BTCX Advanced eBook

BTCX • Digital Asset Guides

ADVANCED EBOOK

In this e-book, we will go through the most common trading strategies, as well as some you may not have heard of yet. Finding the right one can be a long journey, and we want to make it easier for you. With these tips, tricks, and tools, your trading experience will become more exciting and enjoyable than ever.

Active Trading

Active trading is an act of buying and selling securities in order to make a profit from their short-term movements on the market. The method of active trading is the opposite of the buy-and-hold trading, where the traders rely on the long-term price movements. They consider the short-term ones to be irrelevant. On the other hand, active trading generates a lot of its profit from capturing trends on the market.

Scalping

Scalping is the most commonly used strategy in active trading. It is also the easiest and the fastest, consisting only of a few simple steps. Essentially, scalping means using gaps in the market that are caused by the bid-ask spreads and order flows.

The scalpers usually buy at the bid price and sell for the ask price, while collecting the difference between the two. Also, they tend to hold their positions for a shorter period of time so they would avoid risks. Their profit is rather small since they tend to act on small movements, so they usually aim at more liquid markets.

This strategy makes you act quickly to earn profit. Also, it requires a deeper research and understanding of the market.

Positional Trading

This trading strategy is somewhat more advanced than the previous one, since it involves use of different instruments. Namely, it combines long-term charts with other methods to determine the current trend on the market. The charts can be various - from daily to monthly ones.

When researching a trend, they use a “wave” - comparing the highest of highs with the lowest of lows. This might seem extensive, but it is quite useful since it takes into consideration all the different aspects to determine a trend.

NFP Trading

NFP, or Nonfarm Payrolls, is a strategy that the traders base on the major economic news released in the US each month. The main advantage is that you can get a lot of information to help you determine your next move on the market. On the other hand, the downside is you can only use it once a month.

Right before the release of NFP is when the real action begins. Namely, the market starts to fluctuate, and your job here is to try and predict the
possible results. After that, you compare them with the previous values, deciding what you'll do next.

Swing Trading

Swing trading hits the spotlight when one trend breaks. Namely, swing traders act on the price volatility that is common when one trend ends and the one tries to establish itself. Most often, they base their game plan on the fundamental analysis. This analysis researches the effects on the value of a security.

Top 5 Trading Tips

There are many tips and tricks for trading you can find through various of sources. From books to online courses, the main advice is to keep calm, plan things out and adjust your expectations.

There are also many other that will suit you better, as an individual. Based on your personal traits, you will learn along the way what works best for you on the market. In the meantime, these are the skills you can practice to make your trading experience more enjoyable.

Make a Plan

This is a given. Before you engage with the market, you need to think about what you want to achieve. Also, revise what you are buying and selling, and how much are you going to trade. Without a plan, there is no point in going onto the market, because it is hectic and moves quite fast, so you can easily lose yourself.

Manage Risk

After you've decided on a plan for making your goals a reality on the market, it will be a lot easier to manage risks. Trading is unpredictable, which is a part of its appeal. However, there are some things you can do to try and minimize your losses.

For example, you can research which positions and strategies work best for your game plan. Accordingly, you can choose to open a long or a short position, or to apply scalping or positional trading strategy, among others.

Utilize Technology

Technology is the biggest perk of the modern society. With everything moving so fast, we need technology to be updated with the current events. For that reason, mobile apps are quite useful, since they allow you to access the market within a few seconds, wherever you are.

Also, different trading platforms are assuring you will be up to speed by providing whole sections about the latest market news. With charts, market reviews and other data accessible to every trader, you won't miss anything.

Keep Learning

If you think you know everything about the market, think again. No matter how experienced you are as a trader, there is always something new that can come up and change the game. That's why you should keep researching and familiarizing with new instruments, tools and events. As the market evolves, you should too. That way, you will never be surprised or taken aback by a new development when the trading day starts.

Take Responsibility

By taking responsibility for your mistakes, you learn to do better with each mishap you stumble upon. With every bad day at the market, you can find out something new about it, but also about yourself. Many would be quick to blame their losses on the market, the economics or anything else, really. However, the bottom line is, no one is responsible for you except yourself.