

THE BEST BITCOIN TRADING STRATEGY

5 EASY STEPS TO PROFIT



This cryptocurrency trading strategy can be used to
trade any of the 800-plus cryptocurrencies
available to trade as of today.

Tradingstrategyguides.com

The Best Bitcoin Trading Strategy - 5 Easy Steps to Profit

The Bitcoin surge in price and cryptocurrency trading mania has got a lot of mainstream attention. Today's article is all about the cryptocurrency trading strategy that you've probably been hearing so much about. There are tons of cryptocurrency trading strategies that promise to make you rich. Our team at Trading Strategy Guides understands that now everyone wants a piece of the pie and that is the reason why we have put together the best Bitcoin trading strategy.

The best Bitcoin trading strategy is actually a universal cryptocurrency trading strategy that can be used to trade any of the 800-plus cryptocurrencies available to trade as of today. If you're not already familiar with cryptocurrencies it's best to first start with a brief introduction.

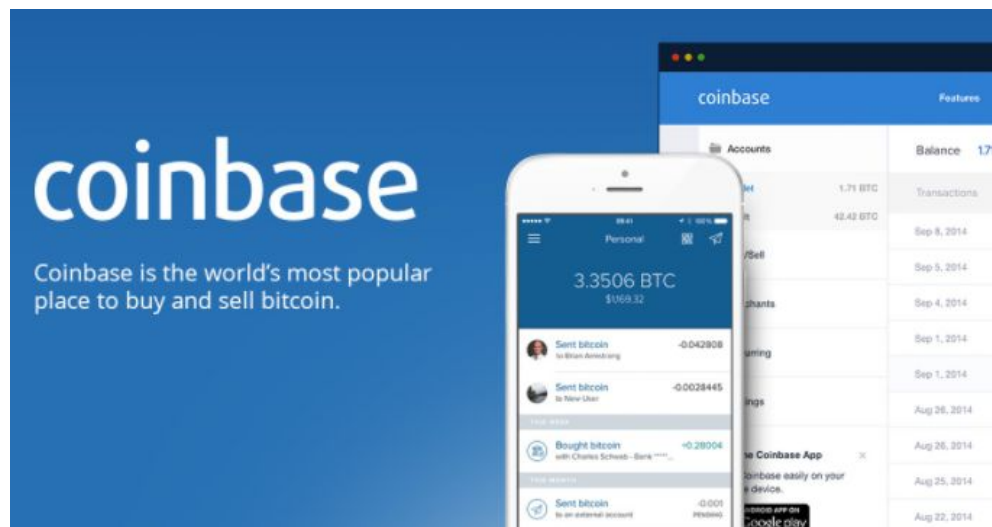
What is a Cryptocurrency?



At the most basic level, a cryptocurrency is really no different than the money you have in your wallet in the sense that they have no intrinsic value and cryptocurrency are just bits of data while real money is just pieces of paper.



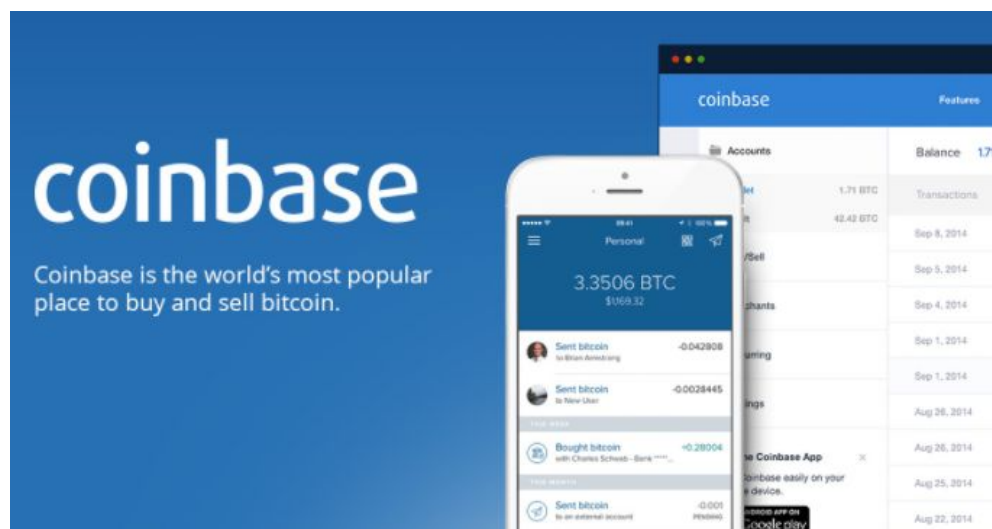
Unlike fiat money, Bitcoins and other cryptocurrencies have no central bank that controls them which means that cryptocurrencies can be sent directly from user to user without any credit cards or banks acting as the intermediary. The major advantage of cryptocurrencies is that you can't print them like central banks do to create fiat money.



