

[HOW TO MAKE MONEY FROM CRYPTOCURRENCY]
[A complete guide about crypto currency and block chain technology]

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Table of Contents

<u>Introduction.....</u>	<u>6</u>
<u>Chapter 1: Blockchain, Cryptocurrency and Bitcoin: Understanding the Basics</u>	<u>7</u>
<u>Definition and Differences.....</u>	<u>7</u>
<u>Bitcoin vs Blockchain.....</u>	<u>8</u>
<u>How Does Blockchain Technology Work.....</u>	<u>9</u>
<u>Decentralized Network</u>	<u>10</u>
<u>Distributed:.....</u>	<u>10</u>
<u>Time-Sequential Order:.....</u>	<u>10</u>
<u>Consensus:.....</u>	<u>10</u>
<u>Process</u>	<u>11</u>
<u>Creating a Strong Identity</u>	<u>11</u>
<u>Authorization by Advancing in the Distributed Network</u>	<u>11</u>
<u>Announcement.....</u>	<u>11</u>
<u>Protocol.....</u>	<u>12</u>
<u>Verification.....</u>	<u>12</u>
<u>Centralized and Decentralized Networks.....</u>	<u>13</u>
<u>Centralization vs Decentralization.....</u>	<u>13</u>
<u>Scope and Applications of Blockchain Technology.....</u>	<u>14</u>
<u>Blockchain beyond Bitcoin</u>	<u>14</u>
<u>Chapter 2: The Different Types of Crypto Currencies.....</u>	<u>16</u>
<u>How Bitcoin is Different from Other Cryptocurrencies.....</u>	<u>16</u>
<u>A Little Bit of History.....</u>	<u>16</u>
<u>How Bitcoin is More Valuable.....</u>	<u>17</u>
<u>What are Altcoins?</u>	<u>17</u>
<u>Prominent Cryptocurrencies</u>	<u>17</u>
<u>1. Litecoin (LTC).....</u>	<u>17</u>
<u>2. Ethereum (ETH)</u>	<u>18</u>

4. Zcash	18
4. Dash (DASH)	18
5. Ripple	18
How Cryptocurrency Prices Work.....	18
How do cryptocurrency prices compare to fiat currencies?	19
Why Do Cryptocurrency Prices Vary from Time to Time?	19
What are the biggest determinants of cryptocurrency prices?.....	19
<u>Chapter 3: Trading & Earning from Cryptocurrencies</u>	<u>21</u>
Introduction to Trading Platforms.....	21
Types of exchanges.....	21
How to Choose the Right Trading Platform	21
Top Cryptocurrency Exchanges	23
Understanding Cryptocurrency Wallets	24
Definition	24
How Do Crypto Wallets Work?	24
Different kinds of cryptocurrency Wallet	25
Top Crypto Currency Wallets	25
<u>Chapter 4: Trading Strategies of Cryptocurrency.....</u>	<u>27</u>
Conducting TA and FA Analysis.....	27
Why We Need to Conduct Analysis for Cryptocurrencies.....	27
The two Main Type of Analysis	27
Conducting the Fundamental Analysis	28
Conducting Technical Analysis for Cryptocurrency Values.....	28
What is technical analysis based upon.....	29
Some Important Terminology to perform a Technical Analysis	29
How To Perform Technical Analysis.....	29
How does candlestick work?	31
Technical Analysis Patterns	31

Chapter 5: The Future Of Cryptocurrency.....33

The Current Dynamics of Cryptocurrency.....33

The Sustainability of Cryptocurrency in Coming Years34

The Enormous Potential of Investment in Cryptocurrency.....34

The Food Industry..... 34

E-commerce35

Sports Industry.....35

Crypto Currency Can become a Common Global Currency.....35

Introduction

We have all heard the term ‘Cryptocurrency’ but very few people can define what it actually means. The popularity of the virtual currency spread like wildfire in recent years when Bitcoin started to see a massive price hike. People became millionaires overnight. And while a world is making decent money out of cryptocurrency, an overwhelming majority has still no clue about what it is.

Even though many of us have done some research but most of the content on the internet appears to be extremely technical, which makes it a challenge to understand. So when people find it hard to understand, they start believing that it’s next to impossible for them to make money from cryptocurrency.

The purpose of this book is to prove otherwise. Stay with me along this journey of exploring cryptocurrency from its core, and I promise you by the end of this book, you will not only have complete insight about the world of digital currency, but you will also be able to operate in it.

In this book, we’ll discuss the fundamental questions about cryptocurrency, Blockchain technology and all the relevant terms and concepts. Like what is Blockchain? How bitcoin works and how can you trade it? How secure is your cryptocurrency, and what are the benefits of investing in it? What applications can we build using Bitcoin as a platform? And most importantly, how to be a successful investor of cryptocurrency.

Along with exploring the basic structure, we will go in detailed dynamics of cryptocurrency and its scope. The potential surrounding crypto and related technologies in recent years has compelled many businesses to explore what innovation in this area can do for them.

However, there is no doubt that it has already remodeled several industries like internet businesses, real estate, insurance and many more. Developing a thorough understanding is not only a matter of interest, but in many ways, it is essential to cope up with the future of trade and currencies.

Therefore, this book will be nothing less than a complete bible for crypto enthusiasts or anyone interested to understand and invest in it. With the use of common man language and easy examples, I will make it simple for you to grasp all the information from the beginner level definitions to the most acute concepts of the crypto world. So my friends, grab on your reading glasses, here we go!

Chapter 1: Blockchain, Cryptocurrency and Bitcoin: Understanding the Basics

When you start searching for a particular idea or a phenomenon, the first thing you need to make sense of are the confusing but relevant interrelated terms. For example, Blockchain, cryptocurrency and bitcoin. All the information and discussion around digital currency seemed to be wrapped around these three terms. For many, the difference between them is still not clear. Some people also confuse one for another. Hence I thought this is the best point, to begin with. Let's clear out what Blockchain, Cryptocurrency and Bitcoin mean; how are they interlinked but different from each other.

Definition and Differences

Although each of these terms needs to be discussed in detail. Let's start with some quick definitions first.

So, **Blockchain** is the nucleus of all of it. It is the core technology that facilitates the operations of cryptocurrency, a ledger through everything goes on.

A **cryptocurrency** is a medium of exchange. It is similar to our paper money where 'paper' is the medium of value. Except for the fact that cryptocurrency is of course, digital.

