

# Bitcoin Trading terminology and Jargons.

## Compiled by EmperorBTC

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## Where can I see the Charts?

There are several websites, I use tradingview.com

Simple, easy and offers everything most people need.

You don't need a paid version. The basic free version is enough.

**1 Bitcoin** = 100 Million satoshis

1 Million Bits

**Exchange**- In terms of Crypto, a marketplace which allows buying and selling of Bitcoin or other coins. There are many, I prefer Bitmex and Bitfinex.

**FOMO**- Fear Of Missing Out a trade. All beginners do it, they enter a trade without enough research in the fear of missing out profits.

**Total supply**- The amount limit of coins that will ever exist. Supply limit of Bitcoin is 21 million.

**Bull** is someone expecting the price to go higher, and **bear** is the opposite.

**Bull market-** A market where the prices are seeing a continuous uptrend, leading to new highs being created. Generally, happens when new investors enter the market.

**Bear market-** A period where the prices are seeing a long term down trend leading to a sell off.

See the chart below



*Note- A Bull market can have many bearish cycles and vice versa as shown below.*



**CMP**- Current Market Price.

**Market Cap**: The market capitalisation of an Asset calculated by current supply of coins multiplied by CMP of one coin.

**Bubble**- A situation where the prices are irrationally high as compared to the actual value of the asset.

Whole of an asset could be a bubble, or a market cycle could be a bubble.

E.g. Theranos as an asset/company was a bubble.

Next week we will discuss if Bitcoin is a bubble.

**FUD**- Fear, Uncertainty and Doubt

Day trading- Taking a position in the market, either buy or sell and exiting it the same day.

E.g. McAfee announcing in 2018 that Binance had been hacked was a FUD.

**Bots**: Automated trading set-ups on exchanges.

**Swing trading**- This method looks for buying and selling positions in a weekly range. Swing traders make 2-3 trades a week. Most of my trades are swing trades.

**Positional trading**- The aim is to buy monthly lows and hold them for days, weeks or sometimes months. This is a longer term trading time period.

**Day trading**- Taking a position in the market, either buy or sell and exiting it the same day.

**Leverage**- Refers to the extra amount of asset bought or sold, over your capital limit.

E.g. If you buy \$2000 of Bitcoin with a Capital of \$1000, you have a leverage of 2x.

Sites like Bitmex, Bitfinex allow leverage as per your choice.

**Margin**- The amount of funds required to open a leveraged trade.

E.g. If you want to open a position of \$1000 with a leverage of 5X, your margin requirement would be \$200.

$200 \times 5 = \$1000$

**Long Position**- This is a buy position buy with leverage.

E.g. If you have \$1000 as capital, you could buy \$2000 worth of Bitcoin with leverage, or even more.

*Both profit and loss in this case is multiplied by the leverage you take.*

E.g. A 10% rise/fall in price in case of a long position with 2x leverage will lead to 20% profit or 20% loss.

**Short Position-** Exact opposite of Long Entry. You enter a short entry when you expect the prices to fall.

Shorting allows you to make money in a bear market.

**Bag:** A position held in any asset or coin.

**Bagholder:** Someone holding a coin at a loss.

**Volatility-** It is the percentage movement in price of an asset over a period. A balanced volatile asset gives ample opportunity to short and long. Traders look for predictable volatility.

A very highly volatile or low volatile assets isn't considered good for trading.

**ROE:** Return-on-Equity. This is calculated by the actual capital employed in a trade and not through leverage.

**OHLC:** Open, high, low and close.

**Altcoin-** All coins except Bitcoin.

**Whale:** A Trader with a very large stake as compared to the retail trader.

**Bull trap-** A technique used by market makers to buy a huge amount suddenly, spiking the price. This makes everyone else that this is a Breakout and everyone buys.

They market makers then sell enormous amounts, pushing the prices down, in turn liquidation everyone else that had bought, producing a cascading effect of liquidations.

**Bear trap** is just the opposite of the above for making the prices go higher in the end.

**Ask/Bid:** Sell orders are asks and Buy orders are Bids.

**Spread:** The difference between what the sellers are ready to sell at and what the buyers are ready to buy at.

There always exists a small spread on all exchange, the Higher the liquidity, the lower the spread.

