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## UNDERSTANDING THE BASICS OF TRADING WITH LH-CRYPTO

This mini-guide is written as the foundation to complete understanding of the mechanisms and the corresponding successful trading for those with little or no experience at all.

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To start off, we ask an important question: *‘What is trading?’*

**Trading** is a process of active management of funds, that is allocation of the deposit from one asset to another by the means of buying and selling. Just like buying cheap and selling at a higher price works in real world, the same can be said about financial markets trading.

If one anticipates an *increase* in the price of apples, for example, one can *buy* those apples now just to sell them at a higher price later. If one anticipates an *increase* in the price of EUR, it is only logical to *purchase* it now to sell later with a profit. The idea is very simple and rather trivial, but let’s get into some more details and technicalities.

Firstly, when one anticipates an increase in the price it is necessary to **buy** this asset, whilst a decrease in the price should be met with a **sell** position – just the logical reversal.

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**Trading lot (contract)** is the minimum standardized volume of a transaction, which is universal and is used merely for unified convenience. When we talk about buying an asset, just like in a real-world shop, there is always the *amount*. If apples are typically measured in kilograms (or pounds in the UK) in the world of finance the amount is measured in ‘lots’.

A lot of any currency pair is equivalent to 100.000 units of the currency listed to the left, for example, 1 lot of EUR/USD is €100.000. This sum of money might seem rather large and most of us certainly do not have such funds readily available, yet millions of individuals all over the world trade. *How?*

Using **Leverage** — a ratio which shows how much of the trading volume the trader should provide of his/her own funds, whilst the rest would be provided by the broker and/or partnering banks. For example, a leverage of 1:100 means that out of the 1 lot of €100.000, the trader should only have at least €1000, whilst the remaining amount would be automatically added by the broker.

Alternatively, the concept of leverage can be understood as the *multiplier* of one’s deposit, i.e. if the equity of an account is €10.000 and the leverage used is 1:100, the actual power is €10.000 \* 100 = €1.000.000!

For those who trade with LH-Crypto, the deal is even better: traders are eligible to a higher leverage, going up to 1:250 and even 1:500, thus having 250 or 500 times more purchasing power!

What does this all mean for a beginner? Let's say one starts trading with €10.000 deposit on the account with 1:250 leverage.

Symbol	Ticket	Time	Type	Volume	Price	S/L	T/P	Price	Profit
Balance: 250.00 EUR Equity: 10 250.00 Credit: 10 000.00 Free Margin: 10 250.00									0.00

Thus, 1 lot in EUR/USD, for example (€100.000) would only take as little as €400 ( $400 \times 250 = 100.000$ ). Therefore, one is able to have up to 25 lots at a time ( $10.000 / 400 = 25$ ).

However, this could be hard to manage and expose to unnecessary risk. Although more experienced traders certainly do trade with higher volumes, for the less experienced ones a recommended proportion is usually within 10-20% of the deposit size:

$\text{€}10,000 \times 10\% = \text{€}1000$ , which transforms to 2.5 lots ( $1000 \times 250 / 100.000 = 2.5$ ) when using the leverage of 1:250;  
 $\text{€}10,000 \times 20\% = \text{€}2000$ , which transforms to 5 lots ( $2000 \times 250 / 100.000 = 5$ ) when using the leverage of 1:250 etc.

Symbol	Ticket	Time	Type	Volume	Price	S/L	T/P	Price	Profit
eurusd	3293851	2020.11.20 15:30:42	sell	1	1.18688			1.18706	-15.16
Balance: 241.99 EUR Equity: 10 226.83 Credit: 10 000.00 Margin: 400.00 Free Margin: 9 826.83 Margin Level: 2 556.71 %									-15.16

Although an experienced and money-hungry trader is able to have anywhere from 10 to 50 trades a day, the less experienced ones usually have just under 10 a day. For example, for an account of €10.000 one enters 2 trades, let's say 1 lot of EUR/USD and 1 lot of GBP/USD.

Symbol	Ticket	Time	Type	Volume	Price	S/L	T/P	Price	Profit
eurusd	3293851	2020.11.20 15:30:42	sell	1	1.18688			1.18726	-32.01
gbpusd	3293852	2020.11.20 15:31:16	sell	1	1.32747			1.32773	-21.90
Balance: 233.03 EUR Equity: 10 179.12 Credit: 10 000.00 Margin: 847.20 Free Margin: 9 331.92 Margin Level: 1 201.50 %									-53.91

Therefore, one only uses about 8% of the funds available! Therefore, if one trades actively, it is possible to achieve about 7-8 trades on average for a casual trader. Even if a trader only has 5 transactions a day with 1 lot each, it translates to 100 lots a month. However, increasing the number of lots to 2 per trade would result in 10 lots per day, that is 200 lots per month!

For providing the services and the use of the leverage, LH-Crypto, just like any other broker, takes a fee, which is negligible in comparison to what one is able to earn on a single transaction. For example, if one earns €100 in a transaction made with 1 lot (sometimes a matter of minutes), the company would only earn as little as €20. However, if one earns €1000 in a similar transaction, the company would still only earn around €20.