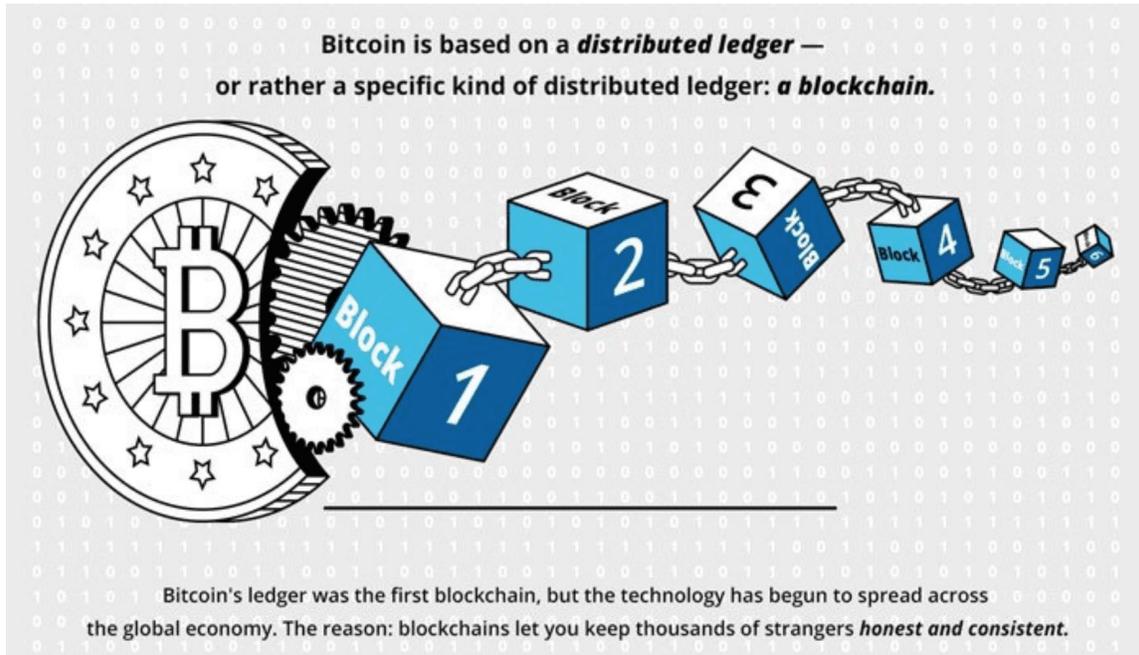
Now **Bitcoin** is the name of a certain *type of cryptocurrency*. Just like we have different currencies categorized by countries (dollar, yen, paisa), there are various types of cryptocurrency as well (not specified for countries of course). Bitcoin is the most famous, most used cryptocurrency for which the Blockchain technology is used.

Read below these specific standard definitions of the three terms to clear out any remaining confusions.

Blockchain: The Blockchain is a type of a decentralized *ledger* technology that registers all the transaction made from bitcoins. Using this technology, members can verify transactions without a requirement for a central clearing authority.

Cryptocurrency: Cryptocurrency is an asset, a digital currency developed with cryptographic protocols that make transactions secure. It operates through Blockchain technology that functions online. To confirm secure transactions, cryptocurrencies use cryptography patterns for each transaction. It is considered to be the base of the future economy and has more than one thousand different types.

Bitcoin: Bitcoin is a digital currency that can also be called as a cryptocurrency. It was designed for the special purpose of making cross-border transactions quicker and convenient. Bitcoin was the first ever application of blockchain which was created to diminish the government's control over the transaction so that the whole process goes on without interference of third-party intermediaries.



Bitcoin vs Blockchain

Now, as we know that bitcoin is a type of crypto, the differences are cut down to bitcoin versus blockchain. Whenever we mention bitcoin and blockchain, they are generally taken as the same because bitcoin was the first ever application of blockchain. Some of these significant variations will help you differentiate between them.

Bitcoin	Blockchain
	
Bitcoin likes to be anonymous and hence even though we can see the transactions in the ledger, they are numbers which are not in any particular sequence.	As blockchain works with various businesses, it should have compliance with KYC and other norms. Hence blockchain is very transparent.

	Bitcoin	Blockchain
Definition	Crypto-currency	A technology/ Ledger
Purpose	To add convenience and increase the speed of transactions without much of government control.	To provide a decentralized low cost, safe and secure online portal for peer-to-peer transactions.
Trade	Bitcoin is developed as a trading currency (cryptocurrency)	Blockchain is a vast technology that can quickly transfer anything from currencies to property rights of stocks.
Scope	The scope of bitcoin is limited.	The blockchain can acquire continuous developments and is used for multiple purposes

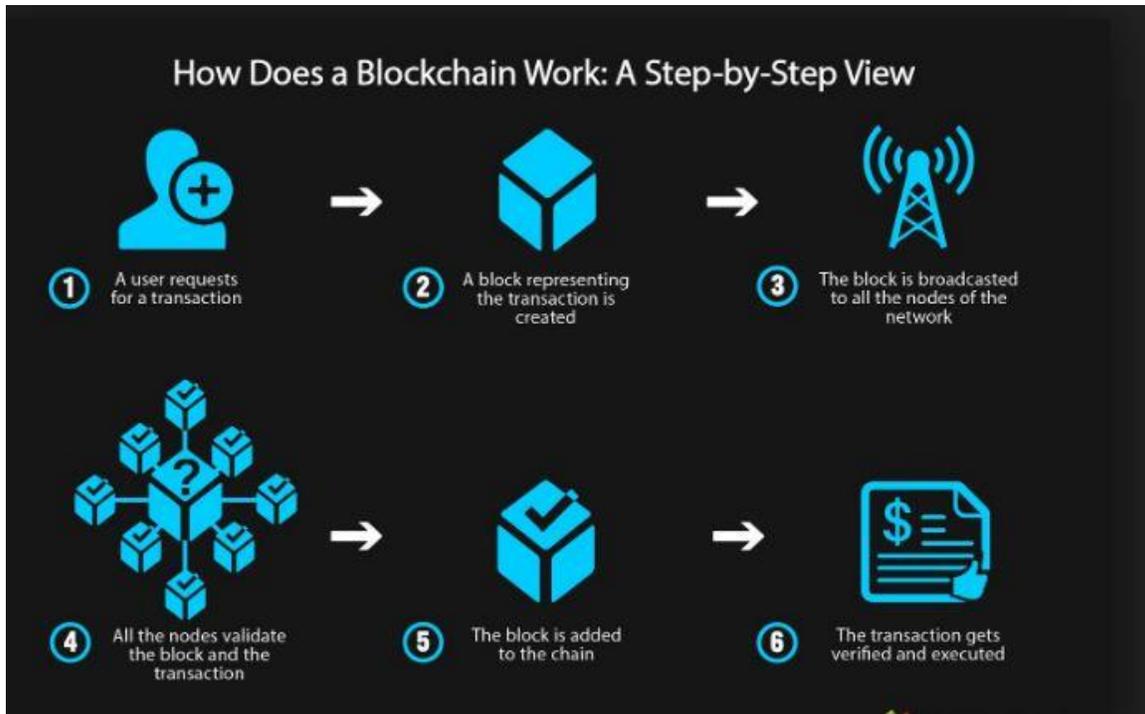
How Does Blockchain Technology Work

We have already discussed what a blockchain is but to understand how it works, let's look at a different perspective of explaining it.

A blockchain is a continuous track of records, storing transaction information in each block, which is connected through the use of cryptography. This chain made by the blocks that have transactional information cannot be modified by any means. Therefore, every transaction that is made cannot be tampered and remains publicly visible, increasing its transparency. Let's understand blockchain with an example of a spreadsheet. Anyone can access that spreadsheet, but no one can edit it.

The "rows" and "columns" of the spreadsheet are replaced by the 'blocks'. As the copy of the spreadsheet is distributed among all members and everyone can see all the editing done, just like that each transaction registered on the blockchain is

visible to everyone. The only exception is that the blockchain ledger cannot be modified in any way. Once the transaction is recorded; it cannot be undone or modified, which makes the technology even more significant.



Some of the key points to you need to keep in mind are

Decentralized Network: Blockchain is a decentralized network which means any central authority does not control it. We will discuss this concept in detail in the further sections.

