

Dean Trader

Swing Algo Trading Introduction



I: Basics of market cycles - or: *why trade?*



- Alright, so you were curious how to make money in markets?
- First question that arises: Should you trade or just invest?
→ Let's have a look on the charts!

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KRAKEN:XBTUSD, 1W 11640.2 ▲ +36.7 (+0.32%) O:11072.1 H:11918.7 L:10827.9 C:11640.2

There's one 'problem' in all markets: they rise, but they can *and will* (!) also drop severely.

It doesn't matter if its Bitcoin..



BATS:AMZN, 1W 3167.46 ▼ -57.54 (-1.78%) O:3180.51 H:3247.47 L:3101.21 C:3167.46

..or worldclass stocks like Amazon..



OANDA:XAGUSD, 1W 28.30646 ▼ -0.59589 (-2.06%) O:24.41258 H:29.85876 L:24.03948 C:28.30646

..or precious metals like Silver..



CURRENCYCOM:OIL_CRUDE, 1W 41.64 ▼ -0.39 (-0.93%) O:40.37 H:43.60 L:39.74 C:41.64

..or everyday used commodities like Oil.



Someday they will drop like stones.

- If you don't know how to timely leave the market (= trading), you're done for.

I: Basics of market cycles - or: *why trade?*



- People might say that investing is not so bad, if you roughly know when to sell. (Plot twist: Investors typically don't.)
- Yes, but it's highly ineffective. If you 'know' stuff, you're better off trading.
→ Let me show you:

Dean_Trader published on TradingView.com, August 08, 2020 03:44:10 CEST

KRAKEN:XBTUSD, 1W 11630.1 ▲ +26.6 (+0.23%) O:11072.1 H:11918.7 L:10827.9 C:11630.1

For example: Bitcoin/USD trading pair

Let's say you bought some Bitcoin in summer 2016 with a price of \$600 per Bitcoin.

Just by investing (= holding) until Summer 2020, you would have increased your investment by ~ **20x**, or in terms of overall gains: +1900% (excl. initial 100%). Not bad.

If you would've traded also local peaks and bottoms, your gains would've compounded, and your initial stack would've increased by ~ **535x**. Much nicer!

This could be the difference between pumping e.g. \$3,000 to an **okay stack of \$60,000** or a **life-changing stack of \$1,500,000**.



- If you want to avoid crashes & maximize your gains, you have to trade.

II: Price behaviour - or: why cryptocurrencies?



- Okay understood, I should somehow trade. But why cryptocurrencies?
- Cryptocurrency prices can be more easily 'predicted' than e.g. stock prices.
→ Check this comparison, and you'll see it on the first glance:



- If you want to make money, choose the easiest-to-trade assets: cryptocurrencies.

II: Price behaviour - or: why cryptocurrencies?

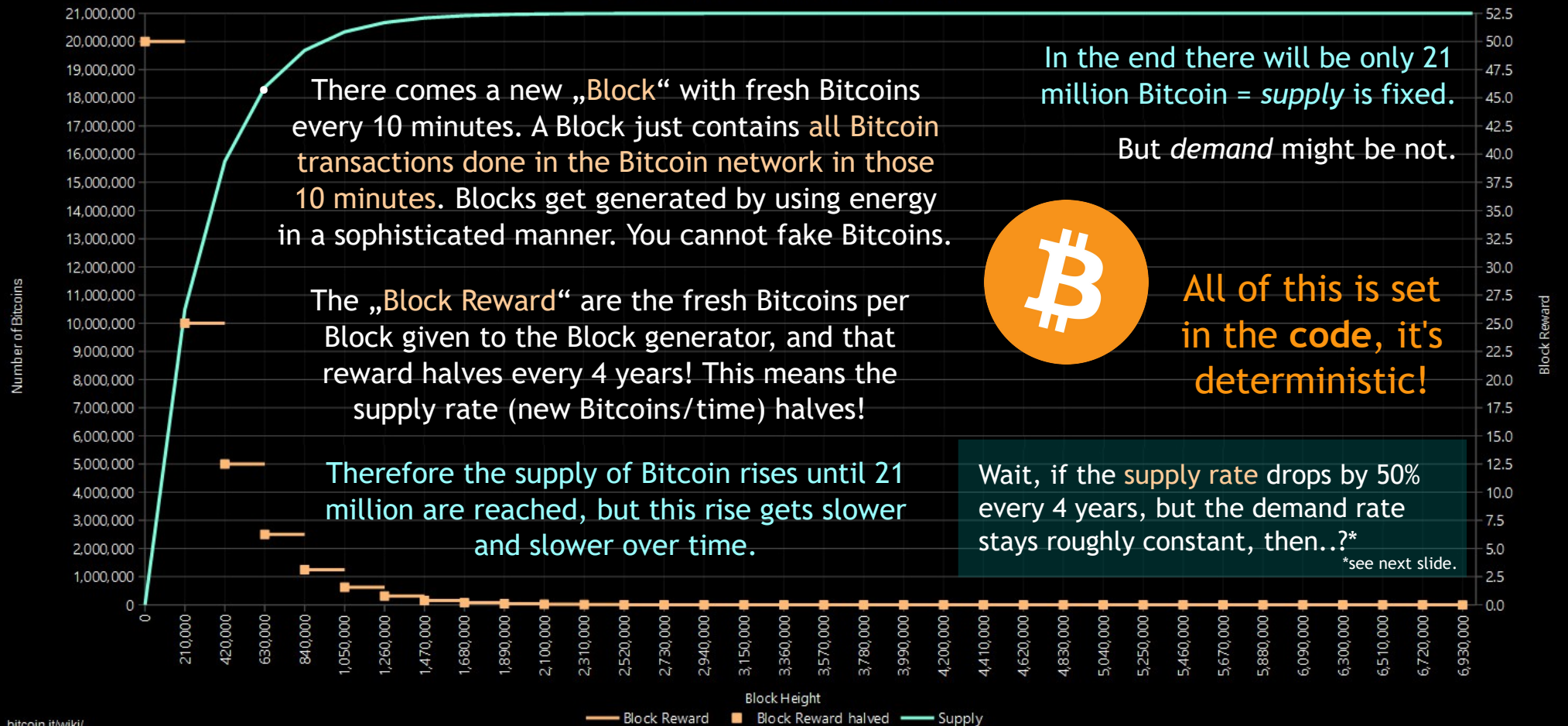


- There might be another reason for the more predictive price behaviour: supply & demand
- Yes, in comparison to all other asset classes, here the supply is basically deterministic!
→ To understand this, we'll make a quick deep-dive into Bitcoin Economics:

Bitcoin Economics 101

Bitcoin - Controlled Supply

Number of bitcoins as a function of Block Height



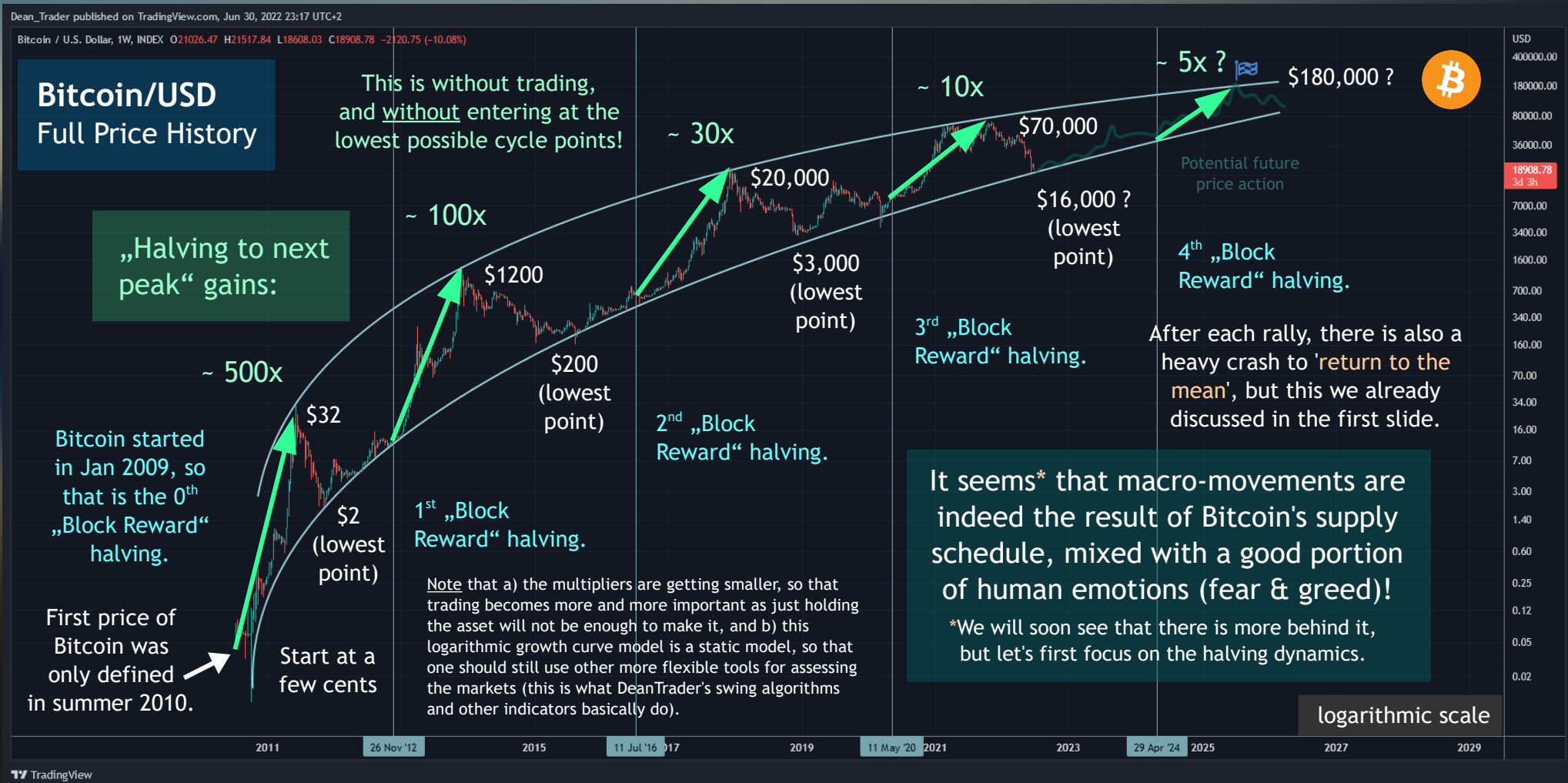
bitcoin.it/wiki/

- Bitcoin's supply schedule & economic future is fully defined and known.

II: Price behaviour - or: why cryptocurrencies?



- ..then maybe the price will rise every 4 years?
- Well yes, that's exactly what's happening!
→ Have first a look on the logarithmic chart of Bitcoin's full price history:



- Bitcoin's macro price action could be a rough function of its supply schedule.

II: Price behaviour - or: why cryptocurrencies?



- Not only does the macro trend repeat, also the finer price action looks similar.
 - This is called 'fractal behaviour'. Bitcoin's price action is fractal*. → *This is not exclusive to Bitcoin, also stocks and other assets can show fractality, Bitcoin just seems to have this rather clocked schedule.
- For this to see let's look on the linear chart for every halving era:

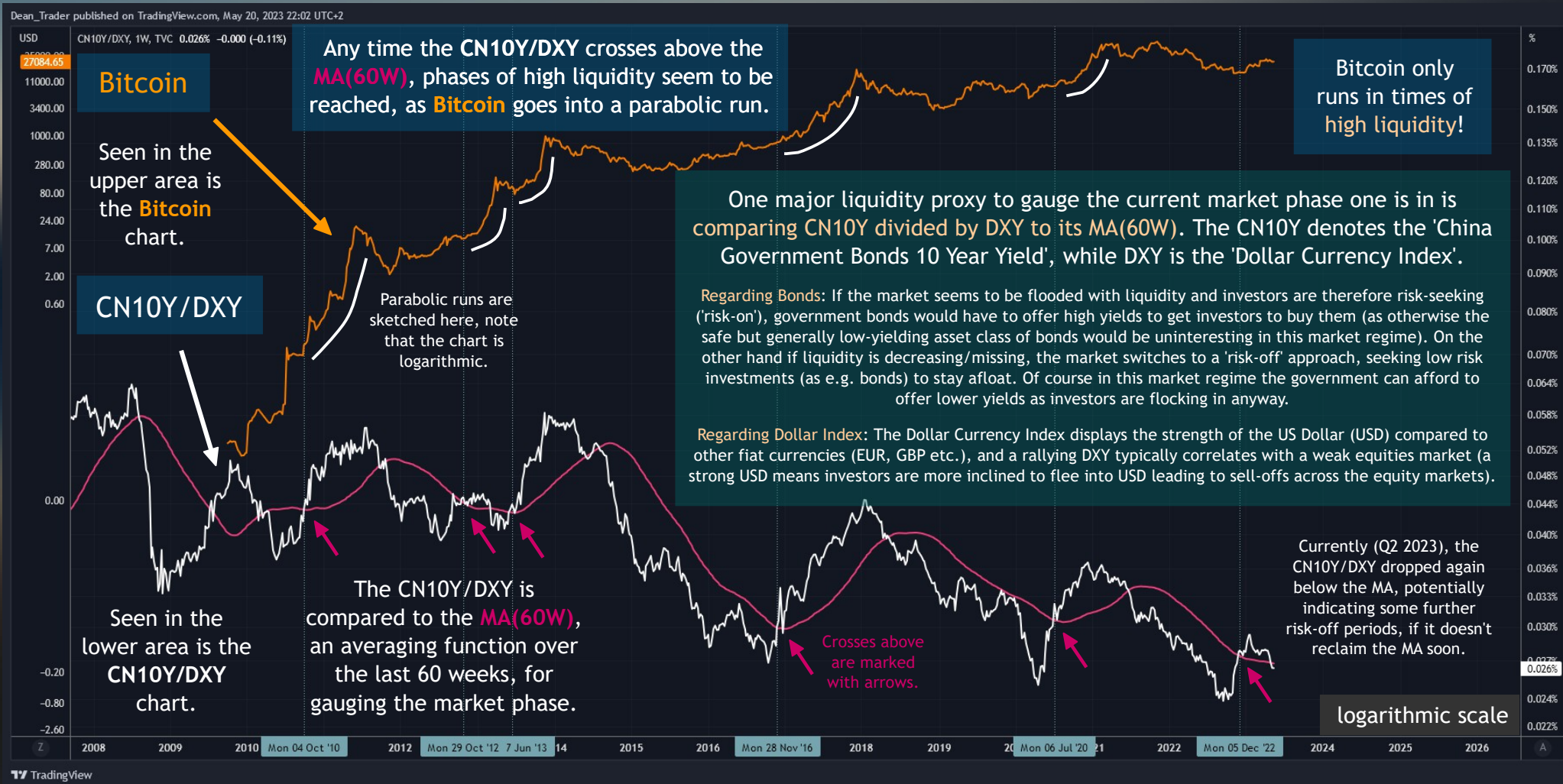


- Bitcoin exhibits timely fractality, that can be exploited for profits.

