



**beTRADER**   
PROFESSIONAL TRADING

# FROM NOVICE TO EXPERT IN CRYPTO TRADING

The Crypto Manual from A to Z elaborated  
by BeTrader Academy

[betrader.ro](http://betrader.ro)



CRYPTO INITIATION COURSE

**TRANSACTIONS IN THE CRYPTO SPACE**

[www.betrader.ro](http://www.betrader.ro)

## Introduction into the Crypto world:

Investing in crypto-currency or trading opens up a new way to earn money in 2019. If you understand this, it's very good for your budget. The decision, of course still belongs to you, but remember that the Earth still revolves around the Sun even if one disagrees with that. The Cryptocurrency concept will be here a long time, it's not us saying it but Jeff Sprecher the president of the New York Stock Exchange



The image shows a screenshot of a CNBC website article header. At the top is the CNBC logo and navigation menu with categories: MENU, MARKETS, BUSINESS, INVESTING, TECH, POLITICS, CNBC TV. On the right, there are links for SIGN IN, PRO, WATCHLIST, MAKE IT, and a search bar. Below the navigation is a banner for a report titled "How Businesses Are Reimagining the Ultimate Circular Economy" with a "Find out more" link. To the right of the banner are logos for YOKOGAWA (Go-Innovating tomorrow) and CATALYST (Created by). Below the banner, the word "BITCOIN" is displayed in a large, bold font. Underneath, the main headline reads: "Bitcoin and digital assets are here to stay, says NYSE chairman, despite bear market". A small bullet point below the headline states: "• Jeff Sprecher, chairman of the New York Stock Exchange, says bitcoin and other digital assets are here to stay."

and in the following course we will explain what is the minimum necessary knowledge base you need to invest or to trade with cyptocurrency.

You will understand what Bitcoin is, how it works and what makes it valuable.



**Bitcoin** is the first cryptocurrency created. Basically a digital asset made to facilitate the exchange of value in decentralized mechanisms using consensus and cryptography to secure the network, meaning technology **blockchain**.

Until the advent of Bitcoin, the only safe way to transfer value was the centralized banking system, where a person entrusts it's money to the bank witch arranges the transfer for him for a fee (often significant)

