

Cryptocurrency for Beginners



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***Disclaimer: This is not financial advice. I am not a professional financial adviser.
Any investment is a risk; you should only invest capital with which you are comfortable losing.***

Welcome to the world of magical internet money!

Even though cryptocurrencies like Bitcoin have been around since 2009, as of November 30th, 2017, only 0.12% of the world's capital is invested into them. This makes you an **EARLY ADOPTER!** Maybe you're a crystal-ball-genius, or maybe you're throwing your money away...let's speculate, shall we?

What is cryptocurrency?

Instead of the printable, paper, government-issued currencies we are accustomed to, cryptocurrency is a purely digital asset. The currency has no inherent value, rather it only has value if people believe it has value (much in the same regard as gold or U.S. Dollars). Cryptocurrency is actually a decentralized method to monitor and record all transactions.



What is a blockchain?

You will see this word thrown around often. A blockchain is an encrypted, ever-increasing record of all transactions performed within a digital currency like Bitcoin. Many users who hold Bitcoin in a wallet also hold a copy of the ledger of every Bitcoin transaction in history leading up to theirs.

Why does this matter?

Simply put, blockchain technology and cryptocurrencies remove the need for banks. Consider the following: if you go to the store to purchase milk and you do not pay with cash, you could use a credit or debit card. That milk represents a certain value, and for you to purchase it, you actually need permission from the bank that supports your credit or debit card to offer compensatory value for the milk. The bank informs the vendor of your ability to provide money. You pay fees to the bank in return for such service, or you allow them to use your money for their investments while they hold your funds. Every single cryptocurrency transaction is recorded on the mathematical blockchain, verifying that every anonymous user has the available currency to exchange value.

How do I begin?

WAIT! Before we begin, you need to understand that any funds you invest in cryptocurrency are **AT RISK**. The market and technology are still relatively new, and as a result, widespread adoption is still speculative. The market is **EXTREMELY VOLATILE**, with swings of +/- 50% value being "normal". From late 2013 to early 2014, for example, the price of one Bitcoin crashed from over \$1250 to under \$300, losing well over 75% value.

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Cryptocurrency Jargon and Key Words

Altcoin: a portmanteau of the words ‘alternative’ and ‘bitcoin’; refers to any cryptocurrency other than Bitcoin.

Bearish: a strong, downward-trending market.

Bitcoin (BTC): the first cryptocurrency to use a blockchain.

Bullish: a strong, upward-trending market.

DYOR: acronym of ‘do your own research’; always be an informed investor.

Ethereum (ETH): a developers’ platform that typically holds the second-largest market cap after Bitcoin.

Exchange: an online forum where cryptocurrencies or fiat can be traded.

Fiat: traditional currency that simply holds value because a government tells people it holds value (ex: US Dollar, Euro, Canadian Dollar, Japanese Yen, Korean Won, etc.).

Fork: a deviation in a block chain creating a new cryptocurrency with new goals and uses (ex: Bitcoin/Bitcoin Cash/Bitcoin Gold or Ethereum/Ethereum Classic).

FOMO: acronym of ‘Fear Of Missing Out’; the idea where people blindly buy into a cryptocurrency trend because they are afraid to lose profitability.

FUD: acronym of ‘Fear, Uncertainty, Doubt’; is a very common view of cryptocurrency outsiders and media who write growth off as a bubble.

HODL: originally a typographical error of the word ‘hold’, now an acronym of ‘Hold On for Dear Life’; referring to the concept of keeping cryptocurrency once bought.

ICO: acronym of ‘Initial Coin Offering’; an incentivizing technique where new developers raise money by offering their coin on exchange at a discounted cost.

Lambo: an abbreviated spelling of Lamborghini; a token symbol of wealth jokingly(?) used by cryptocurrency investors.

Litecoin (LTC): a very popular currency similar to Bitcoin, but with lower transaction times and lower fees; playfully referred to as the silver to Bitcoin’s gold.

Mining: the process of using computing power to generate more cryptocurrency.

POS: acronym of ‘Proof of Stake’; newer algorithm for blockchains (ex: Dash and NEO).

POW: acronym of ‘Proof of Work’; older algorithm for blockchains (ex: Bitcoin, Ethereum, and Litecoin).

Privacy Coin: a coin that maintains total anonymity of users (ex: Monero (XMR)).

Pump and Dump: a technique where many investors artificially raise a coin’s marketcap to create FOMO, then sell their purchases in bulk to generate profit.

Shill: a person or group who shamelessly plugs a certain cryptocurrency.

