Things To Avoid When Trading CRYPTO

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Top 50 Common Mistakes Newbies Make That Can Be Avoided!

1. You Don’t Know the Basics

If you’re beginning, you’re likely eager to trade. I get it, really.

But don’t rush it. Take a little bit of time to develop a basic cryptocurrency trading strategy and to educate yourself.

Do you know the basics of blockchain technology and Bitcoin? Do you know what circulating vs total supply means? Do you understand what inflation is? Do you know about exchanges, wallets, private keys, and public keys?

If you can’t answer these basic questions, you’ll be in trouble quick enough. Take some time to prepare yourself, it’s essential.

To learn the basics, navigate our website - there are tons of cool resources to get started.

2. You Don’t Take Action

Every day, potential investors miss out on cryptocurrency investing because they aren’t confident about how to get started.

Even experienced investors miss on new tools or cryptocurrencies that could bring significant profits simply from not staying active.

Why? Because they're afraid to make mistakes. The first step is taking action, so don't hesitate to dive right in.

Action will result in experience, and experience will result in better decision making. In fact, the experience is all about learning from the mistakes you make.

If you feel ready to make your first investment, then go for it. Even only $10, on any exchange you want, with any payment method you like.

You can't imagine the difference a small step will make versus not taking action.

This is where your experience will start, and you will feel the highs and lows of investing - it's a wild ride.

3. You Don't Understand the Technology

What makes Bitcoin and many cryptocurrencies innovative is their underlying technology. But if you don't understand the foundations of the technology, the road will be risky.

You don't want to rely on others' 'knowledge' to make your investment decisions. Until you can judge these projects for yourself, you will be missing out on big opportunities.

After all, the creators of Bitcoin and its first adopters were all techies.

To avoid this, find educational sources you trust, take the time to learn, and most importantly, enjoy the journey of learning.

Once you understand block rewards, consensus algorithms, premining, and all the fancy jargon, you will be an improved, independent investor.

Blockchain technology is continuously advancing, so keep up with it the best you can.

4. You Ignore Fees

Now that you've taken action, take your time and find the right exchange with the best fees.

When people start trading, they make lots of trades a day hoping to earn small profits. While this is nice in theory, fees are killing them. Even if they are low, it all adds up.

Do your research before you trade. To become a successful investor, you need to start taking good habits right now.

5. You Overtrade

Some investors, mostly beginners, want to make 20 trades a day. This is dangerous.

Ultimately, many of them lose from fees or because they make bad trades a mistake and then trade more to recover their losses. Only to dig a deeper and deeper hole for themselves.

The reality is that there aren't 20 good trading opportunities in a day. Trading too much leads to poor decision making.

6. You Don't Understand Tax Implications

Overtrading also increases your tax liabilities.

At least in the United States and Canada. Most people think that they only owe taxes on profits that were sold back to USD/CAD, when in fact, you owe taxes on every single trade you make - even crypto to crypto.

The IRS and CRA view every trade as a realized gain or loss. Put simply, if you buy Ether with Bitcoin, they consider this a taxable event on a realized gain or loss.

They assume that you sold Ethereum to USD, then purchased Bitcoin with USD, even though this is not what happened.

Ignoring both tax implications and exchange fees will severely impact your overall cryptocurrency investment strategy.

Tax implications, in addition to accumulated fees and bad trades, is another reason why you should not overtrade.

7. You Invest Your Life Savings

Rule number one of investing; don't invest more than you can afford to lose.

You should go into this ready to lose whatever you put in. Ultimately, as the price swings up and down, you should remain calm and still be living a healthy life with room for regular spending.

I've heard countless horror stories of people investing greedily with their entire life savings or borrowing large sums of money. This is a HUGE mistake.

Funny enough, even if you hit it big, your greed will likely win you over. For example, if you invest $50,000 and at one point have $150,000, then your mind will rationalize and normalize these winnings to feel less significant than they are.

The next thing you know, the market drops, and you are back at break even, or at a loss.

8. You Think Cryptocurrencies are Shares

Take your time to educate yourself and understand what you're investing in.

