

HOW TO ANALYSE CRYPTO COINS BEFORE PURCHASE

**ONE CLASS SECTION
(THEORY)**

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Analyzing cryptocurrencies involves a combination of fundamental and technical analysis. Here's a guide on how to approach the analysis:

1. Fundamental Analysis:

a. Research the Project:

- Whitepaper: Read the project's whitepaper to understand its goals, technology, and use case.**

- Team: Investigate the background and expertise of the development team.**

- Partnerships: Look for partnerships with reputable companies or organizations.**

b. Technology and Use Case:

- Understand the technology behind the cryptocurrency and its practical applications.

- Evaluate whether the project solves a real-world problem or adds value to a particular industry.

c. Community and Development Activity:

- Analyze the size and engagement of the community.

- Check GitHub repositories for development activity and updates.

d. Market Position:

- Consider the cryptocurrency's market capitalization, rank, and trading volume.
- Compare it to other cryptocurrencies in the same category.

2. Technical Analysis:

a. Price Charts:

- Use candlestick charts to analyze historical price movements.
- Identify trends, support/resistance levels, and chart patterns.

b. Indicators:

- Apply technical indicators (e.g., Moving Averages, RSI, MACD) to gain insights into

market trends and momentum.

c. Volume Analysis:

- Analyze trading volume to confirm price trends and identify potential trend reversals.

d. Support and Resistance:

- Identify key support and resistance levels based on historical price data.

e. Trend Analysis:

- Determine the current trend (uptrend, downtrend, or sideways) and adjust your strategy accordingly.

f. News and Events:

- Stay informed about news and events that may impact the cryptocurrency market.
- Monitor social media channels and forums for sentiment analysis.

3. Risk Management:

a. Stop-Loss and Take-Profit:

- Set clear stop-loss and take-profit levels to manage risk and secure profits.

b. Diversification:

- Diversify your cryptocurrency portfolio to spread risk across different assets.

c. Risk-Reward Ratio:

- **Assess the potential return relative to the risk in each trade.**

4. Sentiment Analysis:

a. Social Media and Forums:

- **Monitor sentiment on social media platforms and cryptocurrency forums.**
- **Track community discussions to gauge market sentiment.**

b. News Outlets:

- **Follow reputable cryptocurrency news outlets for updates and analysis.**

5. Macro-Economic Factors:

a. Regulatory Environment:

- Consider the regulatory landscape, as changes can significantly impact the market.**

b. Global Economic Trends:

- Evaluate broader economic trends that might influence cryptocurrency markets.**

Remember, cryptocurrency markets are highly volatile, and no analysis guarantees success. It's essential to combine multiple analysis methods, stay informed, and adapt your strategy based on changing market conditions. Additionally, always practice responsible risk management to protect

your investments.