

CRYPTOCURRENCY BEGINNERS GUIDE



**Learn How to Make Money
with Cryptocurrency**

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DISCLAIMER: This report is not meant as financial advice. It's simply to educate you about the ways beginners can make money with cryptocurrency, altcoins and other virtual coins.

When regarding any type of finance, things can change quickly. This is especially the case with cryptocurrencies. Their unregulated, decentralized nature means profits and losses can mount up very quickly. That's why it's always wise to seek the advice of a professional financial consultant or investment advisor before risking any of your hard-earned money on cryptocurrency.

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Introduction

Imagine the following scenario. You live in a time before currency. The barter system is how people exchange value. You're a cattle rancher. It's how you feed your family. Unfortunately, you live in a village where all but a few people are vegetarians.

It could be tough to make a decent living, or much of a living at all. The thing that you have of value is of absolutely no value to nearly your entire village. There's no Internet. The only vehicles are horse-drawn wagons. You don't have long distance transportation possibilities because planes and trains and oceangoing vessels aren't available.

In other words, you don't have any way to offer what you have of value to anyone other than your immediate village. Since most of them won't eat meat and that's all you have of value, life is going to be pretty hard.

That's what the barter system was like. People bartered (traded) things of value. If you had a whole lot of one thing and a lot of other people wanted it, you could trade that item for goods and services. The problem with barter is that values dramatically rise and fall according to what people want and need.

This is why currency was created.

It allowed for a clearer representation of what things were worth. It leveled much of the price disparity that the barter system created.

The first records we have of bartering as a common transactional tool are more than 8,000 years old. It wasn't until 770 BC that the Chinese were the first to make paper currency. The first industrial manufacture of coins took place in Europe about 600 BC.

In one way or another, currency (what we regularly call money today) has existed for about 3,000 years. These days, money refers to more of an intangible, conceptual entity. Currency is largely regarded as a physical, tangible manifestation of money.

People refer to paper currency and metal coins as money. There is also a move to make different virtual currencies a widely adopted form of money. This is what we call cryptocurrency.

Just like the barter system in days of old, crypto coins are used to trade concepts of value. If you know someone who will pay you more for your cryptocurrency than what you had to pay to obtain it, then you can make a profit. You can sell your cryptocurrency and get paid in the traditional monetary unit of your nation.

This is how some people are making substantial amounts of income off of cryptocurrency.

In this guide, we'll explain cryptocurrency trading for the beginner. That includes all aspects of making money with cryptocurrency, highlighting the pros and cons that are involved. Then we'll show you how you can make money with virtual currency as a beginning trader. Let's get started by taking a quick look at a solid definition for cryptocurrency.

What is Cryptocurrency?

The 21st century has introduced us to two new forms of currency: 1) virtual currency and 2) mobile payments. That second form of currency is widely used. You probably don't think of it as being something innovative. A payment is made through a portable electronic device, such as your smartphone or a tablet. Friends and family members can send money back and forth. You can purchase common everyday items, and even pay to have groceries delivered to your front door.

You can also use some form of mobile payment to purchase virtual currency, which is more commonly referred to as cryptocurrency.

Cryptographic Currency

The word cryptocurrency is thrown around a lot. Most people probably don't know that it's a combination of the words "cryptographic" and "currency". This means a type of currency that is built upon cryptographic technology, or encryption.

Cryptocurrencies are decentralized digital currencies. A third-party or regulatory organization is not required to validate a transaction using cryptocurrencies. They're virtual. Currently, there is no Bitcoinpaper dollar or coin you can hold in your hand. This is a virtual currency.

The fact that no third-party is needed to validate a transaction is important. This is how cryptocurrencies came to be. Many people disliked the fact that someone else had to get involved to give their blessing on a transaction. Cryptocurrencies were created so people could exchange this value-based monetary currency without government authorities getting involved in the process.

You can use cryptocurrencies to buy something online, for example, and you don't need a processor such as Visa or MasterCard to validate the transaction. As long as you have the cryptocurrency amount required for a transaction, the transaction can take place.

The History of Cryptocurrency

To the uninitiated, cryptocurrency began with Bitcoin. This was the year 2008. In truth, cryptocurrencies have been around since the early 1980s. That's when cryptographer David Chaum invented digital cash, which he called DigiCash.

He used cryptography to verify and secure transactions. The process used was a "blinding formula". It was an improvement on basic cryptography algorithms that are still used today. Unknown to most people, this early cryptocurrency was viable until 1998, when DigiCash went bankrupt because of a widespread lack of adoption.

By the late 1990s electronic payment systems were becoming popular. This led to advancements in Internet technology and several digital currencies were created. This happened for several reasons.

A Perfect Storm for Virtual Currency

First and foremost, people understood they didn't need anyone's permission to create a value system. They could create any type of virtual currency they wanted. All they needed was a reliable cryptographic system to verify transactions. Code writers, cryptographers and others began creating multiple cryptocurrencies.

Secondly, the proliferation of new digital currencies happened because people became fed up with their governments. They were tired of seeing monetary values continue to plummet year after year. They had no control over this. The government can at any time dictate the value of the physical currency or the digital balance in your bank accounts. They can release more or less money, thereby tinkering with the value of traditional currency.

This isn't the case with cryptocurrency. There's no third-party regulating the process. The biggest of these cryptocurrencies before Bitcoin was E-Gold, which is referred to as "the Bitcoin of the early to mid-2000s". E-Gold was shut down in 2005.

The Bitcoin Era

Two very important things happened in 2008 that would influence the future of cryptocurrency. The first one was a global financial meltdown. We won't go into how this happened because that could take a couple of volumes of books to explain. The second important event in the history of cryptocurrency was the establishment of Bitcoin.

Bitcoin is the invention of an individual or group of people known as Satoshi Nakamoto. The global financial crisis of 2008 was definitely a contributing factor of this development. The idea was to create a peer-to-peer (person-to-person) payment processing system.

