

ETH-BTC Trading Strategy

This is a **systematic trading strategy** designed to capture Bitcoin price movements using **asymmetric thresholds**:

Action	Threshold	Purpose
Sell	+7%	Take profits on upward moves
Buy	-1%	Re-enter after small pullbacks

How it works:

1. **Buy BTC** with available capital (initial investment or reinvested profits).
2. **Sell BTC** when the price rises 7% from the entry.
3. **Reinvest fully** all proceeds for the next purchase.

Example Trade Sequence

Day	BTC Price	Action	BTC Holdings	Capital
1	10,000	Buy	0.5 BTC	\$5,000
5	10,700	Sell	0 BTC	\$5,350
8	10,665	Buy	0.501 BTC	\$5,350
12	11,372	Sell	0 BTC	\$5,697

Visual Timeline

Here's a visual representation of how your strategy might perform with a **\$5,000 investment starting June 1, 2025**:



Figure 1: Diagram

Investment Evolution: - **Start:** \$5,000 → 0.5 BTC - **After 4 weeks:** \$6,537 (30.7% growth) - **Compounding effect:** Each cycle increases both BTC holdings and USD value

Why It Works

Asymmetric Positioning:

- **Sell at +7%** → larger profit-taking, accumulates more BTC at lower prices
- **Buy at -1%** → smaller re-entry, reduces risk exposure

Result: More BTC is accumulated in uptrends, and losses are minimized in pullbacks, creating compounding growth.

1. **Volatility = Opportunity:** Bitcoin price swings create systematic profit chances.
2. **Asymmetric Trading:** Larger profit threshold than loss tolerance.
3. **Compounding:** Full reinvestment drives exponential growth.
4. **Risk Management:** Thresholds limit drawdowns.