

LESSON 1

Intro to Cryptocurrency Trading

What you **NEED** to know before getting started in the Cryptocurrency Markets



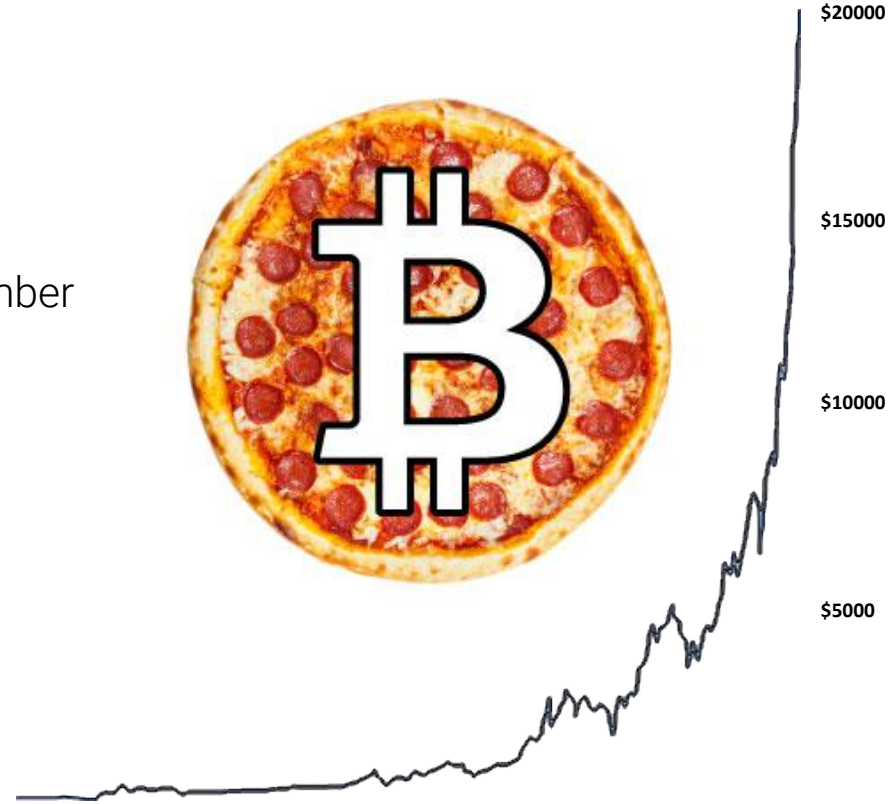
Today's Topics

- What are Cryptocurrencies and Bitcoin?
- Critical Concepts you need to know before trading
- Examples of trades
- Trading Tools



Bitcoin's Meteoric Rise and the \$200 Million Pizzas

- 2 pizzas sold for 10,000 bitcoin in 2010
- Transaction value of ~\$200 million in December 2017
- \$900 to \$20,000 in 2017



What is Bitcoin?

- Decentralized, digital currency
- First cryptocurrency
- Created in 2009
- 21 million total, unlocked through “mining”
- Revolutionizes the transfer and store of value



Symbol	BTCUSD
1 Bitcoin @ GDAX	\$8100*
Total Supply	21 Million
Market cap	\$170 Billion*

**as of February 8, 2018*

What is Bitcoin Mining?

- Mining verifies and adds transactions to the blockchain
- Miners compile recent transactions into “blocks”
- Solve cryptographic “hash puzzles” to verify the transactions
- First miner to solve the puzzle claims rewards
- Additional bitcoin unlocked
- Bitcoin miners keep transaction fees



Symbol	BTCUSD
1 Bitcoin @ GDAX	\$8100*
Total Supply	21 Million
Market cap	\$170 Billion*

**as of February 8, 2018*

Fact: Power Consumption

- Bitcoin mining requires substantial consumption of power
- 25 Terawatts of Energy a year
- More energy than 159 countries



Symbol

BTCUSD

1 Bitcoin @ GDAX

\$8100*

Total Supply

21 Million

Market cap

\$170 Billion*

**as of February 8, 2018*

O 7585.0 H 8250.0 L 7565.0 C 8205.6



What is a Cryptocurrency?

- Digital asset that uses cryptographic technology
- Bitcoin is the most popular cryptocurrency
- Over 1000 cryptocurrencies in existence
- Decentralized networks managed by users



Why Trade Cryptocurrencies?

- New asset class that introduces revolutionary technologies
- Significantly volatile and can provide major trading and investing opportunities
- No minimum trading balance required
- 24 hour trading, including weekends



Institutional Adoption

- Wall Street is getting involved within the industry
- CME and CBOE launched bitcoin futures in December 2017
- NASDAQ plans to launch them in 2018
- Allows major financial institutions to get involved





Bitcoin



Ethereum



Bitcoin Cash



Ripple



Litecoin



Ardor



Monero



Ethereum Classic



NEO



OmiseGO



Hshare



Iconomi



Qtum



Stratis



Tether



Zcash



Ark



Nexus



MaidSafeCoin



Bytecoin



Basic Attention Token



Dash



Golem



BitShares



EOS



Decred



Stellar Lumens



BitConnect



Augur



TenX



IOTA



NEM



Komodo



Waves



Steem



PIVX

Ethereum

- Decentralized, blockchain based platform that allows for creation of decentralized applications and operation of smart contracts
- A smart contract is a computer protocol
- Ether is the digital currency



ethereum

Symbol

ETHUSD

1 Ethereum @ GDAX \$803*

Circulating Supply 96 Million

Market cap \$78 Billion*

**as of February 7, 2018*

0751.27 H825.00 L749.69 C824.00



Litecoin

- Evolution of Bitcoin
- Transacts 4x faster than bitcoin
- Handles much higher volume of transactions
- Trades actively on GDAX, Bitfinex, and Bittrex



Symbol

LTCUSD

1 Litecoin @ GDAX \$146*

Total Supply 84 Million

Market cap \$8.1 Billion*

**as of February 7, 2018*

O 137.810 H 147.960 L 137.000 C 146.620



Ripple

- Payment network and cryptocurrency
- RippleNet is the payment network
- XRP is the currency
- Transactions settle in 4 seconds
- Up to 1500 transactions per second



Symbol

XRPUSD

1 Ripple @ Bitfinex \$0.75*

Total Supply 100 Billion

Market cap \$30 Billion*

**as of February 7, 2018*

00.71570 H0.76401 L0.70810 C0.75978



The Trading Concepts You Should Master!

