



PRICE LIFECYCLE

When it comes to understanding price trends, a solid understanding of the Lifecycle of price will help us see the Forest for the tree. Generally, every cryptocurrency price has to be in of of the four market stages and the trick is to be able to identify each one

LIFECYCLE or STAGES

The four stages of price lifecycle includes:

The basing area also called “Accumulation Stage”

The Advancing Stage

The Top area also known as “Distribution Stage”

The declining Stage



Stage1. Accumulation Stage

Also known as the “Base Area” this occurs after a crypto coin price has been declining for several months, it eventually starts losing downside momentum and begins to trade in sideways or trading range.

What is actually taking place here is that buyers and sellers are starting to equal themselves and are said to be moving in equilibrium, whereas previously the sellers were far stronger than buyers which was why the coin plummeted. During the accumulation stage volume will usually tend to dry up even though prices will tend to remain little changed.



During this stage, there will usually be several swings between support at the bottom of the trading range and resistance at the top of the range. beware that this accumulation stage can go on for months if not years.

This is the point where many market players get vey itchy to act and move to catch the bottom price, but often times it doesn't do much good to buy yet, even if you catch the exact low, your money could be tied up for a long time with little move and as we both know that time is money. this early buyers includes premature traders and investors who often get impatient and end up selling after months of frustrating sideways action just right before the big move begins.



Stage2. Advancing Stage

This stage is where the real excitement begins, the ideal time to buy is when the coin is finally swinging out of its base area or accumulation stage into a more dynamic stage.

This occurs when prices start to move above the top of the trading range and successfully hold above the resistance zone, this is known as a "breakout." Such a breakout above the top of the resistance zone must occur on impressive volume. This signals the start of the advancing stage 2 uptrend phase.



However, before the major dynamic of the advancing stage start rolling, be warned that there us usually an initial rally followed by at least one pullback in form of a dip also called a “breakout retest”. This dip tend to bring the coin price back close to the breakout point, which act as a good second opportunity for low risk buying.

The less coin price pulls back after breakout, the more strength the breakout has to continue the move up. Interestingly enough, Price action traders believe that the perfect time to buy is at the point of breakout or retest. but yet most fundamental reports will often still be negative and the general public will talk anyone out of buying such times.



The situation changes in the eyes of the general public, becoming every buyers dream as each successive rally peak is higher than the last and the lows on corrections are also progressively higher. it is important you don't expect the coin to run a one way street no matter how bullish and powerful pattern that crypto coin or token displays.

The crypto market is very tricky, and there is a reason to why majority of traders and investors lose money over the years. The crypto market will do whatever is necessary to keep the majority from making money while it amply rewarding the professional minority. So as long as these wild swing and shake-offs are taking place, expect to see two steps forward and one sharp step backward. But this doesn't mean you should worry but instead as long as the dips don't break their previous lows the chances are high trend will continue after each correction.



It is expect that after months of bullish bliss, the market fundamentals are now also improving as more and more investors belatedly jump on the Bullish train, the coin will eventually begin to sag and slow down considerably, we still see the coin as worth holding but even though the coin is still in stage 2, this coin is now trading far above its support level and at a point where it is being discovered by the investment community, it is already overextended and most definitely no longer a good buy. Take note that this is the point where buying such coins puts you at a considerable risk.



For a Spot trader or an investor, the right time to buy any coin was either on the initial breakout or on the later pullback toward the breakout level or retest. At a time when the coin is still close to the base area and the down risk was quite low and the upside potential still considerably high.

Beware that the later we get into stage 2, the more erratic the price swings become as a result of early buyers panicking on selloff because they do not want to lose their excellent profits but the Johnny just come late-lies buy in on each selloff as they want to get a bargain in their newly discovered coin.



At a point when the coins is now a subject of rumors and shining good news on social media like twitter and press reports. a time where emotions are running high and having big impact on decisions of both the buyers and sellers.

If you ever miss buying a coin at the early stage 2, don't panic or chase it by FOMO, don't fret about it, there will always be another good coin at great prices. its like hailing a taxi, if you miss one be rest assure another one will all through so Instead of worrying, be consistent with your approach, either you buy it early or you don't buy it at all.



Never Buy Anything Great Unless You Can Buy It Cheap

Stage 3 Distribution Stage or The Top Area

Just like in life, naturally all good things come to an end. So does the crypto bull market, This takes the form of a stage 3 top as the upward advance in price loses momentum and starts to trade sideways or in trading range. buy what could be the cause of this loss in momentum?

Whats going on beneath the surface is that buyers and sellers once again are at about equal strength. whereas in stage two we see buyers strength were far more stronger that they succeeded in overwhelming the sellers. but now the advancing is ending and in stage 3 the sellers are catching up fast with the buyers thereby forcing an equilibrium stage, a perfect mirror image of stage 1.



It's important that you protect your profits on the remaining half position with a protective sell stop loss set right beneath the bottom of the new support level.

be very careful to use mental analysis and keep your emotions in check when prices are in Stage 3 in the cryptocurrency market, because the stories about crypto will be usually be very exciting on social media, blogs and the news press. Always trust your chart, since unlike you and I, the charts are never emotional instead print market facts.



By learning the habit of consistent discipline of following the market messages its transmitting on the price charts. By applying mental analysis, we can learn to be more calm and calculating while others get concisely whipsawed by the greed and fear mind game syndrome.

Remember to never buy any coin base on news, or convincing stories no matter how good the fundamentals look, never buy any coin in stage 3 because the risk-reward ratio is strongly stacked again you.



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Stage4. The Declining Phase

This stage marks another remarkable change in the crypto market. This is a period when all the factors that maintained a cryptocurrency price during the topping phase or distribution stage give away to the pressure coming from the numerous fearful sellers. Here it shows up in the chart after a coin price has been moving back and forth in a neutral trading range, the coin eventually breaks below the bottom of its support zone of the trading range.

But unlike the upside breakout which need to occur on a significant increase in volume to be considered trustworthy, here the downside break of the sideways or trading range results into stage4 and this doesn't necessary need huge volume to be considered valid.



A volume increase on a breakdown followed by a volume decrease on a pullback to the breakdown point does signal a very bad dangerous situation. While a volume increase on the breakdown is a bearish signal don't fall for the trap of false sense of security because a breakdown happened with little to no volume, ones the stage 3 is broken , heavy volume or not, one way or another you should get of that coin position.

Kindly take a Mint to pledge to yourself that you will never going to intentionally fall victim of buying any coin in stage 4 and that you will never hold onto any coin ones they enter stage4



Avoid the costly macho game in crypto of hodling and riding a price decline by hanging tough stage 4. You have got to know when to hold them, know when to fold them, know when to walk away and also now when to run.

Its a simple matter of knowing what coin to keep and what coin to throw away. The amateur crypto traders and investors are constantly creating nightmare as he or she sells the wining coins and token too quickly with small profits while holding the losers that turn into stage 4 complete disaster but on the other hand the consistent profitable traders and investors does the opposite they end up with super profits because they ride the stage 2 winners all the way up while quickly exiting out of any problematic coin.



So if it's going to be a loser, then say goodbye!
otherwise your profit will disappear or worst your small loss will turn into a giant loss!

Take note that in stage 4, each decline in price will tend to drop to a new lower level while each reflexive reaction from buyers rally tend to be short lived and fall short of the prior peak. The uninformed crypto investors will try to pick up a bargain because they are thinking the coin has already fallen enough but forgetting that picking up a falling meteorite is a sure fast way to burn yourself.