Distributed: The entire network has access to the ledger to uphold 100% transparency.

Cryptographical Signature: Every transaction is secured to make the ledger tamper-proof.

Time-Sequential Order: Blockchain technology allows only 'add in' in a sequence. No one can replace or reverse the data whatsoever. This property explains why once entered; the data cannot be changed on the blockchain.

Consensus: There is only one condition in which data on the blockchain can be changed, and that is a consensus. The term explains the function itself. If all the people on the network agree to make any change in the data, blockchain can be edited.

Process

Now that we have developed a true sense of blockchain technology, let's take a look at how does it work.

When a node makes a transaction, it creates and signs a private key. The sign is cryptographical. Although a transaction does not always mean value exchange in blockchain, but most often it does. Other transaction data can indicate to transfer of value, interlinked regulations, sender and receiver addresses, and another kind of information.

Creating a Strong Identity

To operate the blockchain, you must build a robust digital identity reference, which is created by the combination of private and public cryptographic keys. Both the keys merge to form a unique cryptographic signature which will hold core importance to make any transactions.



The signature is actually the proof of ownership which provides strong control over the next step which is authorization.

Authorization by Advancing in the Distributed Network

It takes more than strong control of ownership to build intact digital relationships. Identity is only the part of authentication, what you need next is authorization, which can be explained as a set of permissions to make transactions. For blockchains, this starts with a distributed network.

The larger the network, the more valuable it is. The bitcoin blockchain is powerful mostly because it is a large network where people agree in union that they observed the same change at a particular time. The change is visible through mathematical verification. The more validators a network will have, the more secure it will become.

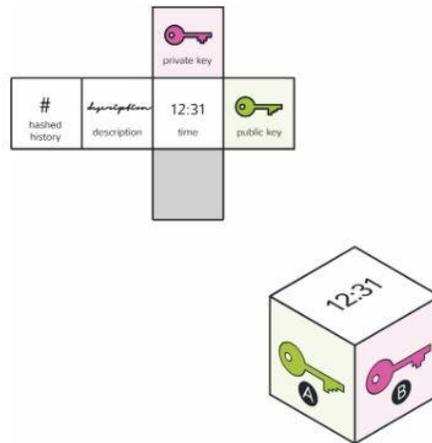
Announcement

After entering in a network, you use your cryptographic keys combining with this network to engage in digital interactions. To do that one uses the private key and

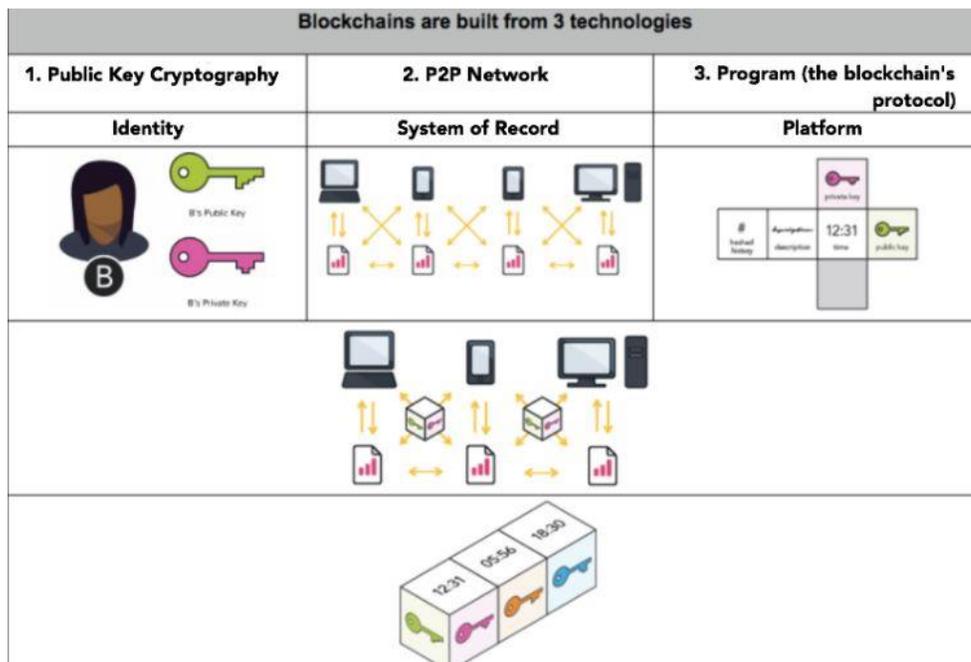
makes an announcement that you are sending a certain amount of cryptocurrency (in the case of bitcoin) — then you attach it to the public key.

Protocol

After combining both the keys through the consensus of network, a block is created which holds a digital signature, timestamp and certain information to be broadcasted to all nodes in the network.



Verification



This newly-created block is registered in the ledger while other blocks in the chain adjust themselves cryptographically. This link is what we call a hash pointer. This is how a block is confirmed. To confirm the transaction further, mostly six confirmations are needed. Verification procedure can be different for each blockchain developed according to the protocols which decides whether a transaction is valid or not.

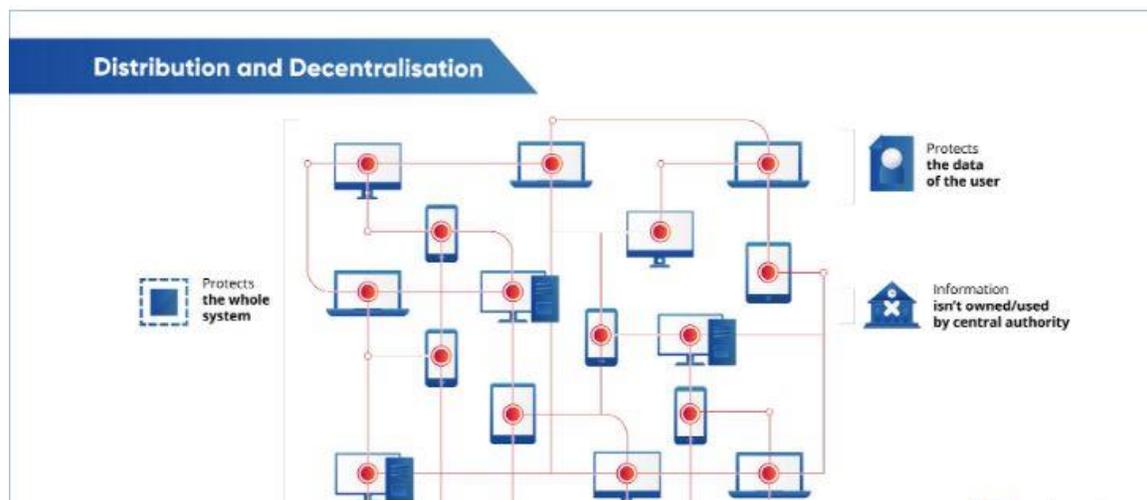
Centralized and Decentralized Networks

One of the biggest advantages of blockchain technology is that it is completely decentralized. Which means it has no control center for transactions such as banks and governments. Decentralization diminishes the need of powerful central authorities and channels the control back to the individual users in a group of network. So how does decentralization work in blockchain? Let find out.

