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How To Trade Cryptocurrency – The Ultimate Guide

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In this guide, let's talk about how to trade cryptocurrency.

Anyone who is remotely interested in <u>learning about crypto</u>has taken part in some form of trading. As it gets more and more mainstream attention, newer players want to enter the market and get their slice of the crypto pie. So, to help those people enter this exciting market, we have created this "Cryptocurrency Trading Guide."

In this guide, we are going to take you through all the steps in order for you to become a crypto-trader. We will be going through the following sections:

- Fiat to Crypto Trading.
- Storing Cryptocurrencies.
- Crypto to Crypto Trading.

How to Trade Cryptocurrency

Fiat to Crypto Trading

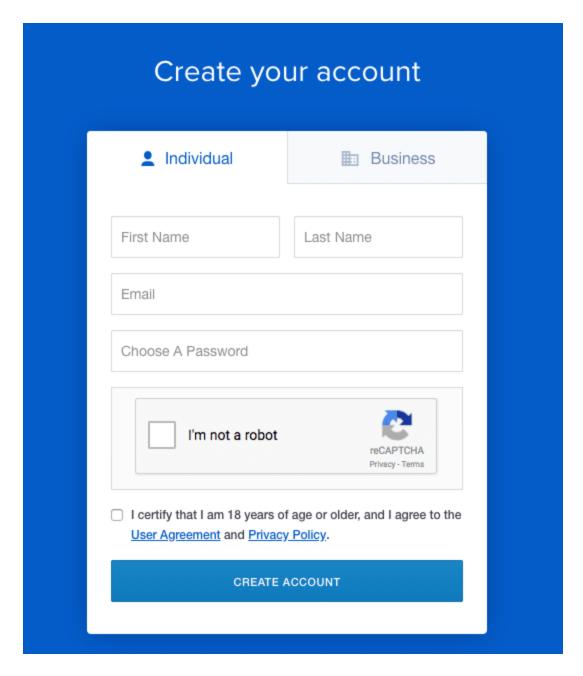
So, you have some money that you want to invest. How are you going to go about it? The portals which connect our world to the crypto-worlds are called "exchanges." There are a <u>lot of exchanges out there</u>, however, before you choose to invest in one, there are certain things you need to look out for. Let's call this the "Exchange Checklist."

- Validity: Before you even do anything, first make sure that the exchange is available in your area. Eg. Coinbase, one of the largest exchanges, is not available in India and Indonesia. So before you do anything please check this.
- **Reputation:** Next thing that you need to check is the reputation of the exchange. Are people happy with their services? Has it been hacked recently? How secure is it? Have people complained about it? Twitter and Reddit are good sources for checking this.
- Exchange Rates: Up next we have the exchange rates. Different exchanges have their own exchange rates which may vary. Do your homework here and research 3 or 4 exchanges and their rates.
- **Safety:** Please always choose exchanges which need some sort of ID verification from you. Even though they may take time, they are easily 100 times more safe and secure than anonymous exchanges. At the end of the day, it is your hard earned money. You must take that extra step to keep it secure.

You can do your own research and choose your exchange, however, in this guide we are going to go with the <u>most popular crypto exchange</u> out there Coinbase. So, let's start trading!

Signing Up and Account Creation

Signing up is a very simple process. The moment you land on **Coinbase.com** just click on "Sign Up". You will now see this screen:



Since you are creating your own personal account, create an "Individual" account as opposed to a "Business" one.

It is a simple matter of putting in your:

- First Name.
- Last Name.
- Email.
- Password.

After you just have to agree to their Terms and Conditions and prove that you are not a robot (if you are a robot and you are reading this then "Hail Skynet!").

Ok, now you have an account set up.

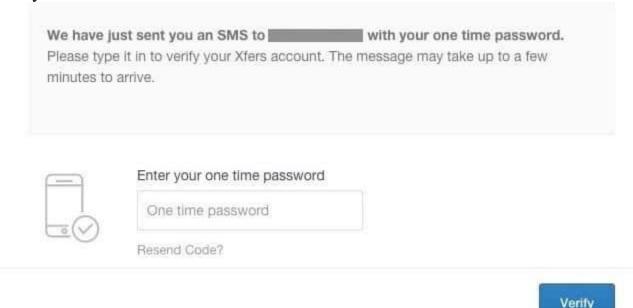
Security and Account Addition

Next up is security and Account addition. In this section you will need to do the following:

• **Phone Verification:** Phone verification is necessary to give your account a 2-step verification process. Firstly, you'll have to enter your phone number

phone n	nsfers are processed by Xfers. Create Imber below. If you already have an 3 d phone number. Read more >			
	Phone Number			
	+65 Phone Number			
	By proceeding you agree with t Coinbase to provide Xfers with			orize
	Odinbase to provide Aleis With	your account in	omaton.	
			Cancel	Add

and you are done.



