HOW TO SUCCESSFULLY

START TRADING CRYPTO

A STEP-BY-STEP GUIDE

coincodecap

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Creating your first trading account

Before beginning the steps to create an account visit Coinbase or Binance!

- To open, the account simply visit the website and click on sign up
- Add the required details
- Create Your Password
- Upload the required documents for Identity Verification.

List of best Crypto Exchanges

Best Apps for Spot Trading:

Coinbase, Kraken, Binance, Gemini

Best Apps for Futures Trading:

Binance, BYDFi, GMX, Bybit

Best Apps for Derivatives Trading:

GMX, Bybit, BitMex, Binance

Best Apps for Margin Trading:

OKX, Bybit, Poloniex, Binance

Best Apps for Copy Trading:

BYDFI, BingX, Bitget

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Terms around Trading

Order Volume: Volume indicates how much trading activity and interest a cryptocurrency has in a certain time frame, usually a day.

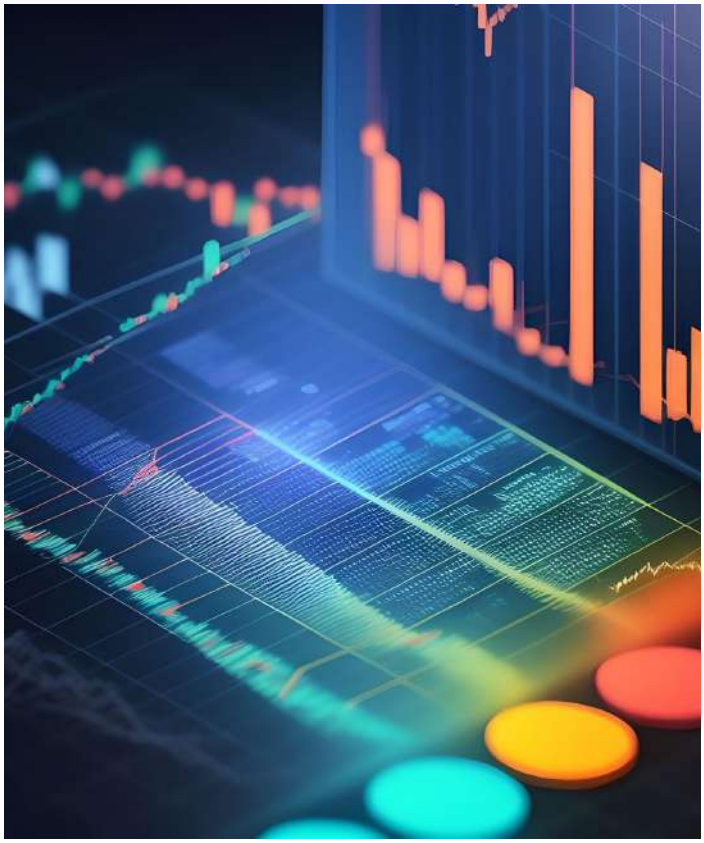
Market Cap: It represents the total worth of all the coins or tokens of a cryptocurrency that are available.

Price Change: This shows the difference between the current price and the previous price of a cryptocurrency, usually expressed as a percentage.

24H High/ Low: 24h high/low are the maximum and minimum prices of a cryptocurrency in the past 24 hours.

ATP: ATP means average transaction price. It is the mean price of a cryptocurrency transaction in a certain time frame.

ATH: ATH means all-time high. It is the highest price that a cryptocurrency has ever achieved since its inception.



Different Types of Orders & related terms

Market Order: A market order is a type of order that executes as quickly as possible at the current market price.

Linit Order: A limit order is a type of order that sets the maximum or minimum price you want to trade at.

Stop Limit Order: A stop-limit order is an order that triggers a market order when the price reaches a certain level. A stop-limit order lets you specify the stop price and the limit price for your trade.