Centralization vs Decentralization

Let's take an example of a bank to explain this one. When you make a transaction or transfer currency from one bank to another, the bank, which is the centralized point will control the trade and record it. Since the ledger belongs to them, they can even manipulate it. This is called the centralized system, where a force is in power of transaction.

On the other hand, blockchain technology is decentralized which means that it doesn't rely on a central point of control. This makes the blockchain technology transparent and considerably more secure.



Instead of going under a central authority, blockchain has innovated consensus protocols which allow all members to deal with each other directly. Each of the participant in the network can witness and verify every transaction.

Scope and Applications of Blockchain Technology

Now that we have learned the fundamental operations of blockchain technology let's dwell over its scope and applications. Technology is as good as its implications in the real world. In this chapter, we will focus on authentic applications of blockchain and how they are going to define the future businesses and trade system.

We will start from the most common application of blockchain, which is, of course, Bitcoin gradually we will move to more and more optimistic options for future which are expected to be revolutionised by blockchain technology.

Blockchain beyond Bitcoin

As we have discussed before, bitcoin is blockchains first ever, and most popular application. The application of bitcoin is secure, fast and most importantly, decentralized, which has changed the phenomenon of the currency system. So much so that according to many finance experts, the future belongs to digital currencies like bit coin.

But bitcoin is not the only application. Block chain technology has the incredible potential of introducing innovation in many fields. It won't be wrong to say that bitcoin technology is just the tip of the iceberg in current blockchain use cases.

Take a look at these applications of blockchain having enormous potential of future improvisations as well.

Smart Contracts

Smart contracts are different from normal agreement documents. These contracts are written in code and linked with a particular blockchain. The code language will decipher all clauses and will mark as each of the term and condition meets or is agreed by both the parties. Embedding these smart contract with blockchain make them more transparent and authentic.

Healthcare

Healthcare industry is one of the top supporters of blockchain technology. The system has already adopted some of the features of the blockchain phenomenon. According to research from a very authentic source, almost \$5 million or more has been invested in the blockchain technology by the healthcare sector already. The statistics indicate how the future of healthcare is filled with efficient data exchange, digitization of records, and analyzing medical trends for better innovative solutions.

Decentralized Content Platform

Blockchain technology can help us liberate society by tech giant application. A decentralized content platform means no profit-oriented social center.

Real Estate Market

The global real estate market is overdue a huge blockchain disruption. The benefits of a future-proof, blockchain real estate market are infinite. First, it can develop new business models with better communication between potential buyers and sellers. Second, it can globalize real estate marketing by liquefying, tokenizing and trading the properties like stocks on exchanges. Moreover, property ownership and rental contracts will improvise by becoming authentic and temper proof.

Blockchain Data Storage

Decentralized data storage networks will be the core of temper free, transparent operations, putting the power of choice back in the end user's hands. Cloud data storage merging with blockchain technology can create an intact innovation which will change the face of blockchain data storage.

Chapter 2: The Different Types of Crypto Currencies

As we have already learned some basics about cryptocurrency and bitcoin previously, it's time for us to move on to some advanced topics such as details about function, benefits and attributes of bitcoin. Other than that, we will also learn about the other types of Cryptocurrencies.

Note that it is almost impossible to list and discuss all the types of Cryptocurrencies as there are more than 1,600 Cryptocurrencies which currently exist, and many of them are under progress. However, we will cover the most important digital currencies other than bitcoin and also learn the difference between bitcoin and the rest of the currencies.

How Bitcoin is Different from Other Cryptocurrencies

Bitcoin is one of the most popular forms of crypto currency, the type which the common people know but is not the only kind. After Bitcoin's inception, there have been plenty of other promising cryptocurrencies that have emerged on the surface. But even to this date no other digital currency has been able to acquire such a high rate of price other than Bitcoin. However, there are many reasons behind bitcoins popularity and unparalleled success.

First and foremost bitcoin is the originator for the cryptocurrency movement and the first ever application of the blockchain technology. But of course there are other factors as well. Bitcoin has all the characteristics of a perfectly secure cryptocurrency. It has solid infrastructure, mass usability, and large networking.

Let's dig a bit deeper to understand how bitcoin is superior among all other cryptocurrencies.

A Little Bit of History

To understand bitcoin's importance, I have given a brief review of its history.

It is ironic how Bitcoin was launched just after 2008. It was the time when Occupy Wall Street exposed big banks committing fraud with borrowers' money, deceiving clients, tempering the system, and imposing false fees. Some of the masterminds behind innovative technologies wanted to introduce something that put the seller in charge, completely diminish third party transaction control and eliminating interest fees. They wanted to create a decentralized system, where you could be in control of your money.

Finally, Bitcoin came into existence in January 2009. Satoshi Nakamoto, who is known to be a software developer introduced the peer-to-peer electronic cash protocols that were later named as the first cryptocurrency, Bitcoin.

How Bitcoin is More Valuable

The market cap varies almost day to day, but despite minor fluctuation, bitcoin is considered as the most valuable crypto currency. And here are the two main reasons why bitcoin is more valuable than other currencies

- **Enormous User base Network**

Being the first cryptocurrency has given bitcoin some great leverages over other Cryptocurrencies. One of the biggest edge of bitcoin is that it has the largest User data base network. This has increased its credibility to a very large extend. According to recent estimates, there are over 10 million Bitcoin wallets in existence across the world which obviously boast the demand and value of bitcoin.

- **Increased Acceptance**

Bitcoin is the only cryptocurrency yet which is close to reaching real mainstream adoption money system. Companies like MacDonal'd's and Amazon are inclined to launch systems which will deal in bitcoins.

What are Altcoins?

It won't be wrong to say that all the Cryptocurrencies except bitcoin, or launched after bit coin are alt coins. There are hundreds of altcoins, each one with a different feature or an enhanced factor of bitcoin.

The success of Bitcoin as the first peer-to-peer digital currency was followed by each new altcoins. Most of the altcoins are trying to target any perceived limitations that Bitcoin has and come up with newer versions with competitive advantages.

Prominent Cryptocurrencies

Bitcoin may be the leading Cryptocurrency but there are other which are doing well also. Here I have comprised a list of 10 important Cryptocurrencies which you should know about, other than bitcoin.

1. Litecoin (LTC)

Just after two years of bitcoin, a former Google engineer and MIT graduate Charlie Lee Litecoin launched in 2011. The initial response for this cryptocurrency was encouraging. Having similar and some even better attributes, Litecoin is often been referred to as "silver to bitcoin's gold." Litecoin functions over an open source global payment platform with no central authority. Litecoin has better block generation speed. Therefore they are mostly transferred faster than the bitcoin.

2. Ethereum (ETH)

Ethereum was launched in the year 2015, although it is based on decentralized software platform. This one was developed to support Smart Contracts and Distributed Applications (DApps) which can run without any downtime, illegality, or central control of a third party individual. Ether is actually a name for platform-specific cryptographic token, which run applications under this particular platform.

In simple words 'Ether' is the subject for to be operated on ethereum platform which is used developers who work on applications inside ethereum.

4. Zcash

Zcash is very similar to bitcoin. Running on a decentralized ledger but there is one significant difference. Zcash can be availed by two kind of addresses on Zcash block chain: transparent addresses that are visible to view for public (similar to bitcoin) and shielded addresses that offers complete privacy. Zcash transaction data uses similar medium of blockchain but the transaction details remain hidden, confidential for the sender and receiver only.

