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What Is Spot DCA and How Does It Work?

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Tutorial Frequently Asked Questions

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video

What is DCA?

Dollar-Cost Averaging (DCA) is a strategy that involves buying an equal amount of the asset in tokens at regular intervals. It aims to achieve a better average price for the selected trading pair and reduce the impact of market volatility.

What are trading bots?

Trading bots are automated software designed to help users buy and sell cryptocurrencies at predetermined intervals, with the aim of generating profits. To learn more, please visit What Are Crypto Trading Bots and How Do They Work?.

What is a Spot DCA bot?

Binance Spot DCA bot lets you set how much to buy, when to buy, and when to sell. Based on your parameters, it can help you to:

- Buy more as the price dips
- Sell more as the price increases

In the **Buy** mode, the bot aims to achieve a lower average buy price by placing more buy orders when the market price falls **below** your initial trade. This continues until the market price goes **above** your take-profit percentage, triggering the bot to initiate a sell order. This process is repeated as long as you have sufficient funds in the account.

Tip: Choose the Buy mode if your initial investment is in the quote asset (e.g., USDT).

In the **Sell** mode, the bot aims to achieve a higher average sale price by placing more sell orders when the market price goes **above** your initial trade. This continues until the market price goes **below** your take-profit percentage, and the bot will initiate a buy order. This process is repeated as long as you have sufficient funds in your account.

Tip: Choose the Sell mode if your initial investment is in the base asset (e.g., BTC).

**Risk Warning: The above parameter settings and calculations are for reference only. The effectiveness of a price difference, i.e., the trigger for a Spot DCA order, may vary depending on the trading pair you choose. The information presented here does not constitute financial or investment advice by Binance. All trading strategies are used at your discretion and at your own risk. Crypto trading carries a substantial risk and the possibility of both significant profits and losses. Binance shall not be liable to you for any loss that might arise from your use of Spot DCA. We strongly recommend you set stop-trigger orders in advance to prevent uncontrollable market movements from causing irreparable losses.*

Differences between Auto-Invest, Spot Grid, and Spot DCA

	Auto-Invest	Spot Grid	Spot DCA
Goal	Automate crypto investments to grow your crypto holdings	Make profits on small price changes in volatile markets	Take advantage of market volatility to buy more when the price is low, and sell more when the price is high
Strategy	Automate buy orders with a fixed amount and frequency, similar to dollar-cost averaging	Automate buy and sell orders at preset intervals within a price range (a grid)	Automate buy and sell orders based on price deviation and an order size multiplier, similar to a more advanced dollar-cost averaging
Trading/ Orders Rationale	Consistent entry only	Each entry is paired with an individual exit	Multiple entries, single exit

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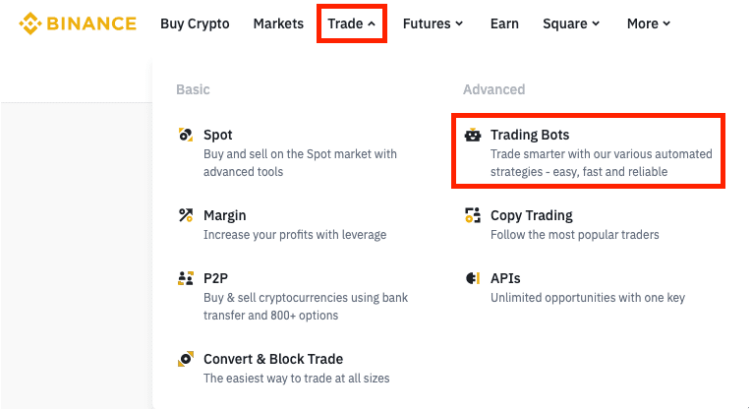
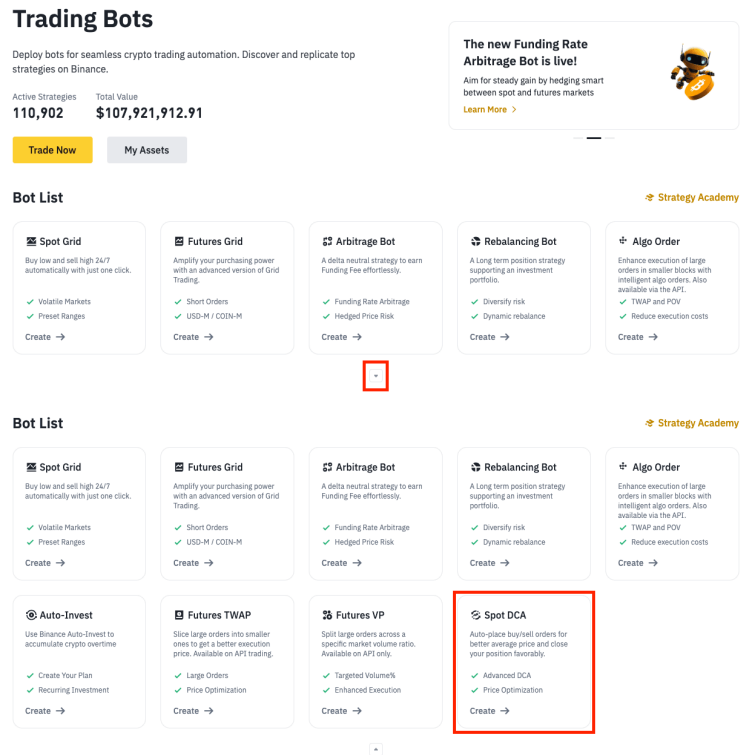
Trading Bot Frequency	1. Time-based, consistent order frequency regardless of the market condition 2. Depends on the recurring cycle you set	1. Price-based, more orders when the market is more volatile 2. Depends on the number of grids you set between the interval upper and lower limits 3. In the arithmetic mode, each grid has an equal price difference 4. In the geometric mode, each grid has an equal price difference ratio	1. Price-based, more orders when the market moves against your initial price 2. Depends on the number of DCA orders triggered by the price deviation percentage

How to set up a Spot DCA trading bot?

