

A BEGINNER'S GUIDE TO MAXIMIZING POTENTIAL



EARNINGS FROM CRYPTOCURRENCY DAY TRADING

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INTRODUCTION/DISCLAIMER

This guide has been written with the intention of providing you with the best tips, strategies, and general advice in order to help you maximize your potential earnings as a day trader on cryptocurrency exchange markets. However, it should be noted that day trading in cryptocurrency—just as in the stock market, as a prime example—carries a degree of risk that can be minimized through following this guide, but cannot be eliminated altogether. **By continuing to read further and by following the advice given in this eBook, you are agreeing that you understand this and that you take full responsibility for your own investment and trading decisions.**

This eBook **does not** go in-depth into the basics of Bitcoin and other cryptocurrencies that will be focused on in the following chapters. If you are new to cryptocurrency altogether, it is highly recommended that you conduct your own research into the topic before reading any further. I've found a great, extremely in-depth "[survival guide](#)" to investing in Bitcoin and Litecoin—arguably the two main contenders in the world of cryptocurrency right now—that can help you get started learning the basics of investing, even as a complete newbie to both investing and cryptocurrency in general.

If you don't have the means to or feel comfortable with the risk of investing into cryptocurrency, you also have the option of "mining" them using your computer hardware. Although a fairly complex topic and process, a few quick Google searches can go a long way in becoming familiar and getting started with it. Complete newbies might want to check out [this guide](#) for an all-in-one resource to get started with mining.

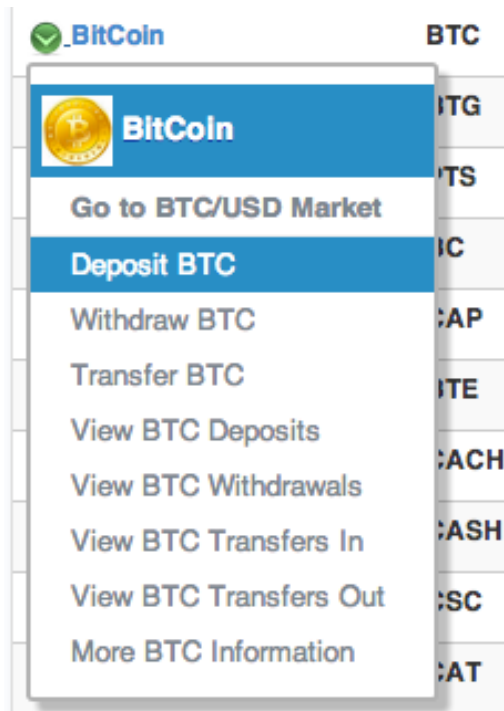
GETTING STARTED WITH CRYPTSY



Although there are many cryptocurrency exchange markets out there, this section of this eBook is going to focus on one of the most popular and widely used today, Cryptsy. Most, if not all, of what you will learn here can be applied at other exchange markets, however it is highly recommended that you stick with Cryptsy, as it is currently the most trusted and holds the largest number of traders. Cryptsy is also unique in that it is one of the few ex-

change markets that is based in the United States and regulated by FinCEN, ensuring that your cryptocurrency investments are safe with them.

If you haven't already, you're going to need to [register an account](#) and make your first deposit. Of course, before you're able to do this, you'll have had to acquire some cryptocurrency first, as Cryptsy does not yet allow deposits in fiat currencies such as the US dollar (however, this feature is expected to be introduced very soon). This can be done either through the process of mining or by purchasing them from another exchange service or merchant. The resources linked in the introduction above can help you with either of these chosen paths.



Once you're registered with Cryptsy and ready to make your first deposit, head on over to the Balances page. Click on the green arrow to the left of your cryptocurrency of choice to bring up its menu, and then select "Deposit ____". From there, click on "Generate New Deposit Address," and then send your cryptocurrency off to that generated address. Your deposit will then take a little while to confirm on Cryptsy, especially for new users. However, it should show up within minutes on your Balances page as "unconfirmed", and should then confirm within 1-2 hours.

Once your deposit is confirmed and posted to your account, you are ready to start trading. However, before you jump into that, you will need to conduct some important research and analysis first.

RESEARCHING & ANALYZING ALTCOINS & MARKET DATA

One of the most important aspects of day trading is conducting some research into the altcoins that you will be trading. At the time of writing this eBook, there are 130 different altcoins that are tradable on Cryptsy, an amount which offers a great deal of choice but can be quite overwhelming, especially to new users.



