



# ***CRYPTO ARBITRAGE TRADING***

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# PRESENTATION OUTLINE

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## ABOUT CRYPTO ARBITRAGE TRADING

Put simply, an asset is bought and sold simultaneously in two markets - often because it is sold at slightly different prices. For example, Bitcoin may be sold to Table A for \$ 100, but is available for \$ 150 at Table B. Sure, the difference may be small - but

# *OVERVIEW*



## **ABOUT CRYPTO ARBITRAGE TRADING**

A quick wholesale purchase at a lower price and a higher price sale can make a decent profit for a trader with eagle eyes. This concept captures the essence of arbitrage and is relatively low risk compared to other strategies.

***IF ARBITRAGE IS EASY  
THEN WHY SO FEW  
PEOPLE DOING IT?***

*while the over all idea is great, the best opportunities  
doesnt last long. You need to be able to quickly monitor  
the markets and capitalise on the changes*

# *CONCEPT/STRATEGIES*

There are countless exchanges around the world now offering consumers the chance to purchase crypto. But here's the thing: there can be significant differences in the prices on offer for digital currencies such as Bitcoin (BTC). Such inefficiencies normally arise in regions where crypto is in high demand. One of the most oft-quoted examples is the "Kimchi Premium." Here, local traders in South Korea ended up paying more for Bitcoin in terms of USD than they would have done in the United States, Europe and even other parts of Asia.

# *CONCEPT/STRATEGIES*

In 2017, Bitcoin prices on one local exchange were almost double the prices quoted on international platforms – in part because of how affected consumers couldn't access exchanges outside of the country.

Bitcoin has also been trading at a premium in Hong Kong amid ongoing political unrest. Back in August, traders were paying 2% more per coin than elsewhere. That same month, there was a 4% premium in Argentina as the peso plummeted following a shocking election result.

A background image showing a close-up of water splashing, with white foam and bubbles against a dark, slightly blurred background. The water is moving from the top left towards the bottom right.

# STRATEGY

Cross-border arbitrage sounds simple to the ears but requires a lot of expertise. It is worth bearing in mind that this particular trading strategy can be difficult to pull off, this is where we come in. Some countries in the world have a great demand for bitcoin at the moment, scarcity you know increases value. In these areas bitcoin could sell up to 5-6% premium above market price. While areas of inflation creates a discount price of bitcoins up to -2%.

Up until early 2018, major cryptocurrency markets the likes of South Korea and Japan demonstrated high premiums for Bitcoin. At the 2017 peak, when the Bitcoin price was trading at around \$20,000 in the U.S. spot market, Bitcoin was being traded in South Korea's cryptocurrency exchange market for around 26,000,000 Korean won, equivalent to about \$22,000. This difference is now known as the Kimchi premium.





# STRATEGY

Since then, starting with the introduction of various regulatory frameworks by South Korea to reduce regional premiums that included the prohibition of trading cryptocurrencies with foreigners in the local market, premiums in major markets have declined substantially. Still, due to the lack of supply and the relatively high demand in some markets, Bitcoin is being traded at a premium in certain regions – some higher than most.

- Following the prohibition of cryptocurrency trading by the People's Bank of China, local banks in China were ordered not to work with local Bitcoin exchanges to prevent individuals and businesses from trading digital assets. Over time, the government of China also ordered payment processors such as AliPay to stop processing

# STRATEGY

Bitcoin exchange-related transactions, according to report from Chinese blockchain publication 8BTC. But reportedly, individual investors have continued to invest in Bitcoin after the ban. The imposition of a ban on cryptocurrency trading by China forced investors to move over to neighboring countries like Hong Kong, essentially initiating trades in a peer-to-peer manner: Over-the-counter (OTC). USDT is being traded at around \$1.02 to \$1.04, which indicates a premium ranging from 2% to 4%

- Most fiat-to-crypto exchanges in Japan and South Korea more or less follow the price trend of the U.S. spot market for Bitcoin. Bitcoin is being traded at 9,900,000 Korean won, equivalent to \$8,365.

On Coinbase, Gemini and Kraken, Bitcoin's price, as of Oct. 12, 2019, is hovering at around \$8,345, indicating a premium of less than 0.25%.

The background of the slide features a dynamic, high-speed photograph of water splashing, creating a sense of movement and energy. The water is captured in various stages of impact, with droplets and foam visible against a dark, moody blue background. This visual element is partially obscured by a solid orange horizontal band that serves as a backdrop for the word 'STRATEGY'.

