ALT FINS
Education

CRYPTO TECHNICAL ANALYSIS (TA) AND
TRADING USING **ALTFINS** PLATFORM

Lesson 6 NOTES

Lesson 6 (strategy):
Trading Ranges

STRATEGY DESCRIPTION

Range-bound trading is a **Swing** trading strategy that seeks to identify and capitalize on coins trading in price channels.

TA CONCEPTS COVERED

○ Trading range

○ Support / Resistance

Trading Ranges

PRACTICAL IMPLEMENTATION

Scan for coins with flat slopes of moving averages

TRADING RULES

o Find coins in an Uptrend on Long-term basis, but sideways in the Medium / Short term basis.

o Identify Support and Resistance Zones

o Range trading: Buy Support, Sell Resistance

Lesson 6: Trading Range

Ranges arise when:

o Price moves back and forth between support and resistance zones

o At least 2 touches on either side (support and resistance)

o Generally, the more points of contact with support or resistance happen, the more significant (stronger) the range becomes.

Ranges end when a breakout occurs (more on this in Lesson 7)
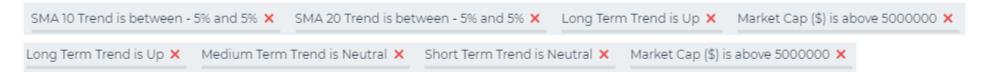
Lesson 6: Trading Range

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Lesson 6: Trading Ranges

1. **Custom Filter:**

   • **Looking for coins that have flatlined =>** SMA 10 and SMA 20 are not sloping up nor down much (-5% to +5%)

   • **Trade with trend =>** Long Term Trend is Up

SMA 10 Trend is between - 5% and 5% ✕	SMA 20 Trend is between - 5% and 5% ✕	Long Term Trend is Up ✕	Market Cap ($) is above 5000000 ✕
Long Term Trend is Up ✕	Medium Term Trend is Neutral ✕	Short Term Trend is Neutral ✕	Market Cap ($) is above 5000000 ✕

2. **Identify horizontal Support / Resistance zones**

   Read: (https://altfins.com/knowledge-base/support-and-resistance-lines/)

3. **Buy near Support and Sell near Resistance**

Range Trading: (dis) Advantages

Advantages:

- Many trading opportunities

- Clear entry and exit (Buy and Sell) points => Support and Resistance

- Clear price target: Resistance

- Clear risk / reward ratio (RRR)
  - If resistance is $10 away from support, that's the reward
  - Risk should be ½ of that or $5 downside
  - That's 1:2 RRR
  - So even 34% success rate should generate profit (realistic is 50-60%)

Disadvantages:

- Range trading limits profit initially by clearly defined price target

- Markets do not always follow existing range limits

- Breakouts against the trade direction lead to loses

- Market does not always hit price target

- Traders cannot always clearly identify the range

Lesson 6: Risk-Reward Ratio

Download this excel file here.

Risk Rewards Ratio (RRR)	1:2
Success rate	33%
Trade size	$ 1,000
Support	$ 1.00
Resistance	$ 1.20
Upside (range width)	20%
Downside (1/2)	10%
Winning trades avrg profit	$ 67
Losing trades avrg loss	$ (67)
Net total:	$ -
on 100 trades	$ -

Risk Rewards Ratio (RRR)	1:2
Success rate	50%
Trade size	$ 1,000
Support	$ 1.00
Resistance	$ 1.20
Upside (range width)	20%
Downside (1/2)	10%
Winning trades avrg profit	$ 100
Losing trades avrg loss	$ (50)
Net total:	$ 50
on 100 trades	$ 5,000

Lesson 6: Execution

Use Price Alerts to monitor Support / Resistance zones and Breakouts

Use **Limit** Orders to Buy near Support zone and place **Limit** Sell Orders near the Resistance zone

Stop Loss Limit = (support level) – (½ of upside potential i.e. range width)

"Technical Analysis is the only way to measure the emotional component of the market. We know that many times an ounce of emotion can be worth a pound of facts. How else to explain a sudden shift in the market without a change in the fundamentals?"

- STEVEN NISON

credited for bringing Japanese techniques to the western world

Instructor
Richard Fetyko, CEO and Founder, altFINS

Mr. Fetyko spent 14 years on Wall Street as an equity research analyst at investment banks like Janney Montgomery Scott, covering Internet and Tech sectors, and then 6 years as a portfolio manager at a family fund Twin Capital.

During his Wall Street career, Mr. Fetyko was ranked among top analysts for his coverage of Internet:

Ranked No. 2 by StarMine Analyst Awards in 2010 for ratings performance in Internet Software & Services industry

Ranked No. 4 and No. 2 by The Wall Street Journal's "Best of the Street" Analyst Survey in Advertising and Publishing sector in 2008 and 2007, respectively.