

Swing Algo Trading FAQs, Rules & Recommendations

- 1) **Basic Idea:** Trading via swing algorithms is straightforward: Buy or go long when you get a 'Long' signal, and sell to fiat/stablecoin or go short when you get a 'Short' signal.
- 2) **Why should I use an algorithm for trading?** In short (no pun intended): To have a robust, objective strategy in the long-term without arbitrary actions which would be more similar to gambling, to suppress emotions which could sabotage your trading results, and to eliminate human error which could arise if you make trading decisions via some complex non-programmed strategy in your head. For more infos on swing trading cryptocurrencies, please see the [DeanTrader Swing Algo Introduction](#).
- 3) **How to actually use the algorithm(s)?** First you need a (free) account on tradingview.com. Then you purchase a Swing Algo series package in our shop at deantrader.com. There you will enter your TradingView (TV) account name during checkout, so that we can give you access to the algorithms. Then you open a chart (e.g. with the default asset ETH/USD and the default exchange Kraken), search for one of our algorithms in the „Indicators“ menu and apply the chosen swing algorithm as an indicator to your chart. You can also add our indicators to your favorites, so that you can add them to a chart quickly via „Indicators → Favorites“. Current swing algorithms are:
 - **Swing Algo V1:** bit.ly/SwingV1 (for BTC, and maybe smaller coins, mostly outdated)
 - **Swing Algo V1.1:** bit.ly/SwingV1-1 (for BTC, and maybe smaller coins, mostly outdated)
 - **Swing Algo V1.2:** bit.ly/SwingV1-2 (for ETH, and maybe for smaller coins)
 - **Swing Algo V1.3:** bit.ly/SwingV1-3 (for ETH mainly)
 - **Swing Algo V1.4:** bit.ly/SwingV1-4 (current to-go algo for ETH – recommended to be used by all users, especially beginners)

For trading ETH/USD on daily (D) timeframe it is currently recommended to use Swing Algo V1.4. After you added one of the algos to the charts, you can see all past 'Long'/'Short' (and 'Hedge' for the case of V1.4) signals, and the algorithm will compute from then on in real-time. As soon as the overall criterion for a signal on one of the algorithms is met (see „16“ below for the exact time), you will get a new signal visibly on the chart of said algorithm and can act accordingly. Additionally we provide Swing Algo bot alerts in our private Deantrader Discord server for convenience.

You can also play with the parameters of the algorithm if you want to tune it for another asset or timeframe, but note that this feature is more for advanced users. For this click on the „gear wheel“ symbol, which appears if you hover with your mouse over the algorithm name in the top left corner of the chart. The parameters then can be found under „Inputs“. Under „Properties“ you can change settings for backtesting purposes, and under „Style“ you can change colors etc. of the visible elements of the algorithm. If you mess something up, you can always reload default parameters by clicking on „Defaults → Reset Settings“ in the lower left corner of the settings window. For ETH/USD the inputs should already be optimized. There is also a smartphone TradingView app, so you can keep an eye on the algorithm from anywhere.