E.g. In the above situation, the spread is 10 dollars. See pic Below of an order book explaining the above terms.

The image shows an orderbook for XBTUSD with a 10.0 grouping. It features a table with columns for Total, Size, Price, Price, Size, and Total. The top row highlights the bid price at 9400.5 and the ask price at 9398.85 / 9398.89. A green arrow points to the bid price, and a red arrow points to the ask price. A blue arrow points to the spread between them. The table lists various orders with their respective sizes and prices, with the top row showing a bid of 747,223 at 9400 and an ask of 3,731,274 at 9410.

Total	Size	Price	Price	Size	Total
747,223	747,223	9400	9410	3,731,274	3,731,274
3,568,036	2,820,813	9390	9420	2,332,840	6,064,114
7,048,963	3,480,927	9380	9430	1,728,521	7,792,635
8,822,801	1,773,838	9370	9440	3,081,414	10,874,049
11,143,384	2,320,583	9360	9450	1,620,956	12,495,005
13,392,109	2,248,725	9350	9460	1,497,310	13,992,315
15,323,065	1,930,956	9340	9470	2,084,872	16,077,187
19,327,453	4,004,388	9330	9480	1,430,021	17,507,208
25,571,016	6,243,563	9320	9490	1,086,179	18,593,387
31,153,483	5,582,467	9310	9500	3,112,621	21,706,008
36,034,534	4,881,051	9300	9510	1,198,667	22,904,675
38,668,310	2,633,776	9290	9520	1,389,359	24,294,034
41,774,073	3,105,763	9280	9530	1,715,920	26,009,954
44,288,829	2,514,756	9270	9540	1,576,841	27,586,795
47,892,377	3,603,548	9260	9550	2,111,784	29,698,579
52,571,524	4,679,147	9250	9560	1,819,708	31,518,287
54,180,364	1,608,840	9240	9570	1,239,504	32,757,791
56,326,559	2,146,195	9230	9580	1,571,611	34,329,402
58,518,220	2,191,661	9220	9590	1,066,856	35,396,258

**Support and resistance-** A support is a zone/line where we can expect the price to bounce back up. Resistance is a line/zone where we can expect the price to rebound downwards.

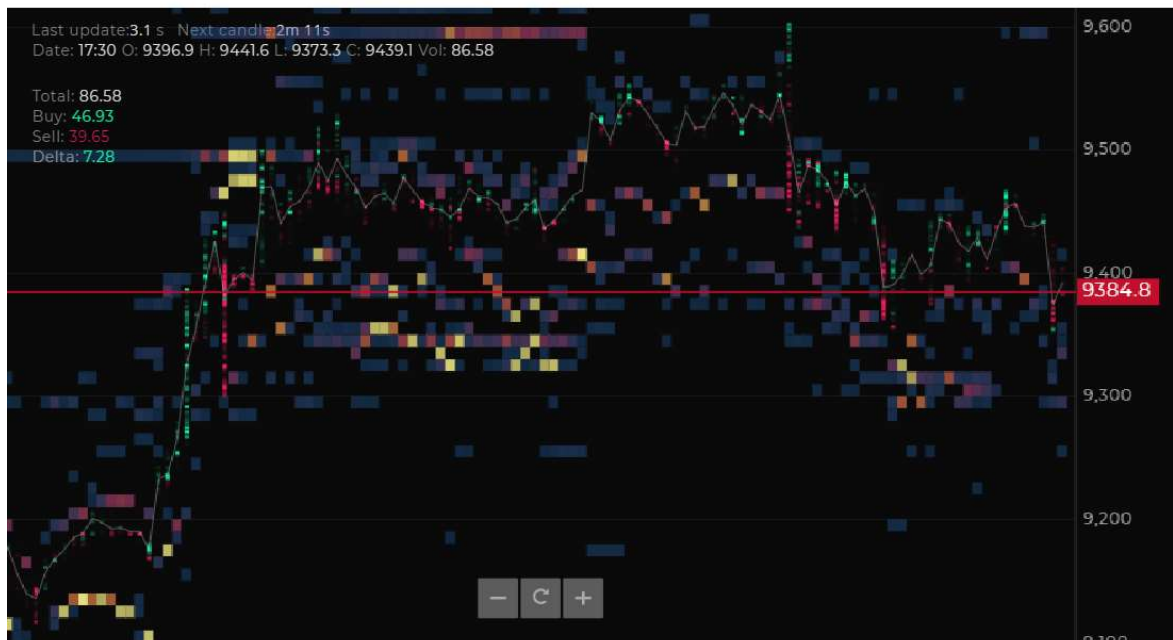
Here is a thread on this concept- <https://twitter.com/EmperorBTC/status/1256272009543118851>