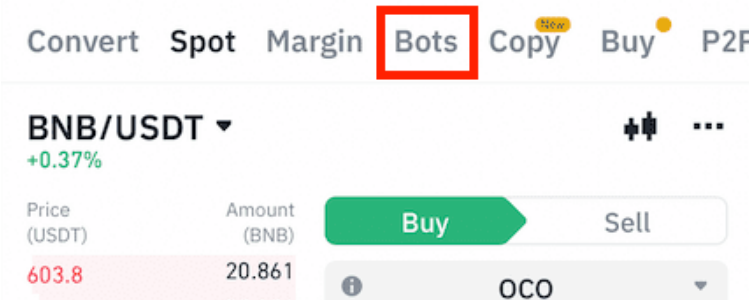
1. Log in to your Binance account and click **[Trade]** - **[Trading Bots]**.

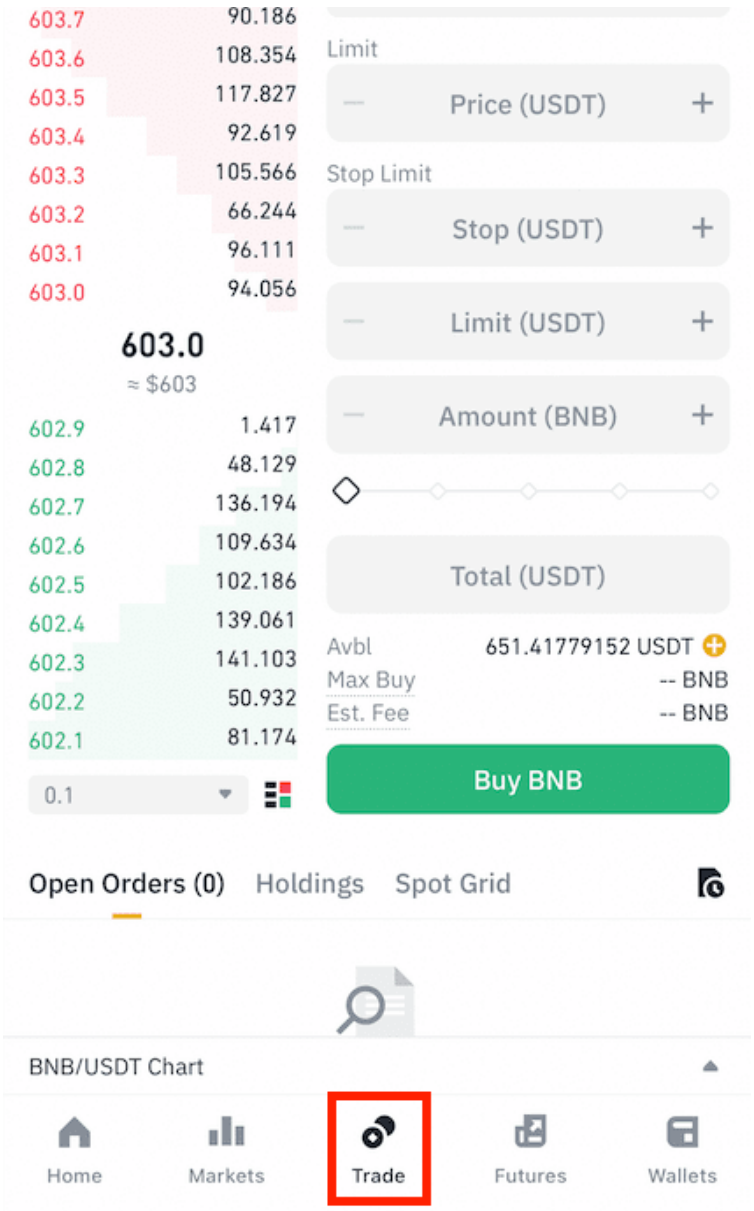


Click the down triangle to expand the list of available trading bots, then select **[Spot DCA]**.