- 4) **Why is Swing Algo V1.4 showing much lower returns on TradingView backtest than e.g. Swing Algo V1.3?** For the profit calculation in backtest Swing Algo V1.4 uses only 10% of equity per trade as order size in default settings, while Swing Algo V1.3 and older versions use 100% per default (mainly due to an update in TradingView's publishing policy which states that a maximum of 10% of equity as order size is allowed for publicly published trading strategies). This is of no further issue for us, as one can set the desired order size percentage of equity in the strategy settings, which for us should typically be 100%. To adjust the order size percentage, click the „gear wheel“ which appears if you hover with your mouse over the algorithm name in the top left corner of the chart, then on the pop-up window go to the „Properties“ tab and set „Order size“ to (e.g.) 100 (% of equity). Now you can compare the equity curve of Swing Algo V1.4 to those of other versions, or just compare a full swing trading approach to buy & hold endeavors. Note that if you do not perform any backtests or other strategy research (and also have not automated the strategy via third party plug-ins), you do not need to change anything as this setting does not affect signal generation, but only the backtest equity curve.
- 5) **Where and how do I trade? What is shorting and how do I do this?** If you are completely new to trading and don't understand the basic trading terms yet, please read the [Swing Algorithm Trading Setup Guide for Beginners](#) including the glossary at the end explaining many terms. In that guide the complete setup for trading on exchanges and using the swing algorithm on TradingView is explained, and a step-by-step trading tutorial is provided.
- 6) **Leveraged Long/Short or Spot Long/Spot Sell? How much leverage typically?** As we're typically trading futures (e.g. the ETH/USD Inverse Perpetual Futures on Kraken) to be able to bet on both market directions, we either are in futures short positions or close them to go spot long. In general DeanTrader recommends using as little leverage as possible. In particular while using the current to-go algorithm Swing Algo V1.4 consisting of two sub-logics, the leverage is actually clearly defined for each signal (details can be found in the indicator description at bit.ly/SwingV1-4).

● **Swing Algo V1.4 - Quick recap of position/leverage logic:**

- When both sub-logics are long, we get a **Long** signal, and the swing trader goes **spot long** by closing any futures positions.
- When both sub-logics are short, we get a **Short** signal, and the swing trader goes **-2x leveraged short**.
- When one sub-logic is long and the other is short, we get a **Hedge** signal, and the swing trader **hedges** (= opens a / reduces to a **-1x leveraged short**).

Note that the leverages mentioned here apply to inverse futures. If you're not using Swing Algo V1.4, but another version (V1-V1.3) for e.g. trading some other asset, you should at least follow these recommendations:

● **General recommendations for (non-V1.4) Short signals:**

- **During bull market phases**, you might not want to aggressively short, but either only short with e.g. up to -1.5x leverage or effectively hedge with a -1x short, or go flat (by selling into fiat or stablecoins like DAI) if a Short signal comes.
- **During bear markets** you might want to short more aggressively, with leverages of -2x, -2.5x or maybe even -3x. Depends a bit on the situation and can be discussed in our private

Telegram and Discord groups.

- **Normally**, or let's say **during accumulation/distribution phases** we want to do classic -2x shorts when a '*Short*' signal appears.

● **General recommendations for (non-V1.4) Long signals:**

- Due to leveraged longs being mathematically riskier than shorts, we typically only want to **go spot long in all market phases (!)**. This means no leverage at all for longs!

One problem with this general approach, which is not defined by a strict system, is: it is not trivial to determine when one market phase exactly ends and the next begins. This is one of the reasons the V1.4 system is recommended to use.

- 7) **How much leverage at maximum?** Whatever you exactly do per trade, don't use too much leverage! If you do not want to follow the recommendations given in „6“, then you have to accept that liquidations are very possible as just one bigger wick can take you out, and I would still urge you to not use more than -3x short leverage! Longs I would typically not leverage at all, shorts I would typically leverage between -1x and -2.5x to be safe, and in special bearish cases with -3x *at absolute maximum* (and even about that I would first contemplate very long about)! Long/Shorts are not symmetrical, and shorts are typically safer (it has to do with percentage calculation, the definition of Perpetual Inverse Futures, and also general market behaviour where very quick price dips are more likely than sudden spikes). Nonetheless with high leverage (higher than $\pm 3x$) you can get easily liquidated in *both* directions due to noisy price action only.
- 8) **How to exactly switch between different Swing Algo V1.4 states (Long/Hedge/Short)?** As there are six different trading scenarios (Long → Short | Long → Hedge | Short → Long | Hedge → Long | Short → Hedge | Hedge → Short), I explained every scenario in detail in the [Swing Algo Beginner's Guide](#) on pages 10, 12 and 13 to get a better understanding of what to do, with a recap/overview table for quick reference on page 14.
- 9) **Limit order or market order?** It depends. Market orders are executed directly as you just buy/sell (or in general open/close a position) at the best available price, but market order fees („taker fees“) are usually a bit higher than limit order fees. Limit orders get put into the order book, so you might not get the trade filled instantaneously but have to wait some time until some taker trades with you, but the advantage is that limit order fees („maker fees“) are usually a bit lower than taker fees and sometimes are even negative (meaning you get paid for doing trades as a maker)! As we typically don't trade often with a long-term swing algo, either way the fees shouldn't have a too big impact on our performance (of course you can vary the fees in the Strategy Tester on TV to get some numbers; standard algo setting is 0.05 % which is the highest taker fee on Kraken Futures exchange). Another advantage of limit orders is, that if your position gets filled, you trade at the price you specified, while for market orders, your order will eat through the order book until it is completely filled, which could move the price dependent on the size of your position and the liquidity available in the order book, either leading to no real difference compared to limit orders or some slippage, i.e. slightly worse deals. Nowadays Dean sometimes, but not always, uses market orders for convenience or to act quickly.
- 10) **Stop loss and take profit?** There is no stop loss (or take profit level) in the traditional sense. If we are spot long, our (virtual) stop loss is the next Hedge or Short signal. If we're short,