The traditional banking system had failed us. So Nakamoto decided to create a cryptocurrency that would remove that failing third-party. This was the same as previous cryptocurrencies in a lot of ways. The reason why Bitcoin was so widely

accepted when previous crypto coins eventually died was due in large part because of the 2008 financial crisis at a worldwide level.

Another reason why previous cryptocurrencies failed is because they faced a problem of double spending. This refers to spending the same cryptocurrency twice. It was a problem with previous digital monetary systems. Nakamoto's Bitcoin White Paper explained there was a way to fix this. It involved using blockchain technology and a shared, distributed ledger.

In 2009, Bitcoin was born. The timing was perfect. The ubiquitous iPhone was introduced in June of 2007. Samsung began an ongoing battle with Apple's iPhone for smartphone supremacy. It wasn't long before just about everyone had a smartphone in their pocket.

Desktop computers were widespread. The Apple iPad was introduced in April of 2010. Samsung and other tablet developers flooded the market with competitors. The fourth generation of mobile technology, termed 4G, launched in December of 2009.

Because so many people adopted smartphones, tablets and now had reliable mobile technology support, people embraced the "right now" culture like never before. Around the world, people were tired of having no control over how their currency was regulated. Marketing messages were broadcast on smartphones and tablets more frequently than in the past.

All of these factors culminated in a perfect breeding ground for an alternate currency.

Bitcoin began to grow in popularity, and in 2010 Bitcoin Market was launched. It allowed individuals to purchase Bitcoin anonymously by transferring US dollars

through PayPal. While Bitcoin was still relatively unknown by the general public, this virtual marketplace for buying and selling Bitcoin was extremely important.

It showed individuals that they didn't need a broker or another third-party to handle their transactions for them.

They still had to pay a fee whenever they sold or purchased Bitcoin. But that fee paled in comparison to what traditional brokers charged when you bought or sold stocks and other investment vehicles.

Other cryptocurrency exchanges started popping up, and in 2014 the Ethereum cryptocurrency was created. There were more than 8,000 different cryptocurrencies in January of 2022. Many of those have little to no backing, but it proves that cryptocurrencies are definitely here to stay.

Traditional Money vs Cryptocurrencies and Altcoins

Even before cryptocurrencies became globally popular, traditional money had changed. For the predominant part of the history of currency, money was physical. You had to exchange a physical coin or piece of paper money to purchase something.

With the global reach of the Internet, that changed. Digital payment processors became the norm. In a physical location, you didn't need physical money. You could swipe a piece of plastic and a virtual amount of money would move from your bank account into the account of a person you were doing business with.

Before cryptocurrency became a trusted purchasing entity, most currency transactions were virtual. If you paid for a steak dinner with your credit card, your bank didn't send physical money from your account to the account of the restaurant owner. All that was exchanged was a numeric figure that moved from your account to his.

Since most people understood this process, it didn't take much for them to understand cryptocurrencies.

Aside from the fact that traditional money can be physical and cryptocurrency can't, there are a couple of other differences. As we said earlier, there's no third-party regulatory body involved with cryptocurrencies. There's always a central authority or third-party involved with traditional currency purchases.

Cryptocurrencies can provide 100% anonymity. You can buy, sell and trade them without revealing your identity. Traditional financial systems want to know who you are, and they require state-backed or nation-backed identification forms,

Social Security numbers, your physical address and other private information.
Digital currencies require no transfer of personal information.

That highlights the attractive nature of cryptocurrency. It's a process of person-to-person transactions that requires the transfer of no personal information or privacy.

Bitcoin, the King of Cryptocurrency

Let's take just a minute to talk about Bitcoin. It's single-handedly responsible for the birth of thousands of other cryptocurrencies. As we mentioned earlier, it's the product of perfect timing and the solving of a big problem that previous cryptocurrencies couldn't solve.

These days you can find major corporations that accept Bitcoin as payment. Bitcoin is so widely accepted as a payment form and an investment vehicle that it has created a staggering market capitalization around the world. Global Bitcoin valuation in April 2021 was \$1,000,000,000,000 (that's 1 trillion, or 1,000 billion).

While that's an incredible number, it's far from the only cryptocurrency that's developed a reputation as a viable virtual currency. The top cryptocurrencies according to market capitalization (as of this writing) include the following.

- Bitcoin (BTC)
- Ethereum (ETH)
- Binance Coin (BNB)
- Tether (USDT)
- Solana (SOL)
- Cardano (ADA)
- XRP (XRP)
- Dogecoin (DOGE)

What Is the Blockchain?

We'll cover this quickly. It's not really necessary to have a deep understanding of blockchain to make money with cryptocurrencies. You can make money trading stocks in companies you know very little about. The same is true with cryptocurrencies. That having been said, blockchain technology is an integral part of most cryptocurrencies. Let's take a look at a hard definition.

"A system of recording information in such a way that makes it difficult or impossible to change, hack, or cheat the system. A blockchain is essentially a digital ledger (or notebook) of transactions that is duplicated and distributed across the entire network of computer systems on the blockchain."

EuroMoney provides us with that definition. It's vague intentionally. To explain the actual process would give you a headache. Basically put, this is a very safe way of protecting cryptocurrencies and any transactions made with cryptocurrencies. Blockchain technology keeps your cryptocurrencies safe in your virtual wallet.

What's that you asked? What's a virtual wallet? Let's take a look.

Should You Get a Cryptocurrency Wallet?

You might think it's weird to talk about a wallet holding cryptocurrencies. After all, these aren't physical pieces of currency. They're virtual. So how the heck can you put them into a wallet?

You need to change your idea of what a wallet is.

What you've been referring to as a wallet all this time can be traced back to the days of the ancient Greeks. Their word for wallet was "kibisis". It refers to a sack that the god Hermes carried around. It had all of his possessions in it. As it turns out, the translation of kibisis to English is "wallet".

That's why humans long before you used the word wallet to refer to where their physical currency was held. Hermes kept all his valuables in his kibisis, or wallet. Before the creation of virtual currency, this is where all your money was kept. You still use a wallet today, and it contains both your physical money (paper currency) and your credit cards and debit cards (plastic money).