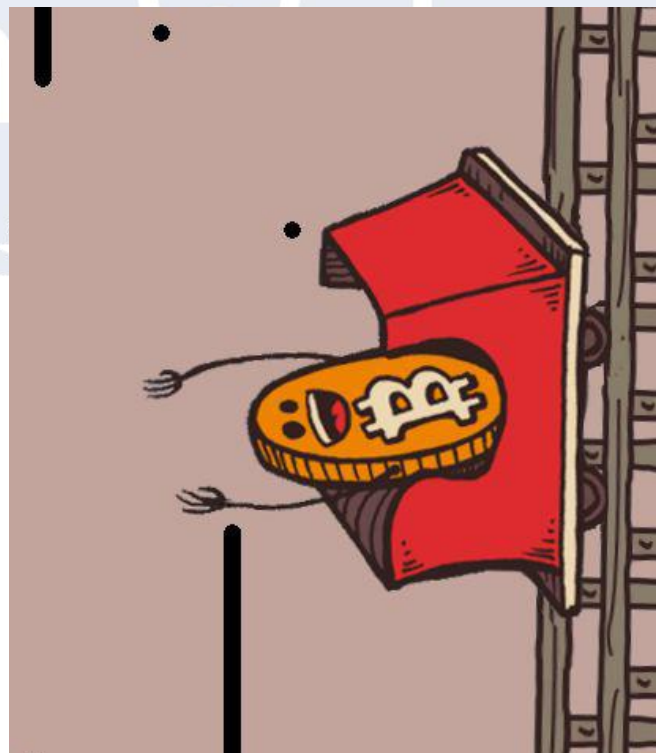
Shitcoin: an altcoin with no inherent uniqueness or utility.

Sideways: a neutral market with no bearish or bullish qualities.

To the Moon: also known as mooning, the idea that a cryptocurrency will increase in value thousandfold, creating wealth for the early adopters.

Wallet: a digital or hardware storage place to keep your cryptocurrencies when not in use.

Whale: an investor or group of investors that have the power to significantly influence the relatively small marketcaps of cryptocurrencies.



Where do I begin?

How to go about converting standard currency into cryptocurrency.

Despite my best efforts to scare you off with warnings of potential financial loss, weird crypto-jargon, and unnecessary acronyms...you're still here. Congratulations, I guess! So you want to take the plunge and convert your fiat dollars into cryptocurrency. For beginning Americans, I would recommend using either one of the following two websites:

- Gemini: <https://gemini.com/>
- Coinbase: <https://www.coinbase.com/>

Both have their advantages and disadvantages, but what is important is they both offer fiat U.S. Dollar pairs with **BOTH** Bitcoin (BTC) and Ethereum (ETH), the two coins with the largest marketcaps. Look through both websites and choose whichever seems preferable to you.

There will be a small delay after you sign up for Gemini or Coinbase until your fiat becomes liquid in your account and you can trade it for BTC or ETH (or in the case of Coinbase, you have an option for Litecoin (LTC) as well).


I would **STRONGLY** suggest you utilize this time to familiarize yourself with the coins you are about to purchase using the following website:

- Coin Marketcap: <https://coinmarketcap.com/>

On this website you can see common pertinent information such as overall marketcap, the marketcap of specific cryptocurrencies, price, volume, circulating supply, trending percentages, and trending line graphs.

| # | Name | Market Cap | Price | Volume (24h) | Circulating Supply | Change (24h) | Price Graph (7d) |
|---|--|-------------------|-------------|------------------|--------------------|--------------|---|
| 1 |  Bitcoin | \$179,572,075,340 | \$10,746.40 | \$11,873,900,000 | 16,709,975 BTC | 0.86% |  |
| 2 |  Ethereum | \$44,247,748,144 | \$460.72 | \$2,832,620,000 | 96,039,807 ETH | -4.79% |  |

Further investigate your coin-of-choice by selecting it. **ALWAYS** research any and all available data prior to making a purchase; be an informed investor!

 Bitcoin (BTC) \$10,288.90 USD (-3.83%) [Buy instantly with credit card](#)

1.00 BTC (0.00%)

| Market Cap | Volume (24h) | Circulating Supply | Max Supply |
|-----------------------|----------------------|--------------------|----------------|
| \$171,928,547,890 USD | \$10,760,100,000 USD | 16,710,100 BTC | 21,000,000 BTC |
| 16,710,100 BTC | 1,056,820 BTC | | |

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What is a wallet? Do I need one?

Yes. You probably* need a wallet. Ownership of a wallet truly depends on your goals and tactics as a cryptocurrency investor. Consider the following questions:

- Do I plan on investing what I consider to be a large amount of money into cryptocurrency?
- Will I be utilizing the HODL philosophy with my cryptocurrency?
- Will I be keeping the majority of my investments in BTC or ETH?

If you answered yes to those questions, then absolutely use a wallet. Wallets take your currency off of exchanges, making you more secure and less vulnerable to hackers (which is an unlikely prospect anyway). The most secure wallets are download-able software wallets such as Exodus, Electrum, or MyEtherWallet, and hardware wallets such as Ledger or TREZOR.