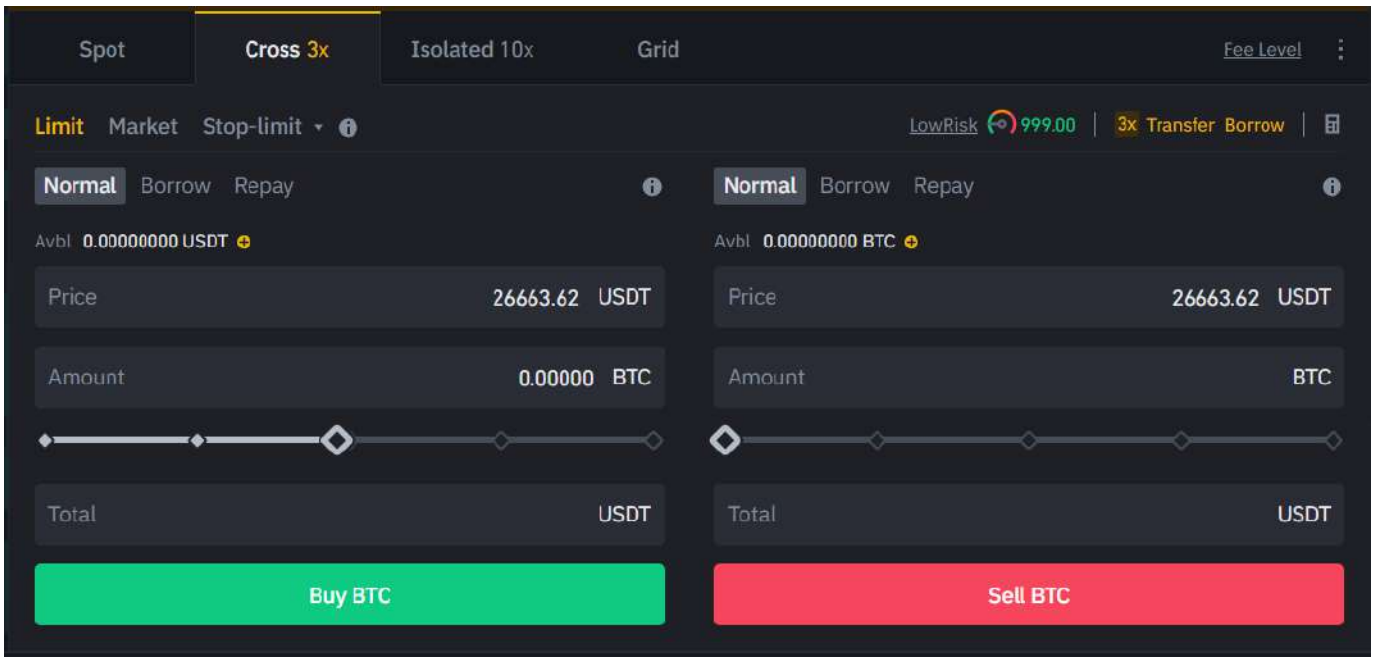
OCO Order: An OCO (One-Cancels-the-Other) order is a type of order that combines two orders with the same quantity, where if one is executed, the other is cancelled.

Stop Loss: This term means setting a price below the current price where you will sell your crypto coins if the price goes down.

Leverage: Leverage means borrowing money from the exchange to trade more crypto coins.

Spread: The difference between the bid and ask prices. It represents the transaction cost for entering a trade.

Volatilit: The measure of the magnitude of price fluctuations in a financial instrument. Higher volatility implies greater price swings and potential trading opportunities.



Support and Resistance

Support and resistance are fundamental concepts in trading that play a crucial role in analyzing and predicting price movements in financial markets. These concepts are derived from the observation that prices often tend to halt, reverse, or react strongly at certain levels.

SUPPORT is a price level where the price of a crypto coin tends to bounce back up when it goes down. It is like a floor that holds the price from falling further. Support can be seen as a sign of buying pressure or demand for the coin.

RESISTANCE is a price level where the price of a crypto coin tends to drop back down when it goes up. it is like a ceiling that blocks the price from rising further. resistance can be seen as a sign of selling pressure or supply for the coin.