**Walls:** Extremely large orders at a range.

**Demand Zone-** A zone with huge buy orders. This is determined through the heat map.

**Supply Zone-** A zone with huge sell orders. This is determined through the heat map.

Heat Map



Here is a guide to determine the Supply demand zone using candlesticks.

<https://twitter.com/EmperorBTC/status/1265349707024355328>

**Stop-Loss:** Order that is triggered when the price goes below this point. Used to cut losses.  
Support/Resistance:

**OTC:** Over the counter trade, when large quantities are bought without going through the order books.

**Liquidity-** The measure of how actively the coin is being traded in the market.

A high liquidity coin/exchange has many buyers and sellers at the same time, making it easier to acquire or sell the coin at any time.

**Uptrend**- A price is said to be in an uptrend when it's making higher highs and higher lows. It can be confined in a channel.

Channel, uptrend and Higher High and Higher lows are shown in the chart below.

The Chart below showcases an Uptrend, an Uptrend channel and Higher highs and Higher lows.



**Downtrend**--Opposite of uptrend, the prices here make lower highs and lower lows.

**Consolidation**- A period where the price is ranging in a well-defined region. This is a period of indecision and generally leads to a volatile movement in either directions.

**Correction**- A correction is a fall in price after making a new peak or an upwards rally. Many authors define the correction as 10% drop from all time high but its arbitrary.

**Sideways market**- an indecisive market which isn't leading to a breakdown or a Breakout, and not giving any signals in either way.

**Sell off**- Profit taking after a rally in price, which leads to lowering of price of the asset.

**Rally**- An upward trend leading to increase in price of the asset. Can happen in both bear and bull market.

**Accumulation:** The process by which one builds a position in an asset.

**Pattern-** A chart pattern is a predefined shape that have been historically studied by technicians. Traders try to use these previous performance statistics to predict future price movements.

E.g. A Head and Shoulders top is considered bearish. There are many such pattern which will be covered in future. Here is a study on Head and shoulders pattern

<https://twitter.com/EmperorBTC/status/1260282162403635200>

**Fractal:** A pattern of Price movement which has occurred earlier and might occur again.

**Limit Order:** Order will execute at a predefined price, if the market reaches that price.

**Market Order:** An order to buy or sell at the current price level, executed immediately.

**Time Period/ Time Frame-** The time spread of each candle stick in a chart.

Common time periods are 15min,30 min, 1Hour, 4 Hour, Daily and so on.

**ATH-** All-time highs prices.

**Average Down:** Trying to lower the average entry cost of a position by slowly buying the asset at reducing rates.

**Initial Coin Offering (ICO):**

A type of crowdfunding using cryptocurrencies as a means of raising capital for early-stage companies.

**Liquidation--**When you are stopped out of your position because the trade went in the opposite direction and your margins are not big enough to carry the trade anymore.

**Arbitrage:** A method of making profit using the pricing difference between exchanges

E.g. If Bitcoin is trading at \$10,000 on Bitstamp and \$10,100 on Bitfinex, People will buy from Bitstamp and sell on Bitfinex.

**Market-Maker:** Someone who holds even coins or position to move the market substantially.

**Pump-and-dump:** A trick used by a group to accumulate a coin, then sell it to retailers and exit it huge profits due to pre-existing sell orders. **I will do a detailed chart and process of this in the coming weeks.**



I have covered the basic terms you need to understand to start trading. I could have missed MANY terms as the list could be un-ending. Do contact me if you have a problem in understating a concept.

I have a list of threads to help you trade and learn almost all the concepts you need to know.

<https://twitter.com/EmperorBTC/status/1264841749194633221>

Here is a PDF to help you learn trading on your own.

<https://twitter.com/EmperorBTC/status/1261391442984960008>

I will be releasing more such articles over-time to help you learn trading.

Feel free to contact me in case you'd need any help.

Thank You,

EmperorBTC

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