Cryptocurrencies are not shares like stocks. You have no ownership in the company and receive no dividends.

If a company issues a cryptocurrency, then it is very possible for the company to profit or get acquired, with no benefit to you. A company can be doing very well, yet their coin can drop.

The only exception here may be security tokens which can grant ownership to their investors. But even then, it's up to the guidelines of the offering.

Cryptocurrencies are a different game.

9. You Chase Cheap Coins

Don't chase cheap coins with dreams of lambos and private jets.

Lots of uneducated investors in the crypto space buy low priced cryptocurrencies because they think there is a higher chance of big returns.

If presented with one coin priced at $0.01 and another at $75, they blindly purchase the $0.01 coin because they think it's easier for a coin to go from $0.01 to $0.02, rather than from $75 to $150.

This is a common trap.

There are lots of factors that affect a coin's price, including two important ones: the circulating supply and the real world value of the coin.

More often than not, a cheap coin has a huge supply of coins, which dilutes the price of each coin. If the supply is massive and there is little real-world value, then the coin priced at $0.01 is not undervalued and should be priced that low.

A better factor to consider when looking for coins with growth potential is the market capitalization of the coin. The 'market cap' is calculated as [current price * circulating supply] and is often a better (although not perfect) indicator of a coin's valuation by investors.

If you want to find the next gem coin, look for coins that have a low market cap.

Low market cap coins have more potential for growth, but they also come with a lot more risk (failure, illiquidity, etc.)

Ultimately, you should stay away from those coins if you're still at a beginner level, and pick your next investments based on their potential real-world value.

10. You Think You Must Always Be Right

I hate to tell you this, but get over yourself. You're not always right. And it's okay.

Investing is a game of speculation which involves some amount of luck - even for professional investors. To be a winner in this space, you only need to be right a certain percent of the time.

For example, if you 2x your investment 55% of the time, then you can afford to lose 45% of the time as you will make money in the long run.

11. You Make Sloppy Mistakes

Hold your horses, buddy! Take your time when transferring your money.

Don't rush, and make sure the sending and receiving addresses are correct. Never type an address. Just copy and paste them. This way you avoid any chance of typos. And hey, it's faster!

After you copy and paste it, always verify the first two characters and the last three characters match your address.

12. You Don't Diversify Your Portfolio

Your cryptocurrency investment strategy must involve diversification.

While it may be tempting, don't put all your eggs in one basket. Every experienced investor hedges, or protects his/her risk by investing in multiple assets.

You might notice some coins correlate where when one goes up, the other goes down. If this is the case and you like both coins' futures, then invest in both. Your investment will be much safer.

My recommendation: own a minimum of 5 cryptocurrencies.

13. You Over Diversify Your Portfolio

Be sure to pick a number of coins that you can keep track of. This means keeping up with news and price action.

My recommendation: invest in a maximum of 10 cryptocurrencies at a time.

Diversify responsibly!

14. You Don’t Do Your Own Research (DYOR)

Research a coin before you invest in it.

So many people invest based off of hype. They see other investors on Twitter or Facebook talking about a coin, see the coin’s price rising, and then buy off of impulse. This often ends badly.

Do your own research.

When researching a project, you should be able to answer the following:

- What is the mission of the project?
- Who are the core team members? Have they worked together before or have past success?
- When is the mainnet expected to launch?

If you can answer these, then it’s a good start.

Don’t be afraid to miss out on investment; there will always be more to come.

15. You Research Poorly

Once you understand WHAT you should research, then next is starting the research.

The process will be time-consuming if you're just starting. But the more you research, the better you'll become at it.

Here are a few basics to get started:

- Have a look at each coin's BitcoinTalk.org announcements thread and website.
- Search on the internet to see if there are reviews on the coin or mentions of it being a scam. If you see lots of talk about it being a scam on Google or Reddit, then it's worth digging deeper into that to understand the reasoning.
- Check on the economics of the coin such as its market cap, trading volume, price history, and total versus circulating supply.
- Cross-reference opinions from industry experts. Never trust one single opinion.