Adding a Payment Method: Payments in Coinbase can be done via bank account, debit card, and wire transfer. In order to understand the advantages and disadvantages of all these three methods you can simply refer to this table:

	Best for	Buy	Sell	Deposit	Withdraw	Speed
Bank Account (ACH)	Large and small investments	V	V	V	V	4-5 business days
Debit Card	Small investments	~	×	×	×	Instant
Wire Transfer	Large investments	×	×	V	V	1-3 business days

"Buy" and "Sell" refers to buying and selling <u>Bitcoin</u>, <u>Bitcoin Cash</u>, <u>Litecoin</u>, and <u>Ethereum</u>. "Deposit" and "Withdraw" refers to depositing and withdrawing credit in your Coinbase account. The Coinbase help guide will show you exactly what you need to do in order to manage your payment methods. **Click here to read the help guide.** Note: Coinbase doesn't support credit cards anymore.

• **Identity Verification:** Finally, you will need to verify your identity. Since Coinbase is a regulated company, they will need to be compliant with KYC/AML regulations. Before you can use your debit card to purchase anything, you will need to verify your identity. It is a pretty straightforward process, you can **click here to follow the instructions**.

How to Start Trading

Alright! Let's get started.

You have now signed up and then set up your account. How exactly are you going to go about trading now?

In Coinbase you can buy the following coins:

US	EU	UK	AU/CA/SG	US	EU	UK	AU/CA/SG
✓ ²	~	×	✓ ¹	✓¹✓²	~	✓3	✓ ¹
~	V	~	✓ 1	~	~	~	✓1
~	~	V	✓ 1	~	~	~	✓1
×	×	×	×	√ ¹ √ ²	✓ ¹	✓ ¹	✓ 1
×	×	×	×	✓¹✓²	✓ ¹	✓ ¹	✓1
×	×	×	×	✓¹✓²	✓ 1	✓ ¹	✓1
~	~	V	✓ ¹	~	V	~	✓1
~	~	V	✓ ¹	~	V	~	✓1
×	×	×	×	✓¹✓²	✓ 1	✓ ¹	✓ 1
×	×	×	×	✓¹✓²	✓ 1	✓ ¹	✓1
~	~	~	✓ ¹	~	~	~	✓ 1
×	×	×	×	✓¹✓²	✓ ¹	✓ ¹	✓1
✓ ²	×	×	×	✓ ²	✓ ¹	✓ ¹	✓ 1
✓ ²	~	~ 4	✓ ¹	✓¹✓²	✓ 1	v 1	✓ 1
v ²	V	×	~ 1	√ ²	~	✓3	∠ 1
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^{3.} EUR and crypto order books ONLY

You can watch the video here and follow whatever he does to purchase your first bitcoin.

Protecting your Cryptocurrency

^{4.} Send and receive ONLY

^{3.} EUR and crypto order books ONLY

^{*}Available order books vary by country.

In order to protect your cryptocurrency, you *must* have a <u>wallet</u>. The wallet saves your private key and public address which helps you store, send, and receive cryptocurrencies. Even though this should be very clear to you, let's a do a quick run through of what private key and public address means:

Private Key: The private key gives you the right to access and send your money.

Public Address: This is the address where everyone will send you money.

One key thing to remember before we continue, the public address is the one that you will give to others in order to send your money.

DO NOT and we repeat DO NOT give out your private key. The private key is for you and you alone. If you give out your private key to strangers, then they will gain access to your money.

Let's hope we have made that sufficiently clear.

Public AddressGive out to everyone
Private Key If you give it out to everyone then you're screwed

Alright, let's move on.

All crypto wallets fall into the following two categories:

- Hot Storage.
- · Cold Storage.

Hot Storage Vs Cold Storage

Before we go deep into them, let's use an analogy to help understand the difference between the two. The hot wallet is like the wallet you carry around in your pocket. It gives you easy access to your cash but, it is pretty vulnerable.

The cold storage, on the other hand, is like your savings account. Highly impractical for day-to-day use BUT it is extremely safe when you compare the two.