In order to narrow down your trading options, the first thing that you'll want to do is take a look at market data. More specifically, you'll want to look at some graphs to see how the altcoins have been performing recently. You can go about this by simply looking at the graphs provided on Cryptsy (example

shown above), however this would require you to go through each altcoin market one by one and waste quite a bit of time.

Instead, take a look at the following two resources first: [CoinMarketCap](#) and [CoinWarz](#). You'll see graphs of various altcoin performances under Market Cap Graph on CoinMarketCap and under Exchange Rate on CoinWarz. You'll want to focus more on CoinWarz since it offers a 14-day range as opposed to CoinMarketCap's 7-day range.

At this point you'll want to scroll through the list of altcoins and look for the graphs showing current or recent downward trends. Take notes of which altcoins fall under this category as you're browsing until you've gone through all of them. You can disregard any altcoins that aren't tradable on Cryptsy (unless you're using a different exchange market, in which case you would do the same for that market instead).



Once you have that narrowed down list of potential candidates for trading, it is time to move on to the next step, which is to combine a technical and a fundamental analysis of each altcoin on your list. The former is quite a bit more important than the latter, so we'll start with that. Beginning with the first altcoin on your list, you'll want to visit the Cryptsy market page for that specific coin. For the purpose of providing an example, I will be taking a look at the current state of Dogecoin/Bitcoin on Cryptsy, which has undergone a significantly downward trend over the past month, as shown in the graph above.

Sell orders			Buy Orders		
Price (BTC)	DOGE	Total (BTC)	Price (BTC)	DOGE	Total (BTC)
0.00000099	78858.58604449	0.07807000	0.00000098	16061464.98335148	15.74023568
0.00000100	14778218.75566367	14.77821876	0.00000097	14194247.12916344	13.76841972
0.00000101	15616694.15757542	15.77286110	0.00000096	10647652.87729293	10.22174676
0.00000102	28590132.07152413	29.16193471	0.00000095	11415141.07890869	10.84438402
0.00000103	34009007.50444786	35.02927773	0.00000094	13107136.54273696	12.32070835
0.00000104	27999901.61956839	29.11989768	0.00000093	8281705.73339296	7.70198633
0.00000105	24584041.30872894	25.81324337	0.00000092	7740591.01803472	7.12134374
0.00000106	12225309.66255181	12.95882824	0.00000091	11263859.17008384	10.25011184
0.00000107	8303390.93981923	8.88462831	0.00000090	17305065.77799306	15.57455920
0.00000108	13854516.72494330	14.96287806	0.00000089	5356855.58760314	4.76760147

While Dogecoin would seem like a good trading investment right now since the name of the game is buying low and selling high, I would argue that this is not the case. For one, Dogecoin holds a high amount of volume on Cryptsy, due to its immense popularity at the moment. Although it is certainly possible for Dogecoin to reverse its downward trend sometime in the near future, it has far too many “sell walls” right now alongside significantly weaker “buy walls”, as shown above. As of right now, it would literally take 1550.45825999 BTC (currently equivalent to approximately \$660,000 USD) in buy orders to double Dogecoin from the current value of 0.00000099 BTC per Dogecoin to 0.00000198 BTC in value and in turn double one’s investment into it at the current value.

While Dogecoin would likely pass a fundamental analysis because of its potential future as a thriving and widely used cryptocurrency, it is probably not the best investment to make if you want to make a profit in the short term. You will more often want to trade for altcoins without any significant sell walls so that the potential for its value to rise dramatically within a few hours to a few days is a lot higher. However, doing so does also open up the door to more risk if there are no significant buy walls present that are keeping the altcoin’s

value from plummeting. Even with buy walls present, though, the risk remains present unless you have set the buy wall(s) yourself, since both buy orders and sell orders can be cancelled at any time with no fee or penalty for doing so.

Following is an example of an altcoin market without any significant sell walls and only a single (and small) buy wall in place at the moment: Stablecoin (SBC)/Bitcoin.

