

Forum:[Hack Forums](#)

Thread: [\[Consensus\] Arbitraging Crypto Currencies](#)

Trappy - June 28, 2017, 12:20 pm

What is Arbitrage?

Arbitrage: Arbitrage is the simultaneous purchase and sale of an asset to profit from a difference in the price.

Due to differences and inefficiencies in markets and exchanges, prices of assets and securities traded on these markets often are not the same.

Causes of different prices between markets are not always obvious or apparent, they usually exist due to simple supply and demand.

How to Arbitrage

Arbitrage is simple. It's just buying and selling. Without getting too specific, you buy something in one place for \$1, you sell it at another place for \$2. Easy money. However, there are conditions that must be met in order for arbitrage to be possible, although only one of the following is required. The item trades at different prices across varying markets

The item has a sure future price, and is trading far below that.

I will use crypto currency as the basis here, I believe most members are most interested in that. For the first listed rule lets look at Bitcoin. At the time this threads creation Bitcoin is trading at \$2461 on Bitfinex, and \$2448 on btc-e. One could make almost \$20 by simply buying a bitcoin on btc-e, sending it to Bitfinex, and selling it there. Of course, a \$20 price difference on \$2400 is only about 1%, but there are hundreds of crypto currencies traded across dozens of exchanges, find the biggest percent difference, and arbitrage.

For the second rule we can look at crashes, or more specifically, flash-crashes of coins. At this time I cannot provide a real time example but for educational purposes lets assume Ethereum flash crashes very low, \$50. Since Ethereum has traded hundreds of percents higher than that, its certain that it will go back up, making it possible to triple your investment in only a few hours.

Risks

Historically, arbitrage is risk free. In principle it is risk free, but in execution and reality it is not, but the risk is still small. There is no "risk calculator", but the longer you take to make your buy/sell trades, the higher the risk will be. Simultaneous execution is the key to arbitrage, if one can open their buy/sell order in less than one minute the chance of them profiting is almost 100%. Online arbitrage is less risky than physical arbitrage. For the sake of education, here are some scenarios in which arbitrage can fail, and you can lose money. Ethereum is trading at \$300 on coinbase and you buy 10 coins to sell on Poloniex, where it is trading for \$305. While your transaction is processing, word spreads and news releases that Vitalik has actually died. The price of Ethereum then crashes suddenly to \$260 on Poloniex, and you're out \$400.

You purchase potatoes in Mexico. It costs you \$10000 for 10000 potatoes. You plan on driving to Nevada where potatoes are scarce and sell for \$2 each, expecting a \$10000 profit. However, your truck falls over in transit, and you lose all your potential potato profit. This would not happen online, and goes to show how online arbitrage is less risky.

Feel free to leave any questions below!

OnePlus6 - June 28, 2017, 12:32 pm

Great tutorial mate. I've been hesitant to try it myself due to the volatility of the coins' prices, but maybe some day..

Gameh3x - June 28, 2017, 12:38 pm

Bought Antshares at 6\$/ea on Yunbi while the price on Bittrex was near 8\$ in hopes of making a quick buck. Turns out Yunbi uses manual withdrawal system, took me 5 days to receive my goods. Didn't lose any money tho since the price kept increasing but the risk is there since it crashed to 4\$ yesterday but rebounded quite nicely.

Stoned AF - June 28, 2017, 12:54 pm

Nice tutorial for the newbies. A lot of arbitrage these past 2 days during the dips and has made great profits for people including myself.

Xeenon - June 28, 2017, 12:56 pm

(Jun 28, 2017 12:34 PM)Caracol Wrote: [\[CITE\]](#) Pretty bad idea man, but it's fine, you tried and that's what matters!What do you mean by 'you tried'? He never recommended you to do it, he explained to you how it works, how to do it, and what the risks of it are.

– God, I hope you have no power in Influence.

Im High - June 28, 2017, 12:59 pm

Detailed rundown of arbitrage that I'm sure will help people looking to get into the space. Thanks for your contribution. ?

OnTilt - June 28, 2017, 6:21 pm

Made a thread about this a long time ago. Did not get attention.

My question to you, and the reason I don't do arbitrage : What can you possibly do with the money you get from selling your crypto? In other words, if you get a 10\$ coin on Coinbase and sell it for 100\$ at Polio, what do you do with the 100\$ now on your account? Do you withdraw and assume the fees for that? You are pretty much stuck.

Kill Joy - June 28, 2017, 6:56 pm

A website I am working on can be used for this.

I did this a little bit back in the day, but now it's just not worth a few dollars here and there.