4. Dash (DASH)

Dash is one of the most secretive cryptocurrency of all times. That is why experts have given it a name of 'darkcoin'. Dash is similar to bitcoin, only that it is much more restricted, secretive and has confidentiality protocols. While making a transaction on Dash, one remains completely anonymous on the decentralized coded platform. These transactions are almost untraceable.

5. Ripple

Ripple was originally launched in 2012. But it is quite different from the bitcoin technology. It is basically a modified version of Ripplepay. Ripple is a (RTGS) real-time gross settlement system. Instead of using cryptographic signatures and blockchain technology, the system functions through a common ledger that is managed by a network of independently operating servers for transaction records.

The Ripple protocol (token represented as XRP) is meant to enable the near instant and direct transfer of money between two parties. Any type of currency can be exchanged, from fiat currency to gold to even airline miles. They claim to avoid the fees and wait times of traditional banking and even cryptocurrency transactions through exchanges.

How Cryptocurrency Prices Work

Let move on forward to a more practical topic which is essential to do solid investment in cryptocurrency. To earn any profit from bitcoin or altcoin one needs to understand how

prices work in cryptocurrency. From comparison to fiat money, to multiple factor that contributes fluctuation in the prices of cryptocurrency.

How do cryptocurrency prices compare to fiat currencies?

To compare the price value, understand that the value of crypto and normal currency differs with the fact fiat currencies are backed by central governments and declared as legal tender. The real value of normal currency is decided by the central authority and two parties in a transaction put their trust in that value.

On the other hand Cryptocurrencies work differently, they are not operated by a central power. Also, due to having a fixed supply, there is hardly devaluation of cryptocurrencies through inflation.

Why Do Cryptocurrency Prices Vary from Time to Time?

The prices of cryptocurrency fluctuate more than often. This is one factor people get afraid to invest in it. But once the patterns are understood it is easy to learn the dynamics of investment. One of the main reasons that cryptocurrency prices vary so much is due to the functionality of new the market.

We call these markets nascent markets. Nascent markets have certain factors which make them volatile. Let's take a look at a few of them:

Lack of liquidity – If we compare the traditional, established market, cryptocurrency lacks liquidity. There is a difference of 36,000 percent of total market cap between normal paper currency and cryptocurrency making up almost, \$89 trillion.

What are the biggest determinants of cryptocurrency prices?

Cryptocurrency works on a basic supply and demand principle. The better the demand of the currency, the higher will be the prices go. But if a cryptocurrency has a high token supply with little demand from traders and users, then the cryptocurrency's value will definitely decrease. Conversely, if the supply of a particular cryptocurrency is limited and the demand is high, then the value of the coin will increase.

Other than that there are also other factors involved such as

- Token Utility
- Mining Difficulty

Since we will discuss these two factors in further chapters, let's conclude this one here on the note that predictions are and can be made to guess the pricing dynamics of

Cryptocurrencies. However, there are no guarantees what so ever, just like we cannot be sure with traditional markets, similar is the case with cryptocurrency markets. One must needs to read the current status and prices correctly and make their decisions accordingly. Also it is important to be well-versed in trading and earning techniques which is what our next chapter is about.

Chapter 3: Trading & Earning from Cryptocurrencies

This is the chapter from where we get started to adopt a more practical approach. Now you are aware of main types of cryptocurrencies and how their prices work, we will shift on the topic of trading and actually earning from the cryptocurrencies. Since this is the book for all kinds of people having minimum to maximum knowledge, we will discuss everything in detail. From trading platforms to decision making for buying the right currency; knowing when to hold and release the coin, crypto wallets and further TA and FA analysis which help in learning the trading dynamics of cryptocurrency. So, shall we begin?

Introduction to Trading Platforms

Since cryptocurrencies are digital money, the trading platforms are of course strictly online. So there are online cryptocurrency exchanges in the form of websites where all the trading takes place. On these websites you can buy, sell or exchange cryptocurrencies for other digital currency or traditional currency through different methods.

Once you become aware of the normal procedures, one can trade professionally and have access important tools which will help you verify your ID and open an account to take the matters on next level.

Types of exchanges

Before I mention the names, you should know there are three types of trading platforms in term of advancement in trading procedures.

Trading Platforms – These are online platforms that enables connection between buyers and sellers and charge an amount for each transaction.

Direct Trading – These online portals offer direct person to person trading without any transaction fee. Here, people from different countries can trade crypto on their own terms. Direct trading exchanges are not bound from fixed market price, instead, each seller decides and demands their own exchange rate.

Brokers – These are websites that are open to everyone anyone. On these platforms, cryptocurrencies are available at a price set by the broker. Cryptocurrency brokers are similar to foreign exchange dealers.

How to Choose the Right Trading Platform

Before we move on to what are some of the well known crypto currency exchange, lets dwell on the fact that different platforms are suitable for different types of trading.

Therefore, you should be aware of your circumstances and position to choose the correct platform.

- **Image and Reputation** – The best method to select a suitable exchange is to do your research well. Nothing will be a better insight than observing other people's experiences. While choosing the platform, find out what experiences other people had on the site. Reputation is the most important in this industry's websites. You can ask any questions you might have on forums like BitcoinTalk or Reddit.
- **Charges** – Understanding billing and transaction of a crypto site is important to do secure trading. Most of the exchange platforms display all the finance and fee-related information on their websites. Before making an account on the website, ensure that their deposit, transaction and withdrawal procedures are easy and suitable for you. Fees can vary comfortably depending on the exchange you use.
- **Payment Procedure** – It is important that before selecting a crypto exchange, you check their payment methods. Remember that these trades are completely online, so you must be extra careful while making any transactions. Also, you know whether the payment methods are convenient for you or not, credit and debit card, wire transfer, PayPal are some of the online payment methods used by most of these websites.

Remember that if you purchase cryptocurrencies with a credit card transaction, then you will need to give identity verification which might add in the charges as there is a higher risk of fraud in such transactions.

- **Verification Requirements** – The vast majority of the Bitcoin trading platforms both in the US and the UK require some sort of ID verification in order to make deposits and withdrawals. Some exchanges will allow you to remain anonymous. Although verification, which can take up to a few days, might seem like a pain, it protects the exchange against all kinds of scams and money laundering.
- **Geographical Restrictions** – Crypto trade is a delicate process coming with a lot of protocols. Some features for the users are only available in some specific countries and are banned in other due to different reasons. When you join an exchange make sure you have complete access to the features they offer and face no restrictions due to your geographical locations.
- **Exchange Rate** – Different crypto platforms have different rates due to difference in the service, payment methods and again, geographical locations.

Choose the exchange wisely, you can do a lot of saving by choosing the right platform.

Top Cryptocurrency Exchanges

The internet is a vast junction connecting people from around the world for different reasons. That is pretty much enough to explain why one cannot discuss all the cryptocurrency platforms. However, I have mentioned a few of these exchanges which are considered to be the best.

I have created this list by considering multiple criteria such as user's experience on the site, accessibility, charges, transaction procedures and security.

Bitbuy.ca

Bitbuy.ca is a Canadian digital currency website which was originally developed as InstaBT in 2013. The platform is dynamic as they host all kinds of traders from beginners to experienced traders. The platform is quick, secure and has moderate service charges. However, the negative point is that it is only available in Canada. The cryptos it deals with are BTC, ETH, LTC, BCH.