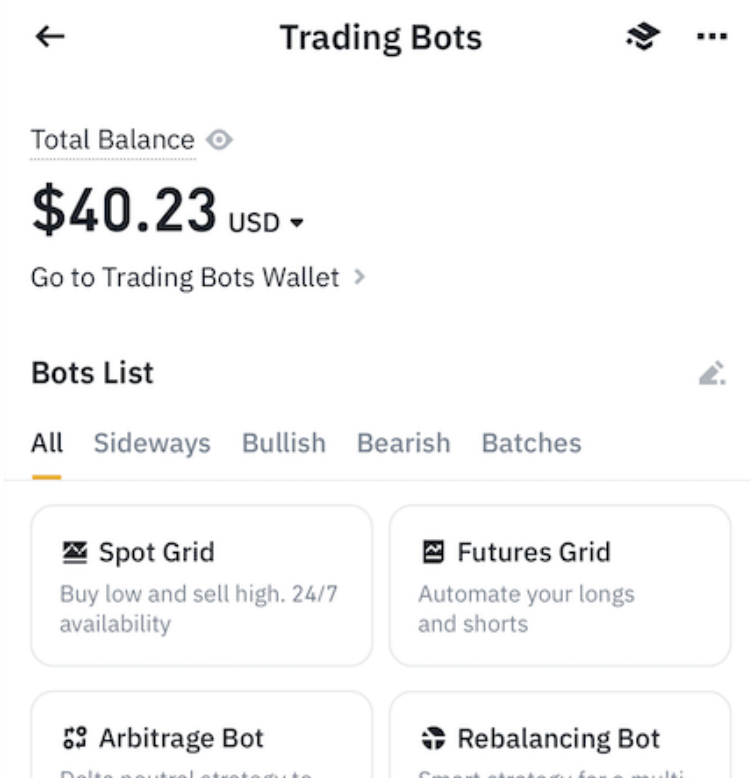


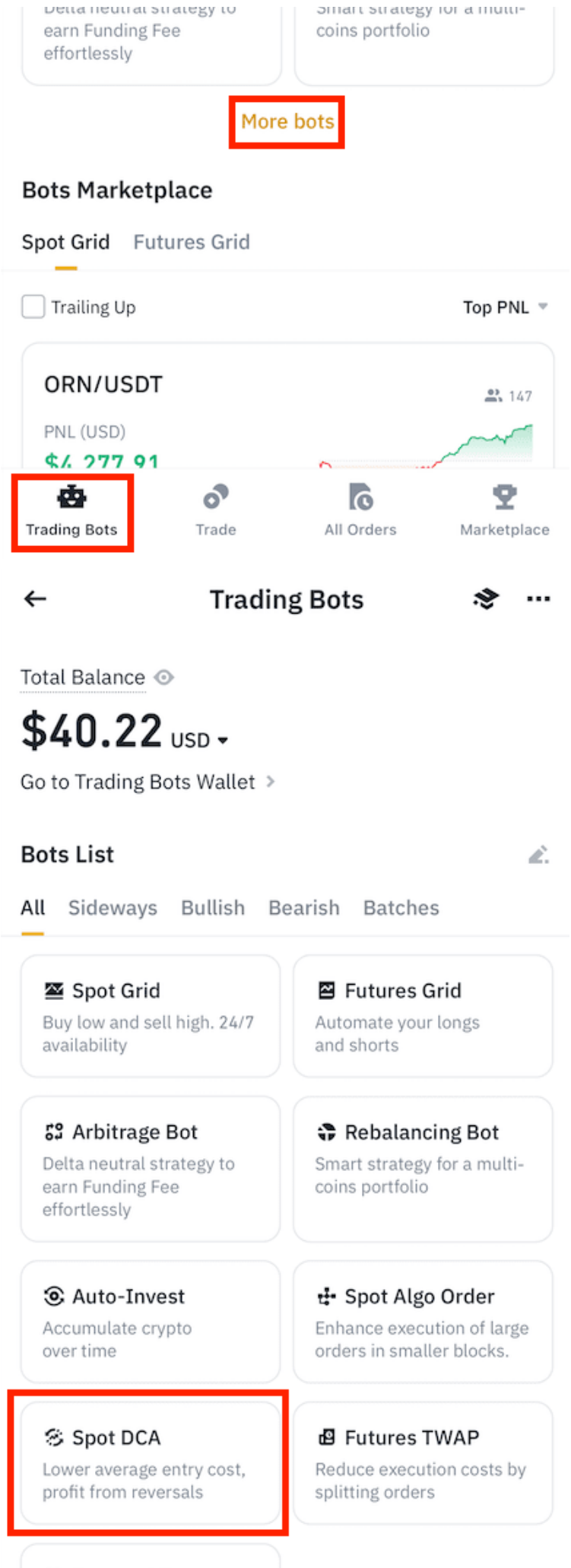
If you are using the Binance App, go to **[Trade]** - **[Bots]**.





Tap **[Trading Bots]** - **[More bots]**, and select **[Spot DCA]**.

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Futures Grid
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$40.22 USD
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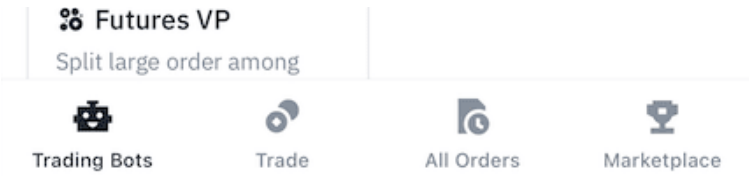
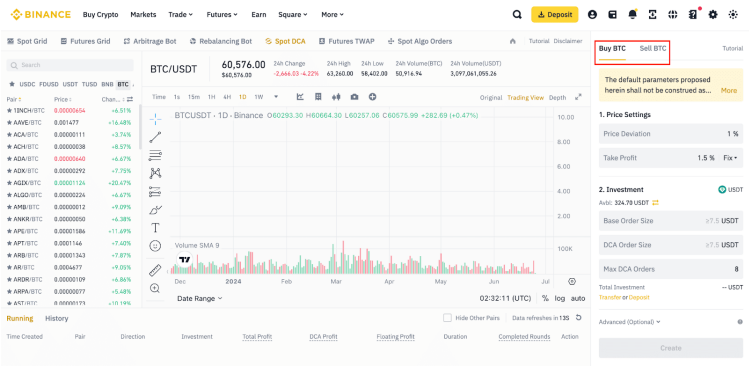
Spot Algo Order
Enhance execution of large orders in smaller blocks.
Spot DCA
Lower average entry cost, profit from reversals
Futures TWAP
Reduce execution costs by splitting orders