Trappy - June 28, 2017, 7:22 pm

(Jun 28, 2017 06:21 PM)OnTilt Wrote: [\[CITE\]](#) Made a thread about this a long time ago. Did not get attention.

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I just let it stack, given that I don't arbitrage anything much. I really wanted to arbitrage with Sia when it first dropped on Bittrex because the difference was a whole hundred sats. Sadly Polo had Sia wallet disabled that week. With whatever profits I could've made I likely would have re invested.

J. McCarthy - June 28, 2017, 7:44 pm

I'm curious what type of fees do the systems charge and how much must you profit minimum to overcome those?

Trappy - June 28, 2017, 8:12 pm

(Jun 28, 2017 07:44 PM)Formula1 Wrote: [\[CITE\]](#) I'm curious what type of fees do the systems charge and how much must you profit minimum to overcome those?

Fees aren't too bad, some are even negligible. Poloniex charges a quarter of a percent.

J. McCarthy - June 28, 2017, 8:16 pm

(Jun 28, 2017 08:12 PM)Trappy Wrote: [\[CITE\]](#) Fees aren't too bad, some are even negligible. Poloniex charges a quarter of a percent.

Why not automate it then with the quickest transacting coin in like the top 50?

Trappy - June 28, 2017, 9:50 pm

(Jun 28, 2017 08:16 PM)Formula1 Wrote: [\[CITE\]](#) Why not automate it then with the quickest transacting coin in like the top 50?

If you can code, or know a coder, PM me. I have an idea.

Quartz - June 28, 2017, 10:00 pm

Wouldn't you pay alot in fees as well?

Trappy - June 28, 2017, 10:25 pm

(Jun 28, 2017 10:00 PM)Quartz Wrote: [\[CITE\]](#) Wouldn't you pay alot in fees as well?

No, most fees on exchanges are very low, some less than a half percent.

?Enlightened - June 29, 2017, 4:37 am

Man tutorials in this section are getting worse and worse by the day

z0si - June 29, 2017, 4:44 am

Not to mention most exchanges will put the wallet in maintenance once they detect the bots doing arbitrage, that sucks.

Trappy - June 29, 2017, 11:30 am

(Jun 29, 2017 04:37 AM)?Maximus Wrote: [\[CITE\]](#) Man tutorials in this section are getting worse and worse by the day

This is the same guy that told everyone to invest in Francs, lol.

(Jun 29, 2017 04:44 AM)z0si Wrote: [\[CITE\]](#) Not to mention most exchanges will put the wallet in maintenance once they detect the bots doing arbitrage, that sucks.

True. Poloniex did it to Siacoin when it was dropped on Bittrex which prevented a LOT of arbitrage from happening.

Xeenon - June 29, 2017, 6:41 pm

(Jun 29, 2017 04:37 AM)?Maximus Wrote: [\[CITE\]](#) Man tutorials in this section are getting worse and worse by the day This is the stupidest shit I have ever heard. Aren't you the retard who told people to invest in some unknown shitty coin?

— I am not a fan of arbitrage, but if it is done with a large investment and knowledge, then it is extremely profitable. Anyone who fails to see the potential is a monoglois - then again, you did tell people to invest in an unknown, shitty, low trade volume coin. What's next, advising us to throw our money into DOGE?

Fuck off with your meaningless and stupid posts.

?Enlightened - June 30, 2017, 7:28 am

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Told Everyone? Ahahahha

Take a hike skid, obviously you can't accept genuine feedback and you just want everyone to lick your ass for your shitty tutorial

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That's all you got? Francs had potential, we got scammed, if I knew owner was going to dump his share there's no way I would've shared the opportunity...

Keep running your shitty group with shitty tutorials skid

Compulsive - July 5, 2017, 1:19 pm

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detreot - July 5, 2017, 2:15 pm

You see now, where it gets interesting is when you withdraw the actual fiat money converted when doing the arbitrage between the exchanges in order to reinvest it back into the exchange with the lower value again. But then what you'd need to do is run small trial runs in order to understand the speed and costs of each of the iterations, in order to assess it's feasibility, thereafter analyze this and select the most viable cryptocurrencies with relatively quick transaction speeds (e.g Ripple) in order to minimize risk and automate the process with API's of the exchanges and machine learning API's to give further insight into the potential change and profitability of committing to an iteration. With proper analysis of the variables at play, profitability is highly likely.

Rake - July 5, 2017, 2:17 pm

(Jul 5, 2017 01:19 PM)Compulsive Wrote: [\[CITE\]](#) I see why you aren't in any groups lol

Haha, Everyone hates maximus dude don't worry.
Kids got a big ego but less than \$500 in the bank