Hot Storage

A wallet that is connected to the internet is termed as "hot storage." The following are examples of hot wallets:

- Exchange wallets.
- Desktop and mobile wallets.

• Multi-Signature wallets

Before we get deep into each of those wallets, let's go through the pros and cons of hot wallets.

Pros of Hot Wallets

- Gives you quick, easy, and instant access to your funds.
- Gets easy support in different devices.
- Very user-friendly and ideal for beginners.

Cons of Hot Wallets

- Vulnerable to hacks and cybercrime.
- Unless the keys have been carefully backed up, if the device is damaged then the wallet will be damaged as well.
- The device in which your hot wallet is saved like your laptop, phone etc. is susceptible to physical robbery as well.

So, now that you have a general idea of what a hot wallet is, let's go through some of the more popular types of hot wallets.

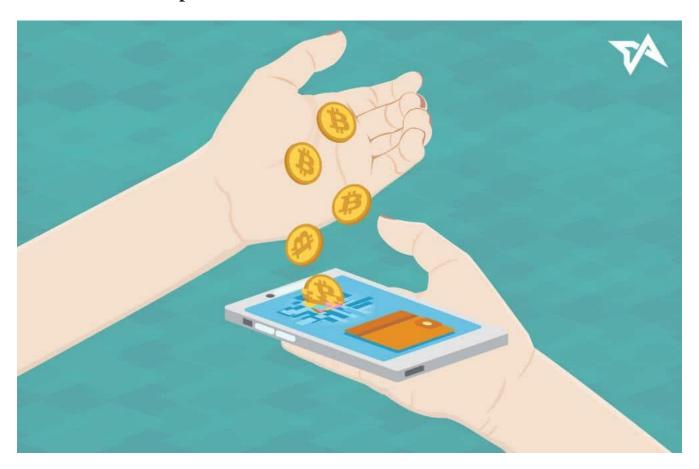
Hot Wallet: Exchange Wallets



This is the easiest wallet that you will ever create. In fact, if you have been following our instructions and have created your Coinbase account then guess what? You have created your exchange wallet already!

The advantages are obvious. It is already linked to your account and gives you quick and easy access for trading. HOWEVER, this also means that you are vulnerable to attacks. Remember, exchanges are a constant target for hackers. We would recommend that you don't keep a major chunk of your cryptos in exchange wallets, keep only as much as you need for trading.

Hot Wallet: Desktop and Mobile Wallets



Desktop and mobile wallets have grown in popularity. Desktop wallets offer more security than exchange wallets. Setting them up is very simple as well. All that you need to do is to download the client in your laptop/desktop and you are done! MultiBit provides an excellent desktop wallet to store Bitcoins.

This video will show you how to create your own Multibit wallet.

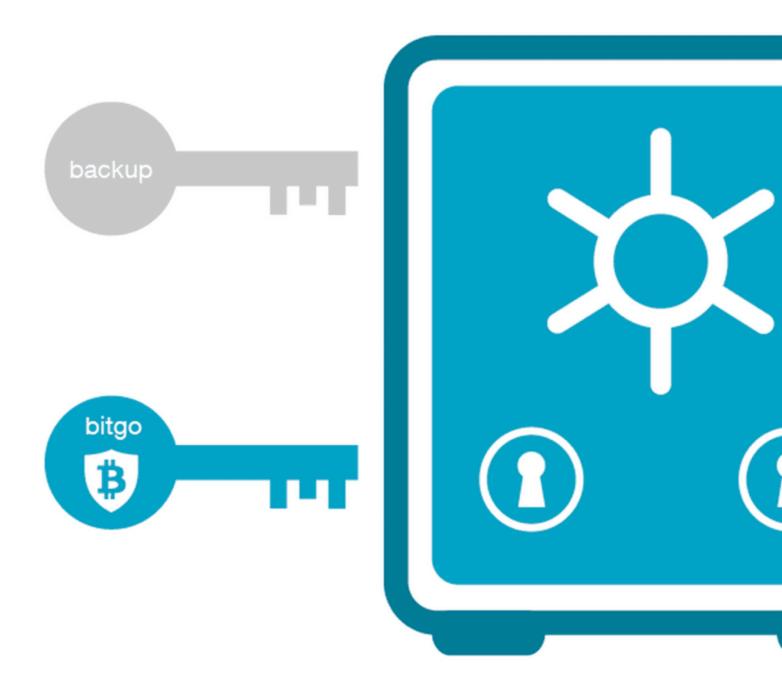
However, there is a problem with desktop wallets. They are not the most flexible of options. After all, you can't access your desktop wallets from any other desktop apart from the one that you have downloaded it in.