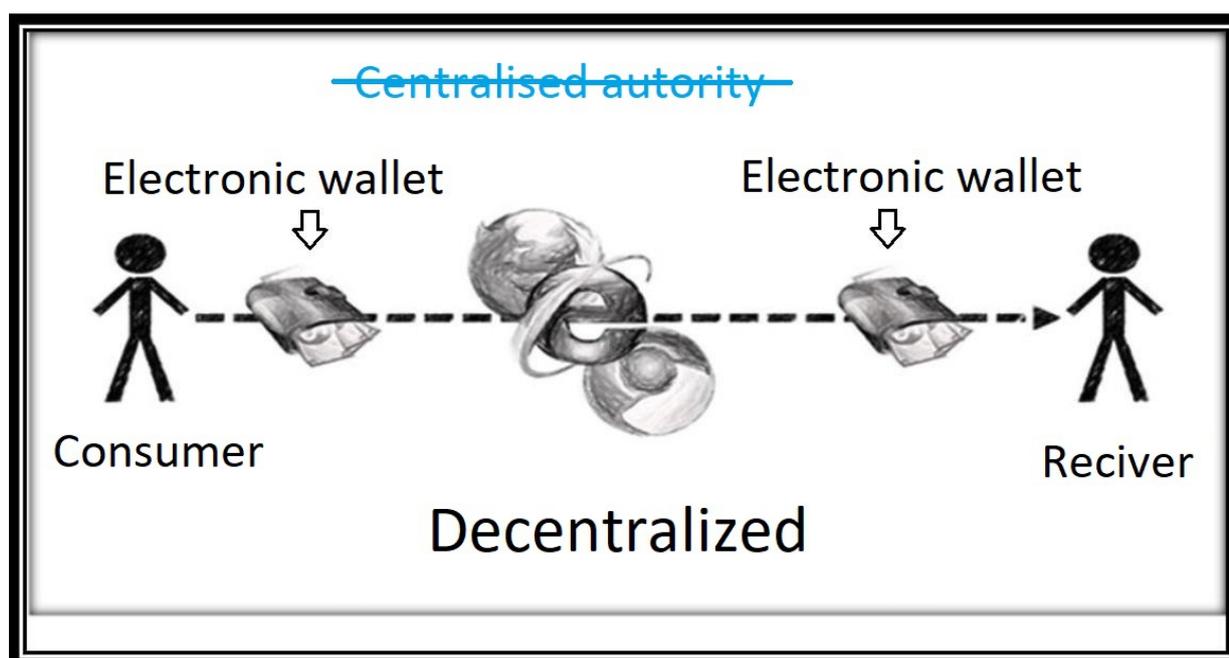


Any person who sends money abroad knows what are the disadvantages of this system are:

- Bureaucracy
- High commissions (Western Union collects a commission of 6% for the transfer of 200\$ )
- Length of transaction (a transaction witch gets sent on Friday night arrives Monday )

- Absolute control of your money given over to the Bank (at any time they can lock your money or reject the transaction)

**Bitcoin** basically provides an alternative to the current banking system as a new way to transfer value, it has the ability to make instant, anonymous and cost efficient transfers of money worldwide. Moreover, it works without human intervention. If in the banking system you entrust your money to the Bank (and thus to the human factor) the Blockchain does the same operation using an algorithm and encryption. Basically the Blockchain space is an alternative to the services offered by companies like Western Union, UAE Exchange, MoneyGram, JP Morgan Chase, etc., solving all the problems named above.

