

Dean  Trader

Save Yourself from Market Crashes & Optimize Your Compounding

Swing Trading Introduction

Dr. Daniel 'Dean' Frank Babik



Crypto Market Crashes

Dean_Trader published on TradingView.com, Feb 25, 2024 19:06 UTC+1

Bitcoin / U.S. Dollar, 1W, INDEX O3531.070 H3591.668 L3124.513 C3192.870 -339.653 (-9.62%)

Crypto crashes, not unfamiliar.
We remember the parabolic rise
and subsequent fall in 2017-2018..

Bull run 2017



Bear market 2018

-85 %

..with devastating result
for hodlers & late buyers.



Crypto Market Crashes



Crypto Market Crashes



‘Hedge’ Funds in (Crypto) Market Crashes

Dean_Trader published on TradingView.com, Feb 25, 2024 19:09 UTC+1

Bitcoin / U.S. Dollar, 1W, INDEX O26546.500 H26849.820 L17585.310 C20552.980 -6012.140 (-22.63%)



Crypto-Focused VC Firm Pantera's Liquid Token Fund Lost 80% in 2022

The fund took a 23% hit in November in the aftermath of FTX's collapse.

By Brandy Betz | Jan 30, 2023 at 6:50 p.m. Updated May 9, 2023 at 6:06 a.m.

FINANCIAL TIMES

“Equity hedge funds suffer historic declines in first 5 months of 2022”

But even professional funds fall into this trap.



\$10B → \$0



Hedge funds set to mark worst returns in 14 years

By Patturaja Murugaboopathy and Summer Zhen
December 30, 2022 12:11 AM GMT+1 · Updated a year ago

30.12.2022

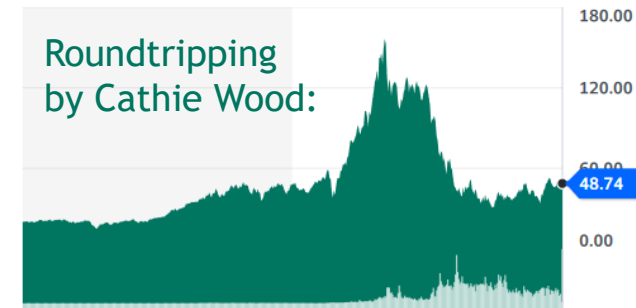


ARK Innovation ETF (ARKK)

NYSEArca - Nasdaq Real Time Price. Currency in USD

1D 5D 1M 6M YTD 1Y 5Y Max

Roundtripping by Cathie Wood:



Oct 27, 14 Jul 1, 19

Sep 2019 May 2020 Sep 2021 May 2022 Sep 2023 May 2024 Sep 2025

Boom/Bust-Cycles & Halvings



Supply & Price



Supply & Price



Supply & Price



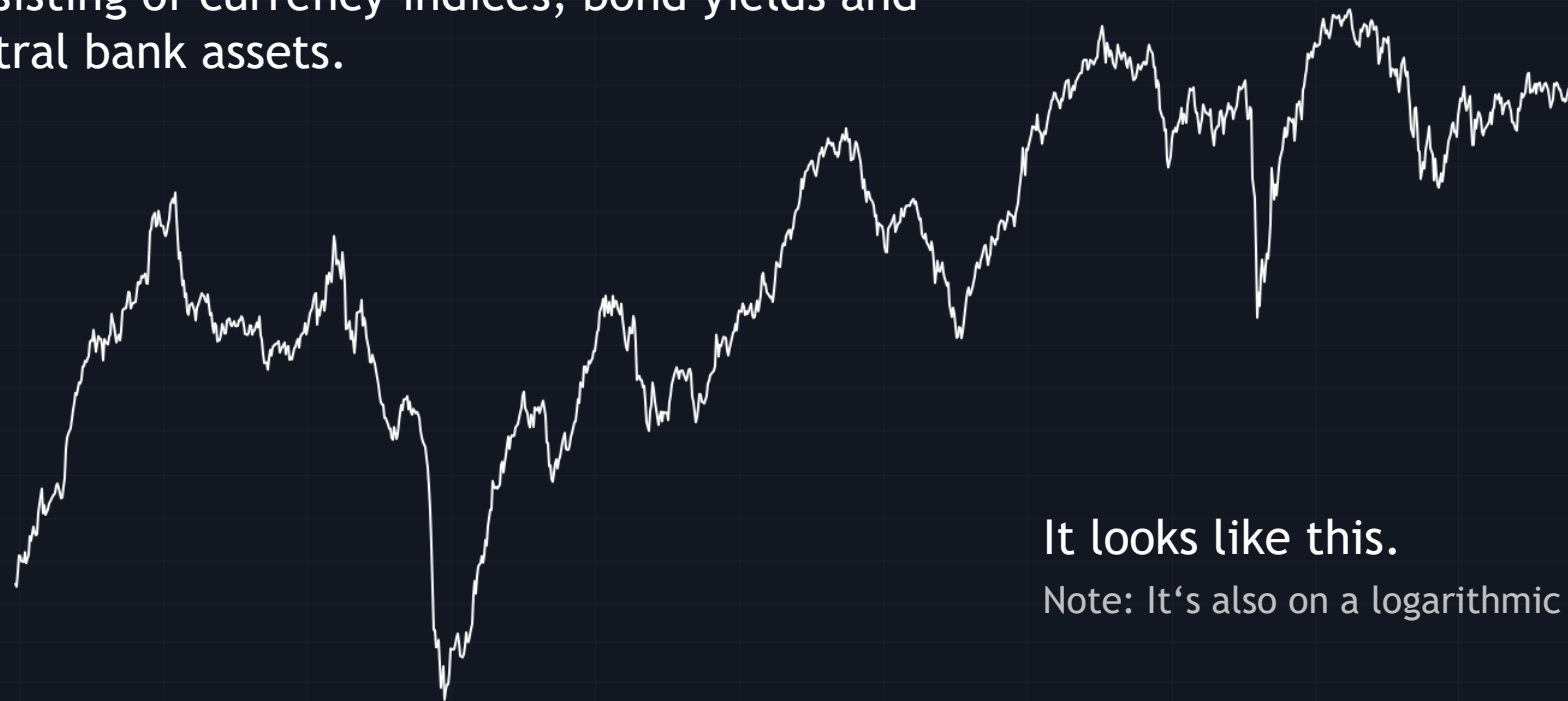
Liquidity

Liquidity → Demand

Liquidity Function

Dean_Trader published on TradingView.com, Aug 02, 2024 23:26 UTC+2

We can define a **Global Liquidity Function (GLIF)**, consisting of currency indices, bond yields and central bank assets.



It looks like this.

Note: It's also on a logarithmic scale.