Since crypto coins are a form of currency, don't they deserve a protective and safe storage place? They do, and that's your cryptocurrency wallet is. If you'd like a definition of a cryptocurrency wallet, here you go.

"An app that allows cryptocurrency users to store and retrieve their digital assets. As with conventional currency, you don't need a wallet to spend your cash, but it certainly helps to keep it all in one place."

That's a really good definition. Basically, it serves just like a physical wallet that carries your cash and credit cards. The only difference is that, just like cryptocurrencies, these wallets are virtual in nature (with a couple of exceptions).

You can go shopping for a physical wallet. You can choose from a wide variety of sizes, colors and shapes. With crypto wallets you still have a lot of choices. The first choice you need to make is whether you want to have your own wallet or not. When you choose a cryptocurrency exchange to do business with, you can store your alt coins there.

In other words, you don't need to have a personal crypto wallet of your own to get started.

You can just place a deposit with an exchange and buy some crypto coins. Those coins are held by that exchange. You can access them wherever you have a reliable Internet connection. For some reasons, you may want your own wallet instead. Let's look at the choices you have to make when picking out a crypto wallet.

How to Choose the Right Wallet

When you buy or sell a cryptocurrency, changes are made in a global ledger. This virtual notebook immediately makes the same relative changes in all other crypto wallets that contain the coin you traded. If you have an online wallet (your cryptocurrency exchange), this information is updated instantly.

If you have a wallet which is not connected to the Internet, these updates can't occur immediately. That's okay. Off-line wallets (paper wallets or hardware wallets) can still give you access to your account. Even though they're not

connected to the Internet, your information has been updated in the global ledger if any currencies that you own have fluctuated in value.

Here are the four main types of crypto wallets you can use. We'll discuss security considerations for each.

Online Wallet

We just talked about this type of wallet. It's basically wherever your cryptocurrency exchange contains your trading information. For beginners, this might seem pretty safe. It is in most cases. However, you might have seen in the news that crypto exchanges undergo malicious hacking attempts quite regularly.

If a hacking attempt is successful, the information in your online wallet can be accessed. Crypto exchanges work very hard to provide top-tier security. If they didn't, nobody would use them. They'd go broke overnight if user accounts were successfully breached.

For the most part, this is a safe wallet option.

Paper Crypto Wallet

You might be scratching your head. How can you have a paper wallet for a virtual currency? The answer is simple. It has to do with how your virtual currencies exist.

All crypto coins are kept secure by private and public cryptography keys. These pieces of code allow you to send and receive cryptocurrencies.

Think of them as the routing number and account number your bank gives you when you open an account.

Some people print out their public and private cryptography keys. They keep them on a piece of paper (usually laminated) in their physical wallets. This is considered a cold storage option. Cold storage means it's not constantly connected to the Internet. Then whenever you want to buy or sell some cryptocurrencies, all you have to do is provide your keys.

It's a good idea to have a paper wallet as a backup. If this is your only wallet, make sure you create a second and keep it in a safe place, like a safe deposit box. For beginners, it's advisable to have a paper wallet only as a backup option.

Software Wallet

These are computer programs and pieces of software. You install the software to your computer, smartphone or tablet. This is where you record your private and public key signatures that refer to your cryptocurrencies.

One problem with this type of wallet for some people is that it requires a good deal of computing space. That usually isn't an issue with modern-day laptops, but it could be a problem with your smartphone. This is because many software wallets contain the entire blockchain of the digital coin.

This is another cold storage option. It's called cold because it's not constantly accessible by the Internet. Also, it's stored on your computer hard drive, and not somewhere online. When your computer is off-line, this makes this type of wallet pretty safe.

Hardware Wallet

Hardware wallets are very popular. These are USB devices that sometimes look like a thumb drive. You can buy them in all shapes and sizes, with many people preferring hardware wallets that look like normal everyday objects. This is where your private and public key signatures are stored.

This is a cold storage option, as it isn't accessible until you plug it into a USB port on a device with an Internet connection. These are considered as the most secure of all cryptocurrency wallets by most people. It's also going to cost you more money than other wallets.

It's recommended not to spend any money on a hardware wallet as a beginner. Get your feet wet. Deposit \$50 or \$100 into a cryptocurrency exchange and learn the ropes. Watch training videos and join forums that talk about cryptocurrency trading for beginners. Make a couple of small trades and see how the process works with your exchange.

You don't need a wallet for this. You're using your cryptocurrency exchange as an online wallet.

If this is something you want to do on a regular basis, a hardware wallet is recommended. You can keep this on your person and it can only be hacked or breached when you connect it to the Internet. Expect to spend between \$50 and \$200 for a hardware wallet.

Just remember that the downside here is losing your physical wallet. If someone knows about your hardware wallet, they can steal it just like they would a regular wallet.

On the plus side, hardware wallets offer a wonderful security feature. You can create a backup code. This gives you access to your coins even if your wallet is stolen or you lose it. You don't have to have physical access of your hardware wallet to access your coins. This is one of a few features that makes a hardware wallet very attractive for people who want the safest and most protective features.

As a beginner, remember that "always on" access means "always available" to possible hackers. If you use an app on your phone as your wallet, your coins are going to always be available to anyone on the Internet, 24/7.

For most beginners though, the security provided by cryptocurrency exchanges is more than enough. We recommend not investing any of your hard-earned money into a physical wallet unless you absolutely must. You can always purchase a hardware wallet later, after you move from beginner to intermediate or veteran level cryptocurrency trader.

Choosing a Cryptocurrency Exchange

Do this. Type "best cryptocurrency exchange" into a Google search box. What did you get? A recent search for that phrase delivered millions of results.

That's because cryptocurrency exchanges are currently a dime a dozen. It's the same thing with traditional banks. Brick-and-mortar banking institutions are everywhere. In major cities you can see multiple banks in one city block. There are several branches of the same bank within a few miles of each other.

The cryptocurrency exchange situation is almost getting to be the same. That's because of a few factors.

