WELCOME TO CRYPTONEXT!

WEEK 1

**Topic: Understanding Crypto currency Trading**

In our previous Video course Cryptonite, we have mainly discussed the basic approach to cryptocurrency and structure of Defi.

In this week we will cover the basics of Crypto currency trading.

We will cover 3 Topics namely:

1] Welcome to Crypto currency Trading

2] Understanding Crypto currency, Bitcoin & Alt coins

3] Understanding Blockchain

Let us discuss the basics of cryptocurrency trading.

**LECTURE 1] Welcome to Crypto currency Trading**

Why you should invest in Crypto currency Trading right now?

**1) When all the centralized system are falling only decentralized assets go up.**

Consider all the centralized Government institutions such as RBI, Federal Reserve in US, etc. Now RBI is printing in INR and the printing rate is increased, the inflation will go up. As a result our GDP has contracted 25%. Similarly if the Federal reserve prints Dollar continuously, the inflation is increasing. As a result, the yields and interest rates become 0% and the GDP contracts. Meaning that the currency supply is maximum but businesses are getting hampered due to Covid situation. Hence, the value of currency decreases. This could lead to loss of trust in Centralized systems as storing money in banks could become risky.

**2) Gold and Crypto are both decentralized.**

This in turn is leading to funds going in decentralized assets. Gold and Bitcoin are two truly decentralized assets. As seen recently due to covid situation the prices of Gold have increased. This is purely due to the funds which are going to the decentralized assets. Especially Gold and Bitcoin. This suggests that as funds are going to these decentralized assets, the value of centralized assets is decreasing.

**3) Gold is old and boring**

Gold is currently at 52,455.00 INR, almost double as compared to the price before covid. Gold is a very old market. The market cap of gold is around $10 trillion. This means if Gold is increasing by 10 % then its market cap should be around $11trillon. The market for gold is very huge and it is trustworthy. It is believed to be stable. But small investors find it difficult to invest in Gold as it is not affordable. Hence crypto currencies like bitcoin are grabbing all the opportunities. And people are finding it easier to invest in them.

**4) Crypto is hot and new**

Crypto is only 12 yrs old asset. As a result it is quite enticing for younger generation. This is the digital age and younger generation are familiar with all the digital terms and assets and their economical impact. Younger generation prefer to invest in faster growing assets rather than investing Government bonds and centralized assets which would give slow yield.

**5) Crypto unites the world and really makes our finance global in true sense.**

When talking about transferring funds internationally, consider the example of PayPal. If you want to make a payment it would take 4-5 days to reflect in your account and 4%-5% transaction cost. Whereas with international crypto exchange it would take only 10 minutes to get your payment and 0.1% -0.01% transaction cost. Crypto is much cheaper and faster.

This becomes more advantageous as we start to purchase or sell products globally. As we can buy or sell without any hitch with concerning to currency of a specific country. This could become the global currency for the world. As you can pay in bitcoin for the product based in Japan, and they can accept your payment in bitcoin.

**6) Fast and uncensored**

The payment and transactions done are very fast. In this digital world no one has that much time to wait for any payment. Also the crypto currency is uncensored because it is decentralized. As in if any two countries have an ongoing issue they quickly stop the currency flow of the respective countries. This becomes very inconvenient for global businessmen. On the other hand, Crypto currency has no such issue as it is decentralized.

**7) Speculative value and demand**

The value of crypto currency is increasing day by day. In 2018, the price of bitcoin was 230,000 INR, while today it is 900,000INR. This is speculative growth. Now the growth is 10x. The growing prices are attracting more investors.

**8) Institutional money**

Many institutions and large fund houses are getting interested in crypto currencies. It would grow the money inflows in the cryptocurrency market. As we have seen that if any asset experiences greater money inflows it grows exponentially. Especially crypto currencies give equal opportunity to retail investors. It means retail investors can invest with institutional investors. This is highly motivating for investors.

**Risks Involved with Crypto**

1. **Volatility**

Prices get fluctuated more easily. This could make investors more impatient and afraid of the risks. If anyone is afraid of the fluctuations and do not have a strong portfolio then they should not invest in crypto.

1. **Flash crashes and market manipulations**

If suppose an asset price is 10,000 INR and suddenly it decreases to 500INR, and again increases to 10,000INR, then the asset is experiencing a flash crash. It happens within 5-10 seconds. If this happens frequently then the price of the asset is decreased significantly. If anyone trades in this then there coins will be sold completely and the cash will be liquidated. Although if you hold your coins hen there would be no problem.

In a small market some players may have more dominance over the market prices and this would result in manipulation. As the market gets bigger more players are introduced and the market can get more democratic. If you are a new user this issue can get problematic.

1. **Unreliable**

Crypto currency market is very unreliable because they are not affiliated with any central governing body i.e. they are not regulated by the central regulating authority. So if you are expecting a return you may not get it due to the market being quite unreliable. In this you can invest what you can afford to lose. You cannot invest aggressively in this market.

1. **Security**

Due to recent hacks investors are not sure whether their assets are secured or not. You can refer the security section in Cryptonite for more details.

**5) Unregulated**

In this market you can experience lots of fraudulent activities. If anyone experiences any fraud in the market, they cannot report it to any authority as they are not regulated by any authority. As the money is untraceable it becomes impossible to know the culprit. Currently, this market is legal as well as illegal.

1. **Technological barriers**

Internet connection is a must. You will have to do all the transactions and market correspondence digitally. If you are not comfortable with technology then you may want to steer clear of investing in crypto.