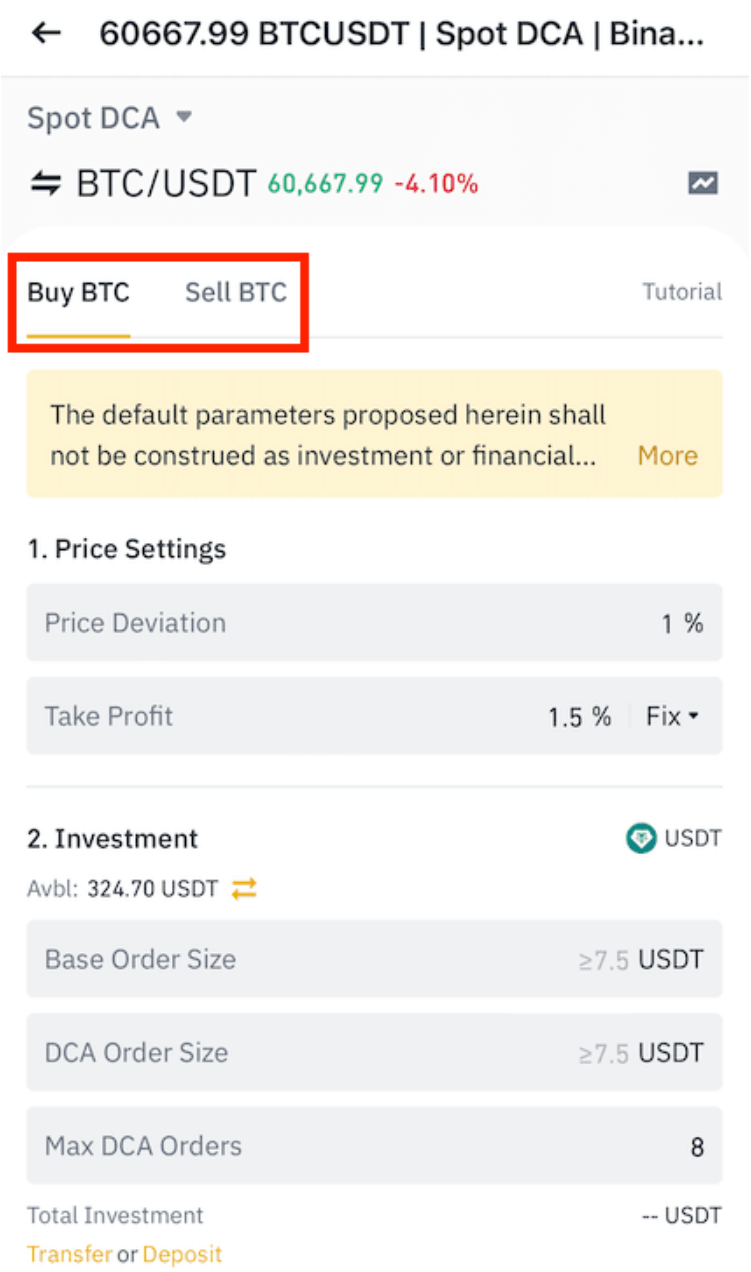


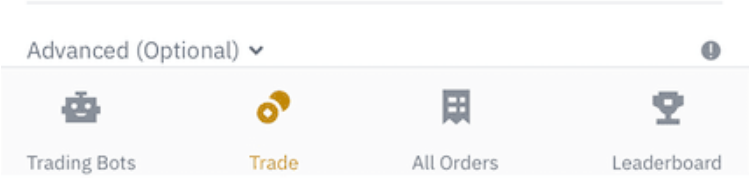
2. You will be then redirected to the Spot DCA trading interface. Select a trading pair, for example, BTC/USDT.

Then, go to the parameter box on the right. Select the **[Buy Token A]** or **[Sell Token A]** mode.

*Important Note: The token displayed will change depending on the trading pair selected. Since we're using BTC/USDT as an example, Token A is BTC and you'll see **[Buy BTC]** and **[Sell BTC]**.*