The first factor is that cryptocurrency awareness is on the rise. While the understanding of cryptocurrencies is higher than it's ever been, it still has massive room for growth. It's in its infancy. The market shows that, as exchanges are also in their infancy.

This means that out of a hundred different virtual exchanges, there might be a handful that deserve your attention. You're going to have the best and then everybody else. We could recommend an exchange like Coinbase or Kraken, Binance or Gemini.

They've been around a while and they are currently (as of this writing) reputable, safe and highly recommended. By the time you read this, that could have changed. The cryptocurrency community changes quickly. Like we just said, it's still in its infancy. That means huge change can happen rather fast. An exchange we recommend today might not be worth a recommendation in the future.

In other words, do your research. Here are a few factors you should look for when choosing a cryptocurrency exchange.

Look for Age

This might be a no-brainer, but it bears mentioning. Don't go with an exchange that just popped up last night. The ones we mentioned above have been around for a while. While that doesn't automatically guarantee a great experience, it goes a long way in doing so.

Stick with those exchanges that have lasted. They've weathered a lot of storms. They'll probably be able to offer you a great experience overall.

Check Accessibility Where You Are

Not all exchanges are available to all geographic areas. This has to do with legal and regulatory considerations. Those considerations are changing all the time.

Before you spend any time getting to know a particular exchange, the first question you need to ask is if it's accessible where you live. Believe it or not, even the biggest exchanges aren't all available to all nationalities or locales.

Research Deposit and Withdrawal Requirements

This is a sensible consideration. Even so, beginners don't look at it in many cases. This should be one of the first factors you use in choosing an exchange. You

should be able to get your money in and out quickly. It shouldn't be a long, involved process.

There are no third-party regulators involved with cryptocurrencies. That means one of the beauties of making money by buying and selling crypto coins is the speed of transactions. Find out what other factors impact the deposit and withdrawal requirements at an exchange before you open an account.

Ask about Cold Storage

We talked about cold storage earlier when we discussed cryptocurrency wallets. This is something you need to research when choosing an exchange. What you need to ask when speaking with a customer service representative or a chat bot is what percentage of customer's cryptocurrency is stored in off-line, cold storage.

As an example, in early 2022 Coinbase reported that 98% of all customer's cryptocurrency was kept in cold storage. This is off-line. It can't be accessed until it needs to be accessed. You need to consider this and other security features when choosing an exchange.

Get to Know the Fees Inside and Out

Don't just assume that fees are nominal. Especially as a beginner, you might be operating with a smaller amount of money as opposed to more seasoned traders. This means any flat fee transaction costs are important to understand.

You also need to discover if there's a cost to purchase cryptocurrency, and a separate cost when you sell it. Are there fees which are charged when you

remove your money from the exchange? Is there any charge to move coins from some other wallet to that exchange? Get to know the fees inside and out or they could take a big bite out of your cryptocurrency profits.

The Risks of Investing in and Trading Cryptocurrency

The biggest risk of trying to make money with cryptocurrencies is volatility. It can be the biggest reward, and it's definitely what entices people to buy cryptocurrencies. However, rewards are never guaranteed. They're possible, but volatility means high risk as well as a possibly large reward.

Embracing Volatility

We've talked about volatility several times. That's because making money successfully by buying and selling anything should include a consideration of how volatile the investment is.

When something has a value that can change quickly, it's highly volatile. This is the case with many cryptocurrencies. Trading the larger crypto coins like Bitcoin, Solano and Dogecoin is safer than trading a crypto coin which has just launched. The market capitalization of those and other popular coins is higher than a new coin.

This means that the swings in value aren't going to be as drastic in a short period of time. Even so, this doesn't mean that they're entirely safe or risk-free.

In 19 hours in late February 2021, Bitcoin dropped in price by 19%. From December of 2013 to January of 2014, BTC dropped in value by 54.8%.

Even the biggest and most popular cryptocurrencies can be extremely volatile. This is especially the case with coins that have smaller market capitalizations, which is always the case with newly launched coins.

Volatility Can Be a Good Thing

In December 2020 Bitcoin was trading for \$23,600. Less than four months later it had nearly tripled in value. Let's take another look at a Bitcoin example of volatile profits. You could buy a single Bitcoin for just \$0.95 in April of 2011. In June of that same year, just a couple of months later, that investment was worth \$32. You could have turned \$100 into more than \$3,200 in less than 60 days.

Volatility has to do with speed and quantity.

The more volatile a cryptocurrency, the farther it can rise or drop in price in a short period of time. The less volatile a cryptocurrency or any type of investment, the less risk that's involved. You may not be able to enjoy life-changing returns on your investment in a day or a few days or even a year. But because of lower volatility, you sure can sleep better at night, and you benefit from much less risk.

There are examples of smaller cryptocurrencies ringing up 2X, 3X and even 5X returns in a single day or just a couple of days. This is because of extreme volatility.

Volatility is linked to market capitalization. When market capitalization is low, volatility rises. It doesn't mean that a stock or cryptocurrency or some other kind of investment is guaranteed to be volatile. It just means that the potential is there for extreme volatility. Let's look at that second part of the equation here, market capitalization.

Understanding Market Capitalization

The definition of market capitalization is as follows.

"Market capitalization refers to the total dollar market value of a company's outstanding shares of stock."

This is commonly referred to as market cap. It's calculated by multiplying the current market price of one share or one unit times how many shares or units are outstanding. That definition is provided by Investopedia.

It's given here for stocks of a company, but it applies to cryptocurrencies as well. If a coin of "ABC Supercoin" is selling for \$100 and there are 1 million coins, the market cap is \$100 million.

This is important to know. Beginners should know this information. It's readily available just about everywhere. You can get it on any cryptocurrency exchange where you open an account. It's updated regularly on cryptocurrency news sites and forums. For the most part, understand that the higher the market cap, the less volatile the coin.

There are exceptions to this. Consider the following example.

Institutional investors might be unloading a lot of a particular cryptocurrency because they're coming to the end of a quarter or annual reporting period. They want to add some cash to their bottom line, so they sell the cryptocurrency that gives them the most profit.