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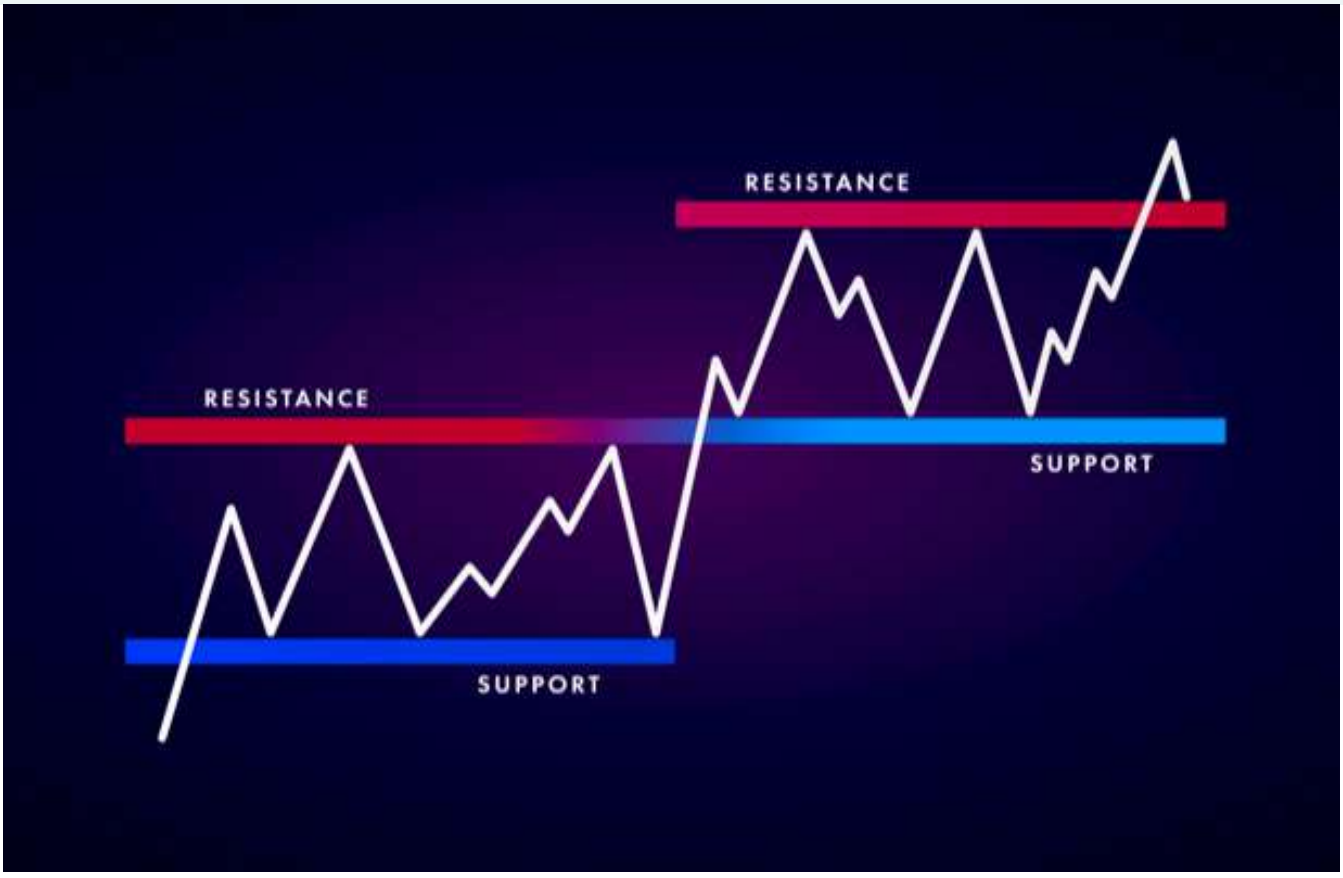

Terms related to Support and Resistance

Support Level

A specific price level at which buying pressure is expected to be strong enough to prevent the price from declining further. It acts as a floor or a "support" for the price, leading to a potential price bounce or consolidation.