II: Price behaviour - or: why cryptocurrencies?



- To fully understand Bitcoin's runs one should also understand market liquidity.
- Boom/Bust cycles across the markets are the result of liquidity flows & ebbs.
 - We can use liquidity proxies to quantify such ebb and flow phases:



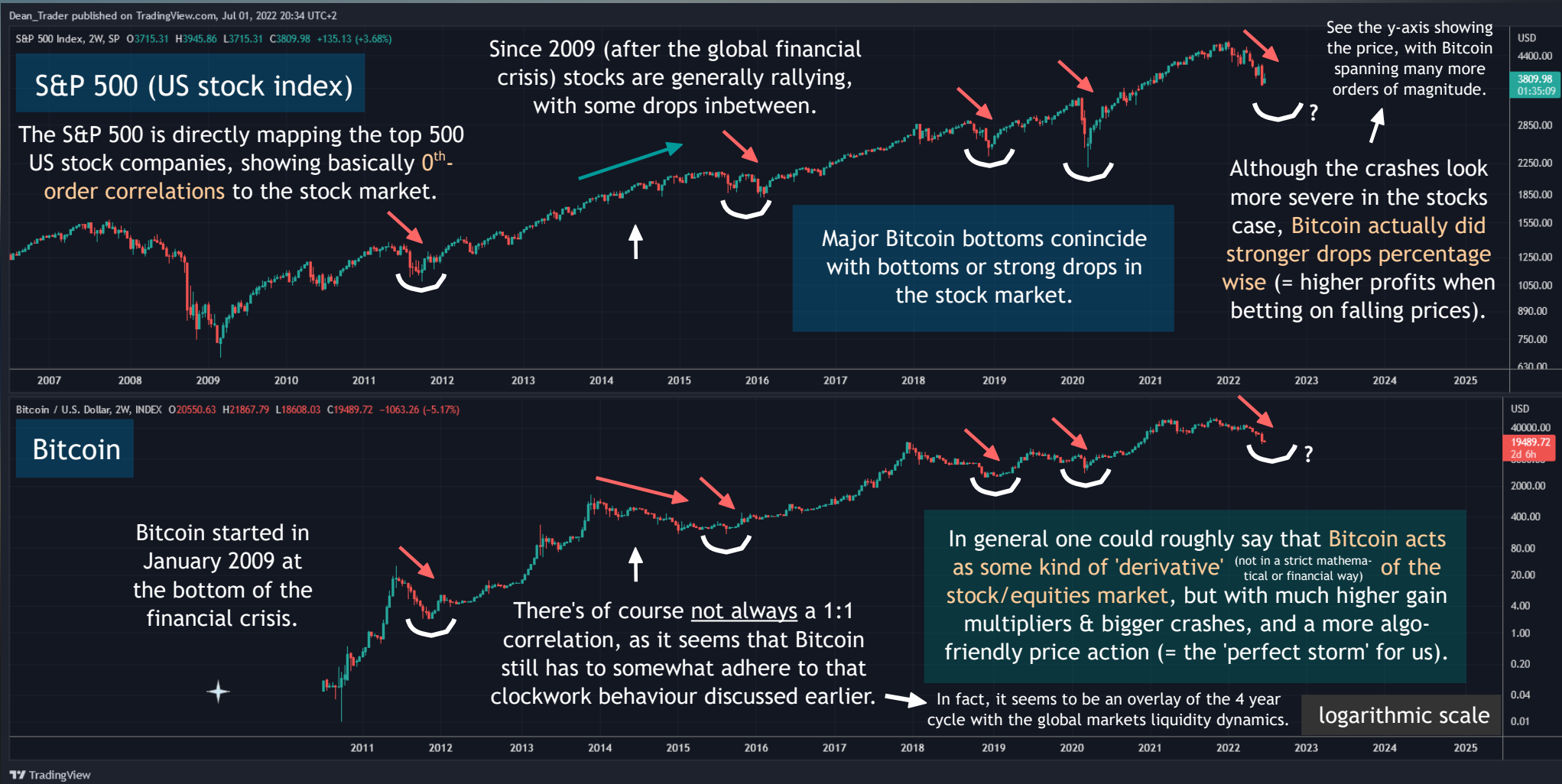
- Bitcoin - and other risk-on assets as equities etc. - need liquidity.

(So actually, it's not just the deterministic supply schedule that seems to drive Bitcoin's cycles.)

II: Price behaviour - or: why cryptocurrencies?



- As all risk-on assets need liquidity, we will encounter economic correlations.
- Bitcoin seems to be correlated to the stock (= equities) market.
→ Let's compare the S&P 500 and Bitcoin on a logarithmic chart again:

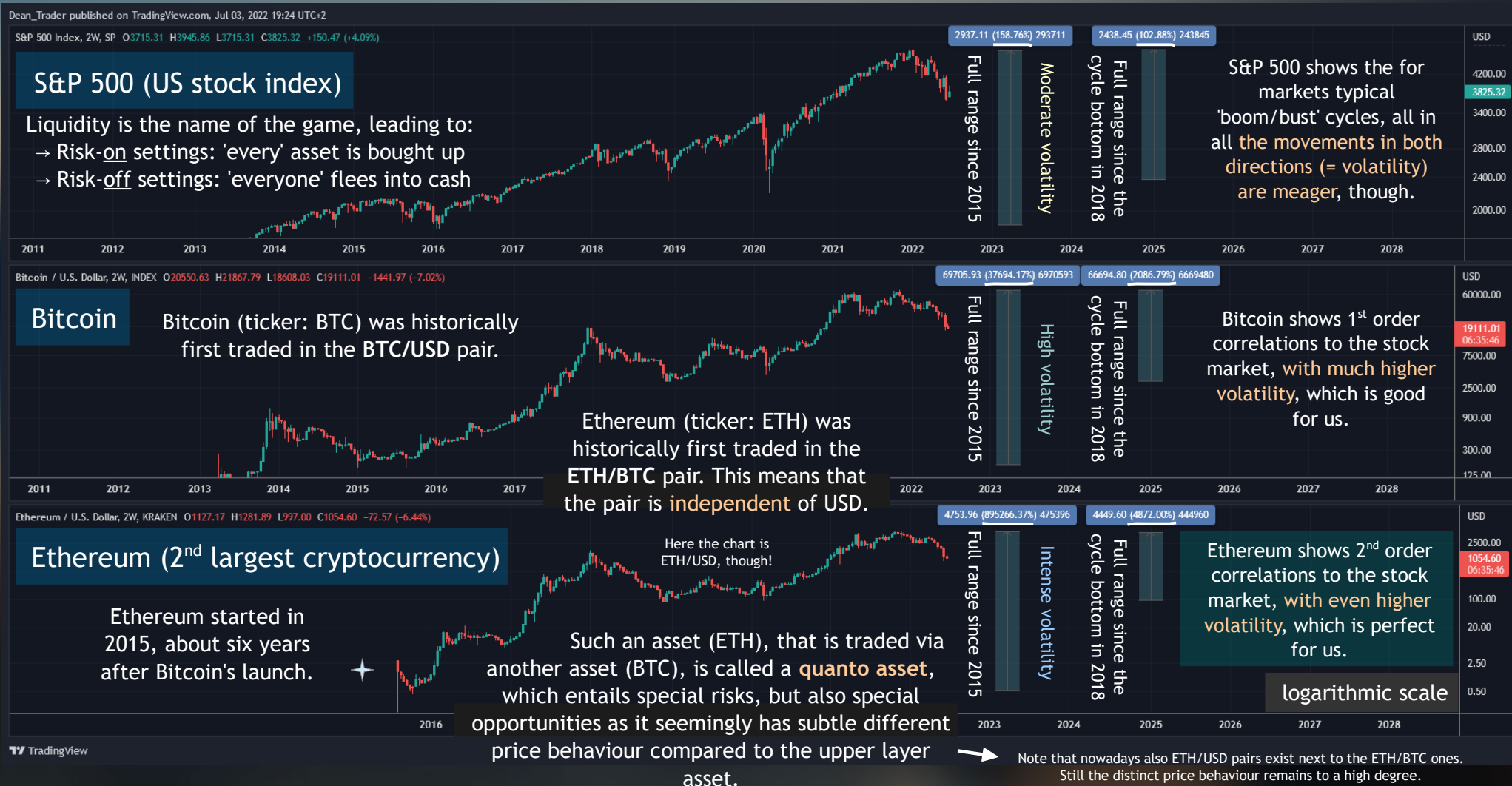


- Bitcoin is a 'first-order derivative-like vehicle' of the stock/equities market.

II: Price behaviour - or: why cryptocurrencies?



- Now, if we look deeper into the cryptocurrency market, we discover more layers.
- Ethereum is highly correlated to Bitcoin, and therefore indirectly to equities.
 - We compare the S&P 500, Bitcoin and Ethereum on a logarithmic chart:

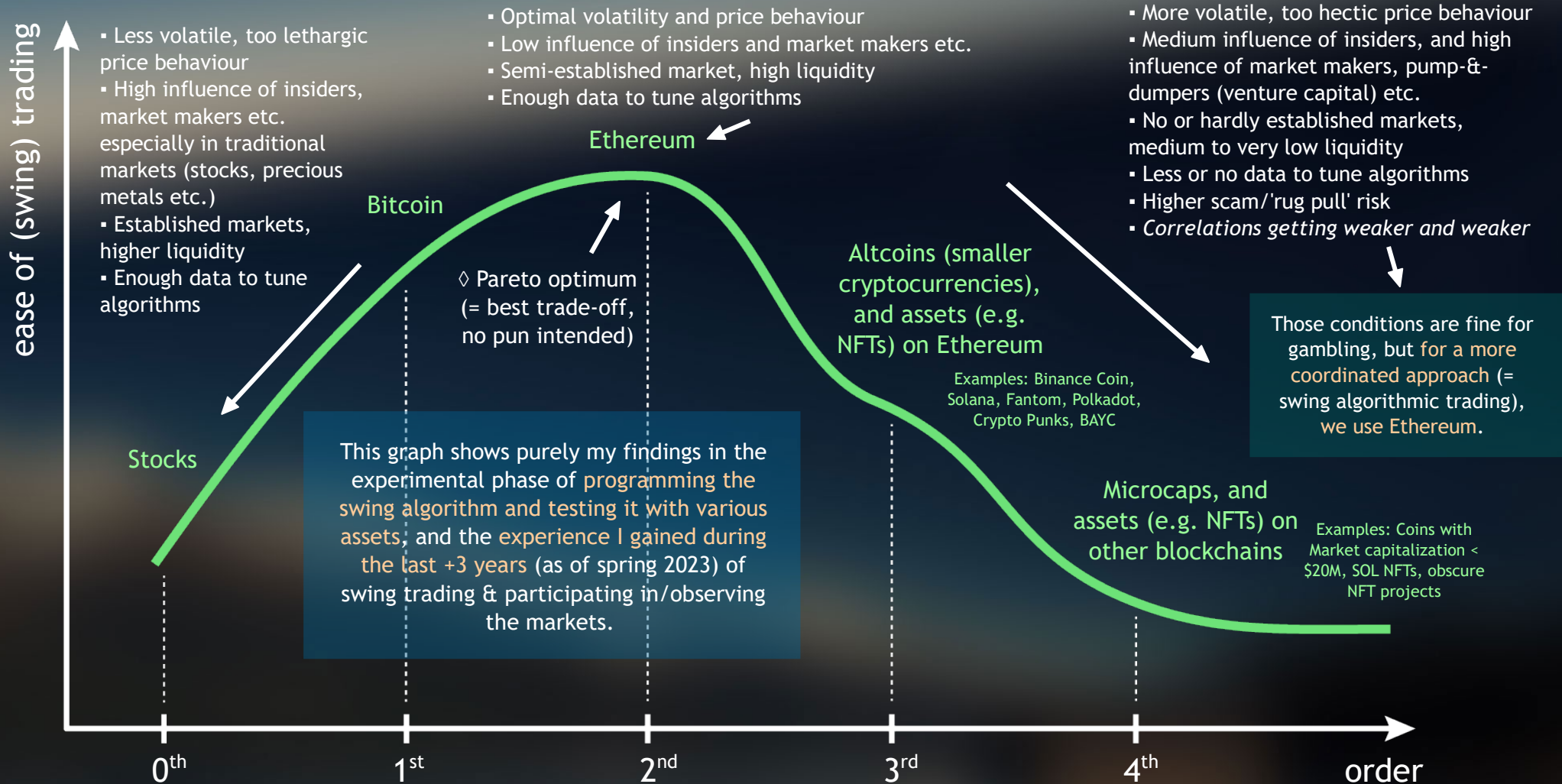


- Ethereum is a 'second-order derivative-like vehicle' of the stock/equities market.

II: Price behaviour - or: why cryptocurrencies?



- Wait, are there also 'third-order (or higher) derivate-like vehicles'?
- Yes, there are, but now we're starting to run into problems.
→ Let's study the qualitative graph below:



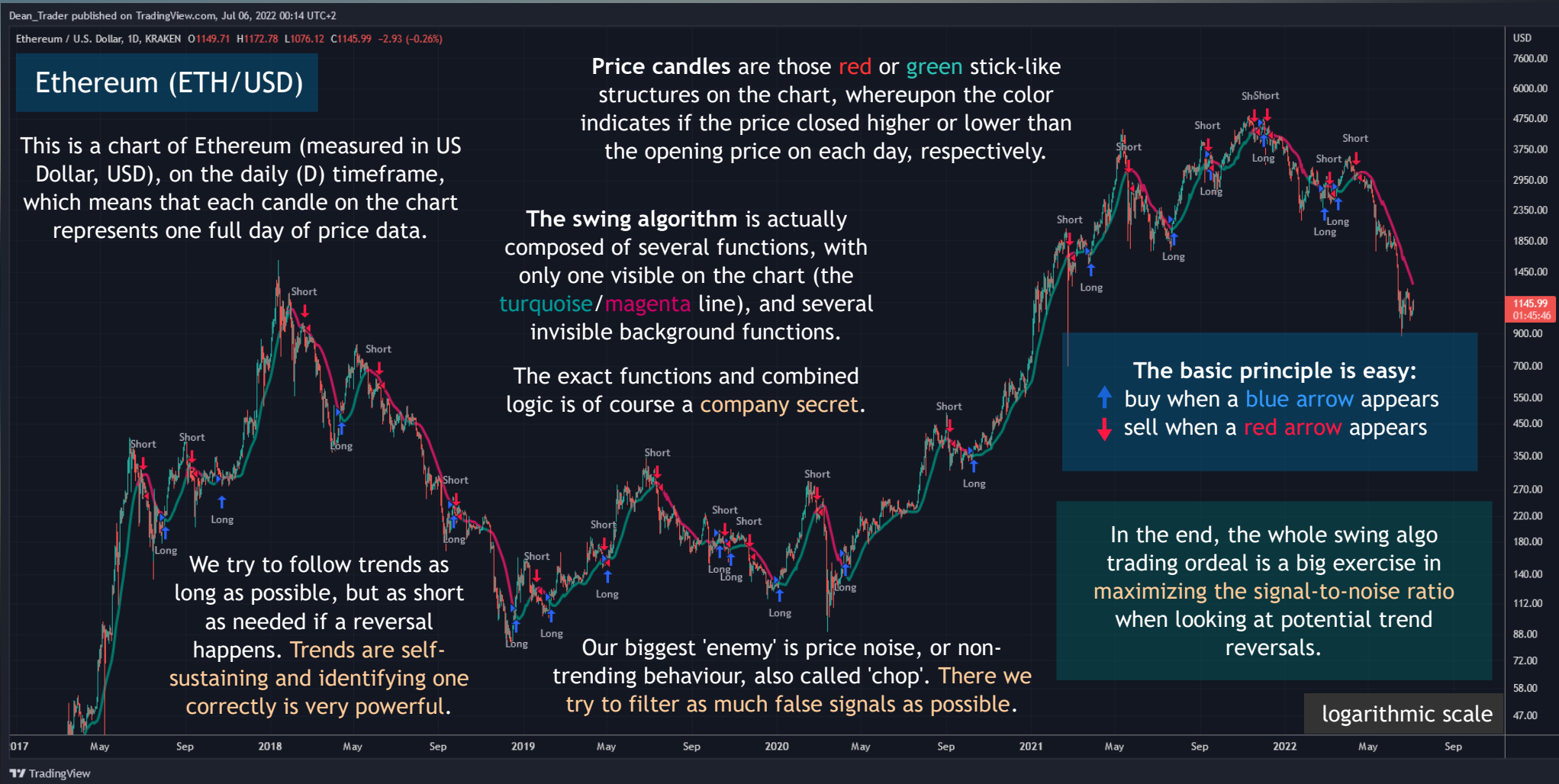
- The question really never was 'why cryptocurrencies?', but: why Ethereum?

(And now you have your answer.)

III: Swing algorithmic trading - or: *how to do this?*



- Alright, enough with the market theory, let's have a look at the swing algorithms!
- We can put all the price data of Ethereum on a chart, and add functions to it.
→ The first function we add is one of Dean's swing algorithms - Swing Algo V1.3:



- Once fully thought-out & implemented, the actual swing trading is simple.

III: Swing algorithmic trading - or: *how to do this?*



- So, swing trading seeks for valid signals while trying to keep the noise low.
- The general principle seems clear now, but let's look into this in more detail.
→ Here we see a zoomed-in chart from the last slide:

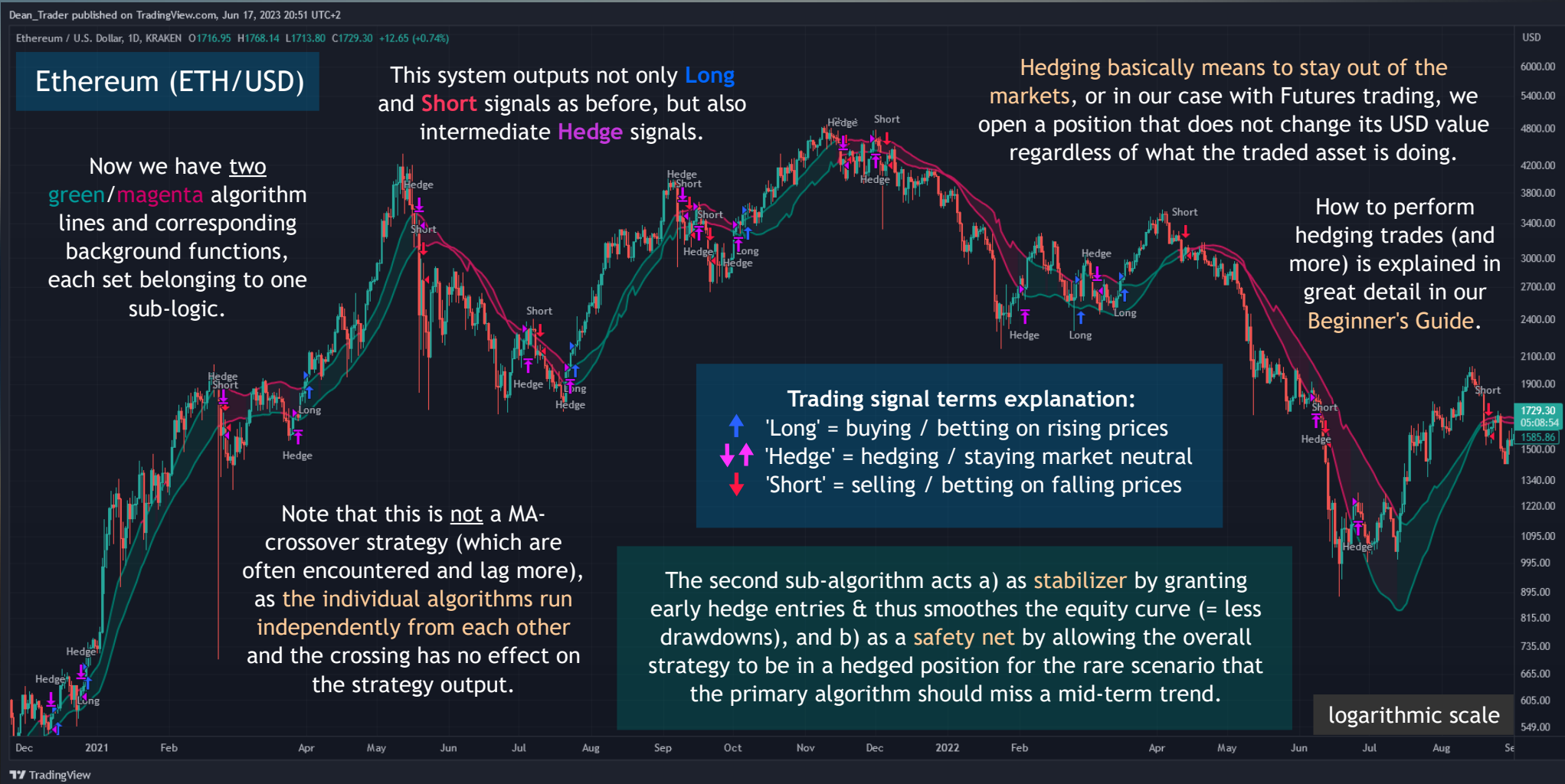


- By trading Futures, we have everything to execute the swing algorithm signals.

III: Swing algorithmic trading - or: *how to do this?*



- Now we add another layer to this system by using two sub-algorithms!
- This increases stability by providing a safety net, and reduces drawdowns.
→ Let's check out the latest release with this approach - **Swing Algo V1.4:**



- Adding a stabilizing control algorithm lowers risk & drawdown significantly.