At the same time, that same coin might have shown a decline over the past few days or weeks. Then a popular figure in the crypto community, perhaps someone who usually sings the praises of virtual currency, delivers a press release. He refers to the cryptocurrency in question. He predicts a large drop in value over the short-term.

When all these things happen at the same time, even the biggest of virtual currencies can suffer mightily.

It's in cases like this where a higher market cap can keep things from getting too ugly. If this were to happen with a coin that has a small market cap in comparison to other coins, investors could lose a lot of money literally overnight.

This is why it's always wise to understand the market cap of a crypto coin you're thinking about buying or selling. Combined with volatility, it can create a dangerous or highly profitable trading situation.

How to Get Free Cryptocurrency

It's possible to get free crypto coins. There are a few ways you can do it. Let's take a look.

Some Exchanges Will Give You Free Crypto Coins

That's right, sign up to specific exchanges and they'll start your cryptocurrency account with some free coins. They do this one of two ways.

The Bonus System

Most of the bigger cryptocurrency exchanges do this. All new users that open an account are given a set amount of Bitcoin or Ether or some other major coin. It may be \$5 or \$10 worth.

This is a legitimate way to get free cryptocurrency. Understand that it only applies to new users that open an account.

The Referral System

After you sign up for an account at an exchange and grab your sign-up bonus, start getting your friends involved. Exchanges will pay you in some cryptocurrency for everyone you get to open an account. They'll give you a referral link. It's unique to you and you only. Just start sharing this link on social media sites. Email it and message it to all of your friends.

The more people you get to sign up through this link, the more free cryptocurrency you can earn. Most exchanges have a cap on how much money you can make. Still, this is a simple way to earn free crypto coin without having to do much of anything.

Rewarding User Loyalty

This is a way exchanges try to keep you from moving around. Let's say you sign up for a Coinbase account. After you've been there for a little while, you'll start receiving emails that talk about a new coin being released. You may have to watch a few videos that introduce the coin to you.

You might also need to answer a couple of questions, but they provide you the information to ensure you get those questions right. In return, you're given a very small amount of this new coin that's going to be launched soon.

These are known as Exclusive Airdrops. They reward exchange loyalty as the coin is exclusive to a specific exchange. As long as you hold an account with the right exchange, they'll offer you the opportunity to score free cryptocurrency this way. There's absolutely no catch and you have to spend no money to receive free crypto coins this way.

Let's look at other types of airdrops as a way to earn free cryptocurrency.

Standard, Bounty and Holder Airdrops

The Exclusive Airdrop we just talked about is only one such way to earn free coins. There are other types of airdrops, and you can get free crypto this way, but

there's a slight risk. This is sometimes used as a way to scam wallet holders. It's often employed as a ruse for illegal activity. So always deal with a reputable, respectable exchange.

On the positive side, the cryptocurrency is absolutely free. You can minimize risk by doing your homework. Only get involved with airdrops that are focused on legitimate coins. The problem with validating legitimacy here is that airdrops use brand-new currencies.

Here's how it works.

A company is launching a new cryptocurrency. They want to get the word out. They'll talk about the launch on social media sites and maybe pay for advertisements online. They may suggest that if you stop by their website you can get some of their brand-new currency for free. You provide your wallet address and they send it to you immediately. This is absolutely legitimate in most cases, and it's called a standard airdrop.

Why would a company give you free crypto coins? They're trying to raise awareness of their coin. The more people they get involved, the more possible growth they can see with their coin. Since this almost always happens before a coin has been launched or right after it's launched, the amount of value you get is very small.

Additionally, sometimes a company will ask you to perform some promotional activity on their behalf in return for the free currency. This is called a Bounty Airdrop. Holder Airdrops reward you with some new coin as long as you hold Bitcoin, Ether or some other major coin in your wallet.

Playing Games, Using a Specific Browser

Some websites will give you tiny portions of cryptocurrencies if you play the games they offer. Some companies will pay you in equally miniature amounts of crypto coins if you use their browser to surf the web.

These types of promotions generally end up being very frustrating and invasive. Users complain of spamware and other issues. Be very careful here. Most of these operators don't last very long. If you're going to pursue this route for earning free cryptocurrency, make sure you do your homework and proceed with caution.

Trading Strategies – How to Make Money with Cryptocurrency

We just showed you how to get cryptocurrency for free. Understand that in most cases you aren't going to amass a fortune this way. That having been said, getting anything with monetary value for free is nice. If you aren't looking to replace your current income by trading cryptocurrency and alt coins, filling your wallet or exchange account for free might be a fun thing for you to do.

Some people that never spend a penny buying alt coins are adopting a wait and see approach. They reason that they have a zero-risk investment. They didn't spend any money. They got different crypto coins for free. So their risk is zero.

Then they simply sit on their coins and wait. The examples we gave you earlier about the incredible volatility of Bitcoin and other cryptocurrencies means it's possible to watch your free coins turn into a substantial amount of money.

This a long-term holding strategy is called HODLing in the altcoin community.

HODLing

Some diehard crypto investors are Holding On for Dear Life with their coins. That's what HODLing is all about. Beginners to cryptocurrency might think this is a misspelling of "holding", but it's intentional.

This is an investment strategy that's definitely for the long-term. People buy crypto coins and don't care about the extreme volatility. They're banking on huge returns in the distant future. They believe that at some point in the future cryptocurrencies will be common. Many believe crypto coins will replace

traditional currency. When they buy Bitcoin or Ether or Dogecoin, they're holding for a long time.

By the way, this is attractive to the beginner for lots of reasons.

First off, you don't need a lot of money to get started. Most exchanges will let you open an account for \$25 or \$50. Be careful with your transaction fees, and make sure you understand what the fees are for buying or selling each transaction. For the most part, that minimal account figure will let you place at least a couple of trades.