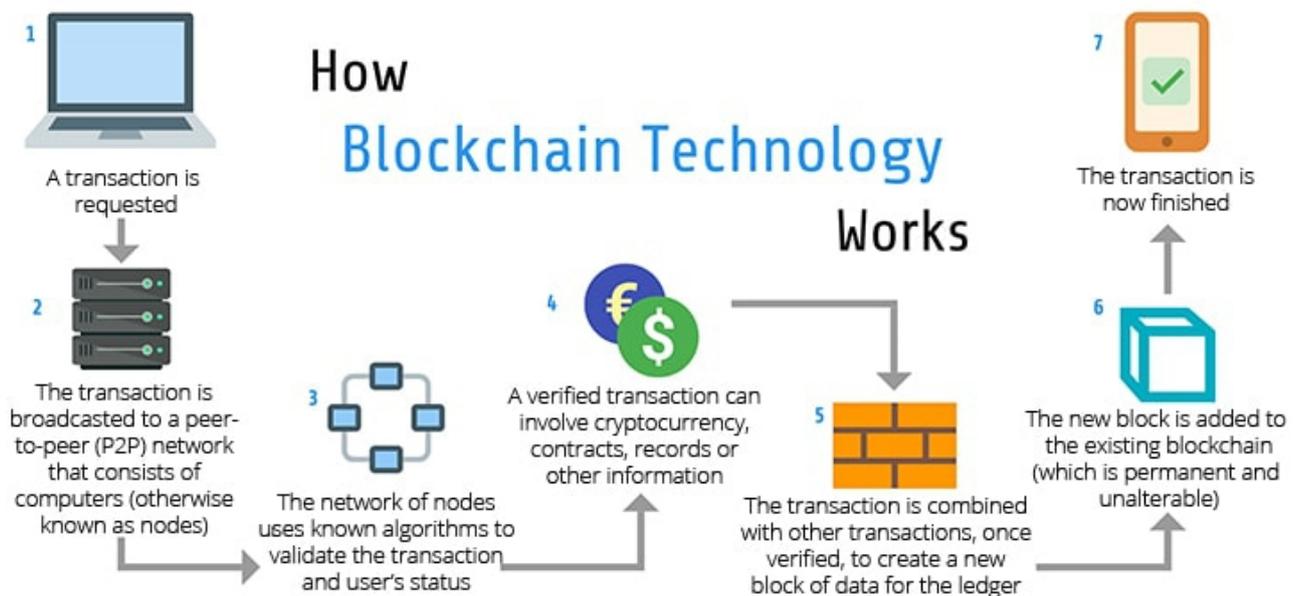


Simply because Bitcoin is a viable potential competitor for an industry that handles bank transfers of over [\\$ 530 billion](#) per year, that gives Bitcoin a market capitalization of over 142,306,221,889 \$ . The valuation takes into account the technological potential. To understand this potential, think how many of you still use classical typewriters, fixed telephones etc, and imagine the same being done

to the classic money transfers methods.

### What is the Blockchain and how it works:

The Blockchain technology is based on the idea of a public ledger that registers all transactions, the transactions are sent to the network for validation. All confirmed transactions are included into the chain of blocks. In this way, network wallets can calculate balances which can be spent and new transactions involving Bitcoin can check that you really own the amount. In order to preserve the integrity and order in the chain encryption is being used.



A transaction is a transfer of value between different Bitcoin wallets that are included in the chain of blocks. Bitcoin wallets retain some secret data called private key. This is used to sign transactions, providing mathematical proof that the transaction comes from the wallet owner. Signatures also prevent the altering of transactions by someone else after they were issued. All transactions are

usually issued between users and begin to be confirmed by the network in the next 10 minutes, through a process called **mining**.

Before we move on, you must understand that there are three ways you can get involved in the Crypto world to make profit, mining, investing and trading. We'll explain what mining is in the next section.

## Mining

Mining is a **consensual distributed system** used to confirm transactions by including them in the chain of blocks. Mining requires a chronological chain of blocks, it protects network neutrality and also allows different computers on the network to agree on the systems condition. To be confirmed, transactions must be included in a **block** complying with strict cryptographic rules that will be verified by Bitcoin network. These rules prevent previous blocks from being modified because this would invalidate all subsequent blocks.

Thus, no individual can control what is included in the chain of blocks or replace parts of the blockchain to withdraw their transactions. Mining confirms that the transaction is unique and there is no possibility to double spend.

For these services miners get a fee, the fee will be automatically redistributed by miners in relation to their contribution to the network.

Any person interested in acquiring the necessary computing power can contribute to the network and can earn a commission.

Ex: Equipment used for mining Bitcoin (BTC)



### How to buy and how to create a Crypto wallet

Buying Bitcoin is the first step you must do in order to enter the crypto market either as an investor or as a trader. Since most alternative currencies (other Cryptocurrency's outside of Bitcoin) can not be bought with traditional currency (fiat currencies), this step is often mandatory. There are some services that will help you buy BTC or ETH quickly and safely, below we leave some examples of each.

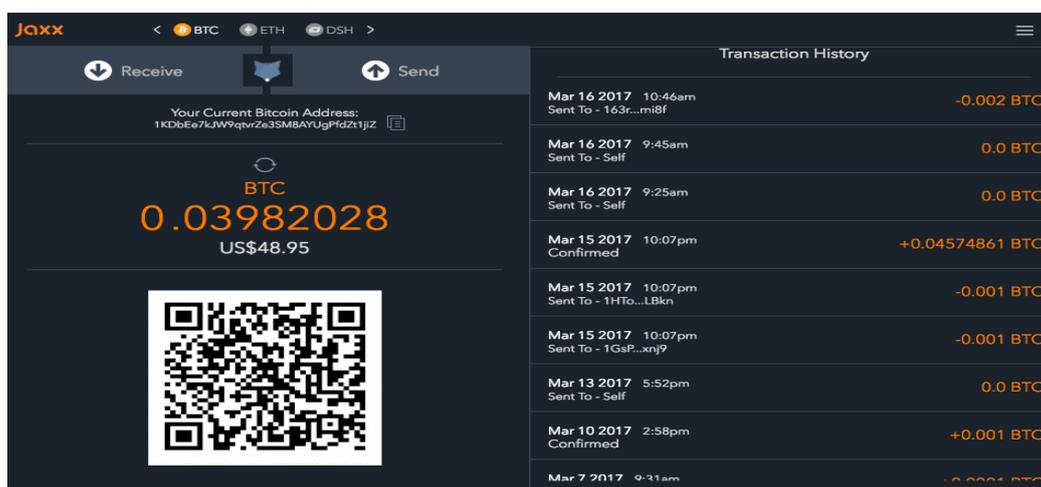
These services work like a traditional foreign exchange, the criptocurrency, the price you pay for your BTC is decided by the exchange service ussing suply and demand - so look carefully at the terms and prices.

