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When Should You Sell Your Crypto?

It's difficult to predict the best time to sell your crypto. This article will give you some basic strategies to avoid potential losses and make some profits.

Over the past few years, the largely unregulated [cryptocurrency](#) industry has provided great money-making opportunities for its enthusiast community. However, it has also brought considerable losses to those who put too much at stake, risking their life savings.

Buying [Bitcoin](#) and cryptocurrency has become relatively easy in the last few years, and it's no longer a significant barrier to adopting them as an investment. News of ETFs, retirement plans and financial institutions welcoming cryptocurrencies into their portfolios leave room for profitable investments. However, when is the right time to sell crypto?

Many believe selling can be more challenging than buying an asset for investment. A few causes can interfere, like fear of missing out (FOMO). When an asset is going up, investors might feel that it could keep going up for a little longer. If the price suddenly drops, they might get burned by not selling.

The Lesson of Dot.com Bubble

Everyone remembers the infamous dot-com bubble in the stock market caused by excessive speculation of internet-related companies in the late 1990s. Those investors who were able to sell when the value of those businesses rose by 400% made life-changing gains, while those who waited because they believed they could go higher suffered a market crash in October 2002 and made losses of up to 80% on their investment.

Many believe crypto has nothing to do with the dot-com bubble, and it's here to stay. However, the

high volatility and speculation in the industry make every asset particularly risky.

Four Rules to Follow when Investing

Other than having a specific plan, over the years, the most honest investors have defined a few main rules to follow when embracing general investments, which also apply to crypto:

1. Only buy what you can afford to lose. This typically translates into 5-10% of your overall savings amount;
2. Understand what you are investing in. It's important not to follow a hyped asset but invest in what you believe has good fundamentals, such as technological potential;
3. If you're not an experienced trader, just holding an asset like Bitcoin for a few years (your financial advisor will usually tell you at least five) should be enough to get you some good returns;
4. Set up a plan knowing your goals, with defined buying and selling targets, and stick to it.

Easier said than done, though, right?

As investors, we all 'fomo-ed' at some point; we all put too much of our life savings into risky investments thinking they would make us rich; eventually, we all lost some money.

Knowing the basics of trading can help those who don't want to sit and wait for gains to come to them if and when the asset grows. However, even if we simply hodl and wait, when is the right time to sell it?

'Hodling', as an investment strategy, has become more attractive and popular in concurrence with the validation of the industry, which is now worth close to \$2M. Technological advances have made crypto robust despite consistent volatility, and Bitcoin has reached the status of a store of value alongside gold.

The Best Strategies for Crypto Investing Newbies

Die-hard bitcoiners vow they will never sell BTC because eventually, it will become the new global monetary system. All you have to do is accumulate as much as you can during bear markets and make sure you have enough in the long-term to pass it on to family and heirs.

Another popular strategy for Bitcoin and other cryptocurrencies is dollar cost averaging (DCA). Small amounts can go directly to your crypto wallet on a daily, weekly or monthly basis. Providers and exchanges like [BTCC](#) make it easy for you to set up a DCA service so that regular money goes out from your fiat bank account and transfers into your [crypto wallet](#).

If you are not a die-hard bitcoiner, you might consider holding the top cryptocurrency, another coin, or token for a long time but scaling your sales as the asset goes up in value.

“Bitcoin Savings Plan”

In 2013, popular Bitcoin and privacy advocate, co-founder, and CTO of Casa Jameson Lopp published a Bitcoin Savings plan to help investors shape a strategy based on their circumstances and calculate gains according to Bitcoin's potential future prices.

Based on rpietila's (SSS) - A Sane and Simple bitcoin Savings plan on BitcoinTalk, the plan was meant to help Bitcoin investors avoid crucial mistakes like buying at the top of a cycle and selling at the bottom. By 2013, many investors had already made life-changing profits by selling Bitcoin; however, others had also lost money by selling too early.

As he mentions on the page, the objective of such a plan is to 'Learn to Stop Worrying and Love the Volatility' and facilitate the set up of goals and targets to obtain profitable trades by selling Bitcoin.

Starting from an initial investment, you can then define the number of cycles - or price layers - you expect before selling at the ideal price.

With the initial investment, you will set up the initial exchange rate you bought Bitcoin at, the cycle multiplier - which, for example, will double or triple your initial investment - ending with setting up the rake - the percentage of profit - you want to achieve.

We suggest playing with it and figuring out if it helps you set up your targets based on potential yet possible prices Bitcoin might reach in the future.

When Is the Best Time to Sell Your Crypto?

Despite many analysts believing that Bitcoin's halving-related four-year cycle was broken last year, it still seems to define meaningful bear and bull markets. The trend is never only upward or downward; therefore, knowing when to buy can help plan when to sell.

The whole cryptocurrency market is always very dependent on Bitcoin's movements. Bitcoin dominance is still over 40%, considering the remaining 60% is formed of 20% in ETH, with the rest represented by a myriad of cryptocurrencies that might disappear over the next few months or years.

Having a clear objective is probably the first step and that little strategy that will help you work towards something. Whether it's to pay off debts, save for a big purchase like a house, or your kids' education, having a specific purpose of getting your investment to work for you is always a good idea and will give you the right motivation to pursue your plan.

You may consider selling your asset – or a portion of it – if its value has climbed up two or three times the purchase price, even if you are in for the long haul with your crypto. In that case, you may sell the equivalent of the original investment or 5-10% of the overall stack you own.

Another instance in which you should consider selling your asset is when its fundamentals are no longer valid, there's little or no development occurring at all or you have lost confidence in the project. In that case, cutting your losses should be your primary concern by trying to sell at a reasonable price.

Conclusion

There are new opportunities in crypto every day. We dare say that most are very risky and you may lose all of your money since many startup projects may drop as low as 90% from their initial value. However, investing in solid projects and keeping rule number one in mind – that you should only invest what you can afford to lose – should prevent any significant losses.

It is also essential to follow the overall cryptocurrency market, go beyond and understand macro externalities, such as an impending war, a pandemic, etc., that could affect the value of your asset. In that case, a price drop is significantly different from a fall due to a project's failure, an essential point to remember to avoid panic selling that could later be regretted.

Personal, market and fundamental circumstances will all play a role in your decision to sell your cryptocurrency. However, if you choose solid projects rather than risking your life savings and build some patience, you may be rewarded with a bumper crop of surprise money in the long run. Sometimes, getting the right investment and doing nothing for years is the best strategy.