This is because you don't have to have the capital that equals one unit of a particular cryptocurrency. You might be thinking about "XYC Supercoin" cryptocurrency. If it's trading at \$100 per coin, you can still purchase \$10 worth of that coin. In this case, you would own 1/10th of one coin. This ability to purchase a fraction of a coin allows beginners to get started off small.

It also allows the HODLers to get involved with alt coins they otherwise couldn't afford.

This is a simple trading strategy to embrace. You don't have to know much of anything. Do your homework. Find a coin that's been around for a while. Then get on board.

You don't have to worry about trying to time the market. A lot of beginners to any type of investment do a lot of buying and selling. They have knee-jerk reactions to moves in price. This ends up eating their bank accounts alive because of lots of transaction fees. Beginners also tend to sell cryptocurrencies at a loss, and this certainly doesn't help their wallets or their confidence.

The hold on for dear life investor (HODLer) does just that. He buys and then doesn't even consider selling for an extended period of time.

Buy As Early As Possible

We mentioned that you can get free crypto when a new coin is released through airdrops. This is usually before that currency is available on an exchange. One popular investment method is to start accumulating different crypto coins as soon as they're released for trading on an exchange.

This is attractive to investors for several reasons.

First, it allows you to get involved for very little money. Since the coins are brand-new, they don't cost much. A single coin might be one hundredth of a penny or some similar price. You can control hundreds or thousands of shares for an investment as small as \$10 or \$20.

Secondly, this allows you to diversify without spending a lot of money. Using this strategy, you can quickly accrue several different crypto coins. Your financial investment won't be much at all. Yet you would still have multiple coins.

The third reason why this is attractive for a lot of people is because it increases your likelihood of finding a winner.

Probably 95% of all crypto coins will die with a value of absolutely nothing. That means that identifying a winner early in its growth pattern is important. Buying

multiple crypto coins in their infancy means you have a lot of opportunities for success.

Buy Cryptocurrencies with Dividends

Making money with cryptocurrencies has some similarities to trading stocks and bonds. One of those similarities involves dividends. Most people are familiar with buying stock in a company, so we'll use that for our example.

Imagine that a company needs money. They want to expand. They need money to pay for marketing expenses and creating new products. When this happens, the company will sometimes offer stock. They'll allow regular people like you and me to purchase stock in their company.

They might offer 10% of their company for ownership through a stock offering. They may divide that 10% of the company up into several million shares. Each share is offered at a particular price. This is the stock price. If a company releases 10 million shares at \$10 each, they can raise \$100 million. This is how buying stock in a company works.

Sometimes, companies will give further incentives for you to purchase their stock. These are called dividends.

Some companies offer quarterly or annual dividends if you own stock in their business. Dividends usually result in a return of a few percentage points every year. These are super-safe investments because they're guaranteed. For every share of stock you own in a company, you will receive an agreed upon amount of interest every 90 days or every year.

In some cases, dividends can be rather high. The percent offered can mean doubling an investment thanks to the dividends alone in just a few years. That can happen even if the stock price stays the same or drops a little.

Some cryptocurrencies have adopted the dividend incentive system.

Shop around. Check with your exchange. Just remember that dividends alone won't make an investment attractive. If you receive dividends in a cryptocurrency that doesn't become successful, your dividends will amount to nothing. If you identify a crypto coin that's worth investing in and dividends are also offered, all the better.

Dollar Cost Averaging (DCA)

Here's a trading strategy that minimizes risk and keeps you in the game so you can take advantage of big moves. This works whether you're trying to make money by buying on a dip or selling on a spike. It's used by experienced traders looking for low-risk profitability in just about any type of investment.

The idea is simple.

You don't invest all of your money at once. You recognize that if a professional traders can't time the market consistently, you shouldn't expect yourself to be able to do so. Because of this, you take a specific amount of money and invest it at regular intervals over time.

You always spend the same amount of money to buy a particular cryptocurrency. You never buy more because you think the price is about to take off. You never

buy less because you think the currency might be overvalued. Remember, those are efforts to time a market that's incredibly volatile. They can wreck your entire investment capital quickly because of how fast cryptocurrencies can move.

So instead of trying to time the market, you stay consistent. You buy at the same time of the week or month. You can set this regular trading frequency up with your cryptocurrency exchange so it happens automatically. This takes your emotions entirely out of the equation.

Here's an example of how it works in the real world.

You've got \$10,000 you want to invest in Bitcoin. It doesn't matter if the price of a single coin is \$500 or \$5,000 or \$50,000. You can buy portions of the coin with your investment. Don't worry that you don't have enough to purchase an entire unit of Bitcoin.

With dollar cost averaging, you divide your \$10,000 total investment into several smaller chunks. Perhaps you decide to spread your investment over 20 transactions. You're going to divide your \$10,000 by 20 transactions, so each purchase will be \$500.

You can set this up so you buy \$500 worth of Bitcoin each Monday morning at 10 AM. You can choose every other Thursday at 4 PM if you like. The idea is to set your purchase at the same exact day and time each week or month or whatever time you choose.

In this example, let's make a \$500 purchase every Friday at noon. In 20 weeks' time, your entire \$10,000 will be invested. What this does with your purchase price is offset some of the incredible volatility inherent to cryptocurrencies.

By spreading the investment out at regular intervals over time, your Bitcoin is purchased at the average price of those 20 weeks. Sometimes you buy at a higher price and sometimes at a lower price. Since it's impossible to time a volatile market like cryptocurrency, this gives you a good average price for your investment.

Now let's look at the alternate strategy of making a single investment.

If you made a one-time \$10,000 purchase of Bitcoin in October 2021, you got the coin at about \$61,000. A year previous the price was just \$14,000. You saw the price skyrocketing and wanted to get on board. So you made your \$10,000 investment all at once, instead of spreading it out with DCA.

Unfortunately, you caught it at its peak. Bitcoin began to fall week after week after your purchase. In just three months it would fall more than 40%. You would lose over \$4,000 in value.

This is the danger of putting your entire investment egg into a one-time cryptocurrency purchase. Could you get lucky? Of course you could. But people who use dollar cost averaging understand that investing on luck is a foolish proposition. They would rather use multiple regular investments to get a safer average price for their crypto coin. This minimizes their risk but still allows them to catch a major upward move.