our (virtual) stop loss is the next Hedge or Long signal. As a matter of fact, the next signal is also our (virtual) take profit trigger, where the trigger name only depends on whether we made a profit or loss with the last trade. Think of this trading style as a perpetual swinging pendulum, going from e.g. Long to Hedge to either Long or Short and so on (for the case of Swing Algo V1.4, where we have the nuance of the hedge position in between).

- 11) **Position size:** This depends on how much of your portfolio you want to trade with. I started swing trading with roughly 33% of my portfolio, but you could trade anything from 5-100%. Just dedicate a portion of your portfolio to swing trading only, and from then on use your new swing trading balance after the first trade for the next trade and so on (to accumulate profits). Due to the nature of my swing algos it is highly unlikely to get liquidated if one uses no high leverages (and only the ones mentioned in „6“), as the algo(s) will flip positions again in case of a trend reversal very shortly after a particular signal or will go into an overall hedge position as a safety net in the Swing Algo V1.4 case. Note that risk management should of course be your top priority in general.
- 12) **Emotional aspect:** With our algos we will do some very profitable trades, but also some trades which will only result in +/-0% or even a small loss (this is basically our way to guarantee that we get every major move). Don't get discouraged if a trade does not go your way initially, or when a completed single trade or even several trades in a row result in some small losses, as often one successful trade after such a period reverses the accumulated loss. Also don't get impatient as single trades typically go on for several weeks. Over longer time periods (i.e. many months or let's say a few years) we will *probably* make much money. There is no trading strategy on earth with a 100% hit rate and 0% drawdown, but we're trying our best to minimize losses, so keep that in mind when starting your journey with us.
- 13) **Which assets to trade?** Our algos are especially useful for trading ETH (Ethereum), but could potentially also be used for BTC (Bitcoin) and other cryptocurrencies (note that input parameters of the algos have to be changed then, some ideas for those are listed in the [Swing Algo Library](#), but very likely have to be adjusted further). The price action in crypto is rather algorithm-friendly, whereas stocks, precious metals, forex and other traditional markets are harder to trade with algos (at least this was my finding in my experiments)! I do not recommend trading stuff like SPX (S&P 500) or similar assets with my algorithm. Of course you can play around with the settings for different assets and see what you can find. I personally only do one thing: trading ETH/USD Perpetual Inverse Futures. And I recommend doing only one thing but that one thing very well.
- 14) **Why trade cryptocurrencies?** Besides the in my findings cleaner price action and better algo-friendliness, as well as higher volatility and therefore potentially higher gains over longer trading periods, it's easier to setup up a full-functioning trading account (without the need of a broker), there exist more newly available finance products (especially in the realm of decentralized finance or „DeFi“) for everyone who wants to dabble in them or who wants to use non-custodial, decentralized exchanges, as the storage of cryptocurrencies in your own wallet can have advantages there (in general no freezing of wallet or blocking of transactions possible). For more informations see chapter „1) Intro: Cryptocurrencies“ in the [Swing Algo Beginners Guide](#). But in the very end, for our purpose here it's mainly because of the cleaner price action and the higher volatility.