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When you print lots of money, inflation goes up which makes the currency value going down. Since there is a limited amount of Bitcoins and this holds true for the majority of the other cryptocurrencies, the supply side can't increase which makes Bitcoin less prone to being affected by inflation.

















Now, let's move forward and see how we can profit from the cryptocurrency mania by using our best Bitcoin trading strategy.



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As we've explained before, this is a cryptocurrency trading strategy that can be used trading all the important cryptocurrencies. Actually, this is an Ethereum trading strategy as much as it's a Bitcoin trading strategy. If you didn't know Ethereum is the second most popular cryptocurrency (see figure below).

| All | Currencies | Assets | USD | Next 100 | | View All | |
|-----|--|------------------|------------|-----------------------|-----------------|----------------|---|
| # | Name | Market Cap | Price | Circulating Supply | Volume (24h) | % Change (24h) | Price Graph (7d) |
| 1 |  Bitcoin | \$44,721,837,699 | \$2716.24 | 16,464,612 BTC | \$1,173,660,000 | -2.60% |  |
| 2 |  Ethereum | \$20,878,093,206 | \$223.31 | 93,492,511 ETH | \$662,265,000 | -0.47% |  |
| 3 |  Ripple | \$7,382,885,897 | \$0.192808 | 38,291,387,790 XRP * | \$212,315,000 | 3.77% |  |
| 4 |  Litecoin | \$2,295,050,390 | \$44.03 | 52,129,432 LTC | \$186,360,000 | -4.04% |  |
| 5 |  NEM | \$1,511,640,000 | \$0.167960 | 8,999,999,999 XEM * | \$7,727,210 | 9.64% |  |
| 6 |  Ethereum Classic | \$1,477,452,652 | \$15.75 | 93,827,964 ETC | \$78,886,700 | -3.91% |  |
| 7 |  Dash | \$1,424,490,707 | \$191.38 | 7,443,375 DASH | \$21,673,700 | 0.57% |  |
| 8 |  IOTA | \$749,792,191 | \$0.269755 | 2,779,530,283 MIOTA * | \$3,320,160 | 4.19% |  |

The best Bitcoin trading strategy is 85% price action strategy and 15% a cryptocurrency trading strategy that uses an indicator.

Now...

Before we move forward, we must define this mysterious technical indicator you need for the best Bitcoin trading strategy and how to use it:

The only indicator you need is the:

On Balance Volume (OBV): This is one of the first indicators used to basically analyze the total money flow in an out of an instrument. The OVB uses a combination of volume and price activity to tell you what is the total amount of money going in and out of the market.



OBV Indicator

The OVB indicator can be found on most trading platforms like Tradingview and MT4. How to read the information from the OVB indicator is quite simple.

In theory, if Bitcoin is trading up and at the same time the OBV was trading down, this is an indication that people are selling into this rally so the move to the upside wouldn't be sustainable. The same is true in reverse if Bitcoin was trading down and at the same time the OBV was trading up.



What we really want to see is the OBV moving in the same direction as the Bitcoin price. Later on, you'll learn how to apply this information together with the cryptocurrency trading strategy.

No technical indicator is 100% effective every single time and in this regard, our team at Trading Strategy Guides uses the OBV indicator with other supporting evidence to sustain our trades and give some more confirmation of our trades. On this part comes the Ethereum trading strategy which will be used to identify Bitcoin trades.

Now, before we go any further, we always recommend taking a piece of paper and a pen and note down the rules of the best Bitcoin trading strategy.