Day Trading (Not Recommended for Beginners)

This is a cryptocurrency trading guide for beginners. Then why are we mentioning a type of trading strategy that's not recommended for people new to

cryptocurrency? We mention it because you're probably going to hear some stories about people who have made massive amounts of money this way.

If you know a little bit more about it, then maybe you won't get involved and lose most or all of your money in a few days, or even a few hours.

Daytraders enter with a larger financial position. It's not recommended today trade any type of currency or investment with less than \$250,000. Some may say that you can start with \$100,000, but that would be the absolute floor where you want to begin daytrading cryptocurrency.

It's called daytrading for a reason. This type of investor risks bigger amounts of money in each trade. He only cares about a very tiny movement in a crypto coin. Any day of the week (and even any hour of the day to be honest), you can see a news article about some crypto coin increasing by 50% in a few hours.

This happens all the time. Crypto coins also lose 50% of their value in a few hours, in some cases. These types of moves are all a day trader is looking for. He can short a coin (betting on the price to drop) or make a long investment (betting on the price to go up).

These people are constantly at their monitors watching the market. If they can grab a 2% return in a few minutes, they can make very good money. A day trader might risk \$20,000 with this strategy. He buys \$20,000 worth of an altcoin. He's been watching it and he believes it's going to have a small rise. It goes up 2% in just 10 minutes. Just like that, he's made \$400 in just a couple of minutes.

This type of trader has to have a very strong heart indeed. They will often be involved in just one or two trades at a time. They never let a trade last more than a day. They will move out of every position at the end of every day. This means if

they get stuck at a loss at the end of the day, they have to absorb that loss. They might make 5 or 10 or 20 trades in a single day, hoping to grab 1% and 2% and 3% moves that make them profitable.

To have any chance at profitability, this person has to become a technical and analytical trader. They pour over investment data and trends. They watch stock charts and newscasts and are literally glued to their televisions and computer monitors every minute of the day.

It is extremely difficult to make a consistent living as a day trader.

This is even more so the case with cryptocurrencies rather than traditional currencies. By all means, beginners should avoid this type of trading strategy. We only mention it because you're going to hear about it. We want you to be informed so you know to steer clear of this type of strategy until you become a veteran cryptocurrency trader.

Swing Trading

Remember the HODLers we introduced you to earlier? These are the people that hold on for dear life. They're in for the long haul. Many of them believe there's going to be a time in the future where cryptocurrencies will replace traditional currency.

They believe in boosting the cryptocurrency idea by supporting alt coins with a long-term investment.

You've just met daytraders as well. These are the polar opposites of long-term investors. They don't want to hold a position in a trade for more than a few minutes or possibly a few hours. They like to get in and out and make a small percentage return on a larger amount of money.

These two trading strategies are at opposite extremes. Swing trading is right in the middle.

This is what you would get if you had a mad scientist combine a day trader and a HODL trader in a laboratory. They are not nearly as extreme one way or the other.

They certainly don't want to spend their entire day and every waking moment staring at a computer monitor like a day trader does. On the other side of the coin, they're more sensitive to price movement than someone who holds on forever. Swing traders do a bit of research or go on their own gut instincts. They look to buy cryptocurrencies that they believe will increase in value over the next few days or couple of weeks.

These types of traders often look for trends. If they notice that the overall cryptocurrency market is trending upward, they look for buying opportunities. They're playing on the sentiment of the average investor. They may also try to cash in on negative sentiment. They wait till the market drops to look for a buying opportunity.

Their idea is that they'll catch a cryptocurrency in a predictable channel of movement and trade it a couple of days or perhaps a week later for a tidy profit.

Swing traders will do research, but not to the extent of a day trader. They'll look for patterns more than technical indicators. They buy and sell using breaking

news announcements as a transactional trigger. They might hear that a celebrity or investment pro has made a brash prediction or other statement concerning a particular coin.

Then they'll jump on board and sell out of their position in the next few days, hopefully at a profit. They might try to capture a 10% profit over a few days. If they entered a trade with a \$10,000 stake, this could mean a \$1,000 profit.

This will usually require a larger amount of investment capital than if you're willing to buy and hold for the long term. You won't need near as much as a day trader. This is a middle-of-the-road area for a beginner to cryptocurrency trading. However, we still recommend dabbling with smaller purchases before you try to time the market this way.

6 Ways to Minimize Risk and Trade More Safely

Smart investors are always trying to minimize risk. Cryptocurrencies are inherently very volatile. So it makes sense to look for any way possible to lower your risk or your operating costs. Here are 6 proven ways to give yourself a better chance at success when investing in cryptocurrencies.

1 – Diversify Your Trades

You've probably heard the investing strategy of not "putting all your eggs in one basket". This refers to diversification. You can dramatically lower your risk by diversifying your trades.

This simply means to invest in several different coins.

It can be tempting to focus all your energy and money on one cryptocurrency. Maybe it's currently enjoying a decent run. Its value is increasing just about every day. You don't want to miss out. So you pour all your money into this one currency.

If it keeps going up and up and up, that's great. But if your trade turns south for some reason, then all your money is tied into a poor investment. That's why wise investors will diversify. Regardless of which trading strategy they use, they focus on several different currencies.

When you think about it, this gives you a much better chance at catching lightning in a bottle. If you have several sticks in the fire, you have a better chance at one

of them really heating up. Diversify by investing in multiple coins and you give yourself multiple chances at hitting a financial home run.

2 – Minimize Your Trading Costs

You can do this several ways. The first thing you should do is shop around. Check out different exchanges. Talk to your friends. Find out what exchanges are offering the best sign-up bonuses. Who charges the least per transaction? Exchanges are so competitive now, they often run specials. Several times throughout the year you can get bigger bonuses or lower transaction fees under certain circumstances.