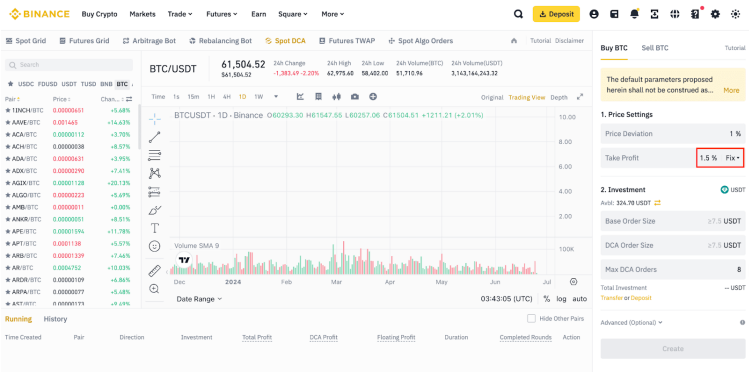


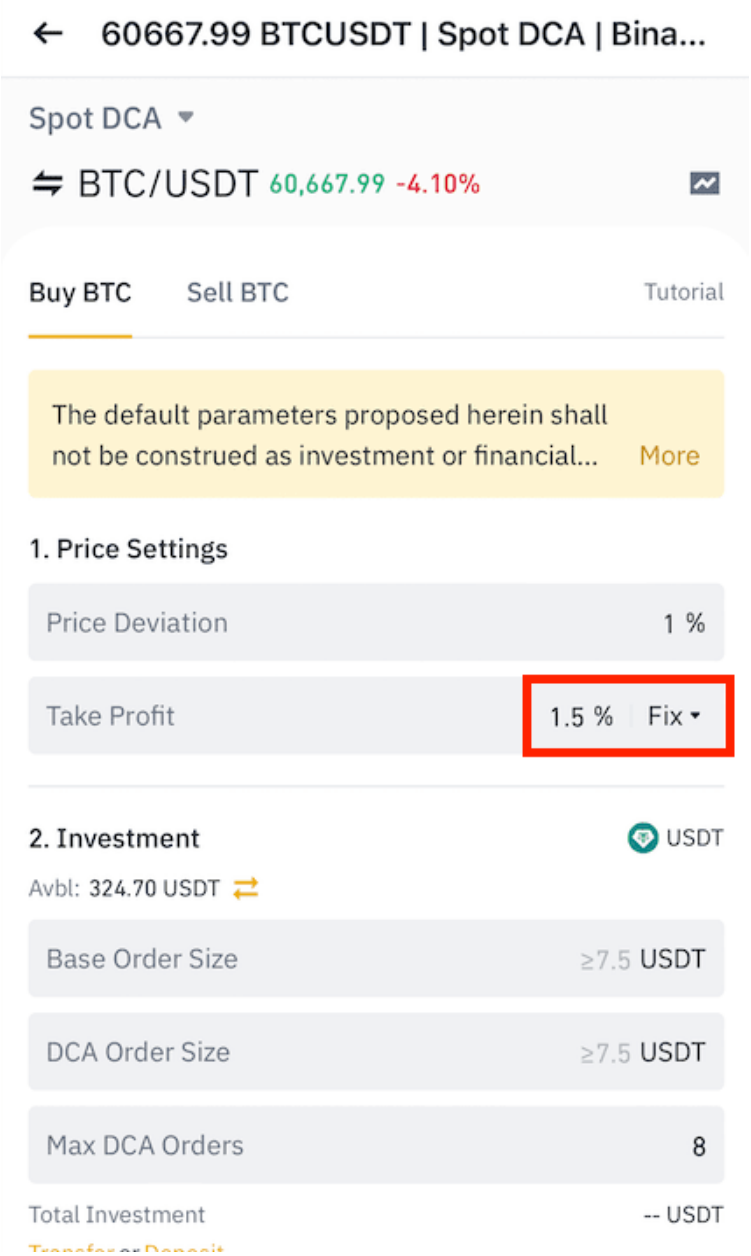


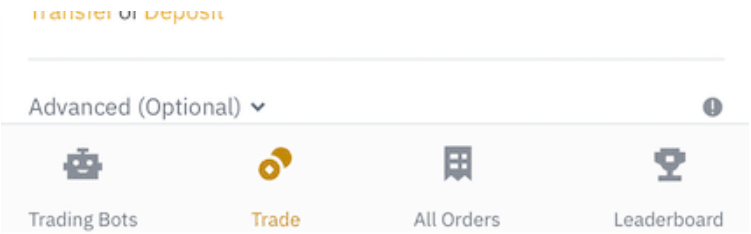
2.1. If you choose the **[Buy Token A]** mode, your investment will be in the form of the quote asset (USDT). You'll need a sufficient USDT balance in your Spot Account to create the trading bot.

2.2. If you choose the **[Sell Token A]** mode, your investment will be in the form of the base asset (BTC). You'll need a sufficient BTC balance in your Spot Account to create the trading bot.

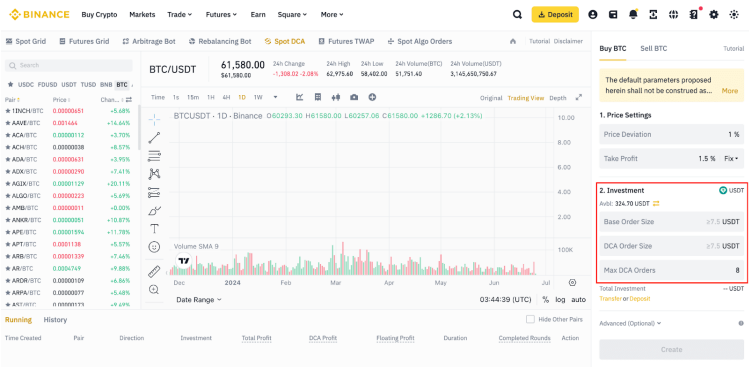
3. Enter a price deviation percentage per order and a take-profit percentage. You may also select **[Fix]** or **[Trailing]** for your take-profit percentage.

