Cryptocurrency Trading

Furqan Hashim

August 2021

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1 Introduction

This document intends to walk through the steps of building a profitable trading strategy for cryptocurrency. Backtesting would be performed on each strategy on an interval of 3, 6 & 12 months to validate the results. For research purpose the data for minute bars is extracted from Binance Exchange using the API provided by Binance.

2 Rules and Assumptions

In this section we would set some rules and assumptions before entering the playing field to make better judgments on our results.

- All orders all placed using Order Cancel Order(OCO) Approach.

- Broker commission is set at 0.0750% for both maker and taker side.

3 Strategy I

3.1 Introduction

In this approach we would make use of Relative Strength Indicator to generate buy and sell signals. We will test out this strategy on two settings.

- Overbought condition is met at $RSI \geq 70$ & Oversold condition is met when $RSI \leq 30$

- Overbought condition is met at $RSI \geq 80$ & Oversold condition is met when $RSI \leq 40$