Resistance Level

A specific price level at which selling pressure is anticipated to be significant enough to prevent the price from rising further. It acts as a ceiling or a "resistance" for the price, potentially causing a price reversal or consolidation.

Breakout Level

A price movement that surpasses a significant support or resistance level, indicating a potential shift in the prevailing trend. A breakout above a resistance level suggests bullish momentum, while a breakout below a support level implies bearish momentum.

Terms Related To Support And Resistance

False Breakout

A situation where the price briefly moves beyond a support or resistance level but fails to sustain the breakout, resulting in a reversal back within the established range. False breakouts can lead to whipsaw trades and can mislead traders.

Consolidation

A period of price movement where the asset's price trades within a relatively tight range, often between support and resistance levels. It represents a temporary equilibrium between buying and selling pressure before a potential breakout or reversal.

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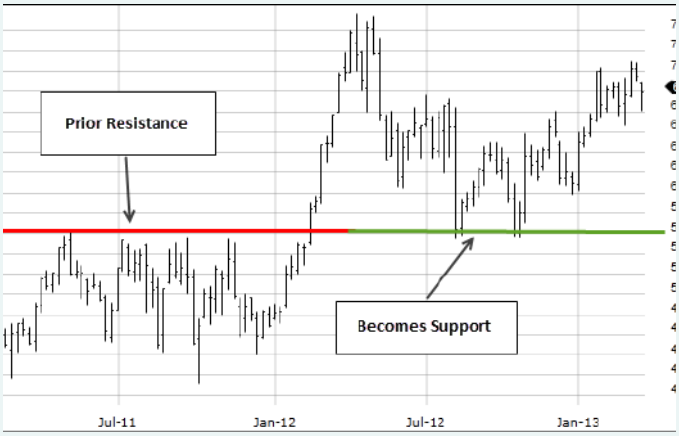
Support-Turned Resistance

When a previously established support level is breached, it often transforms into a resistance level. Traders observe this shift to determine potential selling opportunities or areas where the price may face obstacles.

Terms Related To Support And Resistance



Resistance Turned Support

Conversely, when a previously established resistance level is broken, it can turn into a support level. Traders look for this shift as a potential buying opportunity or a zone where the price may find support in future pullbacks.

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Price Rejection

When the price approaches a support or resistance level but fails to breach it, resulting in a sharp reversal or a significant reaction in the opposite direction. Price rejections indicate the strength of support or resistance levels.

Multiple Time Frame Analysis

Examining support and resistance levels across different time frames, such as daily, weekly, or monthly charts, to gain a comprehensive understanding of significant price levels and their impact on trading decisions

