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Original:

<https://www.btcc.com/en-US/academy/research-analysis/what-is-leverage-in-trading-a-beginners-guide>

What is Leverage in Trading? A Beginner's Guide

What is Leverage in Trading?

Trading with borrowed funds or other methods of raising the number of shares traded beyond what could be purchased with the available funds is called "leverage trading."

Leverage trading can be profitable if the trader is well-versed in the strategy and the associated dangers. But if that's not the case, you're taking a huge risk with money you can't afford to lose.

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How Does Leverage Work in Crypto Trading?

When using leverage for the first time, a trader should begin with a lesser leverage than their maximum leverage. Because of this, investors can leave their positions open at full size even if their returns are negative.

Speculators that focus on short-term price changes are the most prone to use leveraged trading. Anyone looking to invest over a longer time frame, say several years or even decades, would find it to be a poor choice. The 'buy and hold' strategy is more appropriate here.

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Pros and Cons of Leverage Trading

Yes, leveraged trading can have advantages as well as disadvantages. Let's check them...

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Leverage Trading Platform

As was previously mentioned, the margin requirements and leverage ratios vary among financial markets and assets. Our products are all accessible through Next Generation, our award-winning trading platform **, where you may utilise risk management measures including stop-loss and take-profit orders. Start using our platform right now by signing up for a real account, or get comfortable with it at no cost by using the demo account we provide.

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Where and How to Trade Crypto with Leverage

You can trade crypto with leverage on BTCC, here we take trading bitcoin with leverage on BTCC as an example.

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Crypto Leverage FAQs

1.What is a leverage in trading?

In trading, what exactly does “leverage” mean? Because of the use of leverage, a trader can enter a position with a value far above their initial deposit. It’s possible, for instance, to increase the size of your position by a factor of 5, 10, 20, or even 33 times the value of your initial investment.

2.What leverage is good for \$100?

1:100

For a \$100 investment, many experts agree that a leverage of 1:100 is optimal. If your broker gives you a 100:1 leverage, you can trade up to \$100,000. A leverage ratio of 1:100 does not guarantee that you will not be vulnerable to loss.

3.What is leverage 1:500 in trading?

If a broker offers a leverage of 1:500, it means that a trader can leverage \$500 for every \$1 in capital.

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Where to Trade Crypto Futures?

Now you can trade Crypto futures on [BTCC](#). [BTCC](#), a [cryptocurrency exchange](#), was founded in June 2011 with the goal of making crypto trading reliable and accessible to everyone. BTCC is a crypto exchange offering users liquid and low-fee futures trading of both cryptocurrencies and tokenized traditional financial instruments like stocks and commodities.



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BTCC also has an [iOS](#) app and [Android](#) app if you prefer to trade on the go.

iOS QR Code

Android QR Code



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Why Trade Crypto Futures on BTCC

To trade Crypto futures, you can choose BTCC crypto exchange. [BTCC](#), a [cryptocurrency exchange](#), was founded in June 2011 with the goal of making crypto trading reliable and accessible to everyone. Over 11 years of providing crypto futures trading services. 0 security incidents. Market-leading liquidity.

Traders may opt to trade on BTCC for a variety of reasons:

- **Security:** safe and secure operating history of 11 years. Safeguarding users' assets with multi-risk management through the ups and downs of many market cycles
- **Top Liquidity:** With BTCC's market-leading liquidity, users can place orders of any amount—whether it's as small as 0.01 BTC or as large as 50 BTC—instantly on our platform.
- **Innovative:** Trade a wide variety of derivative products including perpetual futures and tokenized USDT-margined stocks and commodities futures, which are innovative products invented by BTCC.
- **Flexible:** Select your desired leverage from 1x to 150x. Go long or short on your favourite products with the leverage you want.

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