

Rise of Traders Using Coinrule for Shorting Cryptocurrencies

Traders have had to turn pessimistic with the exodus of liquidity in the market exacerbated by the Fed's hawkish stance.

LONDON, UNITED KINGDOM, June 27, 2022 /EINPresswire.com/ -- Being

objective, impartial and removing all bias is the biggest hindrance for traders and hodlers alike. As crypto becomes more and more interconnected to traditional financial markets and the market participants involved in them, the correlation

between crypto and the stock market is increasing. Resultantly, this demands that successful traders spend extra time analysing traditional markets and the effects that macroeconomic factors have on the price of these assets.

Co-founder and CEO of Coinrule, Gabriele Musella says traders who purely trade based on quantitative data perform the best. He also said that it is a necessity for traders to leave their biases at the door when they trade stating: "emotions and money never work well together and lead to people making poor decisions. The crypto markets have developed with more institutional players participating, and traders are now competing against the most sophisticated hedge funds who can outcompete amateurs by using their improved technology and tactics derived from years of experience in other markets."

Impartiality and lack of bias also means traders have to get used to being bearish at times. This is especially true in the past several months where bitcoin and the vast majority of all other cryptocurrencies have been trending downwards with newer coins breaking their all time lows. This is a very different environment compared to the 18+ months of up-only that all markets experienced from March 2020. Shorting is the best way to capitalise on these downtrends, (<https://coinrule.com/crypto-trading-bots/short-selling/>) with the process requiring traders to sell cryptocurrencies they are bearish on in the hopes to buy them back lower, with the difference between the cost of buying and selling the cryptocurrency being the profit.



Gabriele Musella continues explaining that traders need to acknowledge what cryptocurrencies they are trading and what they are holding for the long-term. He says: "Crypto investors need to determine what cryptocurrencies they plan to own for years and which ones they plan to hold for a few months. Being able to time the market and to minimise losses is a key skill of being a good crypto trader and investor. People don't truly believe you when you tell them an altcoin can decrease by 90% and then decrease by 90% again in a bear market with many of them never recovering. This is why you need to stay on your toes and maximise your profits, and minimise your losses, by selling any cryptocurrencies you hold when the market is performing well and waiting to rebuy when it is not - shorting is your best friend in a bear market."

Hedging portfolios via shorting (<https://coinrule.com/crypto-trading-bots/short-scalping/>) is another tactic traders can use to decrease their risk exposure to the market. This can be done through futures markets by borrowing coins from the exchange and selling them, buying them back and returning them once the position is closed. By shorting coins that a trader owns they can hedge their portfolio so any unrealised losses incurred by the coin losing value is mitigated by the gain made from the profit of the short. Once they believe the coin has bottomed, they can then use the profits to buy more of the coin and incrementally sell the newly acquired coins once its price starts to increase again.

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