Drawing Trendlines

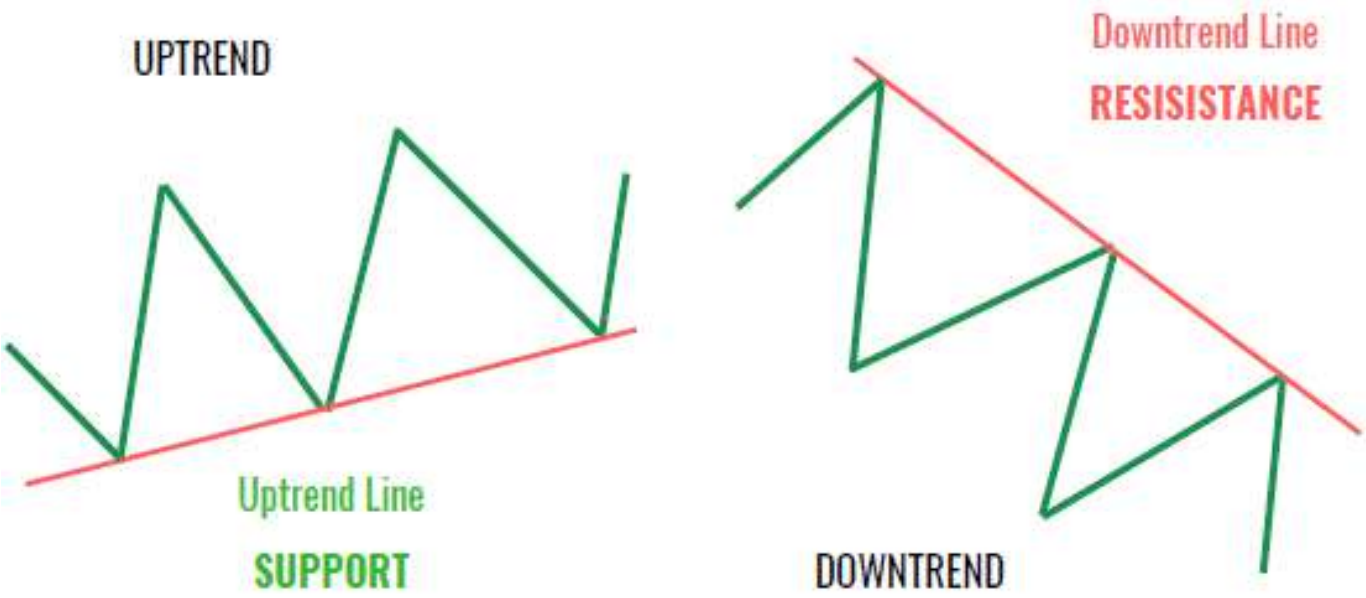
Drawing trendlines on crypto charts can be a valuable tool for technical analysis and identifying potential price trends. Here's a step-by-step guide to help you draw trendlines on crypto charts:

Identify the Trend: Determine the direction of the prevailing trend. A trend can be either upward (bullish), downward (bearish), or sideways (consolidation). Look for higher highs and higher lows in an uptrend, lower highs and lower lows in a downtrend, or relatively flat price movement within a range-bound market.

Start with Swing Points: Locate significant swing points on the chart. These are points where the price made a distinct reversal or change in direction. In an uptrend, swing lows are potential support points, while swing highs act as potential resistance points. In a downtrend, swing highs become potential resistance, and swing lows act as potential support.

Draw Uptrend Line: For an uptrend, draw a line connecting consecutive swing lows. Ensure that the trendline touches or intersects with the most significant swing lows possible. The more times the price touches the trendline without breaking below it, the stronger the trendline becomes.

Draw Downtrend Line: For a downtrend, draw a line connecting consecutive swing highs. The trendline should touch or intersect with the most prominent swing highs. The more times the price touches the trendline without breaking above it, the stronger the trendline becomes.



Drawing Trendlines

Validate the Trendline: Step back and assess if the drawn trendline aligns with the overall price movement and captures the essence of the trend. It should encompass the majority of price action within the trend and exhibit a clear slope in the direction of the trend.

Adjust the Trendline: If needed, make adjustments to the trendline to better align with significant swing points and capture the overall trend. Sometimes, minor deviations or adjustments may be necessary to accommodate additional price data.

Validate with Candlestick Patterns and Volume: Analyze candlestick patterns and volume at or near the trendline to validate its significance. Look for bullish candlestick patterns or increased volume at an uptrend line, and bearish patterns or higher volume near a downtrend line.