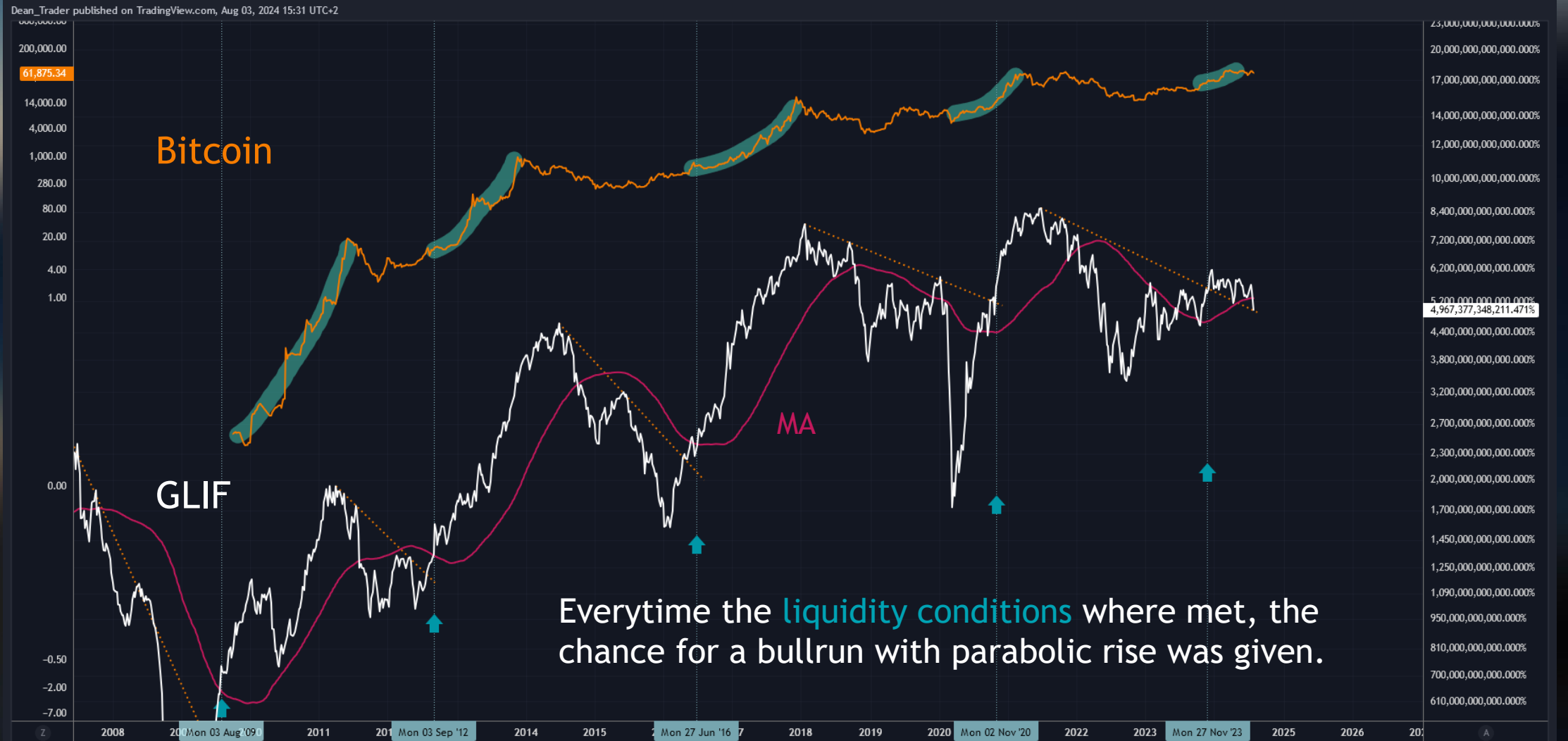
Liquidity Function & Bitcoin



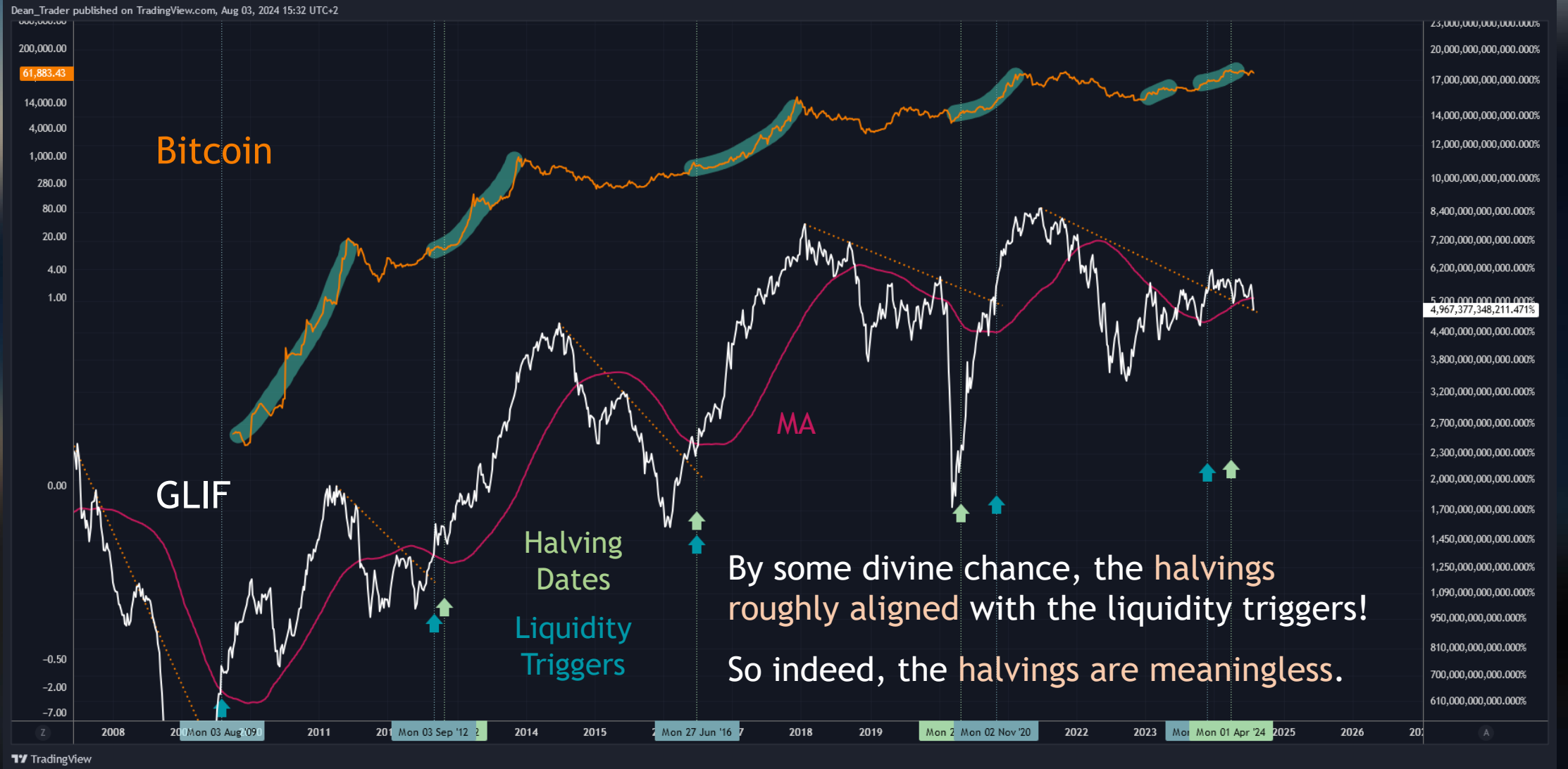
Liquidity Function & Bitcoin