You should understand the following concepts before trading cryptocurrencies.



**RISK
MANAGEMENT**



**FUNDAMENTAL
ANALYSIS**



**TECHNICAL
ANALYSIS**



**TRADE
EXECUTION**

We expand on each of these concepts briefly today, and in depth in our upcoming classes.

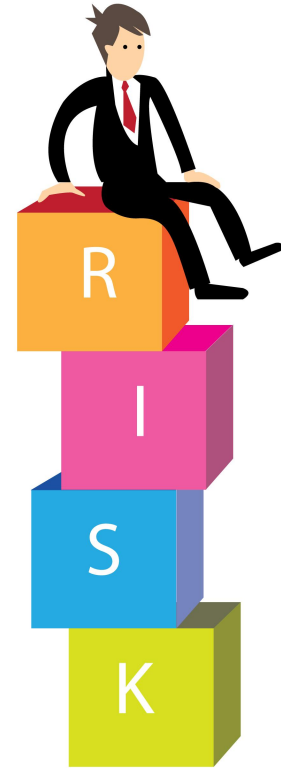
Risk Management

- Risk of losing your money when trading cryptocurrencies
- Incredibly volatile day to day
- New industry where a few projects will thrive but many will fail
- Unregulated marketplace as of January 2018



Risk Management

- Manage your risk by performing a risk analysis before taking a trade
- Identify:
 - Entry Point
 - Price Target
 - Stop Loss
- Never risk more than 1% of account in a trade
- Aim for 1:2 risk/reward ratio
- Most important aspect of trading



Risk Management

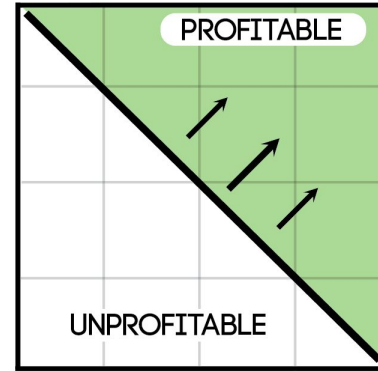
REWARD	RISK	BREAKEVEN WIN RATE %
1	50	98%
1	10	91%
1	5	83%
1	3	75%
1	2	67%
1	1	50%
2	1	33%
3	1	25%
5	1	17%
10	1	9%
50	1	2%

% winners
required to
breakeven

66%

50%

33%



1:2 1:1 2:1
profit/loss ratio



Fundamental Analysis

- Analysis of cryptocurrencies through fundamentals, such as white papers, news releases, and market statistics
- Analyzing news releases can provide a better understanding of the market sentiment



Technical Analysis

- Perform technical analysis to identify price patterns
- Ex: Bull Flag/Bear Flag patterns
- Use horizontal lines to determine major support and resistance levels
- Use trend lines to find consolidations
- Analyze volume and technical indicators
- Many forms of technical analysis



ETHUSD 1 Hour Chart

84% gain from the bull flag



O 1490.00000 H 1490.00000 L 1477.90000 C 1480.10000



Trade Execution

- Execute on trade after performing trade and risk analysis
- Uncertain outcome on each trade
- Must be disciplined about entering and exiting the trade
- Emotional control is key to consistency



Cryptocurrency Trading Exchanges

- Reputable exchanges include GDAX, Bitfinex, Bitstamp, and Bittrex.
- A cryptocurrency can trade on multiple exchanges
- You can transfer your cryptocurrency between exchanges

 **GDAX**

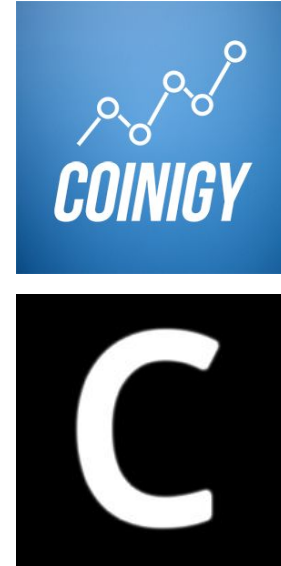
BITFINEX 

Bitstamp

BITTREX

Trading Tools

- Charting platforms and trading tools include:
 - Coinbase/GDAX
 - Cryptowatch (www.cryptowat.ch/)
 - Coinigy (www.coinigy.com)



Trading Tools

- Coindesk (www.coindesk.com) provides a great news feed
- Coin Market Cap (www.coinmarketcap.com) provides fundamental cryptocurrency data



**COIN
MARKET
CAP**

Coming Next!

- Class on Risk Management - Learn to minimize your risk & maximize your profits
- Class on Fundamental Analysis - Selecting the best Coins to Trade (scanning, comparison of coins, etc)
- Class on Technical Analysis - Applying technical chart patterns & indicators to find the lowest risk entry points.
- Class on Trade Execution - Reading Time & Sales, Level 2, Placing your first orders & monitoring your open positions.

END OF WEBINAR