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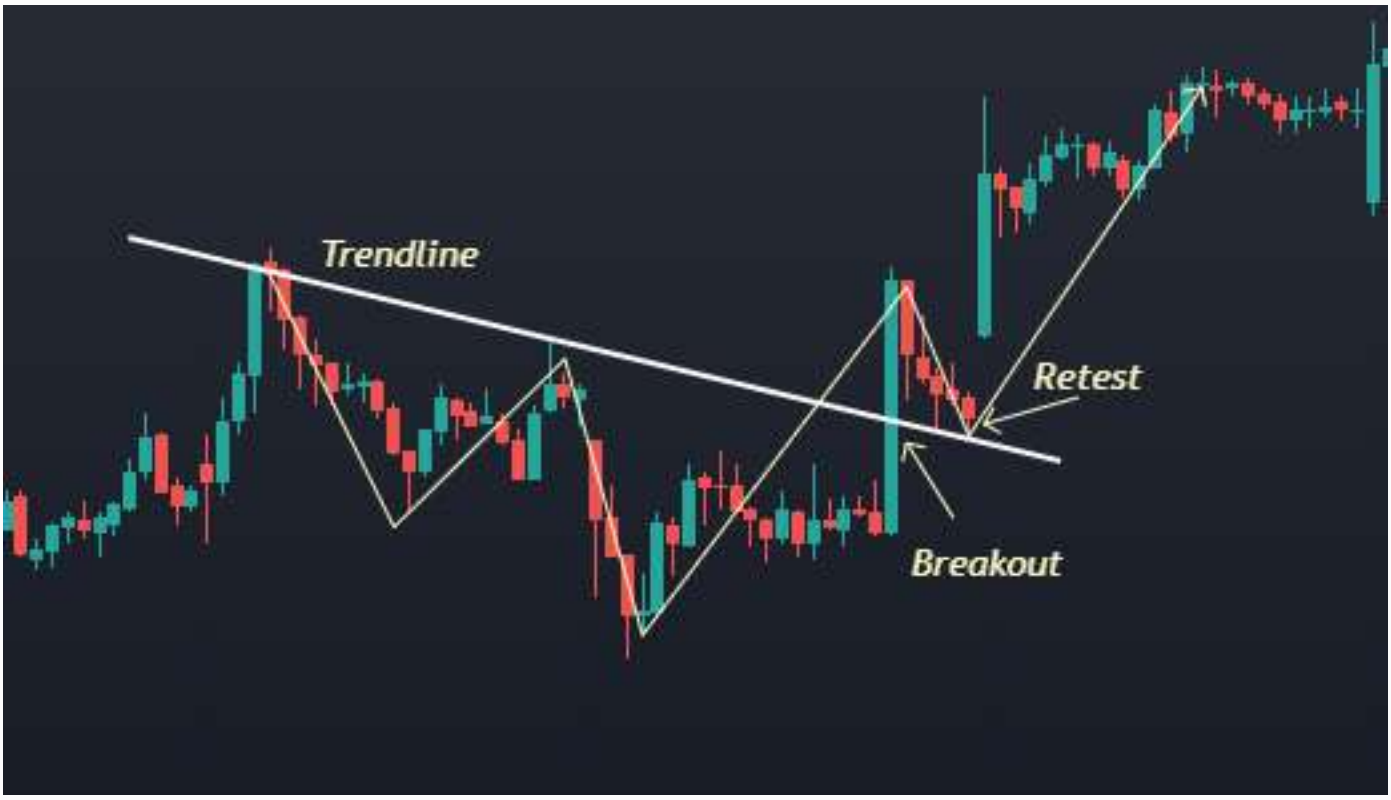
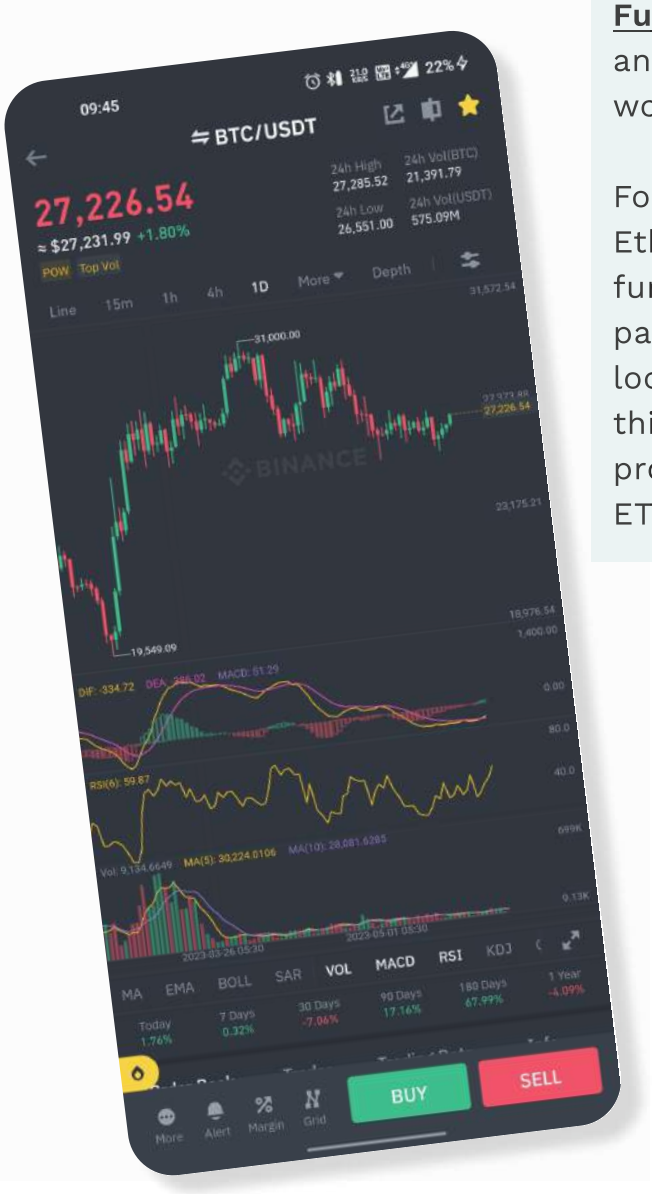