Liquidity Function & Bitcoin



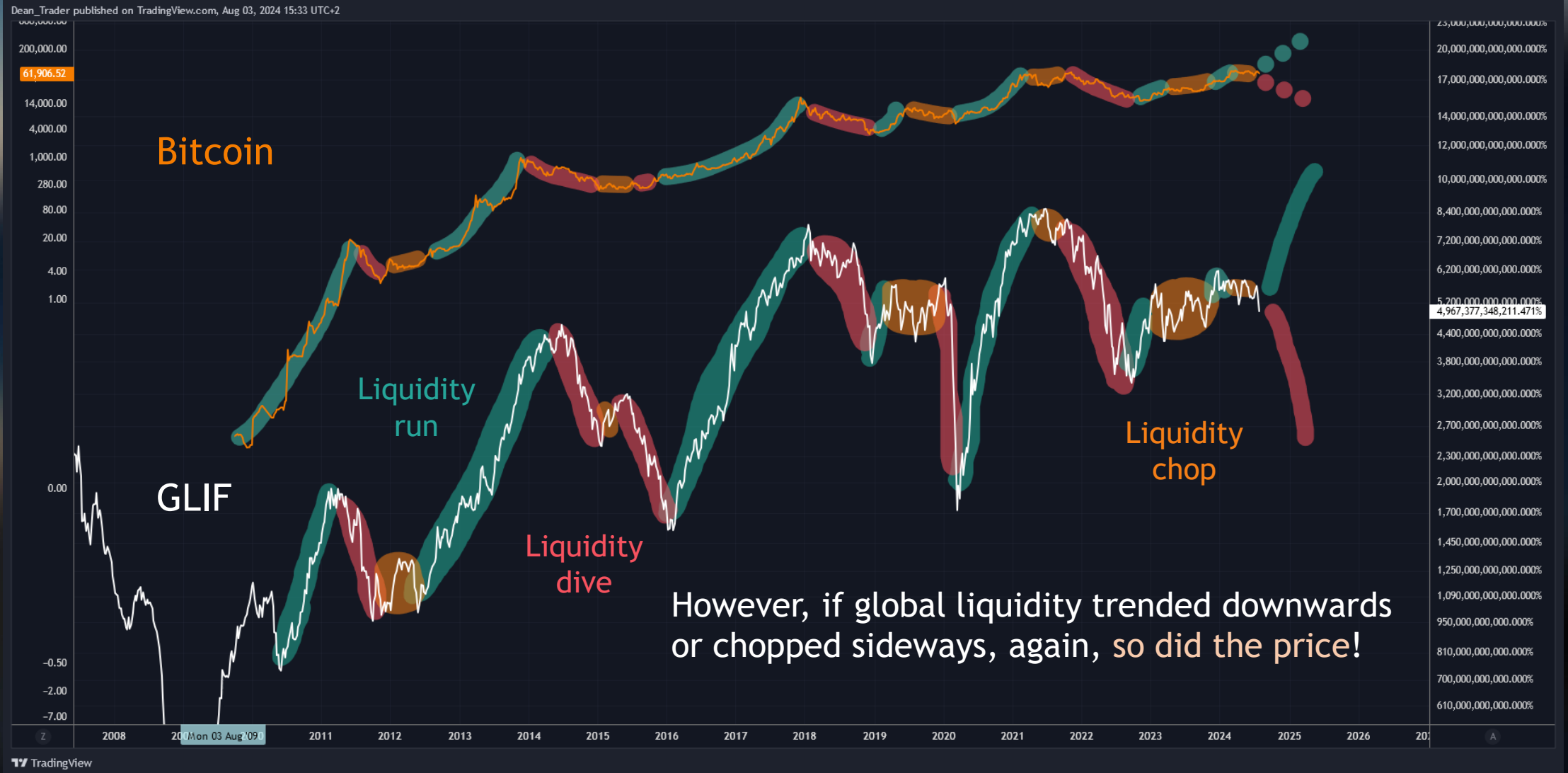
Liquidity Function & Bitcoin



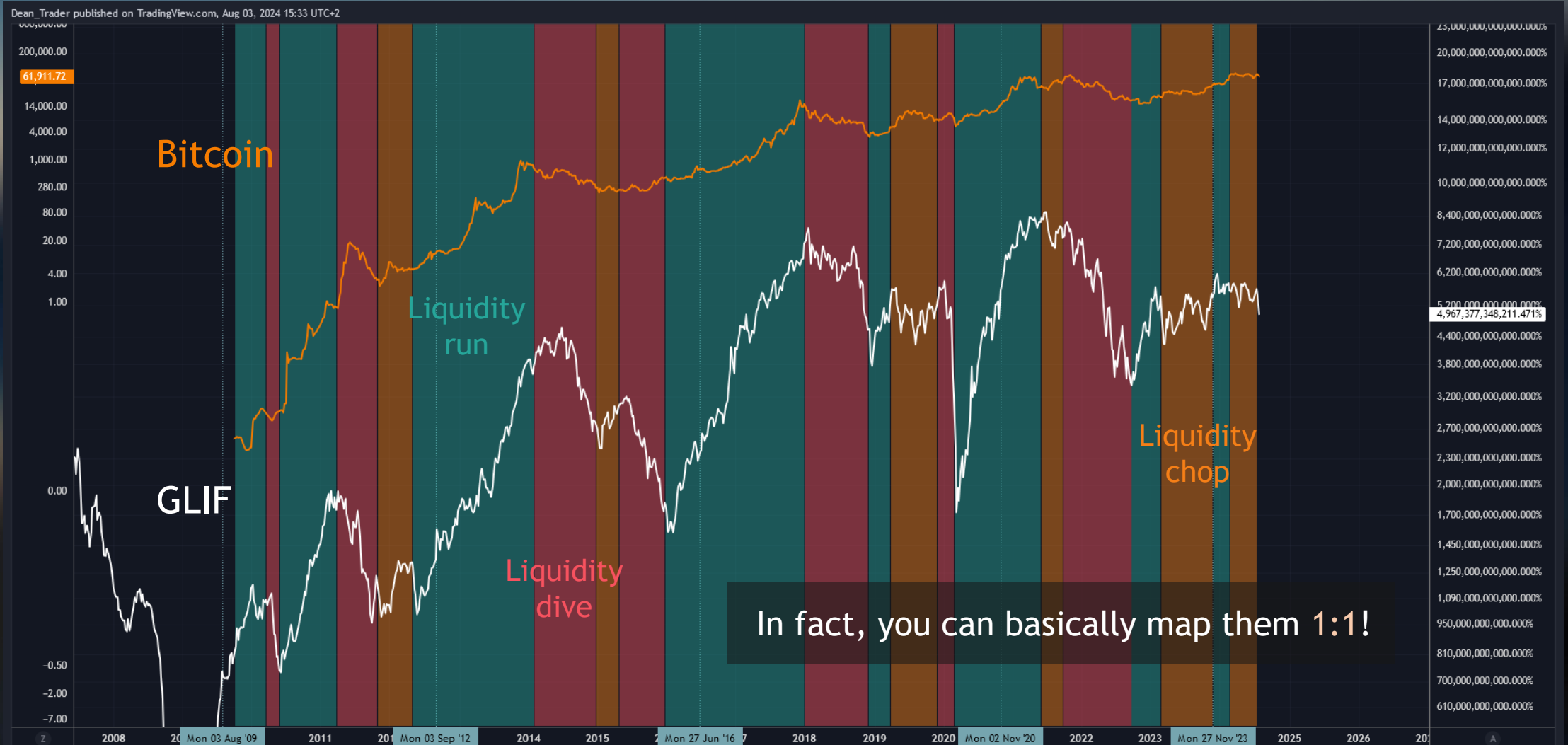
Liquidity Function & Bitcoin