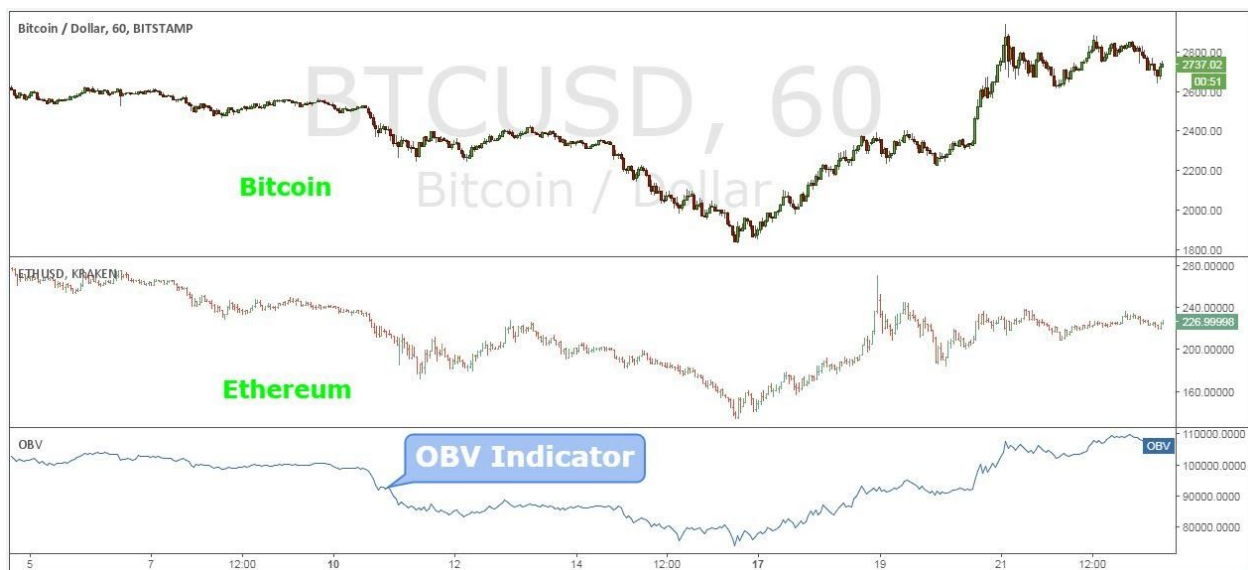
Let's get started.....

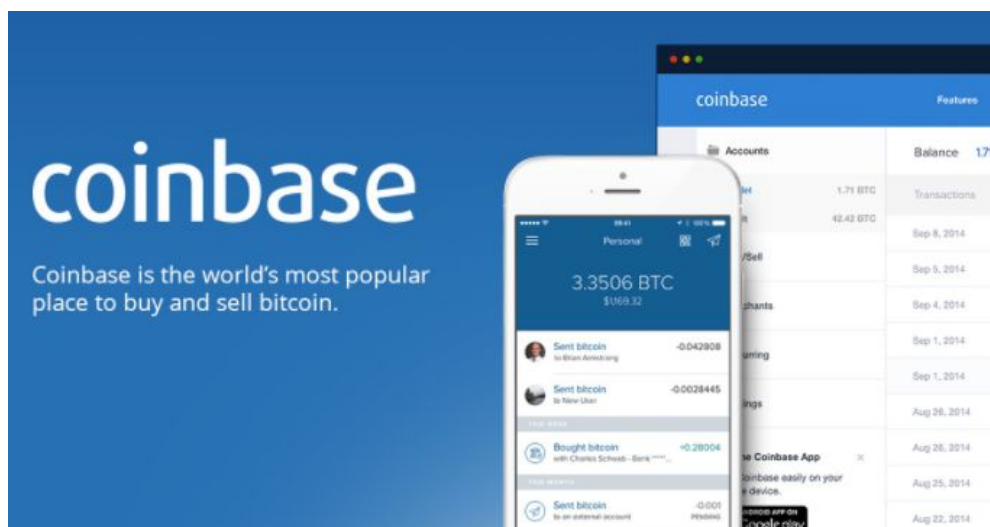
The Best Bitcoin Trading Strategy - 5 Easy Steps to Profit

(Rules for a Buy Trade)

Step #1: Overlay the Bitcoin chart with Ethereum chart and the OVB indicator.

Your chart setup should basically have 3 windows, one for the Bitcoin chart, the second one for the Ethereum chart and last but not least one window for the OVB indicator.





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If you followed our cryptocurrency trading strategy guidelines your chart should look the same like in the figure above. For now, all should be good, so it's time to move forward to the next step of our best Bitcoin trading strategy.

Step #2: Look for Smart Money Divergence between Bitcoin price and Ethereum price.

What do we mean by this?

Simply put it, we are going to look after price divergence between Bitcoin price and Ethereum. Smart money divergence happens when one cryptocurrency fails to confirm the action of the other cryptocurrency.

For example, if Ethereum price breaks above an important resistance or a swing high and Bitcoin fails to do the same, we have smart money divergence. It means that one of the two

cryptocurrencies is “lying.” This is the main reason why we have called this cryptocurrency trading strategy and Ethereum trading strategy as well.



If you're still struggling to identify support and resistance we've got your back, simply read our guide on this topic here: [Support and Resistance Zones – Road to Successful Trading](#).