15) **Which input settings as a starting point for another asset?** When you want to use one of the algos not for ETH/USD but another asset, you should first set the following inputs:

- Smoothing Coefficient = 0 (very important)
- All Time Lag Inputs = 0

Note that for Swing Algo V1.4 there will be two Smoothing Coefficients and two sets of Time Lag Inputs as we have two sub-algorithms, so that you have to put both input sets to 0 each (each sub-algorithm has their own list for their respective parameters). Then start tweaking „Slow Smoothing“ and „Fast Smoothing“ (first always set Fast Input < Slow Input, but you can also later choose values such that Fast Input > Slow Input to see if you find something interesting there). Note that for Swing Algo V1.4 there will also be two sets of such inputs, but named somewhat differently, so just start with the first sub-algorithm parameters. If some good initial performance was found (= at least somewhat better than Buy & Hold), vary *all* inputs (this means also those from the second sub-algo) successively to find better setups (do this several times over after you find some good results varying all parameters once). If no good performance was found though, choose the settings as above, but this time set „RSI Length“ (in **V1**) or „Aroon Length“ (in **V1.1**) and „Volume Smoothing“ both e.g. to 7 or 21 and try again. Swing Algo **V1.2, V1.3, and especially V1.4** have even more parameters, so just permutate varying them. Finding new setups for V1.4 can be time-consuming as you're dealing with roughly 30 different inputs. If it is not possible to find a good performance, try other timeframes as 8H, 12H, 2D, 3D and maybe even W. If still nothing good can be found, its best to move on to another asset. Note that you should not change the „Backtest Start“ and „Backtest End“ parameters once initially set by you, as they just define the time interval in which you're backtesting.

16) **Which timeframes to trade?** With swing algos we typically want to trade trends, as the longer a trend is running, the higher are our profits. Dean personally trades only on the daily timeframe (D), as tests on shorter and longer timeframes always led to worse results so far. If you want to test for yourself though, most realistic timeframes are 4H, 8H, 12H, D, 2D, 3D and W (or some more exotic timeframes as 5H, 5D), but keep in mind that the noise gets larger on shorter timeframes, and the signal lag gets larger on higher timeframes. So for now I recommend trading on daily timeframe, which seems to be the best trade-off.

17) **When exactly do the signals come?** The algo always calculates at the daily candle close if the conditions for a Long, Hedge or Short signal are met. If yes, then it gives a trigger. This is at 00:00 UTC (exactly when a new daily candle emerges). So if you trade manually you should check at this time for a signal. If you trade significantly later (say half a day or so), then we cannot guarantee for the same trading performance that one normally gets as price might've moved already in the (for punctual traders) favorable direction so that you have to execute the trade order at a more unfavorable price, but over long periods of time with many swing trades this effect might even somewhat cancel out as sometimes the price first goes slightly in the other direction before moving in the intended direction. On the other hand there can be single instances where price moves quickly far away from the entry point in our favourable direction and latecomers have to enter at significantly worse prices. Therefore it is recommended to execute a trade as fast as possible after a signal appeared.

Attention: After you get the signal (on the daily timeframe) at 00:00 UTC at some particular

price point, sometimes the signal height might change on that daily candle during the day (it's basically a TradingView bug), but importantly latest on the next day the price height of the original signal will be back to the correct value (which is at the open price of the candle). This does not hamper our ability to trade, but can be confusing for newer TV users. It could also be that this bug, which was first discovered in 2020, is fixed by now (2023).