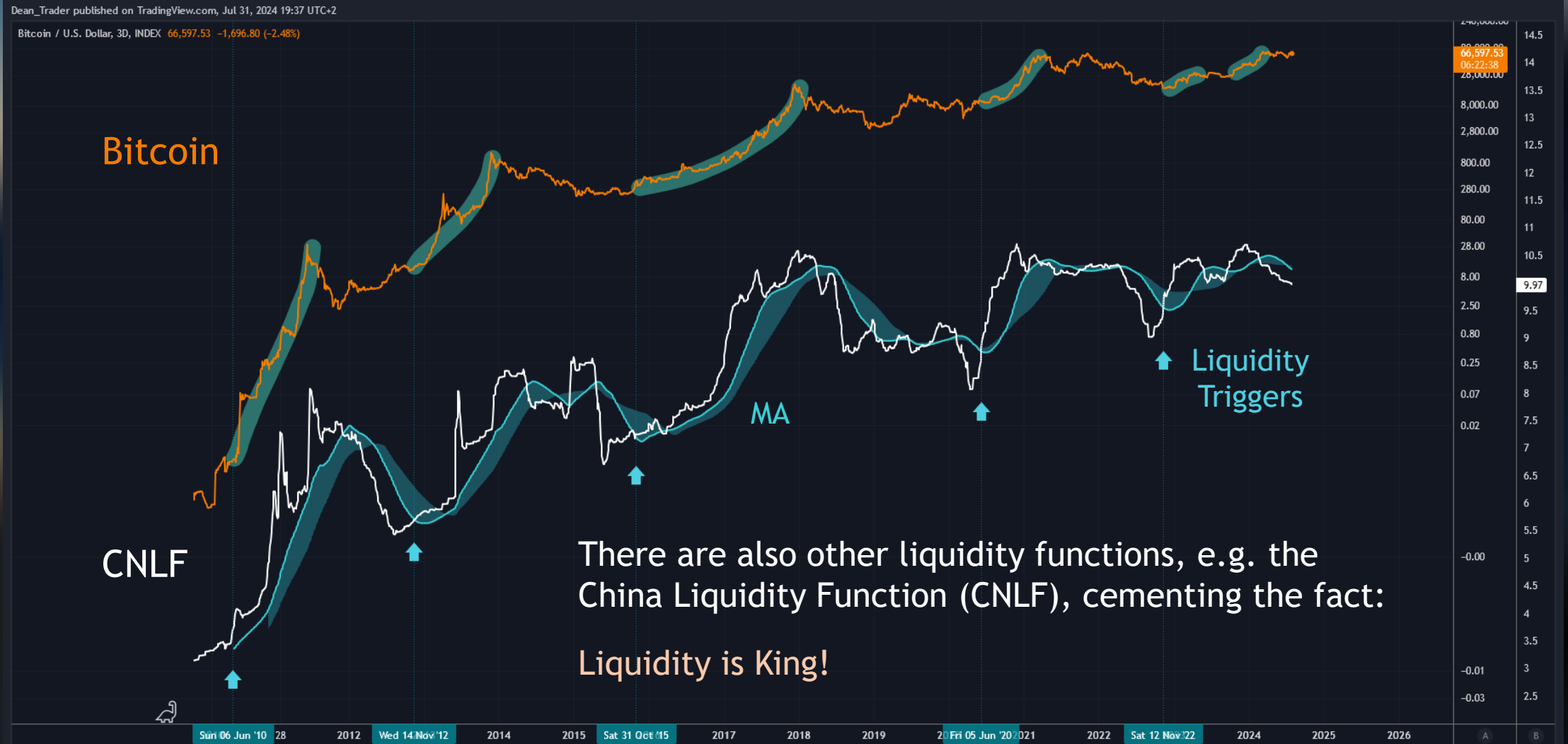
Liquidity Function & Bitcoin



Liquidity Function & Bitcoin



Liquidity Function & Bitcoin