16. You Don't Keep Up to Date with your Investments

As you come to own 5, 6, 7, or more coins, the amount of responsibility on your shoulders increases.

Be sure you keep up to date with all of their developments and price action.

To do this:

- Follow them on social and through their blog
- Join their communication channels (Telegram, Discord)
- Bookmark their websites and Bitcointalk threads

17. You Don’t Have a Plan that you Stick With

Lots of folks let the market highs get to their head. Once their portfolio hits an alltime high, they only want to go higher.

On the other hand, as a coin drops in price, they hold until 0 because they are stubborn about their investments.

The best way to avoid these situations is to set a target, stick with it, and don’t be greedy.

So, when you enter a position, be sure to write down your plan.

18. You Don’t Take Your Profits

If you want your cryptocurrency investment strategy to profit, you have to sell and accumulate profits eventually.

Learn from others mistakes. At the end of 2017, during the big boom of cryptocurrencies, lots of investors became rich IF they sold for profits. On the other hand, many had theoretical profits but overheld into this bear market.

Now, they are stuck holding at a loss, waiting for the next bull run.

Remember: you don’t profit until you sell back to realize your gains.

19. You Don’t Cut Your Losses

Being stubborn is easy. But at the end of the day, the market moves despite how you feel.

Don’t hold a coin you no longer believe in.

You should always ask yourself: “if I had not bought this coin, would I buy this coin right now?”

Be honest with yourself. It’s okay for things to change.

Additionally, if you planned to cut losses at 15%, then do it, no matter how you feel at the time. Don't rationalize that it will rise - cut your losses and trust the plan.

20. You Buy High

I bet that when Bitcoin was at $15,000 or $20,000, your friends and family were asking you about cryptocurrencies.

That's because there is a natural tendency for people to follow trends. But those who profit are those who entered the trend early.

DO NOT buy high, especially when a coin is close to its all-time high.

After all, why buy Bitcoin at $20,000 when you can buy it at $3,500? Buying high may be the right decision in some cases, but is a mistake more often than not.

21. You Don't HODL Hard Enough

On the flip side, lots of investors are impatient and 'cut their losses' early because of emotions.

The cryptocurrency market is made of cycles, where prices rise and fall drastically.

If you buy high, then you will need to wait out an entire new market cycle to end up with profits - meaning a new bear, then bull run - which can be well over a year of waiting.

Remember: if you still believe in the project, then your best bet is to be patient and hold strong, even if the price is dropping fast.

22. You're a Math Noob

Any successful investor needs to understand the basic maths behind trading. If you don't understand the real implications of a 20% drop, it's time to learn.

Here are some examples of math-related confusions:

- If an asset drops 50% in price, it does not need to raise 50% to break even again. In reality, it needs to raise 100%.

Think about it: if you purchase a coin for $100 and it drops to $50, it needs to double (+100%) in price from $50 to hit $100 again. If it only goes back up 50%, then you will have $75 - still at a loss.

- The difference between an 80% loss and a 95% loss is extremely significant. To break even after an 80% loss, the price needs to bounce back 5x. To come back from a 95% loss, you're looking at 20x.

Every 10% drop, makes a bigger and bigger difference.

23. You Don't Use 2FA

The crypto world is the wild west. Full of opportunities, but extremely dangerous.

One crucial step when working on your cryptocurrency investment strategy is to reinforce the security of your cryptocurrencies.

Enabling 2FA on every sensitive website is the most important habit you need to adopt to increase the security of your accounts.

2FA, or two-factor authentication, is another layer of security upon login. Most cryptocurrency exchanges, wallets, and services offer to enable 2FA.

To enable 2FA, you will need to download an app on your phone - either Authy or Google Authenticator, and sync it with the exchange or wallet via a QR code. It's super simple.

Next time you go to log in to the exchange/wallet, you will be required to enter your username, password, and the passcode that the 2FA app shows. The passcode changes every 30 seconds, so for someone to hack your account, they will need your phone as well.

24. You Leave Your Coins on Exchanges

One of the most famous mottos in the crypto industry is "if you don't control your keys, then you don't control your coins."