Also remember that your investment may be fractional - that you can just buy a

piece of a cryptocurrency, just like buying a slice of pizza. When you buy you will be asked the address of the wallet you want to store your coins in. The location is a long string of characters (34 characters for BTC). There are several types of the electronic wallets.

- **Desktop Wallet:**

This can be installed on your computer, it supports a large number of cryptocurrency's and provides a secure environment. Good desktop Wallets are [Exodus](#) and [Jaxx](#).



- **Mobile Wallet:**

This can be installed on personal phone. It supports a large number of cryptocurrency's and provides a secure environment, 2 good mobile wallets would be [Jaxx](#) and [Mycelium](#).

Both wallet types (mobile or desktop) are recommended for quick access to funds. The vulnerabilities that may compromise the safety of your funds are usually user error, or bad security practices. With decentralization there are a

whole series of advantages but also responsibilities. Each user is responsible for the transactions they make. If you type the wrong address or the wrong amount, the transaction can't be rolled back. It's also everyone's responsibility to keep their desktop-mobile virus free, it's also your responsibility to keep your passwords safe.

- **Hardware Wallet:**

It's the safest kind of electronic wallet, by design it secures your private keys but it's also the most expensive type of wallet. This wallet is ideal for long term storage of cryptocurrency. Recommended hardware wallets are:

[Ledger](#) and [Trezor](#)



Once we have a wallet we can discuss buying cryptocurrency. There are several ways to purchase Bitcoin.

- It can be purchased from the local market,

<https://localbitcoins.com/country/RO>

on localbitcoins vendors can contact buyers and set a price. Being a decentralized method of acquisition is has a higher risk to experience problems. You need to be carefull of the reputation the seller has.

- It can be purchased from various ATMs which sell Bitcoin, the disadvantage here is the high fee charge.
- You can use exchanges, both local and international.

International exchanges:

### Coinbase

The largest exchange in the US, where Coinbase required a high level of personal documents, offers a limited number of altcoin.

### Binance

It is the largest exchange by volume and offers the richest selection of altcoin market. It's a must for every trader that want's to buy altcoins.

### Uphold

It's one of the easiest and cheapest ways to buy Bitcoin. The application is installed on your mobile phone or PC. After intaling the application you cand send euro using a SEPA transaction between your bank and uphold. Then you can buy Bitcoin directly from the application. Unlike other methods the overall fees are reduced to  $> 3\%$ , most of which are due to the SEPA fees charged by the banking system.

## How to trade crypto

So far we have discussed one cryptocurrency (Bitcoin), but there are thousands of cryptocurrencies in the market, all with different prices, different functions, different technologies and adoption rates. If we use an analogy, we can look at the stock market where we have thousands of listed companies. Some companies are major (Apple, Tesla, Intel, Walmart etc) some are small, others are completely bankrupt and it make no sense to invest in.

The motivation to trade this market is profit. We can take as an example Ethereum, 2nd place as capitalization after Bitcoin. If in January 2016 it was 0.9\$, in January 2018 it sold for 1388\$ an increase of 131.867%. One 1000\$ invested in January 2016 would have generated 1.388 million \$.