Understanding charts



Fundamental Analysis: Fundamental analysis helps you know if a crypto coin is worth investing in for a long time or not.

For example, let's say Alice wants to buy Ethereum (ETH) for a long time. She does fundamental analysis by reading the white paper, finding out about the team, and looking at how much money it makes. She thinks Ethereum is a good and helpful project with a lot of advantages. She buys ETH for a long time.

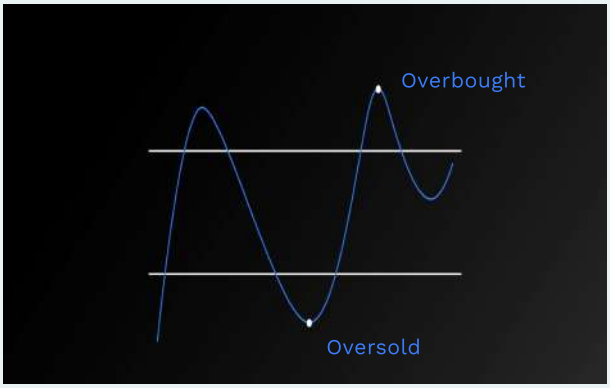
Technical Analysis: Technical analysis helps you guess what the price of a crypto coin will do next and when to buy or sell it.

For example, let's say Bob wants to buy Bitcoin (BTC) for a short time. He does technical analysis by looking at the picture, using numbers, watching the bars, finding lines, and seeing shapes. He thinks Bitcoin is going up with a lot of power. He buys BTC for the short time.

Indicators

Relative Strength Index

RSI means a number that tells you how fast and strong the price of a crypto coin is changing. If the RSI of Bitcoin (BTC) is above 70, it means the price is too high and may go down. If the RSI of BTC is below 30, it means the price is too low and may go up.



Moving Average Convergence Divergence

RSI means a number that tells you how fast and strong the price of a crypto coin is changing. If the RSI of Bitcoin (BTC) is above 70, it means the price is too high and may go down. If the RSI of BTC is below 30, it means the price is too low and may go up.

Volume Weighted Average Price

VWAP means a line that tells you the average price of a crypto coin based on how much it was traded. For example, if the VWAP of Dogecoin (DOGE) is $0.2 and the current price is $0.25, it means the price is higher than the reasonable price and there are more buyers than sellers. If the VWAP of DOGE is $0.2 and the current price is $0.15, it means the price is lower than the reasonable price and there are more sellers than buyers.