You should get to know all the ins and outs of the exchange you use. You may be able to get more attractive transaction fees when you place a certain number of transactions each month or each quarter. Shop around. Look for the best sign-up bonuses and the lowest transaction fees.

3 – Stay in the Know

There are so many reputable cryptocurrency news organizations. It's easier to stay informed these days than it was back when crypto coins were brand-new. Check out different blogs and news services. Find one that you really like, one that has positive reviews and is trustworthy.

Sign up for alerts and push messages sent to your inbox. Join Facebook cryptocurrency groups. Get involved in the forums online where cryptocurrency is discussed day and night. The more information you consistently receive, the better your chances at making smart investments.

Learn from Your Exchange

Reputable cryptocurrency exchanges will have several educational options available to you. They'll have videos that get you up to speed in a hurry. The top exchanges have excellent customer service departments. You can either contact them through a telephone call or an online chat. Ask any questions that you have. This information is free. The more knowledge you develop as a beginner to cryptocurrency trading, the more successful you're going to be.

This means intimately understanding every fee an exchange places upon you. Are there fees for moving your alt coins from one wallet to another? What's the fee for selling the coin? Is there a fee for purchasing coins? If you sell out of a position and remove money from the exchange and send it to your bank account, what does that fee involve?

These are things that the beginner sometimes overlooks. They might make a nice little profit on an early trade and they don't give much consideration to a small fee. Those fees can add up. Especially if you're jumping in and out of different altcoins more than a few times a month, your profits can end up in the hands of the exchange.

4 – Use Stop Losses

Stop losses are used in traditional investment strategies. They also make a lot of sense with cryptocurrencies. Their goal is to do exactly what their name says, stop your losses.

They're very simple and easy to use. They work like this.

Before you buy or sell a cryptocurrency, you tell your exchange when you would like to get out of your position. You limit your losses this way. You tell the software that if the coin you purchased hits a certain price, you want to automatically close out your trade.

You give software buying and selling ranges. This way you don't have to be in front of your computer to buy a cryptocurrency when it hits a price you like. You also don't have to manually punch in a sell order. When it hits a sales range you've predetermined, the transaction is automatically placed.

You can do this whether you're buying or selling in order to make a profit.

It's a good idea because you can't always be at your computer. You might not be able to access your account or place an order on a trade when you need to. Stop loss orders take place any time night or day, whenever a currency hits the parameters you set.

If it sounds confusing, don't worry. All of the top crypto currency exchanges will walk you through the process. They have videos and audio instruction as well as text-based content that shows you how to employ stop losses with their software.

5 – Staking

What is cryptocurrency staking? Crypto staking is a process that's used to verify cryptocurrency trades and transactions. In return for you allowing an exchange to freeze particular currencies, you're paid a passive income. This is extremely small in comparison to the possible profits you can make with cryptocurrencies in other ways.

Staking can usually earn you 5% to 10% annually, depending on the currency involved. They can also result in a negative return if the currency drops in value.

That might look minuscule when compared to some of the cryptocurrency returns you've probably been seeing. It can be. There are also minimum amounts of currencies required for staking. Ask your exchange about the pros and cons of staking before you get involved.

One positive thing staking can do for you is protect you from yourself. A lot of cryptocurrency traders, especially beginners, will move in and out of trades frequently. This is hardly ever a good idea if you want to take profits instead of losses. The most well-trained and experienced professional traders can never time the market consistently, trade after trade.

For a beginner to think he can is a bit of a stretch. What happens is that beginner crypto traders hear that a particular altcoin has shot through the roof. They want to get involved. They have limited resources. So they sell one currency to buy this new flavor of the day.

That investment might go up or it might go down. But the problem is that the fear of missing out (FOMO) keeps playing in their mind. They constantly sell out of one position into another, often times piling up transactional fees and losses while doing so.

When you stake a cryptocurrency, you can't buy it or sell it. You can add to your position, and the new currency you buy is kept separate from your staked currency. The crypto coin you stake is off-limits, and this can keep you from making a knee-jerk trade when the better option would be to stay put.

6 – Take a Break before Making a Trade

This is what successful traders do. Whether buying and selling cryptocurrencies or more traditional investment vehicles, they avoid trading without taking their time.

Cryptocurrencies move so fast. It's understandable that you might want to jump into the next hottest thing when it rolls along. The problem is, new coins are released all the time. Many of them, especially when they're relatively new, can enjoy a healthy jump in just a day or two.

When you see a news report that tells you a coin is up more than 100% over a couple of days, you might want to buy it immediately. Your thought is that it's still going to skyrocket and you could double your money very quickly. That sometimes happens.

The truth of the matter is that these are far from regular occurrences.

Media outlets play up any huge gain by a cryptocurrency. That's why you're constantly seeing different altcoins being posted as the best way to double or triple your money in a hurry. Smart investors don't fall for this type. They do their research. Then they look for a buying opportunity.

They don't just jump in and buy at a moment's notice. When they're considering making a move, they often step away from their computer or smartphone. They go do something else. They give themselves a few minutes or even a day before they decide what action to take.

This is a practice that's highly recommended for beginners. It gives you time to remove yourself from the hype on a particular coin. Then do your research. Use stop losses to target buying and selling ranges that protect your capital. Give yourself plenty of time to make any investment, especially with volatile cryptocurrencies.

Cryptocurrency Beginners Guide - Conclusion

It's possible to make money with cryptocurrency. There are ways you can earn cryptocurrency for free. You can buy some coins today that double in value in a week. You can also make an investment today that drops to next to nothing in the same amount of time.

As a beginner to cryptocurrency buying and selling, take your time.

Get started slowly. Open an account with \$25 or \$50 or \$100. Make a few trades. Watch price movements. Figure out what type of trading strategy fits you the best before you get started.

And then spend a lot of time on the sidelines learning. There are a lot of people who have made life-changing money with cryptocurrencies. There are also as many or more that have lost money they couldn't afford to lose. As a beginner, remember both of those lessons.

Then get started. Don't just park this information on your hard drive and let it collect dust. Use it to get started today, and good luck with your cryptocurrency trading experience.

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