

Template: Cryptocurrency Trading Checklist

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Based on Article: "Comprehensive Overview of Cryptocurrency Trading Strategies and Trends"

Website: <https://nairafx.ng>

A practical checklist to guide cryptocurrency traders through essential steps for effective trading and risk management.

Checklist Items:

1. Determine Maximum Portfolio Drawdown

Assess and decide how much of your capital you can afford to lose before triggering significant portfolio adjustments.

Reference Section: Risk Management and Portfolio Construction

2. Set Per-Trade Risk Percentage

Establish your maximum allowable loss per trade as a percentage of your total portfolio, typically ranging from 0.5% to 2%.

Reference Section: Risk Management and Portfolio Construction

3. Calculate Position Size

Use your per-trade risk percentage and market volatility indicators like ATR to determine the appropriate size of your trade positions.

Reference Section: Risk Management and Portfolio Construction

4. Run Portfolio-Level Stress Tests

Conduct Monte Carlo simulations or scenario analyses to understand how your portfolio might perform under adverse market conditions.

Reference Section: Risk Management and Portfolio Construction

5. Select Reliable Trading Platforms

Choose exchanges that prioritize liquidity, regulatory compliance, and strong fiat on/off ramps to minimize execution risks.

Reference Section: Tools, Platforms, and Execution Best Practices

6. Monitor Liquidity and Fees

Evaluate the liquidity of your target trading pairs and the associated fees before executing trades, starting with small test transactions.

Reference Section: Tools, Platforms, and Execution Best Practices

7. Backtest Trading Strategies

Test your trading strategies in a simulated environment or paper account to refine them before implementing them live.

Reference Section: Tools, Platforms, and Execution Best Practices

8. Use Hardware Wallets for Long-Term Holdings

Transfer large amounts of cryptocurrency to hardware wallets for security, using hot wallets only for active trading.

Reference Section: Tools, Platforms, and Execution Best Practices

9. Daily Monitoring of Automated Strategies

Regularly check on your automated trading strategies to ensure they are performing as expected and pause them during high volatility.

Reference Section: Tools, Platforms, and Execution Best Practices