# STRATEGY

The Japanese exchange market is also showing a slight premium of 0.2% and has seen most of its premium decline in the past two years.

- On exchanges that have been operating for years in South America, the price of Bitcoin closely matches that of the U.S. spot market, even on brokerages that have fixed buy and sell prices. The Bitcoin price is being traded at around \$8,374, with a 0.34% premium and in Brazil, the Bitcoin price is trading at \$8,440, with a 1% premium. The premium of brokerages and spot exchanges in South America in general — with the exception of a few countries such as Venezuela and Argentina — is close to zero. The low premium indicates a low demand from local investors as Chile, Brazil and bigger markets to the cross border market that provide liquidity to the global Bitcoin exchange market.

The background of the slide features a dynamic, high-speed photograph of water splashing, creating a sense of movement and energy. The water is captured in various stages of impact, with droplets and foam visible. The overall color palette is a mix of dark blues, greys, and whites, giving it a modern, tech-oriented feel.

# STRATEGY

- The cryptocurrency exchange markets of Malaysia, the Philippines and Thailand are mostly dominated. Due to the high demand in these areas. Brokerages such as Coins, which is the largest exchange in the Philippines and was acquired by the largest ride hailing app in Indonesia called Go-Jek. Coins, which has more than 5 million users in the Philippines alone. Bitcoin has a buy price of 440,280 pesos, around \$8,530, indicating a premium rate of 2.2%. BuyBitcoin.ph, the second most widely utilized brokerage in the Philippines, has a buy price of 443,300 pesos, showing a premium close to around 3%. These are the few examples where our contacts and partners are.



**SO HOW DO WE MAKE THE PROFITS?**

**UF**

UPWARD FINANCE

**100 EURO**  
ΕΥΡΩ

**100 EURO**  
ΕΥΡΩ

**100 EURO**  
ΕΥΡΩ

# ***WITH COINS @ \$1000/BTC MARKET PRICE (FOR INSTANCE)***

## ***SELL TO HK @ +5%***

If we sell 100 coins to HK at +5% (average)  
we make \$5000 in profits + \$100,000

## ***BUY FROM JPN @ -2%***

Buying from JPN at -2% per coin we  
buy 107.14 BTC which is 7.14 BTC profits

## ***SELL TO HK OR THAI @ +5%***

If we sell 107.14 coins to HK at +5% (average)  
we make \$5357 in profits + \$107,140

## ***BUY FROM JPN @ -2%***

Buying from JPN at -2% per coin we  
buy 114.8 BTC which is 14.8 BTC profits



**10-15%**

**IN A WEEK**

(These margins are not fixed but  
are realised averagely on the  
good days because we have our  
market already)

# ***STRENGTH/ WEAKNESS***



## **LEGAL HURDLES**

Cross border arbitrage can also be harder because of Know Your Customer (KYC) regulations. We are working to overcome these hurdles by implementing a tier-based KYC program and as we work with local users we better understand their abilities in providing various forms of verification as we got the market.

## **FINANCIAL HURDLES**

- We at times have issues with fees for transactions. As a result of this, we traders factor in these costs while selling/buying to make sure that there is still a profit margin left at the end.
- Prices also could drop when we have custody of coins, we leverage by raising the premium



# *SUMMARY*

## **SO, IS CRYPTO ARBITRAGE WORTH THE EFFORT?**

People who have plenty of experience in the marketplace – and know how to identify an opportunity when they see one – normally have higher levels of success. And, it is very possible to capitalize on a 10% spread between a buying price and a selling price. Doing this for 30 days and you will be flipping your crypto way over 50%. It requires consistency, good contacts, markets and experience. Arbitrage is much safer and more profitable than day trading.

- Near risk-free trading opportunity: Crypto arbitrage trading is considered near risk-free due to the fact that such strategies provide us with the opportunity to register profit without having an open currency exposure.

# *SUMMARY*

- Guaranteed profits: Except for the benefit of being basically a near risk-free trading strategy, crypto arbitrage is preferred due to the opportunity to register significant profits too. Since the price discrepancies in the crypto market are usually measured in micro-pips, in order to make considerable profits, we usually focus either on trading large positions or trading as often as possible. Although the profit from a single trade may not be so substantial, it is, in fact, guaranteed. And when the we trade constantly or in large volumes, the profits grow exponentially.

***10000BTC***

**PORTOLIO BUDGET**

***6500BTC***

**MONTHLY PROFIT TARGET**