Exchange are huge targets for hackers and are always at risk. When you leave coins on an exchange, the exchange controls your coins. You are trusting the exchange's security measures and not your own.

Do yourself a favor - keep your coins in a personal wallet.

25. You Don't Own a Hardware Wallet

I will be straight up: if you've invested more than $500 in cryptocurrencies, then hardware wallets are a smart investment.

They are disconnected from the internet, which means that hackers can only obtain your funds if they steal your physical device and also know the passphrase to access it. This makes security a much easier task.

If you have large amounts of money, say over $5,000, then it may be worth buying two. The second can act as a copy to the first one, in case you lose it.

Hardware wallets such as the Ledger Nano S are incredibly secure, reliable, and easy to use.

26. You Don't Know Best Security Practices

Both the wallets and websites you choose to use hold sensitive personal information - do your best to keep it safe!

If someone compromises your accounts, then you can say goodbye to all of your funds. Take security seriously, and learn from those who have learned the hard way.

When using a wallet, hardware or desktop, be sure to:

• Avoid using Public Wifi

• Avoid using unsecured software/extensions

• Use strong passwords

One more important tip: do NOT use your daily email address when you navigate the crypto space. Use a separate one dedicated to your cryptocurrency investments.

27. You Don't Back Up Your Sensitive Information

Always back up both 2FA and wallet data.

If you lose access to your computer and haven't backed up your private keys, seeds or passphrases, then you won't be able to access your coins anymore.

Same for exchanges: you'll be locked out of your accounts if you lost your phone and haven't kept a safe copy of the 2FA keys.

Wallets and exchanges will often guide you through the process, so make sure to read and follow their instructions carefully.

For 2FA, I recommend you backup your keys so when you get a new phone, you can recover all of your accounts to log in. Do not forget to do this, as it will be a huge pain and time sink if you forget!

28. You Fall for Scams

Be careful out there. There are scammers in the crypto space, and they become smarter over time.

While I know you are not a gullible old lady, here are some trusted ways to avoid scams:

• Double check the URLs you're clicking on. A URL can be embedded in the text.

What if you click on a sensitive link - like a wallet - and end up on a different URL? If you don't believe me, click on www.google.com and see what happens. You can check the URL embedded in a link by right-clicking on it, copying the URL address, and pasting the URL in a new tab. But DO NOT press enter.

• Triple check the domains you land on. You might see some surprises. For example, you may land on coiinbase.com instead of coinbase.com. And believe me, these websites are set to steal your money.

• Avoid 'easy money' opportunities. Each time you're offered to get rich online, there is a hidden scam. This includes Ponzi schemes such as the famous Bitconnect case. Remember: Great opportunities aren't offered to you on a plate.

• Ask questions to Google and communities. Type ["Website" + Scams] or ["Website" + Review] on Google, and you should know soon enough.

29. You Don't Find a Reliable Community to Learn With

Online communities will be handy when you experience any difficulty in the cryptocurrency space.

Whether you struggle to use an exchange or have a question about the fundamental value of Bitcoin - or anything else, surrounding yourself with likeminded people is essential.

These communities can also provide you with a consistent flow of cryptocurrency sentiment to keep a pulse on the industry.

There are great Facebook groups, like Cryptocurrency Investing and Crypto Coin Trader. If you're not on Facebook, then you can search on Reddit, BitcoinTalk, and Uptrennd.

30. You follow shills

Shill is a common word for someone who is compensated or has a financial incentive to spread the good word about a coin, even if it is terrible.

I won’t name anyone in particular, but lots of influencers, bloggers, and YouTubers have been guilty of promoting horrible cryptocurrencies - sometimes even scams - because of their own, selfish intentions.

Whether they’ve been paid to review a cryptocurrency or have other incentives (they own a lot of coins, they know the owners, etc.), you will be the one paying the price if you follow their advice blindly.

31. And crowds

Well-known shills tend to cause crowds to follow their footsteps. If they are influencers with thousands of followers, then you will see groups of individuals talking about a coin in unison.