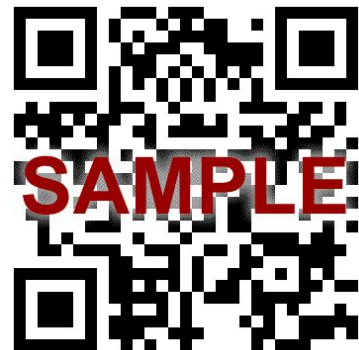
Software:

- Exodus: <https://www.exodus.io/> (VERY beginner-friendly)
- Electrum: <https://electrum.org/#home>
- MyEtherWallet: <https://www.myetherwallet.com/> (ETH and ERC20 coins only)

Hardware:

- Ledger: <https://www.ledgerwallet.com/>
- TREZOR: <https://trezor.io/>

To access your wallet, you will typically need a password and/or a 12-word-seed (which is a string of 12 random English words). Your wallet will also have a unique alphanumeric address as well as a QR code attached to it. Make sure to write down or memorize your password and 12-word-seed, or at the very least keep it in a secure location. Your wallet may have different security protocols than the ones I mentioned, but they're designed to keep your investment secure.



*If you intend on keeping the majority of your investments in altcoins and making frequent trades as opposed to simply HODLing it in BTC or ETH you could keep your cryptocurrencies on exchanges like Coinbase, Gemini, or some of the others I will mention later. This is much less secure and much riskier, but it will allow you to avoid some hefty transfer fees that can be incurred when your wallet is used. The more exchanges you use, the more spread out your investment is, and the less risk you take with this approach...but please understand there is inherent **RISK** with choosing to forgo usage of a wallet.

What is an exchange? How can I purchase altcoins?

Cryptocurrency is the future of currency, but many people get involved in cryptocurrency with the idea of getting rich quickly with dreams of dollar signs and rallying cries of “lambos!” and “to the moon!”. The reality is the days of 1000x returns on a Bitcoin investment are over. However, that reality is still a strong possibility amongst many of the altcoins. If you want to take the **RISK** and speculate on which altcoin will moon, then you will need to enter an exchange to purchase one.

An exchange offers trading pairs for altcoins in terms of ___/BTC and ___/ETH. You can transfer some of the Bitcoin or Ethereum you purchased on Gemini or Coinbase into an exchange to trade for your desired altcoins. There are numerous exchanges, but I would **STRONGLY** recommend you stay with the larger, more reputable exchanges. You will learn which exchanges are ‘large’ while you do your requisite research on the aforementioned Coin Marketcap website. This information is visible on the ‘Markets’ tab of each unique crypto. Some common exchanges are bittrex, poloniex, cryptopia, and binance. For the sheer variety of pairings and ease of use, I would recommend bittrex:

- Bittrex: <https://bittrex.com/>

Once you sign up for an exchange, you can use your wallet’s (or Gemini’s or Coinbase’s) alphanumeric address or QR Code to send BTC or ETH to your new exchange account. Any time you transfer funds between exchanges, fees will be incurred in the form of fractions of a BTC or ETH.

What is an ICO? How do I get started with that?

If you’re feeling incredibly adventurous, you can sign up for an Initial Coin Offering (ICO). This is a new cryptocurrency that is being put into the market by a developer. There are usually incentivizations to sign up for an ICO, such as a percentage of “free” tokens, or a lower price per token than what the developer feels market value will be set at. Potential profits from an ICO can be huge, but the **RISK** is even greater of an ICO failing. Use the following websites to vet ICOs thoroughly:

- <https://www.coinschedule.com/>
- <https://www.icoalert.com/>

Do your own research. The truth is, there are now over 2000 unique cryptocurrencies, and they will not all succeed. To evaluate the potential of an ICO, consider these questions: Does the ICO currency have a niche? Does the ICO currency solve a problem? Does the ICO currency have real-world application? Does the ICO currency advance existing technology? Does the ICO website look legitimate? Does the ICO currency have a talented, experienced team leading it? Does the ICO currency offer a decent white paper and or progression map?

Where can I find more information? What do I do now?

To me, the most interesting and exciting thing about cryptocurrency is that it is a growing, developing, unknown entity. Every investor in cryptocurrency is speculating on what will happen, and no one knows for sure. As such, NEVER PAY A FEE TO SOMEONE FOR ADVICE OR TO INVEST YOUR FUNDS. The only advantage they may have over you is the ability to read market charts, but that is a skill you can acquire with time and practice. Similar to any other financial market, cryptocurrency is susceptible to news and announcements. As such, I read news every day, several times per day.

- <https://www.reddit.com/r/CryptoCurrency/>
- <https://www.coindesk.com/>
- <https://www.cryptocoinsnews.com/>
- <https://www.investing.com/news/cryptocurrency-news>

You can also begin to study market charts. This is called Technical Analysis (TA) and once you spend some time with it, looking at charts can begin to make sense, similar to understanding a new language.