Coinbase

Coin base is a well-reputed website, trusted by hundreds of investors and used by millions of customers worldwide. Although, its a well-known site for trading cryptocurrency but the selection of tradable currencies depends upon the country you live in.

Coinsquare

Coinsquare is interestingly developed on the same technology used for the New York Stock Exchange. The best thing about this platform is that they are extremely secure and implements strict measures to protect the user's privacy. Their website even has a record for not losing a single coin.

Kraken

Kraken is an authentic platform for crypto traders, founded in 2011. It is one of the largest Bitcoin exchange in euro volume and stability. Also, it is also a partner in the first cryptocurrency bank. The only con it has is the limited payment methods it deals in. Still, a very good choice, especially for mature, experienced traders.

Cex.io

Cex.io is a complete Narnia for crypto enthusiasts. The website hosts multiple features offering a wide range of services related to bitcoin and other cryptocurrencies. The platform is user-friendly and lets trader exchange fiat money with cryptocurrencies easily, however, Cex.io has a very strict set of verification rules and a complex fees structure that varies with the payment methods.

Understanding Cryptocurrency Wallets

As we are progressing through the phrases of crypto trading, it is important to understand some important components of this whole cryptocurrency system. Cryptocurrency wallets are something necessary for you to have in order to operate through any crypto platform. Let's begin with a simple definition.

Definition

Just like its name, a cryptocurrency wallet is a software system that saves private and public keys and collaborate with different blockchain to enable users to send and receive digital currency and check their balance. Every trader must have a bitcoin wallet to use Bitcoin or any other cryptocurrency.

How Do Crypto Wallets Work?

Almost all over the world, people use cryptocurrency wallets to make their operations smooth and easy. However, the myth that crypto wallets are exactly the same as traditional wallets (for storing money) is not valid. Although they are a vital part of crypto trading digital wallets don't store currency. In fact, cryptocurrencies are not designed to be stored in any single location or saved anywhere in any physical form. So what are crypto wallets for? Basically, it is not the currency which is preserved in the wallet but records of each transaction stored on the blockchain.

They are basically are software programs that collect your public and private keys and operate through different blockchain.

When an individual needs to send someone bitcoins or any other kind of digital currency, it is necessary for them to sign off ownership of the coins to trader's wallet's address. In order to use that coin for further trading, the owner of the account must provide the private key stored in his wallet which should match the public address assigned to that currency.

The balance in the buyer's digital wallet will only increase on the condition that both the public and the private key match. The whole procedure is virtual without any physical exchange of money.

Different kinds of cryptocurrency Wallet

There are numerous sorts of wallets that provide diverse ways to deposit and obtain cryptocurrency. Wallets can be further divided into these categories further

Desktop: desktop wallets are like applications except for they are only accessible through the computer it is downloaded in. They are the safest crypto wallets yet you need to be extra careful about any virus hitting your computer. If anything goes wrong with your desktop, you can lose all your funds.

Online: wallets operate on the cloud and are available on any PC or other computing devices. They are but more vulnerable to hacking.

Mobile: crypto wallets run on phone work like an application and have much more acceptability as they are acceptable in many places like shopping platforms and retail stores. These wallets, however, have limited space and cannot store larger amounts.

Hardware: wallets are different from software wallets. The private key which belongs to the users is used to open a hardware device (mostly like a USB). Hardware wallets are the most preferred ones by the masses as they are convenient. It can be plugged in on any device having internet and are much more safer. Hardware wallets are mostly compatible with multiple web platforms and can operate in different cryptocurrencies.

Paper: Paper wallet simply indicate a physical copy or printout of your public and private keys. it can also be a part of software program language that is used to securely generate a pair of keys which are then printed. Using a paper wallet is simpler compared to other wallets.

Top Crypto Currency Wallets

Like other crypto elements, it is impossible to discuss all the existing wallet options. But here are the few best ones

Atomic Wallet

Atomic Wallet is a new secure crypto storage solution with advanced multi-asset custody-free system. The wallets process in BTC, ETH, XLM, XRP, LTC and over 300 other coins and tokens.

It has a desktop app which can be operated through for Windows, MacOS, Ubuntu, Debian and Fedora. It is a convenient medium of storage as Atomic wallet also allows users to buy cryptocurrency with USD and EUR and trade their assets at premium rates by comparing them with Changelly or ShapeShift.

Blockchain.info Wallet

Blockchain is another popular wallet that accepts Bitcoin. The wallet has convenient procedures for access as it can be done from any internet browser or smartphone.

Blockchain.info is a well-reputed platform for bitcoin traders. It has a unique layer system. When accessed by a browser, it requires two-factor authentication while from a smartphone, one can open their wallet by activating the pin number. The wallet, however, does not have access to your private keys.

Binance Wallet

Binance Wallet is although comparatively new but has earned a good position among trading wallets in a very short time. This digital wallet offers two alternatives for digital currency trading- one is basic and the other is advanced. However, both options can be a bit complex for beginners.

The basic and the advanced version differs in terms of in-depth technical analysis of cryptocurrency values over time. These analyses are offered in the advanced version while the basic version offers several graphs and charts for the pairs that you're trading, order books, and trade history.

Bread Wallet

Bread Wallet has the simplest methods of sending bitcoins. There are easy to download from the App Store or Google Play. Bread Wallet allows a standalone client, so there is no server to use when sending or receiving bitcoins. This makes the user's primary controller of their funds and transaction details. Bread wallet is a perfect choice for beginners as it has a lightweight design and a high level of security.

Copay

Copay is created by Bitpay and is considered as one of the best digital wallets on the market. If you're looking for convenience, the platform is easy to use and has multiple access possibilities including desktop, mobile or online interfaces. Copay's best feature is surely it's multi-signature setting through which any kind of partners can share an account. The only negative point Copay has is that the platform can get unresponsive sometimes due to extreme load.

Chapter 4: Trading Strategies of Cryptocurrency

Trading strategies for cryptocurrency involves studying indicators and creating analysis to predict the values of the coins for maximizing profits. There is two most significant analysis in the crypto market.

Conducting TA and FA Analysis

After going through wallets and trading platforms, the next step involves a thorough analysis of cryptocurrencies you are interested in trading in. The term 'analysis' may look typical, or in fact scary to beginners and non-commerce people. But don't you guys worry. We will go through each of the elements, steps by step to acquire a proper understanding of Technical and Fundamental analysis which are necessary for trading successfully for cryptocurrencies.

Why We Need to Conduct Analysis for Cryptocurrencies

First things first, many of you might be thinking why it is even important to conduct an analysis and what does it actually do?

Well, exactly why an individual need to learn and analyze the values of the stock market to predict their performance to earn maximum profits in the future. Similarly, to make smart moves and understand when and what to buy or sell, we need to understand about conducting a proper analysis.

The two Main Type of Analysis

When it comes to trading cryptocurrencies, there are two main analysis which can be conducted in the following ways:

Fundamental Analysis

Fundamental analysis evaluates everything from a broader perspective, including overall economy and industry conditions to the financial condition and management of companies (or whichever platform holds the rights to funds). By analyzing multiple elements like Earnings, expenses, assets, and liabilities, the analysis predicts the potential moves of a currency through the strength or weakness of that country or company economic outlook.