To buy other cryptocurrencies you need to use a Bitcoin exchange like [Binance](#). It's one of the largest exchanges in Cryptocurrency space with the richest supply of coins.

## What it means to Trade

At the most basic level trading means buying and selling (ideally, buy cheap and sell expensive)

In trading there are four different styles. While many people try to emulate investors like "Warren Buffett", not everyone has the conviction or patience to wait in positions years or decades.

For active investors in the market, it's quite common to enter and exit positions. Depending on the frequency outputs of positions traders can define in four styles.

### 1) Investors

Traders that look closely at the fundamentals of a company before they buy positions which they hold for long periods (months or years) . They can also use long term technical analysis in order to evaluate the company.

### 2) Swing Traders

Traders who follow earnings for a certain period. One can speculate of good or bad earning seasons for a particular company, a new technological innovation, new partnerships, etc. The period a swing trader holds positions can vary between several days and several months.

### 3) Day Traders

The traders that trade daily. It is a full-time job, not intended for the faint of heart, however, there are people who have developed highly effective strategies and work ethic to make it work. As the name says, they trade market movements in a single day.

### 4) Scalp Traders

The goal here: to sell every time you see a window profit and do this very often. This type of trading can last from a few seconds to a few minutes.

## Methods used

Technical trading involves reviewing charts and making decisions based on models and indicators. These models can provide information about where the price will be in the future.

Indicators are additions or overlaps on the chart that provides additional information through mathematical calculations on price and volume. They also tell you where price is likely to go further.

There are four major types of indicators:

- Trend
- Momentum
- Volume
- Volatility

Trend indicators show you in which direction the market moves, if there is a trend or not. These are sometimes called oscillators because they tend to move between high and low values. (MACD) is one of the indicators of trend that we will discuss.

Momentum indicators show you how strong is the trend and you can tell if there will be a reversal. They may be useful for identifying the trend changes. We mention the relative strength index (RSI), Stochastic.

Volume indicators show you how many Bitcoin units are bought and sold over time at that price level. This is useful because when the price changes, volume gives an indication of how strong the move will be. Large volume trends are more likely to be sustained than those with low volume.

Volatility indicators tell you how price changes in a given period. Volatility is very important in the market, and without it there is no way to make money! The price must move to make money.

Why are indicators important? They give you an idea of where the price could go in a particular market.

As a trader, it is your duty to understand where the market might go and prepare for any eventuality. You don't need to know exactly where the market will go, you just need to understand the different possibilities and position yourself for any of them to materialize, good traders make money in the bull market and bear market (it doesn't matter if the price goes up or down, all that matters is what strategies you use)

You should not attach emotionally too much to the market direction, as long as price moves you can make money either way. Indicators will help you do this.

## MACD

Moving Average Convergence Divergence (MACD). This is a trend indicator and it consists of a fast line, slow line, and a histogram. The inputs for this indicator are a faster-moving average (MA-fast), a slower-moving average (MA-slow), and a number defining the period for yet another moving average (MA-period). The MACD fast line is a moving average of the difference between MA-fast and MA-slow.



This seems confusing until you look at the charts and watch what the indicator does and what the price does.

## RSI

Relative Strength Index (RSI). This is a momentum indicator plotted on a separate scale. There's a single line scaled from 0 to 100 that identifies overbought and oversold conditions in the market. Readings over 70 indicate an overbought market, and readings below 30 indicate an oversold market. Got it? Alright, let's see how you can make money from this guy.

The whole idea behind RSI is to pick the tops and bottoms, to get into a market as the trend is reversing. This can help you to take advantage of the whole move. Take a look at the chart below.