- <https://www.coinigy.com/>
- <https://www.tradingview.com/>

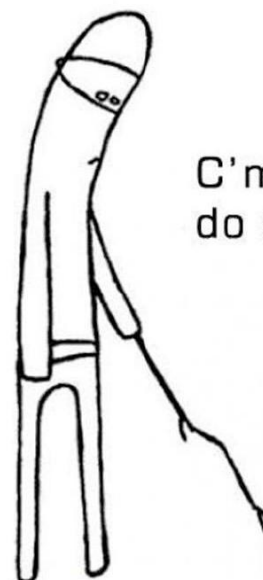
Once you get into the field, it can be addictive checking your portfolio due to the volatile, ever-changing nature of cryptocurrency. This can be accomplished via desktop or mobile portfolio applications. It can be a pain to enter all your information but you only need to do it once.

Desktop:

- <https://cointracking.info/>
- <https://www.cryptocompare.com/>
- <https://altpocket.io/>

Mobile:

- Delta
- Blockfolio

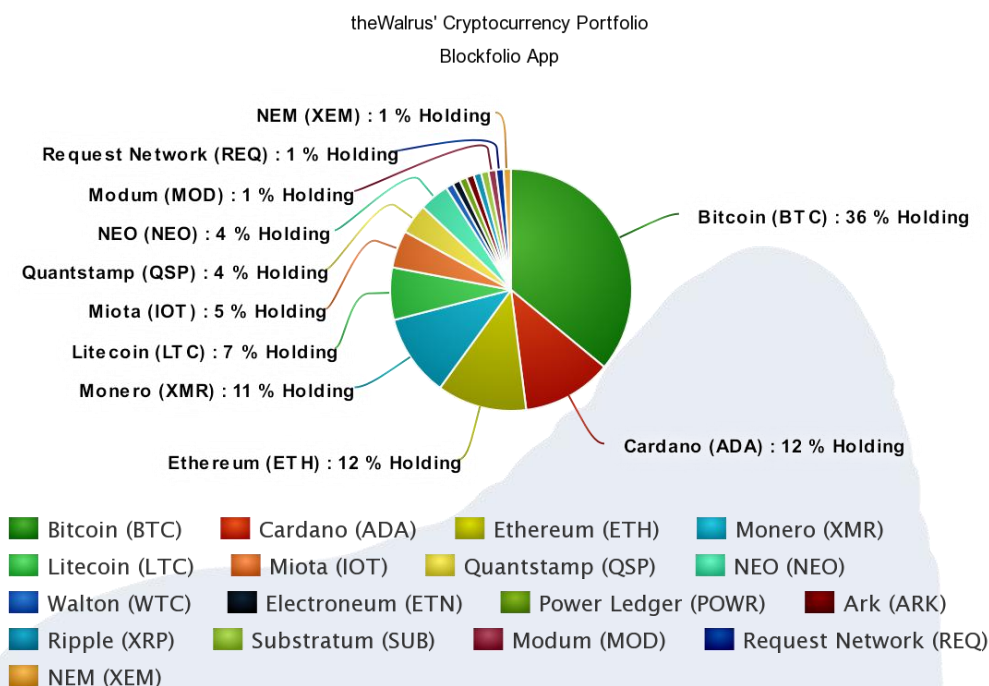


C'mon,
do something...



Author's Full Disclosure and Closing Comments

In a world of misinformation, scams, and shills, I want everyone who reads this to know I am NOT sponsored by any of the websites linked in this guide, nor am I affiliated with any cryptocurrency companies or ICOs. In the interest of transparency, here is my current coin portfolio (November 30th, 2017) broken down by percentage:



meta-chart.com

I am a believer that cryptocurrency is the future of money. I invest in cryptocurrency partially for my own financial gain, and partially because I believe strongly in the concept of 'be your own bank'. Cryptocurrency is currently decentralized, unregulated, and risky...basically, it's the Wild West of investing. I've always been a gambler, and I look at investing in cryptocurrency as a form of risk-taking entertainment as much as I look at it as investing.

There are so many strategies and techniques I did not cover in this beginner guide that I hope you take the time to learn. How to read candlestick charts. Types of candlestick patterns. Dollar-cost-averaging your investments. Buy low, sell high. Strong versus weak hands. Setting stop-loss levels on your investments. When to take profit. When to let it ride. **ALWAYS DO YOUR OWN RESEARCH!**

So many of my friends and family members have been asking me the same questions that I see in forums and in comment sections of videos and articles. I tried to address the pertinent ones here in an easy-to-understand way. These are questions I wish I had found the answers to sooner.

Good luck, strong hands, and bullish markets, fellow crypto investors!

-theWalrus