Technical Analysis

In technical analysis, the stock's price and volume are the only inputs to identify patterns and trends that suggest what a stock will do in the future. In other words, technical analysis study charts, indicators to outline the historical price diversions and growth rates to identify future possibilities.

Now that we know what both the analysis do and how they differ, let's get started with how each of the analysis work.

Conducting the Fundamental Analysis

To conduct a fundamental analysis of a cryptocurrency, you must find out its strength and weaknesses. Performing fundamental analysis for cryptocurrencies is different than traditional stock exchanges because cryptocurrencies do not belong to a company. Instead, it indicates a collective value of assets within a network. Its predictable value cannot be calculated based on revenue. In fact, it depends directly on the level of investment a community has done in it as it functions through the decentralized system.

Therefore, fundamental analysis functions involving cryptographic procedures require extensive research to assess the viability and potential of the coins. The better understanding one will have of a coin's fundamentals, the more they will be able to make better decisions about trading. It is that simple.

Better Resources

Knowledge is power. To judge a coin, we must first know where the most important sources of information are obtained. Here's where you should get the information out:

1. White paper

The white paper is the term used for a comprehensive plan by the development team describing the scope and mechanics of the coin. This includes details about the main source and the initials of the coin of the evaluation. To be well-informed about the coin, one must read the coin's white paper before investing.

2. Coin social media platforms

This gives the official and main information flow of the core development team. Join the channel and study the development team's communication with the community. One can always ask questions to collect the updates and detailed insight into the coin. 3. Community

3. Forums: Reddit / Bitcointalk / systems

There are many intellectual and social forum which one can join to understand better the coins, as well as the impressions circling the coin. You can learn about specific terminologies to analyze a coin's history of crypto.

Conducting Technical Analysis for Cryptocurrency Values

Now coming to technical analysis, it is important to know that technical analysis works better; in fact, the best with cryptocurrencies. I can say that with confidence because

although cryptocurrencies are comparatively new, having only ten years of existence, technical analysis has proven to be a better analyzing medium to enhance the trading experience as compared to the fundamental analysis. Why is technical analysis better? Because every cryptocurrency goes through dramatic price fluctuations, it's almost impossible to estimate the intrinsic value through fundamental analysis exactly.

What is technical analysis based upon

Technical analysis is based upon the past and present record of a coin with price charts and trading volumes instead of focusing on the function of a coin or a project like we do in fundamental analysis.

Technical analysis is derived from the primary rules of Dow Theory, which consider various different things about the market when evaluating its comprehensive performance. The market estimates everything on the basis of its pricing pattern. All existing, prior, and upcoming details have already been integrated into current asset prices. Technicians studies and predicts what the price is indicating about market viewpoint to make a calculated wise guess about future pricing.

Some Important Terminology to perform a Technical Analysis

Now that you understand what technical analysis does let discuss some important terminology frequently used in technical analysis.

Trend lines: Are generally called trends. They are the standard direction that a coin is progressing towards.

Resistance: Resistance is a level at which the coin stops to progress in terms of pricing, by the appearance of increasing sellers who set a similar price for that asset.

Support: A support or support level is a financial term that refers to the price level that historically, a stock or coin does not fall below. Buyers tend to purchase the stock at this level.

Moving Average: Is basically the average price of a coin through a certain period.

These were some of the basic terms one needs to be familiarised with, now let's discuss how you actually perform technical analysis.

How To Perform Technical Analysis

Performing technical analysis relies on your ability to understand, read, and predict the indicators well. Some of these indicators are

Trading Volume

Trading volume is a very dominant indicator for crypto traders. It refers to the literal volume, the number of coins exchanged. You can read this indicator on the column along the bottom of a price chart. The height of this column is a graphical or visual identifier of the volume while the color represents the volume of potential buyers and sellers.

Volume tells you how wanted the coin is how seriously traders are for it. The larger the volume of trade, the more volatile can be the price, which means that traders can buy them at low prices and sell them on higher ones.

Relative Strength Index

The Relative Strength Index (RSI) is an indicator which calculates the momentum of price moments in terms of speed and variation. This oscillator varies between 0 and 100. One can access to RSI through any popular cryptocurrency website easily.

To find out whether the market is overbought or oversold, traders use RSI the most. According to the common perspective, the market is overbought if the RSI is more than 70 and oversold if it is less than 30. However, this might not always be the case. Markets can remain overbought or oversold for extended periods. Therefore RSI results can prove to be wrong as well.

Moving Averages

One of the most important key indicators is the moving averages. It exhibits the aid or shows resistance to be bought or sold on a specific price. If the closing price isn't higher than the past the moving average, then it means that the coin is showing resistance to the sellers. If it is higher than the moving average, it indicates that it's a bullish market and one can seek an opportunity to sell the coin.

Money Flow Index

The Money Flow Index (MFI) is a momentum indicator which is used to record the inflow and outflow of money for a security medium in a specific period. The indicators study the oscillation patterns in terms of price and volume to calculate trading pressure.

Trend Lines

Trend lines are other key indicators of cryptocurrency's market performance. As cryptocurrencies tend to be highly volatile, these trends can be of any time frame from a day to a month.

A series of various high and lows in the trend lines give the analyst a good idea about the future patterns of the coin. These ideas can be more authentic by using candlestick graphs.,

There are some common candlestick patterns which help traders create lines which they believe will result in actual price movements.

How does candlestick work?

One of the first steps to do technical analysis is across a price chart, which is called candlestick. These are basically the rectangle shape on a chart. The color of this rectangle can be red green or blue.

So, how does a candlestick work? The rectangle itself shows the gap between the opening and closing balance for that coin during the period you are searching for.

So, if you want to know the price of a coin by day, then every color shows a different kind of price for the coin.

The colored rectangular part of a candlestick is telling you the variation between the initial balance for that day's trading and the closing balance for the particular date. If the candlestick is green, it means that the value of your coin increased during that day.

The red color in the candlestick is the opposite. It means the opening price was more than the closing price of the coin for the day.

The "threads" or as they are called, the "wicks" that appears on the top and bottom show the highest and lowest range of prices for the particular day. For example, in a period of the day, a coin may have initiated at US\$2 and closed at \$7. However, in the middle hour during the day, it may have dropped as low as 50c and risen as high as \$ 9. This is important information, as it shows how active the market is within each 24-hour period.

Technical Analysis Patterns

A lot of crypto enthusiasts have involved themselves in technical analysis on a very deeper level. Over a period, the analysis has almost become an essential part of the crypto trade. Along with assisting in making useful predictions, technical analysis has also developed some common patterns which help the traders more than often to generate profits with trading their coins.

Some of the most popular patterns are The Hammer, The Bullish Engulfing Pattern, The Piercing Line, The Morning Star, and The Three Soldiers.

Here is a precise explanation of these patterns.

The Hammer

The Hammer is a bullish reversal pattern, which indicates that an instrument is nearing a bottom in a downtrend.

The Bullish Engulfing Pattern:

The Bullish Engulfing Pattern is a two-candle reversal pattern that occurs in a downtrend. The Piercing Line is also similar to this pattern.

The Morning Star Pattern:

The Morning Star pattern is a positive one, giving hope to the traders who are in a bear market. It appears when prices of a coin are dropping, and there is hope for stability afterward.