III: Swing algorithmic trading - or: *how does it perform?*



- Swing algo trading is of statistical nature, betting on the more probable.
- With sound swing trading we can *on average* expect to amass wealth*.
 → Let's plot the equity curve (= portfolio value) VS price over time:

*Obvious disclaimer that no-one can predict the future and absolute guarantees cannot be given.



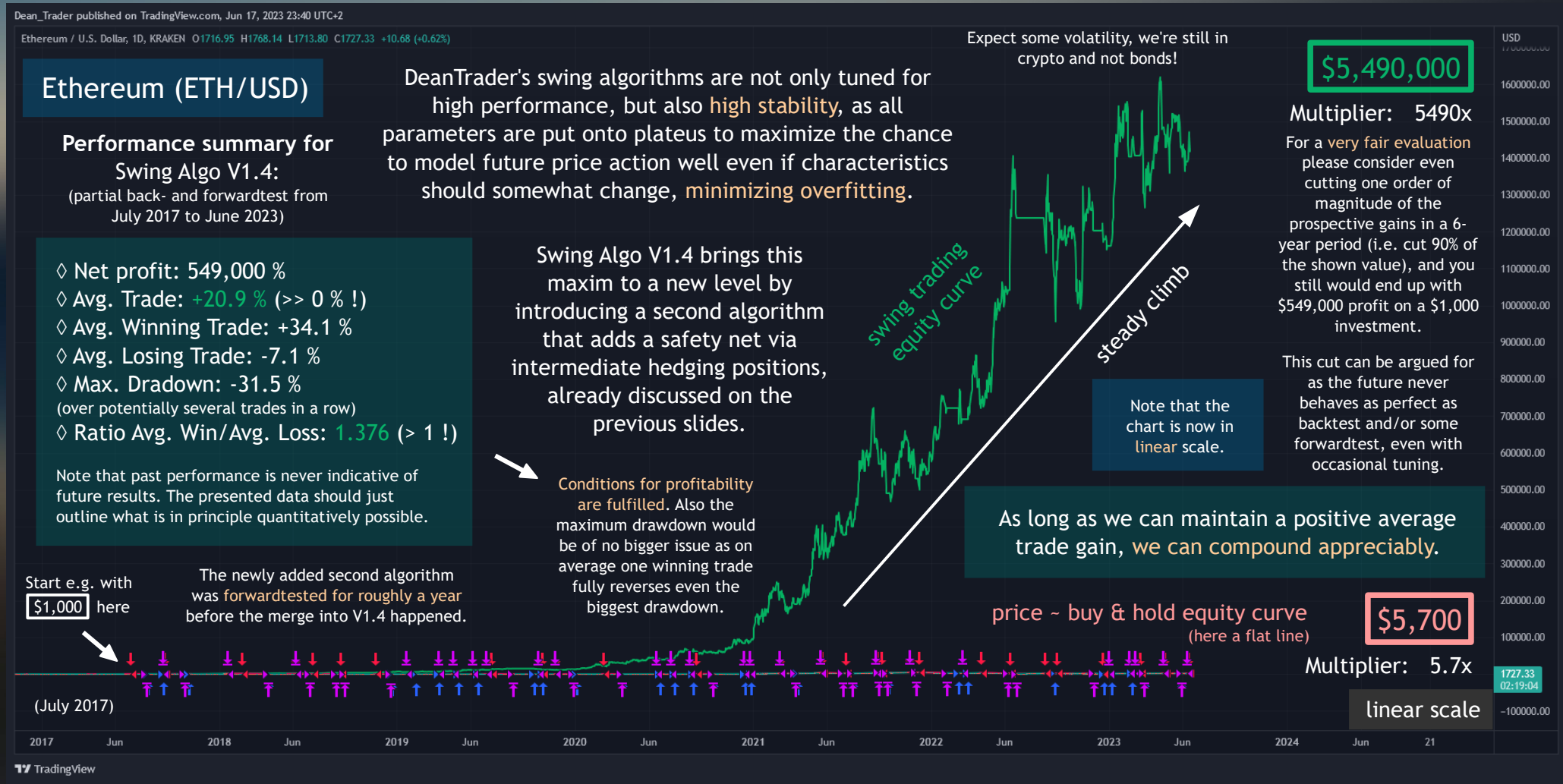
- We can swing from one branch to the next, climbing up in the value jungle.

III: Swing algorithmic trading - or: *how does it perform?*



- Swing algo trading is about moving forward while keeping the risk low*.
- A stability approach and the reduction of noise seems to be viable.
→ We can look at some important performance data here:

*As low as possible that is, while still being able to make progress.