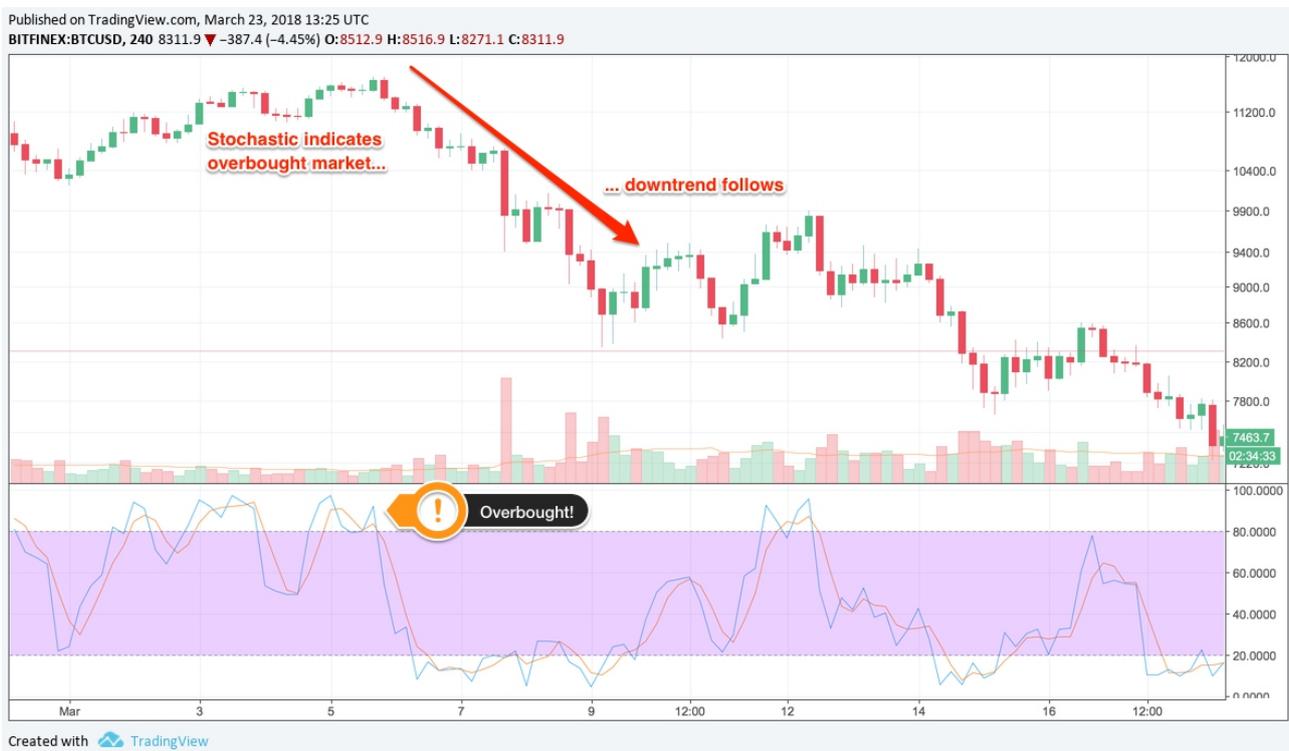


Around Feb 6, the market was deep into oversold territory. This is a strong buy signal. If you had bought the market here and held on until RSI moved above 70 (around Feb 17), then you would've grabbed a whopping 490,000 pips! That's almost \$5,000 per BTC!

## STOCHASTIC RSI

This is a momentum indicator, and can be used to find where a trend might be ending. In a similar fashion to RSI, it's used to determine when an asset is overbought or oversold. It's made up of 2 lines plotted on a separate chart.

As you might've already guessed, stochastic can help you to pick an entry point and get into a trend at the very beginning. When the stochastic lines are above 80, the market is overbought, and a DOWNTREND is likely to follow.



When the stochastic lines are below 20, it indicates that the market is oversold, and an UPTREND is likely to follow.

**Note** that each indicator has its own limitations and will not be correct 100% of the time. However, you can use these indicators in concert to get better signals and overall make more profitable trades.

You can count each signal an indicator gives as a higher probability that the price will go in that direction. If 2-3-4 indicators signal the price might go in a direction (up or down) then there is a higher than 50% probability that it will happen.

Doing that will make you a profitable trader in the end.

