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Leverage Trading in Crypto

Original:

<https://www.btcc.com/en-US/academy/research-analysis/leverage-trading-in-crypto>

In today's article, we will discuss the leverage trading in crypto. Here is a beginner's guide with a list of the best leveraged crypto platforms you can try as a novice!

A Brief Glance at Leverage in Crypto

Leverage can be explained in two ways. First, simply put, leverage is a multiplier for position size. It allows you to have a \$1,000 position, with only \$100. When some people first learn about this, they may think leverage would be the golden ticket to unlimited wealth, superyachts and Lamborghinis.

And to be fair, it does sound like free money, but that was the simple explanation. In reality, there is a little more to it. As I said, it allows you to increase your position size. This works like a loan. The platform lends you extra position size. This results in amplified profits, but losses as well.

Imagine you have a position of \$10,000 USD, with \$1,000 in equity (often referred to as margin). Here, the position is leveraged 10 times which means that the position is 10 times larger than the margin. Because profits are made on the entire position size, a 1% move on the position is \$100, which is 10% of your equity or margin.

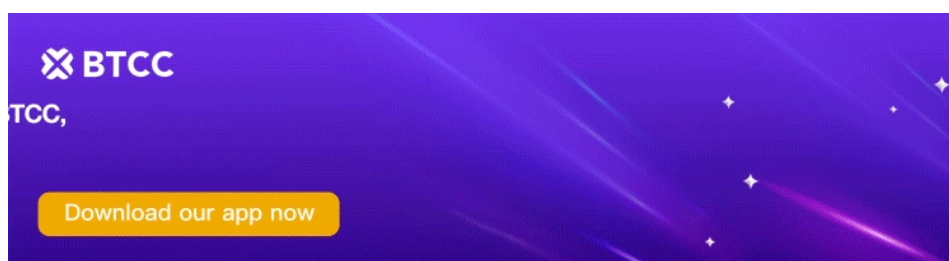
This allows you to make lots of money, only if you do it right. On the other hand, you only need a 10% drop to lose the entire position; as when your losses on the position size become larger than your margin, the position gets liquidated.

To come back to the simple explanation, if you use leverage without any additional risk management, it does indeed amplify your position size, but the percentage of moves too. You risk being forced to sell (liquidation). In spot trading, this risk does not exist, but you are limited to your capital alone.

So, what's the better deal? As with many other things in trading, it depends both on the situation and the trader. I believe leverage is amazing, so long as you know how to manage your risk. With a proper stop loss, you can eliminate the liquidation risk and put a hard cap on the maximum amount you can possibly lose. Yet, you still get all the benefits of leverage: increased position size and profit potential.

In essence, leverage can be a great tool to add to your portfolio, but only after you have demonstrated a solid understanding of risk management, and some track record in spot trading. If used by inexperienced traders, leverage can wipe out your entire portfolio in mere minutes.

Let's assume you are ready to trade with leverage, what are the best platforms to do this?



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Best Leverage Crypto Trading Exchange Platform

With hundreds of leverage trading platforms out there, it can be daunting to select the exchange for you. I'll briefly cover a few exchanges I think are excellent and highlight some key differences between the two.

Our first pick for leverage trading is Binance, for two reasons. Firstly, Binance offers an incredibly wide range of tokens. This is great because it allows you to capitalize on endless opportunities. Additionally, Binance is known for relatively low fees, which can save you lots of money in the long run, especially when trading with leverage.

Another great exchange for leverage trading is BTCC. This popular crypto platform features differentiation strategy and extremely user-friendly APP which can meet the needs of all levels of investors from beginners to professionals.

If you prefer to trade on your mobile phone, BTCC is the way to go. It features great

convenience of a smooth mobile application. And it probably offers one of the lowest transaction fees in the industry – only 0.03% for every trade. Besides, BTCC offers flexible leverage from 10x to 150x on Bitcoin, Dogecoin, and other popular cryptocurrencies.

Having been providing reliable crypto trading services over the past 11 years, BTCC is a wise choice for crypto investors.

In the Asian demographic, OKX (formerly known as OKEx) is dominant. The second largest exchange globally by volume has fees comparable to Binance. If you are trading in the Asian session (when that part of the world is awake), this might be the place for you.

Finally, an exchange to watch is Delta Exchange. I have personally used Delta over the past year and have seen the experience improve tremendously. While I don't think they're at the level of Binance or FTX just yet. However, if the improvements continue, there is nothing holding them back from getting there.

Conclusion

Risk management is essential if you want to open the leverage box. Please keep in mind that always trade with caution and evaluate the risks before taking on leveraged trading. To put it into a nice analogy, leverage is like a nuclear power plant – highly powerful and perfectly safe if you keep it in check. But if you don't pay attention to what you're doing, the consequences can be disastrous. If you have a solid plan, stick to it and manage your risk!

At last, never forget to do your own research!