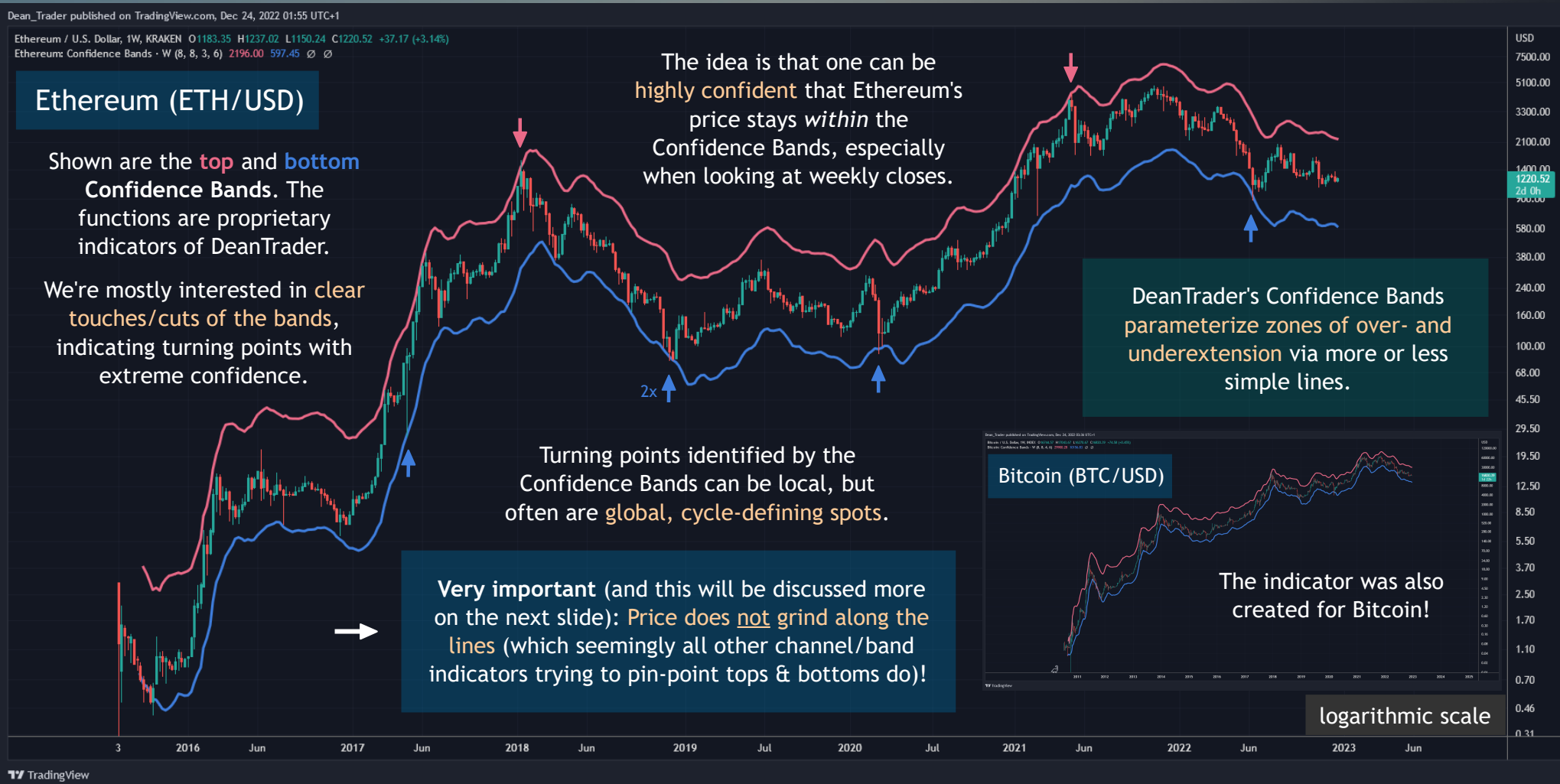


- Steady compounding with added security can lead to extra-ordinary gains.

III: Swing algorithmic trading - or: *how to enhance it?*



- But wait, there's more: We can enhance the swing algo performance further!
- We're using turning point picker functions to find local or global tops & bottoms.
→ Such functions are e.g. the Confidence Bands shown below:



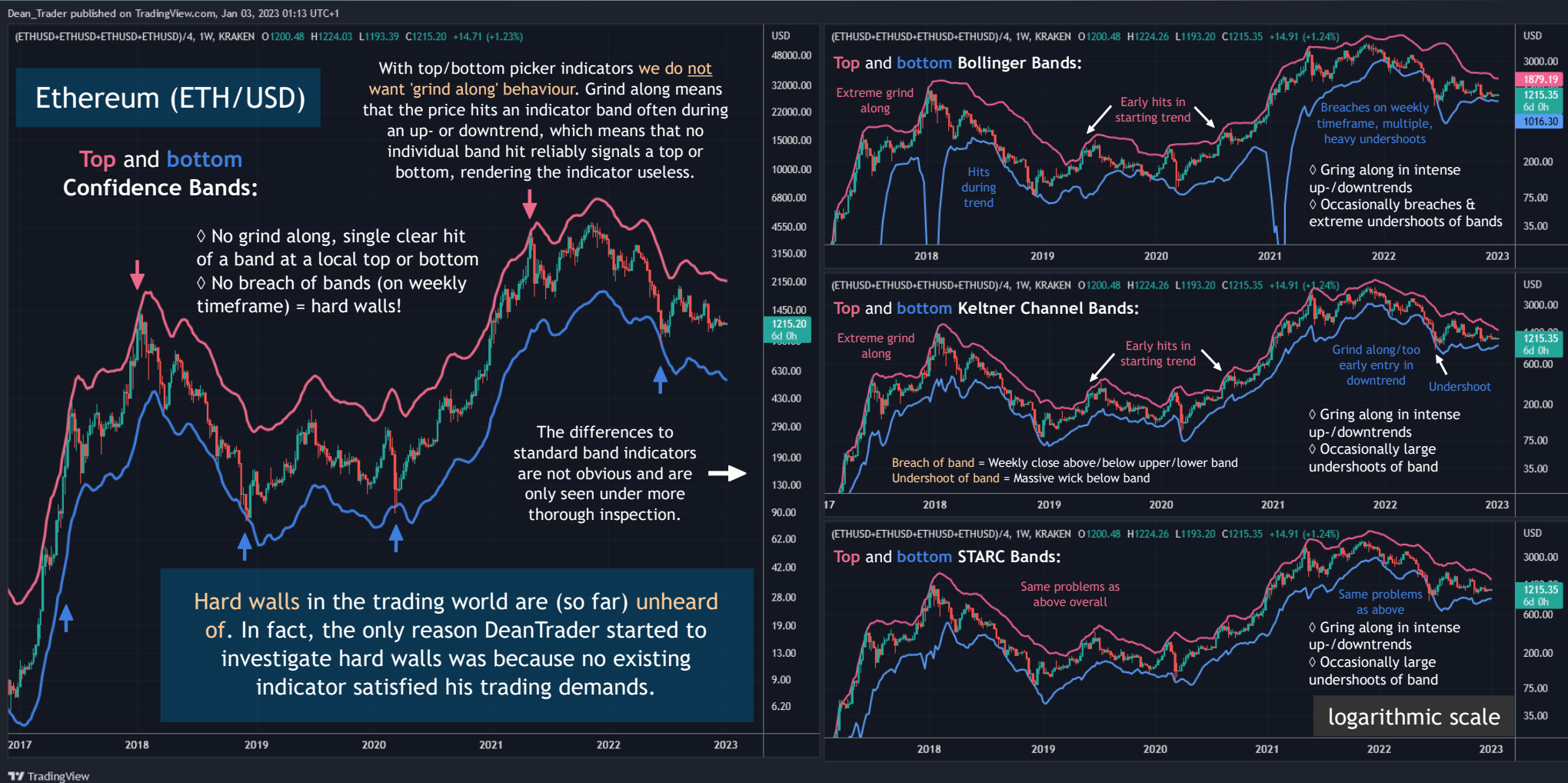
- With additional functions we can increase the (already high) net profit.

III: Swing algorithmic trading - or: *how to enhance it?*



- Confidence Bands are used to snipe exact reversal points.
- Other channel/band indicators show unwanted behaviour for this.
 - Let's compare the Confidence Bands with some popular band indicators*:

*All manually optimized by Dean as much as possible to yield good results.