In the above figure, we can notice that Bitcoin price fails to break above resistance while Ethereum price broke above and made a new high which is the first sign that the best Bitcoin trading strategy is about to signal a trade.

The reason why the smart money divergence concept works is because the cryptocurrency market as a whole should move in the same direction when we're in a trend. The same principles have been true for all the other major asset classes for decades and it's true for the cryptocurrency trading strategy as well.

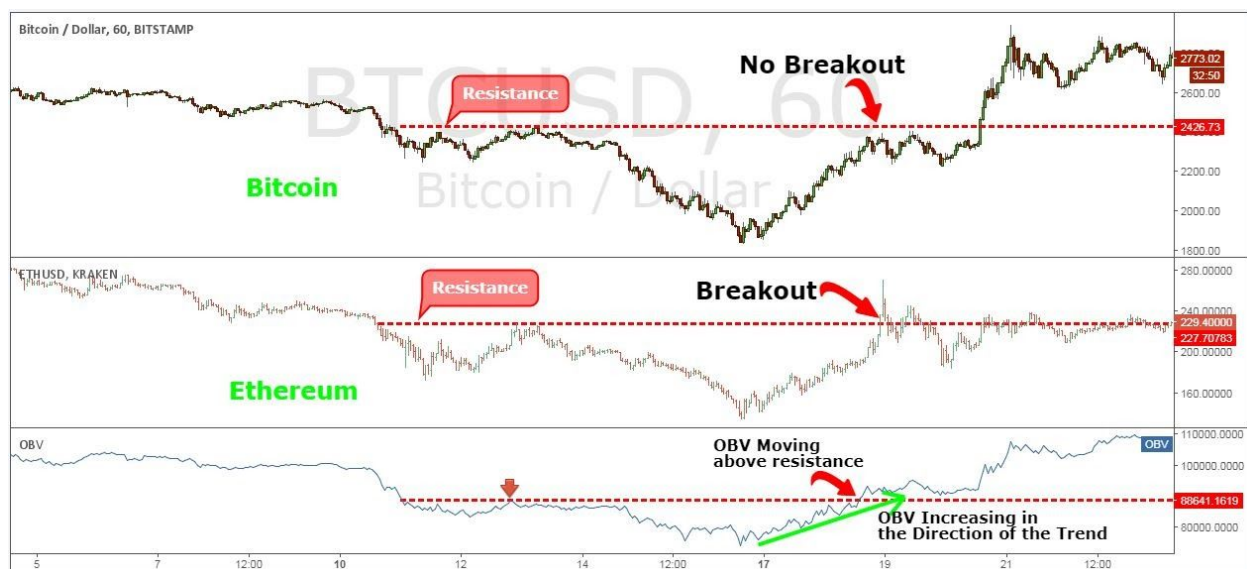
Before buying we need confirmation from the OBV indicator, which brings us to the next step of the best Bitcoin trading strategy.

Step #3: Look for the OVB to increase in the direction of the trend.

If Bitcoin is lagging behind Ethereum price it means that sooner or later the Bitcoin should follow Ethereum and break above resistance.

But, how do we know that?

Simply, the OBV is a remarkable technical indicator that can show us if the real money is really buying Bitcoin or quite the contrary they are selling. What we want to see when Bitcoin is failing to break above a resistance level or a swing high and the Ethereum already broke is for the OBV to not only increase in the direction of the trend, but to also move beyond the level it was when Bitcoin was trading previously at this resistance level (see figure below).



Now, all it remains for us to do is to place our buy limit order, which brings us to the next step of the best Bitcoin trading strategy.

Step #4: Place A Buy Limit Order at resistance level in an attempt to catch the possible breakout.

Once the OBV indicator gives us the green signal all we have to do is to place a buy limit order at the resistance level in anticipation of the possible breakout.



It's no surprise to see this trade getting triggered and for the Bitcoin price to break higher as expected after all we told you the OBV is an amazing indicator.

Now, all we need to establish is where to place our protective stop loss and when to take profits for the best Bitcoin trading strategy.

Step #5: Place your SL below the breakout candle and take profit once the OBV reaches 105,000.

Placing the stop loss below the breakout candle is a smart way to trade. We've written more about the reasons for hiding your SL above/below the breakout candle in our most recent article here: [Breakout Trading Strategy Used by Professional Traders](#).



When it comes to our take profit usually an OBV reading above 105,000 is an extreme reading that signals at least a pause in the trend which is why we want to take profits.

Note** The above was an example of a buy trade... Use the same rules – but in reverse – for a sell trade. In the figure below, you can see an actual SELL trade example, using the best Bitcoin trading strategy.