This is why, for more users who want flexibility, mobile wallets are a pretty convenient option. Setting up is as simple as downloading an app into your phone. MyCelium is a pretty popular mobile wallet for both Android and iOS.

This video will show you how to set up a Mycelium wallet in your phone.

The problem with both these wallets are that since they are stored in a device which is connected to the internet, they are vulnerable to viruses and hacks.

Hot Wallet: Multisignature Wallets



Have you ever seen one of those old school safes which require multiple keys to open? Or what about those treasure chests which needs 3 or 4 people to put in their keys and unlock at the same time?

That will give you an idea of how Multisignature wallets or multisig wallets work. Most of the ICOs use multi-sig wallets to collect and store their funds. So, why would one want to use multi-sig wallets?

• To protect from corruption: We have all heard stories of ICOs getting millions of dollars in their crowd sale. What is to stop all these developers from taking the money and run away? Human greed is powerful after all. In situations like these, it is far more prudent to accept funds in a multi-sig wallet where all the money and power won't rest on one human being.

• More Security and Assurance: Since the funds are in a multisig wallet, they will automatically be more secure because they are no longer dependent on the whims of one person. Plus, if I am sending my money to a multisig wallet address, then even I will feel reassured that my funds are not being mishandled.

So, how does it work? Let's take BitGo's example.

- BitGo issues 3 private keys. One for the company, one for the user, and the third is a backup.
- Any transaction would require 2/3 of these private keys.
- So, even if a hacker gets their hands on one of these keys, they won't be able to do anything without one more key.

You can learn how to setup a BitGo wallet by watching this.

Cold Storage

While hot wallets give you great accessibility, the fact remains that they are extremely unsafe. That's why, it is more prudent to save the majority of your funds in a cold storage wallet. A cold wallet is completely cut off from the internet, which automatically keeps it safe from hackers and viruses.

Examples of cold storage wallets include:

- Hardware wallet.
- Paper wallet.

Before you learn how to set up each of the above, let's understand the pros and cons of cold wallets.

Pros

- 100% safe from hackers and viruses.
- A great place to store and HODL your coins for a long period of time.

Cons

- Extremely impractical for daily transactions.
- Not beginner friendly.
- It is still vulnerable to human carelessness.

Alright, so now that that's taken care of, let's understand how to set up cold wallets.

Cold Storage: Hardware Wallets



Hardware wallets are physical devices where you can store your cryptocurrency.

The most common form of hardware wallets is the USB style which has been championed by the French company Ledger. The reason why hardware wallets have become so popular is that they give you the storage and security capabilities of a cold wallet while making transactions stupidly simple and straightforward. Basically, it works around and negates the biggest disadvantage of cold wallets.

Pros of Hardware Wallets

- Since it's a cold wallet your private key will be safe and secure. The keys are stored in the protected area of a microcontroller and cannot be transferred out of the device
- They are designed to be sleek and can be carried around easily.
- Transactions are extremely easy. All that you have to do is to plug in the wallet and then follow the instructions given to make your transactions. The UI interface of the wallets is very user-friendly.
- Extremely safe and secure. As of writing, there have been no instances of a hardware wallet hack.
- Has the capability to store multiple addresses for you to send your funds over.
- The wallet is pincode protected, so even if it falls on wrong hands, they won't be able to access your funds. Entering the wrong pin code 3 times will shut down the wallet. In the event of a shutdown, you can still recover your funds by following the restoration details.

Cons of Hardware Wallets

- As with all products, these wallets may also have design flaws. Recently, a design flaw was discovered in Ledger which made it <u>potentially vulnerable</u>. Ledger has addressed the issue since then.
- It is an actual physical object, which means that it can be stolen from you or it can get damaged.
- They are not the most versatile when it comes to storing cryptocurrencies. Trezor stores 10 kinds of coins while Ledger stores around 23.
- Finally, you will have to trust that the company which is creating your hardware wallet is ethical and will not try to mess with the design of your hardware wallet. It asks for trust in an environment which should be trustless.

So, now that the pros and cons have been addressed, let's see how can set one up! Without a doubt the two most popular hardware wallets in the world are Trezor and Ledger Nano S.