Market Rule of Thumb

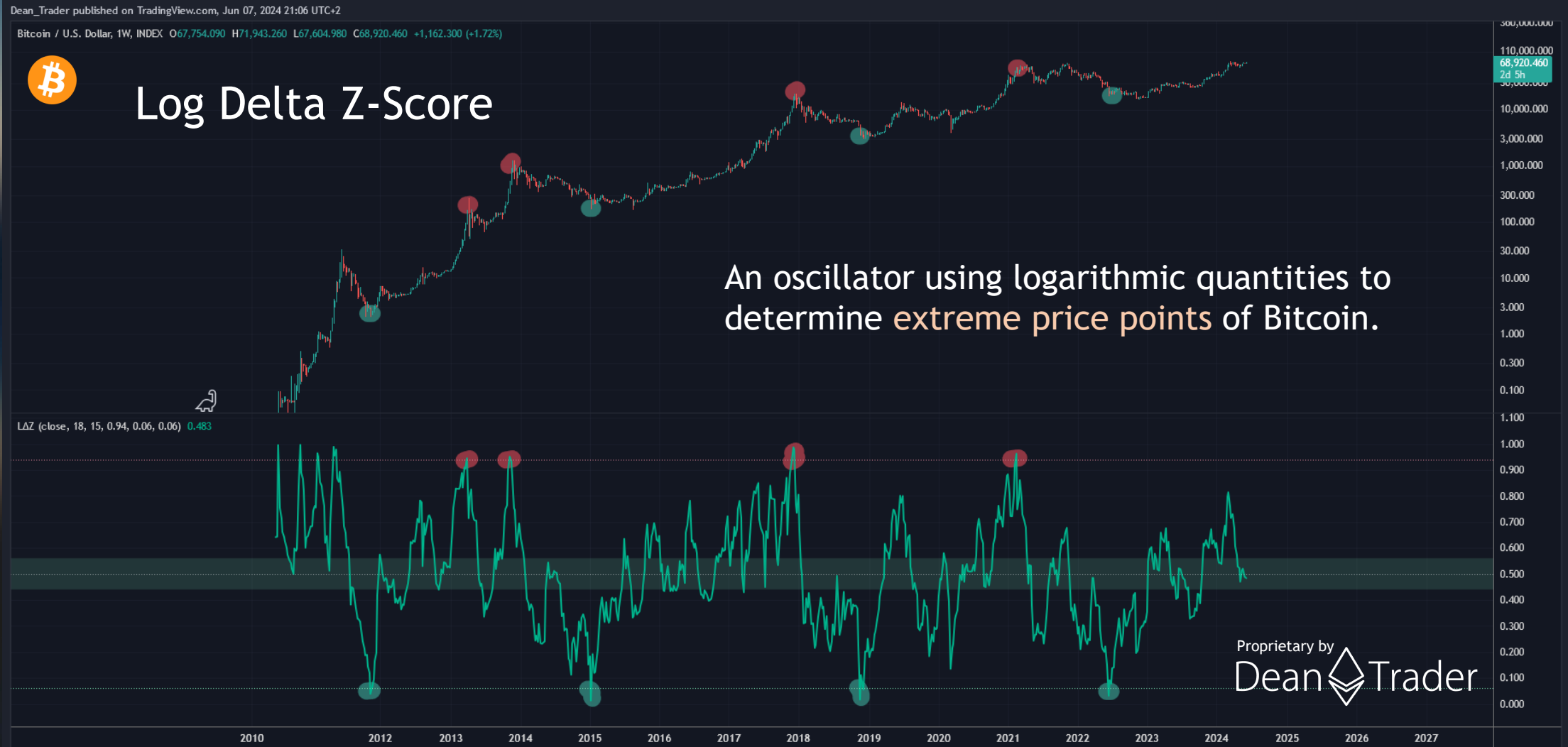
Go with the Liquidity

However, that is easier said than done. This is where [DeanTrader](#) comes in.