This can result in Facebook threads, Twitter threads, and Bitcointalk threads being created with everyone shilling one coin as a crowd.

Do not follow them blindly. Hear the noise, but do your own research about the coin.

- If you find out the coin is indeed promising, I’m sorry for you because - you likely missed the opportunity.
- On the other hand, if you believe there’s nothing new under the sun, stay confident, because the coin’s price will surely drop soon.

Take a cryptocurrency called ICON as one example. Lots of people bought in, and there was a lot of traction on major forums and social media outlets.

12 months later, after the crowd hype phased away, the price was down by ~98%.

Follow this advice: when everyone’s talking about a cryptocurrency, it’s time to sell it.

32. You Enter Positions You Can't Exit

If you hold a coin, but no one wants to buy it, then you are in an illiquid market.

Liquidity refers to the amount of ease with which an asset can be bought or sold in a market. You can check how liquid a coin is by checking its trade volumes on CoinMarketCap.

Liquidity is essential in cryptocurrency:

- What if you think cryptocurrency is going to collapse?
- What if you think one cryptocurrency is going to skyrocket and you need funds to get in?
- What if you need money for a personal situation?

For any of those scenarios, you'll need to be able to sell off your position quickly. If the coin you need to sell has low liquidity, you might have to sell it at a lower price to find buyers.

Even worse: if your cryptocurrencies are illiquid, you might have to say goodbye to your money for good.

The less liquid a cryptocurrency, the riskier it is.

If you're a beginner, don't even waste your time considering buying a cryptocurrency that has a low daily trading volume.

Do You Use Coinmarketcap Effectively?

33. You FOMO

FOMO, or fear of missing out, is a common behavior in the crypto space.

FOMO is when investors feel they are going to miss out on something big, and as a result, will immaturely buy an asset to hop on the bandwagon.

Examples of such persuasion can be project owners or investors tweeting things like: "Huge announcement released next week" or "Big partnership with a major bank to be announced soon."

Many shills will also take advantage of FOMO by explaining to their audience that a particular cryptocurrency is the next big thing, how the price is soaring, and if they don't get in now, then they will regret it forever. They persuade investors to buy irrationally - hence FOMO.

Ignore the noise, analyze facts. Your investment decisions should be based on logic, and NOT on emotion.

34. You Fall for FUD

Contrary to FOMO, FUD is short for fear, uncertainty, and doubt. The goal of FUD is to get you to sell, not buy.

So, if the shiller(s) wants to buy into a coin at a lower price, he will start spreading bad news about security vulnerabilities, hackings, team changes, or anything else to cause people to panic sell and lose faith in the project.

Once again - use logic. Understand their motives and don't act on impulse.

35. You Panic Sell

Besides FUD, another simple reason people sell is that the price drops quickly. But it doesn't mean it is going to drop more.

Don't sell in a rush. Have a cup of coffee, discuss with your friends who also invest in cryptocurrencies.

All in all, "control your emotions" and think your decision twice. Don't forget this is a volatile market and you should be ready to stomach significant losses.

36. You Fall for Media Propaganda

Major news sites will sometimes release very negative, and often, threatening news.

The news may be about a country banning the use of cryptocurrencies, or about how Wall Street doesn't want to get in. Deceiving headlines are the foundation for propaganda.

A lot of these news articles are intended to generate clicks, controversies, and sometimes even FUD. It's often very exaggerated.

One more style of content that can negatively persuade you is sponsored content. Websites and media you trust will promote a product not because they use it and like it, but because they've been paid to promote it.

Sponsored content is fine as long as it is clearly noted that the content is paid for. Many times, sponsored content looks just like non-sponsored content, which can be deceiving.

The most effective change you can make to improve your long term cryptocurrency investment strategy is to read these articles - not just the headlines - and cross-reference opinions. Stay calm and remain skeptical at all times.

37. You Are Emotionally Attached to Your Coins

Many investors become attached to their investments at an emotional level. They put lots of faith into their investments, and hate the thought of selling before the next pump.