- 18) **Alerts for signals?** Alerts for strategies are available on TV. Just add them by clicking on the „alarm clock“ symbol that appears right next to the swing algorithm name in the top left corner of the chart interface when you hover with your mouse over it (if it does not show up, you first have to click on the „...“ symbol and select the „Add Alerts..“ menu item). You then have to choose the swing algo you currently use in the chart as a „Condition“. It typically will be „open-ended“ (Note that for free TV accounts, you have to set an expiration date latest in 2 months, after which you have to manually add a new strategy alert or reactivate the old alert*). Next you choose the alert types you want to receive. As the „Message“ for Swing Algos V1 to V1.3 you can first delete the slightly confusing pre-defined text by TV and should e.g. enter:

Swing Algo V1.3 for ETH/USD (D) on Kraken. New Signal: {{strategy.order.comment}}.

Note that for Swing Algo V1.4 such a message is already set as the new pre-defined text by the strategy itself, so that you do not have to change anything there if you're trading ETH/USD (D) on Kraken. The „{{strategy.order.comment}}“ will later show either „Long“ or „Short“ (or in the case of V1.4 also „Hedge“) when you receive an alert. For other trading pairs you should edit the text of course, e.g. to BTC/USD (D) on Huobi if you watch and trade this pair. You can also enter custom messages if you want, s. [Strategy Alerts on TradingView](#). Note: If you change the input parameters of the strategy (i.e. of the swing algorithm), an earlier created alert will still use the old inputs, so that you have to delete the old alert and add a new one for the new inputs. Please manually monitor the behaviour of your alerts for the first signal to make sure they work fine.

*We also offer alerts for Swing Algo V1.4 on the ETH/USD (D) Kraken pair (and some other indicators) in our DeanTrader Discord server, which do not expire. There a bot posts in a dedicated channel when a signal appears, which in turn leads e.g. to notifications on your phone. It is still recommended to run your own alert in TradingView and use the Discord alerts only supplementally (as we never know when Discord could have an unexpected downtime). After a signal appeared, Dean will also typically comment on it in our Telegram group, so yeah, normally it will be impossible to miss a signal.

- 19) **Automated trading?** At the moment TradingView (TV) only gives the option to trade automatically from the TV interface via third-party products/apps, which typically are not for free (cost ≈ \$30/month), and with which I am not affiliated. This works via strategy alerts. The TV feature to trade directly from the interface via a broker is only for manual trading. TV support said that automated trading directly from TV strategies without third-party apps might come sometime in the future (note that this information is from 2020 so you have to be on the lookout for TV updates in this regard). You also have to see if a crypto broker is currently available on TradingView at all. However in general we can just trade manually as we shouldn't have too many trades as swing algo traders anyway. Note that Dean does not have experience or expertise in automated trading via any TV third-party plug-in as he trades manually on Kraken.

- 20) **Better trading understanding?** If you haven't already, get familiar with Bitcoin's market cycles, emission schedule and fractals. Get a basic understanding of price action (i.e. support/resistance, supply/demand zones, horizontal and diagonal trend lines, ranges, deviations etc.) and indicators (moving averages, oscillators etc.). Research liquidity and how it affects the market. This is in principle not needed for trading with my algorithms & indicators, but it gives you more confidence in trading in general and will help to understand the markets better. Note that of course there's very much noise in terms of educational material quality, so to get a good overview, you have to read much. This is somewhat mitigated by the fact that from time to time Dean or other members drop interesting insights and spicy new findings in the private groups that can be used as a starting point for further research.
- 21) **Need more help?** If you have further questions before purchasing any DeanTrader package, you can ask Dean via a variety of contact channels ([Website](#), [TradingView](#), [Twitter](#)), so that he can clear any queries. Moreover we will always post general market and swing trading algorithm updates in our private „DeanTrader HQ Telegram“ channel and „DeanTrader Discord“ server, so that we can give you level-headed perspectives if the uncertainty in the market is a cause for fear and distress. There we also discuss swing trading, algorithm specifics and the general market situation further. With the help of DeanTrader's trading suite every beginner (and every advanced investor for that matter) can make it in the markets. We're looking forward to you joining the quest for financial freedom!