Trezor



Trezor is a company based in Prague, who has made one of the easiest and simplest to use Hardware wallets ever. It really is stupidly simple to use and the design is so sleek and light that you can carry it anywhere with you. It is compatible with windows, mac,

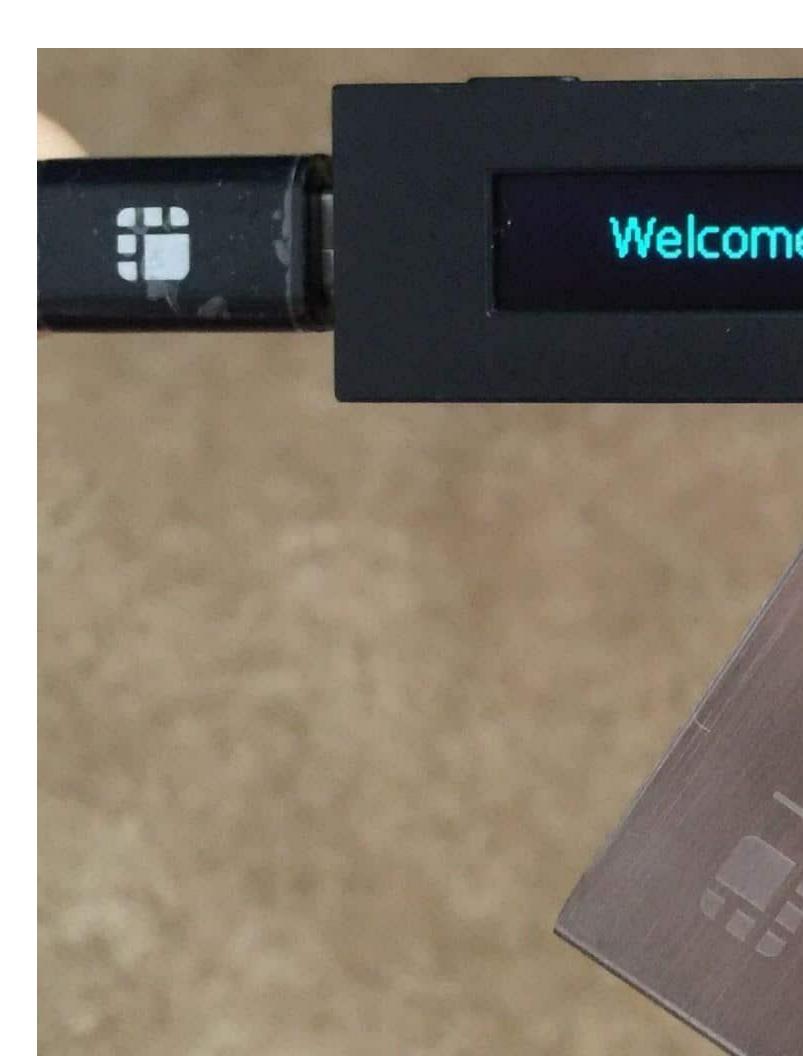
and Linux and using it is a simple matter of plugging it in your laptop and connecting it with one of the following interfaces:

- My Trezor.
- Multibit.
- Electrum.

You can watch this video here to learn how to set up a Trezor wallet

(Also keep count of how many times he says "actual" and "actually". It could be a pretty fun drinking game!)

Ledger Nano S



Blockchain Coding: The Many different Languages Yo...

Blockchain Venture Capitalist: Bitcoin Could Be Th...

Hypothetical Attacks on Cryptocurrencies

Up next we have Ledger Nano S!

Ledger, is a Paris-based company and they have given the crypto-community one of the easiest-to-use, sleek, and popular hardware wallets. They save all your data inside a smartcard which keeps it safe from hackers. Using it is a simple matter of plugging it into your laptop and connecting it to one of the following interfaces:

- The Ledger Wallet, which you can download from chrome extension.
- Mycelium
- Electrum.
- Green Address.
- Greenbits.
- CoinKite
- Copay
- MyEtherWallet

Setting it up is pretty straightforward.

You can watch this video here to learn how to do it.

Cold Storage: Paper Wallets

It could be argued that <u>paper wallets</u> are, hands down, the safest way to store your cryptocurrency. The idea of a paper wallet is very simple. You set up a wallet offline while following some simple instructions and then you simply print out the private and public keys in a piece of paper. The keys will also be printed in the form of a QR code which you can scan in order to get access to your funds.

So, the questions that you must ask now is, do you need a paper wallet?

The short answer....depends.

Are you planning to use your funds in a fairly regular manner? Then no. Paper wallets will be a pain if used like that. It is better for you to get a hardware wallet then.

However, if you are planning to just store your funds for a long time then, without a shadow of a doubt, paper wallet is the way to go.