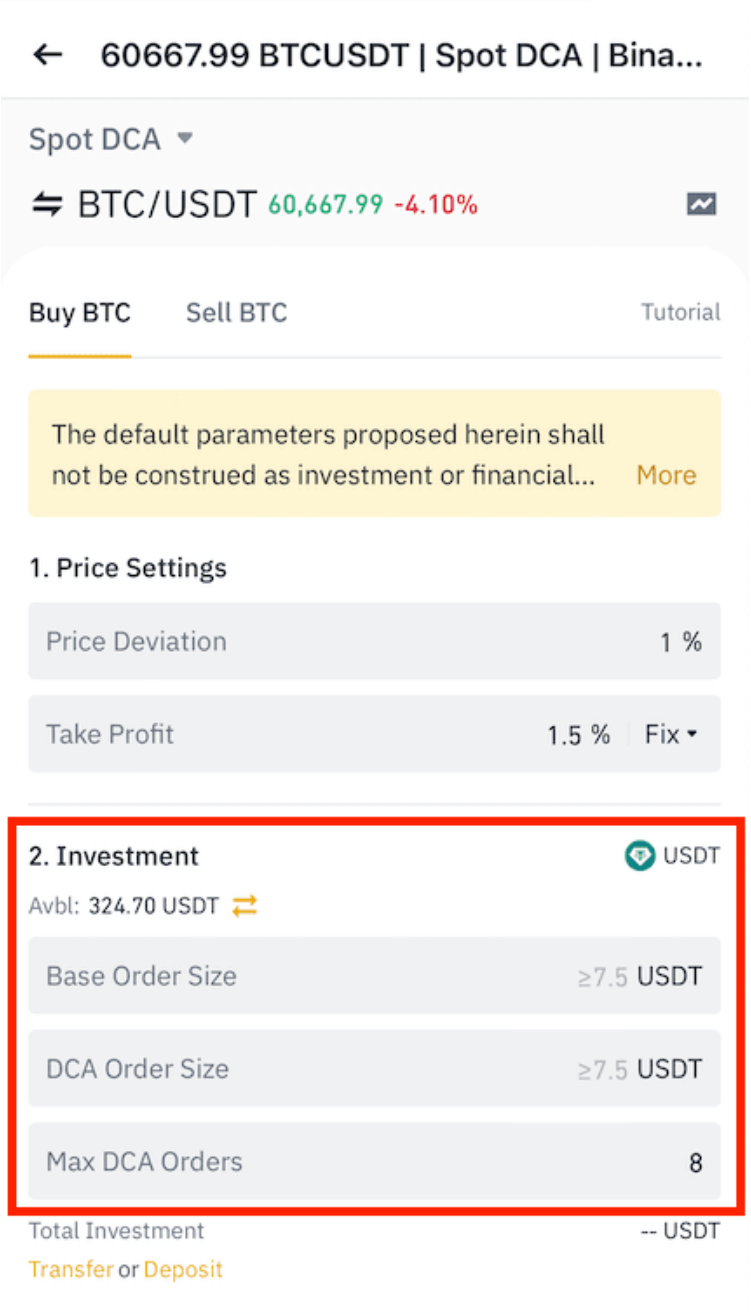


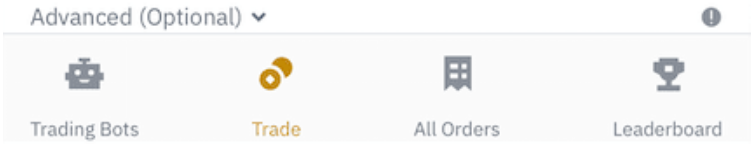




4. Next, enter your investment amount for both base and DCA order sizes and the number of max DCA orders.





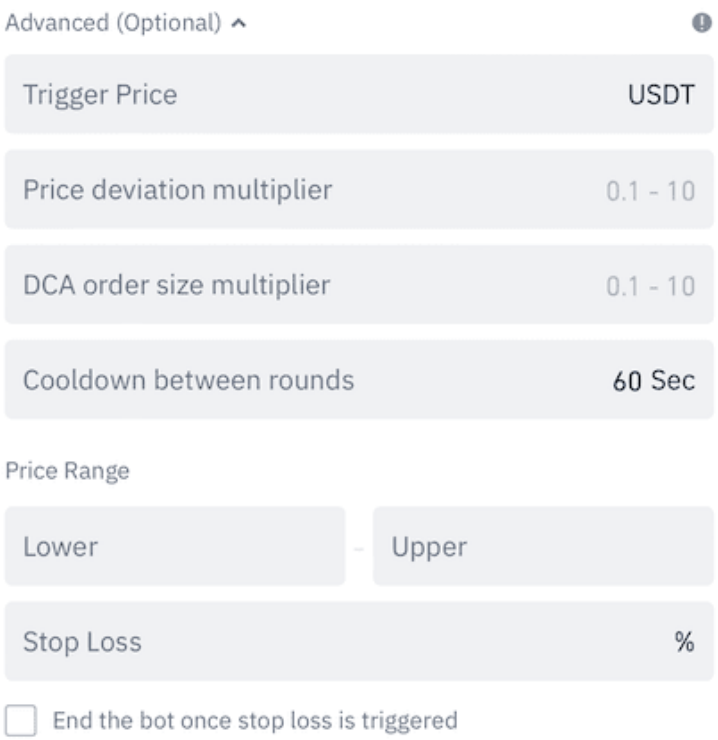


Order settings

- **Price Deviation**: The price difference percentage that triggers DCA orders.
- **Take Profit**: The target profit percentage based on the average price (before each round ends).
  - **[Fix]** is selected by default. Once the trading bot reaches the take profit percentage, it will trigger a take-profit order and start a new round.
  - If you select **[Trailing]**, it will lock the profit by enabling the trading bot to remain open and continue to profit as long as the price moves in the selected direction and mode. When the trading bot moves in the opposite direction by a specific percentage, it will trigger a sell order and start a new round.
    *Note: **[Trailing]** may not be available for certain trading pairs.*
- **Base Order**: The initial investment amount that will not be exceeded.
- **DCA Order**: The subsequent investment amount(s) that will not be exceeded.
- **Max DCA**: The maximum number of DCA orders that will be placed per round.

***Important Note**: You may also set up advanced parameters, such as a trigger price, price deviation multiplier, DCA order size multiplier, cooldown between rounds, lower and upper price range, and stop loss.*

