

Forum:[Hack Forums](#)

Thread: [Track Altcoin investments vs Bitcoin, not USD](#)

Fragger - October 16, 2017, 3:14 pm

(Sorry if this is already a thread, I searched through the pinned ones and didn't see any information on it.)

I feel like this is a MASSIVE mistake new people who are just getting into trading cryptos are making, and one that I also made when I started.

Now I'm aware there are some exceptions to what I'm talking about, you can buy Altcoins with more than just Bitcoin on exchanges,

ETH & LTC are two examples that are sometimes an option to buy other coins with.

However this is not always the case, Bitcoin is the main crypto used to buy Altcoins on exchanges, so in the example below I'll be focusing on that.

The goal of trading Altcoins is to get more bitcoin, this pretty much goes without saying right?

You are trading more volatile crypto currencies against bitcoin in order to build up the amount of bitcoin you own, when you take out these investments in a way you are trading AGAINST bitcoin.

You should NOT be tracking your Altcoin investments in USD! When you sell your Altcoin investment on an exchange what do you receive back from it?

BITCOIN

Let's use an example and imagine you've invested into this coin I've randomly selected below with 0.1 BTC:

Now I've never heard of this coin before, I randomly selected it off coinmarketcap while making this thread.

And I will say now that this situation will vary dependent on how Bitcoin moves, in the last 24 hours Bitcoin is up 1.7%.

If Bitcoin it was up let's say 10% instead, this coin would be down A LOT more against bitcoin.

(When Bitcoins value goes up, alts usually go down. This is because as the price of BTC increases you receive less BTC for the money you put in.)

But as you can see the SNT/USD value is up, whilst the SNT/BTC value has gone down.

The USD increase on this coin is completely based on Bitcoin going up, not the actual coins value increasing.

(This is where a lot of new investors misunderstand, but don't worry I'll explain it below.)

Let's do some math:

The current price of SNT in the picture above, if you were to go on exchanges to buy is around 494 SATS.

To work out the price before the 24 hour decrease:

$100\% - 2.87\% = 97.13\%$

$494 * (100/97.13) = 509$ SATS is the price of SNT 24 hours ago.

Let's say 24 hours ago with my 0.1 BTC I bought as much SNT as I possibly could at the price of 509 SATS.

$0.1 \text{ BTC} / 0.00000509 \text{ SATS} = 19646$ SNT total bought

and I start tracking this investment I made in USD INSTEAD of Bitcoin, on my portfolio, this would appear to be PROFITABLE as it is currently up in USD.

As a new crypto trader without much experience, I would believe I am in a profitable trade, however this is not the case.

This has not been a profitable investment, you have LOST Bitcoin.

$19646 * 0.00000494 \text{ SATS (the current price of SNT)} = 0.09705124 \text{ BTC}$, this is what my investment would now be worth in BTC.

$0.1 \text{ BTC (your initial BTC investment into this coin)} - 0.097 \text{ (current BTC total of investment)} = 0.003$
BITCOIN LOSS

At current Bitcoin prices you have actually LOST \$17 from this investment.

tldr;

So next time you buy an Altcoin please understand that the main goal of trading Altcoins is to gain more BTC, you are trading AGAINST Bitcoin.

With very few exceptions at all times avoid tracking an Altcoin against USD, this is very useful to learn and will help tons in the long run.

V For Vendetta - October 16, 2017, 3:16 pm

Yeah but you trade BTC against USD when you try cashing out so your whole premise is fucking stupid.

/thread

RUMRUN - October 16, 2017, 3:19 pm

I hate the fact that everything is pegged to BTC on all the exchanges.

I'd rather use the bitfinex USD market for that reason, shame bitfinex is a bunch of crooks though.

Good thread none the less!

Fragger - October 16, 2017, 3:19 pm

(Oct 16, 2017 03:16 PM)V For Vendetta. Wrote: [\[CITE\]](#) Yeah but you trade BTC against USD when you try cashing out so your whole premise is fucking stupid.

/thread

Are you okay? Do you expect to cashout these altcoins into USD without selling them for Bitcoin first.

V For Vendetta - October 16, 2017, 3:21 pm

(Oct 16, 2017 03:19 PM)Fragger Wrote: [\[CITE\]](#) Are you okay? Do you expect to cashout these altcoins into USD without selling them for Bitcoin first.

Yeah there's a few exchanges that I can cashout alts->USD (not USDT)

Anyway, you look at it in terms of USD anyway.

BTC today could be \$5700 and SNT is worth \$0.03

BTC tomorrow could be \$5300 and SNT could be \$0.03

Trade for USD not BTC.

Fragger - October 16, 2017, 3:25 pm

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Trade for USD not BTC.

Theres very few coins you can trade directly for USD.

ETH, LTC and a few other exceptions as I stated.

As for:

"BTC today could be \$5700 and SNT is worth \$0.03

BTC tomorrow could be \$5300 and SNT could be \$0.03"

This would be the opposite of "when BTC increases, Altcoins go down." as I also stated in my thread.

Trading for USD results in people believing they are making good profitable trades when in reality, they would of made more holding BTC.

V For Vendetta. - October 16, 2017, 3:27 pm

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"usually goes down" - not always.

Fragger - October 16, 2017, 3:28 pm

(Oct 16, 2017 03:27 PM)V For Vendetta. Wrote: [\[CITE\]](#) "usually goes down" - not always. You are correct, I even used usually goes down in my thread.

V For Vendetta. - October 16, 2017, 3:28 pm

(Oct 16, 2017 03:28 PM)Fragger Wrote: [\[CITE\]](#) You are correct, I even used usually goes down in my thread.

Yeah that's what I was quoting lol

Fragger - October 16, 2017, 3:31 pm

(Oct 16, 2017 03:28 PM)V For Vendetta. Wrote: [\[CITE\]](#) Yeah that's what I was quoting lol

I don't see your point, when you make investments into Altcoins you use Bitcoin to buy them on exchanges.

So why then would you track your investment against USD when you have to convert 99% of ALTs back into Bitcoin to cash out?

(Oct 16, 2017 03:19 PM)?niipe Wrote: [\[CITE\]](#) I hate the fact that everything is pegged to BTC on all the exchanges.

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Thank you.