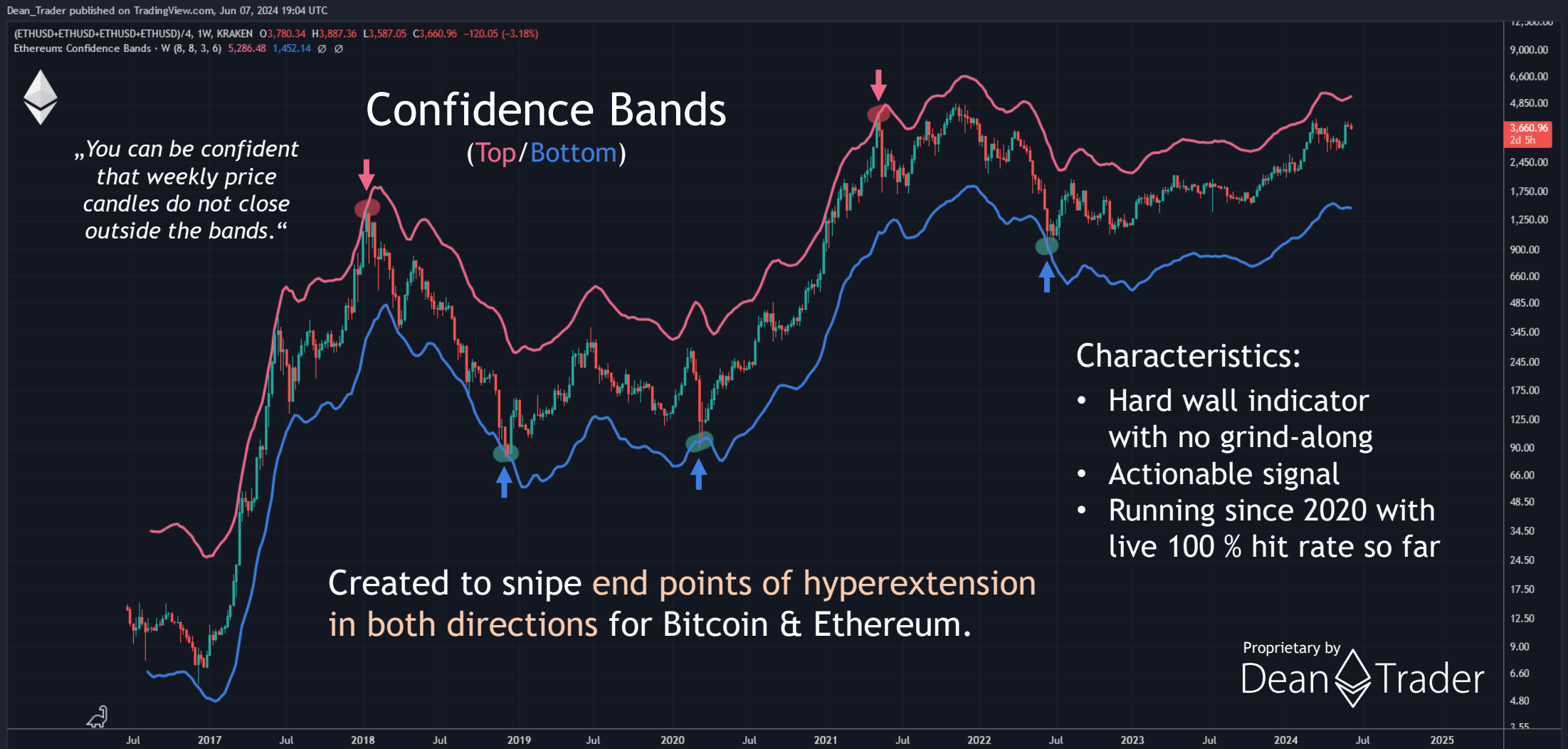
How to Go with the Liquidity



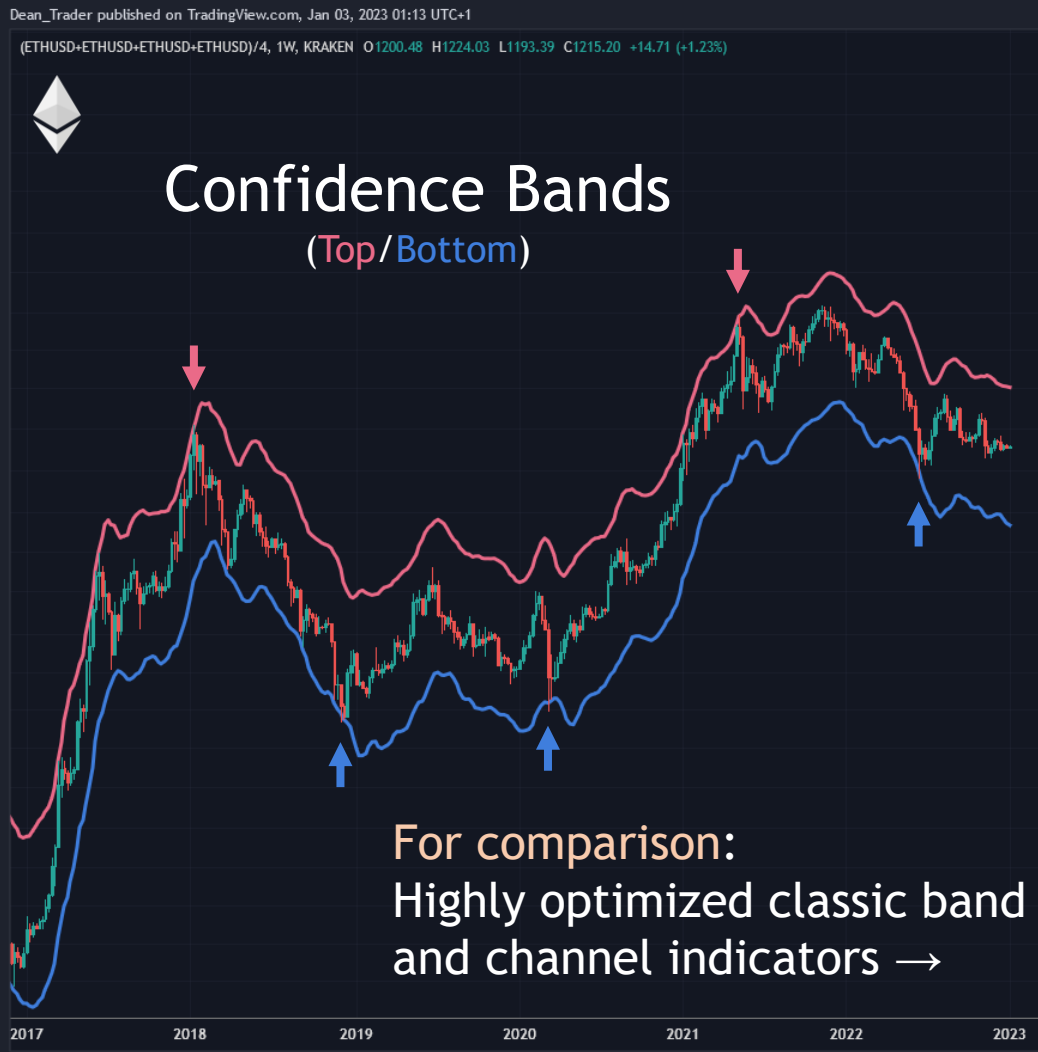
Market Tops & Bottoms: Log Delta Z-Score



Market Tops & Bottoms: Confidence Bands



Market Tops & Bottoms: Confidence Bands



Finer Moves: Swing Algorithmic Trading

Dean_Trader published on TradingView.com, Mar 04, 2024 23:36 UTC+1

Ethereum / U.S. Dollar, 1D, KRAKEN O3489.53 H3611.78 L3430.64 C3583.31 +93.77 (+2.69%)



Swing Algo V1.4



For the finer moves in between cycle tops & bottoms, we use the **Swing Algo**.

It's a quantitative directional **Long/Hedge/Short** strategy.

- ▲ Long: Betting on rising prices
- ▲▼ Hedge: Staying market neutral
- ▼ Short: Betting on falling prices

Proprietary by
Dean  **Trader**

Finer Moves: Swing Algorithmic Trading



Swing Algorithmic Trading & Liquidity

Dean_Trader published on TradingView.com, Aug 04, 2024 22:59 UTC+2



Liquidity likes to trend. Trends are self-sustaining, and identifying one correctly is very powerful.

Ethereum / U.S. Dollar, 1D, KRAKEN O2,902.20 H2,931.90 L2,628.00 C2,751.41 -150.62 (-5.19%)