Sell orders			Buy Orders		
Price (BTC)	SBC	Total (BTC)	Price (BTC)	SBC	Total (BTC)
0.00000423	1.76532616	0.00000747	0.00000416	6080.30387488	0.02529406
0.00000424	116.22563727	0.00049280	0.00000415	409.37205674	0.00169889
0.00000426	50.00000000	0.00021300	0.00000412	286.54118987	0.00118055
0.00000428	108.35699897	0.00046377	0.00000408	121.75135276	0.00049675
0.00000430	187.29166667	0.00080535	0.00000404	38670.29050409	0.15622797
0.00000433	125.86744186	0.00054501	0.00000403	421.65321844	0.00169926
0.00000435	102.00856836	0.00044374	0.00000396	95.79390496	0.00037934
0.00000436	551.21495785	0.00240330	0.00000350	1737.09438266	0.00607983
0.00000441	134.91845487	0.00059499	0.00000332	87.29166667	0.00028981
0.00000446	100.00000000	0.00044600	0.00000318	32.00000000	0.00010176

The buy wall mentioned above can be seen at the 0.00000404 price, while there is no noteworthy sell wall in sight, even further down the list. It would only cost 0.54362737 BTC (currently equivalent to \$230.60 USD) to more than **double** Stablecoin's value right now by buying out all of the sell orders up until 0.00000849. This would make Stablecoin a much less risky and potentially extremely profitable investment choice, especially for someone with a few hundred dollars worth of Bitcoin invested in Cryptsy that is capable of buying out some of the inexpensive sell orders in hopes of catching the interest of other traders, therefore creating more buyer demand and—in turn—an increase in value. Once that value reaches a comfortable level, you would want to sell or “dump” all of your Stablecoin and move onto a different altcoin by repeating the previous steps of analyzing the markets for a good altcoin candidate. It is always best to diversify based on market data rather than to

solely stick to trading between altcoins that you have already traded with, although it also doesn't hurt to keep an eye on those familiar altcoins as well, as they can easily shoot back down to a value that you're comfortable with re-buying in at. However, your decisions on which altcoins to buy into should ***always*** be decided primarily based on fundamental and technical analysis of the altcoins themselves and of the market data, as they are the most reliable assets in predicting future trends of altcoin values.

Although to a much lesser degree than a technical or market analysis, a fundamental analysis of the altcoins that you will be trading is still important. After you've gone down the list you've made and evaluated potential altcoin candidate(s) for trading based on the available graphs and other overall market data, you will want to do some research on their fundamental value as cryptocurrency. While it is true that most altcoins available for trading are practically worthless as actual digital currencies both at present and likely even in the future, at least in comparison to the mainstream contenders right now like Bitcoin and Litecoin, they serve another important purpose. Many of these altcoins act as platforms for beta testing new and worthwhile cryptocurrency features that could likely be implemented into one of those mainstream contenders at some point.

One example that I'd like to point to is Paycoin (PYC). Paycoin has two very significantly useful and unique features: an extremely quick transaction time and the ability to include a transaction message. These features are very useful to a cryptocurrency's primary purpose: as a currency to be used in exchange for goods and services. Therefore, these features give Paycoin a relatively good fundamental value, even though Paycoin itself doesn't seem as though it will come to ever replace Bitcoin or Litecoin but will more than likely have these features stripped from it and integrated into one of the other, more established, contenders instead.

Altcoin features are not the only determining factors in fundamental value, however. It is also important to consider the dedication of the altcoin's developers, the marketing efforts put into promoting the altcoin for both usage and acceptance by currency exchanges and business, the community of users behind the altcoin, and whether or not the altcoin was "premined." All of this information can be discovered with just a bit of research, [this Bitcoin Talk subforum](#) being a great place to start. Again, don't place too much focus or effort into research and analysis of an altcoin's fundamental aspects. If an altcoin has no real fundamental value, it does not mean that it is definitely not a worthy trading investment. I have traded with and profited from many altcoins that lacked fundamental value in the past because I placed my faith in market trends, buy walls, weak sell walls, and—in some cases—patience.

Now that you understand the basics of research and analysis that should be factored into ***every single trade that you make***, you are almost ready to begin trading! First, though, I will be offering you some more essential tips to take note of as you begin and gain experience. Remember to take your time and begin with the actual trading process slowly so that you can both significantly minimize your risks of taking losses and implement these tips and strategies as successfully as possible.

ESSENTIAL TRADING TIPS



First and foremost, I would like to emphasize the importance of patience. It is almost always better to have some patience and wait for an altcoin that has dropped in value since you invested in it to rise back up than it is to “panic sell” and take a loss. There are quite a few occasions on which I have regretted panic selling after watching my investments drop in value, but I have since learned from those mistakes. Yes, it can be quite scary to see your investments drop in value right before your eyes, but this is something that you will need to get used to seeing quite often because cryptocurrency trading is home to the most volatility out of anything else like it. Bitcoin and altcoin values are constantly fluctuating, which is primarily why day trading between them can be so profitable.