Advanced settings

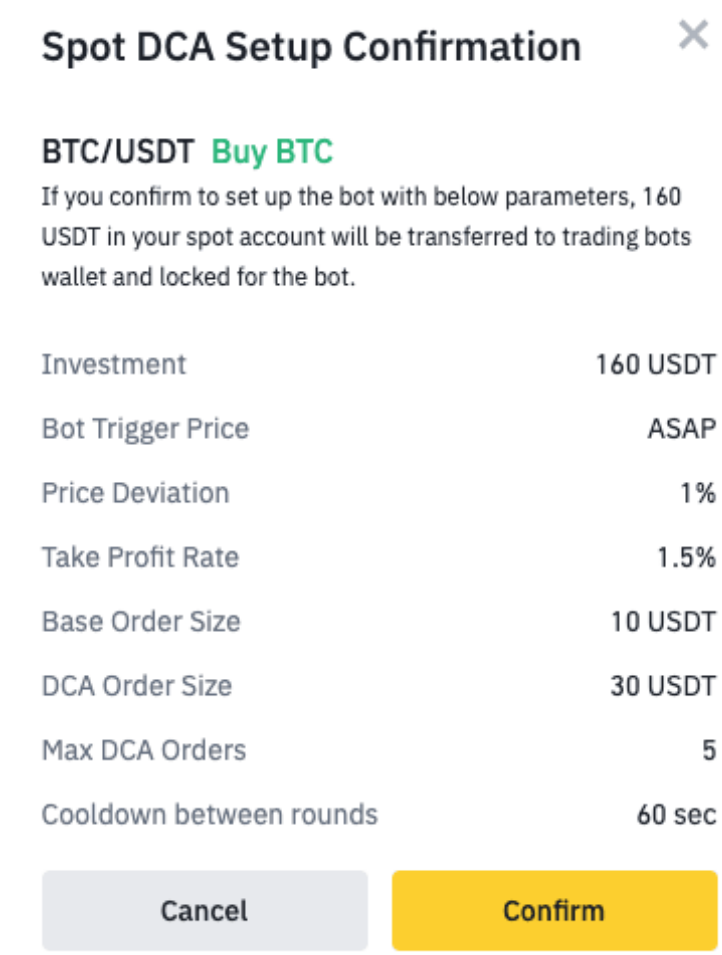


- **Trigger Price:** Price of the token that will trigger the trading bot to start.
- **Price Deviation Multiplier:** The Price Deviation Multiplier determines how the price deviation percentage is multiplied for each subsequent DCA (Dollar-Cost Averaging) order after the initial entry.
- By default, this parameter equals to 1, which means each additional entry will equal the Price Deviation %.
- If the multiplier is set to a value greater than 1, it takes effect from the second DCA entry.
- For example, you are on the buy side and open a long position at $30,000 for a BTC/USDT pair, with a Price Deviation of 1% and a Price Deviation Multiplier of 2.
- Base Order = $30,000
- DCA #1 = Base Order - (Price Deviation (1%) * Base Order) = 30000 - 300 = $29,700
- DCA #2 = DCA #1 - (Price Deviation (1%) * Price Deviation Multiplier (2) * Base Order) = 29700 - 600 = $29,100 (Base order - 3%)
- DCA #3 = DCA #2 - (Price Deviation (1%) * Price Deviation Multiplier (2 * 2) * Base Order) = 29100 - 1200 = $27,900 (Base order - 7%)
- **DCA Order Size Multiplier:** Multiply the subsequent DCA Order investment amount(s). By default, this parameter equals to 1, which means each additional entry will equal the DCA Order amount. Otherwise, the multiplier will take effect from the second DCA order onwards (The first DCA order remains default after the bot has started).
  For example, your DCA order is 1,000 USDT, and your DCA Order Size Multiplier is set to 2. When the price reaches the designated price deviation, each additional entry will be multiplied.

- DCA #1 = 1,000 USDT = 1,000 USDT
- DCA #2 = 1,000 USDT * 2 = 2,000 USDT
- DCA #3 = 1,000 USDT * 2 * 2 = 4,000 USDT

- **Cooldown between Rounds:** Rest period between each round of execution. By default, the cooldown between rounds is 60 seconds.
- **Lower and Upper Price Range:** A price range of the selected token's base order that the trading bot will only execute within. Note: For successive rounds, the base order executed may deviate from the price range due to market volatility.
- **Stop-Loss:** A stop-loss percentage that triggers the trading bot to stop and end.

5. Check the order details carefully before clicking **[Confirm]**.



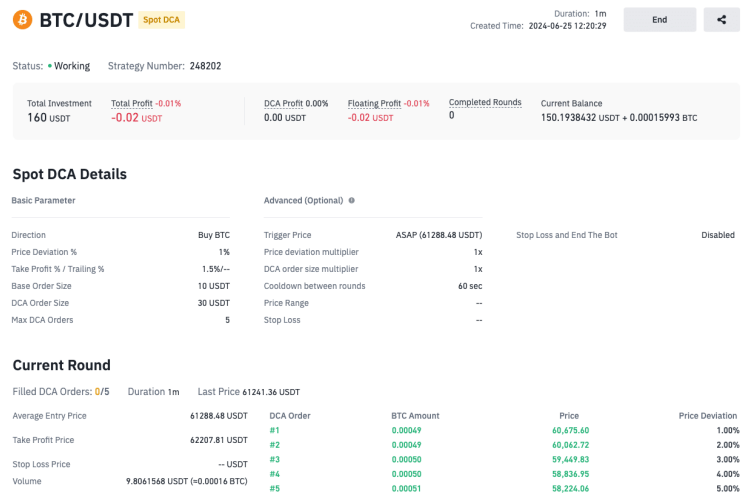
How to view your Spot DCA trading bots?

Website

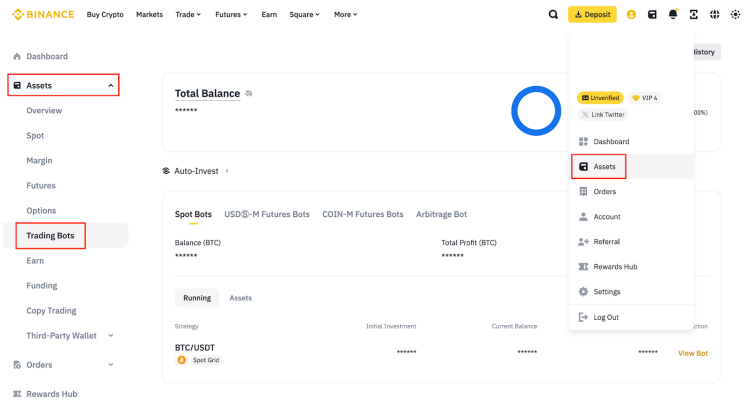
1. To check your Spot DCA orders and history, go to the **[Running]** or **[History]** tab.