There are two paper wallet sites that we would like you to check out:

- Walletgenerator.net
- MyEtherWallet.com

Walletgenerator:

If you want to make a paper wallet, then Walletgenerator will give you the easiest interface to work on plus they give you the option of creating multiple paper wallets and support 197 different currencies. Some of the major ones that they support are (in alphabetical order):

- Bitcoin
- Bitcoin Cash.
- Dash.
- Litecoin.

If you want to know how to create your own paper wallet from Walletgenerator then watch this video right here.

When you have made your wallet here, you will get something like this:



You may print this page and store it in a safe. Please ensure that your printer is not connected to the wi-fi when you do so to ensure added security.

MyEtherWallet:

If you want a paper wallet which supports <u>Ethereum</u> and Ethereum-based tokens, then MyEtherWallet is the best option out there.

This video by Tommy World Power will show you how to set it up properly.

When you are done creating the MyEtherWallet you will get the following:



Like before, you may print this and store in a safe and, once again, make sure that your printer is not connected to the wi-fi.

Restoring a cold storage wallet

When you want to bring your cryptocurrency back out of cold storage, you need to import the private key into a suitable online wallet. Any wallet which supports importing private keys will work. The process is simple and intuitive for most wallets. The steps we have given below correspond to using the Bitcoin Unlimited wallet.

- Open the client and click on "Help".
- Select the Debug Window and click on the Console tab.
- Type in the field "importprivkey<private key>" replace <private key> with your private key and the remove quotation marks.
- Hit enter.

This will import all the data from your paper wallet to your online desktop client.

However, do keep in mind that doing so will mean that your funds are immediately exposed to the dangers of a hot wallet.

Crypto to Crypto Trading

Finally, we come to meat and potatoes of crypto-trading. Let's recap what we have learned so far.

We know how to make a Coinbase profile and trade Fiat currency for some select cryptocurrencies.

We also know how to take advantage of hot and cold storage wallets to protect our money.

Now, let's go deeper into trading and see where all we can actually use our crypto to trade and buy other cryptos.

For that, first, we will need to create an account in another exchange, an exchange that enables crypto-to-crypto trading. Majority of the exchanges will only allow you to buy using Bitcoin.

Since Binance is the top crypto-exchange in the world, we will be using it as a reference. However, if you feel that you will be comfortable using some other exchange then feel free to do so.

Note: Please do your research on the security and credibility of the exchanges before you create your account. BlockGeeks will not be held responsible for any inconvenience that you go through.

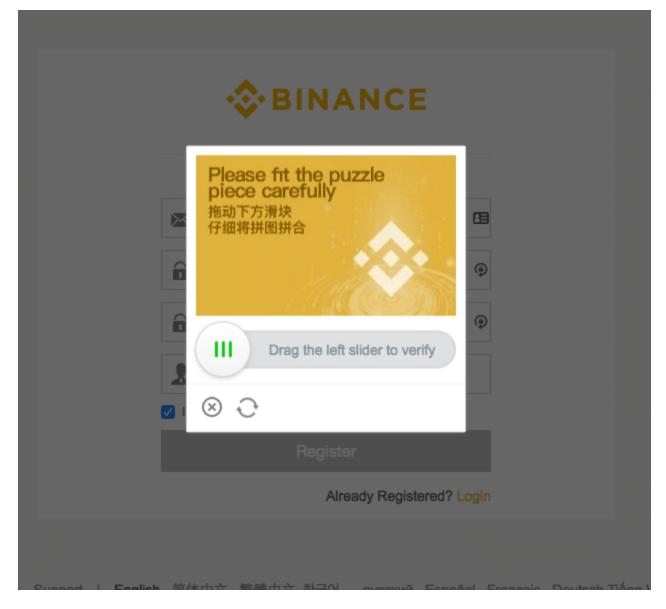
So, let's get started with creating your account!

Signing Up

Firstly, simply go to binance.com and click on register.