The Forex and stock markets are extremely stable in comparison, and therefore don't hold the same massive potential for substantial profits (or risk) as the cryptocurrency exchange markets. If you're looking for more stability, you might want to consider those options instead. There are actually some great automated trading systems available for those markets unlike anything

that has yet to be developed for cryptocurrency, such as [this Forex software trading system](#), and [this similar piece of software](#) designed for automated stock trading. Of course, you can always combine cryptocurrency day trading with either (or both) Forex and stock market day trading, as long as you don't allow yourself to get overwhelmed, or—more importantly—invest too much money into them.

This brings me to my next tip, and this should go without saying: ***only invest and trade with as much money as you can afford to lose!*** Day trading is always essentially a gamble, no matter what kind of market you're trading on and how much effort and strategy you put into it. Investing more than what you can afford to lose can also have a very negative effect on your trading, as it can cause you to panic sell when you should instead practice patience and avoid taking a loss.

Another very important tip that will seriously help you to maximize earnings and minimize losses: diversify your trades! Do not invest all of your money into a single altcoin, spread it out into at least a handful. With 100+ different altcoin choices on Cryptsy alone, this should not be very hard to do. Try to also invest evenly so that your risk and potential for profit remains the same in every altcoin that you choose.

Once you gain some experience in trading, you will have the opportunity to reflect on the investments and trades that you've made and allow those to influence your future trades. Keep an eye on the markets that have fluctuated the most and also which have remained relatively stable over time, and avoid the latter since they leave little room for earning a profit. Learn from all of your trades, both the good and the bad, and apply what you've learned as you move forward. Using what you've learned, develop a personalized trading strategy and don't be afraid to modify it as you continue gaining experience as a day trader.

Whatever you do, however, ***do not get involved in any “pump and dump” schemes***. These are essentially completed by organized groups, particularly on social media sites like Twitter, and work to artificially inflate the value of a cryptocurrency by rapidly buying out all of its sell orders. This short-term mass of buying volume temporarily raises its value, until the group members and particularly the organizers decide to dump their holdings on late buyers—often hopeful “pump and dumpers” themselves—bringing the cryptocurrency’s value back down, often lower than it was before the “pump and dump” started. These schemes are always extremely risky to their participants and tend to only earn profits for those that organize and conduct them. “Pump and dump” schemes in the stock market are illegal for a reason, and although the application of the laws against them falls into a legal grey area when cryptocurrency is involved, this does not make them expressly legal. You should avoid “pump and dumps” altogether, both as an organizer and as a participant. Stick to day trading and you will remain safe from any potential legal repercussions and significant financial losses that may come with these “pump and dump” schemes.

Another very important tip is to always remain calm and relaxed when trading. Anxiety and panic can bring you to make rash and impulsive decisions and ultimately lose money. If you notice that one of your investments is dropping in value, just remain calm and patient and only make important decisions when you are in a relaxed state of mind. If you find yourself stuck and unable to decide on whether it would be a good idea or not to sell and take a loss, for example, your best bet is to just be patient and possibly seek advice from fellow day traders online or offline to help you make up your mind.

Also very important is to check on the markets at every opportunity that you get. If you’re unable to check on your investments a few times every day, then day trading is not for you. Unlike the stock market, for example,

cryptocurrency trading markets are open 24/7, and dramatic shifts in cryptocurrency values can happen at any time. Therefore, you need to check on your investments multiple times daily if you hope to be successful in day trading.

Lastly, once you've gained enough experience in day trading and have developed a personalized trading strategy for yourself, feel free to research some other trading strategies and incorporate them into your own. You may, for example, want to employ the "Martingale" strategy wherein you invest more into an altcoin that has dropped in value since your initial investment into it. This can potentially (depending on the volume you pump into it) help boost its value back up and increase your profits once its value rises again. Day traders employ various different techniques and strategies into their own trading, and it is always beneficial to learn from their personal tips and experiences even if you don't end up making use of them yourself. You should always be open to learning new things in order to improve your day trading performance.

FINAL NOTES

Now that you've learned the basic steps and tips to day trading, you are ready to get started on your own! Congratulations on making it this far, and I wish you the best of luck as you go forward. Be sure to apply everything that you have learned and you should be on your way to becoming a successful cryptocurrency day trader.

If you've found this eBook helpful, feel free to distribute it to whoever you'd like. You're also welcome to say thank you with a Bitcoin donation of any amount to: `13fpiv9ZbuCYoDRiJwADg8izRogNwncNaJ`.

Thanks for reading and good luck on your journey to becoming a successful cryptocurrency day trader!