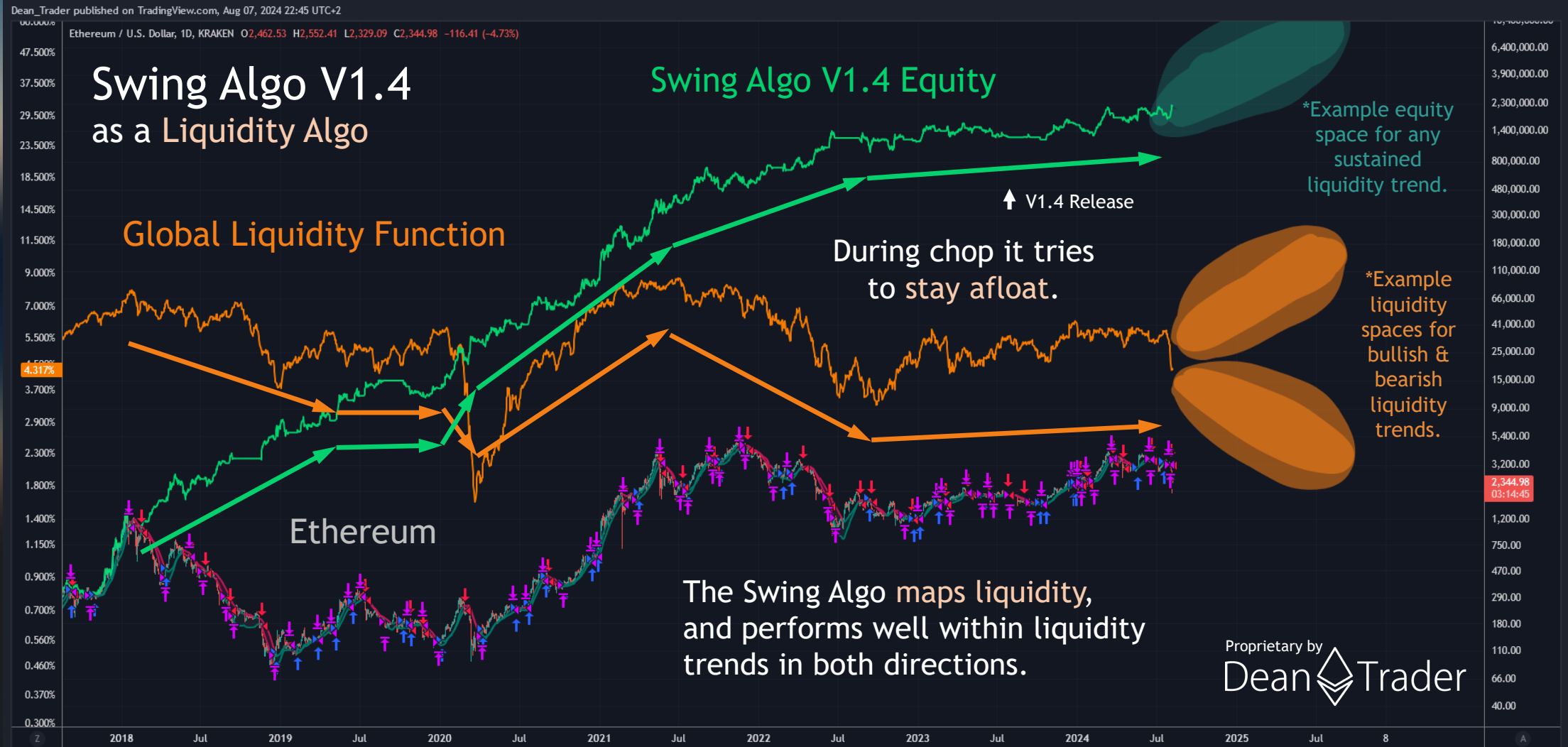


Swing Algo V1.4

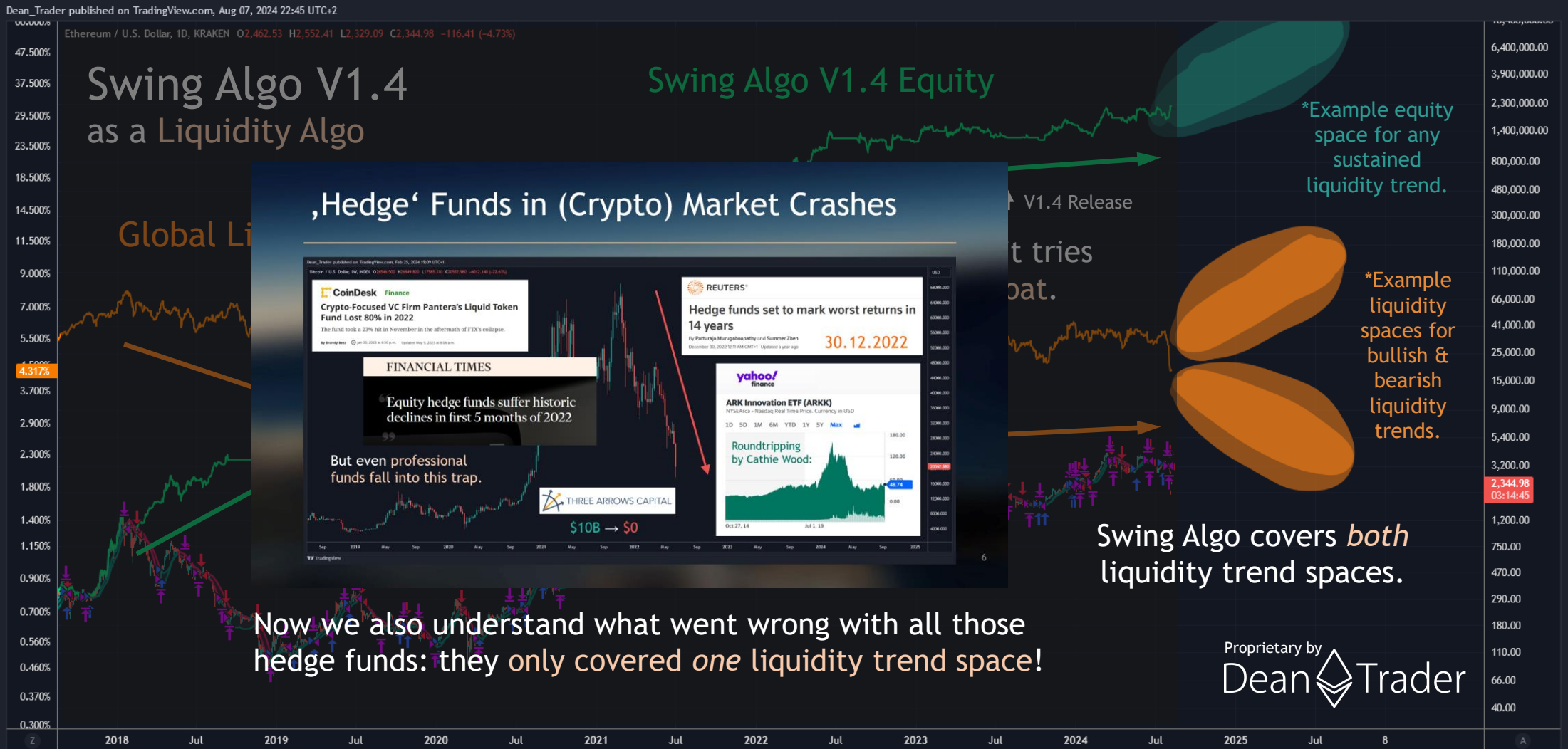
There can however be phases of increased sideways chopping.

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Liquidity Algorithmic Trading



Liquidity Algorithmic Trading



'Hedge' Funds in (Crypto) Market Crashes

Dean_Trader published on TradingView.com, Feb 25, 2024 19:00 UTC+1

Bitcoin / U.S. Dollar, 1M, BICO O2,544.50 H2,552.41 L1,780.00 C2,021.90 -490.16 (-27.6%)

CoinDesk Finance
Crypto-Focused VC Firm Pantera's Liquid Token Fund Lost 80% in 2022
The fund took a 23% hit in November in the aftermath of FTX's collapse.

REUTERS
Hedge funds set to mark worst returns in 14 years
By Patricia Murgel/Speidly and Summer Zhen
December 30, 2022 5:15 AM GMT+1 Updated a year ago 30.12.2022

FINANCIAL TIMES
Equity hedge funds suffer historic declines in first 5 months of 2022
But even professional funds fall into this trap.