There are several other patterns in the candlestick chart; however, the mentioned above are the most common ones. Traders adapt further skills to read the market by experience gained over time. Also, no matter how powerful your analysis is, there is no hundred percent guarantee in the crypto world as digital currencies have volatile pricing.

Chapter 5: The Future Of Cryptocurrency

Until now we have come across a long way in exploring cryptocurrency and learning how to earn from the trade, what are the essential factors of generating profits from digital currencies and how different digital currencies can be compared in term of value and price. We have almost covered all the theoretical and practical aspects of cryptocurrency; except for its future and scope.

You must be thinking about why it is important to know how crypto can or can not progress in the future. But before investing in any field, one must be aware of all its dynamics. Moreover, digital currencies are more about their value than their actual prices. The more demand for the coin, the better price you can get for it.

So let's learn about cryptocurrency will work in the future. What are its scope and potential applications? But before we predict the future, let's take a look of crypto's overall history and performance up till now.

The Current Dynamics of Cryptocurrency

Satoshi Nakamoto launched Bitcoin almost ten years ago. It is undoubtedly one of the biggest socio-economic practices to experiment with something indifferent in the entire history of the internet. The blockchain technology flourished within days, and so did the bitcoin currency. However, there were not a lot of investments in the beginning. But gradually, as people become aware of it, investment started to increased and bitcoin flourished.

Today as you are reading this book, there are currently more than 25 million digital-asset wallets belonging to users that have, or intend to trade in cryptocurrencies.

Of course, if we consider the world's population, 25 million dollars may seem nothing. It is negligible about global population statistics but considers this, almost all of these digital wallets were performed in the past two years. Do the math, and you will come to know how fast crypto has started to take over financial stability.

Over this short time period, people all over the world have started to realize the enormous potential of Bitcoin, Ethereum and other cryptocurrencies in aiding more digitally-accessible and virtual economic systems. If we talk about the overall market for cryptocurrencies itself, it has surpassed the one billion Dollar cap long ago.

Doesn't it all seem like a pretty good start? It is, cryptocurrency right now is not only flourishing, but it is improving in terms of value, acceptance, and features. What started with bitcoin is now categorized into hundreds of different digital currency, each one with its own benefits, value, technology, and scope. But what does the future behold and how expert see cryptocurrency in the coming years? Let's find out.

The Sustainability of Cryptocurrency in Coming Years

While thinking about the future of cryptocurrency, somehow many people despite earning profits from it, seem uncertain about the future of digital currency. The only reason is the dramatic variation of value among cryptocurrencies. Bitcoin, for example, has faced one of the biggest downfalls last year (2018). Many people thought that they are witnessing the end of crypto, but nothing like that happened so far. In fact, Bitcoin has almost recovered from the last year's downfall. The entire cryptocurrency market, including bitcoin, is now worth some \$270 billion. With bitcoin having the share around \$150 billion in it.

This proves that not only the cryptocurrencies are sustainable, but they can also endure the blows without diminishing from the market. Sure the values are volatile and uncertain, something the digital currencies will always have. But the investments in cryptocurrencies are now more than ever. Needless to say that the more acceptance digital currencies will have the stronger will be their sustainability.

The recent event has even turned many 'nonbelievers' of crypto into believers. For example, Mark Mobius, who is the co-founder of Mobius Capital Partners, was once a strict critique of bitcoin. He even claimed bitcoin as fraud, but after witnessing the recovery of bitcoin this year, he gave a statement in which he accepted that bitcoin and cryptocurrencies would be "alive and well" in the future.

The Enormous Potential of Investment in Cryptocurrency

The potential of any industry is measured by the number of financiers, and organizations are willing to invest in it. If we look at the Bitcoin and cryptocurrency market in that perspective, there are massive changes as many industries realize the potential of this incredible currency technology.

Let's discuss some of the industries who see their future with cryptocurrency.

The Food Industry

It will take you by surprise how the food industry is involving into cryptocurrency methods. The list of major food companies and corporations who now take cryptocurrencies as money for their services is increasing day by day. McDonald, Subway and KFC Canada are just a few of those names who now accept Bitcoin as payment. Soon many countries will witness several other food chain companies accepting cryptocurrencies as authentic payment medium, which will increase the value of various digital currencies.

E-commerce

One of the biggest potential partners for crypto is e-commerce platforms. The online shopping phenomenon is ever growing. From Amazon to eBay and many other organizations are getting bigger and bigger every day.

However, the obsolete global financial system creates many obstacles in the way of expansion for these e-commerce platforms. Right now, banks are acting as the payment intermediaries between buyers and sellers on the internet.

Especially for people from third-world countries where banking systems are not so developed, this can make a huge difference.

Cryptocurrencies aim to substitute centralized systems such as banks, excluding the need for a mediator. International e-commerce platforms recognize their power and are starting to accept crypto as payments. Some other benefits of decentralization to e-commerce:

- No intermediaries — banks cannot impose their rules.
- A higher level of freedom for merchants.
- No frozen accounts.
- No intermediary, transaction fees, unlike on eBay or Etsy.
- A more elevated level of privacy for consumers.
- International purchases without any exchange rates.

Sports Industry

As the business of eSports quickly obtains legitimacy by flourishing itself as one of the fastest expanding industries, many crypto-based platforms enable fans to get connected to the players and sports enthusiasts from around the world. For example, Digital Fantasy Sports (DFS) is one of these crypto platforms which claims to be “Ethereum’s first fantasy sports crypto platform”.

The website offers individual to participate in any of their vast array of fantasy challenges including NBA, NFL, and MLB games and earn more crypto for there wallets deposited directly by ERC20 Ethereum wallet.

Crypto Currency Can become a Common Global Currency

This might seems to be a long shot. However, considering that millions of crypto wallets are creating in just a course of a few years, expecting a revolutionary change through crypto is no after all, impossible. Cryptocurrencies can play the role of a stable reserve of

value in comparison to the fiat money which directly under the national government. By keeping crypto as a standard currency, both in the national and international economic currency markets gain a transparent and unaffected means of the financial system. They can be beneficial for even the third -world countries where the economy is weak and currency value is extremely low. As digital currencies function upon distributed global ledger for the sake of transparency, no government or any other national authority will have control over its price.

Navroop Sahdev, who is an economist and special analyst in blockchain technologies, said in this regard.

“What cryptocurrency is, is essentially the tokenization of electrons, as opposed to petroleum molecules and it is becoming reference storage for all the things that are useful in your life.”

What you need to do

The purpose of discussing all these global possibilities and investments was to tell you that the future of cryptocurrency is safe. Even if we take a pessimistic approach to be reliable, Crypto, if not take over the paper money system, it will be a suitable medium of investment with widespread acceptance among significant corporations in the world. However, nobody can promise a zero risk factor. But that is the case with every investment in any industry of the world.

However, with a better knowledge of trading in cryptocurrencies, one can operate with maximum safety and even earn a lot of profit. I am sure that as we are at the ending of this book, you are now capable of dealing, investing and earning from cryptocurrency.

As far as the future of cryptocurrency is concerned, like every technology, it might take more time for the technology to flourish more in terms of acceptance and investment. The time we are in right now is the equilibrium point where we are experiencing both potential and hesitancy from organizations and think tanks all over the world. But there is no doubt that cryptocurrency is becoming more and more commonly integrated, involving new industries worldwide which increase its chances to become the future of global finance.