2. Click the order icon next to an order to view more details.

3. You'll be then redirected to the details page. Here you can view your profit, parameters, current DCA round, and trade history.

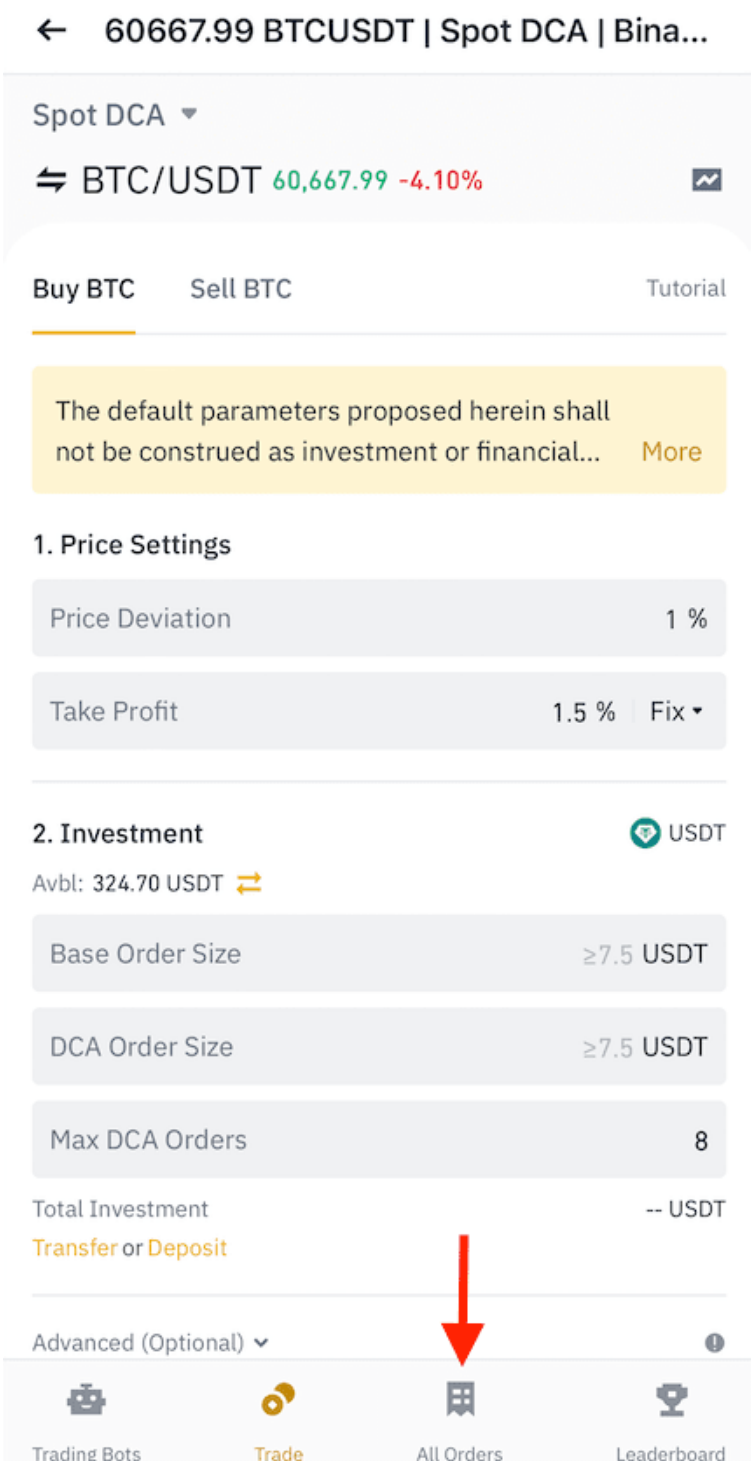


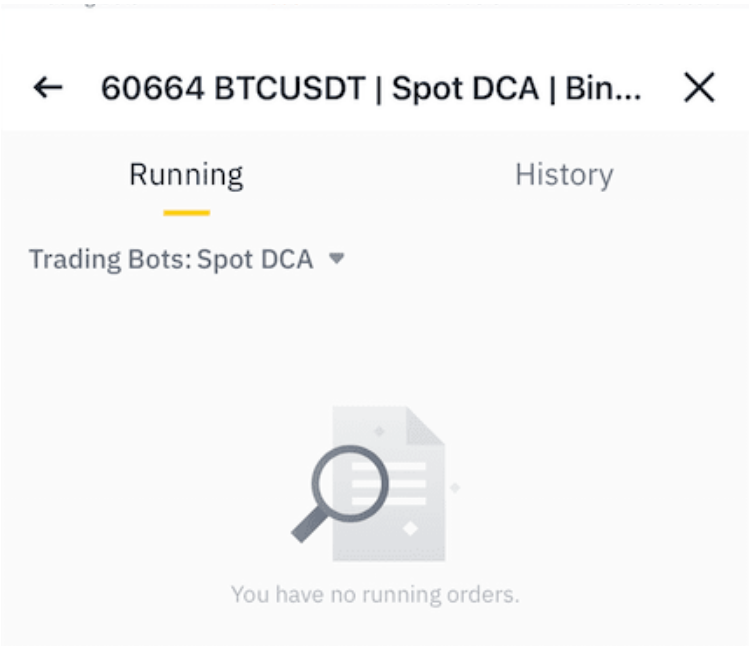
4. To view your trading bots, go to **[Assets]** - **[Trading Bots]**.



App:

Go to the **[All Orders]** tab on the Spot DCA page and you will be able to see your current and past orders.





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