Conclusion

Maybe one day our fiat money system will go under and be completely replaced by cryptocurrencies. We're living in a digitalized world and the possibility of Bitcoin or any other major cryptocurrencies to replace the way we pay for the goods and services is not beyond the realms of possibility. However, as long as there are still profits to be made from Forex currency trading we encourage you to read our receipt for Forex trading success: [How to Make Money Trading – 2 Keys to Success](#).

We hope that The Best Bitcoin Trading Strategy – 5 Easy Steps to Profit has shed some light on how you can use the same technical analysis tools that you use for trading the Forex currency market to now trade the cryptocurrencies.

Thank you for reading!

Trade Examples – The Best Bitcoin Trading Strategy

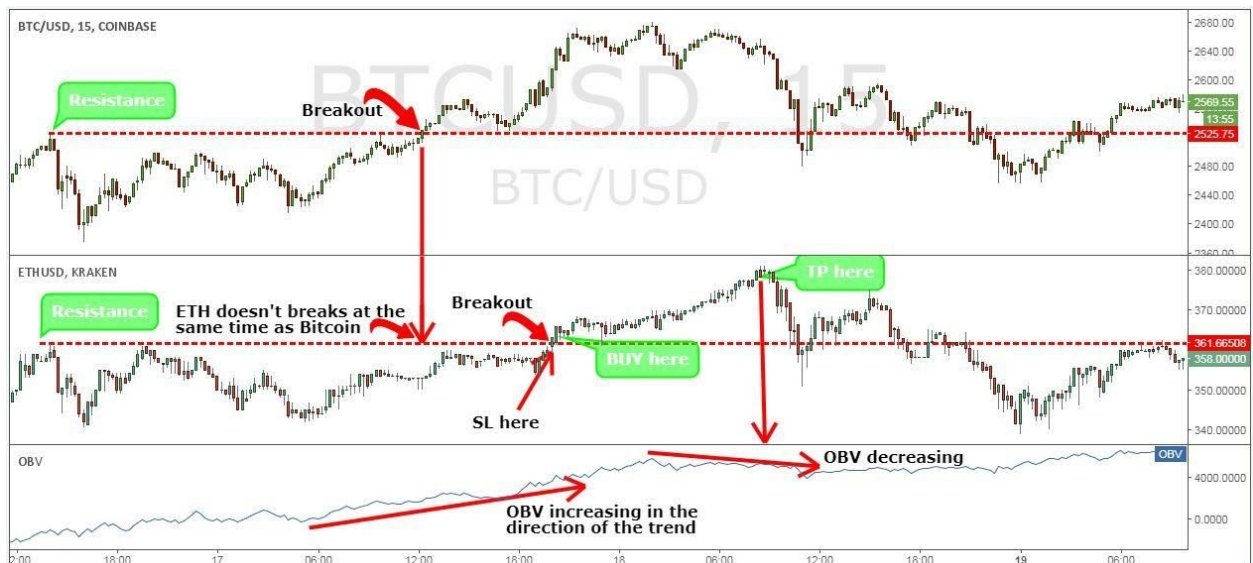
Trade Example 1:



Trade Example 2:



Trade Example 3:



The image is a promotional graphic for Coinbase. On the left, a blue background features the 'coinbase' logo in white. Below the logo, the text reads: 'Coinbase is the world's most popular place to buy and sell bitcoin.' To the right of this text, a white smartphone displays the Coinbase mobile app interface. The app shows a balance of '3.3506 BTC' and '\$1069.32'. Below the balance, there is a list of transactions, including 'Sent bitcoin to Brian Armstrong', 'Sent bitcoin to New User', 'Bought bitcoin with Charles Schwab Bank', and 'Sent bitcoin to an external account'. To the right of the smartphone, a desktop computer screen displays the Coinbase web interface. The web interface shows a 'Features' tab, a table of accounts with balances, and a table of transactions with dates. The desktop screen also features a 'Coinbase App' download banner with 'Get it on the App Store' and 'GET IT ON Google play' buttons.

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Coinbase is the world's most popular place to buy and sell bitcoin.

3.3506 BTC
\$1069.32

Sent bitcoin to Brian Armstrong -0.042908

Sent bitcoin to New User -0.0028445

Bought bitcoin with Charles Schwab Bank -0.28004

Sent bitcoin to an external account -0.001

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Features

Accounts

Balance 1.71

Transactions

Sep 8, 2014

Sep 5, 2014

Sep 4, 2014

Sep 1, 2014

Sep 1, 2014

Aug 26, 2014

Aug 26, 2014

Aug 25, 2014

Aug 22, 2014

Coinbase App

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