Indicators

Ichimoku Cloud

The Ichimoku Cloud is a comprehensive indicator that provides information about support and resistance levels, trend direction, and momentum. It consists of several components, including the Kumo (cloud), Tenkan-sen (fast line), Kijun-sen (baseline), and Chikou Span (lagging line).

Average True Range

ATR measures market volatility by calculating the average range between price highs and lows over a specific period. It helps traders determine the potential profit targets and stop-loss levels based on the current market conditions.

Stochastic Oscillator

The Stochastic Oscillator is a momentum indicator that compares the closing price of an asset to its price range over a specific period. It helps identify overbought and oversold conditions and generates buy or sell signals when the indicator crosses certain threshold levels.

On-Balance Volume

OBV measures buying and selling pressure based on cumulative trading volumes. It helps identify the confirmation of trends and potential trend reversals. Rising OBV suggests buying pressure, while falling OBV indicates selling pressure.

Indicators

Moving Averages

Moving averages are used to identify trends and smooth out price data over a specific period. The two most common types are the Simple Moving Average (SMA) and the Exponential Moving Average (EMA). Traders often look for crossovers between different moving averages as potential buy or sell signals.

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Bollinger Bands

Bollinger Bands consist of a middle band (usually a moving average) and two outer bands that represent the standard deviation of price movements. They help identify volatility and potential price reversal points. When the price touches the upper band, it may indicate overbought conditions, while touching the lower band may suggest oversold conditions.

Fibonacci Retracement

Fibonacci retracement levels are horizontal lines drawn on a price chart based on key Fibonacci ratios (e.g., 23.6%, 38.2%, 61.8%). These levels indicate potential support and resistance areas where price corrections or reversals might occur.

Final Thoughts

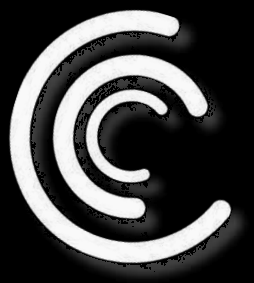
Venturing into the world of crypto trading as a beginner can be both exciting and challenging. However, armed with the right knowledge and tools, you can navigate this complex landscape with confidence and increase your chances of success.

Throughout this guide, we have covered various aspects of crypto trading, including trading strategies, indicators, exchanges, drawing trendlines, and recognizing patterns. Let's summarize the key takeaways:

1. **Trading Strategies:** Develop a solid trading strategy based on your goals, risk tolerance, and market analysis. Consider both short-term and long-term approaches, such as day trading, swing trading, and trend following.
2. **Indicators:** Utilize technical indicators to analyze price movements and identify potential entry and exit points. Popular indicators include moving averages, MACD, RSI, and Bollinger Bands. Experiment with different combinations to find the ones that suit your trading style.
3. **Exchanges:** Choose a reputable cryptocurrency exchange that offers a wide range of coins, robust security measures, and user-friendly interfaces. Consider factors like liquidity, trading fees, customer support, and regulatory compliance when selecting an exchange.
4. **Drawing Trendlines:** Trendlines are valuable tools for identifying support and resistance levels and gauging market sentiment. Use them to understand the overall direction of a cryptocurrency's price and make informed trading decisions.
5. **Patterns:** Study chart patterns such as triangles, head and shoulders, double tops/bottoms, and flags. These patterns can provide insights into potential price reversals or continuations, aiding your decision-making process.

Remember, crypto trading involves risks, and it's crucial to educate yourself continuously, stay updated with market news, and manage your emotions effectively. Start with small investments, gradually increase your position sizes as you gain experience, and always employ proper risk management techniques like setting stop-loss orders.

Additionally, join online communities, follow reputable traders, and engage in discussions to learn from others and broaden your knowledge base. Here are some of our socials to get started!



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gaurav@coincodecap.com

https://t.me/coincodecap