Register Register	
Email Email	
Password Password	
Confirm Password	
Referral ID (optional)	
☐ I agree to Binance's Terms Of Use	
Register	
Already Registered? Login	
Home Support English 简体中文 繁體中文 한국어 русский Español Français Deutsc © 2017 Binance.com All Rights Reserved	n Tiếng Việt

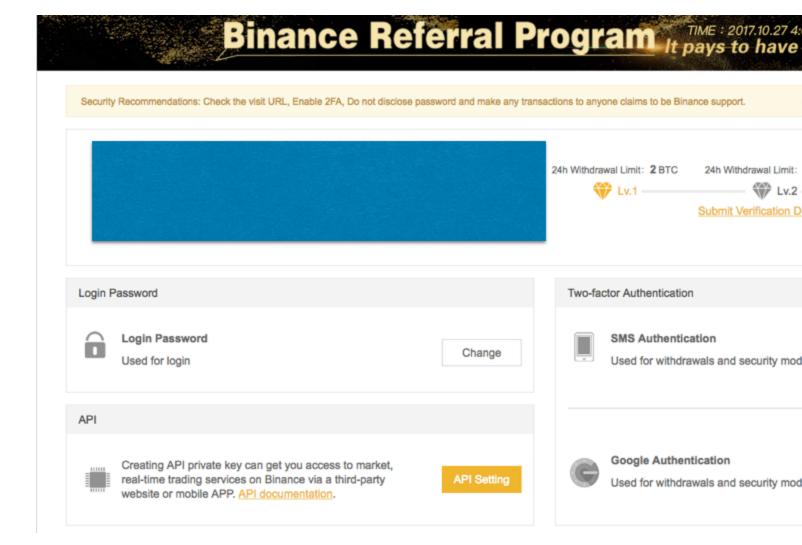
You just need to enter your Email and create a password. Up next, you will be made to prove that you are human by solving a jigsaw puzzle. And no, it is nothing complicated, all that you have to do is to drag your slider towards the right.



After that, you will be sent an email. Just on the click in it to be redirected to Binance. Now, you will have to go through the Safety Risk Notice.

Safety Risk Notice Make sure you are visiting www.binance.com to prevent any phishing attacks. Never install any browser plug-ins that claim to be associated with Binance. Never make any phone calls to anyone that claims to be a Binance Support Representative. Never disclose your Password, Google Authentication Code, SMS Authentication Code or Google Authentication anyone, including Binance Support. Never make transactions or send funds to anyone who claims to be a member of Binance Support. Be sure to pay attention to the above safety precautions at all times to strengthen the protection of your and the support of the sup

When you have gone through all that you will finally be redirected to your dashboard next:



NOTE: We recommend that you enable Google 2FA as well.

How to Trade on Binance

Binance provides a very simple and easy to use interface. You can use the following guides to get an in-depth knowledge of how trading in Binance works:

- The Broke Backpacker Binance Review.
- Video by "Learn to Bitcoin".

Note: Binance has its own local tokens called BNB aka Binance Coin. BNB allows you to pay for the following at discounted rates:

- Trading commissions aka the fees that you have to pay for trading on the platform.
- Withdrawal fees.
- Commission lists.

Using BNB, you will get a 50% discount in the first year which will gradually decrease over time.

Apart from Binance you can also look into the following exchanges. However, do your own research before you register in them:

- Bittrex.
- KuCoin.
- Huobi.

The Technicals

Easily the most intimidating part of trading is all the graphs and lines that you are going to see in all the exchanges. Most often, people don't even bother reading their graphs, but they straightaway buy or sell their crypto, going by the advice of their peers. So, in this section, we are going to go through some popular charts.

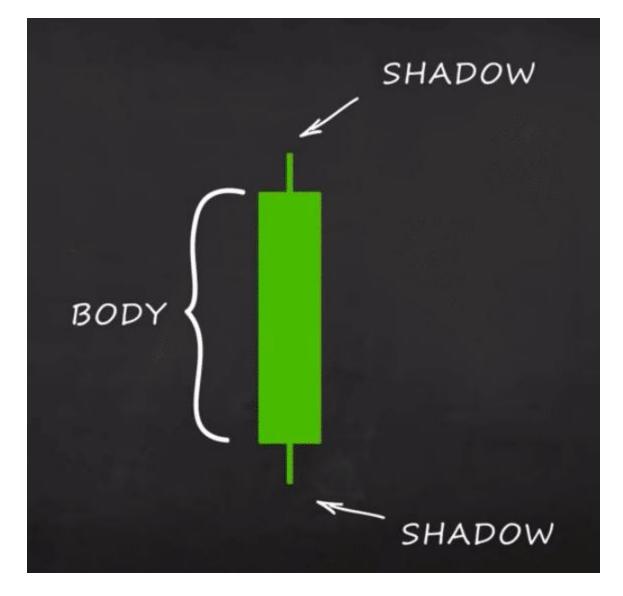
The Japanese Candlestick Charts

By far the most popular chart out there. If you have even visited an exchange's website, then there is a chance that you have seen these before:



The graph above is the daily candlestick chart for BTC/USDT in Binance. What we are going to do now is to help you make sense out of those pretty patterns.

