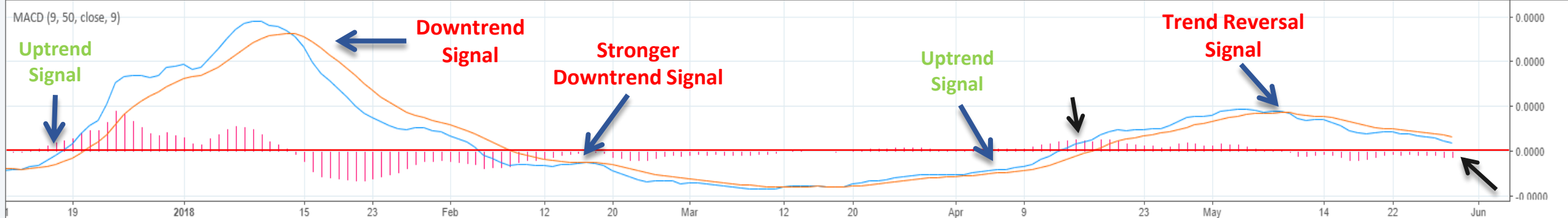
➔ Stronger downtrend signal





EMA 9 – Blue Line
EMA 20 – Red Line
EMA 50 – Orange Line

MACD Line – Blue Line | Signal Line – Orange Line | Zero Line – Red Line



THANK YOU FOR READING!