I have met several crypto investors who have been down 95% on an investment. They read that the project has been abandoned by the team or delisted from exchanges, but they still won't sell because they irrationally believe it will come back.

This goes along with our personal biases we mentioned earlier - humans don't want to admit they are wrong.

Don't get emotionally attached to your coins. Always invest based on logic.

38. You Lack Patience

Be patient - because the sophisticated, wealthy investors are.

You may feel desperate to find the next big investment opportunity, but “whales” have enough capital to sit on the sidelines for two or more years waiting for the right time to strike. They can easily stay in a bear market, with losses, for years.

In other words, wealthy investors can afford to be in losses for multiple years to shake out weak HODLers. If you lack the patience and knowledge of this, then you will always be buying on the wrong side of the market.

If you are patient enough to wait even an entire year to buy in a bear run or HODL until the next bull run, then you will benefit greatly.

39. You Don’t Stay Clear Headed

Remember to stay calm and relax.

You should have invested an amount you are comfortable losing, so have fun with it. Don’t let the negative press or big news sway you.

If you do let negativity get to you, then you are more likely to make poor decisions.

Disconnect from crypto from time to time to stay clear-headed.

40. You Don’t Understand the Market Dynamics

Bitcoin only makes up about 40-50% of the market’s liquidity. There are thousands of altcoins, and they work in correlation with Bitcoin.

Not understanding these correlations can lead to poor and costly investment decisions. Those who make money trading crypto understand these dynamics like the back of their hand.

There are three situations for how Bitcoin and altcoins affect one another:

- The whole market crashes. In such a case, Bitcoin will often be more resilient than the other coins. We witnessed this firsthand in 2018: Altcoins dropped ~95%, while Bitcoin dropped ~80%.
- Bitcoin's dominance increase. Bitcoin's price increases sharply, but altcoins remain stable or go down. We witnessed this in September 2017 - November 2017.
- Bitcoin's dominance decrease. Bitcoin rises gradually, and altcoins increase in price substantially. We witnessed this in December of 2017.

All of these time frames can be viewed using coinmarketcap.com. Take your time and look at different historical time frames to help you better predict the future market!

Takeaway: if you think the market is ready for a bull run, then add more altcoins to your portfolio. On the other hand, if you believe the market is going down, sell your altcoins for Bitcoin, or even better, for fiat or stablecoins.

41. You Ignore Airdrops

Airdrops are free money with little to no effort.

Many times, new projects will airdrop their token as a marketing strategy to raise awareness.

You might need to register on their website to claim the airdropped tokens, but sometimes, you have to do nothing at all.

Check out AirdropAlert to be on top of every airdrop opportunity.

42. You Don't Prepare For Forks

Hard forks are similar to airdrops from an investor's standpoint - free money! Most investors I know miss out on these opportunities, which can turn out to be quite lucrative.

Bitcoin Cash is an example of a hard fork of Bitcoin, where all Bitcoin holders received 1 Bitcoin Cash for each Bitcoin in their wallet. Bitcoin Cash trades for well over $100 or $200, so these coins you can get for free, aren't cheap.

Just make sure the wallet you are using support the fork. Simple as that!

43. You Don't Use the Best Tools Available

The cryptocurrency industry is full of creative and hardworking people who offer some handy products and services.

Don't rely on only yourself, use all the tools at your disposal to craft the best cryptocurrency investment strategy and make better decisions.

44. You Hold USDT

Tether, or USDT, is a stablecoin that is pegged to the value of $1. Each Tether is supposed to be backed by one USD in a bank.

There are two dangers to holding USDT:

- They've had a shady past. Many believe that not every Tether is backed by a single USD, which means that if you want to redeem $1,000 USDT for USD, then you're $1,000 USDT is meaningless.
- Transfers cost a lot. Second, most people don't know this, but just to withdraw USDT from an exchange costs several dollars. If you want to transfer funds to another exchange, it is often less expensive (but more time-consuming) to trade back to a cryptocurrency before withdrawing.

While it's okay to enter USDT positions for short-term trades, don't hold it for too long.

45. You Don't Buy the Rumor

There's a popular narrative that says, "buy the rumor, sell the news."