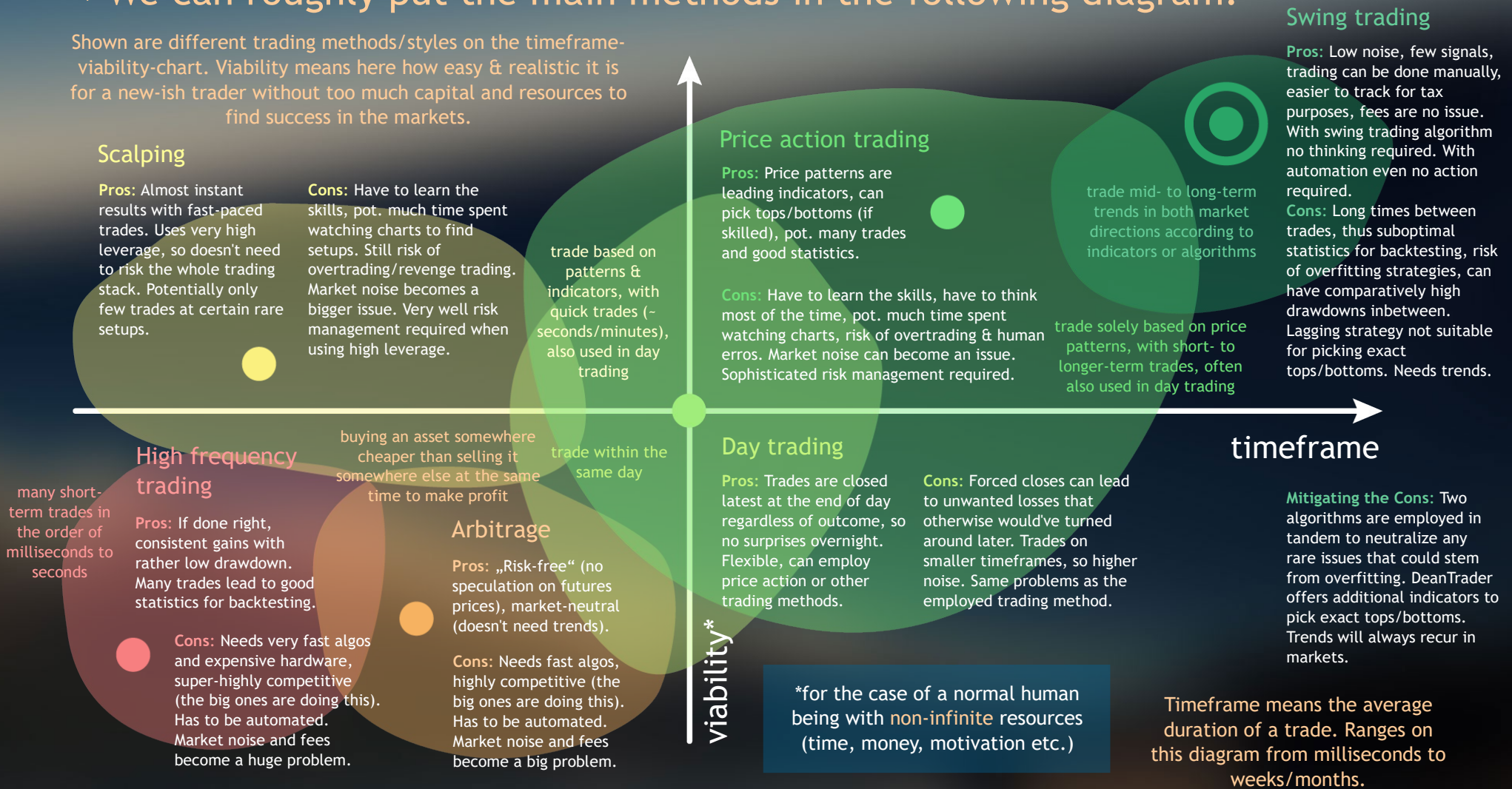
- Hard wall indicators are an extreme advantage, as no-one else uses them.

IV: Viability - or: why swing algorithmic trading?



- Can we achieve such performances also with other trading strategies?
- In theory: yes, but there are some huge disadvantages for other methods.
→ We can roughly put the main methods in the following diagram:

Shown are different trading methods/styles on the timeframe-viability-chart. Viability means here how easy & realistic it is for a new-ish trader without too much capital and resources to find success in the markets.



- Swing trading reduces noise and has low maintenance = high viability.

V: Set up swing algorithmic trading - or: *how to start?*



- The setup is rather straightforward, new users can join in 5 easy steps.
→ Just follow everything outlined, for details check out our guides:

How to start if you're new to trading:

(All steps are explained in detail in the Beginner's Guide.)

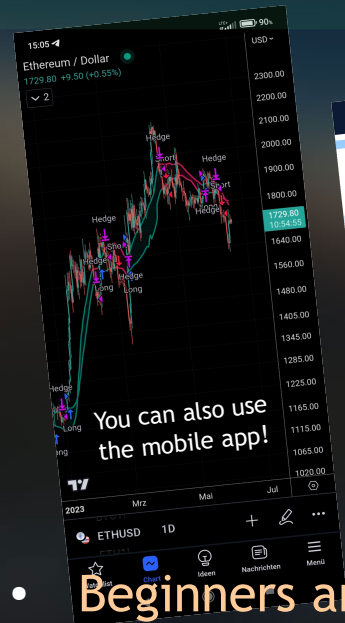
- **Step I:** Create exchange account to be able to trade.
- **Step II:** Create TradingView account to use the Swing Algo.
- **Step III:** Create Telegram account to be able to join our private Telegram chat group. Additionally joining our private Discord server is optional, but highly recommended.
- **Step IV:** Purchase access to the Swing Algos on our website deantrader.com.
- **Step V:** Set up Swing Algo on TradingView, optionally install exchange and TradingView apps on mobile. Then start swinging!

We use a (free) chart & trading platform called **TradingView**.

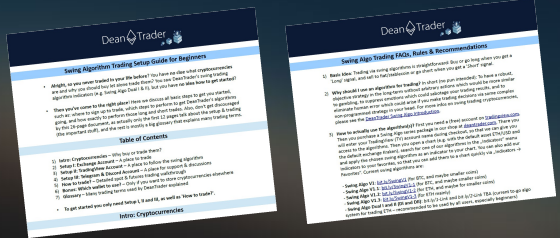


There you can watch charts, share trading ideas and also use & create indicators, algorithms etc., backtest engine included!

Just add the Swing Algo to your chart, and the journey begins!



You can also use the mobile app!



Find the Beginner's Guide at [Swing Algo Beginner's Guide \(click\)](#)

Further Swing FAQs can be found at [Swing Algo FAQs \(click\)](#)



Follow the signals that appear on the chart!
How to **Long**, **Hedge** and **Short** via Futures is explained in our Beginner's Guide!

Alerts are available on our private Discord server, or you can set them up directly in TradingView.

Helper functions show you when a signal could roughly be expected.

- **Beginners** and advanced traders alike can quickly enter into our trading system.

VI: Summary on swing algorithmic trading - or: *what & why?*



• To sum up, what we have are the following ingredients:

- **A programmatic asset class embedded in a global economic liquidity system:** For Bitcoin, Ethereum & Co we can roughly model the price trajectory based on supply and liquidity proxies.
- **Long-term models:** Hard-wall indicators are available for sniping local and global tops & bottoms within economic cycles.
- **Swing Algo:** The core instrument in our toolbox, hitting mid-term trend swings to steadily increase our portfolio.
- **Convenient setup:** All algos and indicators are easily accessed via TradingView, and trading itself is as comfy as it gets.
- **Support & Community:** You can always ask questions in our private Telegram chat group (or ask Dean directly) for official support. Additionally we have many traders & crypto enthusiasts in our user collective that are happy to help and to discuss the markets & more.

Some of the benefits DeanTrader members can enjoy:



Optimized market exposure: Know when to buy and sell.
Markets are volatile and provide you with fast and efficient possibilities to earn money. If you just buy & hold, roughly half the time you just lose money.



Benefit from market trends over long periods of time.
If you want to make serious money, you need a robust strategy that works long-term. Everything else is called gambling and typically results in losses.



Error-resistant setup preventing irrational trades.
If an algorithm suggests you the next trading move, no emotions or hasty actions sabotage your long-term profits and financial freedom.



Peace of mind without emotional rollercoaster.
You do not have to worry about each decision you make. This in turn frees time and mental capital - crucial for your success in all areas of your life.



Convenience and low maintenance of trading efforts.
The Swing Algo shows you only a few but very efficient trades/year (in standard settings). Thus you do not have to watch markets 24/7 and can invest your time much better.



Ease of use: Set up everything in a few minutes and start your journey.
Just create a free TradingView account, add the Algo to a chart and you're ready to go! No coding skills required. Our support team will be there for you in case of questions.



DeanTrader Telegram HQ

- **Now it's your turn: Do you want to stay in the rat race forever, or finally sculpt your financial freedom with your own hands? We just deliver the right tools for this.**

Dean Trader

To get started, visit:
deantrader.com

