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Thread: [Basics of Cryptocurrency \[Must know Guide\]](#)

Chapman - April 20, 2024, 10:28 pm

I found this useful, so i decided it to share it here. If you are new to crypto, you must know these terms.

1. Blockchain: A decentralised, distributed ledger that records all transactions across multiple computers or nodes.
2. Cryptocurrency: A digital currency that uses cryptography for security and operates independently of a central bank on the blockchain.
3. Altcoin: Any crypto other than BTC, including Ethereum, Ripple, Litecoin etc.
4. Exchange: A platform where crypto can be bought, sold, and traded.
5. Volatility: Rapid and significant price fluctuations that are common in the crypto market.
6. Liquidity: The ease with which an asset can be bought or sold without causing significant price changes, where a deep market with plenty of liquidity indicates a healthy market.
7. Liquidity pools: A supply of funds locked in a smart contract that are provided by traders to facilitate trading in decentralised exchanges (DEXs). These pools enable users to trade crypto without relying on traditional order books.
8. Market order: An order to buy or sell a cryptocurrency at the best available price in the market.
9. Order book: A record of buy and sell orders for a particular crypto, displaying the quantity and price at which traders are willing to buy or sell.
10. Take profit: An order placed by a trader to automatically sell crypto when its price reaches a predetermined level of profit, which is used to secure gains.
11. Stop loss: An order placed by a trader to automatically sell a crypto once a specified price is reached, which is designed to limit losses or lock in profits.
12. Positions: Refers to the holdings or open trades of a trader in a specific cryptocurrency, indicating whether a trader is "long" or "short" on a particular asset.
13. Spread: The difference between the highest bid and the lowest ask price in a market.
14. Longing: When you open a position by buying a crypto with the expectation that its price will rise. Traders who "go long" profit when the price increases.
15. Shorting: When you open a position by selling a cryptocurrency, with the expectation that its price will decline, and intend to buy it back when its price falls below the point at which you sold it. Traders who "short" profit when the price decreases.

16. Market cap: Short for 'market capitalisation', this represents the total value of a particular crypto, and is calculated by multiplying the current price of the token (usually in dollars) by the number of available coins circulating.

17. Candlestick chart: A graphical representation of price movements of a cryptocurrency over a specific period, which shows the opening, closing, high, and low prices in the form of "candles" on a chart .

18. Support level: A price level at which buying pressure is expected to outweigh selling pressure, causing the price to stop falling or "find support" and potentially rise.

19. Resistance level: A price level at which selling pressure is expected to outweigh buying pressure, causing the price to stop rising or "face resistance" and potentially fall.

20. Derivatives: Financial instruments that derive their value from an underlying crypto asset or benchmark, allowing traders to speculate on price movements of cryptocurrencies without owning the underlying asset.

21. Arbitrage: The practice of taking advantage of price differences in different markets and exchanges to make a risk-free profit.

22. Yield: The return on an investment expressed as a percentage of the initial investment or the current market value.

23. Yield farming: A practice in DeFi where users provide liquidity to decentralised exchanges or lending platforms and earn rewards or interest in the form of additional tokens.

24. Leverage: Using borrowed funds to increase the potential return of an investment, allowing traders to control larger positions with a smaller amount of capital.

25. Technical analysis: A trading analysis method that involves studying the historical price and volume data of crypto to forecast future price movements.

26. Fundamental analysis: A trading analysis method that involves evaluating a crypto's intrinsic value by analysing economic and financial factors that might influence the price of a token.

27. Bull market: A market characterised by rising prices and optimism among traders.

28. Bear market: A market characterised by falling prices and pessimism among traders.

29. HODL (Hold On for Dear Life): A misspelling of "hold," often used in crypto communities to encourage people to hold their crypto as a long-term investment strategy.

30. FUD (Fear, Uncertainty, and Doubt): A term used to describe negative information or rumours spread in the cryptocurrency community to create fear and uncertainty, potentially leading to a decrease in prices.