THREE ARROWS CAPITAL
\$10B → \$0

yahoo! finance
ARK Innovation ETF (ARKK)
NYSE:Arca - Nasdaq Real Time Price. Currency in USD
1D 5D 3M 6M YTD 1Y 5Y Max 48.74
Roundtripping by Cathie Wood:
Oct 27, 14 Jul 1, 19

Now we also understand what went wrong with all those hedge funds: they only covered *one* liquidity trend space!

Swing Algorithmic Trading: Performance

Dean_Trader published on TradingView.com, Aug 07, 2024 22:54 UTC+2

Ethereum / U.S. Dollar, 1D, KRAKEN O2,462.53 H2,552.41 L2,311.07 C2,319.54 -141.85 (-5.76%)

Swing Algo V1.4

Performance release (Jun. 2023) to now (Aug. 2024): **+80 %** in choppy liquidity environment (stress test)
For more recent performance updates, please check deantrader.com/#performance.

Please generally note: past performance is *not* indicative of future results!

Previous version saved us from the 2022 bear market.

Swing Algo V1.4 Equity

↑ V1.4 Release

*The real equity curve during live performance is even better as additional methods contribute to the overall hybrid trading strategy. For the actual live performance, please see the link on the left.

*Example equity space for any sustained liquidity trend.

Rough performance aims:

Good years (w/ strong liquidity trends): **100-300 %**

Bad years (w/ mostly liquidity chop): **20-40 %**

Current strategy version: live since Jun. 2023; stabilizing sub-routines: live since May 2022.

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Swing Algorithmic Trading: Performance

Dean_Trader published on TradingView.com, Aug 07, 2024 22:54 UTC+2

Ethereum / U.S. Dollar, 1D, KRAKEN O2,462.53 H2,552.41 L2,311.07 C2,329.74 -131.65 (-5.35%)

Swing Algo V1.4

The trick to wealth is **compounding**, and *not* round-tripping all gains in bear markets.

Please generally note: past performance is *not* indicative of future results!

Example Starting Equity

\$1,000

Swing Algo V1.4 Equity

\$8,893,500

Swing Algo Equity w/ back test & forward test

↑ V1.4 Release

Realistic fees and slippage included.

The key takeaway here is: By skipping the typical -90 % crypto market drawdowns, the performance can potentially be increased by orders of magnitude over several years (in comparison to Buy & Hold).

Buy & Hold Equity

\$9,200

Buy & Hold Equity from mid 2017

CAGR: **269 %** w/ back test from 2017 & forward test from 2023 until now.

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Swing Algorithmic Trading: Comparison

Dean_Trader published on TradingView.com, Aug 07, 2024 22:54 UTC+2

Ethereum / U.S. Dollar, 1D, KRAKEN O2,462.53 H2,552.41 L2,311.07 C2,334.34 -127.05 (-5.16%)

Swing Algo vs SuperTrend

We can also compare Swing Algo with other very popular trend indicators.

Please generally note: past performance is *not* indicative of future results!

Example Starting Equity

\$1,000

Swing Algo V1.4 Equity

↑ V1.4 Release

Realistic fees and slippage included.

\$8,893,500

Swing Algo Equity w/ back test & forward test

SuperTrend Equity

\$57,600

SuperTrend Equity w/ back test & forward test

Buy & Hold Equity

\$9,200

Buy & Hold Equity from mid 2017

Swing Algo may perform much better than even a highly optimized SuperTrend.

Proprietary by DeanTrader

Hybrid Swing Trading

◆ Hybrid Swing Trading

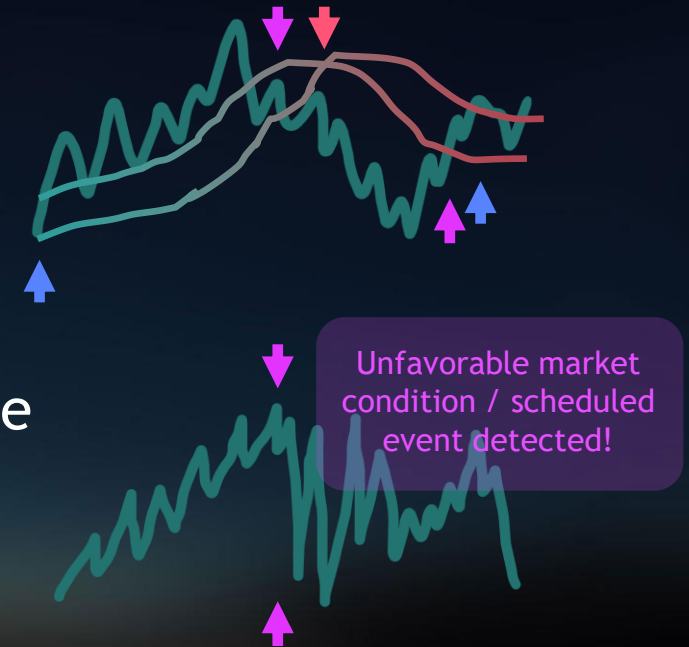
The overall hybrid trading strategy we employ consists of:

Quantitative Trading:

- Swing Algo (core principle)
- Market Top/Bottom Indicators (boundary conditions)

Discretionary Moderation:

- Moderating Hedges due to market conditions (market cycle points, global liquidity factors, rate environment, etc.)
- Moderating Hedges due to so called “high impact binary scheduled news events”



Swing Introduction Summary

Learnings:

- Liquidity is King
- Markets crash mostly when liquidity dives
- Utilize liquidity functions & market top/bottom indicators to protect your capital
- Perform finer trades with Swing Algo
- Get all live information right now:
DeanTrader HQ Telegram Group
- Outsource all of that in the future:
DeanTrader Swing Fund



Swing Fund Preview

Swing Fund, a **hedge fund** operating according to DeanTrader's principles laid out in this introduction.

Key Fund Features:

- We **manage everything**, you don't have to follow markets or trade by yourself.
- Thanks to our trading approach, you may **benefit from** built-in crash & bear market **protection**.
- Joining is **easy**, and quick guides will be available for convenient onboarding.
- Currently (Q3 2024) we're in the set-up stage. You can already join the **Fund Whitelist**.







DeanTrader
Swing Fund



fund.deantrader.com

About the Author

- PhD in physics, background in quantum optics 
- Since 2020: Dean  Trader
 - Creation of models & trading algorithms
 - Market research & analysis
 - Live trading system administration
- Coming in the future:  Swing  Fund
 - Fund management
 - Diversification of long-biased investment portfolios with our service



Dr. Daniel 'Dean' Frank Babik



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Thank you for your interest!

To get started, visit:

deantrader.com