Often, cryptocurrency projects launch their coin before a final product is made. Rumors can spread around the community about when their product will be complete, which companies will partner with them, and which exchanges the cryptocurrency will be listed on.

Usually, these rumors create lots of hype. The hype can grow to be so strong that when the real news is released, the price drops.

One example is the Verge project, which at one time had rumors spread by John McAfee and other prominent figures, discussing partnerships and innovations. The price was skyrocketing on rumors, and some made the best decisions of their lives by getting in early.

46. You Buy the News

On the other hand, when the news comes out, do not buy it - it's likely too late. This is when those who bought the rumor will take their profits.

When the time came for real news to be released about Verge, the price dropped drastically - well over 80%

So, instead of just buying coins at the time the news is released, take some risk. Buy the rumor, wait for the bubble to grow, and sell when the news comes out.

You'll thank me later.

47. You Don't Understand How to Read a Trading Chart

Once you understand some basic dynamics such as supply and demand, then you should start learning how to read trading charts, also known as technical analysis.

Technical analysis is a science which helps you better predict the future by analyzing historical market data. You'll gain a feel for when markets are about to turn, or if assets aren't priced properly.

For some, it's super helpful and core to many people's cryptocurrency investment strategy. Knowing how to read charts can give you an advantage over those who don't - and it can be quite lucrative.

48. You Don't Prepare for Bull Markets

Do you believe the market is dead and the entire crypto industry will vanish away just because Bitcoin drops 40%? Of course not. These cycles happen, so don't be afraid to go against the crowd.

If you sold when you were in profits, then you should have fiat ready to invest in cryptocurrencies during bear markets.

Keep these funds available in your wallets and be ready to accumulate your favorite cryptocurrencies when everyone else in the market is panicking.

But, don't FOMO! Generally, bear markets can last for well over a year. If you buy the dip too early, you'll end up losing a lot of money.

Bear markets should also give you plenty of time to find some altcoins worth investing in. So do not wait until the bull market is back - do your research in advance.

49. You Don't Listen to the Market Sentiment

If the overall sentiment varies, then so may the price.

While you may expect a bull market soon or be optimistic about a cryptocurrency, other investors may feel the opposite way.

This is why listening to the sentiment of other investors in the industry is crucial. If you don't, you might miss the next bear/bull market, or the next cryptocurrency about to moon.

So, how do you listen to the sentiment of your peers?

- Read other investors' thoughts. Not thoughts from influencers or media - from investors, like you and I. You can do this by joining and participating actively in some of the best crypto communities (read mistake #29)
- Use tools. These tools scrape information from the web and turn it into actionable metrics, and each of them uses different factors to determine

sentiment. Alternative.me, for example, scrapes data from trading volumes, Google Trends, and social media amongst other indicators.

Remember that sentiment is just one indicator of the next market movements.

When crafting your cryptocurrency strategy, cross-reference different indicators from several sources. Always use logic over emotions.

50. You Don't Earn Interest From Your Crypto

You cannot earn interest from cryptocurrencies as you do with your bank account, but there are ways to grow your bags simply by holding.

There are three ways to earn interest on your cryptocurrencies:

- Stake your coins. If you are holding Proof-of-Stake (PoS) coins, hold them in the official wallet, turn on staking, and you will begin earning stake rewards, much like interest in a bank account.
- Margin Lending. Exchanges which offer margin trading allow users to lend coins for a percentage return. This may be small, say 1-2% a month, but it can add up! Even at 1% a month, that comes to 12% a year as a safe return. Beats a 0.2% interest bank account.
- Lending Platforms. Nexo is one example of a lending platform that can land you a minimum of ~6% a year. For minimal risk, not a bad deal.

Disclaimer: we do not know your financial situation, nor are we financial advisors.

The world is your oyster, so don't be afraid to invest in different markets and niches.

Well, you made it to the end, congratulations!

Although there are plenty of mistakes to avoid, most of them are common sense and require no memorization. Simply being aware of them should be enough to make you think of and improve your cryptocurrency investment strategy.