The first thing you will notice is the red and green candlesticks lying one after another. Each candle shows you the price movement of the asset during a specific time interval.



Every candle has a body and a couple of shadows that are sticking out of it. The body shows you the difference between the opening and closing price. The shadows show you how high or how low have these opening and closing prices have gone respectively. In a green candle, the upper shadow is the close price while the lower shadow in the open price and vice-versa for red candlesticks.

The beauty of these candlesticks is that it clearly shows you exactly where the market turned and helps you identify different patterns which may help you predict how the market will act.

There are several patterns and indicators in the candlestick chart and you can see this amazing video by **Trading 212** to help understand these patterns.

Relative Strength Index

Relative Strength Index or RSI measures the strength and speed of a market's price movement by comparing the current price of a cryptocurrency to its past performance. It works by comparing the magnitude of recent gains to recent losses to determine whether a crypto has been overbought or oversold.

The formula looks like this:

$$RSI = 100 - (100/(1-RS))$$

In the equation above, RS is the ratio between the average of the days the coin was up to the average of the days the coin was down.

Now, thankfully you don't need to bother about calculating anything, because the exchange will do it for you.

So, let's take a look into how the RSI graph looks like. We will check the BTC/USDT chart from binance.



We will choose "RSI" from the Indicators menu.

When you do so, the blue graph will appear below the candlestick chart.



Keep in mind, we are checking the daily RSI.

Ok, so there are a few things to keep in mind when we are checking the RSI graph.

- The RSI ranges from 0 to 100
- When the RSI for a particular coin approaches 70 or even crosses 70, then it is considered to be "overbought" aka the crypto in question is getting overvalued, so it may go down.
- On the other hand, if RSI approaches 30, then the crypto is undervalued and will probably go up in value soon.

While RSI is a pretty useful indicator, the truth is that it isn't immune to false buy and false sell signal which can be created by either a large rally or a significant drop in the price of the crypto. This is why RSI should be a tool that you use along with other indicators to predict the future price of a coin.

So, let's look into our RSI graph, especially in this section:

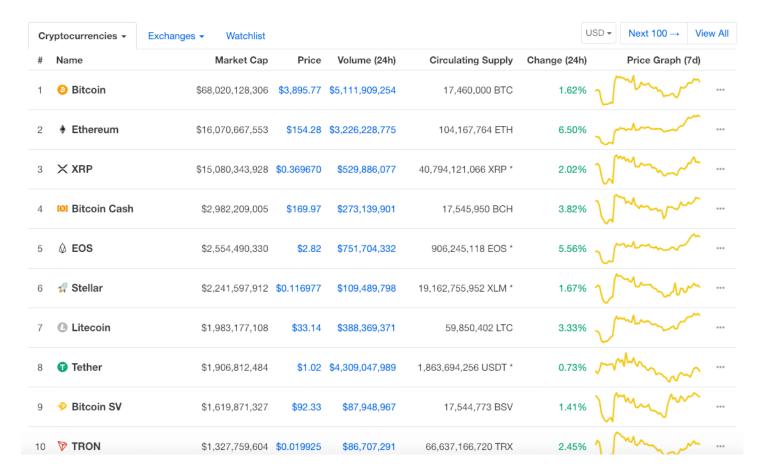


Around 14th November, the RSI of BTC/USDT went below 30, into the undersold area. However, since the market was down, the RSI finally went up on November end, rallied around 30 for a bit before finally going up around 17th December.

Along with RSI, you should also look into moving average and Bollinger bands. You can learn more here.

(BONUS) Helpful tool: CoinMarketCap

Coinmarketcap.com is a very helpful tool for traders who want to gain insight into the health of various cryptocurrencies. The website ranks all the cryptocurrencies by marketcap which is a good indication of its value.



The graph in the rightmost column also gives you a great indicator of how that coin has been performing over time.

Conclusion: How to trade cryptocurrency

So that was the cryptocurrency trading guide. In this guide you learned:

- How to change your FIAT into crypto via an exchange like CoinBase.
- How to store your crypto using Hot and Cold Storage wallets.
- How to buy other cryptos using BTC/ETH via Binance.
- Technical graphs, especially Candlesticks and RSI.

We hope that this guide will be more than enough to get you started on your journey. We sincerely hope that you were able to gain immense value from it.